

Annual Report 2008



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"Our Management Philosophy"

1. Grow with our customers
2. Contribute to the international community through our business
3. Develop human resources who pursue creative and challenging activities
4. Conduct sound corporate activities based on high ethics and fairness
5. Take good care of people and the earth's environment



1. Grow with Our Customers

The Company has been sharing this philosophy as a starting point for all of its business activities since its formation.

We believe that the creation and provision of new values based on customers' perspectives will strengthen the relationship of mutual trust between our customers and the Amada Group, and become a source of mutual development.

2. Contribute to the International Community through Our Business

The Company recognizes that contributing to manufacturing conducted by our customers throughout the world leads to the development not only of local communities, but also the international community as a whole, and we conduct our business activities with the aim of providing the highest quality of solution in each market around the world by optimally distributing the Group's management resources.

3. Develop Human Resources who Pursue Creative and Challenging Activities

Rather than being content with the present situation, we are constantly in search of new and better ideas to put into action in order to improve and enhance our business activities. This is the Amada Group's basic philosophy of human resources development, and we believe that Amada's unique corporate culture will be further developed by continuing to practice this philosophy.

4. Conduct Sound Corporate Activities Based on High Ethics and Fairness

We promote transparency and we comply with regulations in the Amada Group's management and in all

aspects of its business activities, and strive to further enhance its corporate value while conducting sound activities.

5. Take Good Care of People and the Earth's Environment

By treating the Amada Group's stakeholders (such as shareholders, customers, business partners, employees, and local residents) and the global environment with respect, we strive to continue to be a good company for both people and the earth.



Mitsuo Okamoto
President and Chief Executive Officer



Financial Highlights

Amada Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

	Millions of yen				
	2008	2007	2006	2005	2004
For the year:					
Net sales	¥284,218	¥262,239	¥221,780	¥201,097	¥164,614
Sales to foreign customers	148,726	126,545	100,573	82,964	66,526
Cost of sales	156,512	145,820	125,133	111,918	94,371
Gross profit	127,706	116,419	96,646	89,178	70,243
Selling, general and administrative expenses ...	82,786	76,646	68,426	65,293	66,515
Net changes in deferred profit on installment sales	18	(684)	100	(2,371)	(1,282)
Operating income	44,939	39,088	28,320	21,513	2,445
Other income (expenses)—net	2,623	6,687	5,008	(2,826)	2,704
Income before income taxes and minority interests	47,563	45,775	33,328	18,687	5,150
Net income	28,337	27,506	22,297	10,940	372
Purchases of property, plant and equipment ..	19,651	11,940	5,801	5,286	3,740
Depreciation and amortization	10,042	8,915	8,808	8,669	9,069
Research and development costs	6,916	6,372	5,302	6,380	7,161
At year-end:					
Total equity	¥425,588	¥418,969	¥394,691	¥367,808	¥358,342
Total assets	543,535	545,473	511,248	475,224	457,283
Total long-term liabilities	28,979	30,451	33,308	32,093	31,995
Per share of common stock (yen):					
Net income—					
Basic	¥ 72.82	¥ 70.20	¥ 56.59	¥ 27.66	¥ 0.90
Diluted.....	72.80	70.13	56.53		
Cash dividends applicable to the year.....	22.00	20.00	16.00	10.00	5.00
Sales composition:					
Sheet metal processing machines:					
Machines.....	¥149,971	¥131,529	¥105,368	¥ 96,542	¥ 79,375
Software and FA equipment	8,844	8,772	8,249	7,713	6,910
After-sales services.....	11,528	10,708	9,977	9,961	9,194
Expendable supplies, such as toolings	39,780	39,277	33,594	29,484	26,698
	¥210,124	¥190,286	¥157,189	¥143,702	¥122,178
Bandsaws	¥ 37,687	¥ 34,212	¥ 30,702	¥ 26,853	¥ 23,227
Presses	12,762	12,618	11,240	10,716	8,784
Machine tools	20,266	20,682	18,804	15,427	5,735
Real estate leasing	1,646	1,623	1,647	1,639	1,435
Others	1,731	2,815	2,196	2,757	3,253
Total	¥284,218	¥262,239	¥221,780	¥201,097	¥164,614
Number of employees	5,747	5,516	5,071	4,977	4,793

Notes: 1. The yen figures presented in the financial summary are rounded down to millions of yen, except for per share amounts.

2. Amada Co., Ltd., merged with Amada Machinics Co., Ltd., on October 1, 2003.

3. Prior to fiscal 2005, the sales composition was classified based on the functions of products. From the year ended March 31, 2005, sales of products are separated according to the markets where the products are sold. For comparative purposes only, the sales composition for fiscal 2004 is reclassified based on the current fiscal year policy.

4. Effective for the year ended March 31, 2007, Amada Co., Ltd., adopted a new accounting standard for presentation of equity in the balance sheet. The amounts in prior years have not been restated.

We would like to deeply thank all of our shareholders and investors for supporting the Amada Group.

Review of Recent Performance

Amada's consolidated operating results for the year ended March 31, 2008, marked a record high, with net sales of ¥284.2 billion (US\$2,836.5 million) (up 8.4% year on year), operating income of ¥44.9 billion (US\$448.4 million) (up 15.0% year on year), and net income of ¥28.3 billion (US\$282.3 million) (up 3.0% year on year). We would like to express our sincere appreciation to all of you for your continued support in helping us improve our performance.

Economic Environment Surrounding Amada

While the Japanese economy continued to gradually expand, there was a growing sense of uncertainty over the future of the economy due to the increasing number of unstable factors. Meanwhile, abroad, the pace of expansion in the U.S. economy began to slow. The economies of the major countries in Europe continued to recover while Asian economies outside Japan kept growing. In the machinery industry, though the domestic market showed some signs of a slowdown in the receipt of orders, the overseas markets largely underwent a transition of steady performance and the business condition remained favorable as a whole.

The future economic trends are unlikely to allow optimism, with increasing concerns over the global trend of financial and capital markets as well as the prolonged soaring material prices and fluctuation in interest rates and exchange rates.

To Be the World's Best "Comprehensive Manufacturer of Metalworking Machinery"

Amada aims to become the world's best "Comprehensive Manufacturer of Metalworking

Machinery". To achieve this goal, we will endeavor to create new markets through a total solution business for the manufacturing industry, under the spirit that "Amada advances with its customers".

In terms of strategy, Amada will continue its aggressive management on the basis of profit increase. To implement various measures such as making use of synergy among the Group's businesses, reforming the sales and service structures and making capital investment in overseas operations, we will reinforce our manufacturing and sales bases in Japan and overseas in the future with a planned capital investment as large as ¥50 billion in total. From a medium-term standpoint and through the implementation of the above measures, Amada aims to cultivate new markets for medium-to-thick plate and hard-to-cut materials. Also, we will increase our market shares in the emerging countries and expand the bandsaw press, and machine tool businesses to achieve the annual sales target of ¥350 billion in the future.

Furthermore, Amada will formulate a Group-wide management policy and a code of corporate conduct to use as a common guiding principle in business actions. At the same time, we are going to make the best effort to increase our corporate value through the development of internal control systems, implementation of efficient capital policies, environmental conscious business activities, and the timely and accurate disclosure of information.

Dividends and Capital Policy

Believing that increasing corporate value should be the principal means of realizing returns to all shareholders, Amada strives each day to further strengthen its management capabilities. Distributing the results of strong corporate performance in the form of dividends is also a top management objective.

Fundamentally, Amada's dividend policy objective is to sustain stable dividend levels while working to keep dividend levels commensurate with corporate performance. Specifically, the Company is aiming to maintain a consolidated dividend payout ratio of approximately 30% while giving due consideration to its funding situation, financial position, and future business development.

Based on this policy, Amada's dividends per share applicable to the fiscal year ended March 31, 2007, amounted to ¥20 (a consolidated dividend payout ratio of 28.5%), and dividends per share applicable to the fiscal year ended March 31, 2008, totaled ¥22 (a consolidated dividend payout ratio of 30.2%). Plans call for dividends per share applicable to the

fiscal year ending March 31, 2009, to be maintained at ¥22 (a projected consolidated dividend payout ratio of 29.5%).

Moreover, aiming to increase its capital efficiency, Amada repurchased ¥5.0 billion of its own shares in both 2007 and 2008.

As a result of these measures, including the share buybacks, the comprehensive shareholder return ratio on a consolidated basis is projected to be 47% in the fiscal year ending March 31, 2009.

As Amada is relentlessly striving to live up to the expectations of shareholders and investors going forward, we hope for your continued support and encouragement.

LC-3015 F1 NT

The LC-3015 F1 NT is a 3-axis linear motor drive laser machine that was first developed using the front-loading method at the development center at the Fujinomiya Works, and cuts the time of processing in half of conventional machines.



Unity

結束

Review of Operations by Product Segment

Sheet-Metal Processing Machines

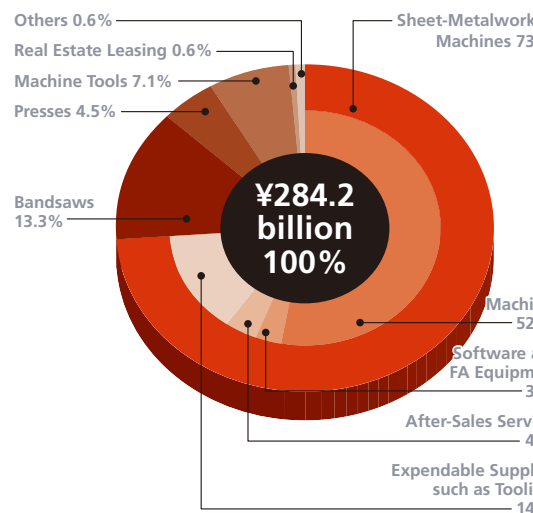
This business segment manufactures laser machines, punch presses, press brakes, and other products targeted at the sheet-metalworking market.

In this field, we began manufacturing booth-stand production systems at a new laser machinery production factory at our Fujinomiya Works that was completed in the previous fiscal year. At an adjacent new development center, the Company began the full-scale application of a front-loading-type development system. Efforts were made to quickly commercialize strategic new products while giving particular emphasis to laser machines.

At the same time, we have renovated and upgraded the processing verification center of our Isehara

Works—a full-time customer recruitment facility that is the hub of our marketing and service functions—and renamed that facility the Solution Center. By promoting cooperation between the Solution Center and the Fujinomiya Works' development and

Sales Composition by Group



manufacturing functions, we are further deepening our proposal-based marketing activities designed to make Amada a comprehensive engineering enterprise in the field of metal processing.

Regarding product strategies, the front-loading-type development activities of the Fujinomiya Works' development center have led to the debut of the LC-F1NT series of linear-drive laser machines. We are concertedly leveraging our strengths to expand our operations in the medium-to-thick plate processing and can manufacturing markets and otherwise increasing our penetration of various markets. In addition, we are seeking to expand our sales of system models and relatively low priced models centered on mainstay punch press and press brake products.

Looking at trends in sheet metal markets, the revision of Japan's building code impacted domestic construction-related demand, but domestic and overseas demand related to construction equipment, motor vehicles, and other products was generally strong.

As a result, Amada achieved growth in each sector of the Sheet-Metal Processing Machines segment—including machines, software and FA equipment, service, and consumables—and segment sales amounted to ¥210.1 billion (US\$2,097.0 million), up 10.4% from the previous fiscal year.

global market and thereby achieve higher sales volume and market shares in emerging markets.

Regarding such consumables as blades for metal-cutting bandsaws, we launched new blade models designed to make the most of pulse-cutting bandsaw machine characteristics. Having completed the expansion of our Ono Plant at the end of the previous fiscal year, we have made progress in increasing the stability and speed of our product supply capabilities.

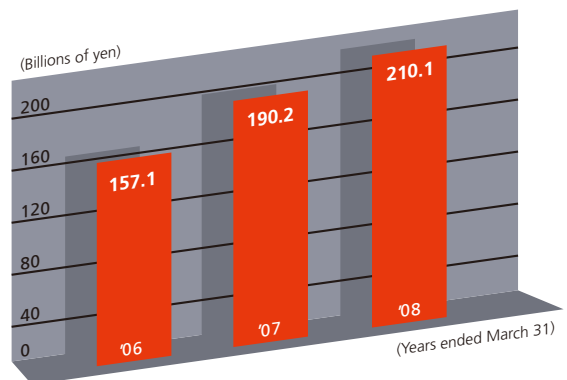
As a result, segment sales advanced 10.2% year on year, to ¥37.6 billion (US\$376.1 million).

Bandsaws

This business segment manufactures bandsaws for sawing metal and other products for the cutting market.

In this segment, we are striving to stimulate demand by leveraging new technologies and offering such products as our flagship "PCSAW series" of pulse-cutting bandsaws. Moreover, we are endeavoring to provide optimal products for each region of the

Sheet-Metal Working Machines Group Sales



Presses

This business segment manufactures products—primarily stamping presses—for the press market.

In this field, we have expanded our product lineup by supplementing our SDE series of servo-electrically driven presses with new W series products and are taking various other measures to increase the market diffusion of servo-electrically driven press products. We have also been working hard to increase overseas sales of these products, particularly in the emphasized regions of North America, China, and the ASEAN countries.

Despite various measures taken to increase sales, however, the sluggishness of demand in the latter half of the fiscal year restrained segment sales to ¥12.7 billion (US\$127.3 million), up 1.1% from the previous fiscal year.

