

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

November 6, 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 : November 6, 2015  
 Scheduled commencement date of dividend payout : December 4, 2015  
 Quarterly earnings supplementary explanatory documents : Yes  
 Quarterly earnings presentation : Yes (For Institutional Investors and Analysts)

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

### 1. Consolidated Results for the 2nd Quarter 2016 (from April 1, 2015 to September 30, 2015)

(1) Consolidated Financial Results (for 6 months)

(Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
2Q FY 2016	32,705	17.3	3,170	120.7	3,132	129.7	2,604	184.5
2Q FY 2015	27,878	3.2	1,436	(3.5)	1,363	(35.5)	915	(45.0)

Note: Comprehensive Income: 2Q FY 2016: ¥1,941 million (84.5%) 2Q FY 2015: ¥1,052 million (-70.5%)

	Earnings per share		Diluted earnings per share	
	¥		¥	
2Q FY 2016	51.75		—	
2Q FY 2015	18.19		—	

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net assets per share
	¥ Million	¥ Million	%	¥
2Q FY 2016	107,502	50,779	47.2	1,007.47
FY 2015	104,167	49,453	47.4	981.47

Note: Shareholders' Equity: 2Q FY 2016: ¥50,693 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	—	9.00	—	—	—
FY 2016 (forecast)	—	—	—	9.00	18.00

Note: Revision of the latest released dividend forecast: None

\*Per-share dividend payments in the fiscal year ended March 31, 2015 comprise a regular interim dividend of ¥7.0, a regular year-end dividend of ¥7.0, and a commemorative year-end dividend of ¥6.0.

### 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	%	¥
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: None

\* Notes

- (1) Changes in important subsidiaries during the consolidated quarter (six 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 page 3 of 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)	2Q FY 2016	53,432,510 shares	FY 2015	53,432,510 shares
(ii) Number of treasury shares as of the balance sheet date	2Q FY 2016	3,114,648 shares	FY 2015	3,114,393 shares
(iii) Average number of shares (cumulative quarterly statistics)	2Q FY 2016	50,317,921 shares	2Q FY 2015	50,318,836 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**

The Japanese economy in the period under review experienced a moderate recovery. Despite the effects from lower growth rates in emerging economies, including China, corporate profits benefited from the continued yen depreciation and low crude oil prices, and improved employment brought a rebound in personal consumption. Meanwhile, overseas economies saw the U.S. economy continue to grow despite displaying a deceleration in some sectors, while generally a moderate recovery continued in Europe. However, growth in emerging economies slowed overall, including in China and Southeast Asia, with a notable impact from the downshift in China's economy.

In the machine tools industry sector where the Sodick Group conducts its business, capital expenditure increased, spurred by government subsidy measures, replacement demand to supplement aged facilities, and more manufacturers repatriating their operations to Japan thanks to the depreciation of the yen. Overseas, demand improved for automotive and aviation related machinery applications in the North American market, contrasted by China and Southeast Asian countries, where the economic slowdown depressed facility investment demand.

Within this operating environment, the Sodick Group initiated efforts to grow its metal 3D printer announced last fiscal year into a new business mainstay. Marketing activities, in addition to the domestic market, involved product presentations at trade shows in the emerging economies of Southeast Asia, associated with efforts to strengthen the Sodick brand. Moreover, responding to the market growth of the electronic parts and OA machinery industries, the Sodick Group established a local subsidiary in the Philippines in August and has been working to expand its sales network. At the same time, the Group also continues to advance its R&D activities, which has connected to the development of products that address specific market needs, for example, injection molding machines for ultra-precise objects such as electrical and electronic parts, and injection molding machines targeting automotive components relevant to vehicle weight reduction efforts.

As a result, consolidated net sales for the period totaled ¥32,705 million, up ¥4,827 million (+17.3%) from the same period the year earlier, with operating income of ¥3,170 million, up ¥1,734 million (+120.7%), ordinary income of ¥3,132 million, up ¥1,768 million (+129.7%), and profit attributable to owners of parent of ¥2,604 million, up ¥1,688 million (+184.5%).

### **(2) Explanation of financial position**

Consolidated assets increased ¥3,335 million from the end of the previous fiscal year to ¥107,502 million.

Main factors include an increase of ¥4,827 million in cash and deposits.

Consolidated liabilities, compared with the end of the previous fiscal year, increased ¥2,009 million to ¥56,722 million. Main factors include an increase of ¥2,212 million in long-term loans payable.

Net assets increased ¥1,325 million from the end of the previous fiscal year to ¥50,779 million. Main factors include an increase of ¥1,988 million in retained earnings.

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

The consolidated earnings estimates published on August 7, 2015 remain unchanged.

## **2. Summary (Notes) Information**

### **(1) Changes in important subsidiaries during the consolidated quarter (six 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; hereinafter the “Accounting Standard for Business Combinations”), the “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 released on September 13, 2013; hereinafter the “Consolidated Accounting Standard”), and the “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 released on September 13, 2013; hereinafter the “Accounting Standard for Business Divestitures”). 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 second 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 second quarter and the previous fiscal year presented herein.

