

Summary of Financial Statements (J-GAAP) (Consolidated)

August 7, 2015

Company Name: Sodick Co., Ltd.

Stock Exchange: Tokyo Stock Exchange, 1st Section

Code Number: 6143

URL: <http://www.sodick.co.jp>

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Scheduled date of filing Quarterly Securities Report : August 7, 2015

Scheduled commencement date of dividend payout : —

Quarterly earnings supplementary explanatory documents : Yes

Quarterly earnings presentation : None

(Amounts of less than one million yen have been omitted)

1. Consolidated Results for the 1st Quarter 2016 (from April 1, 2015 to June 30, 2015)

(1) Consolidated financial results (for 3 months)

(Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
1Q FY 2016	14,310	18.3	1,203	127.0	1,347	502.1	1,497	790.0
1Q FY 2015	12,093	(9.5)	530	(19.7)	223	(82.2)	168	(85.2)

Note: Comprehensive Income: 1Q FY 2015: ¥1,681 million (—%) 1Q FY 2015: -¥538 million (—%)

	Earnings per share	Diluted earnings per share
	¥	¥
1Q FY 2016	29.76	—
1Q FY 2015	3.44	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	¥ Million	¥ Million	%	¥
1Q FY 2016	103,067	50,455	48.9	1,002.47
FY 2015	104,167	49,453	47.4	981.47

Note: Shareholders' Equity: 1Q FY 2016: ¥50,382 million FY 2015: ¥49,385 million

2. Cash Dividends

	Annual Dividends				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total
	¥	¥	¥	¥	¥
FY 2015	—	7.00	—	13.00	20.00
FY 2016	—				
FY 2016 (forecast)		9.00	—	9.00	18.00

Note: Revision of the latest released dividend forecast: None

3. Forecast for the Year Ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Earnings per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	¥
Six months to September 30, 2015	34,000	22.0	2,500	74.0	2,300	68.7	2,000	118.5	39.75
Year to March 31, 2016	69,000	9.4	5,100	4.3	4,700	(16.8)	3,600	1.4	71.54

Note: Revision of the latest released financial results forecast: Yes

* Notes

- (1) Changes in important subsidiaries during the consolidated quarter (three months) under review (changes occurred in specified subsidiaries in conjunction with a change in the scope of consolidation): None
- (2) Application of accounting procedures specific to creation of quarterly consolidated financial statements: None
- (3) Change of accounting policies; change and/or restatement of accounting estimates
- (i) Change of accounting policies caused by revision of accounting standards: Yes
 - (ii) Change of accounting policies other than stated in (i): Yes
 - (iii) Change of accounting estimates: None
 - (iv) Retroactive restatement: None
- Note: For details, see the attachment and look under “(3) Change of accounting policies; change and/or restatement of accounting estimates” of “2. Summary (Notes) Information.”

(4) Number of shares issued and outstanding (shares of common stock)

(i) Shares issued and outstanding as of the balance sheet date (including treasury shares)	1Q FY 2016	53,432,510 shares	FY 2015	53,432,510 shares
(ii) Number of treasury shares as of the balance sheet date	1Q FY 2016	3,114,623 shares	FY 2015	3,114,393 shares
(iii) Average number of shares (cumulative quarterly statistics)	1Q FY 2016	50,317,967 shares	1Q FY 2015	50,318,949 shares

* Implementation of quarterly review procedures

This summary of quarterly financial statements is not subject to quarterly review procedures pursuant to the Financial Instruments and Exchange Act. Notably, as of the time of the release of this summary of quarterly financial statements, review procedures of quarterly consolidated financial statements pursuant to the Financial Instruments and Exchange Act have not been concluded.

* Disclaimer

The above forecasts are based on judgments made in accordance with information available at the time these materials were prepared, and contain numerous uncertainties. Changing conditions and other factors may cause actual results to differ from the results in these forecasts. Information concerning the results forecasts is stated in the Summary of Financial Statements (Attachment), page 2, “(3) Explanation of consolidated earnings estimates and forward-looking information” of “1. Qualitative Information on Quarterly Financial Results.”