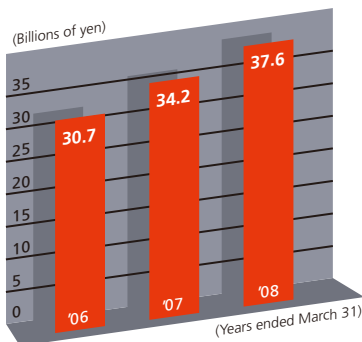
Machine Tools

This business segment manufactures such metal machine tools as lathes and grinders.

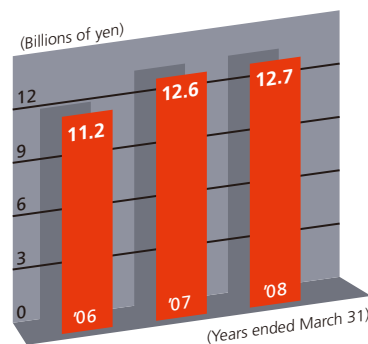
In the machine tools field, we have been building systems designed to enable us to obtain a stable volume of orders. We have been doing our utmost to strengthen our marketing networks in a manner that promotes growth in domestic and overseas sales and to launch appealing new systemized products, such as the "A series" of multifunction processing machines and the "J1 Package" series of lathe products. We have also been making efforts to reevaluate and upgrade our own manufacturing systems through such measures as those to introduce additional flexible manufacturing system (FMS) lines and sheet metal processing lines.

Despite these initiatives, however, the restrained capital investments of principal customers in the automobile and IT industries caused segment sales to decline 2.0% year on year, to ¥20.2 billion (US\$202.2 million).

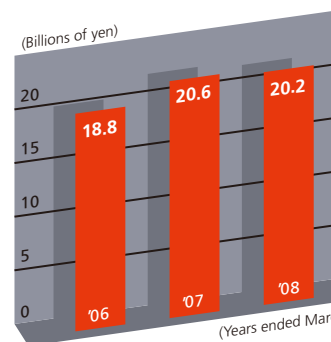
Bandsaws Group Sales



Presses Group Sales



Machine Tools Group Sales



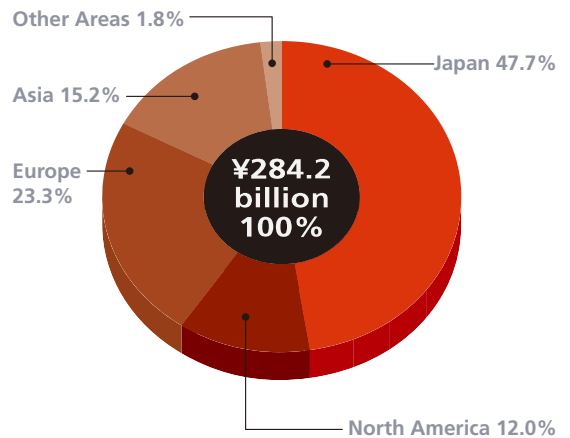
Expansion

拡張

Review of Operations by Main Region

During the fiscal year under review, Amada's net sales in Japan declined 0.1%, while the Company's overseas sales surged 17.5%, reflecting increases achieved in each of the three overseas geographic segments—North America, Europe, and Asia. As a result, the share of overseas sales surpassed the 50% mark for the first time, rising from 48.3% in the previous year to 52.3% in the fiscal year under review.

Sales Composition by Region



The EML-3510NT is a punch and laser combination machine produced using the booth-stand production system.





The Solution Center to be built in Chicago (graphic rendering of planned structure)

Japan

Conditions in the Japanese market were relatively positive during the first half of the fiscal year, but a trend to increasingly sluggish market conditions was seen in the latter half of the year.

The Amada Group intensified its marketing efforts in existing and new domestic markets centered on such mainstay strategic products as laser machines, pulse-cutting bandsaws, servo-electrically driven presses, and multifunction processing machines.

However, sales in Japan declined 0.1%, to ¥135.4 billion (US\$1,352.2 million), reflecting such factors as slack demand from construction-related industries.

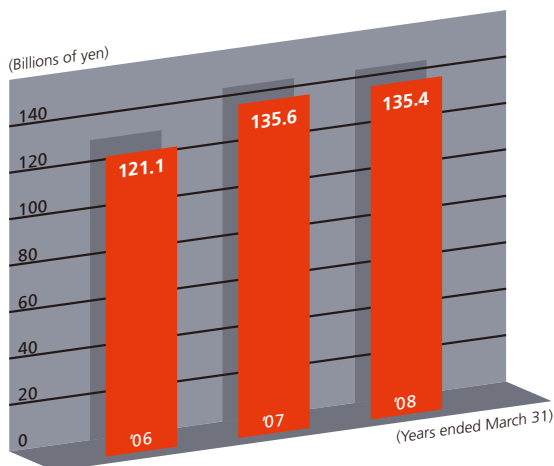
North America

Although a trend of economic deceleration was seen in the United States due to the impact of the sub-prime loan crisis, the U.S. economy maintained a trend of gradual expansion for the year as a whole.

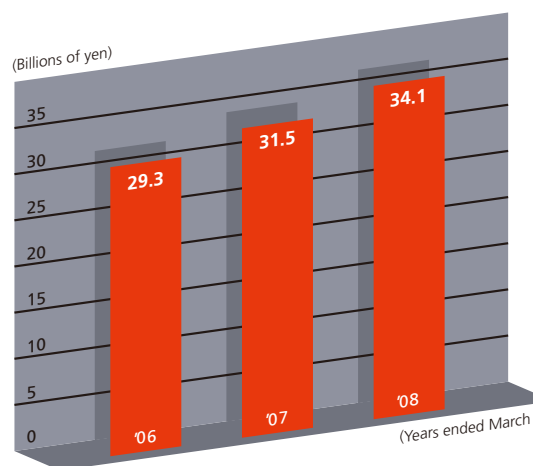
The Amada Group worked through the regional holding company it established in the previous year to promote greater strategic unity and operational flexibility on the parts of Group companies in the region. We also began constructing the Chicago Solution Center from May 2007 and did our utmost to move ahead with the creation of bases in the Mideast of the United States as a key means of upgrading North American operations and increasing our market share in the region.

As a result, sales in North America climbed 8.1% year on year, to ¥34.1 billion (US\$340.3 million).

Japan



North America



Europe

In Europe, the economies of Germany, France, and the United Kingdom sustained a trend of recovery.

Europe is the world's largest market for metal-working machinery, and the many powerful machinery manufacturers active in the market are generating fierce competition.

To augment its local supply capabilities and competitive strengths, the Amada Group continued taking measures to employ supply chain management (SCM) at a France-based manufacturing subsidiary to realize comprehensively integrated manufacturing operations.

We also maintained efforts to expand our marketing routes in northern Europe, Eastern Europe, Russia, and other emerging markets, and our sales in such markets increased.

Consequently, sales in Europe amounted to ¥66.2 billion (US\$660.7 million), up 21.6% from the previous fiscal year.

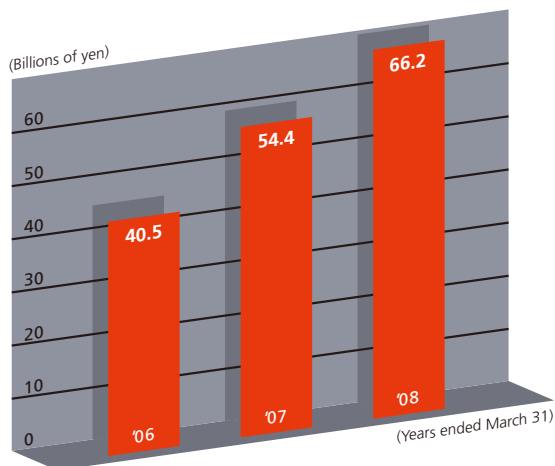
Asia

In Asia, the Chinese economy continued to expand, and generally positive economic conditions were seen in South Korea, Taiwan, and the ASEAN countries.

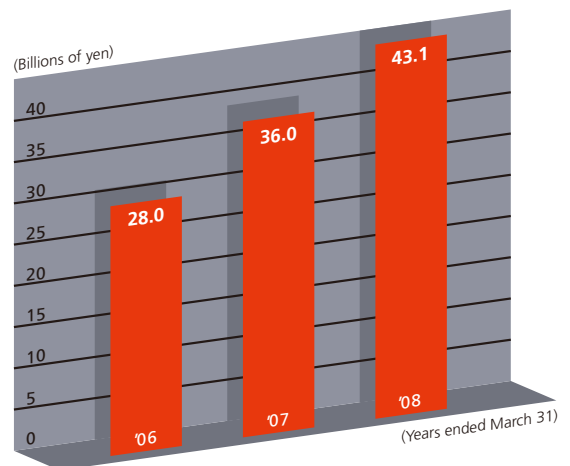
Amid these conditions, the Amada Group continued to develop such growth markets as China, the ASEAN countries, and India by promoting relatively inexpensive, general-use products. We dynamically undertook various marketing activities and market development measures as well as made effective use of opportunities to participate in local exhibitions and trade shows.

These efforts supported a 19.5% rise in sales in Asia, to ¥43.1 billion (US\$430.5 million).

Europe



Asia





Energetic

躍動

Future Efforts Mid-Term Management Plan

Mid-Term Management Plan for Fiscal 2008–2011

Amada has formulated a Mid-Term Management Plan for building a ¥350 billion annual sales structure by fiscal 2011.

In the previous Mid-Term Management Plan, we set a sales target of ¥240 billion and an operating income target of ¥32.5 billion for fiscal 2006, and a sales target of ¥260 billion and an operating income target of ¥38.3 billion for fiscal 2007. As a result, we achieved both the sales targets and the operating income targets one year ahead of our schedule. Eventually, net sales and the operating income in fiscal 2007 totaled ¥284.2 billion and ¥44.9 billion, respectively, which marked a record high for three consecutive terms since fiscal 2005.

On the basis of such business performances, we came to formulate this new Mid-Term Management Plan to make another huge leap forward as a “Comprehensive Manufacturer of Metalworking Machinery”

Concrete Strategies to Realize the Mid-Term Management Plan

Specifically, we will steadily implement each of the following measures: (1) Develop markets for medium-to-thick plate and hard-to-cut materials, (2) Growth strategy in markets in emerging countries, (3) Expansion strategy in the bandsaws, presses, and machine tools businesses, and (4) Implementation of a capital investment plan for building a ¥350 billion annual sales structure.

(1) Develop markets for medium-to-thick plate and hard-to-cut materials

Amada maintains a large share of the sheet-metal markets in Japan and overseas advanced countries. To further increase the share, we will aggressively

advance into undeveloped markets for medium-to-thick plate and hard-to-cut materials.

To achieve this aim, we will strengthen our product lineup fitting market demand and also reform our sales structure.

(2) Growth strategy in markets in emerging countries

In markets in emerging countries, the market scale has nearly doubled rapidly in the recent five years. This was due to the transfer of production bases from the advanced countries and also due to the expansion of domestic demand. Under such circumstances, Amada will make an effort to enrich the sales and service structures in markets in emerging countries, introduce global middle-range machines that target those markets, and strengthen the manufacturing structure.

(3) Expansion strategy in the bandsaws, presses, and machine tools businesses

As a “Comprehensive Manufacturer of Metalworking Machinery”, Amada thinks that it should fulfill its mission to provide the best solutions to every customer engaged in the metalworking business. To accomplish this mission, we will accelerate expansion of our business operations in all the fields of plastic working, laser cutting, and metal cutting, by making maximum use of the Group’s resources.

The presses business, which has been undertaken by the Group companies, was merged into Amada in April 2008, and we aim to expand our presses business operations in the growing overseas markets through a collaborative structure with the sheet metal processing business. Furthermore, in the machine tools business, we will start changing the existing Wasino brands with the Amada brand so that we can spread stronger brand effect in overseas countries.

(4) Implementation of a capital investment plan for building a ¥350 billion annual sales structure

To build a ¥350 billion annual sales structure by fiscal 2011, we are planning to invest ¥50 billion on new facilities over the next three years. Our plan is to invest ¥20 billion for the expansion of sales bases with the establishment of solution centers overseas mainly and ¥30 billion for the expansion of manufacturing and supplying bases domestically and overseas.

Capital Policy

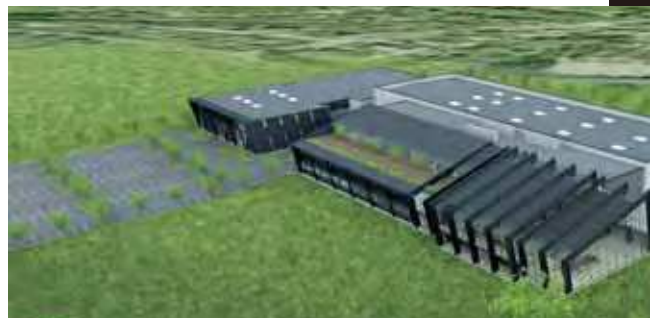
Amada is always trying to strengthen its management culture based on a belief that increasing its corporate value is the best way that we can give profits to our shareholders. And we position the allocation of results as one of these important management issues.

Our basic policy concerning profit sharing is to distribute to shareholders stable and annual dividends and further to allocate results based largely on business performance. Specifically, we will seek to maintain a dividend payout ratio of roughly 30% of consolidated net income, taking fully into account the fund status, financial status, and future business operations.

To promote capital utilization efficiency, we put into execution an acquisition of treasury stock in the amount of ¥5 billion in both 2007 and 2008.

