AMADA Annual Report 2010

"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

To Our Shareholders and Investors

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, 2010, the Amada Group's consolidated performance figures were down considerably, and a net loss was recorded for the first time in seven years. The Company recorded orders of ¥137.5 billion (US$1,478.0 million) (down 32.7% from the previous fiscal year), net sales of ¥135.9 billion (US$1,461.5 million) (down 39.8%), an operating loss of ¥9.6 billion (US$103.7 million), and a net loss of ¥3.7 billion (US$40.1 million). Although we faced economic conditions of unprecedented harshness during the fiscal year, we deeply regret that we were unable to achieve a better performance.

Economic Environment

Reflecting the effects of economic measures implemented by individual countries, the global economy showed scattered signs of mustering a gradual recovery during the fiscal year. However, because many countries—with the exception of China, India, and certain other Asian countries—were suffering from credit contractions and unemployment problems, the economic situation continued to be extremely severe.

The machinery industry has been slowly emerging from its worst period in terms of trends in orders, but the difficulty of anticipating future trends has been undermining the motivation of the industry's customers to make new capital investments. This is keeping the machinery industry in a situation far from a full-fledged recovery.

Looking as prospective developments in the global economy, it appears that the economy is finally moving toward a fundamental recovery trend. However, the trend is weak in autonomous power, and it is projected that economic conditions will continue to be unstable, particularly with respect to the industrialized countries. On the other hand, it is also anticipated that the global economy will become increasingly dependent on the dynamic economic growth of China and other emerging countries.

While the machinery industry is expecting a general movement toward improvement in the profitability of its corporate customers, the difficulty of projecting future trends makes it impossible for the industry to anticipate a V-shaped recovery in its orders.

Preparing for the Next Era of Business Growth

Amid the previously mentioned harsh operating environment during the fiscal year under review, Amada implemented "aggressive and defensive strategies," moved ahead with measures to invest management resources in growth fields while concurrently striving to streamline its profit structure.

Going forward, against the backdrop of a progressive paradigm shift regarding industrial structures and market forces, the main focal point of Amada's management strategy calls for accurately assessing changes in the operating environment and developing effective policies for enabling the restoration of business growth. In this way, we are endeavoring to create businesses that will become important pillars of our business growth in the coming era.

Our policy objectives include the following:

- ■ Strengthen overseas operations while improving the efficiency of domestic marketing operations
  - Broaden the implementation scope of an expansion strategy focused on China and India
  - Leverage new solution centers in the United States and Germany to provide high-quality engineering services
  - Enhance the management efficiency of domestic operations through the consolidation of marketing bases and reassessment of personnel distribution
- ■ Emphasize laser machines and expand cutting/machine tool business
  - Move forward with measures in sheet-metalworking operations to increase emphasis on laser machines
  - Expand operations in non-sheet-metalworking fields with focus on cutting/machine tool business

Regarding the Mid-Term Management Plan described in last year's annual report—which was drafted based on consideration of conditions as of May 2009 and designed to guide our operations through March 2011—we have reevaluated the plan in light of such factors as the degree and length of our performance slump since May 2009 and drafted a new Mid-Term Management Plan covering the period through March 31, 2013.

(For more-detailed information on the new Mid-Term Management Plan, please see pages 10~13 of this report.)

Operating in Harmony with the Global Environment

Emphasizing the theme of "eco-manufacturing," Amada is moving ahead with various environmental initiatives aimed at promoting the sustained progress of both society and companies. In line with this objective, we are

- developing products associated with lower CO_2 emissions,
- reducing the CO_2 emissions generated by all stages of our business operations,
- contributing to the creation of a recycling-oriented society that efficiently utilizes resources,
- augmenting our efforts to reduce the use of restricted chemical substances, and
- promoting the "Amada forest" at our Fujinomiya Works as a model for achieving harmony between business activities and nature.

Dividends

Amada's fundamental dividend policy objectives are to sustain stable dividend levels while also seeking 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.

For the fiscal year ended March 31, 2010, although we were unable to avoid recording a net loss for the year, we carefully considered the scale of our internal reserves and the level of our liquidity on hand before determining dividend levels in accordance with our dividend policy. The Company's year-end dividend level was set at ¥5 (US$0.05) per share. Together with interim dividends of ¥5 per share, total dividends applicable to the fiscal year amounted to ¥10 (US$0.10) per share, or ¥6 per share below the level for the previous fiscal year.

