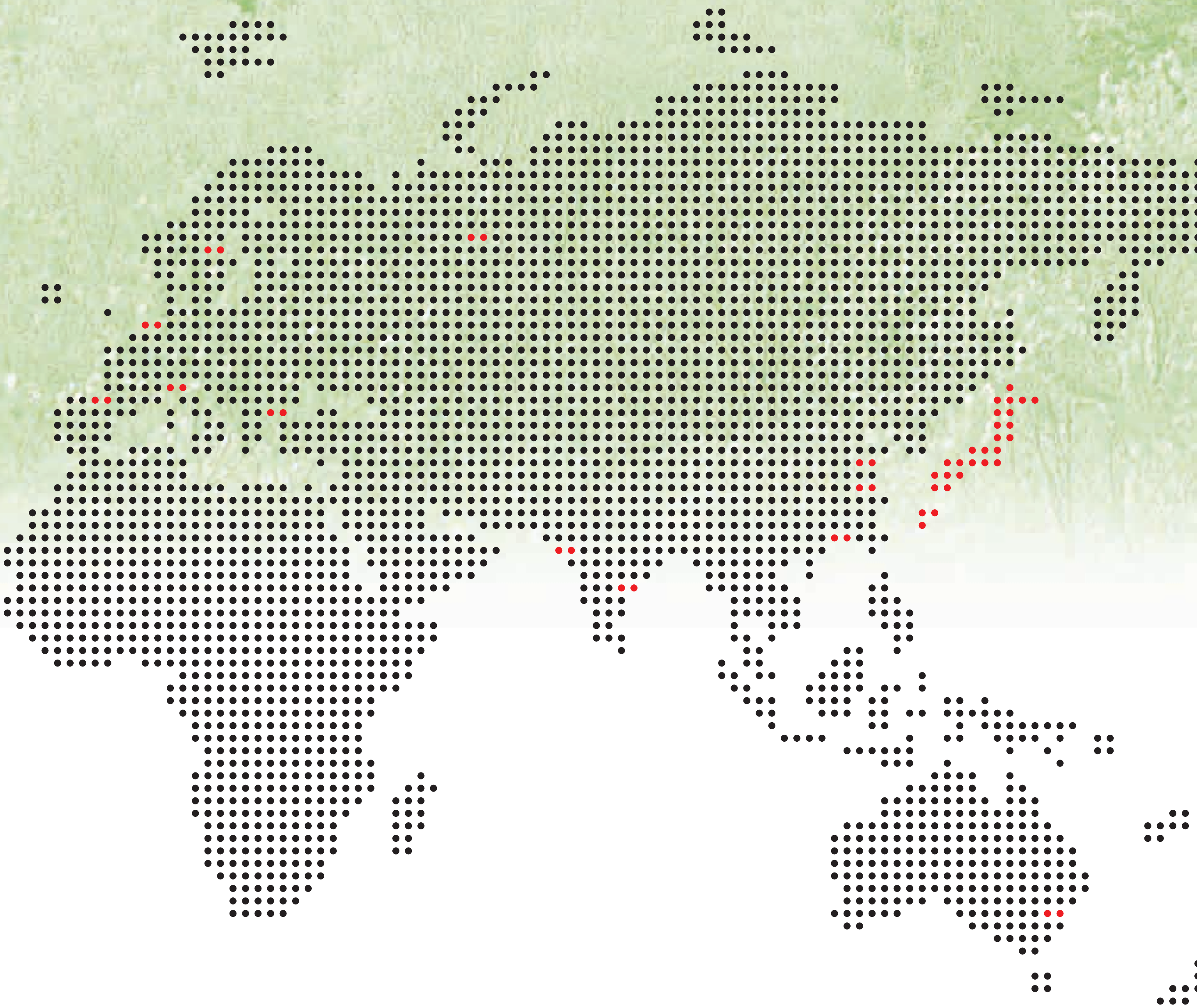
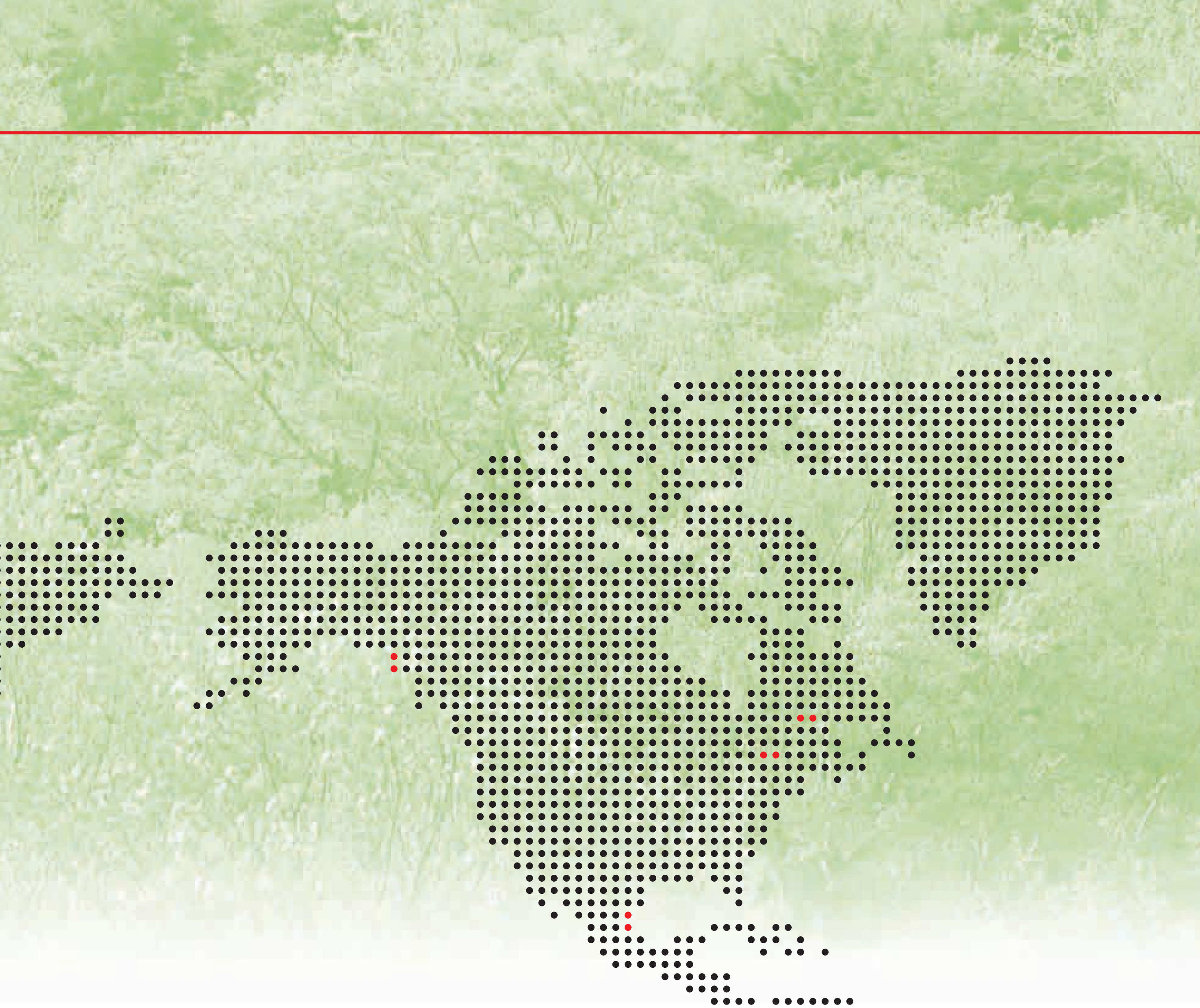
AMADA

Annual Report 2009

"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





Contents

Message from the President and Chief Executive Officer

Ever since its founding in 1946, Amada has maintained a corporate philosophy of "growing with our customers" as a dynamically sustained spiritual tradition. We have been ceaselessly listening to the voices of our customers and incorporating that feedback information in product designs, and I believe that our consistent emphasis on making sure products respond to market requirements is an important factor that has supported Amada's success over many years through the present day.

To live up to the founding spirit of our Company and keep it vigorous, we do not limit ourselves to thinking about machines. Instead, we do our utmost to offer customers a comprehensive range of the products and services they require, including peripheral equipment, software, molds and dies, and support services related to all processes from customers' receipt of orders through their shipment of completed items. This kind of marketing approach based on comprehensive solution proposals is a huge Amada asset that competing companies are unable to successfully emulate.

An Intellectually Creative Manufacturing Enterprise

In March 2007, we expanded our Fujinomiya Works—a plant at the foot of Mt. Fuji that had two manufacturing facilities at that time—through the completion of two additional facilities, a plant specializing in laser machines and our Development Center.

The new facilities are the hub of Amada's R&D programs, and the laser machine facility is particularly noteworthy for its theme of "cycles." In accordance with this theme, the laser machine facility has been designed to be a highly environment-friendly facility that conserves energy and emits minimal pollutants.

Positioned as the Amada Innovation Center, the Fujinomiya Works use 3-D CAD technologies to implement front-loaded development projects that enable us to provide the world with new technologies and products that effectively promote our customers' continued progress.

Very soon after that, in September 2007, we commercialized the first product to be developed at the Innovation Center—the LC-3015F1 NT, a high-speed, high-precision laser machine that can greatly reduce processing times. Subsequently, in July 2008, we launched the LC-C1 NT Series of compact punch/laser combination machines, which feature intelligent functions and new processing technologies brought together based on new concepts of process integration.

Operating as a leading member of a "creative industry for manufacturing," Amada will relentlessly strive to realize technological innovation, create new kinds of value, and contribute to society.

Creative Power from Efforts to Maintain Harmony with the Global Environment

While the strategic objective of greenhouse gas reduction has recently become a prominent focus of industries, companies, and governments, I consider the challenge of maintaining harmony with the global environment to be an important source of creative power. We are aiming to design machinery products that offer both superior productivity and energy conservation, and there often appears to be an inevitable trade-off between these and other design objectives. Despite this, we remain determined to discover creative methods for concurrently enhancing diverse facets and dimensions of our products' performance, and we are confident that creativity and technological innovation will enable us to overcome the various associated challenges. We have greatly increased the productivity of such Amada ECO Products as those in the EM-NT and HDS-NT series while also succeeding in greatly decreasing the energy consumption of those products. As consciousness of environmental issues continues to increase in the future, we will work hard to develop and market new products based on our "ECO" theme.

Going forward, Amada intends to continue leveraging creative manufacturing concepts as a means of helping provide the entire world with a brighter future. We believe that the optimal way for Amada to live up to its responsibilities to society is by doing our best to respond earnestly and creatively to the voices of customers and other stakeholders.

June 2009

Mitsuo Okamoto
President and Chief Executive Officer

岡本満夫

“Our Management Philosophy”

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.

Amada Group Environmental Policy

The Amada Group believes that the biggest goal of humankind is protecting the earth—a tiny planet in a huge universe—and preserving the earth for future generations. To live up to its corporate social responsibilities, Amada is promoting measures to protect the global environment, preserve resources, and prevent environmental pollution. To help ensure that we can hand down a beautiful, easy-to-live-in environment to our children and grandchildren, the Group strives to keep all its business activities in harmony with environmental protection activities and local communities.

Overview of Performance and Strategical Measures during the Fiscal Year

We would like to express our great appreciation of the support our shareholders and investors have provided to the Amada Group.

Recent Performance

In the fiscal year ended March 31, 2009, the Amada Group's consolidated performance was influenced by a sudden change in the economic environment, which caused significant drops in sales and profits. As a result, the Company recorded net sales of ¥225.7 billion (US$2,297.8 million) (down 20.6% from the previous fiscal year), operating income of ¥18.7 billion (US$190.3 million) (down 58.4%), and net income of ¥8.4 billion (US$86.3 million) (down 70.0%). While these decreases reflect the impact of changes in economic conditions that greatly exceeded our expectations, we deeply regret that we failed to achieve our performance targets.