These purchases will bring the total return ratio to 47% (on a consolidated basis) for March 2009, including the acquisition of treasury stock.

The Solution Center to be built in Haan, Germany
(graphic rendering of planned structure)



EXTERNAL ECONOMIC CONDITIONS

In fiscal 2008, the Japanese economy sustained a trend of gradual recovery supported by such factors as growth in private-sector capital investment and a recovery of personal consumption. However, surging raw materials prices, the progressive appreciation of the yen against the U.S. dollar at the end of the year, and other factors gave cause for concern, as it became increasingly difficult to predict future economic trends.

Overseas, the impact of the subprime loan crisis led to a trend of moderate deceleration in U.S. economic growth, while principal European countries continued their economic recoveries. In Asia, also, China, ASEAN members, and other countries maintained positive economic conditions.

Amid these general economic conditions, Japan's machinery industry sustained a high level of domestic orders although there were some signs of order pauses in certain sectors. Machinery industry operations in overseas markets grew steadily, particularly in Europe and Asia, and the overall state of the industry continued to be strong.

EARNINGS

In the fiscal year under review, on a consolidated basis, both orders and net sales increased year on year. Orders rose 6% year on year, to ¥284.1 billion (US\$2,836.2 million), and net sales climbed 8.4%, to ¥284.2 billion (US\$2,836.5 million).

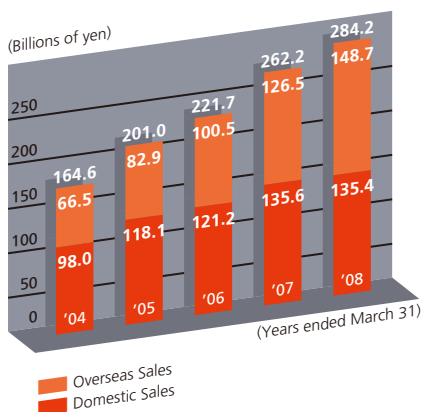
Thanks to factors including growth in net sales and improvement in the gross profit margin, consolidated operating income surged 15.0%, to ¥44.9 billion (US\$448.4 million), and net income advanced 3.0%, to ¥28.3 billion (US\$282.9 million).

FINANCIAL POSITION

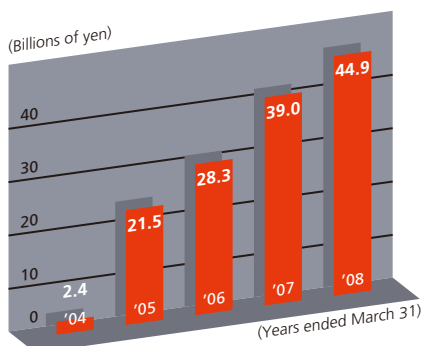
At the end of fiscal 2008, total consolidated assets stood at ¥543.5 billion (US\$5,424.5 million), down 0.4% from a year earlier. Current assets rose 2.2%, to ¥326.7 billion (US\$3,267.0 million), owing mainly to an increase in inventories.

Total current liabilities amounted to ¥88.9 billion (US\$889.2 million), down 7.4% from the end of the previous year, due largely to a decrease in short-term borrowings. Total long-term liabilities fell 4.8%, to ¥28.9 billion (US\$289.2 million).

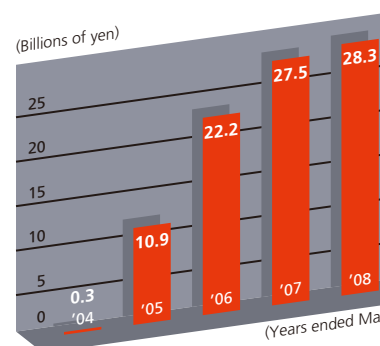
Domestic Sales and Overseas Sales



Operating Income



Net Income



Consolidated net assets at the end of fiscal 2008 stood at ¥425.5 billion (US\$4,247.3 million), up 1.6% from the end of the previous year. As a result, the shareholders' equity ratio at the end of the year increased to 77.7%, from 76.0% at the end of the previous year.

CASH FLOWS

Consolidated cash and cash equivalents at the end of the fiscal year amounted to ¥86.8 billion (US\$866.5 million), down ¥8.7 billion from the previous year's level.

CASH FLOW PROVIDED BY OPERATING ACTIVITIES

Net cash provided by operating activities totaled ¥26.3 billion (US\$262.7 million), a level ¥5.3 billion higher than in the previous fiscal year. This increase reflected a rise in income before income taxes and minority interests as well as such factors as efforts made to promote the conversion of accounts receivable into cash.

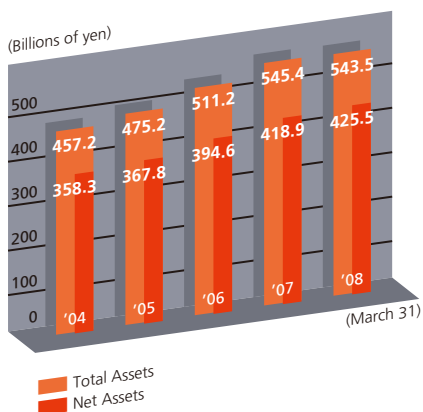
CASH FLOW USED IN INVESTING ACTIVITIES

Net cash used in investing activities amounted to ¥17.1 billion (US\$171.3 million), representing a ¥1.2 billion increase from the previous fiscal year. The increase was mainly attributable to growth in purchases of tangible fixed assets and in purchases of stock from minority investors as well as to a decrease in proceeds from sales of marketable securities and fixed assets. These factors more than offset a decrease in purchases of investment securities and other factors that reduced funding requirements.

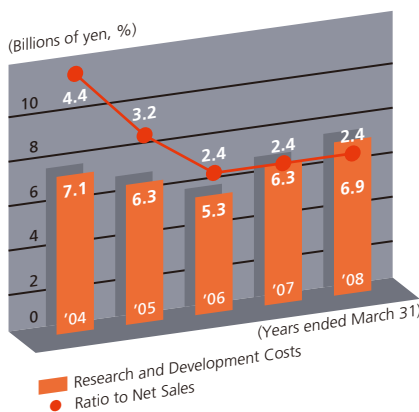
CASH FLOW USED IN FINANCING ACTIVITIES

Net cash used in financing activities totaled ¥18.1 billion (US\$181.0 million), up ¥11.1 billion compared with the previous fiscal year. This increase mainly resulted from the Company's market purchases of its own shares and a decrease in short-term borrowings.

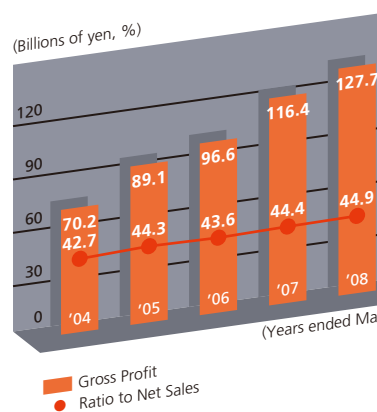
Total Assets and Net Assets



Research and Development Costs and Ratio to Net Sales



Gross Profit and Ratio to Net Sales



Consolidated Balance Sheets

Amada Co., Ltd. and Consolidated Subsidiaries
March 31, 2008 and 2007

ASSETS	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Current assets:			
Cash and cash equivalents (Note 3)	¥ 86,823	¥ 95,532	\$ 866,
Short-term investments (Note 3)	14,419	12,615	143,
Notes and accounts receivable (Note 2)—			
Trade	142,966	140,951	1,426,
Unconsolidated subsidiaries and associated companies	1,123	2,064	11,
Other	3,432	3,545	34,
Allowance for doubtful receivables	(2,511)	(3,065)	(25,
Inventories (Note 4)	71,087	59,660	709,
Deferred tax assets (Note 9)	6,163	5,639	61,
Prepaid expenses and other current assets	3,234	2,753	32,
Total current assets	326,740	319,699	3,260,
Property, plant and equipment:			
Land (Note 5)	32,729	32,136	326,
Buildings and structures (Note 5)	104,129	101,698	1,039,
Machinery and equipment (Note 5)	44,374	42,353	442,
Equipment for lease	25,454	24,887	254,
Buildings, structures and land for rent (Notes 5 and 7)	22,559	19,569	225,
Construction in progress	4,968	2,406	49,
Total	234,217	223,051	2,337,
Accumulated depreciation	(118,383)	(112,721)	(1,181,
Net property, plant and equipment	115,833	110,330	1,156,
Investments and other assets:			
Investment securities (Notes 3 and 6)	69,543	89,114	694,
Investments in and advances to unconsolidated subsidiaries and associated companies	3,157	3,044	31,
Goodwill	3,351	3,735	33,
Software	3,284	2,824	32,
Deferred tax assets (Note 9)	12,552	8,777	125,
Other assets	9,072	7,948	90,
Total investments and other assets	100,961	115,444	1,007,
 Total	¥543,535	¥545,473	\$5,424,

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Current liabilities:			
Short-term bank loans (Note 6)	¥ 5,718	¥ 9,307	\$ 57,118
Current portion of long-term debt (Note 6)	252	322	2,312
Notes and accounts payable—			
Trade	28,173	26,574	281,173
Unconsolidated subsidiaries and associated companies	853	933	8,153
Other	6,159	9,313	61,159
Deferred profit on installment sales (Note 2)	20,315	20,334	202,315
Accrued expenses	10,945	9,706	109,945
Income taxes payable	7,838	10,291	78,838
Other current liabilities (Note 9)	8,710	9,267	86,710
Total current liabilities	88,967	96,052	887,967
Long-term liabilities:			
Long-term debt (Note 6)	311	828	3,111
Liability for employees' retirement benefits (Note 8)	14,308	15,448	142,308
Retirement allowance for directors and corporate auditors (Note 8)	221	478	2,221
Deposits received (Note 7)	7,411	7,991	73,411
Negative goodwill	1,118		11,118
Other long-term liabilities (Note 9)	5,606	5,705	55,606
Total long-term liabilities	28,979	30,451	289,979
Commitments and contingent liabilities (Notes 14, 15 and 16)			
Equity (Notes 10 and 20):			
Common stock—			
Authorized—550,000 thousand shares			
Issued—403,081 thousand shares (2008)	54,768		546,768
406,434 thousand shares (2007)		54,768	
Capital surplus	163,199	163,657	1,628,199
Retained earnings	215,450	197,110	2,150,450
Net unrealized (loss) gain on available-for-sale securities	(427)	6,715	(4,427)
Land revaluation difference (Note 1 i)	(7,927)	(7,968)	(79,927)
Foreign currency translation adjustments	5,387	4,739	53,387
Treasury stock, at cost—			
14,417 thousand shares in 2008 and 14,302 thousand shares in 2007	(8,088)	(4,699)	(80,088)
Total	422,362	414,323	4,215,362
Minority interests	3,226	4,646	32,226
Total equity	425,588	418,969	4,247,588
Total	¥543,535	¥545,473	\$5,424,535

Consolidated Statements of Income

Amada Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2008, 2007 and 2006

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	2008
Net sales (Note 2)	¥284,218	¥262,239	¥221,780	\$2,836
Cost of sales	156,512	145,820	125,133	1,561
Gross profit	127,706	116,419	96,646	1,274
Selling, general and administrative expenses (Note 13)	82,786	76,646	68,426	826
Net changes in deferred profit on installment sales	18	(684)	100	
Operating income.....	44,939	39,088	28,320	448
Other income (expenses):				
Interest and dividend income	4,836	4,023	3,480	48
Interest expense	(743)	(788)	(693)	(7)
Equity in earnings of unconsolidated subsidiaries and associated companies	218	421	194	2
Other, net (Note 12)	(1,688)	3,031	2,026	(16)
Other income (expenses)—net	2,623	6,687	5,008	26
Income before income taxes and minority interests	47,563	45,775	33,328	474
Income taxes (Note 9):				
Current	17,770	17,502	11,676	177
Deferred	501	(115)	(1,448)	5
Total income taxes	18,271	17,387	10,227	182
Minority interests in net income	953	881	803	9
Net income	¥ 28,337	¥ 27,506	¥ 22,297	\$ 282
		Yen		U.S. dollars
Per share of common stock ((Notes 1 w) and 17):				
Net income—				
Basic	¥ 72.82	¥ 70.20	¥ 56.59	\$ 0.72
Diluted	72.80	70.13	56.53	0.72
Cash dividends applicable to the year	22.00	20.00	16.00	0.22

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Amada Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2008, 2007 and 2006