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

June 2010

Mitsuo Okamoto
President and Chief Executive Officer
岡本満夫

Review of Operations by Product Segment

Sheet-Metal Processing Machines

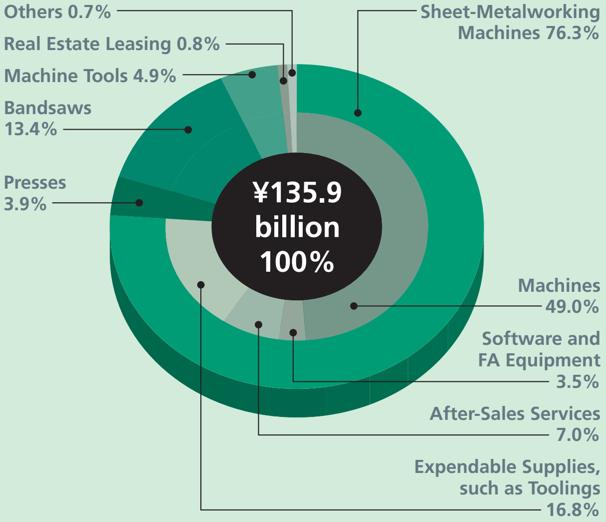
This business segment manufactures laser machines, punch presses, press brakes, and other products targeted at the sheet-metalworking market.

In this field, Amada is expanding its business scope through M&A transactions, developing new facilities, launching new tools, and making other kinds of investments aimed at realizing future business growth.

(1) TOYOKOKI CO., LTD. (currently Amada Toyo Co., Ltd.), an Aichi Prefecture-based press brake manufacturer, was transformed into a subsidiary, thereby bringing that company's products and technological development strengths within the Amada Group.

(2) Amada worked to strengthen its capabilities for engineering business in Europe through such measures as those to make equity investments in two companies—

Sales Composition by Group



Ab LKI Kaldman Oy, a Finland-based peripheral equipment manufacturer, and Computes S.p.A. (currently Amada Engineering Europe S.p.A.), an Italy-based software producer—and to develop its own Germany-based Haan Solution Center.

(3) Amada strove to upgrade and expand its service activities through such steps as those to establish a new parts center at the Fujinomiya Works and to introduce IT service cars.

Reflecting the large impact of the worldwide weakness of demand, Amada's Sheet-Metal Processing Machines segment sales amounted to ¥103.7 billion (US$1,114.8 million), down 37.8% from the previous fiscal year.

Presses

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

In this field, we are proposing diverse shaping technologies through our SDE series and SDEW series of servo-electrically driven presses, and we are undertaking marketing activities that give fundamental emphasis to highlighting the superior features of our products from both environmental and tax perspectives.

However, the lack of a recovery in demand in such mainstay markets as the automobile and electric machinery industries restrained segment sales to ¥5.3 billion (US$57.4 million), down 37.9% from the previous fiscal year.

Bandsaws

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

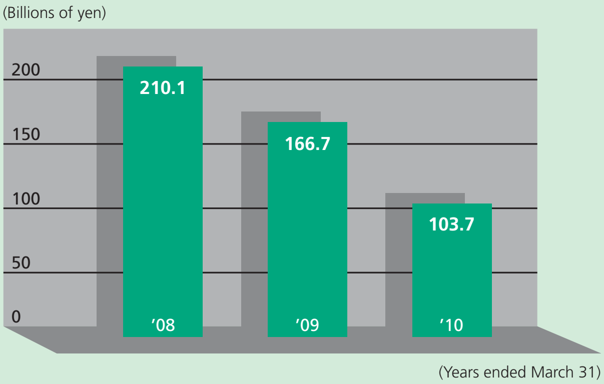
During the fiscal year under review, Amada integrated and reorganized its cutting tool product subsidiaries in Japan, the United States, and Europe. Units from these companies are now more actively striving to cooperatively address new sources of demand, strengthen marketing promotion programs, and realize greater marketing efficiency.

Regarding products, we have continued working to strengthen and expand our lineup of products ranging from the strategic "PC SAW series" of pulse-cutting bandsaws through the "H series" of standard conventional bandsaws.

With respect to consumables, we expanded our lineup of bandsaw blades with the launch of "AXCELA" carbide blades for difficult-to-cut materials and worked to develop new sources of demand.

Despite these efforts, however, segment sales decreased 44.1% year on year, to ¥18.2 billion (US$196.1 million).