Economic Environment

As a result of financial market turmoil that started in the United States and spread to the real economy, Japanese economic conditions have deteriorated rapidly, causing declines in corporate earnings, a dwindling of motivation for capital investments, and weak consumer spending. Overseas, recessionary trends can be seen spreading on a global scale. The economies of the United States and major European countries have already slid into recessions, while the economies of emerging markets in Asia and other countries have shown signs of deceleration.

The machinery industry suffered direct impact from the corporate moves to reduce capital investments and production volume. Business conditions have been particularly severe since last October, with orders dropping at an unprecedentedly rapid pace in both the domestic and overseas markets.

Looking ahead to future economic conditions, there is concern that the economy may fall into a vicious cycle as the moves to decrease production and intensifying price competition lead to further employment adjustments and consumption drops. In addition, there are risk factors—such as those regarding the possibilities of a further global economic downtrend, depressed stock prices, and foreign exchange rate fluctuations—that could further depress the economy and protract the recession. As for the machinery industry in Japan and overseas, we foresee no recovery in orders for the time being.

Aggressive & Defensive Strategies for Being the World's Top Comprehensive Manufacturer of Metalworking Machinery

Drastic changes in the external environment surrounding corporate management are presenting Amada with very difficult conditions. Based on the corporate philosophy of "Growing with our customers," which we have maintained since Amada's founding, we are striving hard to offer diverse manufacturing solutions that enable us to become "the world's top comprehensive manufacturer of metalworking machinery."

Amada's fundamental management stance is one that emphasizes measures to efficiently utilize accumulated management resources and move ahead with proactive investments in line with the Company's growth strategy. In the fiscal term ended March 2009, however, we also made relentless efforts to lower inventory levels, cut costs, and clarify our investment priorities, and we made steady progress in these areas.

Regarding mid-term management policies, we plan to streamline our profit structure based on the assumption that the current machinery industry slump will continue for the time being. At the same time, we will also emphasize the "aggressive and defensive strategies" aimed at developing new businesses and preparing for a growth period in the future.

In accordance with these policies, we have reviewed the growth scenario that we drafted in May 2008, and revised the Mid-Term Management Plan in light of the current economic environment.

(For more-detailed information on the Mid-Term Management Plan, please see pages 12 and 13 of this report.)

Dividends and Capital Policy

Believing that augmenting corporate value is the best way of providing shareholder returns, Amada is making daily efforts to reinforce its corporate foundation. We regard profit distribution as one of the most important management issues.

Our basic dividend policy is to sustain stable dividend levels while working to keep dividend levels commensurate with our performance. We are aiming to maintain a consolidated dividend payout ratio of approximately 30%.

In periods of recession and other periods of weak business performance, we determine dividend levels by comprehensively assessing our current funding situation and financial position as well as such other factors as our plans for business investments going forward, while maintaining emphasis on the dividend levels' stability and continuity.

In accordance with this dividend policy, for the fiscal year ended March 31, 2009, Amada's year-end dividend level was set at ¥5 per share. Together with interim dividends of ¥11 per share, total dividends applicable to the fiscal year amounted to ¥16 per share, or ¥6 per share below the level for the previous fiscal year.

As Amada is continually doing its utmost to meet its shareholders' and investors' expectations, we hope for your continued support.

LC-2012 C1 NT

The LC-2012 C1 NT compact punch/laser combination machine is the second product created by the Fujinomiya Development Center's front-loading-type development system. Besides having a smaller installation footprint than previous products, the LC-2012 C1 NT offers increased speed and quality.

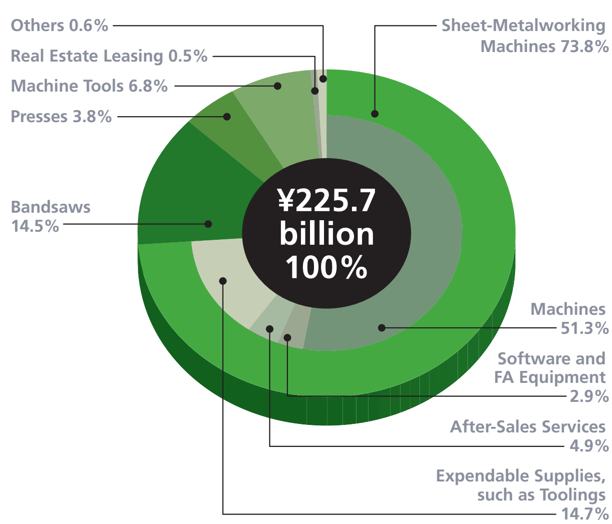
Review of Operations by Product Segment

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, measures taken during the fiscal year under review include those to restructure frontline marketing and service operations. This restructuring has entailed a shift from the previous marketing methodology, which placed emphasis on the skills of each individual marketing and service unit member, to a new methodology that emphasizes the aggregate capabilities of organizational units. Amid rapidly changing conditions in the operating environment, these measures are designed to build systems that are particularly strong with respect to flexibly responding to changes and applying new strategies and tactics.

Sales Composition by Group



Regarding strategies, we have tightened the focus of our strategic targets in each field, including machines, software and FA equipment, after-sales services, and expendable supplies, such as toolings. Specifically,
(1) In the machines area, we have adopted an aggressive marketing posture regarding the medium/thick plate processing and difficult-to-cut plate processing market segments based on such strategic product models as the LC-F1 NT series of linear-drive laser machines and the LC-C1 NT series of compact punch/laser combination machines.
(2) In the software and FA equipment area, we are presenting customers with proposals regarding the digitalization of manufacturing processes by means of products centering on virtual prototype simulation systems (VPSSs).
(3) In the after-sales service and maintenance activities area, we are introducing sophisticated IT. Through the implementation of these and other strategies for differentiating our offerings from those of competing companies, we have worked to increase customer satisfaction.

Reflecting the unavoidable impact of the worldwide sluggishness of demand and low machinery utilization rates on the sheet-metal processing machines market, Amada's Sheet-Metal Processing Machines segment sales amounted to ¥166.7 billion (US$1,696.8 million), down 20.6% from the previous fiscal year.

Bandsaws

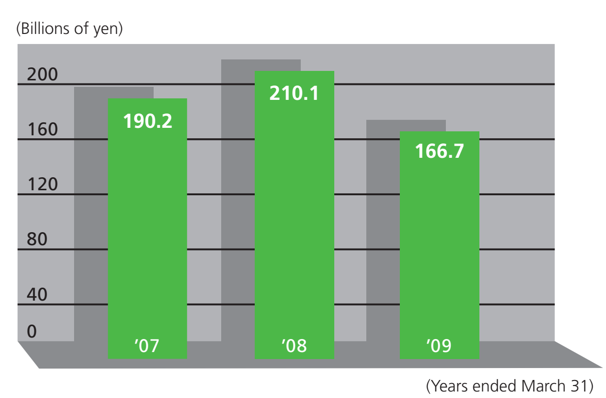
This business segment manufactures bandsaws for sawing metal and other products for the cutting market.

In this segment, we have continued emphasizing measures to expand sales of our mainstay "PC SAW series" of pulse-cutting bandsaws and working to strengthen and expand our product lineup while concurrently beginning to introduce additional products in overseas markets.

We also strove to provide stable supplies of our standard conventional H-series bandsaws while flexibly expanding our marketing operations based on due consideration of the special characteristics of individual markets and customer types.

Despite these efforts, however, segment sales decreased 13.4% year on year, to ¥32.6 billion (US$332.2 million).

Sheet-Metal Processing Machines Group Sales



Presses

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

In this field, we have made it our top mission to increase the market diffusion of our SDE series of servo-electrically driven presses. In particular, from the period under review, we have strengthened our marketing activities through such measures as the absorption-merger of Amada Press Technology Co., Ltd., and other measures to make full use of the Sheet-Metal Processing Machines segment marketing network.

We also undertook various other initiatives to leverage synergies from the absorption-merger, including proposal marketing measures focused on the supply of such non-press products as electrical discharge machines to press users that are internalizing their production of dies and molds.

However, large drops in demand from automobile-related and other industries restrained segment sales to ¥8.5 billion (US$87.4 million), down 32.6% from the previous fiscal year.

Machine Tools

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

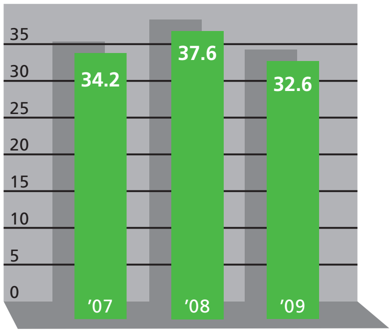
In the machine tools field, we have been seeking to promote a clear-cut image of Amada machine tools through such brand unification measures as those to unify the names, corporate colors, and logos of relevant Amada Group companies as well as moves to renovate product designs and Amada brand colors.

In addition, we have proactively deepened collaboration between machine tool units and Sheet-Metal Processing Machines segment units by cooperatively organizing private exhibitions as well as joint exhibits at public exhibition events. Particular attention has been given to expanding the demand segments for such compact new products as DV-1 profile grinders, JJ-3 two-spindle lathes, and Mi-8 five-axis-control turning and milling centers.

Despite these initiatives, however, the impact of restrained capital investments by principal customers in automobile-related industries caused segment sales to drop 24.2% year on year, to ¥15.3 billion (US$156.3 million).

Bandsaws Group Sales

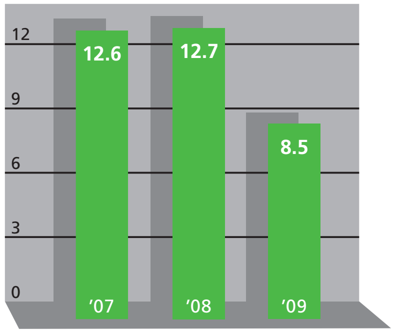
(Billions of yen)



(Years ended March 31)

Presses Group Sales

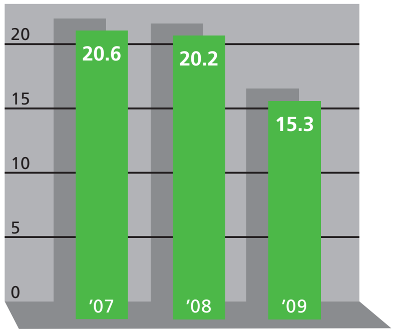
(Billions of yen)



(Years ended March 31)

Machine Tools Group Sales

(Billions of yen)



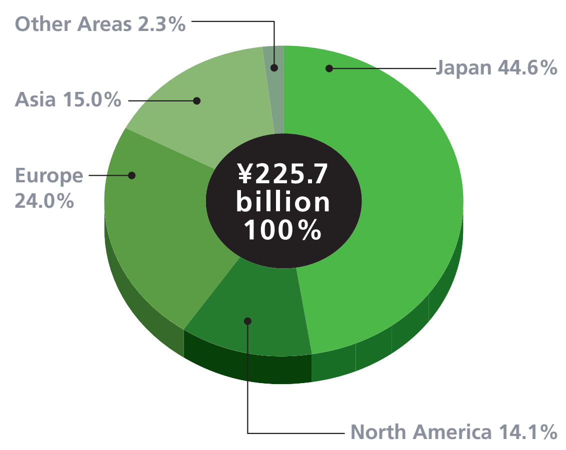
(Years ended March 31)

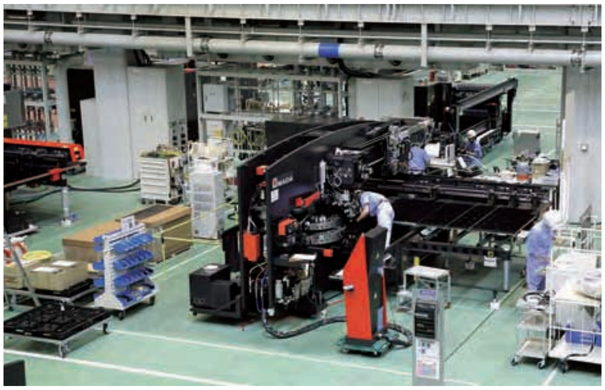
Review of Operations by Main Region

During the fiscal year under review, Amada's net sales in Japan dropped 25.7%, while the Company's overseas sales fell 15.8%.

