Summary of Financial Statements for the Year Ended March 31, 2016 (J-GAAP) (Consolidated)

May 12, 2016

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 annual general meeting of shareholders: June 29, 2016
Scheduled date of dividend payout: June 30, 2016
Scheduled date of filing of consolidated financial statements: June 29, 2016
Explanatory Documents Supplemental to the Abridged Financial Statements: Yes
Result Briefing: Yes (For Institutional Investors and Analysts)

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

1. Consolidated Results for the Year Ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(1) Consolidated Financial Results (Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
FY 2016	65,146	3.3	6,353	29.9	5,719	1.3	4,167	17.4
FY 2015	63,090	10.9	4,891	84.5	5,647	45.3	3,550	(15.4)

Note: Comprehensive Income: FY 2016: ¥1,105 million / (85.8%) FY 2015: ¥7,763 million / 2.9%

	Earnings Per Share	Diluted Earnings Per Share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	¥	¥	%	%	%
FY 2016	82.82	—	8.4	5.6	9.8
FY 2015	70.55	—	7.7	5.6	7.8

Reference: Equity in earnings (losses) of non-consolidated subsidiaries and affiliates:
FY 2016: ¥62 million FY 2015: ¥— million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	¥ Million	¥ Million	%	¥
FY 2016	99,722	49,758	49.8	987.01
FY 2015	104,167	49,453	47.4	981.47

Reference: Shareholders' Equity: FY 2016: ¥49,663 million FY 2015: ¥49,385 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of fiscal year
	¥ Million	¥ Million	¥ Million	¥ Million
FY 2016	6,579	(2,773)	(2,854)	27,328
FY 2015	8,298	(144)	(5,243)	27,396

2. Cash Dividends

	Annual Dividend					Total cash dividend paid (annual)	Payout ratio (consolidated)	Ratio of dividend paid to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total			
	Yen	Yen	Yen	Yen	Yen	¥ Million	%	%
FY 2015	—	7.00	—	13.00	20.00	1,006	28.4	2.2
FY 2016	—	9.00	—	9.00	18.00	905	21.7	1.8
FY 2017 (forecast)	—	9.00	—	10.00	19.00		22.2	

3. Forecast for the Year Ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

(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, 2016	32,000	(2.2)	2,600	(18.0)	2,500	(20.2)	1,900	(27.0)	37.76
Year to March 31, 2017	65,500	0.5	5,800	(8.7)	5,600	(2.1)	4,300	3.2	85.46

* Notes

(1) Changes in important subsidiaries during the term under review (changes occurred in specified subsidiaries in conjunction with a change in the scope of consolidation): None

(2) 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

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

1) Shares issued and outstanding as of the balance sheet date (including treasury shares)	FY 2016	53,432,510 shares	FY 2015	53,432,510 shares
2) Number of treasury shares as of the balance sheet date	FY 2016	3,114,773 shares	FY 2015	3,114,393 shares
3) Average number of shares outstanding during the period	FY 2016	50,317,844 shares	FY 2015	50,318,530 shares

(Reference) Summary of Non-Consolidated Results

1. Non-Consolidated Results for the Year Ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(1) Non-consolidated Financial Results (Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
FY 2016	40,045	4.0	1,126	(24.5)	1,820	(24.4)	1,410	29.9
FY 2015	38,509	9.0	1,492	(5.4)	2,408	32.5	1,086	(59.7)

	Earnings Per Share	Diluted Earnings Per Share
	¥	¥
FY 2016	28.03	—
FY 2015	21.59	—

(2) Non-consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	¥ Million	¥ Million	%	¥
FY 2016	74,315	35,113	47.3	697.84
FY 2015	76,404	35,068	45.9	696.94

Reference: Shareholders' Equity: FY 2016: ¥35,113 million FY 2015: ¥35,068 million

* Information concerning the implementation status of audit procedures

This summary of financial statements is not the subject of audit procedures under the Financial Instruments and Exchange Act. At the time of disclosure of this summary of financial statements, the audit procedures of the financial statements are in progress.

* Cautionary statement regarding forward-looking information

The Company bases the above forecasts on judgments that rely on currently available information and contain numerous uncertainties. Changing conditions and other factors may cause actual results to differ from the results in these forecasts. For the underlying assumptions and usage of earnings projections, please refer to page 4, "1. Management's discussion and analysis of financial condition and results of operations (5) Outlook for the next fiscal year."

1. Management's discussion and analysis of financial condition and results of operations

(1) Management Discussion and Analysis

In the period under review, we witnessed the Japanese economy stage a moderate rebound as personal consumption recovered against a backdrop of improving corporate profits and employment environments. However, we also found a strengthening sense of uncertainty pervading markets toward the second half of the fiscal year due to various factors, such as slower growth in emerging economies, plunging raw materials prices, and geopolitical risks in Middle East and Europe. In overseas economies, we saw interest rates starting to go up in the US with personal consumption thriving on robust employment data, allowing the US economy to continue on its growth track. Also in Europe we found a general moderate recovery under way thanks to improved personal consumption. By contrast, growth slowed in emerging economies, specifically in China but also in Southeast Asia, which came under the impact of the fall-off in economic activity in China.

The machine tools industry – the business mainstay of Sodick Group – continued to enjoy in Japan favorable capital investment demand, which remained upbeat thanks to government subsidies and replacement demand due to facility aging. Capital investment demand was booming also in Europe and the US across a wide range of sectors centering on automobiles and aerospace. In China and Southeast Asian countries, however, the economic slowdown starting in the second half of the fiscal year depressed capital investment demand.