Sheet-Metal Processing Machines Group Sales



Presses Group Sales

The Solution Center to be built in Haan, Germany

Machine Tools

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

During the fiscal year under review, measures were taken to unify machine tool operations with cutting tool operations and to expand the scope of business operations through M&A transactions and corporate alliances. Emphasis was placed on creating businesses that will be sources of profit in the future. Steps taken during the year include

(1) the acquisition of the grinder manufacturing and marketing operations of Germany-based Profiltec GmbH,

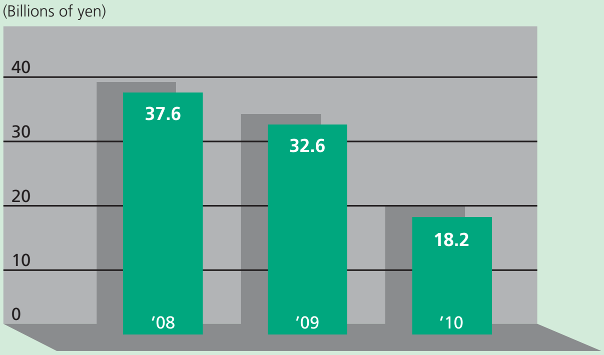
(2) the acquisition of the machine tool (surface- and profile-grinder) marketing operations of Germany-based TECNO.team GmbH, and

(3) the arrangement of an operational alliance in the surface grinding field with Nagase Integrex Co., Ltd., a Gifu Prefecture-based manufacturer of grinders.

Despite these initiatives, however, the impact of restrained capital investments by principal customers in automobile-related industries caused segment sales to drop 56.7% year on year, to ¥6.6 billion (US$71.5 million).

Bandsaws Group Sales

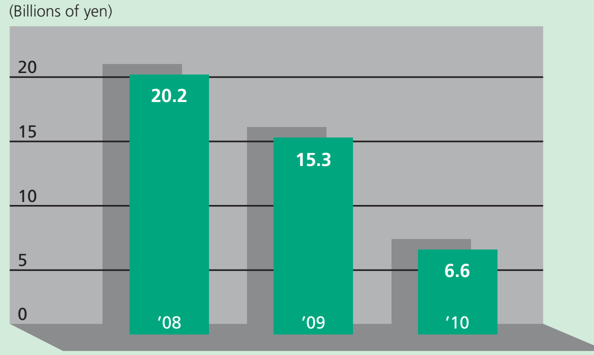
(Billions of yen)



(Years ended March 31)

Machine Tools Group Sales

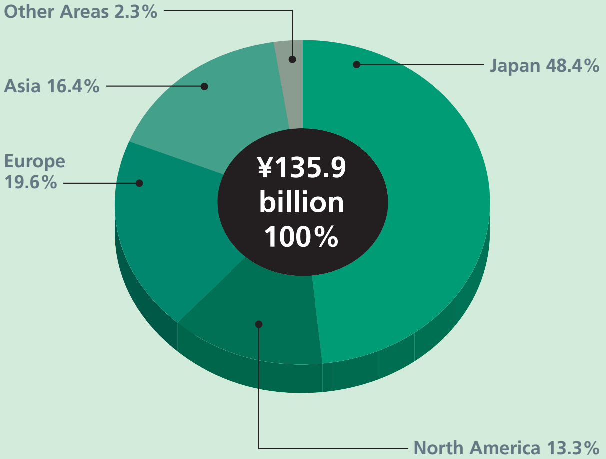
(Billions of yen)



(Years ended March 31)

Review of Operations by Main Region

Sales Composition by Region




Innovation Fair 2009 in Japan

The Solution Center to be built in Schaumburg, USA

Japan

In the Japanese market, a trend of year-on-year increase in monthly orders began from the end of 2009, but market conditions continued to be extremely harsh.

During the fiscal year under review, the Amada Group organized "Innovation Fair" private product exhibition events in each region of Japan. In this and other ways, the Group implemented measures aimed at directly stimulating demand.

On the other hand, Amada also began a fundamental reevaluation of the allocation of people and other resources within its domestic marketing systems, thereby striving to increase management efficiency.

However, sales in Japan dropped 34.6%, to ¥65.8 billion (US$707.3 million), owing to the slackness of demand from all types of industries.

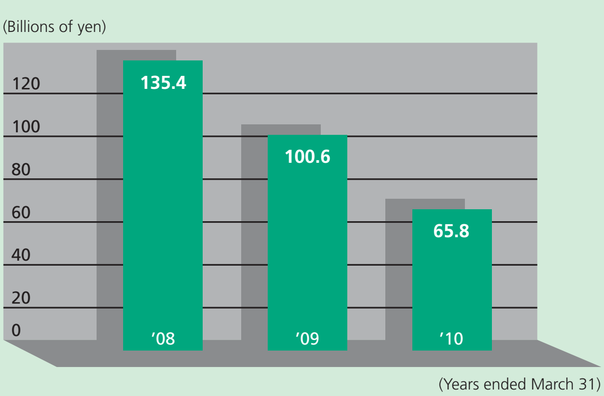
North America

In the United States, economic conditions bottomed out but the level of private-sector capital investment continued to be severely depressed.