	Issued number of shares outstanding (thousands)	Number of treasury stocks (thousands)	Millions of yen								
			Common stock	Capital surplus	Retained earnings	Net unrealized gain (loss) on available-for-sale securities	Land revaluation difference	Foreign currency translation adjustments	Treasury stock	Total	Minority interests
Balance, March 31, 2005	406,434	14,579	¥54,768	¥163,372	¥161,405	¥ 3,353	¥(8,104)	¥(2,707)	¥(4,278)	¥367,808	¥3
Appropriations:											
Cash dividends, ¥10.00 per share					(3,918)					(3,918)	
Bonuses to directors and corporate auditors					(132)					(132)	
Net income					22,297					22,297	
Acquisition of treasury stock									(339)	(339)	
Disposal of treasury stock		(7)		3					2	5	
Reversal of land revaluation difference					(14)		14				
Adjustment of retained earnings for newly consolidated subsidiaries					79					79	
Net change in the year						5,798		3,091		8,890	
Balance, March 31, 2006	406,434	14,954	54,768	163,376	179,716	9,151	(8,090)	384	(4,615)	394,691	3,353
Reclassified balance as of March 31, 2006 (Note 1 n)											¥3,353
Appropriations:											
Cash dividends, ¥25.00 per share					(9,790)					(9,790)	
Bonuses to directors and corporate auditors					(174)					(174)	
Net income					27,506					27,506	
Acquisition of treasury stock		319							(392)	(392)	
Disposal of treasury stock		(971)		281					308	589	
Reversal of land revaluation difference					(122)		122				
Decrease resulting from exclusion of associated companies previously accounted for by equity method					(25)					(25)	
Net change in the year						(2,436)		4,355		1,919	1,292
Balance, March 31, 2007	406,434	14,302	54,768	163,657	197,110	6,715	(7,968)	4,739	(4,699)	414,323	4,646
Appropriations:											
Cash dividends, ¥22.00 per share					(8,588)					(8,588)	
Net income					28,337					28,337	
Acquisition of treasury stock		3,589							(5,318)	(5,318)	
Disposal of treasury stock		(120)		33					56	89	
Retirement of treasury stock	(3,353)	(3,353)		(492)	(1,381)				1,873		
Reversal of land revaluation difference					(40)		40				
Adjustment of retained earnings for newly consolidated subsidiaries					14					14	
Net change in the year						(7,143)		647		(6,495)	(1,419)
Balance, March 31, 2008	403,081	14,418	¥54,768	¥163,199	¥215,450	¥ (427)	¥(7,927)	¥5,387	¥(8,088)	¥422,362	¥3,226

	Thousands of U.S. dollars (Note 1)									
	Common stock	Capital surplus	Retained earnings	Net unrealized gain (loss) on available-for-sale securities	Land revaluation difference	Foreign currency translation adjustments	Treasury stock	Total	Minority interests	e
Balance, March 31, 2007	\$546,589	\$1,633,311	\$1,967,168	\$ 67,020	\$(79,522)	\$47,303	\$(46,905)	\$4,134,965	\$46,368	\$4
Appropriations:										
Cash dividends, ¥22.00 per share					(85,718)				(85,718)	
Net income					282,813				282,813	
Acquisition of treasury stock								(53,080)	(53,080)	
Disposal of treasury stock				333				561	895	
Retirement of treasury stock				(4,910)	(13,789)			18,700		
Reversal of land revaluation difference					(407)		407			
Adjustment of retained earnings for newly consolidated subsidiaries					140				140	
Net change in the year						(71,287)		6,465	(64,822)	(14,168)
Balance, March 31, 2008	\$546,589	\$1,628,734	\$2,150,207	\$ (4,266)	\$(79,114)	\$53,768	\$(80,723)	\$4,215,193	\$32,199	\$4

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Amada Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2008, 2007 and 2006

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	2008
Operating activities:				
Income before income taxes and minority interests	¥47,563	¥45,775	¥33,328	\$474,6
Adjustments for:				
Income taxes paid	(20,377)	(15,835)	(7,625)	(203,3
Depreciation and amortization	10,042	8,915	8,808	100,2
Gain on sales of fixed assets	(42)	(1,776)	(30)	(4
Gain on sales of investment securities	(1,019)	(91)	(0)	(10,1
Loss on impairment of investment securities	59	183	97	5
Equity in earnings of unconsolidated subsidiaries and associated companies	(218)	(421)	(194)	(2,1
Changes in assets and liabilities, net of effects from newly consolidated and previously unconsolidated subsidiaries:				
(Increase) decrease in receivables, net of deferred profit on installment sales	(1,164)	(5,121)	2,459	(11,6
Increase in inventories	(10,882)	(7,317)	(1,708)	(108,6
Increase (decrease) in payables	1,232	(320)	712	12,2
Decrease in liabilities for employees' retirement benefits	(1,125)	(1,139)	(663)	(11,2
Other—net	2,255	(1,874)	859	22,5
Total adjustments	(21,240)	(24,799)	2,716	(211,9
Net cash provided by operating activities	26,322	20,975	36,045	262,7
Investing activities:				
Proceeds from sales and redemption of marketable securities	6,103	11,445	11,977	60,9
Purchases of marketable securities	(1,000)	(199)	(2,500)	(9,9
Proceeds from sales of property, plant and equipment	213	3,159	384	2,1
Purchases of property, plant and equipment	(19,651)	(11,940)	(5,801)	(196,1
Proceeds from sales and redemption of investment securities	12,187	12,389	25,043	121,6
Purchases of investment securities	(10,232)	(26,019)	(35,538)	(102,1
Payment for purchase of consolidated subsidiaries stock from minority interests	(1,048)			(10,4
Payment for purchase of newly consolidated subsidiaries, net of cash acquired	(2,000)	(1,682)		(19,9
Purchase of long-term time deposits	(1,741)	(1,500)	(1,000)	(17,3
Other—net	(1,741)	(1,616)	(1,214)	(17,3
Net cash used in investing activities	(17,168)	(15,963)	(8,649)	(171,3
Financing activities:				
Net increase (decrease) in short-term bank loans	(3,851)	2,043	377	(38,4
Proceeds from long-term debt	6	940		(3,8
Repayment of long-term debt	(381)	(272)	(1,942)	(49,8
Payment for purchase of treasury stock from the market	(4,999)			(85,6
Cash dividends paid	(8,578)	(9,770)	(3,914)	(3,3
Other—net	(338)	112	(402)	(181,0
Net cash used in financing activities	(18,143)	(6,946)	(5,882)	(181,0
Foreign currency translation adjustments on cash and cash equivalents				
	264	1,734	1,317	2,6
Net (decrease) increase in cash and cash equivalents	(8,724)	(199)	22,830	(87,0
Cash and cash equivalents of newly consolidated subsidiaries	16	165	378	1
Cash and cash equivalents, beginning of year	95,532	95,567	72,357	953,4
Cash and cash equivalents, end of year	¥86,823	¥95,532	¥95,567	\$866,5
Non-cash investing and financing activities:				
Increase in assets and liabilities as a result of acquisition of subsidiaries:				
Assets: Current assets		¥ 2,849		
Non-current assets		1,769		
Total		¥ 4,619		
Liabilities: Current liabilities		¥ 1,043		
Non-current liabilities		308		
Total		¥ 1,352		

See notes to consolidated financial statements.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a) Basis of presenting consolidated financial statements**

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law (formerly, the Japanese Securities and Exchange Law) and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

On December 27, 2005, the Accounting Standard Board of Japan (ASBJ) published a new accounting standard for the statement of changes in equity, which is effective for fiscal years ending on or after May 1, 2006.

The statement of shareholders' equity, which was previously voluntarily prepared in line with the international accounting practices, is now required under generally accepted accounting principles in Japan and has been renamed "the statement of changes in equity" in the current fiscal year.

The consolidated financial statements include the accounts of Amada Co., Ltd. (the "Company") and its significant subsidiaries (together, the "Companies").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications and rearrangements have been made in the 2007 and 2006 consolidated financial statements in order for them to conform to the classifications and presentations used in 2008.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥100.20 to US\$1, the rate of exchange at March 31, 2008. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

The yen figures presented in the consolidated financial statements are rounded down to millions of yen, except for per share amounts.

b) Principles of consolidation

The consolidated financial statements as of March 31, 2008 include the accounts of the Company and its 50 (51 in 2007 and 49 in 2006) significant subsidiaries.

Under the control-or-influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Companies have the ability to exercise significant influence are accounted for by the equity method.

Investments in 8 (8 in 2007 and 9 in 2006) unconsolidated subsidiaries and 3 (3 in 2007 and 4 in 2006) associated companies are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The difference of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is recorded as "Goodwill" and "Negative goodwill" in the consolidated balance sheets, and is being amortized on a straight-line basis from 5 to 20 years based on the event which caused the goodwill or negative goodwill.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is eliminated.

c) Cash equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, commercial paper and mutual funds investing in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

d) Allowance for doubtful accounts

The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Companies' past credit loss experience and an evaluation of potential losses in receivables outstanding.

e) Inventories

Machinery inventories of merchandise, finished products and work in process are stated at cost determined by the specific identification method. Other inventories are stated at cost determined principally by the moving-average method.

f) Marketable and investment securities

Marketable and investment securities are classified and accounted for depending on management's intent, as follows:

Available-for-sale securities, which are not classified as the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, in a separate component of equity. The cost of securities sold is determined based on the moving-average method.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, available-for-sale securities are reduced to their realizable value by a charge to income.

On March 30, 2006, the ASBJ issued ASBJ Guidance No.12, Guidance on Accounting for Other Compound Financial Instruments (Compound Financial Instruments Other than Those with Option to Increase Paid-in Capital). This new pronouncement is effective for fiscal years beginning on or after April 1, 2006 with early adoption permitted for fiscal years ending on or after March 31, 2006.

The Companies adopted the new accounting standard for Other Compound Financial Instruments (Compound Financial Instruments Other than Those with Option to Increase Paid-in Capital) as of April 1, 2006.

g) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is computed principally by the declining-balance method over the estimated useful lives of the assets while the straight-line method is applied to buildings acquired after April 1, 1998. Equipment for finance leases is depreciated by the straight-line method over the respective lease periods (mainly 7 years). Equipment for operating leases is depreciated by the declining-balance method over 12 years. Buildings and structures for rent are depreciated by the straight-line method over their estimated useful lives.

Estimated useful lives are as follows:

Buildings and structures.....	8 to 60 years
Machinery and equipment.....	2 to 17 years
Equipment for finance leases.....	Principally 7 years
Equipment for operating leases.....	Principally 12 years
Buildings and structures for rent.....	8 to 39 years

Property, plant and equipment acquired on and after April 1, 2007 are depreciated by the declining-balance method in accordance with the revised corporate tax law, which is effective after April 1, 2007.

The effect of this treatment was to decrease income before income taxes and minority interests for the year ended March 31, 2008 by ¥140 million (\$1,398 thousand).

Property, plant and equipment had been depreciated up to 95% of acquisition cost with 5% of residual value carried until previous fiscal years. However, such 5% portion of property, plant and equipment is systematically amortized over 5 years starting in the following year in which the carrying value of property, plant and equipment reaches 5% of the acquisition cost in accordance with the revised corporate tax law, which is effective for fiscal years beginning on and after April 1, 2007.

The effect of this treatment was to decrease income before income taxes and minority interests for the year ended March 31, 2008 by ¥156 million (\$1,561 thousand).

h) Long-lived assets

The Companies review their long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss

would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

i) Land revaluation

Under the "Law of Land Revaluation," promulgated on March 31, 1998 and revised on March 31, 1999 and 2001, the Company effected a one-time revaluation of its own-use land to a value based on estate appraisal information as of March 31, 2002.

The resulting land revaluation loss represents unrealized depreciation of land and is stated as a component of equity. There was no effect on the consolidated statements of income. Continuous readjustment is permitted.

As at March 31, 2008, the carrying amount of the land after the one-time revaluation exceeded the market value by ¥7,825 million (\$78,102 thousand).

j) Software

Software development costs, incurred through the completion of a beta version of specific software for sale to the market, are charged to income when incurred. Such costs incurred subsequent to the completion of the beta version are deferred and amortized at the high of either the amount to be amortized in the proportion of the actual sales volume over the estimated salable years of the software or the amount to be amortized by the straight-line method over 3 years.

The cost of computer software obtained for internal use is principally amortized using the straight-line method over an estimated useful life of 5 years.

k) Bonuses to directors and corporate auditors

Prior to the fiscal year ended March 31, 2005, bonuses to directors and corporate auditors were accounted for as a reduction of retained earnings in the fiscal year following approval at the general shareholders meeting. The ASBJ issued ASBJ Practical Issues Task Force (PITF) No. 13, "Accounting treatment for bonuses to directors and corporate auditors," which encouraged companies to record bonuses to directors and corporate auditors on the accrual basis with a related charge to income, but also permitted the direct reduction of such bonuses from retained earnings after approval of the appropriation of retained earnings.

The ASBJ replaced the above accounting pronouncement by issuing a new accounting standard for bonuses to directors and corporate auditors on November 29, 2005. Under the new accounting standard, bonuses to directors and corporate auditors must be expensed and are no longer

allowed to be directly charged to retained earnings. This accounting standard is effective for fiscal years ending on or after May 1, 2006. The companies must accrue bonuses to directors and corporate auditors at the year-end to which such bonuses are attributable.

The Companies adopted the new accounting standard for bonuses to directors and corporate auditors in the year ended March 31, 2007.

l) Employees' retirement benefits

The Company has a contributory funded pension plan together with principal domestic group companies covering substantially all of their employees (see Note 8).

m) Retirement allowances for directors and corporate auditors

Retirement allowances for directors and corporate auditors are recorded to state the liability at the amount which would be required if all directors and corporate auditors retired at the balance sheet date.

n) Presentation of equity

On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities or assets, as the case may be, are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard was effective for fiscal years ending on or after May 1, 2006. The balances of such items as of March 31, 2006 were reclassified as separate components of equity as of April 1, 2006 in the consolidated statement of changes in equity.

o) Sales recognition

Domestic sales of machines are recognized upon customer inspection and approval.

Profit arising from installment sales is deferred and amortized over the contracted collection periods.

p) Foreign currency transactions

All current and non-current monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

q) Foreign currency financial statements

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at historical rates. Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rates.

Prior to April 1, 2007, the Company's revenue and expense accounts of consolidated foreign subsidiaries were translated into Japanese yen at the current exchange rate.