In this operating environment, at Sodick Group we worked to develop a new business mainstay surrounding our metal 3D printer which we announced for the first time last fiscal year. At the same time, we made efforts to expand our existing Machine Tool Operations and Industrial Machinery Operations. For example, in the first half of the fiscal year, we participated in international machine tool trade shows such as the 14th China International Machine Tool Show (CIMT 2015), China's largest machine tools expo, and the InterMold Thailand 2015, where we exhibited a variety of products, electric discharge machining tools in particular, and followed up with aggressive marketing activities. Moreover, at the EMO MILANO 2015, the Italy-based European machine tool trade fair in Milan, in October 2015, we exhibited our linear motor-driven wire electric discharge machining tools VL600Q and our metal 3D printer OPM250E for the first time in Europe, working to boost the Sodick brand image. In parallel, all Sodick divisions have continued with their R&D efforts focused on products that successfully address existing market needs. For instance, we have developed wire electric discharge machining tools that use the latest in control technology, resulting in superior machining performance and replicability. Another example are injection molding machines specifically targeting automotive parts to reduce the weight of automobiles.

As a result, we were able to raise consolidated sales by ¥2,055 million (+3.3% compared with the previous fiscal year) to ¥65,146 million. Operating income increased ¥1,461 million (+29.9%) to ¥6,353 million and ordinary income rose ¥71 million (+1.3%) to ¥5,719 million. Profit attributable to owners of parent grew ¥617 million (+17.4%) to ¥4,167 million.

(2) Analysis of Financial Position

1) Assets, Liabilities, and Net Assets

Total assets at the end of the fiscal year under review amounted to ¥99,722 million, which was ¥4,444 million lower than at the end of the previous fiscal year. Main factors included declines in work-in-process (down ¥1,345 million), raw materials and inventory (down ¥963 million), and notes and accounts receivable-trade (down ¥536 million).

Total liabilities at the end of the fiscal year under review amounted to ¥49,963 million, which was ¥4,749 million lower than at the end of the previous fiscal year. Main factors included declines in long-term loans payable (down ¥1,907 million), electronically recorded monetary claims-operating (down ¥751 million) and notes and accounts payable-trade (down ¥688 million).

Net assets at the end of the fiscal year under review amounted to ¥49,758 million, which was ¥305 million higher than at the end of the previous fiscal year. This was due to the accounting recognition of ¥4,167 million in profit attributable to owners of parent and a ¥2,535 million decline, etc., in foreign currency translation adjustment. The equity ratio increased to 49.8%.

2) Cash Flows

Consolidated cash and cash equivalents ("Cash") at the end of the fiscal year under review totaled ¥27,328 million, which was ¥68 million (−0.2%) lower than at the end of the previous fiscal year due to the following variations in cash flows.

Individual consolidated cash flows in the fiscal year under review and their influencing factors developed as follows.

(Operating cash flows)

Net cash provided by operating activities totaled ¥6,579 million (compared with ¥8,298 million provided in the previous fiscal year). Main factors comprised ¥5,748 million in net income before income tax and a ¥980 million decrease in inventories, as well as expenditure for ¥1,428 million in tax payments and a ¥1,274 million decrease in trade payables.

(Investing cash flows)

Net cash used in investing activities totaled ¥2,773 million (compared with ¥144 million used in the previous fiscal year). The main factor was ¥2,406 million in expenditure for property, plant, and equipment.

(Financing cash flows)

Net cash used in financing activities totaled ¥2,854 million (compared with ¥5,243 million used in the previous fiscal year). Main factors comprised expenditures for ¥13,168 million in repayment of long-term loans and ¥1,106 million in dividend payments, as well as income from ¥11,344 million in long-term loans.

Cash flow indicators of Sodick Group trended as follows.

	FY 2013	FY 2014	FY 2015	FY 2016
Equity ratio (%)	37.9	42.9	47.4	49.8
Equity ratio based on market capitalization (%)	29.9	19.8	63.5	42.5
Ratio of cash flow to interest-bearing debt (years)	15.0	7.1	4.3	5.1
Interest coverage ratio (times)	4.3	8.7	14.9	13.5

Note: Equity ratio = Shareholders' equity / total assets
Equity ratio (%) based on market capitalization = Market capitalization / total assets
Ratio of cash flow to interest-bearing debt (years) = Interest-bearing debt / operating cash flow
Interest coverage ratio = Operating cash flow / interest expenditure
* The basis of calculation for all values is consolidated financial data.
* Market capitalization is calculated by multiplying the closing price of Sodick shares at the end of the fiscal year with the number of shares outstanding (less treasury stock) at the end of the fiscal year.
* Interest-bearing liabilities comprise all liabilities on the consolidated balance sheet on which interest is payable.
* Operating cash flow and interest expenditure refer to "Cash Flows from Operating Activities" and "Interest expenses paid" according to the consolidated statement of cash flows.

(3) Basic dividend policy and dividends for the current and following fiscal years

Given that Sodick holds custody over shareholders' valuable capital for the corporate activities of the Company, we are committed to ensure sufficient internal reserves necessary for future business development and for strengthening management resources. Consistent with these principles, our basic policy for dividend payments has been to preserve stability and continuity. Specifically, we aim to pay shareholders a dividend-to-equity ratio of 2% or more, comprehensively taking into account the subject year's business results and cash flows.

We will be using internal reserves in effective ways from a long-term perspective for R&D and capital investment to continuously enhance the Company's business results. For the period under review, in keeping with the dividend basic policy and consistent with our judgment of business performance, we propose an annual dividend of ¥18.0 per share, comprised of a fiscal year-end regular dividend and a second quarter-end dividend of ¥9.0 each.

For the next fiscal year, we expect to propose an annual dividend of ¥19.0 per share, comprised of a fiscal year-end regular dividend of ¥10.0 and a second quarter-end dividend of ¥9.0.