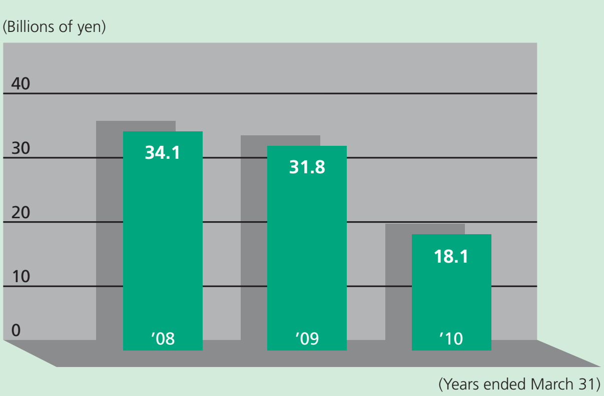
Having established the Schaumburg Solution Center in October 2008, Amada began the full-scale operation of that unit during the fiscal year under review. The Schaumburg Solution Center (in a suburb of Chicago, Illinois) is engaged in solution-proposal-type marketing activities that target the U.S. Midwest region's medium/thick plate processing and difficult-to-cut plate processing market segments.

Due to the low level of capital investments in North America, the Amada Group's sales in the region fell 43.1% year on year, to ¥18.1 billion (US$194.8 million).

Japan



North America



Europe

Regarding Europe, the progressive deterioration of economic conditions in the principal countries of Germany, France, and the United Kingdom appeared to halt during the fiscal year under review, but there was not any major improvement in the extremely harsh nature of conditions.

In the sheet-metal processing field, the Amada Group emphasized proactive measures to strengthen engineering business, including the acquisition of Ab LKI Kaldman Oy and Computes S.p.A. (currently Amada Engineering Europe S.p.A.) and the opening of the Group's Haan Solution Center.

In the cutting/machine tool field, the machine tool operations of newly acquired Profiltec GmbH and TECNO. team GmbH were reorganized as the core of newly established Amada Machine Tools Europe GmbH, based in Germany. Through these and other measures, Amada worked to establish new business systems.

However, the low level of demand along with the progressive appreciation of the yen against the euro caused sales in Europe to fall to ¥26.6 billion (US$286.5 million), down 50.9% from the previous fiscal year.

Asia

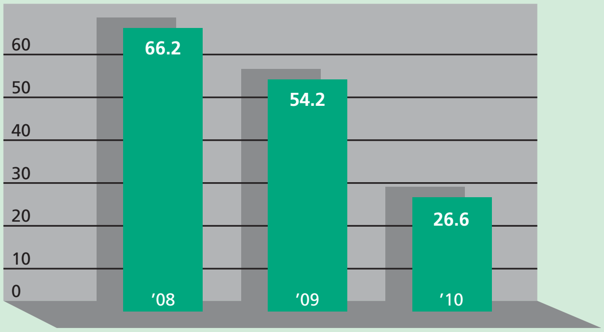
In Asia, the Chinese economy began recovering and signs of improvement were seen in the economies of Korea, Taiwan, and the ASEAN countries.

To expand its operations in the Asia region, the Amada Group is implementing strategies different from those employed in Japan, North America, and Europe. For example, the Group is moving ahead with measures to launch general-use products that are superior regarding cost factors, to make effective use of local marketing agents, and to proactively participate in local trade fair events.

Reflecting a large drop during the first half of the fiscal year, Amada Group sales in the Asia region decreased 34.2%, to ¥22.2 billion (US$238.8 million).

Europe

(Billions of yen)



(Years ended March 31)

Asia

(Billions of yen)

(Years ended March 31)

Amada's Mid-Term Management Plan
(April 2010 through March 2013)

In May 2009, Amada revised its Mid-Term Management Plan covering the period through the fiscal year ending March 31, 2011, which was repositioned as "a period of preparation for a subsequent growth period."

In view of dramatically changing conditions in the operating environment, we have drafted a new Mid-Term Management Plan designed to enable the Amada Group to realize a new period of business growth. The new plan covers the three fiscal years through March 2013. For the final fiscal year in that period, the plan calls for generating ¥230 billion in consolidated net sales (up 69% from the fiscal year ended March 2010) and ¥26.6 billion in operating income.


Toki Works, Japan (graphic rending of planned structure)

Changes in the Operating Environment and Related Challenges

For the fiscal year ended March 2010, Amada registered a net loss for the first time in seven years, but the Company believes that its performance has already bottomed out and begun moving toward a trend of recovery. However, conditions in the operating environment are continuing to change greatly. The appreciation of the yen and surging raw materials prices are placing downward pressure on profitability, while paradigm shifts involving industrial structures and market forces are complicating the strategic issues Amada is facing.