Effective April 1, 2007, however, the Company changed its method for translating into Japanese yen to translating into Japanese yen at the average exchange rate since the method for translating into Japanese yen at the average exchange rate provides better presentation of revenue and exchange accounts in the consolidated statement of income reflected the increasing presence of consolidated foreign subsidiaries.

The effect of this change was to decrease "Sales" by ¥140 million (\$1,400 thousand), increase "Operating income" by ¥94 million (\$940 thousand) and increase "Income before income taxes and minority interests" by ¥70 million (\$703 thousand). Calculation for this accounting change has not been made in the 2006 and 2007 financial statements to conform to the translation used in 2008.

r) Research and development costs

Research and development costs are generally charged to income as incurred.

s) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

t) Appropriations of retained earnings

Appropriations of retained earnings at each year-end are reflected in financial statements for the following year upon shareholders' approval.

u) Leases

All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that do not transfer ownership of the leased property to the lessee are permitted to be accounted for as rental transactions if certain "as-if-capitalized" information is disclosed in the notes to the lessee's consolidated financial statements.

v) Derivatives

The Companies use derivative financial instruments to manage their exposures to fluctuations in foreign exchange. Foreign exchange forward contracts and currency options are utilized by the Companies to reduce foreign currency exchange risks. The Companies do not enter into derivatives for trading or speculative purposes.

For derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or

losses on derivatives are deferred until the maturity of the hedged transactions.

The foreign currency forward contracts and currency options are utilized to hedge foreign currency exposures for import and export transactions. Trade payables and receivables denominated in foreign currencies are translated at the contracted rates if the forward contracts and currency options qualify for hedge accounting.

w) Per share information

Basic net income per share is computed by dividing net income available to shareholders of common stock by the weighted-average number of shares of common stock outstanding for the period.

Diluted net income per share was computed based on the weighted-average number of shares which would have been outstanding had all outstanding warrants been exercised.

The average number of shares used in computing net income per share assuming no dilution was 389,149 thousand shares in 2008, 391,835 thousand shares in 2007 and 391,653 thousand shares in 2006.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

x) New accounting pronouncements:

Measurement of Inventories

Under generally accepted accounting principles in Japan ("Japanese GAAP"), inventories are currently measured either by the cost method, or at the lower of cost or market. On July 5, 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories", which is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The standard also requires that inventories held for trading purposes be measured at the market price.

Lease Accounting

On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the existing accounting standard for lease transactions issued on June 17, 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Lessee

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted

for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions shall be capitalized recognizing lease assets and lease obligations on the balance sheet.

Lessor

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessor's financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee shall be recognized as lease receivables, and all finance leases that deem to transfer ownership of the leased property to the lessee shall be recognized as investments in lease.

Asset Retirement Obligations

On March 31, 2008, the ASBJ published a new accounting standard on asset retirement obligations. Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

Under Japanese GAAP, a company currently can use the financial statements of its foreign subsidiaries which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions for its consolidation process unless they are clearly unreasonable. On May 17, 2006, the ASBJ issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". The new standard prescribes: 1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, 2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used for the consolidation process, 3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material:

- (1) Amortization of goodwill
- (2) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
- (3) Capitalization of intangible assets arising from development phases
- (4) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets
- (5) Retrospective application when accounting policies are changed
- (6) Accounting for net income attributable to a minority interest

The new task force is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

2 NOTES AND ACCOUNTS RECEIVABLE

Sales on an installment basis consisted of 7%, 8% and 9% of consolidated net sales in the years ended March 31, 2008, 2007 and 2006, respectively.

Annual maturities of notes—trade at March 31, 2008 and related amortization of deferred profit on installment sales were as follows:

	Millions of yen		Thousands of U.S. dollars	
	Receivables	Deferred profit on installment sales	Receivables	Deferred profit on installment sales
Total notes receivable (Years ending March 31):				
2009	¥ 30,079	¥ 5,841	\$ 300,191	\$ 58,446
2010	13,225	4,949	131,993	49,446
2011	9,941	3,859	99,216	38,446
2012	6,409	2,549	63,969	25,446
2013	3,976	1,665	39,683	16,446
2014 and thereafter	3,345	1,450	33,390	14,446
Subtotal	66,978	20,315	668,446	202,446
Less—notes from unconsolidated subsidiaries and associated companies	(252)		(2,517)	
Add—accounts receivable	76,239		760,882	
Total notes and accounts receivable	<u>¥142,966</u>	<u>¥20,315</u>	<u>\$1,426,811</u>	<u>\$202,446</u>

3 SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2007
Current:			
Government and corporate bonds	¥11,372	¥ 5,670	\$11,372
Trust fund investments and other	3,047	6,945	3,047
Total	<u>¥14,419</u>	<u>¥12,615</u>	<u>\$14,419</u>
Non-current:			
Marketable equity securities	¥ 8,968	¥16,177	\$ 8,968
Government and corporate bonds	38,031	48,098	37,031
Trust fund investments and other	22,542	24,838	22,542
Total	<u>¥69,543</u>	<u>¥89,114</u>	<u>\$69,543</u>

The carrying amounts and aggregate fair values of the securities classified as available-for-sale securities at March 31, 2008 and 2007 were as follows:

	Millions of yen			
	Cost	Unrealized gains	Unrealized losses	Fair value
March 31, 2008				
Available-for-sale:				
Equity securities	¥ 4,929	¥4,111	¥ 72	¥ 8,929
Government and corporate bonds	52,429	551	2,317	50,663
Trust fund investments and other	25,479	48	3,124	22,403
Total	<u>¥82,838</u>	<u>¥4,712</u>	<u>¥5,515</u>	<u>¥82,035</u>
March 31, 2007				
Available-for-sale:				
Equity securities	¥ 5,194	¥11,048	¥ 66	¥16,288
Government and corporate bonds	53,496	1,034	1,362	54,278
Trust fund investments and other	27,463	715	293	28,471
Total	<u>¥86,154</u>	<u>¥12,798</u>	<u>¥1,722</u>	<u>¥99,674</u>

March 31, 2008	Thousands of U.S. dollars			
	Cost	Unrealized gains	Unrealized losses	Fair
Available-for-sale:				
Equity securities.....	\$ 49,198	\$41,034	\$ 727	\$ 8
Government and corporate bonds	523,243	5,508	23,131	50
Trust fund investments and other.....	254,289	487	31,182	22
Total	<u>\$826,732</u>	<u>\$47,030</u>	<u>\$55,041</u>	<u>\$81</u>

The bonds which are booked as cash and cash equivalents in the consolidated balance sheets are included in "available-for-sale" securities.

The carrying amounts of available-for-sale securities whose fair values are not readily determinable as of March 31, 2008 and 2007 were as follows:

	Millions of yen		Thous
	2008	2007	U.S. d.
Available-for-sale:			20
Equity securities	¥ 129	¥1,145	\$ 1
Investments in partnership and other.....	1,747	1,578	17
Total	<u>¥1,877</u>	<u>¥2,724</u>	<u>\$18</u>

Proceeds from sales of available-for-sale securities for the years ended March 31, 2008, 2007 and 2006 were ¥5,714 million (\$57,027 thousand), ¥1,615 million and ¥6,864 million, respectively. Gross realized gains and losses on these sales, computed on a moving average cost basis, were ¥1,032 million (\$10,304 thousand) and ¥117 million

(\$1,176 thousand), respectively, for the year ended March 31, 2008, ¥91 million and ¥33 million, respectively, for the year ended March 31, 2007 and ¥1 million and ¥346 million, respectively, for the year ended March 31, 2006.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale at March 31, 2008 are as follows:

	Available-for-sale	
	Millions of yen	Thous U.S. d.
Due in one year or less	¥12,248	\$122
Due after one year through five years	21,885	218
Due after five years through ten years.....	6,568	65
Due after ten years	10,026	100
Total.....	<u>¥50,728</u>	<u>\$506</u>

4 INVENTORIES

Inventories at March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thous
	2008	2007	U.S. d.
Merchandise and finished products	¥53,611	¥44,197	\$536
Work in process.....	6,475	6,264	64
Raw materials and parts	11,001	9,198	109
Total	<u>¥71,087</u>	<u>¥59,660</u>	<u>\$709</u>

5 LONG-LIVED ASSETS

During the fiscal years ended March 31, 2008, 2007 and 2006, the Companies performed an impairment review, and no impairment loss has been recognized.

6 SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thous U.S.
	2008	2007	2007
Interest rates ranging from 1.51% to 5.55% at March 31, 2008 and from 1.31% to 7.25% at March 31, 2007	¥5,718	¥9,307	\$57

Long-term debt at March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thous U.S.
	2008	2007	2007
Loan from banks, 1.50% to 5.75% (0.98% to 5.75% in 2007), due serially to 2013:			
Collateralized.....	¥280	¥ 464	\$2,
Unsecured	283	686	2,
Total.....	564	1,151	5,
Less—current portion	(252)	(322)	(2,
Long-term debt, less current portion	¥311	¥ 828	\$3,

The annual maturities of long-term debt at March 31, 2008 were as follows:

Years ending March 31	Millions of yen	Thous U.S.
2009	¥252	\$2
2010	131	1
2011	80	
2012	50	
2013	50	
2014 and thereafter		
Total	<u>¥564</u>	<u>\$5</u>

The carrying amounts of assets pledged as collateral for short-term bank loans of ¥26 million (\$265 thousand) and long-term debt of ¥253 million (\$2,534 thousand) at March 31, 2008 were as follows:

	Millions of yen	Thous U.S.
Investment securities.....	¥605	\$6

7 DEPOSITS RECEIVED

Deposits received are collateralized by buildings, structures and land for rent having a book value of ¥2,410 million (\$24,055 thousand) of ¥2,388 million (\$20,388 thousand) at March 31, 2008.

8 RETIREMENT AND PENSION PLANS

The Company and domestic consolidated subsidiaries have retirement and pension plans for employees.

Under the contributory pension plan, employees terminating their employment are in most circumstances entitled to pension distributions based on the average rate of pay at the time of termination, period of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the

Company or from certain consolidated subsidiaries and the annual payments from a trustee. Employees are entitled to greater payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

Retirement allowances for directors and corporate auditors are subject to approval of the shareholders.

The liability for employees' retirement benefits at March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thous. U.S. \$
	2008	2007	2007
Projected benefit obligation	¥34,098	¥35,437	\$340,000
Fair value of plan assets.....	(23,427)	(26,031)	(233,000)
Unrecognized prior service cost	6,354	7,456	63,000
Unrecognized actuarial gain.....	(2,717)	(1,414)	(27,000)
Net liability	¥14,308	¥15,448	\$143,000

The components of net periodic benefit costs for the years ended March 31, 2008, 2007 and 2006 were as follows:

	Millions of yen			Thous. U.S. \$
	2008	2007	2006	2007
Service cost.....	¥1,038	¥ 788	¥ 849	\$10,000
Interest cost.....	855	835	809	8,000
Expected return on plan assets.....	(642)	(594)	(455)	(6,000)
Amortization of prior service cost.....	(1,060)	(1,060)	(1,048)	(10,000)
Recognized actuarial loss.....	893	913	1,276	8,000
Net periodic benefit costs	¥1,084	¥ 881	¥1,431	\$10,000

Assumptions used for the years ended March 31, 2008 and 2007 are set forth as follows:

	2008	2007
Discount rate	2.5%	2.5%
Expected rate of return on plan assets	2.5%	2.5%
Amortization period of prior service cost	10 years	10 years
Recognition period of actuarial gain/loss.....	10 years	10 years

9 INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in the normal effective statutory tax rate of approximately 40.6% for the years ended March 31, 2008, 2007 and 2006.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2008 and 2007 were as follows:

	Millions of yen		Thous. U.S.
	2008	2007	2006
Deferred tax assets:			
Allowance for doubtful accounts.....	¥ 726	¥ 907	\$ 7
Tax loss carryforwards	409	586	4
Inventories—intercompany profits and write-downs	3,969	3,475	39
Enterprise taxes payable	580	704	5
Provisions for bonus payment.....	874	751	8
Deferred profit on installment sales.....	118	117	1
Investment securities.....	1,154	1,210	11
Research and development costs.....	2,706	3,108	27
Pension and severance costs—prior service cost	5,595	6,038	55
Retirement allowance for directors and corporate auditors	90	195	1
Loss on impairment of long-lived assets.....	1,187	1,270	11
Property, plant and equipment—intercompany profits and depreciation expenses	2,806	2,465	23
Land revaluation difference	4,336	4,352	43
Unrealized loss on available-for-sale securities	367		3
Other.....	1,169	992	10
Less—valuation allowance	(4,403)	(4,448)	(43)
Total.....	<u>21,689</u>	<u>21,727</u>	<u>210</u>
Deferred tax liabilities:			
Property, plant and equipment—special reserve	(1,177)	(1,248)	(11)
Land revaluation difference	(1,117)	(1,117)	(11)
Unrealized gain on available-for-sale securities		(4,409)	(43)
Other.....	(679)	(533)	(6)
Total.....	<u>(2,973)</u>	<u>(7,310)</u>	<u>(29)</u>
Net deferred tax assets	<u>¥18,715</u>	<u>¥14,416</u>	<u>\$180</u>
Deferred tax liabilities:			
Depreciation	¥ 183	¥ 194	\$ 1
Other.....	199	167	1
Total.....	<u>383</u>	<u>361</u>	<u>3</u>
Deferred tax assets:			
Other.....	(8)	(1)	(0)
Total.....	<u>(8)</u>	<u>(1)</u>	<u>(0)</u>
Net deferred tax liabilities	<u>¥ 374</u>	<u>¥ 360</u>	<u>\$ 3</u>

A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2008, 2007 and 2006 and the actual effective rate reflected in the accompanying consolidated statements of income is as follows:

	2008	2007
Normal effective statutory tax rate.....	40.6%	40.6%
Increase (decrease) in tax rate resulting from:		
Expenses not deductible for income tax purposes	2.3	1.4
Non-taxable dividend income	(1.4)	(1.1)
Inhabitants' tax—per capita levy.....	0.2	0.2
Change in valuation allowance	(1.3)	(2.0)
Elimination of intercompany dividend income	4.1	2.5
Lower income tax rates applicable to income in certain foreign countries	(3.7)	(2.7)
Other—net.....	(2.4)	(0.9)
Actual effective tax rate	<u>38.4%</u>	<u>38.0%</u>

At March 31, 2008, certain subsidiaries had tax loss carryforwards aggregating approximately ¥1,156 million (\$11,544 thousand), which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire for the years ending March 31, 2013 and thereafter.