Sales were down in each of the three overseas geographic segments—by 6.6% in North America, 18.0% in Europe, and 21.7% in Asia. Reflecting a difference in the timing of fiscal years—which end on March 31 for Group companies in Japan and on December 31 for Group companies overseas—the drop in sales was greater in Japan than elsewhere. Thus, the share of overseas sales rose from 52.3% in the previous year to 55.4% in the fiscal year under review.

Sales Composition by Region





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

The Solution Center in Chicago

Japan

The environment for obtaining orders in the Japanese market continued to be extremely harsh, reflecting the impact of surging energy and raw materials prices during the first half of the year and the spread of the financial crisis that began in the United States during the latter half of the year.

The Amada Group continued intensifying its aggressive marketing efforts centered on such products as laser machines, pulse-cutting bandsaws, servo-electrically driven presses, and compact machine tools. In addition, measures were taken to flexibly restructure operations within the Group and increase collaboration among Group units in different business fields. These efforts were leveraged to promote the planning of additional proposal-based marketing activities and other activities aimed at developing new demand sources.

However, sales in Japan dropped 25.7%, to ¥100.6 billion (US$1,023.8 million), owing to the slackness of demand from all types of industries.

North America

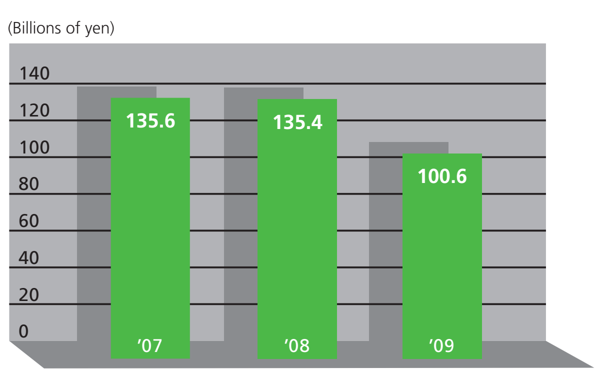
The trend of collapse that spread from the financial sector to the real economy quickly led to spreading crisis conditions in the United States, causing overall economic conditions to deteriorate.

Amid this turbulent environment, the Amada Group opened its newly constructed Chicago Solution Center on schedule in October 2008. The Group made steady progress regarding the bolstering of marketing operations focused on the medium/thick plate processing and difficult-to-cut plate processing market segments.

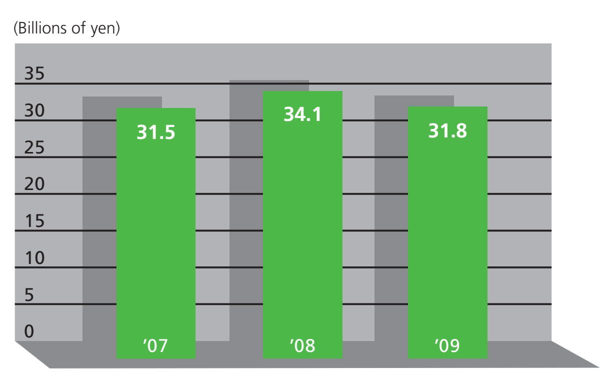
In addition, we worked to pioneer new markets through such measures as the establishment of a Mexico-based subsidiary.

Reflecting business accumulation and the proactive expansion of marketing operations during the first half of the year, net sales in North America on a local-currency basis rose to above the level in the previous year. However, the considerable appreciation of the yen against the U.S. dollar caused yen-denominated sales in North America to decline 6.6% year on year, to ¥31.8 billion (US$324.2 million).

Japan



North America



Europe

Regarding Europe, increasingly harsh conditions in the principal countries of Germany, France, and the United Kingdom caused a rapid switch from a trend of recovery to a trend of recession.

During the fiscal year, the Group proceeded with plans to establish a Solution Center in Haan-Gruiten, Germany, as a means of promoting aggressive marketing operations in the Western European laser machine market as well as measures to develop new markets in Eastern Europe and Russia.

We also maintained proactive efforts to expand our marketing routes in northern Europe, Eastern Europe, Russia, and other emerging markets, and our newly established marketing subsidiary in Turkey began sales operations.

However, the general slump in demand along with the progressive appreciation of the yen against the euro caused sales in Europe to fall to ¥54.2 billion (US$552.1 million), down 18.0% from the previous fiscal year.

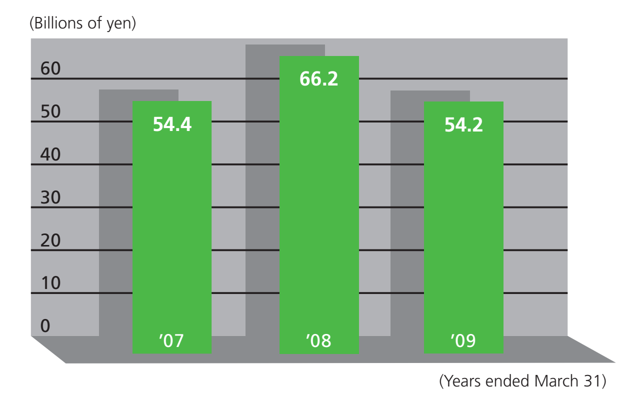
Asia

In Asia, the trend of expansion in the Chinese economy showed indications of ending in the form of clear signs of deceleration, and the severity of recessionary conditions in Korea, Taiwan, and the ASEAN countries rapidly increased.

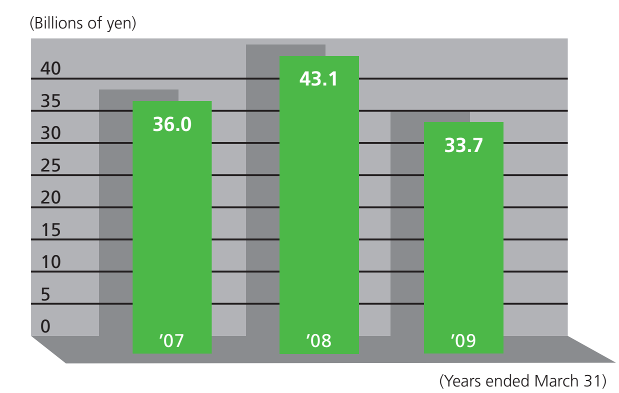
Amid these conditions, the Group continued using diverse methods to increase the power of the Amada brand, including measures to effectively make use of local exhibitions and trade shows and to proactively undertake business involving cooperation between industry and universities.

Despite these efforts, against the backdrop of the spreading impact of recessionary conditions in NICs, Amada Group sales in China and other Asian markets dropped 21.7%, to ¥33.7 billion (US$343.7 million).

Europe



Asia



Amada's Mid-Term Management Plan

Revision of Mid-Term Management Plan's Numerical Targets

Amada's Mid-Term Management Plan originally had the goal of building business operations capable of generating ¥350 billion in annual sales by the fiscal year ending March 31, 2012.

Because the impact of abrupt changes in the economic environment has led to rapid deterioration in its business performance, however, Amada has shifted its management policy focus away from business growth and toward stepped-up measures to improve the Company's profit structure. In view of these circumstances, we have revised the numerical targets in the Mid-Term Management Plan.

Specifically, while the last two years of the Mid-Term Management Plan (the two fiscal years through March 31, 2012) were previously considered to be part of a period of strategic growth, they have been repositioned as a period of preparation for a subsequent growth period. Plans now call for adjusting the Group's business structure so that it can maintain profitability even when annual consolidated net sales are as low as ¥150 billion.

To realize this new objective, Amada has drafted plans for the concurrent implementation of aggressive and defensive management strategies.

Concrete Strategies for Attaining Mid-Term Management Plan Objectives

Amada's aggressive management strategies are intended to expand sales in overseas growth markets, pioneer new markets through the launch of new products, and foster the development of new businesses through M&A transactions and other forms of collaboration and alliances with other companies. We also aim to improve the profit ratio by boosting the share of our sales generated by such relatively profitable after-sales operations as those involving the supply of consumables and services.

Specific strategies include the following:

Sheet-Metal Processing Machines/Presses

- Introduce IT service cars—provide sophisticated specialized services in a smoother manner
- Introduce remote diagnosis systems—provide effective support for stable machine operations
- Unify the maintenance-related database—increase the efficiency of service operations
- Construct a new parts center—increase the smoothness of systems for providing maintenance and repair components

Bandsaws

- Use carbide blades to pioneer new markets—strengthen and expand business in consumables

Machine Tools

- Strengthen product strengths in the ultra-precision machine tool market—emphasize the creation of business able to become a pillar of profitability going forward

Bandsaws/Machine Tools

- Integrate and reorganize business bases—promote the shared use of distribution systems and the rationalization of duplicated functions

Sheet-Metal Processing in Europe

- Promote construction of Solution Center in Germany, plan construction of Solution Center in southern Europe, and undertake capital alliances with Finland- and Italy-based companies—strengthen engineering business

Amada's defensive management strategies are designed to lower the break-even point to ¥150 billion in consolidated net sales by rationalizing costs, reducing inventories, and downscaling investments.

Specific strategies include the following:

Expense Structure and Investment Plan

- Increase exhibition organization efficiency, select important development themes to concentrate on, rationalize sales promotion programs, and reevaluate fixed costs—streamline the expense structure
- Temporary delay in new facility construction—reevaluate and reconsider investment plans

Reducing Inventories and Lowering Cost of Sales

- Introduce manufacturing adjustments centered on adjustments to operating days—thoroughly reduce inventories
- Increase overseas procurement and consolidated procurement—realize strategic cost reductions

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

Financial Highlights

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

	Millions of yen				
	2009	2008	2007	2006	2005
For the year:					
Net sales	**¥225,789**	¥284,218	¥262,239	¥221,780	¥201,097
Sales to foreign customers	**125,181**	148,726	126,545	100,573	82,964
Cost of sales	**131,866**	156,512	145,820	125,133	111,918
Gross profit	**93,922**	127,706	116,419	96,646	89,178
Selling, general and administrative expenses	**78,166**	82,786	76,646	68,426	65,293
Net changes in deferred profit on installment sales and finance lease sales	**2,945**	18	(684)	100	(2,371)
Operating income	**18,701**	44,939	39,088	28,320	21,513
Other income (expenses)—net	**(5)**	2,623	6,687	5,008	(2,826)
Income before income taxes and minority interests	**18,696**	47,563	45,775	33,328	18,687
Net income	**8,488**	28,337	27,506	22,297	10,940
Purchases of property, plant and equipment	**12,163**	19,651	11,940	5,801	5,286
Depreciation and amortization	**8,575**	10,042	8,915	8,808	8,669
Research and development costs	**5,982**	6,916	6,372	5,302	6,380
At year-end:					
Total equity	**¥392,636**	¥425,588	¥418,969	¥394,691	¥367,808
Total assets	**479,947**	543,535	545,473	511,248	475,224
Total long-term liabilities	**24,021**	28,979	30,451	33,308	32,093
Per share of common stock (yen):					
Net income—					
Basic	**¥ 22.12**	¥ 72.82	¥ 70.20	¥ 56.59	¥ 27.66
Diluted		72.80	70.13	56.53	
Cash dividends applicable to the year	**16.00**	22.00	20.00	16.00	10.00
Sales composition:					
Sheet metal processing machines:					
Machines	**¥115,718**	¥149,971	¥131,529	¥105,368	¥ 96,542
Software and FA equipment	**6,578**	8,844	8,772	8,249	7,713
After-sales services	**11,072**	11,528	10,708	9,977	9,961
Expendable supplies, such as toolings	**33,366**	39,780	39,277	33,594	29,484
	¥166,736	¥210,124	¥190,286	¥157,189	¥143,702
Bandsaws	**¥ 32,643**	¥ 37,687	¥ 34,212	¥ 30,702	¥ 26,853
Presses	**8,596**	12,762	12,618	11,240	10,716
Machine tools	**15,367**	20,266	20,682	18,804	15,427
Real estate leasing	**1,083**	1,646	1,623	1,647	1,639
Others	**1,362**	1,731	2,815	2,196	2,757
Total	**¥225,789**	¥284,218	¥262,239	¥221,780	¥201,097
Number of employees	**6,005**	5,747	5,516	5,071	4,977

Notes: 1. The yen figures presented in the financial highlights are rounded down to millions of yen, except for per share amounts.
2. 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.
3. Effective for the year ended March 31, 2009, Amada Co., Ltd., applied the revised “Accounting Standard for Lease Transactions” in the financial statements. The amounts in prior years have not been restated.