(5) Outlook for the next fiscal year

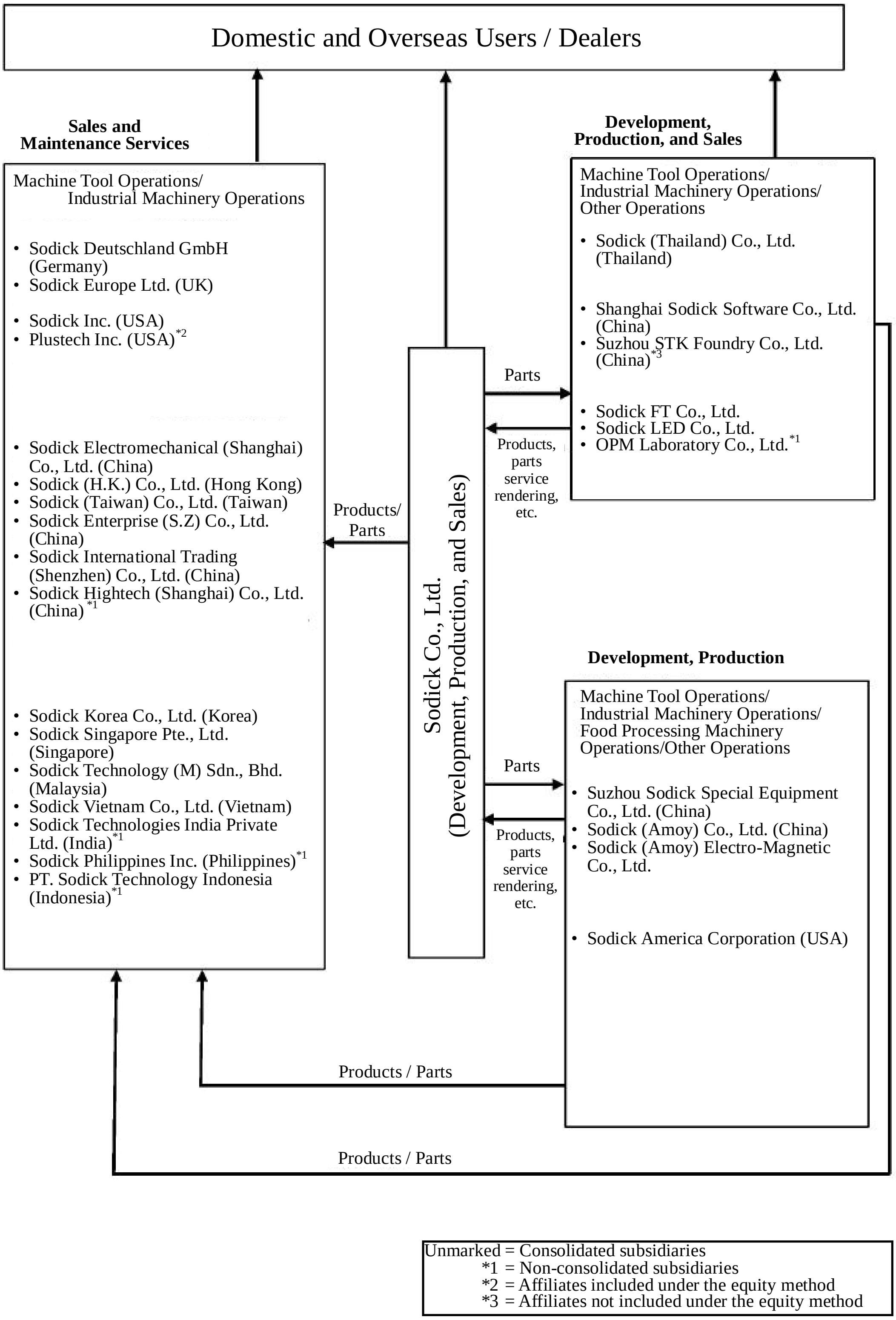
Our outlook for the economy in Japan is for a moderate recovery which includes the effects of various economic stimulus measures. However, it has yet to become clear how the negative interest policy of the Bank of Japan will affect the real economy, and vigilance will therefore still be necessary. Meanwhile, the US economy appears poised for solid growth, with support from an improving employment environment and steady personal consumption. Caution is necessary, however, due to the significant reverberations on global financial markets depending on the pace of interest rate increases in the time ahead. Likewise, we expect also for the European economy that the moderate recovery under way guided by personal consumption to will continue. Still, mounting geopolitical risks in Middle East and spreading ill-effects on markets are a concern. In the Chinese economy, despite prospects for infrastructure investment and monetary easing, personal consumption looks weak, resulting in excess capacity and inventories in some industry sectors. To be sure, in the machine tools market, the slower growth in emerging economies, specifically in China, and plummeting raw materials prices have given rise to a worldwide sense of uncertainty. Even so, with the advances in global manufacturing overall, we expect that total demand for machinery overall will fluctuate at the level of the previous fiscal year. In the US and European markets, we anticipate that order receipts will remain firm for automotive, aerospace, and medical equipment applications. In Chinese market, we foresee surging labor cost to create rising demand for automation and machinery that can deliver ever-higher precision. We foresee continued solid demand for capital investment also in Japan on the back of government subsidies and equipment renewal.

Our projections for the business results of Sodick Group in the fiscal year to March 2017 call for sales of ¥65,500 million (+0.5% compared with the previous fiscal year), with operating income of ¥5,800 million (−8.7%) and ordinary income of ¥5,600 million (−2.1%). We expect profit attributable to owners of parent to increase to ¥4,300 million (+3.2%). These projections assume for the fiscal year average foreign exchange rates of ¥113 and ¥124 respectively for the US dollar and the euro.