The aforementioned accounting standards are adopted as of the beginning of the current second 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 second 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)	2Q FY 2016 (consolidated) (As of September 30, 2015)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	27,767	32,595
Notes and accounts receivable – trade	15,092	15,198
Electronically recorded monetary claims – operating	109	211
Installment accounts receivable	44	—
Commodity and merchandise	7,874	8,370
Work-in-process	8,684	7,627
Raw materials and inventory	8,247	8,106
Other current assets	3,689	3,260
Allowance for doubtful accounts	(147)	(164)
<b>Total current assets</b>	<b>71,362</b>	<b>75,205</b>
<b>Fixed Assets</b>		
<b>Tangible Fixed Assets</b>		
Buildings and structures	19,964	19,808
Machinery, equipment and vehicles	16,924	17,020
Other fixed assets	10,636	10,804
Accumulated depreciation	(22,696)	(23,254)
<b>Total tangible fixed assets</b>	<b>24,828</b>	<b>24,378</b>
<b>Intangible Fixed Assets</b>		
Goodwill	2,218	2,134
Other intangible fixed assets	1,488	1,469
<b>Total intangible fixed assets</b>	<b>3,707</b>	<b>3,604</b>
<b>Investments and other assets</b>		
Other assets	4,468	4,511
Allowance for doubtful accounts	(199)	(198)
<b>Total investments and other assets</b>	<b>4,268</b>	<b>4,313</b>
<b>Total Fixed Assets</b>	<b>32,804</b>	<b>32,296</b>
<b>Total Assets</b>	<b>104,167</b>	<b>107,502</b>

	FY 2015 (consolidated) (As of March 31, 2015)	2Q FY 2016 (consolidated) (As of September 30, 2015)
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes and accounts payable – trade	4,714	4,649
Electronically recorded monetary claims – operating	5,572	5,000
Short-term loans payable	4,700	4,732
Long-term borrowings redeemable within one year	12,261	13,047
Income taxes payable	423	571
Allowance	877	1,033
Other current liabilities	5,987	5,352
<b>Total current liabilities</b>	<b>34,537</b>	<b>34,387</b>
<b>Fixed Liabilities</b>		
Long-term loans payable	18,779	20,992
Net defined benefit liability	565	483
Allowance	243	252
Asset removal obligations	98	98
Other fixed liabilities	488	508
<b>Total fixed liabilities</b>	<b>20,176</b>	<b>22,335</b>
<b>Total Liabilities</b>	<b>54,713</b>	<b>56,722</b>
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Capital stock	20,775	20,775
Capital surplus	5,879	5,879
Retained earnings	16,503	18,492
Treasury stock	(1,696)	(1,696)
<b>Total shareholders' equity</b>	<b>41,462</b>	<b>43,450</b>
<b>Accumulated other comprehensive income</b>		
Unrealized gain on available-for-sale securities	1,058	1,072
Foreign currency translation adjustment	6,787	6,095
Remeasurements of defined benefit plans	76	75
<b>Total accumulated other comprehensive income</b>	<b>7,923</b>	<b>7,243</b>
<b>Non-controlling interests</b>	<b>67</b>	<b>85</b>
<b>Total Net Assets</b>	<b>49,453</b>	<b>50,779</b>
<b>Total Liabilities and Net Assets</b>	<b>104,167</b>	<b>107,502</b>

**(2) Consolidated statements of income / Consolidated statements of comprehensive income**  
**(Consolidated statements of income)**  
**(2nd quarter)**

(In million yen)

	2Q FY 2015 (April 1, 2014 – September 30, 2014)	2Q FY 2016 (April 1, 2015 – September 30, 2015)
Net Sales	27,878	32,705
Cost of Sales	18,868	20,997
Gross Profit	9,009	11,708
Reversal of Unrealized Income on Installment Sales	0	—
Unrealized Income from Installment Sales	0	—
Gross Profit after Income Deferrals	9,009	11,708
Selling, General and Administrative Expenses		
Personal expenses	3,007	3,362
Reversal of allowance for loan losses	21	15
Other	4,544	5,158
Total selling, general and administrative expenses	7,573	8,537
Operating Income	1,436	3,170
Non-operating Income		
Interest income	62	86
Dividends income	28	35
Foreign exchange gain	126	—
Gain on sales of scraps	24	18
Tariff refund	—	102
Other non-operating income	111	125
Total non-operating income	353	367
Non-operating Expenses		
Interest expenses	280	238
Foreign exchange loss	—	115
Other non-operating expenses	145	52
Total non-operating expense	426	406
Ordinary Income	1,363	3,132
Extraordinary Income		
Gain on sales of fixed assets	20	38
Gain on sale of investment securities	9	—
Total extraordinary income	30	38
Extraordinary Loss		
Loss on disposition of fixed assets	—	0
Loss on retirement of fixed assets	20	17
Loss from bad debts	35	—
Other extraordinary losses	12	—
Total extraordinary loss	67	18
Net Income before Income Taxes	1,326	3,152
Current Income Taxes	370	856
Deferred Income Taxes	53	(323)
Total Income Taxes	423	533
Profit	902	2,619
Profit (Loss) Attributable to Non-controlling Interests	(12)	15
Profit Attributable to Owners of the Parent	915	2,604