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of business results

During the period under review, the Japanese economy was in a mild recovery as a result of such factors as improved earnings from exporters due to yen depreciation and a recovery in consumer spending due to an improving employment picture. The international economy also had a mild recovery as the US economy continued to firm up and despite concerns in Europe over the impact of the Ukraine conflict and the Greek debt crisis. Conditions in emerging countries including China and Southeast Asia were generally sluggish. In the machine tools industry sector where the Sodick Group conducts its business, the Japanese portion benefited from government financial assistance measures and demand for upgrading aging plant and equipment. Amidst the background of a weaker yen, the domestic recovery in manufacturing continued and capital spending increased. In the overseas portion of the sector, steady conditions came to prevail in North America and Europe, while certain parts of the China and Southeast Asia regions saw the recent round of demand for plant and equipment subside.

Within this operating environment, the Sodick Group joined exhibitions in various regions of the world, including the 14th China International Machine Tool Show (CIMT 2015), the top-level machine tools exhibition in China, and InterMold Thailand 2015 in Thailand. In addition to our mainstay business of EDM, we also exhibited our offerings in such fields as metal 3D printers and injection molding systems. In addition, we launched aggressive sales activities in various segments including participation in the International Food Machinery & Technology Exhibition (FOOMA JAPAN 2015), an international food machinery exhibit where we demonstrated vacuum extrusion machinery and other leading edge food machinery.

As a result, consolidated net sales for the period totaled ¥14,310 million, up ¥2,216 million (+18.3%) from the same period the year earlier, with operating income of ¥1,203 million, up ¥673 million (+127.0%), ordinary income of ¥1,347 million, up ¥1,123 million (+502.1%), and profit attributable to owners of parent of ¥1,497 million, up ¥1,329 million (+790.0%).

(2) Explanation of financial position

Consolidated assets decreased ¥1,099 million from the end of the previous fiscal year to ¥103,067 million.

Main factors include cash and deposits, which accounted for a total decrease of ¥1,432 million.

Consolidated liabilities, compared with the end of the previous fiscal year, decreased ¥2,101 million to ¥52,612 million. This was mainly due to a ¥1,692 million decrease in long-term loans payable.

Net assets increased ¥1,002 million from the end of the previous fiscal year to ¥50,455 million. A primary growth factor was the 818 million yen increase to retained earnings.

(3) Explanation of consolidated earnings estimates and forward-looking information

We are projecting changes in the amounts from the application of tax effect accounting related to the elimination of unrealized gains on inventory. As a result, we have revised the earnings forecast announced on May 14, 2015. For details, refer to the "Notice of Revisions to Earnings Forecast" of August 7, 2015.

2. Summary (Notes) Information

(1) Changes in important subsidiaries during the consolidated quarter (three months) under review

No relevant category.

(2) Application of accounting procedures specific to creation of quarterly consolidated financial statements

No relevant category.

(3) Change of accounting policies; change and/or restatement of accounting estimates

(Application of accounting standards, etc., concerning business combinations)

Starting the first quarter of the current fiscal year, we are applying the “Revised Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21 released on September 13, 2013), the “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 released on September 13, 2013), and the “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 released on September 13, 2013). Accordingly, any change resulting from the Company’s ownership interests in a subsidiary in which the Company retains control is accounted for as capital surplus, and acquisition related costs are accounted for as expenses in the year in which the costs are incurred. In addition, with respect to any business combination entered into on or after the beginning of the current first quarter, the accounting method was changed to reflect adjustments to the allocation of acquisition cost under provisional accounting treatment on the consolidated financial statements of the quarterly financial period in which the relevant business combination becomes effective. The presentation method of net income was also amended and the presentation of “minority interests” was changed to “non-controlling interests.” To reflect these changes in presentation, adjustments have been made to the consolidated financial statements for the previous first quarter and the previous fiscal year presented herein.

The aforementioned accounting standards are adopted as of the beginning of the current first quarter and thereafter, in accordance with the transitional treatment provided for in paragraph 58-2(4) of the Accounting Standard for Business Combinations, paragraph 44-5(4) of the Consolidated Accounting Standard, and paragraph 57-4(4) of the Accounting Standard for Business Divestitures.

There is no effect of these changes on the quarterly consolidated financial statements for the current first quarter.