Financial Review

EXTERNAL ECONOMIC CONDITIONS

In fiscal 2009, the Japanese economy was impacted by the increasingly widespread real economic impact of chaotic conditions in financial markets that initially stemmed from problems in the United States. Consequently, corporate profitability in Japan decreased considerably, while capital investments and personal consumption were sluggish. These and other situations led to a sharp deterioration in economic conditions in Japan.

Overseas, the United States and principal European countries suffered from economic recessions, and emerging economies in Asia and elsewhere showed a clear trend of economic deceleration. These and other factors created a worldwide recession.

Amid these general economic circumstances, Japan's machinery industry was directly impacted by corporate moves to restrain capital investments and reduce manufacturing volumes. In the period beginning from October 2008, the industry saw a drop in its domestic and overseas orders that was unprecedented in speed. These various factors created extremely severe conditions in the machinery industry.

EARNINGS

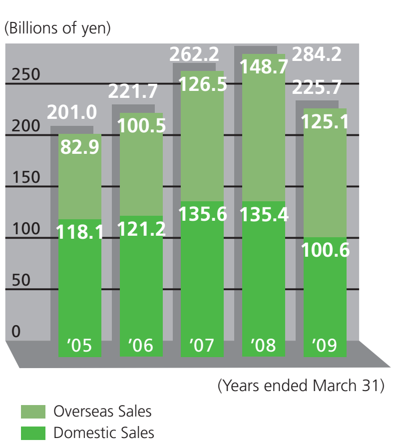
In the fiscal year under review, on a consolidated basis, both orders and net sales decreased year on year. Orders fell 28.1%, to ¥204.3 billion (US$2,080.0 million), and net sales dropped 20.6%, to ¥225.7 billion (US$2,297.8 million).

Reflecting the decrease in net sales as well as the sharp appreciation of the yen and other factors that negatively affected the gross profit margin, consolidated operating income fell 58.4%, to ¥18.7 billion (US$190.3 million), and net income dropped 70.0%, to ¥8.4 billion (US$86.3 million).

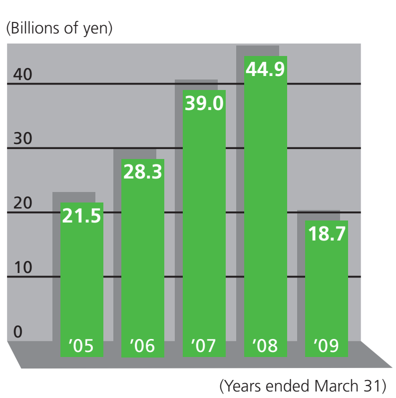
FINANCIAL POSITION

At the end of fiscal 2009, total consolidated assets stood at ¥479.9 billion (US$4,884.4 million), down 11.7% from a year earlier. Current assets decreased 13.2%, to ¥283.6 billion (US$2,886.2 million), owing mainly to drops in notes and accounts receivable.

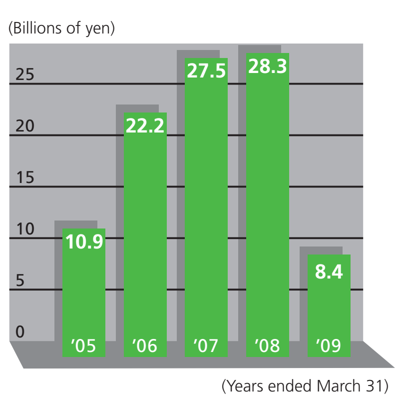
Domestic Sales and Overseas Sales



Operating Income



Net Income



Total liabilities decreased 26.0% from the end of the previous year, to ¥87.3 billion (US$888.5 million). Total current liabilities amounted to ¥63.2 billion (US$644.1 million), down 28.9%, due largely to a decrease in notes and accounts payable. Total long-term liabilities fell 17.1%, to ¥24.0 billion (US$244.4 million).

Consolidated net assets at the end of fiscal 2009 stood at ¥392.6 billion (US$3,995.8 million), down 7.7% from the end of the previous year. As a result, the shareholders' equity ratio at the end of the year increased to 81.3%, from 77.7% at the end of the previous year.

CASH FLOWS

Consolidated cash and cash equivalents at the end of the fiscal year amounted to ¥72.1 billion (US$734.0 million), down ¥14.6 billion from the previous year's level.

CASH FLOW PROVIDED BY OPERATING ACTIVITIES

Net cash provided by operating activities totaled ¥11.0 billion (US$112.0 million), a level ¥15.3 billion lower than in the previous fiscal year. This decrease mainly reflected a drop in income before income taxes and minority interests.

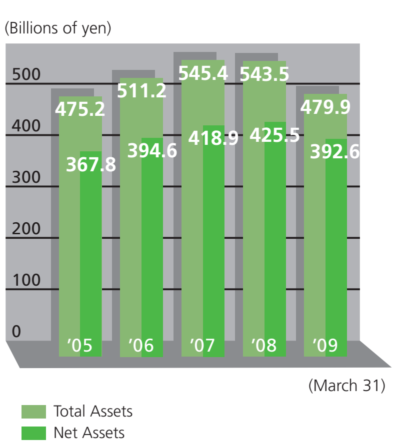
CASH FLOW USED IN INVESTING ACTIVITIES

Net cash used in investing activities amounted to ¥4.5 billion (US$46.6 million), representing a ¥12.5 billion decrease from the previous fiscal year. This was mainly attributable to a drop in purchases of property, plant and equipment.

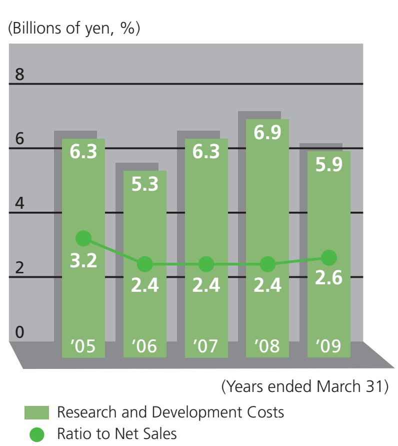
CASH FLOW USED IN FINANCING ACTIVITIES

Net cash used in financing activities totaled ¥13.7 billion (US$139.8 million), down ¥4.4 billion compared with the level in the previous fiscal year. This decrease mainly resulted from a decrease in the repayment of short-term bank loans.

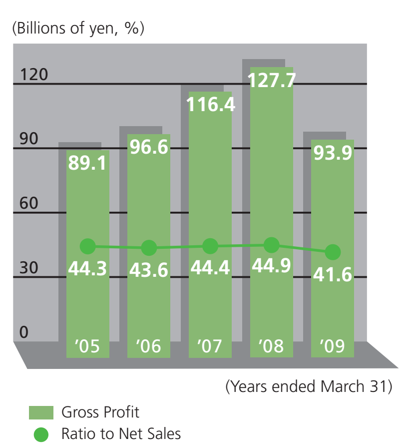
Total Assets and Net Assets



Research and Development Costs and Ratio to Net Sales



Gross Profit and Ratio to Net Sales



Consolidated Financial Statements

Consolidated Statements of Income

Amada Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2009, 2008 and 2007

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2009	2008	2007	**2009**
Net sales (Note 2)	**¥225,789**	¥284,218	¥262,239	**$2,297,873**
Cost of sales	**131,866**	156,512	145,820	**1,342,016**
Gross profit	**93,922**	127,706	116,419	**955,857**
Selling, general and administrative expenses (Note 13)	**78,166**	82,786	76,646	**795,503**
Net changes in deferred profit on installment sales and finance lease sales	**2,945**	18	(684)	**29,976**
Operating income	**18,701**	44,939	39,088	**190,330**
Other income (expenses):				
Interest and dividend income	**3,980**	4,836	4,023	**40,510**
Interest expense	**(484)**	(743)	(788)	**(4,930)**
Equity in (losses) earnings of unconsolidated subsidiaries and associated companies	**(220)**	218	421	**(2,246)**
Foreign exchange loss	**(5,586)**	(3,672)	(417)	**(56,850)**
Other, net (Note 12)	**2,304**	1,983	3,448	**23,457**
Other income (expenses)—net	**(5)**	2,623	6,687	**(58)**
Income before income taxes and minority interests	**18,696**	47,563	45,775	**190,271**
Income taxes (Note 9):				
Current	**6,859**	17,770	17,502	**69,805**
Deferred	**2,871**	501	(115)	**29,228**
Total income taxes	**9,731**	18,271	17,387	**99,033**
Minority interests in net income	**476**	953	881	**4,853**
Net income	**¥ 8,488**	¥ 28,337	¥ 27,506	**$ 86,383**

	Yen			U.S. dollars (Note 1)
Per share of common stock ((Notes 1 w) and 17):				
Net income—				
Basic	**¥ 22.12**	¥ 72.82	¥ 70.20	**$ 0.22**
Diluted		72.80	70.13	
Cash dividends applicable to the year	**16.00**	22.00	20.00	**0.16**

See notes to consolidated financial statements.