Note: Please be reminded that these projections reflect judgments of the Company using currently available information. Depending on both known and unknown risks and uncertain factors, actual results may differ from these projections.

2. Corporate Group

The operations of Sodick Group consist of the following four divisions. (i) Machine Tool Operations engaged in the development, production, and marketing of electric discharge machining tools, machining centers, and metal 3D printers; (ii) Industrial Machinery Operations engaged in the development, production, and marketing of injection molding machinery; (iii) Food Processing Machinery Operations engaged in the development, production, and marketing of mainly noodle production plants and noodle production equipment; and (iv) Other operations engaged in the manufacture of synthetic resin products, the development, manufacture, and marketing of linear motor applications, associated control equipment, ceramics products, and LED lighting, as well as leasing of electric discharge machines. These operations work together in organic interconnections to contribute to the business of Sodick Group. The following diagram gives an overview of the main business relationships in the Group.



3. Management Policies

(1) Basic Management Policies

Our fundamental policy at Sodick Group has been to provide support for customers' manufacturing by offering top-league products and in this way contribute to the advancement of society. Under the concepts embodied by the name Sodick, which combines the Japanese words for creation, implementation, and overcoming resistance, we work together with customers to solve challenging problems. We believe that winning customers' trust is the most important condition that must be met for a corporation to keep evolving.

People at Sodick Group have been aggregating the valuable experiences accumulated in the course of our operations to date and have discovered numerous business opportunities by developing new technologies and products.

Holding fast to this corporate philosophy, we will strive to develop products of highly advanced technological standards that contribute to the manufacturing success of our customers. At the same time, we will at the group-level do everything necessary to connect these efforts to strengthening the Group's earning power.

(2) Target Management Indicators

Returning profits to shareholders over the medium and long terms and strengthening our financial structure mark important objectives of Sodick Group. As the underlying management indicators for measuring these goals, we have adopted the ratio of consolidated ordinary income and the debt-to-equity ratio. In the current fiscal year, the ratio of consolidated ordinary income and the debt-to-equity ratio were respectively 8.8% and 0.75. In the time ahead, we will strive to reach at an early stage the following numerical targets for the two ratios.

Category	Numerical target
Ratio of consolidated ordinary income	10% or higher
Debt-to-equity ratio	0.5 or less

(3) Medium-term and long-term management strategies

The Group's field of operations comprises a varied range of businesses related to all aspects of manufacturing, such as electrical discharge machines, machining centers, metal 3D printers, injection molding machines, as well as food processing machines. The Group has also operations that rely on these products in their manufacture of precision molds and molded articles. Furthermore, the scope includes external sales of machinery applications that use technologies which Sodick has developed for the manufacture of products of the Group, such as fine ceramics components and linear motors.

Based on the concept of "Create Your Future," Sodick Group applies the core technologies accumulated in helping customers with their manufacture and creates operating systems that allow the Group to offer comprehensive line-ups of the capital goods which customers require. Through these systems and organizational reform, we optimize management resources, which helps us to further strengthen the Group's earning power. Moreover, in order to realize business growth over the medium and long terms, we devise medium and long-term plans for strengthening the Group's management base.

In machine tool operations and industrial machinery operations, Sodick Group distinguishes between mature markets, such as Japan, Europe and the US, on the one hand and the markets of emerging economies, specifically China and Southeast Asia, on the other hand. In mature markets, we are aiming to gain market share by offering products with a particular competitive edge. At the same time, by providing technical guidance and maintenance services for users who already own Sodick machinery, we seek to capture renewal demand and to bolster sales of peripheral equipment and consumable supplies. In the markets of China and emerging economies, however, the slowdown in business activities has given rise to fierce price competition. Consistent with these conditions, we seek to secure earnings by strengthening the development and sales of machinery that addresses markets' requirements but comes at a low price tag. At the same time, we take measures to enhance our operating sites and solidify earning power. Through these strategies, we aim to achieve stable earnings structures, protect our operations against global market risks, and avoid dependence on particular industries and regions.

In our efforts at business expansion, we have been working to establish our metal 3D printer, synonym with next-generation manufacturing, as a new growth driver. Specifically, we have been reinforcing R&D and marketing efforts by enhancing the processing speed and accuracy of the metal 3D printer, expanded the product line-up, and perfected the range of metal powder types for printers. Moreover, capitalizing on the strength of Sodick Group technologies as a one-stop solution for the entire spectrum of manufacturing processes, we have caused a revolution in plastic injection molding by shrinking mold manufacturing lead times, cutting production cost, and shortening the molding cycle.

Additionally, in order to render the Group's business portfolio resistant to the ups and downs of the economic cycle, we have been strengthening our food processing machinery operations. Specifically, in the domestic market, we have introduced facilities geared at higher qualities of pre-cooked noodles. Meanwhile, overseas markets offer extraordinary growth potential for food processing machinery operations thanks to factors such as China's huge population and rich food culture, and the booming popularity of Japanese food. In the time ahead, we will work to expand our food processing machinery operations with a view to establishing Sodick as a leading company in this field in the same way as our successful positioning in electrical discharge machines.

Traditionally, Sodick has been offering also application software for integrating electrical discharge machines into networks. Against the backdrop of recent developments such as the emergence of IoT (Internet of Things) and Industry 4.0 (sponsored by the German government to promote sophisticated digitized manufacturing), we will strengthen our efforts in various areas, for example, in additional productivity enhancement and manufacturing automation.

(4) Issues to be addressed

The following topics concern issues at Sodick Group that we need to address.