Changes in the Operating Environment and Related Challenges	Strategic Countermeasures for Generating New Business Opportunities
Economic growth led by emerging countries • Intensifying price competition • Operating in markets with many political restrictions	• Strengthen manufacturing operations in China (sheet metal/cutting) • Launch mid-range entry models • Upgrade marketing infrastructure (Solution centers, Technical centers, etc.)
Paradigm Shift Regarding Industrial Structures • Responses to such new markets as those related to environmental issues and energy • Growth in high-mix/low-volume production and mixed-variety/mixed-volume production	• Strengthen product lineups regarding laser products • Expand solution business • Expand cutting/machine tool business
Deflation in Japan and Progressive Yen Appreciation • Shift to overseas manufacturing facilities • Drop in overseas price-competitiveness	• Build flexible overseas manufacturing systems • Reform domestic marketing mechanisms to improve per head efficiency
Corporate Management Emphasis on Environmental Issues • Increase in environment-friendly product design • Rise in environment-friendly measures at manufacturing sites	• Strengthen and expand the lineup of environment-friendly products • Reduce CO_2 emissions by 25%

Basic Policies for Attaining Mid-Term Management Plan Targets

In view of the various changes in the operating environment, Amada has drafted four basic policies designed to help the Company attain its Mid-Term Management Plan targets.

1. Finance

Enhancing management efficiency

- **Reevaluate costs in light of market volumes**
- **Build business systems with a break-even point (BEP) of ¥150 billion in net sales**

Regarding financial policies, the central goal is to lower the BEP. While its previous business expansion strategies boosted BEP to roughly ¥170 billion, Amada is intent on building business systems with a BEP of ¥150 billion.

Specifically, the Company plans to increase fixed cost efficiency by reforming domestic marketing structures and shifting management resources to growth markets. We are also endeavoring to reduce our cost of sales through measures to optimize manufacturing and procurement operations and to improve our profit ratios by launching new products.

2. Products

Increasing the new-product share of sales to 40%

- **Launch new products that meet diverse needs, including environment-friendly products and global middle-market products**
- **Strengthen the lineup of laser products**

A key requirement for realizing the financial policy objectives is the launch of new product models that are tailored to meet diverse market needs.

We are strengthening and expanding our lineup of environment-friendly products that are designed with emphasis on productivity factors as well as energy conservation and other environment-friendliness characteristics. In addition, for emerging markets that are expected to grow in the future, we are launching middle-entry models that offer a smaller range of functions but can be marketed at lower prices.

3. Regions

Accelerating the global shift

- **Implement strategies for expanding operations in emerging markets**
- **Invest in marketing infrastructure and localize manufacturing operations**
- **Strengthen marketing and service systems**

With respect to geographic regions, Amada's policies call for implementing a global shift in its operations.

While overseas sales accounted for roughly half of the Company's sales in the fiscal year ended March 2010, plans call for increasing the overseas sales ratio to 57% by the fiscal year ending March 2013. Emerging markets are expected to play a key role in driving the expansion of overseas sales, and we plan to proactively invest in marketing and manufacturing infrastructure in those markets.

In North America and Europe, we are working to expand business operations focused on such highly differentiated products as software and robot systems.

4. Business

Expanding cutting/machine tool business

- **Expand overseas markets by leveraging both direct marketing and agency systems**
- **Strengthen the supply system (restart the Toki Works construction project)**

Looking at business policies, Amada has the objective of becoming a comprehensive metalworking machinery manufacturer by supplementing its existing business in sheet metal processing equipment with additional types of business that will constitute a second major pillar of the Company's operations.

In October 2009, Amada integrated two Group companies that had previously focused on expanding business in cutting equipment and in machine tools, thereby creating Amada Machine Tools Co., Ltd. This move has facilitated our proactive efforts to expand overseas operations through the arrangement of M&A transactions and business alliances.

Going forward, Amada will be emphasizing three points: (1) strengthening agency sales systems that make use of such units as major trading companies, (2) strengthening supply capabilities and cost-competitiveness through overseas manufacturing operations, and (3) constructing an optimal facility at the Toki Works in Gifu Prefecture, which will play a key role in giving the Amada Group a solid business foundation.

Capital Policies and Investment Plans

To attain the targets of the Mid-Term Management Plan, Amada is planning to implement a total of ¥25.3 billion in investments over three years. Investments during the fiscal year ended March 2010 amounted to ¥11.5 billion, and future investments will be kept to the minimum feasible level.

Regarding projected dividend levels, dividends for the fiscal year ending March 2011 are expected to amount to ¥10 per share, for a dividend payout ratio of 96%. In subsequent years, however, we are aiming to position ourselves to increase dividend levels while seeking to keep dividend payout ratios in the vicinity of 30%.