(Changes in revenue recognition standards for installment sales)

Certain consolidated subsidiaries have accounted for installment sales by recognizing the total value at time of transfer in net sales and applying an accounting method that carries forward the gains on the amount in arrears at the due date of payment as unrealized gains. However, starting in the first quarter of the current fiscal year, we have changed to a method in which the applicable gains are not carried forward.

This change takes advantage of a new accounting system introduced at the applicable subsidiaries and is based on a review of administrative work conducted from the perspective of improving speed and efficiency. Because the effects are minor, we have not performed a retrospective application of this accounting change.

3. Consolidated Financial Statements**(1) Consolidated balance sheets**

(In million yen)

	FY 2015 (consolidated) (As of March 31, 2015)	1Q FY 2016 (consolidated) (As of June 30, 2015)
Assets		
Current Assets		
Cash and deposits	27,767	26,335
Notes and accounts receivable – trade	15,092	14,275
Electronically recorded monetary claims – operating	109	198
Installment accounts receivable	44	—
Commodity and merchandise	7,874	9,117
Work-in-process	8,684	8,129
Raw materials and inventory	8,247	8,775
Other current assets	3,689	3,687
Allowance for doubtful accounts	(147)	(142)
Total current assets	71,362	70,377
Fixed Assets		
Tangible Fixed Assets		
Buildings and structures	19,964	19,937
Machinery, equipment and vehicles	16,924	16,951
Other fixed assets	10,636	10,682
Accumulated depreciation	(22,696)	(23,071)
Total tangible fixed assets	24,828	24,499
Intangible Fixed Assets		
Goodwill	2,218	2,190
Other intangible fixed assets	1,488	1,473
Total intangible fixed assets	3,707	3,664
Investments and other assets		
Other assets	4,468	4,726
Allowance for doubtful accounts	(199)	(199)
Total investments and other assets	4,268	4,526
Total Fixed Assets	32,804	32,690
Total Assets	104,167	103,067

	FY 2015 (consolidated) (As of March 31, 2015)	1Q FY 2016 (consolidated) (As of June 30, 2015)
Liabilities		
Current Liabilities		
Notes and accounts payable – trade	4,714	4,849
Electronically recorded monetary claims – operating	5,572	5,115
Short-term loans payable	4,700	4,745
Long-term borrowings redeemable within one year	12,261	12,108
Income taxes payable	423	282
Allowance	877	745
Other current liabilities	5,987	6,172
Total current liabilities	34,537	34,019
Fixed Liabilities		
Long-term loans payable	18,779	17,087
Net defined benefit liability	565	538
Allowance	243	240
Asset removal obligations	98	98
Other fixed liabilities	488	627
Total fixed liabilities	20,176	18,593
Total Liabilities	54,713	52,612
Net Assets		
Shareholders' Equity		
Capital stock	20,775	20,775
Capital surplus	5,879	5,879
Retained earnings	16,503	17,322
Treasury stock	(1,696)	(1,696)
Total shareholders' equity	41,462	42,280
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	1,058	1,265
Foreign currency translation adjustment	6,787	6,763
Remeasurements of defined benefit plans	76	72
Total accumulated other comprehensive income	7,923	8,102
Non-controlling interests	67	73
Total Net Assets	49,453	50,455
Total Liabilities and Net Assets	104,167	103,067

(2) Consolidated statements of income / Consolidated statements of comprehensive income
(Consolidated statements of income)
(1st quarter)

(In million yen)

	1Q FY 2015 (April 1, 2014 – June 30, 2014)	1Q FY 2016 (April 1, 2015 – June 30, 2015)
Net Sales	12,093	14,310
Cost of Sales	7,891	8,863
Gross Profit	4,202	5,446
Reversal of Unrealized Income on Installment Sales	0	—
Gross Profit after Income Deferrals	4,202	5,446
Selling, General and Administrative Expenses		
Personal expenses	1,472	1,657
Reversal of allowance for loan losses	15	(5)
Other	2,183	2,591
Total selling, general and administrative expenses	3,672	4,243
Operating Income	530	1,203
Non-operating Income		
Interest income	34	47
Dividends income	26	31
Foreign exchange gain	—	135
Other non-operating income	58	72
Total non-operating income	119	286
Non-operating Expenses		
Interest expenses	143	120
Foreign exchange loss	248	—
Other non-operating expenses	33	22
Total non-operating expense	425	142
Ordinary Income	223	1,347
Extraordinary Income		
Gain on sales of fixed assets	16	31
Gain on sale of investment securities	9	—
Total extraordinary income	25	31
Extraordinary Loss		
Loss on disposition of fixed assets	—	0
Loss on retirement of fixed assets	3	11
Total extraordinary loss	3	12
Net Income before Income Taxes	246	1,367
Current Income Taxes	171	273
Deferred Income Taxes	(73)	(408)
Total Income Taxes	98	(135)
Profit	147	1,502
Profit(Loss) Attributable to Non-controlling Interests	(20)	5
Profit Attributable to Owners of the Parent	168	1,497