<Dealing with Economic Fluctuations>

There is a view that business results in the machine tools and industrial machine tools industries are prone to rise and fall with capital investment trends in manufacturing. At Sodick Group, in order to secure sustained business growth, we must accurately grasp the conditions in markets around the globe and offer product lines consistent with individual markets. In other words, we must have product families that are resistant to the ups and downs in the business cycles of regional economies. Moreover, product families that we market must consistently feature leading-edge technology resulting from constant R&D efforts. This will enable us to expand our range of customers and target stable earnings structures with business results resistant to cyclical movements in individual industries and regions.

<Addressing New Markets>

At Sodick Group, we have expanded our sites for production, development, and marketing in the growing markets of Southeast Asia and China ahead of other companies. This has earned us in those regions high market shares comparable to our market shares in Japan. However, competitors from emerging economies have been asserting themselves also in the world of manufacturing. In India, Vietnam, the Philippines, and Eastern Europe, among other regions, machine tools companies have been aggressively setting up sales subsidiaries and have boosted the support for their agents. We will continue to closely watch the trends unfolding in the various markets and take appropriate action.

<Lowering Input Costs>

In manufacturing, we must promote rigorous control of the cost of sales. Thus, we will review designs and work to further reduce the procurement cost of key components, optimize inventories and re-examine production processes, and establish international procurement routes that allow us to respond flexibly to changes in market environments. Especially in industrial machinery operations, we have initiated efforts to reduce the cost of sales in order to strengthen earning power.

<Financial Position>

As of March 31, 2016, Sodick Group had interest-bearing debt of around ¥33,826 million. In the fiscal year under review, the debt-to-equity ratio marked 0.75 and the consolidated ordinary income ratio 8.8%. We will continue operating with a keen eye for balanced financials, in terms of management indicators aiming at a debt-to-equity ratio of 0.5 or less and a consolidated ordinary income ratio of at least 10%. This means a range of measures including cutting interest-bearing debt with the aim of quickly achieving a robust financial structure that will allow ongoing profit returns to shareholders.

4. Basic Approach to the Selection of Accounting Standards

As a matter of policy, Sodick Group has been preparing its consolidated financial statements in accordance with the Generally Accepted Accounting Principles of Japan, which has the advantage of facilitating comparisons with prior accounting periods and other companies. For the time being, this policy remains in force. A shift to the application of International Financial Reporting Standards (IFRS) would depend on future developments in Japan and overseas.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In million yen)

	FY 2015 (As of March 31, 2015)	FY 2016 (As of March 31, 2016)
Assets		
Current Assets		
Cash and deposits	27,767	27,663
Notes and accounts receivable – trade	15,092	14,556
Electronically recorded monetary claims – operating	109	209
Claims to receivables from installment sales	44	—
Commodity and merchandise	7,874	7,587
Work-in-process	8,684	7,338
Raw materials and inventory	8,247	7,284
Deferred tax assets	1,081	919
Other current assets	2,607	2,457
Allowance for doubtful accounts	(147)	(169)
Total Current Assets	71,362	67,846
Fixed Assets		
Tangible Fixed Assets		
Buildings and structures	19,964	20,178
Machinery, equipment and vehicles	16,924	16,987
Tools, fixtures and equipment	2,648	2,746
Land	7,068	7,224
Lease assets	728	665
Construction in progress	189	261
Accumulated depreciation	(22,696)	(23,728)
Total tangible fixed assets	24,828	24,336
Intangible Fixed Assets		
Goodwill	2,218	2,037
Other intangible fixed assets	1,488	1,425
Total intangible fixed assets	3,707	3,463
Investments and Other Assets		
Investment securities	3,174	3,148
Long-term loans receivable	163	60
Deferred tax assets	114	47
Other assets	1,015	944
Allowance for doubtful accounts	(199)	(125)
Total investments and other assets	4,268	4,075
Total Fixed Assets	32,804	31,875
Total Assets	104,167	99,722

(In million yen)

	FY 2015 (As of March 31, 2015)	FY 2016 (As of March 31, 2016)
Liabilities		
Current Liabilities		
Notes and accounts payable – trade	4,714	4,026
Electronically recorded obligations – operating	5,572	4,820
Short-term loans payable	4,700	4,693
Long-term borrowings redeemable within one year	12,261	10,393
Bonds redeemable within one year	16	—
Accounts payable – other	1,101	1,118
Income taxes payable	423	235
Provision for product warranties	302	359
Provisions for quality warranties	5	4
Provision for bonuses	568	544
Provision for point card certificates	1	1
Other current liabilities	4,869	3,460
Total current liabilities	34,537	29,656
Fixed Liabilities		
Long-term loans payable	18,779	18,740
Provision for directors’ retirement benefits	16	18
Provision for product warranties	226	241
Net defined benefit liability	565	738
Asset retirement obligations	98	99
Other fixed liabilities	488	467
Total fixed liabilities	20,176	20,306
Total Liabilities	54,713	49,963
Net Assets		
Shareholders’ Equity		
Capital stock	20,775	20,775
Capital surplus	5,879	5,879
Retained earnings	16,503	19,870
Treasury stock	(1,696)	(1,696)
Total shareholders’ equity	41,462	44,828
Accumulated Other Comprehensive Income		
Unrealized gain (loss) on available-for-sale securities	1,058	748
Foreign currency translation adjustment	6,787	4,251
Remeasurements of defined benefit plans	76	(165)
Total accumulated other comprehensive income	7,923	4,835
Non-controlling interests	67	94
Total Net Assets	49,453	49,758
Total Liabilities and Net Assets	104,167	99,722

(2) Statements of Income and Statement of Comprehensive Income
(Statements of Income)

(In million yen)