The Development Center at the Fujinomiya Works

Financial Highlights

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

	Millions of yen				
	2010	2009	2008	2007	2006
For the year:					
Net sales	**¥135,979**	¥225,789	¥284,218	¥262,239	¥221,780
Sales to foreign customers	**70,166**	125,181	148,726	126,545	100,573
Cost of sales	**89,375**	131,866	156,512	145,820	125,133
Gross profit	**46,604**	93,922	127,706	116,419	96,646
Selling, general and administrative expenses	**60,165**	78,166	82,786	76,646	68,426
Net changes in deferred profit on installment sales and finance lease sales	**3,905**	2,945	18	(684)	100
Operating income (loss)	**(9,654)**	18,701	44,939	39,088	28,320
Other income (expenses)—net	**4,627**	(5)	2,623	6,687	5,008
Income (loss) before income taxes and minority interests	**(5,027)**	18,696	47,563	45,775	33,328
Net income (loss)	**(3,739)**	8,488	28,337	27,506	22,297
Purchases of property, plant and equipment	**10,861**	12,163	19,651	11,940	5,801
Depreciation and amortization	**8,256**	8,575	10,042	8,915	8,808
Research and development costs	**5,457**	5,982	6,916	6,372	5,302
At year-end:					
Total equity	**¥388,667**	¥392,636	¥425,588	¥418,969	¥394,691
Total assets	**468,178**	479,947	543,535	545,473	511,248
Total long-term liabilities	**25,424**	24,021	28,979	30,451	33,308
Per share of common stock (yen):					
Net income (loss)—					
Basic	**¥ (9.79)**	¥ 22.12	¥ 72.82	¥ 70.20	¥ 56.59
Diluted			72.80	70.13	56.53
Cash dividends applicable to the year	**10.00**	16.00	22.00	20.00	16.00
Sales composition:					
Sheet metal processing machines:					
Machines	**¥ 66,636**	¥115,718	¥149,971	¥131,529	¥105,368
Software and FA equipment	**4,798**	6,578	8,844	8,772	8,249
After-sales services	**9,435**	11,072	11,528	10,708	9,977
Expendable supplies, such as toolings	**22,852**	33,366	39,780	39,277	33,594
	¥103,723	¥166,736	¥210,124	¥190,286	¥157,189
Bandsaws	**¥ 18,248**	¥ 32,643	¥ 37,687	¥ 34,212	¥ 30,702
Presses	**5,342**	8,596	12,762	12,618	11,240
Machine tools	**6,659**	15,367	20,266	20,682	18,804
Real estate leasing	**1,060**	1,083	1,646	1,623	1,647
Others	**945**	1,362	1,731	2,815	2,196
Total	**¥135,979**	¥225,789	¥284,218	¥262,239	¥221,780
Number of employees	**5,870**	6,005	5,747	5,516	5,071

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 2010, the world economy began to show signs of moderate improvement, in part because of the positive impact of policies adopted by countries around the world. However, with the exception of certain Asian countries, including China and India, serious conditions persisted in many economies owing to anxiety about a credit contraction and unemployment issues.

In the machinery industry, trends in orders have passed through the worst phase of the downturn, but, because of uncertainty about future trends, the drive to invest among customer corporations is weak, and full-scale recovery will take considerably more time.

EARNINGS

In the fiscal year under review, on a consolidated basis, both orders and net sales decreased substantially year on year, reflecting the impact of lackluster capital investments both in Japan and overseas. Orders declined 32.7% from the previous fiscal year, to ¥137.5 billion (US$1,478.0 million), and net sales dropped 39.8%, to ¥135.9 billion (US$1,461.5 million).

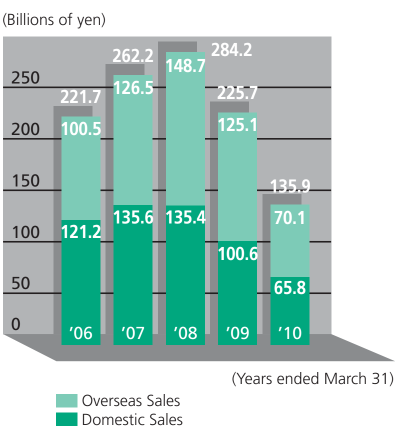
Regarding profitability, the sharp decline in net sales as well as the sharp appreciation of the yen and the impact of production adjustments led to a deterioration in the gross profit margin. As a consequence, the Company reported an operating loss of ¥9.6 billion (US$103.7 million) and was obliged to report a net loss of ¥3.7 billion (US$40.1 million).