Consolidated Balance Sheets

Amada Co., Ltd. and Consolidated Subsidiaries
March 31, 2009 and 2008

ASSETS	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 1) 2009
Current assets:			
Cash and cash equivalents (Note 3)	**¥ 72,126**	¥ 86,823	**$ 734,033**
Short-term investments (Note 3)	**9,460**	14,419	**96,276**
Notes and accounts receivable (Note 2)—			
Trade	**102,794**	142,966	**1,046,144**
Unconsolidated subsidiaries and associated companies	**971**	1,123	**9,888**
Other	**2,575**	3,432	**26,209**
Allowance for doubtful receivables	**(2,417)**	(2,511)	**(24,605)**
Investments in lease (Note 14)	**11,841**		**120,511**
Inventories (Note 4)	**75,529**	71,087	**768,670**
Deferred tax assets (Note 9)	**4,966**	6,163	**50,539**
Prepaid expenses and other current assets (Note 14)	**5,753**	3,234	**58,555**
Total current assets	**283,600**	326,740	**2,886,223**
Property, plant and equipment:			
Land (Note 5)	**35,178**	32,729	**358,014**
Buildings and structures (Note 5)	**105,402**	104,129	**1,072,688**
Machinery and equipment (Note 5)	**45,031**	44,374	**458,293**
Buildings, structures and land for rent (Notes 5 and 7)	**23,449**	48,014	**238,651**
Lease assets	**1,025**		**10,435**
Construction in progress	**3,437**	4,968	**34,985**
Total	**213,525**	234,217	**2,173,068**
Accumulated depreciation	**(109,756)**	(118,383)	**(1,116,996)**
Net property, plant and equipment	**103,769**	115,833	**1,056,072**
Investments and other assets:			
Investment securities (Notes 3 and 6)	**56,623**	69,543	**576,258**
Investments in and advances to unconsolidated subsidiaries and associated companies	**2,792**	3,157	**28,422**
Goodwill	**2,871**	3,351	**29,227**
Software	**3,656**	3,284	**37,217**
Deferred tax assets (Note 9)	**13,699**	12,552	**139,419**
Other assets (Note 14)	**12,933**	9,072	**131,626**
Total investments and other assets	**92,577**	100,961	**942,171**
Total	**¥479,947**	¥543,535	**$4,884,467**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 1) 2009
Current liabilities:			
Short-term bank loans (Note 6)	**¥ 4,678**	¥ 5,718	**$ 47,618**
Current portion of long-term debt (Notes 6 and 14)	**610**	252	**6,216**
Notes and accounts payable—			
Trade	**16,480**	28,173	**167,726**
Unconsolidated subsidiaries and associated companies	**609**	853	**6,206**
Other	**4,883**	6,159	**49,704**
Deferred profit on installment sales (Note 2)	**21,227**	20,315	**216,031**
Accrued expenses	**8,242**	10,945	**83,889**
Income taxes payable	**948**	7,838	**9,652**
Other current liabilities (Note 9)	**5,606**	8,710	**57,059**
Total current liabilities	**63,289**	88,967	**644,105**
Long-term liabilities:			
Long-term debt (Notes 6 and 14)	**1,309**	311	**13,323**
Liability for employees' retirement benefits (Note 8)	**12,805**	14,308	**130,324**
Retirement allowance for directors and corporate auditors (Note 8)	**35**	221	**358**
Deposits received (Note 7)	**3,767**	7,411	**38,343**
Negative goodwill	**894**	1,118	**9,107**
Other long-term liabilities (Note 9)	**5,209**	5,606	**53,016**
Total long-term liabilities	**24,021**	28,979	**244,473**
Commitments and contingent liabilities (Notes 14, 15 and 16)			
Equity (Notes 10 and 20):			
Common stock—			
Authorized—550,000 thousand shares			
Issued—396,502 thousand shares (2009)	**54,768**		**557,380**
403,081 thousand shares (2008)		54,768	
Capital surplus	**163,199**	163,199	**1,660,891**
Retained earnings	**211,424**	215,450	**2,151,685**
Net unrealized loss on available-for-sale securities	**(5,722)**	(427)	**(58,240)**
Land revaluation difference (Note 1 j)	**(7,927)**	(7,927)	**(80,676)**
Foreign currency translation adjustments	**(16,611)**	5,387	**(169,054)**
Treasury stock, at cost—			
14,491 thousand shares in 2009 and 14,417 thousand shares in 2008	**(9,031)**	(8,088)	**(91,918)**
Total	**390,098**	422,362	**3,970,067**
Minority interests	**2,537**	3,226	**25,821**
Total equity	**392,636**	425,588	**3,995,888**
Total	**¥479,947**	¥543,535	**$4,884,467**

Consolidated Statements of Changes in Equity

Amada Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2009, 2008 and 2007

	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	Total equity
Balance, March 31, 2006	406,434	14,954	¥54,768	¥163,376	¥179,716	¥ 9,151	¥(8,090)	¥ 384	¥(4,615)	¥394,691		¥394,691
Reclassified balance as of March 31, 2006 (Note 1 n)											¥3,353	3,353
Appropriations:												
Cash dividends, ¥25.00 per share					(9,790)					(9,790)		(9,790)
Bonuses to directors and corporate auditors					(174)					(174)		(174)
Net income					27,506					27,506		27,506
Acquisition of treasury stock		319							(392)	(392)		(392)
Disposal of treasury stock		(971)		281					308	589		589
Reversal of land revaluation difference					(122)		122					
Decrease resulting from exclusion of associated companies previously accounted for by equity method					(25)					(25)		(25)
Net change in the year						(2,436)		4,355		1,919	1,292	3,212
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	418,969
Appropriations:												
Cash dividends, ¥22.00 per share					(8,588)					(8,588)		(8,588)
Net income					28,337					28,337		28,337
Acquisition of treasury stock		3,589							(5,318)	(5,318)		(5,318)
Disposal of treasury stock		(120)		33					56	89		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		14
Net change in the year						(7,143)		647		(6,495)	(1,419)	(7,914)
Balance, March 31, 2008	403,081	14,417	54,768	163,199	215,450	(427)	(7,927)	5,387	(8,088)	422,362	3,226	425,588
Appropriations:												
Cash dividends, ¥22.00 per share					(8,477)					(8,477)		(8,477)
Net income					8,488					8,488		8,488
Acquisition of treasury stock		6,754							(5,106)	(5,106)		(5,106)
Disposal of treasury stock		(101)			(7)				62	55		55
Retirement of treasury stock	(6,579)	(6,579)			(4,100)				4,100			
Increase resulting from unification of accounting policies applied to foreign subsidiaries					71					71		71
Net change in the year						(5,295)		(21,998)		(27,294)	(689)	(27,983)
Balance, March 31, 2009	**396,502**	**14,491**	**¥54,768**	**¥163,199**	**¥211,424**	**¥(5,722)**	**¥(7,927)**	**¥(16,611)**	**¥(9,031)**	**¥390,098**	**¥2,537**	**¥392,636**

	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	Total equity
Balance, March 31, 2008	$557,380	$1,660,891	$2,192,659	$ (4,351)	$(80,676)	$ 54,830	$(82,317)	$4,298,416	$32,835	$4,331,252
Appropriations:										
Cash dividends, ¥22.00 per share			**(86,278)**					**(86,278)**		**(86,278)**
Net income			**86,383**					**86,383**		**86,383**
Acquisition of treasury stock							**(51,973)**	**(51,973)**		**(51,973)**
Disposal of treasury stock			**(78)**				**640**	**561**		**561**
Retirement of treasury stock			**(41,731)**				**41,731**			
Increase resulting from unification of accounting policies applied to foreign subsidiaries			**729**					**729**		**729**
Net change in the year				**(53,889)**		**(223,884)**		**(277,773)**	**(7,014)**	**(284,787)**
Balance, March 31, 2009	**$557,380**	**$1,660,891**	**$2,151,685**	**$(58,240)**	**$(80,676)**	**$(169,054)**	**$(91,918)**	**$3,970,067**	**$25,821**	**$3,995,888**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Amada Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2009, 2008 and 2007

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2009	2008	2007	**2009**
Operating activities:				
Income before income taxes and minority interests	**¥18,696**	¥47,563	¥45,775	**$190,271**
Adjustments for:				
Income taxes paid	**(16,196)**	(20,377)	(15,835)	**(164,828)**
Depreciation and amortization	**8,575**	10,042	8,915	**87,278**
Loss (gain) on sales of fixed assets	**47**	174	(1,712)	**484**
Loss (gain) on sales of investment securities	**2**	(1,012)	(21)	**28**
Loss on impairment of investment securities	**362**	59	183	**3,685**
Equity in losses (earnings) of unconsolidated subsidiaries and associated companies	**220**	(218)	(421)	**2,246**
Gain on application of accounting standard for lease transactions	**(1,113)**			**(11,337)**
Changes in assets and liabilities, net of effects from newly consolidated and previously unconsolidated subsidiaries:				
Decrease (increase) in receivables, net of deferred profit on installment sales	**22,206**	(1,164)	(5,121)	**225,998**
Decrease in lease investment assets	**751**			**7,645**
Increase in inventories	**(16,563)**	(10,882)	(7,317)	**(168,571)**
(Decrease) increase in payables	**(1,210)**	1,232	(320)	**(12,318)**
Decrease in liabilities for employees' retirement benefits	**(1,289)**	(1,125)	(1,139)	**(13,124)**
Other—net	**(3,474)**	2,032	(2,007)	**(35,365)**
Total adjustments	**(7,681)**	(21,240)	(24,799)	**(78,175)**
Net cash provided by operating activities	**11,014**	26,322	20,975	**112,095**
Investing activities:				
Proceeds from sales and redemption of marketable securities	**11,888**	6,103	11,445	**120,988**
Purchases of marketable securities	**(799)**	(1,000)	(199)	**(8,133)**
Proceeds from sales of property, plant and equipment	**203**	213	3,159	**2,074**
Purchases of property, plant and equipment	**(12,163)**	(19,651)	(11,940)	**(123,784)**
Proceeds from sales and redemption of investment securities	**6,594**	12,187	12,389	**67,108**
Purchases of investment securities	**(9,268)**	(10,232)	(26,019)	**(94,323)**
Payment for purchase of consolidated subsidiaries stock from minority interests	**(26)**	(1,048)		**(265)**
Payment for purchase of newly consolidated subsidiaries, net of cash acquired			(1,682)	
Purchase of long-term time deposits		(2,000)	(1,500)	
Other—net	**(1,010)**	(1,741)	(1,616)	**(10,279)**
Net cash used in investing activities	**(4,580)**	(17,168)	(15,963)	**(46,614)**
Financing activities:				
Net increase (decrease) in short-term bank loans	**215**	(3,851)	2,043	**2,195**
Proceeds from long-term debt	**517**	6	940	**5,264**
Repayment of long-term debt	**(829)**	(381)	(272)	**(8,439)**
Payment for purchase of treasury stock from the market	**(4,999)**	(4,999)		**(50,885)**
Cash dividends paid	**(8,472)**	(8,578)	(9,770)	**(86,220)**
Other—net	**(173)**	(338)	112	**(1,769)**
Net cash used in financing activities	**(13,742)**	(18,143)	(6,946)	**(139,855)**
Foreign currency translation adjustments on cash and cash equivalents	**(7,389)**	264	1,734	**(75,207)**
Net decrease in cash and cash equivalents	**(14,697)**	(8,724)	(199)	**(149,581)**
Cash and cash equivalents of newly consolidated subsidiaries		16	165	
Cash and cash equivalents, beginning of year	**86,823**	95,532	95,567	**883,614**
Cash and cash equivalents, end of year	**¥72,126**	¥86,823	¥95,532	**$734,033**
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.

Notes to Consolidated Financial Statements

Amada Co., Ltd. and Consolidated Subsidiaries

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 Act 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 2008 and 2007 consolidated financial statements in order for them to conform to the classifications and presentations used in 2009.

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 ¥98.26 to US$1, the rate of exchange at March 31, 2009. 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, 2009 include the accounts of the Company and its 49 (50 in 2008 and 51 in 2007) 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 2008 and 8 in 2007) unconsolidated subsidiaries and 3 (3 in 2008 and 3 in 2007) 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 mainly from 5 to 20 years based on the event which caused the goodwill and 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) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

In May 2006, the Accounting Standards Board of Japan (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". PITF No. 18 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 of America 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) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained. PITF No. 18 was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

The Company applied this accounting standard effective April 1, 2008. The effect of this change was to decrease operating income by

¥63 million ($644 thousand) and income before income taxes and minority interests by ¥63 million ($644 thousand). In addition, the Company adjusted the beginning balance of retained earnings at April 1, 2008 as if this accounting standard had been retrospectively applied.

d) 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.

e) 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.

f) Inventories

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

Prior to April 1, 2008, machinery inventories of merchandise, finished products and work in process were stated at cost, determined by the specific identification method. Other inventories were stated at cost determined principally by the moving-average method. In July 2006, the Accounting Standards Board of Japan (ASBJ) issued ASBJ Statement No. 9," Accounting Standard for Measurement of Inventories", which was 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 Company applied the new accounting standard for measurement of inventories effective April 1, 2008. The effect of this change was to decrease income before income taxes and minority interests for the year ended March 31, 2009 by ¥123 million ($1,258 thousand).

g) 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 net realizable value by a charge to income.

h) 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. Leased property under finance leases that deem not to transfer ownership of the lease property are computed over the lease terms assuming no residual value.

Estimated useful lives are as follows:

Buildings and structures	8 to 60 years
Machinery and equipment	2 to 17 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.

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.

i) 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.

j) 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 real 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 not permitted.