	FY 2015 (April 1, 2014 – March 31, 2015)	FY 2016 (April 1, 2015 – March 31, 2016)
Net Sales	63,090	65,146
Cost of Sales	42,215	41,369
Gross Profit	20,874	23,777
Reversal of Unrealized Income on Installment Sales	1	—
Provision of Unrealized Income on Installment Sales	0	—
Gross Profit after Income Deferrals	20,876	23,777
Selling, General and Administrative Expenses		
Personnel expenses	6,376	6,835
Reversal of allowance for loan losses	28	38
Amortization of goodwill	225	146
Provision for point card certificates	(15)	0
Research and development expenses	1,406	2,064
Others	7,963	8,339
Total selling, general and administrative expenses	15,984	17,424
Operating Income	4,891	6,353
Non-Operating Income		
Interest income	143	172
Dividends income	126	49
Foreign exchange gain	963	—
Tariff refund	—	102
Equity in earnings of affiliates	—	62
Subsidy income	46	64
Gain on sales of scraps	44	30
Other non-operating income	186	188
Total non-operating income	1,511	670
Non-Operating Expenses		
Interest expenses	554	482
Foreign exchange loss	—	679
Commissions for syndicate loans	84	—
Other non-operating expenses	117	142
Total non-operating expenses	756	1,304
Ordinary Income	5,647	5,719
Extraordinary Income		
Gain on sales of fixed assets	72	63
Gain on sales of investment securities	9	0
Income from subsidies	—	59
Total Extraordinary Income	82	122
Extraordinary Loss		
Loss on sales of fixed assets	—	0
Loss on retirement of fixed assets	45	23
Loss on reduction of non-current assets	—	59
Impairment loss	524	—
Other extraordinary loss	30	9
Total extraordinary loss	600	92
Net Income before Income Taxes	5,129	5,748
Current Income Taxes	1,073	1,169
Deferred Income Taxes	511	379
Total Income Taxes	1,584	1,549
Profit	3,544	4,199
Profit (Loss) Attributable to Non-controlling Interests	(5)	32
Profit Attributable to Owners of the Parent	3,550	4,167

(Statement of Comprehensive Income)

(In million yen)

	FY 2015 (April 1, 2014 – March 31, 2015)	FY 2016 (April 1, 2015 – March 31, 2016)
Profit	3,544	4,199
Other Comprehensive Income		
Unrealized gain (loss) on available-for-sale securities	400	(310)
Foreign currency translation adjustment	3,534	(2,541)
Remeasurements of defined benefit plans	284	(242)
Total other comprehensive income (loss)	4,218	(3,094)
Comprehensive Income	7,763	1,105
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	7,758	1,078
Comprehensive income attributable to non-controlling interests	4	26

(3) Consolidated Statement of Change in Shareholders' Equity
Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(In million yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current fiscal year	20,775	5,879	13,714	(1,695)	38,673
Cumulative effect of changes in accounting policies			(27)		(27)
Opening balance after changes in accounting policies	20,775	5,879	13,686	(1,695)	38,646
Changes during the current fiscal year					
Dividends of surplus			(704)		(704)
Reserve for the awards and welfare fund for employees of foreign subsidiaries			(28)		(28)
Profit attributable to owners of parent			3,550		3,550
Purchase of treasury stock				(0)	(0)
Net change during the current fiscal year in items other than shareholders' equity					
Total changes during the current fiscal year	—	—	2,816	(0)	2,815
Total changes during the current fiscal year	20,775	5,879	16,503	(1,696)	41,462

	Accumulated Other Comprehensive Income				Non-controlling interests	Total Net Assets
	Unrealized gain (loss) on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current fiscal year	658	3,262	(207)	3,714	63	42,451
Cumulative effect of changes in accounting policies						(27)
Opening balance after changes in accounting policies	658	3,262	(207)	3,714	63	42,424
Changes during the current fiscal year						
Dividends of surplus						(704)
Reserve for the awards and welfare fund for employees of foreign subsidiaries						(28)
Profit attributable to owners of parent						3,550
Purchase of treasury stock						(0)
Net change during the current fiscal year in items other than shareholders' equity	400	3,524	284	4,208	4	4,213
Total changes during the current fiscal year	400	3,524	284	4,208	4	7,029
Total changes during the current fiscal year	1,058	6,787	76	7,923	67	49,453

Fiscal Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(In million yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current fiscal year	20,775	5,879	16,503	(1,696)	41,462
Changes during the current fiscal year					
Dividends of surplus			(1,106)		(1,106)
Reserve for the awards and welfare fund for employees of foreign subsidiaries			(41)		(41)
Profit attributable to owners of parent			4,167		4,167
Changes in scope of consolidation			109		109
Changes due to the merger of non-consolidated subsidiaries			64		64
Change in the scope of equity-method consolidation			175		175
Purchase of treasury stock				(0)	(0)
Net change during the current fiscal year in items other than shareholders' equity					
Total changes during the current fiscal year	—	—	3,367	(0)	3,366
Total changes during the current fiscal year	20,775	5,879	19,870	(1,696)	44,828

(In million yen)

	Accumulated Other Comprehensive Income				Non-controlling interests	Total Net Assets
	Unrealized gain (loss) on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current fiscal year	1,058	6,787	76	7,923	67	49,453
Changes during the current fiscal year						
Dividends of surplus						(1,106)
Reserve for the awards and welfare fund for employees of foreign subsidiaries						(41)
Profit attributable to owners of parent						4,167
Changes in scope of consolidation						109
Changes due to the merger of non-consolidated subsidiaries						64
Change in the scope of equity-method consolidation						175
Purchase of treasury stock						(0)
Net change during the current fiscal year in items other than shareholders' equity	(310)	(2,535)	(242)	(3,088)	26	(3,061)
Total changes during the current fiscal year	(310)	(2,535)	(242)	(3,088)	26	305
Total changes during the current fiscal year	748	4,251	(165)	4,835	94	49,758