FINANCIAL POSITION

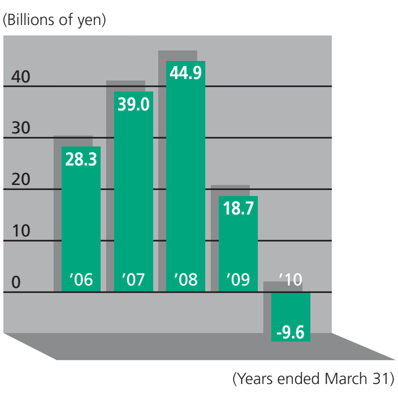
At the end of fiscal 2010, total assets on a consolidated basis stood at ¥468.1 billion (US$5,032.0 million), down 2.5% from a year earlier. Current assets decreased 5.3%, to ¥268.4 billion (US$2,885.2 million), owing mainly to the decline in inventories of merchandise and finished products. Tangible fixed assets rose 2.8%, to ¥106.6 billion (US$1,146.3 million), as a result of an increase in buildings and structures as well as other items.

Total current liabilities decreased 14.5% year on year, to ¥54.0 billion (US$581.3 million), because of a decline in notes and accounts payable. Long-term liabilities rose 5.8% year on year, to ¥25.4 billion (US$273.2 million), mainly because of an increase in long-term debt.

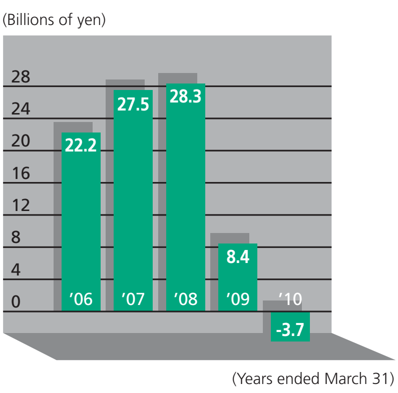
Domestic Sales and Overseas Sales



Operating Income (Loss)



Net Income (Loss)



Consolidated net assets at the end of fiscal 2010 stood at ¥388.6 billion (US$4,177.4 million), down 1.0% from the end of the previous fiscal year. As a result, the shareholders' equity ratio at the end of the fiscal year increased to 82.6%, from 81.3% at the end of the previous fiscal year.

CASH FLOWS

Consolidated cash and cash equivalents at the end of the fiscal year amounted to ¥83.0 billion (US$892.6 million), up ¥10.9 billion from the previous fiscal year-end.

CASH FLOW PROVIDED BY OPERATING ACTIVITIES

Net cash provided by operating activities totaled ¥18.2 billion (US$195.7 million). Although income (loss) before income taxes and minority interests was a loss for the fiscal year, net cash provided by operating activities was ¥7.1 billion higher than in the previous fiscal year. This was primarily because of an increase in items contributing to operating cash flow, including a decrease in inventories and income taxes refunded.

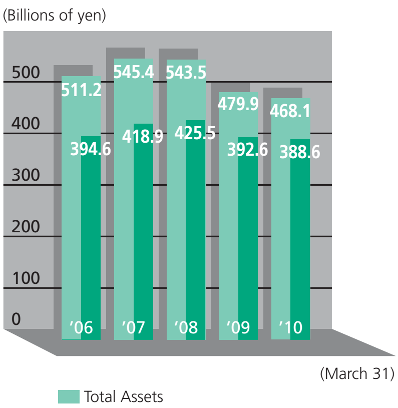
CASH FLOW USED IN INVESTING ACTIVITIES

Net cash used in investing activities amounted to ¥9.8 billion (US$106.1 million), up ¥5.2 billion compared with the previous fiscal year. The main reason for this increase was a rise in cash outlays for purchases of investment securities.

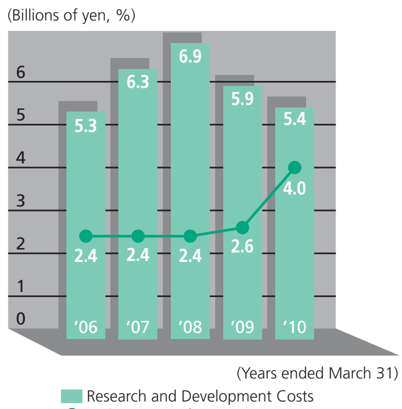
CASH FLOW PROVIDED BY (USED IN) FINANCING ACTIVITIES

Net cash provided by financing activities totaled ¥1.5 billion (US$16.4 million). The principal factors leading to an inflow of cash from financial activities, compared with an outflow of ¥13.7 billion in the previous fiscal year, were a net increase in short-term bank loans, the absence of payments, compared with the previous fiscal year, for the purchase of treasury stock from the market, and a decline in cash dividends paid.