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**(Consolidated statements of comprehensive income)**  
**(2nd quarter)**

(In million yen)

	2Q FY 2015 (April 1, 2014 – September 30, 2014)	2Q FY 2016 (April 1, 2015 – September 30, 2015)
Profit	902	2,619
Other Comprehensive Income		
Unrealized gain (loss) on available-for-sale securities	185	13
Foreign currency translation adjustment	(50)	(689)
Remeasurements of defined benefit plans	14	(1)
Total other comprehensive income	149	(677)
<b>Quarterly Comprehensive Income</b>	<b>1,052</b>	<b>1,941</b>
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	1,069	1,924
Comprehensive income attributable to non-controlling interests	(17)	17

**(3) Consolidated Statement of Cash Flows**

	2Q FY 2015 (April 1, 2014 – September 30, 2014)	2Q FY 2016 (April 1, 2015 – September 30, 2015)
<b>Cash Flows from Operating Activities</b>		
Income before income taxes	1,326	3,152
Depreciation	1,262	1,324
Amortization of goodwill	112	75
Change in provisions for doubtful accounts	20	15
Increase (decrease) in net defined benefit liability	(35)	(78)
Interest and dividend income	(90)	(121)
Interest expenses	280	238
Foreign exchange loss (gain)	(228)	154
Loss (gain) in trade receivables	795	(114)
Loss (gain) in inventories	(1,309)	19
Gain (loss) in trade payables	1,286	(555)
Gain (loss) in other accounts payable	78	184
Increase (decrease) in advances received	(102)	110
Other operating cash flows	(241)	(320)
Subtotal	3,156	4,085
Interest and dividend income received	90	116
Interest expenses paid	(281)	(241)
Income taxes returned (paid)	(318)	(709)
Net cash provided by operating activities	2,647	3,251
<b>Cash Flows from Investing Activities</b>		
Increase in time deposits	(12)	(0)
Decrease in time deposits	309	—
Expenses for purchases of property, plant, and equipment	(835)	(588)
Proceeds from sale of property, plant, and equipment	117	77
Expenses for purchase of intangible assets	(183)	(181)
Expenses for purchase of investment securities	(0)	(80)
Proceeds from sale of investment securities	1,016	—
Expenses for loans provided	—	(5)
Proceeds from loans collected	33	27
Other investing cash flows	0	14
Net cash used in investing activities	444	(735)

	2Q FY 2015 (April 1, 2014 – September 30, 2014)	2Q FY 2016 (April 1, 2015 – September 30, 2015)
<b>Cash Flows from Financing Activities</b>		
Change in short-term borrowings	(286)	223
Proceeds from long-term borrowings	4,000	7,857
Expenses for redemption of long-term borrowings	(5,223)	(4,812)
Expenses for redemption of bonds	(7)	(7)
Expenses for purchase of treasury shares	(0)	(0)
Cash dividends paid	(352)	(654)
Expenses for payment of finance lease obligations	(61)	(87)
Other financing cash flows	(22)	(10)
Net cash flows from financing activities	(1,953)	2,508
Effect of Exchange Rate Changes on Cash and Cash Equivalents	173	(204)
Net Change in Cash and Cash Equivalents	1,312	4,819
Cash and Cash Equivalents, Beginning of Year	23,647	27,396
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiary	—	13
Net Cash and Cash Equivalents, End of the 2nd Quarter	24,959	32,229

**(4) 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, etc.)

## Segment Information

## I. 2Q FY 2015 (from April 1, 2014 to September 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	20,533	3,858	1,052	25,444	2,433	27,878	—	27,878
Inter-segment sales or transfers	17	8	—	26	1,220	1,246	(1,246)	—
Total	20,551	3,866	1,052	25,470	3,654	29,124	(1,246)	27,878
Segment income (loss)	2,580	31	(121)	2,490	319	2,810	(1,373)	1,436

Notes: 1. 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.

2. The segment income (loss) adjustment amount of -¥1,373 million includes -¥192 million in eliminations of inter-segment transactions and -¥1,181 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.

3. 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. 2Q FY 2016 (from April 1, 2015 to September 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	24,367	4,139	1,474	29,981	2,724	32,705	—	32,705
Inter-segment sales or transfers	32	2	—	35	1,122	1,158	(1,158)	—
Total	24,400	4,141	1,474	30,016	3,846	33,863	(1,158)	32,705
Segment income	3,611	67	222	3,901	482	4,383	(1,212)	3,170

Notes: 1. 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.

2. The segment income adjustment amount of -¥1,212 million includes -¥18 million in eliminations of inter-segment transactions and -¥1,194 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.

3. The segment income 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.