10 EQUITY

Since May 1, 2006, Japanese companies have been subject to the Corporate Law of Japan (the "Corporate Law"), which reformed and replaced the Commercial Code of Japan (the "Code") with various revisions that are, for the most part, applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006. The significant provisions in the Corporate Law that affect financial and accounting matters are summarized below:

a) Dividends

Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of the normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Corporate Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b) Increases/decreases and transfer of common stock, reserves and surplus

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of the legal reserve and additional paid-in capital equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and the legal reserve may be reversed without limitation. The Corporate Law also provides that common stock, the legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c) Treasury stock and treasury stock acquisition rights

The Corporate Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Under the Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Corporate Law also provides that companies can purchase treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

11 STOCK OPTION

The stock options outstanding as of March 31, 2008 is as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2004 stock option	10 directors of the Company 39 directors of the affiliates 144 employees of the Company 29 employees of the affiliates	1,306,000 shares	November 24, 2004	¥600	From July 1, 2004 to June 30, 2008

The stock option activity is as follows:

	<u>2004 Stock Option</u>
For the year ended March 31, 2006	
Non-vested	
March 31, 2005—Outstanding	
Granted	1,306,000
Canceled	
Vested	
March 31, 2006—Outstanding	1,306,000
Vested	
March 31, 2005—Outstanding	
Vested	
Exercised	
Canceled	
March 31, 2006—Outstanding	
For the year ended March 31, 2007	
Non-vested	
March 31, 2006—Outstanding	1,306,000
Granted	
Canceled	
Vested	(1,306,000)
March 31, 2007—Outstanding	
Vested	
March 31, 2006—Outstanding	
Vested	1,306,000
Exercised	(960,000)
Canceled	
March 31, 2007—Outstanding	346,000
For the year ended March 31, 2008	
Non-vested	
March 31, 2007—Outstanding	
Granted	
Canceled	
Vested	
March 31, 2008—Outstanding	
Vested	
March 31, 2007—Outstanding	346,000
Vested	
Exercised	(80,000)
Canceled	(101,000)
March 31, 2008—Outstanding	165,000
Exercise price	¥600
Average stock price at exercise	¥1,074.04
Fair value price at grant date	

12 OTHER INCOME (EXPENSES)—OTHER, NET

Other income (expenses)—other, net, for the years ended March 31, 2008, 2007 and 2006 consisted of the following:

	Millions of yen			Thous.
	2008	2007	2006	U.S. \$
Commissions earned	¥ 535	¥ 588	¥ 511	\$ 5,000
Loss on sales of marketable securities	(111)	(22)	(1)	(1,000)
Gain on sales of investment securities	1,019	91	0	10,000
Loss on sales of investment securities	(6)	(10)	(344)	(3,000)
Gain on sales of fixed assets	42	1,776	30	300
Loss on impairment of investment securities.....	(59)	(183)	(97)	(1,000)
Foreign exchange gain (loss).....	(3,672)	(417)	454	(36,000)
Other	564	1,208	1,473	5,000
Total	¥(1,688)	¥3,031	¥2,026	\$ (16,000)

13 RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥6,916 million (\$69,025 thousand), ¥6,372 million and ¥5,302 million for the years ended March 31, 2008, 2007 and 2006, respectively.

14 LEASES

a) Lessee

The Companies lease certain equipment and other assets.

Total lease payments were ¥436 million (\$4,359 thousand), ¥489 million and ¥544 million for the years ended March 31, 2008, 2007 and 2006, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation and depreciation expense of finance lease that do not transfer ownership of the leased property to the lessee on an "as-if-capitalized" basis for the years ended March 31, 2008 and 2007 is as follows:

	Millions of yen			Thousands of U.S. dollars		
	2008			2008		
	Machinery and equipment	Other assets	Total	Machinery and equipment	Other assets	Total
Acquisition cost	¥971	¥126	¥1,097	\$9,694	\$1,257	\$10,951
Accumulated depreciation.....	572	57	629	5,713	569	6,282
Net leased property	¥398	¥ 69	¥ 467	\$3,980	\$ 688	\$ 4,668

	Millions of yen		
	2007		
	Machinery and equipment	Other assets	Total
Acquisition cost	¥2,033	¥106	¥2,139
Accumulated depreciation.....	1,317	33	1,351
Net leased property	¥ 715	¥ 72	¥ 787

Pro forma information of leased property such as obligations under finance leases that do not transfer ownership of the leased property to lessee on an "as-if-capitalized" basis for the years ended March 31, 2008 and 2007 is as follows:

	Millions of yen		Thous. U.S. d.
	2008	2007	2007
Obligations under finance leases:			
Due within one year	¥201	¥417	\$2,
Due after one year	266	370	2,
Total	<u>¥467</u>	<u>¥788</u>	<u>\$4,</u>

The amount of obligations under finance leases includes the imputed interest expense portion. Depreciation expense, which was not reflected in the consolidated statements of income, computed by the straight-line method was ¥436 million (\$4,359 thousand) and ¥48 million for the years ended March 31, 2008 and 2007, respectively.

The minimum rental commitments under non-cancelable operating leases at March 31, 2008 and 2007 were as follows:

	Millions of yen		Thous. U.S. d.
	2008	2007	2007
Operating leases:			
Due within one year	¥419	¥410	\$4,
Due after one year	554	578	5,
Total	<u>¥973</u>	<u>¥988</u>	<u>\$9,</u>

b) Lessor

The Companies also have a number of lease agreements as lessor, primarily for certain machinery, equipment and other assets.

Total lease income was ¥3,987 million (\$39,793 thousand), ¥4,160 million and ¥4,457 million for the years ended March 31, 2008, 2007 and 2006, respectively.

Information of leased property such as acquisition cost, accumulated depreciation and depreciation expense of finance leases that do not transfer ownership of the leased property to the lessee for the years ended March 31, 2008 and 2007 is as follows:

	Millions of yen			Thousands of U.S. dollars		
	2008			2008		
	Machinery and equipment	Other assets	Total	Machinery and equipment	Other assets	Total
Acquisition cost.....	¥21,479	¥446	¥21,926	\$214,368	\$4,459	\$218,827
Accumulated depreciation	14,928	381	15,309	148,982	3,811	152,793
Net leased property	<u>¥ 6,551</u>	<u>¥ 64</u>	<u>¥ 6,616</u>	<u>\$ 65,386</u>	<u>\$ 648</u>	<u>\$ 66,034</u>

	Millions of yen		
	2007		
	Machinery and equipment	Other assets	Total
Acquisition cost	¥20,257	¥460	¥20,717
Accumulated depreciation.....	13,404	362	13,766
Net leased property	<u>¥ 6,852</u>	<u>¥ 98</u>	<u>¥ 6,951</u>

Information of leased property such as obligations under finance leases that do not transfer ownership of the leased property to the lessee for the years ended March 31, 2008 and 2007 is as follows:

	Millions of yen		Thous. U.S.
	2008	2007	2007
Receivables under finance leases:			
Due within one year	¥ 2,685	¥ 3,022	\$ 26
Due after one year	7,847	7,869	78
Total.....	¥10,532	¥10,892	\$105

Depreciation expense was ¥2,196 million (\$21,924 thousand), ¥2,303 million and ¥2,495 million for the years ended March 31, 2008, 2007 and 2006, respectively.

Interest income, which was not reflected in the consolidated statements of income, computed by the interest method was ¥825 million (\$8,241 thousand), ¥856 million and ¥922 million for the years ended March 31, 2008, 2007 and 2006, respectively.

The minimum rental commitments under non-cancelable operating leases at March 31, 2008 and 2007 were as follows:

	Millions of yen		Thous. U.S.
	2008	2007	2007
Operating leases:			
Due within one year	¥ 1,311	¥1,101	\$ 13
Due after one year	14,033	7,756	140
Total.....	¥15,345	¥8,857	\$153

15 CONTINGENT LIABILITIES

At March 31, 2008 and 2007, the Companies had the following contingent liabilities:

	Millions of yen		Thous. U.S.
	2008	2007	2007
Customers' (100 companies in 2008 and 105 companies in 2007) bank loans	¥1,644	¥1,574	\$16
Travel agency ticket payables	43	43	
Payment for subcontracted companies from factoring companies	4,038	3,091	40

16 DERIVATIVES

The Companies enter into derivatives, including foreign exchange forward contracts and currency options, to hedge foreign exchange risk associated with notes and accounts receivable denominated in foreign currencies. The Companies also enter into interest rate swap contracts and interest rate swaption contracts to manage their interest rate exposures on certain liabilities. It is the Companies' policy to use derivatives only for the purpose of reducing market risks associated with assets and liabilities. The Companies do not hold or issue derivatives for trading purposes.

Derivatives are subject to market risk and credit risk. All derivative transactions, however, are entered into to hedge foreign currency and interest exposures incorporated within the Companies' business; therefore, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities. Because the counterparties to these derivatives are limited to major domestic banks, the Companies do not anticipate any losses arising from credit risk.

The execution and understanding of derivatives are carried out by the Company's Finance Department. The Finance Department reports monthly the contractual amounts and other information related to derivatives to the Accounting Department, where the monitoring of derivatives is performed. The Finance Department's review procedure is focused on whether the derivatives are being effective as a method of hedging, whether they are used within the balances of assets and liabilities and whether the Companies are exposed to a large amount of risk.

All forward exchange contracted amounts and currency option amounts are assigned to associated assets or liabilities and are reflected on the consolidated balance sheets at year-end, and all interest rate swaps are assigned to specific matching criteria, so the market value information is not disclosed.

17 NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2008, 2007 and 2006 as follows:

	Millions of yen	Thousands of shares	Yen	U.S. Dollars
	Net income	Weighted average shares		EPS
For the year ended March 31, 2008:				
Basic EPS				
Net income available to common shareholders.....	¥28,337	389,149	¥72.82	
Effect of dilutive securities				
Warrants.....		128		
Diluted EPS				
Net income for computation	¥28,337	389,277	¥72.80	
For the year ended March 31, 2007:				
Basic EPS				
Net income available to common shareholders.....	¥27,506	391,835	¥70.20	
Effect of dilutive securities				
Warrants.....		393		
Diluted EPS				
Net income for computation	¥27,506	392,229	¥70.13	
For the year ended March 31, 2006:				
Basic EPS				
Net income available to common shareholders.....	¥22,165	391,653	¥56.59	
Effect of dilutive securities				
Warrants.....		424		
Diluted EPS				
Net income for computation	¥22,165	392,078	¥56.53	

18 RELATED PARTY TRANSACTIONS

The Companies paid a legal fee to Chikara Shinozuka, a corporate auditor of the Company. Transactions with Chikara Shinozuka were ¥11 million (\$118 thousand), ¥5 million and ¥4 million for the years ended March 31, 2008, 2007 and 2006, respectively.

The Company purchased land and buildings from Seiko Amada, a relative of the late chairman Ryuharu Emori. Transactions with Seiko Amada were ¥127 million for the year ended March 31, 2006.

19 SEGMENT INFORMATION

The Company operates in the following industries:

Industry A consists of machine tools.

Industry B consists of real estate rental income.

Information about industry segments, geographical segments and sales to foreign customers of the Companies for the years ended March 31, 2008, 2007 and 2006, is as follows:

a) Industry segments

I. Sales and Operating Income (Loss)

	Millions of yen				
	2008				
	Industry A	Industry B	Others	Eliminations/ corporate	Consolidated
Sales to customers	¥282,069	¥1,646	¥ 502		¥284,217
Intersegment sales		624	29	¥(653)	
Total sales	282,069	2,270	532	(653)	284,217
Operating expenses	238,003	1,242	686	(653)	239,282
Operating income (loss)	¥ 44,065	¥1,027	¥(154)		¥44,938

1. The effect of change in depreciation methods for tangible fixed assets acquired after April 1, 2007 in Note 1 g) was to decrease operating income of "Industry A", "Industry B" and "Others" for the year ended March 31, 2008, by ¥138 million (\$1,385 thousand), ¥1 million (\$11 thousand) and ¥0 million (\$1 thousand), respectively, from such segments in the prior year.
2. The effect of change in depreciation methods for tangible fixed assets acquired before March 31, 2007 in Note 1 g) was to decrease operating income of "Industry A", "Industry B" and

- "Others" for the year ended March 31, 2008, by ¥154 million (\$1,545 thousand), ¥1 million (\$15 thousand) and ¥2 million (\$20 thousand), respectively, from such segments in the prior year.
3. The effect of change in translation for revenue and expense accounts of consolidated foreign subsidiaries into Japanese yen in Note 1 q) for the year ended March 31, 2008 was to decrease sales of "Industry A" by ¥140 million (\$1,400 thousand) and increase the operating income of "Industry A" by ¥94 million (\$940 thousand), from such segments in the prior year.