As at March 31, 2009, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥7,643 million ($77,786 thousand).

k) 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 higher of either the amount to be amortized in the proportion of the actual sales volume of the software during the current year to the estimated total 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.

l) 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 still 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.

m) 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).

n) Retirement allowances for directors and corporate auditors

Retirement allowances for directors and corporate auditors of subsidiaries 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.

The Company paid retirement benefits to directors and corporate auditors by abolition of the retirement allowance plan which was approved by the shareholders at the Company's general shareholders' meeting held on June 27, 2008.

o) 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.

p) 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.

q) 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.

r) 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.

Calculation for this accounting change has not been made in the 2007 financial statements to conform to the translation used in 2008 and 2009.

s) Research and development costs

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

t) 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.

u) Appropriations of retained earnings

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

v) Leases

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 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 previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be measured at the obligations under finance leases including interest expense at the transition date and recorded as acquisition cost of lease assets.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as acquisition cost of lease assets measured at the obligations under finance leases including interest expense at the transition date. There was no effect on profit of this change.

Lessor

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information was 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 should be recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee should be recognized as investments in lease.

Revenue arising from finance leases of real estate that deem not to transfer ownership of the leased property to the lessee is recognized as interest income by the interest method. Revenue arising from finance leases of machinery that deem not to transfer ownership of the leased property to the lessee is recognized as sales on the date of transaction. And its profit is deferred and amortized over the lease term by the interest method or the straight-line method.

Finance leases of real estate that deem not to transfer ownership of the leased property to the lessee contracted before March 31, 2008 is classified as other in current assets and other in investments and other assets. And the deposit received which is offsetting in the future is deducted from the uncollected capital balance. The classification is based on the lease term.

Finance leases of machinery that deem not to transfer ownership of the leased property to the lessee contracted before March 31, 2008 are recognized as sales on the date of transaction and classified uncollected gross lease receivables as investments in lease in current assets.

The Company applied the revised accounting standard effective April 1, 2008. The effect of this change was to decrease operating income by ¥420 million ($4,279 thousand), and increase income before income taxes and minority interests by ¥1,065 million ($10,845 thousand).

w) 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.

x) 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 383,802 thousand shares in 2009, 389,149 thousand shares in 2008 and 391,835 thousand shares in 2007. For 2009, fully diluted net income per share is not disclosed because it is anti-dilutive.

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.

y) New accounting pronouncements

Business Combinations

On December 26, 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows;

(1) The current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires to account for such business combination by the purchase method and the pooling of interests method of accounting is no longer allowed.

(2) The current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, an in-process research and development (IPR&D) acquired by the business combination is capitalized as an intangible asset.

(3) The current accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

This standard is applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Asset Retirement Obligations

On March 31, 2008, the ASBJ published a new accounting standard for 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.

2 NOTES AND ACCOUNTS RECEIVABLE

Sales on an installment basis consisted of 7%, 7% and 8% of consolidated net sales in the years ended March 31, 2009, 2008 and 2007, respectively.

Annual maturities of notes—trade at March 31, 2009 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):				
2010	¥ 23,122	¥ 6,176	$ 235,317	$ 62,857
2011	11,235	5,062	114,341	51,522
2012	7,991	3,759	81,327	38,260
2013	5,513	2,755	56,114	28,044
2014	3,861	1,950	39,295	19,846
2015 and thereafter	2,874	1,523	29,249	15,500
Subtotal	54,597	21,227	555,645	216,031
Less—notes from unconsolidated subsidiaries and associated companies	(289)		(2,946)	
Add—accounts receivable	48,485		493,446	
Total notes and accounts receivable	¥102,794	¥21,227	$1,046,144	$216,031

3 SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Current:			
Government and corporate bonds	**¥ 6,744**	¥11,372	**$ 68,641**
Trust fund investments and other	**2,715**	3,047	**27,635**
Total	**¥ 9,460**	¥14,419	**$ 96,276**
Non-current:			
Marketable equity securities	**¥ 5,611**	¥ 8,968	**$ 57,112**
Government and corporate bonds	**29,740**	38,031	**302,673**
Trust fund investments and other	**21,270**	22,542	**216,472**
Total	**¥56,623**	¥69,543	**$576,258**

The carrying amounts and aggregate fair values of the securities classified as available-for-sale securities at March 31, 2009 and 2008 were as follows:

	Millions of yen			
March 31, 2009	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	**¥ 4,787**	**¥1,400**	**¥ 576**	**¥ 5,611**
Government and corporate bonds	**39,136**	**156**	**3,186**	**36,106**
Trust fund investments and other	**27,383**	**29**	**7,117**	**20,295**
Total	**¥71,307**	**¥1,586**	**¥10,879**	**¥62,014**

	Millions of yen			
March 31, 2008	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	¥ 4,929	¥4,111	¥ 72	¥ 8,968
Government and corporate bonds	52,429	551	2,317	50,663
Trust fund investments and other	25,479	48	3,124	22,404
Total	¥82,838	¥4,712	¥5,515	¥82,035

March 31, 2009	Thousands of U.S. dollars			
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	**$ 48,725**	**$14,250**	**$ 5,863**	**$ 57,112**
Government and corporate bonds	**398,296**	**1,591**	**32,427**	**367,460**
Trust fund investments and other	**278,683**	**302**	**72,435**	**206,549**
Total	**$725,704**	**$16,143**	**$110,726**	**$631,122**

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

The carrying amounts of available-for-sale securities whose fair values are not readily determinable as of March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Available-for-sale:			
Equity securities	**¥ 213**	¥ 129	**$ 2,174**
Investments in partnership and other	**1,138**	1,747	**11,586**
Total	**¥1,352**	¥1,877	**$13,761**

Proceeds from sales of available-for-sale securities for the years ended March 31, 2009, 2008 and 2007 were ¥907 million ($9,232 thousand), ¥5,714 million and ¥1,615 million, respectively. Gross realized gains and losses on these sales, computed on a moving average cost basis, were ¥1 million ($15 thousand) and ¥3 million ($39 thousand), respectively, for the year ended March 31, 2009, ¥1,032 million and ¥117 million, respectively, for the year ended March 31, 2008 and ¥91 million and ¥33 million, respectively, for the year ended March 31, 2007.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale at March 31, 2009 are as follows:

	Available-for-sale	
	Millions of yen	Thousands of U.S. dollars
Due in one year or less	¥ 6,744	$ 68,641
Due after one year through five years	19,573	199,197
Due after five years through ten years	4,463	45,426
Due after ten years	7,417	75,484
Total	¥38,198	$388,750

4 INVENTORIES

Inventories at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Merchandise and finished products	**¥59,075**	¥53,626	**$601,213**
Work in process	**3,746**	6,459	**38,124**
Raw materials and parts	**12,708**	11,001	**129,332**
Total	**¥75,529**	¥71,087	**$768,670**

5 LONG-LIVED ASSETS

During the fiscal years ended March 31, 2009, 2008 and 2007, 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, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Interest rates ranging from 0.97% to 7.00% at March 31, 2009 and from 1.51% to 5.55% at March 31, 2008	**¥4,678**	¥5,718	**$47,618**

Long-term debt at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Loan from banks, 1.00% to 6.50% (1.50% to 5.75% in 2008), due serially to 2013:			
Collateralized	**¥ 194**	¥280	**$ 1,983**
Unsecured	**490**	283	**4,988**
Obligations under finance leases	**1,234**		**12,567**
Total	**1,919**	564	**19,539**
Less—current portion	**(610)**	(252)	**(6,216)**
Long-term debt, less current portion	**¥1,309**	¥311	**$13,323**

The annual maturities of long-term debt, excluding finance leases (see Note 14), at March 31, 2009 were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2010	¥ 610	$ 6,216
2011	421	4,289
2012	699	7,123
2013	145	1,481
2014	41	425
2015 and thereafter	0	2
Total	¥1,919	$19,539

The carrying amounts of assets pledged as collateral for short-term bank loans of ¥58 million ($600 thousand) and long-term debt of ¥135 million ($1,383 thousand) at March 31, 2009 were as follows:

	Millions of yen	Thousands of U.S. dollars
Investment securities	¥378	$3,851

7 DEPOSITS RECEIVED

Deposits received are collateralized by investments in lease for real estate having a book value of ¥2,346 million ($23,877 thousand), of which ¥398 million ($4,056 thousand) are secured debt at March 31, 2009.

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 annuity 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 paid subject to approval of the shareholders.

The liability for employees' retirement benefits at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Projected benefit obligation	**¥37,983**	¥34,098	**$386,565**
Fair value of plan assets	**(20,553)**	(23,427)	**(209,177)**
Unrecognized prior service cost	**5,300**	6,354	**53,945**
Unrecognized actuarial gain	**(9,925)**	(2,717)	**(101,008)**
Net liability	**¥12,805**	¥14,308	**$130,324**

The components of net periodic benefit costs for the years ended March 31, 2009, 2008 and 2007 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	**2009**
Service cost	**¥1,158**	¥1,038	¥ 788	**$11,791**
Interest cost	**821**	855	835	**8,357**
Expected return on plan assets	**(578)**	(642)	(594)	**(5,889)**
Amortization of prior service cost	**(1,054)**	(1,060)	(1,060)	**(10,728)**
Recognized actuarial loss	**1,113**	893	913	**11,333**
Net periodic benefit costs	**¥1,460**	¥1,084	¥ 881	**$14,864**

Assumptions used for the years ended March 31, 2009 and 2008 are set forth as follows:

	2009	2008
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, 2009, 2008 and 2007.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Deferred tax assets:			
Allowance for doubtful accounts	**¥ 1,014**	¥ 726	**$ 10,324**
Tax loss carryforwards	**923**	409	**9,400**
Inventories—intercompany profits and write-downs	**3,360**	3,969	**34,204**
Provisions for bonus payment	**833**	874	**8,482**
Deferred profit on installment sales	**128**	118	**1,304**
Investment securities	**1,189**	1,154	**12,104**
Research and development costs	**2,387**	2,706	**24,302**
Pension and severance costs—prior service cost	**5,074**	5,595	**51,640**
Loss on impairment of long-lived assets	**1,139**	1,187	**11,599**
Property, plant and equipment—intercompany profits and depreciation expenses	**1,522**	2,806	**15,497**
Land revaluation difference	**4,336**	4,336	**44,130**
Unrealized loss on available-for-sale securities	**3,599**	367	**36,634**
Other	**1,293**	1,840	**13,164**
Less—valuation allowance	**(4,995)**	(4,403)	**(50,837)**
Total	**21,809**	21,689	**221,954**
Deferred tax liabilities:			
Property, plant and equipment—special reserve	**(1,212)**	(1,177)	**(12,343)**
Land revaluation difference	**(1,117)**	(1,117)	**(11,376)**
Other	**(813)**	(679)	**(8,276)**
Total	**(3,143)**	(2,973)	**(31,995)**
Net deferred tax assets	**¥18,665**	¥18,715	**$189,959**
Deferred tax liabilities:			
Depreciation	**¥ 183**	¥ 183	**$ 1,864**
Other	**219**	199	**2,234**
Total	**402**	383	**4,099**
Deferred tax assets:			
Other	**(89)**	(8)	**(907)**
Total	**(89)**	(8)	**(907)**
Net deferred tax liabilities	**¥ 313**	¥ 374	**$ 3,191**

A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2009, 2008 and 2007 and the actual effective tax rate reflected in the accompanying consolidated statements of income is as follows:

	2009	2008	2007
Normal effective statutory tax rate	**40.6%**	40.6%	40.6%
Increase (decrease) in tax rate resulting from:			
Expenses not deductible for income tax purposes	**5.0**	2.3	1.4
Non-taxable dividend income	**(2.7)**	(1.4)	(1.1)
Inhabitants' tax—per capita levy	**0.5**	0.2	0.2
Change in valuation allowance	**9.8**	(1.3)	(2.0)
Elimination of intercompany dividend income	**10.4**	4.1	2.5
Lower income tax rates applicable to income in certain foreign countries	**(5.9)**	(3.7)	(2.7)
Other—net	**(5.7)**	(2.4)	(0.9)
Actual effective tax rate	**52.0%**	38.4%	38.0%

At March 31, 2009, certain subsidiaries had tax loss carryforwards aggregating approximately ¥2,673 million ($27,211 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, 2015 and thereafter.