(4) Consolidated Statement of Cash Flows

(In million yen)

	FY 2015 (April 1, 2014 – March 31, 2015)	FY 2016 (April 1, 2015 – March 31, 2016)
Cash Flows from Operating Activities		
Gain (loss) before income taxes	5,129	5,748
Depreciation	2,659	2,765
Amortization of goodwill	225	146
Increase (decrease) in net defined benefit liability	(75)	(137)
Change in provisions for doubtful accounts	6	11
Interest and dividend income	(270)	(222)
Interest expenses	554	482
Equity in (earnings) losses of affiliates	—	(62)
Foreign exchange loss (gain)	(11)	173
Loss (gain) on sales and valuation of investment securities	(7)	(0)
Loss (gain) on sale and retirement of fixed assets	(26)	(38)
Impairment loss	524	—
Loss (gain) in trade receivables	269	193
Loss (gain) in inventories	(1,236)	980
Gain (loss) in trade payables	1,481	(1,274)
Gain (loss) in other accounts payable	(77)	177
Increase (decrease) in advances received	(304)	(352)
Other operating cash flows	615	(307)
Subtotal	9,454	8,284
Interest and dividend income received	184	210
Interest expenses paid	(557)	(487)
Income taxes returned (paid)	(783)	(1,428)
Net cash provided by operating activities	8,298	6,579
Cash Flows from Investing Activities		
Increase in time deposits	(293)	(96)
Decrease in time deposits	379	112
Expenses for purchases of property, plant, and equipment	(1,659)	(2,406)
Proceeds from sale of property, plant, and equipment	560	132
Expenses for purchase of intangible assets	(425)	(358)
Expenses for purchase of investment securities	(0)	(80)
Proceeds from sale of investment securities	1,021	83
Expenses for loans provided	(23)	(111)
Proceeds from loans collected	90	55
Proceeds from the return of shareholdings in non-consolidated subsidiaries	122	—
Other investing cash flows	82	(103)
Net cash used in investing activities	(144)	(2,773)

(In million yen)

	FY 2015 (April 1, 2014 – March 31, 2015)	FY 2016 (April 1, 2015 – March 31, 2016)
Cash Flows from Financing Activities		
Change in short-term borrowings	(810)	281
Proceeds from long-term borrowings	7,000	11,344
Expenses for redemption of long-term borrowings	(10,542)	(13,168)
Expenses for redemption of bonds	(14)	(16)
Expenses for payment of finance lease obligations	(127)	(153)
Cash dividends paid	(704)	(1,106)
Other financing cash flows	(44)	(34)
Net cash used in financing activities	(5,243)	(2,854)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	839	(1,098)
Net Change in Cash and Cash Equivalents	3,748	(146)
Cash and Cash Equivalents, Beginning of Year	23,647	27,396
Increase in Cash and Cash Equivalents from Newly Consolidated or Merger of Subsidiaries	—	64
Increase in Cash and Cash Equivalents Resulting from Merger with Non-consolidated Subsidiaries	—	13
Net Cash and Cash Equivalents, End of Year	27,396	27,328

(Segment Information, etc.)

a. Segment information

1. Summary of reportable segments

   Reportable segments are business units of Sodick for which stand-alone financial information is available and whose allocation of management resources and financial results are at regular intervals the subject of decisions and assessments of the board of directors.

   Sodick runs its business operations using comprehensive strategic planning that distinguishes between products and services. The Group's three reportable segments comprise Machine Tool Operations, Industrial Machinery Operations and Food Processing Machinery Operations.

   Main products by segment comprise electric discharge machining tools and machining centers at Machine Tool Operations, plastic injection molding machines at Industrial Machinery Operations, and noodle production plant and equipment at Food Processing Machinery Operations. At each segment the scope of operations includes product development, manufacture, and sales.

2. Method of computation of net sales, income or loss, assets, liabilities, and other items by reportable segments

   The accounting methods at each reportable segment are the same as described in the "Important Matters Concerning the Basis of Preparation of Consolidated Financial Statements."

   Income information of reportable segments reflects operating income.

   Sales data between segments rely for their determination on third-party transaction prices.

3. Information on sales, operating income (loss), assets, and other items by reportable segment

   Fiscal Year Ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(In million yen)

	Reportable Segment				Others (Note 1)	Total	Adjustment amount (Note 2, 3, 4, 5)	Amount stated on the consolidated statement of income for the quarter (Note 6)
	Machine Tool Operations	Industrial Machinery Operations	Food Processing Machinery Operations	Reportable Segment Total				
Net Sales								
Sales to outside customers	47,789	8,633	3,562	59,984	5,161	65,146	—	65,146
Inter-segment sales or transfers	83	5	—	89	2,400	2,489	(2,489)	—
Total	47,873	8,638	3,562	60,073	7,561	67,635	(2,489)	65,146
Segment income	7,113	319	492	7,925	813	8,739	(2,386)	6,353
Segment assets	58,200	11,480	2,902	72,582	10,019	82,602	17,119	99,722
Other								
Depreciation	1,854	248	50	2,154	381	2,535	229	2,765
Amortization of goodwill	94	31	—	125	21	146	—	146
Increase in tangible fixed assets and intangible fixed assets	985	321	949	2,257	250	2,507	379	2,887

Notes:
1. The category headed “Others” covers business segments outside reportable segments, such as precision molds and molding operations, elemental technology operations, and lease operations.
2. The adjustment amount of −¥2,386 million to segment income includes ¥73 million in eliminations of inter-segment transactions and −¥2,459 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 adjustment amount of ¥17,119 million to segment assets includes ¥18,795 million in group assets that are not attributable to reportable segments and −¥1,676 million in eliminations of inter-segment transactions. Group assets consist mainly of assets related to head office functions not attributable to reportable segments.
4. The adjustment amount of ¥229 million to depreciation of the category headed “Others” consists mainly of ¥229 million in Group-based depreciation not attributable to reportable segments.
5. The adjustment amount of ¥379 million to increases in property, plant, and equipment and intangible non-current assets in the category headed “Others” consists mainly of ¥379 million in Group-based property, plant, and equipment and intangible non-current assets not attributable to reportable segments.
6. Segment income is stated reconciled with the operating income stated in the consolidated statement of income.