II. Total Assets, Depreciation and Capital Expenditures

	Millions of yen				
	2008				
	Industry A	Industry B	Others	Eliminations/corporate	Consolidated
Total assets	¥392,207	¥18,722	¥3,353	¥129,253	¥544,135
Depreciation	9,661	339	42		10,042
Capital expenditures	14,425	2,578	27		17,030

I. Sales and Operating Income (Loss)

	Thousands of U.S. dollars				
	2008				
	Industry A	Industry B	Others	Eliminations/corporate	Consolidated
Sales to customers	\$2,815,067	\$16,431	\$ 5,016		\$2,836,514
Intersegment sales		6,229	296	\$(6,525)	10,000
Total sales	2,815,067	22,660	5,312	(6,525)	2,836,514
Operating expenses	2,375,288	12,404	6,850	(6,525)	2,387,067
Operating income (loss)	\$ 439,778	\$10,255	\$(1,538)		\$ 448,495

II. Total Assets, Depreciation and Capital Expenditures

	Thousands of U.S. dollars				
	2008				
	Industry A	Industry B	Others	Eliminations/corporate	Consolidated
Total assets	\$3,914,242	\$186,847	\$33,464	\$1,289,953	\$5,424,506
Depreciation	96,418	3,384	425		100,227
Capital expenditures	143,963	25,732	277		170,072

I. Sales and Operating Income (Loss)

	Millions of yen				
	2007				
	Industry A	Industry B	Others	Eliminations/corporate	Consolidated
Sales to customers	¥259,676	¥1,623	¥ 939		¥262,238
Intersegment sales		551	31	¥(582)	100
Total sales	259,676	2,174	970	(582)	262,238
Operating expenses	221,310	1,222	1,200	(582)	223,150
Operating income (loss)	<u>¥ 38,366</u>	<u>¥ 952</u>	<u>¥ (230)</u>		<u>¥ 38,088</u>

The effect to the adoption of the accounting for bonuses to directors and corporate auditors in Note 1 k) was to decrease the operating income of industry A and B for the year ended March 31, 2007, by

¥205 million and ¥4 million, respectively, from such segments in the prior year.

II. Total Assets, Depreciation and Capital Expenditures

	Millions of yen				
	2007				
	Industry A	Industry B	Others	Eliminations/corporate	Consolidated
Total assets	¥370,783	¥16,280	¥3,562	¥154,847	¥545,472
Depreciation	8,509	359	47		9,915
Capital expenditures	18,869	209	15		19,093

I. Sales and Operating Income (Loss)

	Millions of yen				
	2006				
	Industry A	Industry B	Others	Eliminations/corporate	Consolidated
Sales to customers	¥219,594	¥1,647	¥538		¥221,779
Intersegment sales		468	0	¥(468)	
Total sales	219,594	2,115	539	(468)	221,779
Operating expenses	192,092	1,199	637	(468)	194,460
Operating income (loss)	¥ 27,501	¥ 916	¥ (97)		¥ 28,320

II. Total Assets, Depreciation and Capital Expenditures

	Millions of yen				
	2006				
	Industry A	Industry B	Others	Eliminations/corporate	Consolidated
Total assets	¥319,929	¥16,430	¥4,930	¥169,958	¥511,247
Depreciation	8,368	373	66		9,807
Capital expenditures	6,940	2	2		7,184

Corporate assets principally consist of cash and cash equivalents, short-term investments and investment securities of the Company.

Corporate assets were ¥129,973 million (\$1,297,145 thousand), ¥155,581 million and ¥170,783 million for the years ended March 31, 2008, 2007 and 2006, respectively.

b) Geographical segments

The geographical segments of the Companies for the years ended March 31, 2008, 2007 and 2006 are summarized as follows:

	Millions of yen						
	2008						
	Japan	North America	Europe	Asia	Others	Eliminations/corporate	Consolidated
I. Sales:							
Outside customers	¥149,133	¥34,230	¥67,808	¥32,116	¥929		¥284,216
Interarea	56,368	784	3,058	2,577	1	¥(62,791)	
Total sales	205,502	35,014	70,867	34,693	931	(62,791)	284,216
Operating expenses	177,826	31,374	61,882	29,617	798	(62,220)	239,027
Operating income	¥ 27,676	¥ 3,640	¥ 8,984	¥ 5,075	¥132	¥ (570)	¥ 45,188
II. Assets	¥320,590	¥42,026	¥73,762	¥34,253	¥999	¥ 71,902	¥544,532

- The effect of change in depreciation methods for tangible fixed assets acquired after April 1, 2007 in Note 1 g) was to decrease operating income of "Japan" for the year ended March 31, 2008, by ¥140 million (\$1,398 thousand), from such segments in the prior year.
- The effect of change in depreciation methods for tangible fixed assets acquired before March 31, 2007 in Note 1 g) was to decrease operating income of "Japan" for the year ended March 31, 2008, by ¥158 million (\$1,583 thousand), from such segments in the prior year.
- The effect of change in translation for revenue and expense accounts of consolidated foreign subsidiaries into Japanese yen

in Note 1 q) for the year ended March 31, 2008 was to increase total sales of "North America", "Asia" and "Eliminations/corporate" by ¥885 million (\$8,835 thousand), ¥600 million (\$5,997 thousand) and ¥47 million (\$477 thousand), respectively, decrease total sales of "Europe" and "Others" by ¥1,660 million (\$16,575 thousand) and ¥13 million (\$135 thousand), respectively, increase operating income of "North America", "Asia" and "Eliminations/corporate" by ¥107 million (\$1,071 thousand), ¥943 million (\$943 thousand) and ¥34 million (\$342 thousand), respectively, decrease operating income of "Europe" and "Others" by ¥140 million (\$1,397 thousand) and ¥1 million (\$19 thousand), respectively, from such segment in the prior year.

Thousands of U.S. dollars

	2008						
	Japan	North America	Europe	Asia	Others	Eliminations/ corporate	Consol
I. Sales:							
Outside customers	\$1,488,362	\$341,618	\$676,734	\$320,522	\$9,277		\$2,830,513
Interarea	562,564	7,829	30,524	25,719	18	\$(626,656)	2,830,513
Total sales	2,050,927	349,447	707,258	346,242	9,295	(626,656)	2,830,513
Operating expenses	1,774,718	313,116	617,593	295,584	7,970	(620,964)	2,388,891
Operating income	\$ 276,208	\$ 36,331	\$ 89,664	\$ 50,658	\$1,325	\$ (5,692)	\$ 441,622
II. Assets	\$3,199,509	\$419,427	\$736,153	\$341,855	\$9,974	\$ 717,586	\$5,424,404

Millions of yen

	2007						
	Japan	North America	Europe	Asia	Others	Eliminations/ corporate	Consol
I. Sales:							
Outside customers	¥146,720	¥32,455	¥56,305	¥26,057	¥700		¥262,237
Interarea	45,333	765	3,291	2,179		¥(51,570)	262,237
Total sales	192,054	33,220	59,596	28,237	700	(51,570)	262,237
Operating expenses	166,443	29,999	52,734	24,593	563	(51,184)	222,153
Operating income	¥ 25,611	¥ 3,221	¥ 6,861	¥ 3,643	¥136	¥ (385)	¥ 39,084
II. Assets	¥309,514	¥39,455	¥69,027	¥28,323	¥807	¥ 98,345	¥547,471

The effect to the adoption of the accounting for bonuses to directors and corporate auditors in Note 1 k) was to decrease the operating

income of Japan for the year ended March 31, 2007, by ¥209 million from such segments in the prior year.

Millions of yen

	2006						
	Japan	North America	Europe	Asia	Others	Eliminations/ corporate	Consol
I. Sales:							
Outside customers	¥130,450	¥29,790	¥40,704	¥19,857	¥978		¥221,879
Interarea	30,399	782	2,501	1,703		¥ (35,388)	221,879
Total sales	160,850	30,573	43,205	21,561	978	(35,388)	221,879
Operating expenses	141,481	28,481	39,223	18,733	907	(35,366)	199,169
Operating income	¥ 19,368	¥ 2,091	¥ 3,982	¥ 2,828	¥ 71	¥ (21)	¥ 22,710
II. Assets	¥277,544	¥36,462	¥52,126	¥21,240	¥660	¥123,213	¥511,245

Corporate assets principally consist of cash and cash equivalents, short-term investments and investment securities of the Company.

Corporate assets were ¥129,973 million (\$1,297,145 thousand), ¥155,581 million and ¥170,783 million for the years ended March 31, 2008, 2007 and 2006, respectively.

c) Sales to foreign customers

Sales to foreign customers for the years ended March 31, 2008, 2007 and 2006 were as follows:

	Millions of yen				
	2008				
	North America	Europe	Asia	Others	Total
Sales to foreign customers	¥34,103	¥66,203	¥43,140	¥5,278	¥148,724

The effect of change in translation for revenue and expense accounts of consolidated foreign subsidiaries into Japanese yen in Note 1 q) for the year ended March 31, 2008 was to increase sales to foreign customers of "North America", "Asia" and "Others" by ¥856 million (\$8,547 thousand), ¥570 million (\$5,691 thousand) and ¥23 million (\$231 thousand), respectively, decrease sales to foreign customers of "Europe" by ¥1,590 million (\$15,871 thousand), from such segment the prior year.

	Thousands of U.S. dollars				
	2008				
	North America	Europe	Asia	Others	Total
Sales to foreign customers	\$340,356	\$660,709	\$430,544	\$52,681	\$1,484,290

	Millions of yen				
	2007				
	North America	Europe	Asia	Others	Total
Sales to foreign customers	¥31,557	¥54,457	¥36,087	¥4,443	¥126,544

	Millions of yen				
	2006				
	North America	Europe	Asia	Others	Total
Sales to foreign customers	¥29,372	¥40,577	¥28,078	¥2,544	¥100,571

20 SUBSEQUENT EVENT

a) Appropriations of retained earnings

The following appropriations of retained earnings at March 31, 2008 were approved by the shareholders at the Company's general shareholders meeting held on June 27, 2008.

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥11.00 (\$0.10) per share	¥4,275	\$42.75

b) Acquisition of treasury stock

The following acquisition of treasury stock was approved at the board of directors' meeting held on May 14, 2008.

1. Purpose for purchasing treasury stockTo improve capital efficiency and activate flexible capital policy
2. Type of shares to be purchasedCommon stock
3. Number of shares to be purchasedUp to 7,000,000 shares
4. Amount of shares to be purchasedUp to ¥5,000 million (\$49,900 thousand)
5. Procedure of purchasePurchase at the stock market
6. Period of purchaseFrom May 15, 2008 to September 30, 2008

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Amada Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Amada Co., Ltd. and consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, changes in equity, and cash flows for each of the three years in the period ended March 31, 2008, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amada Co., Ltd. and consolidated subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2008, in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 27, 2008

AMADA CO., LTD.

Head Office

200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-96-1111
Facsimile: 81-463-94-9781
URL: <http://www.amada.co.jp/>

Fujinomiya Works

7020, Kitayama, Fujinomiya,
Shizuoka 418-0112, Japan
Phone: 81-544-54-2111
Facsimile: 81-544-54-1900

Ono Plant

56, Hatacho, Ono,
Hyogo 675-1377, Japan
Phone: 81-794-62-5931
Facsimile: 81-794-62-4351

PRINCIPAL DOMESTIC GROUP COMPANIES

Amada Cutting Co., Ltd.*

200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-96-3351
Facsimile: 81-463-96-0109
Major Activities: Manufacture, sales and after-sales service of Amada bandsaw machines and sales of blades

Nicotec Co., Ltd.*

15-12, Tamagawa Denenchofu 1-chome,
Setagaya-ku, Tokyo 158-0085, Japan
Phone: 81-3-3722-5995
Facsimile: 81-3-3721-6092
Major Activities: Sales of Amada products for the sales agent market and the manufacture and sales of metalworking machines and machine tools

Amada Wasino Co., Ltd.*

2-158, Nakashima, Shimoobari,
Komaki, Aichi 485-0051, Japan
Phone: 81-568-71-8821
Facsimile: 81-568-71-8850
Major Activities: Manufacture and sales of machine tools, mainly CNC lathes and CNC grinders

Amada Engineering Co., Ltd.*

200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-91-8090
Facsimile: 81-463-91-8102
Major Activities: Design, manufacture and installment of peripheral equipment for metalworking machines and design and manufacture of shearing machines

Amada Tool Technica Co., Ltd.*

200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-91-8050
Facsimile: 81-463-91-8137
Major Activities: Manufacture of punches and dies

Amada Lease Co., Ltd.*

200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-96-3663
Facsimile: 81-463-96-2382
Major Activities: Lease of metalworking machines and machine tools and related products

Amada Butsuryu Co., Ltd.*

200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-96-3334
Facsimile: 81-463-96-3412
Major Activities: Distribution service for Amada products

Amada Soft Service Co., Ltd.*

200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-96-3476
Facsimile: 81-463-96-3477
Major Activities: Manufacture and sales of software for machine tools and sheet-metalworking machines