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(Consolidated statements of comprehensive income)
(1st quarter)

(In million yen)

	1Q FY 2015 (April 1, 2014 – June 30, 2014)	1Q FY 2016 (April 1, 2015 – June 30, 2015)
Profit	147	1,502
Other Comprehensive Income		
Unrealized gain (loss) on available-for-sale securities	39	206
Foreign currency translation adjustment	(736)	(23)
Remeasurements of defined benefit plans	10	(4)
Total other comprehensive income	(686)	178
Quarterly Comprehensive Income	(538)	1,681
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	(515)	1,675
Comprehensive income attributable to non-controlling interests	(23)	5

(3) Notes concerning quarterly consolidated financial statements

(Notes on premise of going concern)

No relevant category.

(Notes in case of significant variation in shareholders' equity)

No significant changes.

Segment Information

I. 1Q FY 2015 (from April 1, 2014 to June 30, 2014)

1. Information on sales and income (loss) amounts by reportable segment

(In million yen)

	Reportable Segment				Others (Note 1)	Total	Adjustment amount (Note 2)	Amount stated on the consolidated statement of income for the quarter (Note 3)
	Machine Tool Operations	Industrial Machinery Operations	Food Processing Machinery Operations	Reportable Segment Total				
Net Sales								
Sales to outside customers	9,038	1,634	440	11,113	980	12,093	—	12,093
Inter-segment sales or transfers	4	7	—	12	617	629	(629)	—
Total	9,043	1,642	440	11,125	1,597	12,722	(629)	12,093
Segment income (loss)	1,279	17	(55)	1,240	42	1,283	(753)	530

- Notes:
- The "Others" category refers to business segments such as high-precision mold and die machinery operations, elemental technology operations, and lease operations not included in reportable segments.
 - The segment income (loss) adjustment amount of -¥753 million includes -¥196 million in eliminations of inter-segment transactions and -¥556 million in group overhead not attributable to individual reportable segments. Group overhead consists mainly of the cost of head office functions not attributable to reportable segments.
 - The segment income (loss) has been reconciled with the operating income stated on the consolidated statement of income for the period.

2. Information concerning impairment losses on fixed assets, goodwill, etc., by reportable segment
No applicable information.

II. 1Q FY 2016 (from April 1, 2015 to June 30, 2015)

1. Information on sales and income (loss) amounts by reportable segment

(In million yen)

	Reportable Segment				Others (Note 1)	Total	Adjustment amount (Note 2)	Amount stated on the consolidated statement of income for the quarter (Note 3)
	Machine Tool Operations	Industrial Machinery Operations	Food Processing Machinery Operations	Reportable Segment Total				
Net Sales								
Sales to outside customers	10,376	2,040	617	13,034	1,275	14,310	—	14,310
Inter-segment sales or transfers	26	1	—	27	560	588	(588)	—
Total	10,402	2,041	617	13,061	1,836	14,898	(588)	14,310
Segment income	1,526	61	61	1,648	245	1,893	(690)	1,203

- Notes:
- The "Others" category refers to business segments such as high-precision mold and die machinery operations, elemental technology operations, and lease operations not included in reportable segments.
 - The segment income adjustment amount of -¥690 million includes -¥67 million in eliminations of inter-segment transactions and -¥622 million in group overhead not attributable to individual reportable segments. Group overhead consists mainly of the cost of head office functions not attributable to reportable segments.
 - The segment income has been reconciled with the operating income stated on the consolidated statement of income for the period.

2. Changes in reportable segments
No applicable information.

3. Information concerning impairment losses on fixed assets, goodwill, etc., by reportable segment
No applicable information.