10 EQUITY

Since May 1, 2006, Japanese companies have been subject to the Companies Act of Japan (the "Companies Act") and for the fiscal years ending on or after May 1, 2006. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a) Dividends

Under the Companies Act, 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 Companies Act 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, reserve and surplus

The Companies Act 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 Companies Act, the total amount of additional paid-in capital and the legal reserve may be reversed without limitation. The Companies Act 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 Companies Act 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 Companies Act, stock acquisition rights are now presented as a separate component of equity.

The Companies Act also provides that companies can purchase both 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, 2009 are 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, 2006 to June 30, 2011

The stock option activity is as follows:

	2004 Stock Option
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	
Exercised	1,306,000
Canceled	(960,000)
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
For the year ended March 31, 2009	
Non-vested	
March 31, 2008—Outstanding	
Granted	
Canceled	
Vested	
March 31, 2009—Outstanding	
Vested	
March 31, 2008—Outstanding	165,000
Vested	
Exercised	(20,000)
Canceled	
March 31, 2009—Outstanding	145,000
Exercise price	¥600
Average stock price at exercise	¥618.35
Fair value price at grant date	

12 OTHER INCOME (EXPENSES)—OTHER, NET

Other income (expenses)—other, net, for the years ended March 31, 2009, 2008 and 2007 consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	**2009**
Commissions earned	**¥ 478**	¥ 535	¥ 588	**$ 4,870**
Loss on sales of marketable securities		(111)	(22)	
Gain on sales of investment securities	**1**	1,019	91	**11**
Loss on sales of investment securities	**(3)**	(6)	(10)	**(39)**
Gain on sales of fixed assets	**26**	42	1,776	**266**
Loss on impairment of investment securities	**(362)**	(59)	(183)	**(3,685)**
Amortization of negative goodwill	**748**			**7,613**
Provision of allowance for doubtful accounts	**(908)**			**(9,250)**
Gain on application of revised accounting standard for lease transactions	**1,113**			**11,337**
Subsidy income from prefecture for new plant construction	**312**			**3,181**
Other	**899**	564	1,208	**9,153**
Total	**¥2,304**	¥1,983	¥3,448	**$23,457**

13 RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥5,982 million ($60,888 thousand), ¥6,916 million and ¥6,372 million for the years ended March 31, 2009, 2008 and 2007, respectively.

14 LEASES

a) Lessee

The Companies lease certain equipment and other assets.

Total lease payments were ¥436 million and ¥489 million for the years ended March 31, 2008 and 2007, respectively.

Pro forma 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 on an "as-if-capitalized" basis for the year ended March 31, 2008 was as follows:

	Millions of yen		
	2008		
	Machinery and equipment	Other assets	Total
Acquisition cost	¥971	¥126	¥1,097
Accumulated depreciation	572	57	629
Net leased property	¥398	¥ 69	¥ 467

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

	Millions of yen
	2008
Obligations under finance leases:	
Due within one year	¥201
Due after one year	266
Total	¥467

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 ¥489 million for the year ended March 31, 2008.

The minimum rental commitments under non-cancelable operating leases at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Operating leases:			
Due within one year	**¥199**	¥419	**$2,026**
Due after one year	**164**	554	**1,675**
Total	**¥363**	¥973	**$3,702**

b) Lessor

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

Information of investments in lease of finance leases that deem not to transfer ownership of the leased property to the lessee for the year ended March 31, 2009 is as follows.

	Millions of yen	Thousands of U.S. dollars
	2009	**2009**
I. Current assets		
Gross lease receivables	¥13,621	$138,623
Unguaranteed residual value	167	1,702
Unearned interest income	(1,946)	(19,814)
Investments in lease	¥11,841	$120,511
Gross lease receivables	¥ 742	$ 7,557
Unearned interest income	(354)	(3,604)
Other current assets (Investments in lease for real estate)	¥ 388	$ 3,952
II. Investments and other assets		
Gross lease receivables	¥ 8,360	$ 85,087
Unearned interest income	(2,491)	(25,352)
Other assets (Investments in lease for real estate)	¥ 5,869	$ 59,735

Maturities of investments in lease for finance leases that deem not to transfer ownership of the leased property to the lessee at March 31, 2009 are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
I. Investments in lease		
2010	¥ 3,958	$ 40,288
2011	3,088	31,430
2012	2,416	24,592
2013	1,813	18,459
2014	1,287	13,103
2015 and thereafter	1,056	10,750
Total	¥13,621	$138,623
II. Other assets (Investments in lease for real estate)		
2010	¥ 742	$ 7,557
2011	742	7,557
2012	742	7,557
2013	742	7,557
2014	742	7,557
2015 and thereafter	5,390	54,859
Total	¥9,103	$92,644

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 year ended March 31, 2008 was as follows:

	Millions of yen		
	2008		
	Machinery and equipment	Other assets	Total
Acquisition cost	¥21,479	¥446	¥21,926
Accumulated depreciation	14,928	381	15,309
Net leased property	¥ 6,551	¥ 64	¥ 6,616

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

	Millions of yen
	2008
Receivables under finance leases:	
Due within one year	¥ 2,685
Due after one year	7,847
Total	¥10,532

Depreciation expense was ¥2,196 million and ¥2,303 million for the years ended March 31, 2008 and 2007, respectively.

Interest income, which was not reflected in the consolidated statements of income, computed by the interest method was ¥825 million and ¥856 million for the years ended March 31, 2008 and 2007, respectively.

The minimum rental commitments under non-cancelable operating leases at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Operating leases:			
Due within one year	**¥ 554**	¥ 1,311	**$ 5,643**
Due after one year	**5,683**	14,033	**57,838**
Total	**¥6,237**	¥15,345	**$63,481**

15 CONTINGENT LIABILITIES

At March 31, 2009 and 2008, the Companies had the following contingent liabilities:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Customers' (103 companies in 2009 and 100 companies in 2008) bank loans	**¥1,195**	¥1,644	**$12,165**
Customers' (29 companies in 2009) finance lease payables	**574**		**5,846**
Travel agency ticket payables	**66**	43	**671**
Payment for subcontracted companies from factoring companies	**2,596**	4,038	**26,421**

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 also 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 procedures are focused on whether the derivatives are being effective as a means 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 options are assigned to associated assets or liabilities and are reflected on the consolidated balance sheets at year-end, and all interest rate swaps meet 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, 2009, 2008 and 2007 are as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net income	Weighted average shares	EPS	
For the year ended March 31, 2009:				
Basic EPS				
Net income available to common shareholders	¥ 8,488	383,802	¥22.12	$0.22
Diluted EPS is not disclosed because it is anti-dilutive.				
For the year ended March 31, 2008:				
Basic EPS				
Net income available to common shareholders	¥28,337	389,149	¥72.82	$0.72
Effect of dilutive securities				
Warrants		128		
Diluted EPS				
Net income for computation	¥28,337	389,277	¥72.80	$0.72
For the year ended March 31, 2007:				
Basic EPS				
Net income available to common shareholders	¥27,506	391,835	¥70.20	$0.59
Effect of dilutive securities				
Warrants		393		
Diluted EPS				
Net income for computation	¥27,506	392,229	¥70.13	$0.59

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 and ¥5 million for the years ended March 31, 2008 and 2007, respectively.

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, 2009, 2008 and 2007, is as follows:

a) Industry segments

I. Sales and Operating Income (Loss)

	Millions of yen				
	2009				
	Industry A	Industry B	Others	Eliminations/ corporate	Consolidated
Sales to customers	**¥224,180**	**¥1,083**	**¥524**		**¥225,789**
Intersegment sales		**534**	**30**	**¥(564)**	
Total sales	**224,180**	**1,617**	**555**	**(564)**	**225,789**
Operating expenses	**206,146**	**851**	**654**	**(564)**	**207,087**
Operating income (loss)	**¥ 18,034**	**¥ 766**	**¥ (99)**		**¥ 18,701**

1. The effect of application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements" in Note 1 c) for the year ended March 31, 2009 was to increase operating income of "Industry A" by ¥63 million ($644 thousand) from such segment in the prior year.
2. The effect of application of "Accounting Standard for Measurement of Inventories" in Note 1 f) for the year ended March 31, 2009 was to decrease operating income of "Industry A" by ¥123 million ($1,258 thousand) from such segment in the prior year.
3. The effect of application of revised "Accounting Standard for Lease Transactions" in Note 1 v) for the year ended March 31, 2009 was to increase operating income of "Industry A" by ¥93 million ($950 thousand) and decrease operating income of "Industry B" by ¥513 million ($5,229 thousand), from such segment in the prior year.

II. Total Assets, Depreciation and Capital Expenditures

	Millions of yen				
	2009				
	Industry A	Industry B	Others	Eliminations/ corporate	Consolidated
Total assets	**¥355,056**	**¥16,368**	**¥3,169**	**¥105,352**	**¥479,947**
Depreciation	**8,516**	**2**	**56**		**8,575**
Capital expenditures	**15,439**		**7**		**15,447**

The effect of application of revised "Accounting Standard for Lease Transactions" in Note 1 v) for the year ended March 31, 2009 was to decrease total assets and depreciation of "Industry B" by ¥2,248 million ($22,880 thousand) and ¥431 million ($4,391 thousand), respectively, from such segment in the prior year.

I. Sales and Operating Income (Loss)

	Thousands of U.S. dollars				
	2009				
	Industry A	Industry B	Others	Eliminations/ corporate	Consolidated
Sales to customers	**$2,281,508**	**$11,023**	**$ 5,341**		**$2,297,873**
Intersegment sales		**5,439**	**306**	**$(5,746)**	
Total sales	**2,281,508**	**16,463**	**5,648**	**(5,746)**	**2,297,873**
Operating expenses	**2,097,969**	**8,664**	**6,656**	**(5,746)**	**2,107,543**
Operating income (loss)	**$ 183,538**	**$ 7,799**	**$(1,007)**		**$ 190,330**

II. Total Assets, Depreciation and Capital Expenditures

	Thousands of U.S. dollars				
	2009				
	Industry A	Industry B	Others	Eliminations/ corporate	Consolidated
Total assets	**$3,613,436**	**$166,588**	**$32,256**	**$1,072,185**	**$4,884,467**
Depreciation	**86,672**	**30**	**575**		**87,278**
Capital expenditures	**157,129**		**79**		**157,208**

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		¥284,218
Intersegment sales		624	29	¥(653)	
Total sales	282,069	2,270	532	(653)	284,218
Operating expenses	238,003	1,242	686	(653)	239,279
Operating income (loss)	¥ 44,065	¥1,027	¥(154)		¥ 44,939

1. The effect of change in depreciation methods for tangible fixed assets acquired after April 1, 2007 in Note 1 h) was to decrease operating income of "Industry A", "Industry B" and "Others" for the year ended March 31, 2008, by ¥138 million, ¥1 million and ¥0 million, 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 h) was to decrease operating income of "Industry A", "Industry B" and "Others" for the year ended March 31, 2008, by ¥154 million, ¥1 million and ¥2 million, 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 r) for the year ended March 31, 2008 was to decrease total sales of "Industry A" by ¥140 million and increase the operating income of "Industry A" by ¥94 million, from such segment 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	¥543,535
Depreciation	9,661	339	42		10,042
Capital expenditures	14,425	2,578	27		17,031

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		¥262,239
Intersegment sales		551	31	¥(582)	
Total sales	259,676	2,174	970	(582)	262,239
Operating expenses	221,310	1,222	1,200	(582)	223,151
Operating income (loss)	¥ 38,366	¥ 952	¥ (230)		¥ 39,088