Amada Ailink Service Co., Ltd.*

15-14, Noge 2-chome,
Setagaya-ku, Tokyo 158-0092, Japan
Phone: 81-3-5758-5622
Facsimile: 81-3-5706-6636
Major Activities: Information service and sales intermediation for metalworking machines and electric equipment through the Internet

PRINCIPAL OVERSEAS GROUP COMPANIES

NORTH AMERICA

Amada North America, Inc.*

7025 Firestone Blvd.,
Buena Park, CA 90621, U.S.A.
Phone: 1-714-739-2111
Facsimile: 1-714-739-4099
Major Activities: Holding company of North American subsidiaries and management control

Amada America, Inc.*

7025 Firestone Blvd.,
Buena Park, CA 90621, U.S.A.
Phone: 1-714-739-2111
Facsimile: 1-714-739-4099
Major Activities: Manufacture, sales and after-sales service of Amada products for the North American market

Amada Cutting Technologies, Inc.*

14849 E. Northam St.,
La Mirada, CA 90638, U.S.A.
Phone: 1-714-670-1704
Facsimile: 1-714-670-2017
Major Activities: Sales and after-sales service of Amada bandsaw machines and blades for the North American market

Amada Wasino America Inc.*

4070 Winnetka Avenue,
Rolling Meadows, IL 60008, U.S.A.
Phone: 1-847-797-8700
Facsimile: 1-847-797-5644
Major Activities: Sales and after-sales service of machine tools, mainly CNC lathes and CNC grinders for the North American market

Amada Tool America, Inc.*

4A Treadeasy Avenue,
Batavia, NY 14020, U.S.A.
Phone: 1-585-344-3900
Facsimile: 1-585-344-3905
Major Activities: Manufacture of punches

Amada Canada Ltd.*

885, Avenue Georges Cros, Granby,
Quebec J2J 1E8, Canada
Phone: 1-450-378-0111
Facsimile: 1-450-777-3736
Major Activities: Sales and after-sales service of Amada products for the Canadian market

Amada de Mexico, S. de R.L. de C.V.*

Pabellon Tec Local 38-4 Ave.,
Eugenio Garza Sada #427,
Col. Altavista CP. 64840, Monterrey,
N.L., Mexico
Phone: 52-81-1234-0700
Facsimile: 52-81-1234-0700
Major Activities: Sales and after-sales service of Amada products for the Mexican market

EUROPE

Amada United Kingdom Limited

Spennells Valley Road, Kidderminster,
Worcestershire DY10 1XS, U.K.
Phone: 44-1562-749-500
Facsimile: 44-1562-749-510
Major Activities: Sales and after-sales service of Amada products mainly for the U.K.

Amada GmbH*

Westfalenstr. 6, D-42781 Haan, Germany
Phone: 49-2129-57901
Facsimile: 49-2129-59182
Major Activities: Sales and after-sales service of Amada products for the German and European market

Amada Europe S.A.*

ZI Paris Nord 2, 96, Avenue de la Pyramide,
93290 Tremblay-en-France, France
Phone: 33-1-4990-3000
Facsimile: 33-1-4990-3199
Major Activities: Development, manufacture and sales of metalworking machines and machine tools

Amada S.A.*

ZI Paris Nord 2, 96, Avenue de la Pyramide,
93290 Tremblay-en-France, France
Phone: 33-1-4990-3000
Facsimile: 33-1-4990-3199
Major Activities: Sales and after-sales service of Amada products for the French and European market

Amada Outillage S.A.*

Zone Industrielle B.P. 35 76720, Auffay,
France
Phone: 33-2-3280-8100
Facsimile: 33-2-3532-7646
Major Activities: Manufacture of punches

Amada Europe Software Center

ZI Paris Nord 2, 96, Avenue de la Pyramide,
93290 Tremblay-en-France, France
Phone: 33-1-4990-3000
Facsimile: 33-1-4990-7637
Major Activities: Development, sales, and operating support for software and data work systems used in sheet-metalworking

Amada Italia S.r.l.*

Via Artigiani 21/23, loc. Cabina, 29020 Vigolzone,
Piacenza, Italy

Phone: 39-0523-872111

Facsimile: 39-0523-872101

Major Activities: Sales and after-sales service
of Amada products mainly for the Italian market

Amada Maquinaria S.I.*

Calle Marina N. 12/14, Cornella De Llobregat,
08940 Barcelona, Spain

Phone: 34-93-4742725

Facsimile: 34-93-3779196

Major Activities: Sales and after-sales service
of Amada products mainly for the Spanish market

Amada Austria GmbH*

Wassergasse 1, A-2630 Ternitz, Austria

Phone: 43-2630-35170

Facsimile: 43-2630-35165

Major Activities: Manufacture and sales

of bandsaw blades and bending tools

Amada Sweden AB*

P.O Box 633, Borgens Gata 16-18,

441-17 Alingsas, Sweden

Phone: 46-322-20-9900

Facsimile: 46-322-20-9929

Major Activities: Sales and after-sales service

of Amada products for the Swedish market

Amada Limited Liability Company*

Dokukina Street 16, Building 3,

Moscow 129226, Russian Federation

Phone: 7-495-518-9650

Facsimile: 7-495-518-9651

Major Activities: Sales and after-sales service

of Amada products mainly for the Russian market

**Amada Türkiye Makina Teknoloji Sanayi
Ve Ticaret Ltd. Sti.***

İkitelli Organize Sanayi Bölgesi Haseyad koop.,

Turgut Ozal cad., No: 116 34670 İkitelli

Istanbul-Türkiye

Phone: 90-212-549-1070

Facsimile: 90-212-549-1076

Major Activities: Sales and after-sales service of

Amada products mainly for the Turkish market

ASIA**Amada Hong Kong Co., Ltd.***

Unit 1808, 18/F Miramar Tower,

1 Kimberley Road, Tsimshatsui, Kowloon,

Hong Kong, S.A.R., People's Republic of China

Phone: 852-2868-9186

Facsimile: 852-2521-1363

Major Activities: Holding shares for investment

as well as international trading and sales of Amada

products for the Chinese market

Beijing Amada Machine & Tooling Co., Ltd.*

No. 3, 705 Yong Chang Bei Lu, Beijing Economic

Technological Development Area,

People's Republic of China

Phone: 86-10-6786-9380

Facsimile: 86-10-6786-9392

Major Activities: Manufacture and sales of punches

and dies for punch presses and sales and after-sales

service of Amada products for the Chinese market

**Amada International Industry & Trading
(Shanghai) Co., Ltd.***

No. 629, Xi Huan Road, Min Hang District,

Shanghai, People's Republic of China

Phone: 86-21-6212-1111

Facsimile: 86-21-6240-4105

Major Activities: Sales and after-sales service

of Amada products for the Chinese market and

international trading

Amada Shanghai Punch & Shear Co., Ltd.**

No. 202, Yun Ling East Road,

Shanghai, People's Republic of China

Phone: 86-21-5281-1540

Facsimile: 86-21-5280-7737

Major Activities: Manufacture, sales, and after-sales

service of metalworking machines for the Chinese

market

**Amada International Trading (Shenzhen)
Co., Ltd.***

Rms. 801-803, 8F, Taifook Chong, No. 9,

Shihua Road, Futian Free Trade Zone,

Shenzhen, People's Republic of China

Phone: 86-755-8358-0011

Facsimile: 86-755-8359-7489

Major Activities: Sales and after-sales service

of Amada products for the Chinese market and inter-

national trading

Amada Lianyungang Machinery Co., Ltd.*

No. 18, Hailian West Road,

Xinpu, Lianyungang, Jiangsu,

People's Republic of China

Phone: 86-518-8551-9215

Facsimile: 86-518-8548-7570

Major Activities: Manufacture, sales, and after-sales

service of bandsaw machines and blades for the

Chinese market

Amada Lianyungang Machine Tool Co., Ltd.*

No. 3-2 Songtiao E&T Development Zone,

Lianyungang, Jiangsu,

People's Republic of China

Phone: 86-518-8515-1111

Facsimile: 86-518-8515-1777

Major Activities: Manufacture of blades for the

Chinese market

Amada Taiwan Inc.*

No. 21, Wenming Rd., Linkou 3 Ind. Park,

Kweishan, Taoyuan Hsien, Taiwan

Phone: 886-3-328-3511

Facsimile: 886-3-328-4200

Major Activities: Sales and after-sales service of

Amada products for the Taiwanese market

Amada Taiwan Precision Machines, Inc.*

No. 4, Industry North 6th Road,

Nankung Industrial Park, Nantou City, Taiwan

Phone: 886-49-225-1387

Facsimile: 886-49-225-3442

Major Activities: Manufacture of Amada

bandsaw machines

Amada Korea Co., Ltd.*

635-1, Gojan-dong, Namdong-gu,

Incheon, Republic of Korea

Phone: 82-32-821-6010

Facsimile: 82-32-821-6015

Major Activities: Sales and after-sales service

of Amada products for the South Korean market

Amada Singapore (1989) Pte Ltd.*

12, Tannery Road,

#05-01/02 HB Centre,

Singapore 347722

Phone: 65-6743-6334

Facsimile: 65-6743-3134

Major Activities: Sales and after-sales service

of Amada products for the Singaporean and

Indonesian market

Amada (Thailand) Co., Ltd.*

Thosaphol Land 3 Bldg., 6th Fl.,

947 Moo 12, Bangna-Trad Rd., Km. 3,

Kwang Bangna, Khet Bangna,

Bangkok 10260, Thailand

Phone: 66-2361-9152

Facsimile: 66-2361-9165

Major Activities: Sales and after-sales service

of Amada products for the Thai market

Amada Wasino (Thailand) Co., Ltd.*

700/146, Village No. 1, Bankao Sub-district,

Panthong District, Chonburi 20160, Thailand

Phone: 66-3846-8920

Facsimile: 66-3846-8923

Major Activities: Sales and after-sales service of

machine tools, mainly CNC lathes and CNC grinders

the ASEAN market

Amada (Malaysia) Sdn. Bhd.*

No. 38, Jalan Kartunis, U1/47, Temasya

Industrial Park Section U1,

Glenmarie, 40150 Shah Alam,

Selangor Darul Ehsan, Malaysia

Phone: 60-3-5569-1035

Facsimile: 60-3-5569-1042

Major Activities: Sales and after-sales

service of Amada products for the Malaysian market

Amada (India) Pvt. Ltd.*

C-Wing-412, Floral Deck Plaza, MIDC, Opp. S

Andheri (East), Mumbai-400 093, India

Phone: 91-22-2839-5592

Facsimile: 91-22-2823-5405

Major Activities: Sales intermediation for and

sales service of Amada products for the Indian market

Amadasoft (India) Pvt. Ltd.*

Ascendas, IT Park, Chennai

Unit No. 6, 1st Floor, Taramani Road,

Opp. CSIR Complex Taramani,

Chennai-600 113, India

Phone: 91-44-2254-2900

Facsimile: 91-44-2254-2910

Major Activities: Research and development

of software for machine tools and sheet-

metalworking machines

OTHER AREAS**Amada Oceania Pty Ltd.***

Unit 7, 16 Lexington Drive, Bella Vista,

NSW 2153, Australia

Phone: 61-2-8887-1100

Facsimile: 61-2-8887-1101

Major Activities: Sales and after-sales service

of Amada products for the Australian market

* Subsidiary

**Affiliate

Founded

September 10, 1946

Incorporated

May 1, 1948

Number of Shares of Common Stock

(As of September 30, 2008)

Authorized: 550,000,000 shares

Issued: 403,081,117 shares

Number of Shareholders

(As of March 31, 2008)

34,030

Stock Listings

Tokyo Stock Exchange, Inc., First Section

Osaka Securities Exchange Co., Ltd., First Section

Quarterly Stock Price Range on Tokyo Stock Exchange (JPY)

	2007				2008	
	1st	2nd	3rd	4th	1st	2nd
High	1,430	1,622	1,600	1,350	976	1,110
Low	1,211	1,268	1,110	930	653	710

Ordinary General Meeting of Shareholders

June

Shareholder Register Administrator

Mitsubishi UFJ Trust and Banking Corporation

4-5 Marunouchi, 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan

Major Shareholders

(As of March 31, 2008)

Name	Number of shares held (thousands)	Percentage shareholdings (%)
Japan Trustee Services Bank, Ltd. (Trust account)	39,797	9.9
The Master Trust Bank of Japan, Ltd. (Trust account)	29,825	7.4
Mizuho Bank, Ltd.	19,061	4.7
Trust & Custody Services Bank, Ltd. (Trust account)	13,397	3.3
Amada Foundation for Metal Work Technology	9,936	2.5
Nippon Life Insurance Company	7,460	1.9
Morgan Stanley & Co., Inc.	7,450	1.8
Aioi Insurance Co., Ltd.	6,228	1.5
The Joyo Bank, Ltd.	5,756	1.4
State Street Bank and Trust Company 505103	5,570	1.4

Note: The Company holds 14,417 thousand shares of treasury stock (14,419 thousand in the Company's Shareholders' Registry), and these stocks have been excluded from the above holdings of major shareholders.

**President and
Chief Executive Officer**

Mitsuo Okamoto*

Managing Director

Toshio Takagi

Directors

Kojiro Hirose

Yoshihiro Yamashita

Naoki Orita

Yuji Fujita

Hideaki Takahashi

Tsutomu Isobe

Corporate Auditors

Ryoichi Hashimoto

Takeshi Takahashi

Chikara Shinozuka

Hiroaki Sato

AMADA CO., LTD.

200, Ishida, Isehara, Kanagawa 259-1196, Japan