Per-Share Information

Year Ended March 31, 2015 (from April 1, 2014 to March 31, 2015)		Year Ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	
Net assets per share (yen)	981.47	Net assets per share (yen)	987.01
Net income per share (yen)	70.55	Net income per share (yen)	82.82

Note: 1. No dilutive shares are in existence and no information on diluted net income per share is therefore stated.
2. The table below shows the basis of calculation of net income per share.

	Year Ended March 31, 2015 (from April 1, 2014 to March 31, 2015)	Year Ended March 31, 2016 (from April 1, 2015 to March 31, 2016)
Profit attributable to owners of parent (¥ million)	3,550	4,167
Portion not attributable to shares of common stock (¥ million)	—	—
Profit attributable to owners of parent attributable to common stock (¥ million)	3,550	4,167
Average number of shares of common stock outstanding (thousand shares)	50,318	50,317

(Material subsequent events)

Issuance of No. 1 Unsecured Convertible Bond with Warrant

The Board of Directors of Sodick resolved at its meeting on April 1, 2016, for the issuance of the No. 1 Unsecured Convertible Bond with Warrant (Convertible Bond with Equal-Treatment Covenant) (in the following, the "Convertible Bond;" the Convertible Bond with the warrant detached is referred to as the "Bond" and the detached warrant as the "Warrant") payable on April 18, 2016. Details are as follows.

(1) Total issuance amount
¥8 billion (bond face value denomination of ¥1 million)

(2) Issuance price (amount payable)
¥102.5 per ¥100 of bond face value (¥100 per ¥100 of bond face value)

(3) Warrant allotment date and bond payment date (issuance date)
April 18, 2016

(4) Redemption date
Redemption occurs in the full amount on April 16, 2021. (In certain cases, subject to redemption acceleration provisions as stated in the issuance terms and conditions.)

(5) Redemption amount
¥100 per ¥100 of bond face value

(6) Coupon rate
None.

(7) Collateral or guarantees
The Convertible Bond is unsecured and not guaranteed. No assets are reserved in particular in support of the Convertible Bond.

(8) Share classes, share conditions, and number of shares under the Warrant.

(i) Share classes and share conditions: Common shares

(ii) Number of shares: The number of shares under a Warrant is the number established by dividing the total face value amount of the Bond associated with Warrants simultaneously exercised by any one Warrant holder by the conversion price stipulated in the terms and conditions of issuance. Fractions of a share that arise from this operation shall be truncated without adjustment to the amount payable.

(9) Total number of Warrants
8,000

(10) Means of payment at exercise of the Warrants, exercise price, and method of calculation

(i) Each Warrant is exercisable in exchange for the Bond related to it.

(ii) The exercise price of each Warrant is identical to the face value of each Bond.

(iii) The conversion price is initially set at ¥1,032.

(11) Exercise period of the Warrant

The exercise period of the Warrant commences on June 1, 2016, and continues until April 14, 2021. (In certain cases stated in the terms and conditions of issuance, the Warrant cannot be exercised.)

(12) Increases in capital stock and legal capital surplus that result from the issuance of shares associated with the exercise of the Warrant

(i) The increase in capital stock that results from the issuance of shares associated with the exercise of the Warrant amounts to one-half of the limit amount for an increase in capital stock, etc., calculated in accordance with Article 17 of the Corporate Accounting Regulations. Fractions of one yen that arise from this operation shall be truncated.

(ii) The increase in legal capital surplus that results from the issuance of shares associated with the exercise of the Warrant amounts to the limit amount for an increase in capital stock, etc., stated in (12)(i) less the amount of the increase in capital stock stated in (12)(i).

(13) Application of funds procured

With respect to approximately ¥7,973 million in net proceeds for the Convertible Bond, projected allocations are as follows: ¥4,000 million in funds for R&D by March 2021; ¥900 million in funds for capital expenditure at the Head Office and the Research and Technology Center by August 2016; ¥73 million in funds for capital expenditure at the Food Processing Machinery Operations of the Kaga Office by April 2016; and ¥3,000 million in funds for the acquisition of treasury stock by June 20, 2016. With respect to the acquisition of treasury stock, the amount stated above projected for purchases of treasury stock may not be reached in full due to market conditions, etc. In such a case, the Company plans to allocate the balance by the end of March 2017 to the repayment of loans from financial institutions.

(Acquisition of treasury stock)

The board of directors of the Company at its meeting on April 1, 2016, resolved as follows concerning the acquisition of treasury stock.

Content of the resolution of the board of directors concerning the acquisition of treasury stock

(i)	Classes of shares to be acquired:	Shares of common stock
(ii)	Total number of shares to be acquired:	3,500,000 shares (max.)
(iii)	Total acquisition cost of shares to be acquired:	¥3 billion (max.)
(iv)	Acquisition period:	From April 20, 2016 to June 20, 2016
(v)	Acquisition method:	Market purchases on the Tokyo Stock Exchange, Inc.

6. Other

(1) Change in company officers

Please refer to today's separate release of our "Notice concerning the Election of Candidates for a Position as Outside Director."