The effect to the adoption of the accounting for bonuses to directors and corporate auditors in Note 1 l) 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	¥545,473
Depreciation	8,509	359	47		8,915
Capital expenditures	18,869	209	15		19,094

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

Corporate assets were ¥106,095 million ($1,079,745 thousand), ¥129,973 million and ¥155,581 million for the years ended March 31, 2009, 2008 and 2007, respectively.

b) Geographical segments

The geographical segments of the Companies for the years ended March 31, 2009, 2008 and 2007 are summarized as follows:

	Millions of yen						
	2009						
	Japan	North America	Europe	Asia	Others	Eliminations/ corporate	Consolidated
I. Sales:							
Outside customers	**¥110,848**	**¥31,893**	**¥56,027**	**¥26,186**	**¥832**		**¥225,789**
Interarea	**44,997**	**487**	**1,368**	**2,636**		**¥(49,489)**	
Total sales	**155,846**	**32,381**	**57,396**	**28,822**	**832**	**(49,489)**	**225,789**
Operating expenses	**150,688**	**30,500**	**51,565**	**25,682**	**793**	**(52,142)**	**207,087**
Operating income	**¥ 5,158**	**¥ 1,880**	**¥ 5,830**	**¥ 3,140**	**¥ 39**	**¥ 2,652**	**¥ 18,701**
II. Assets	**¥303,587**	**¥36,396**	**¥52,779**	**¥26,153**	**¥692**	**¥ 60,338**	**¥479,947**

1. The effect of application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements” in Note 1 c) for the year ended March 31, 2009 was to increase operating income of “Europe” by ¥63 million ($644 thousand) from such segment in the prior year.
2. The effect of application of “Accounting Standard for Measurement of Inventories” in Note 1 f) for the year ended March 31, 2009 was to decrease operating income of “Japan” by ¥123 million ($1,258 thousand) from such segment in the prior year.
3. The effect of application of revised “Accounting Standard for Lease Transactions” in Note 1 v) for the year ended March 31, 2009 was to decrease operating income of “Japan” by ¥420 million ($4,279 thousand) from such segment in the prior year.

	Thousands of U.S. dollars						
	2009						
	Japan	North America	Europe	Asia	Others	Eliminations/ corporate	Consolidated
I. Sales:							
Outside customers	**$1,128,116**	**$324,585**	**$570,199**	**$266,501**	**$8,470**		**$2,297,873**
Interarea	**457,944**	**4,958**	**13,927**	**26,830**		**$(503,660)**	
Total sales	**1,586,060**	**329,544**	**584,126**	**293,331**	**8,470**	**(503,660)**	**2,297,873**
Operating expenses	**1,533,566**	**310,405**	**524,785**	**261,370**	**8,072**	**(530,657)**	**2,107,543**
Operating income	**$ 52,494**	**$ 19,138**	**$ 59,341**	**$ 31,961**	**$ 397**	**$ 26,996**	**$ 190,330**
II. Assets	**$3,089,633**	**$370,407**	**$537,139**	**$266,166**	**$7,051**	**$ 614,068**	**$4,884,467**

	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		¥284,218
Interarea	56,368	784	3,058	2,577	1	¥(62,791)	
Total sales	205,502	35,014	70,867	34,693	931	(62,791)	284,218
Operating expenses	177,826	31,374	61,882	29,617	798	(62,220)	239,279
Operating income	¥ 27,676	¥ 3,640	¥ 8,984	¥ 5,075	¥132	¥ (570)	¥ 44,939
II. Assets	¥320,590	¥42,026	¥73,762	¥34,253	¥999	¥ 71,902	¥543,535

1. The effect of change in depreciation methods for tangible fixed assets acquired after April 1, 2007 in Note 1 h) was to decrease operating income of “Japan” for the year ended March 31, 2008, by ¥140 million, from such segment in the prior year.

2. The effect of change in depreciation methods for tangible fixed assets acquired before March 31, 2007 in Note 1 h) was to decrease operating income of "Japan" for the year ended March 31, 2008, by ¥158 million, from such segment 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 r) for the year ended March 31, 2008 was to increase total sales of "North America", "Asia" and "Eliminations/corporate" by ¥885 million, ¥600 million and ¥47 million, respectively, decrease total sales of "Europe" and "Others" by ¥1,660 million and ¥13 million, respectively, increase operating income of "North America", "Asia" and "Eliminations/corporate" by ¥107 million, ¥94 million and ¥34 million, respectively, and decrease operating income of "Europe" and "Others" by ¥140 million and ¥1 million, respectively, from such segment in the prior year.

	Millions of yen						
	2007						
	Japan	North America	Europe	Asia	Others	Eliminations/ corporate	Consolidated
I. Sales:							
Outside customers	¥146,720	¥32,455	¥56,305	¥26,057	¥700		¥262,239
Interarea	45,333	765	3,291	2,179		¥(51,570)	
Total sales	192,054	33,220	59,596	28,237	700	(51,570)	262,239
Operating expenses	166,443	29,999	52,734	24,593	563	(51,184)	223,151
Operating income	¥ 25,611	¥ 3,221	¥ 6,861	¥ 3,643	¥136	¥ (385)	¥ 39,088
II. Assets	¥309,514	¥39,455	¥69,027	¥28,323	¥807	¥ 98,345	¥545,473

The effect to the adoption of the accounting for bonuses to directors and corporate auditors in Note 1 l) was to decrease the operating income of Japan for the year ended March 31, 2007, by ¥209 million from such segment in the prior year.

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

Corporate assets were ¥106,095 million ($1,079,745 thousand), ¥129,973 million and ¥155,581 million for the years ended March 31, 2009, 2008 and 2007, respectively.

c) Sales to foreign customers

Sales to foreign customers for the years ended March 31, 2009, 2008 and 2007 were as follows:

	Millions of yen				
	2009				
	North America	Europe	Asia	Others	Total
Sales to foreign customers	**¥31,856**	**¥54,255**	**¥33,780**	**¥5,288**	**¥125,181**

	Thousands of U.S. dollars				
	2009				
	North America	Europe	Asia	Others	Total
Sales to foreign customers	**$324,206**	**$552,167**	**$343,789**	**$53,822**	**$1,273,985**

	Millions of yen				
	2008				
	North America	Europe	Asia	Others	Total
Sales to foreign customers	¥34,103	¥66,203	¥43,140	¥5,278	¥148,726

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, ¥570 million and ¥23 million, respectively, and decrease sales to foreign customers of "Europe" by ¥1,590 million from such segment in the prior year.

	Millions of yen				
	2007				
	North America	Europe	Asia	Others	Total
Sales to foreign customers	¥31,557	¥54,457	¥36,087	¥4,443	¥126,545

20 SUBSEQUENT EVENT

Appropriations of retained earnings

The following appropriations of retained earnings at March 31, 2009 were approved by the shareholders at the Company's general shareholders' meeting held on June 26, 2009.

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥5.00 ($0.05) per share	¥1,910	$19,438

Independent Auditors' Report

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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, 2009 and 2008, 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, 2009, 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, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2009, 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 26, 2009

Member of
Deloitte Touche Tohmatsu

The Amada Group

(As of October 1, 2009)

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

PRINCIPAL DOMESTIC GROUP COMPANIES

Amada Machine Tools Co., Ltd.*
(Established through the merger of Amada Cutting Co., Ltd. and Amada Wasino Co., Ltd.)
200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-96-3351
Facsimile: 81-463-96-0109
Major Activities: Sales and after-sales service of machine tools, mainly Amada bandsaw machines, CNC lathes, and CNC grinders and sales of blades

Amada Machine Tools MFG Co., Ltd.*
2-158, Nakashima, Shimoobari,
Komaki, Aichi 485-0051, Japan
Phone: 81-568-71-8821
Facsimile: 81-568-71-8850
Major Activities: Manufacture of machine tools, mainly Amada bandsaw machines, CNC lathes, and CNC grinders

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 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 metal-working 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 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 and dies

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. market

Amada GmbH*
Amada Allee 1, 42781 Haan, Germany
Phone: 49-2104-21260
Facsimile: 49-2104-2126999
Major Activities: Sales and after-sales service of Amada products for the European market

Amada Machine Tools Europe GmbH*
Landstrase 25, 42781 Haan, Germany
Phone: 49-2129-5790
Facsimile: 49-2129-579339
Major Activities: Sales and after-sales service of machine tools, mainly Amada bandsaw machines, blades, CNC lathes, and CNC grinders for the 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 North 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 and dies

Amada Europe Software Center, S.A.S.*
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, maintenance, and operating support for software and information network systems used in sheet-metalworking machinery

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.*
Ikitelli Organize Sanayi Bolgesi Haseyad koop.,
Turgut Ozal cad., No: 116 34670 Ikitelli
Istanbul-Turkiye
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. 801-805, 8F, Talfook 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 international 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.*
3F, 134B-7L, 705-6, Gojan-dong, Namdong-gu,
Incheon, Republic of Korea 405-821
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 for 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 Vietnam Company Limited*
5F Viglacera Exim Building, 2 Hoang Quoc Viet,
Cau Giay Dist., Hanoi, Vietnam
Phone: 84-4-3791-6474
Facsimile: 84-4-3791-6203
Major Activities: Sales and after-sales service of Amada products for the Vietnamese market

Amada (India) Pvt. Ltd.*
C-Wing-412, Floral Deck Plaza, MIDC, Opp. Seepz,
Andheri (East), Mumbai-400 093, India
Phone: 91-22-2839-5592
Facsimile: 91-22-2823-5405
Major Activities: Sales intermediation for and after-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

Investor Information

Founded
September 10, 1946

Incorporated
May 1, 1948

Number of Shares of Common Stock
(As of September 30, 2009)
Authorized: 550,000,000 shares
Issued: 396,502,117 shares

Number of Shareholders
(As of March 31, 2009)
33,473

Stock Listings
Tokyo Stock Exchange, Inc., First Section
Osaka Securities Exchange Co., Ltd., First Section

Quarterly Stock Price Range on Tokyo Stock Exchange (¥)

	2008				**2009**	
	1st	2nd	3rd	4th	1st	2nd
High	976	1,004	856	588	567	708
Low	653	734	540	357	415	520

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, 2009)

Name	Number of shares held (thousands)	Percentage of shareholding (%)
Japan Trustee Services Bank, Ltd. (Trust account)	55,157	14.4
The Master Trust Bank of Japan, Ltd. (Trust account)	27,091	7.1
Mizuho Bank, Ltd.	19,061	5.0
Trust & Custody Services Bank, Ltd. (Trust account)	11,775	3.1
Amada Foundation for Metal Work Technology	9,936	2.6
Nippon Life Insurance Company	7,750	2.0
The Joyo Bank, Ltd.	5,756	1.5
BNP Paribas Securities Services, London/Jas/Aberdeen Investment Funds, Investment Company with Variable Capital/Agency Lending	5,101	1.3
The Chase Manhattan Bank, N.A. London, Securities Lending Omnibus Account	4,730	1.2
Aioi Insurance Co., Ltd.	4,360	1.1

Note: The Company holds 14,491 thousand shares of treasury stock (14,492 thousand in the Company's Shareholders' Registry), and these stocks have been excluded from the above holdings of major shareholders.

Board of Directors and Corporate Auditors

(As of October 1, 2009)

President and Chief Executive Officer	Mitsuo Okamoto*
Senior Managing Director	Toshio Takagi
Managing Director	Yoshihiro Yamashita
Directors	Tsutomu Isobe Chikahiro Sueoka Atsushige Abe
Corporate Auditors	Ryoichi Hashimoto Takeshi Takahashi Chikara Shinozuka Hiroaki Sato

* Representative Director

AMADA CO., LTD.
200, Ishida, Isehara, Kanagawa 259-1196, Japan

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