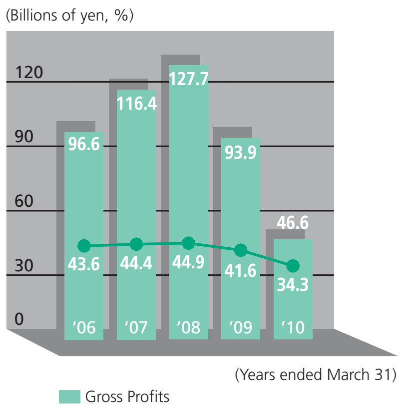
Total Assets and Net Assets



Research and Development Costs and Ratio to Net Sales



Gross Profit and Ratio to Net Sales



Consolidated Financial Statements

Consolidated Statements of Operations

Amada Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2010, 2009 and 2008

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2010	2009	2008	**2010**
Net sales (Note 2)	**¥135,979**	¥225,789	¥284,218	**$1,461,517**
Cost of sales	**89,375**	131,866	156,512	**960,608**
Gross profit	**46,604**	93,922	127,706	**500,908**
Selling, general and administrative expenses (Note 12)	**60,165**	78,166	82,786	**646,657**
Net changes in deferred profit on installment sales and finance lease sales	**3,905**	2,945	18	**41,978**
Operating income (loss)	**(9,654)**	18,701	44,939	**(103,770)**
Other income (expenses):				
Interest and dividend income	**3,206**	3,980	4,836	**34,463**
Interest expense	**(353)**	(484)	(743)	**(3,804)**
Equity in earnings (losses) of unconsolidated subsidiaries and associated companies	**113**	(220)	218	**1,223**
Foreign exchange gain (loss)	**524**	(5,586)	(3,672)	**5,640**
Gain on sales of fixed assets	**508**	26	42	**5,466**
Loss on disposals of fixed assets	**(609)**	(99)	(315)	**(6,549)**
Gain on sales of investment securities	**529**	1	1,019	**5,685**
Employees' retirement special benefits	**(851)**			**(9,152)**
Other, net (Note 11)	**1,559**	2,376	1,237	**16,759**
Other income (expenses)—net	**4,627**	(5)	2,623	**49,733**
Income (loss) before income taxes and minority interests	**(5,027)**	18,696	47,563	**(54,036)**
Income taxes (Note 8):				
Current	**(45)**	6,859	17,770	**(490)**
Deferred	**(1,361)**	2,871	501	**(14,635)**
Total income taxes	**(1,407)**	9,731	18,271	**(15,125)**
Minority interests in net income	**119**	476	953	**1,281**
Net income (loss)	**¥ (3,739)**	¥ 8,488	¥ 28,337	**$ (40,192)**

	Yen			U.S. dollars (Note 1)
Per share of common stock ((Notes 1 x) and 17):				
Net income (loss)—				
Basic	**¥ (9.79)**	¥ 22.12	¥ 72.82	**$ (0.10)**
Diluted			72.80	
Cash dividends applicable to the year	**10.00**	16.00	22.00	**0.10**

See notes to consolidated financial statements.

Consolidated Balance Sheets

Amada Co., Ltd. and Consolidated Subsidiaries
March 31, 2010 and 2009

ASSETS	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 1) 2010
Current assets:			
Cash and cash equivalents (Notes 3 and 15)	**¥ 83,048**	¥ 72,126	**$ 892,608**
Short-term investments (Notes 3, 5 and 15)	**12,542**	9,460	**134,806**
Notes and accounts receivable (Notes 2, 5 and 15)—			
Trade	**99,139**	102,794	**1,065,560**
Unconsolidated subsidiaries and associated companies	**749**	971	**8,053**
Other	**2,447**	2,575	**26,300**
Allowance for doubtful receivables	**(3,002)**	(2,417)	**(32,275)**
Investments in lease (Notes 13 and 15)	**10,673**	11,841	**114,724**
Inventories (Note 4)	**56,271**	75,529	**604,809**
Deferred tax assets (Note 8)	**3,336**	4,966	**35,856**
Prepaid expenses and other current assets (Note 13)	**3,236**	5,753	**34,781**
Total current assets	**268,441**	283,600	**2,885,226**
Property, plant and equipment:			
Land (Note 5)	**35,694**	35,178	**383,646**
Buildings and structures (Note 5)	**112,398**	105,402	**1,208,070**
Machinery and equipment (Note 5)	**45,900**	45,031	**493,345**
Buildings, structures and land for rent (Note 6)	**20,398**	23,449	**219,247**
Lease assets	**1,405**	1,025	**15,103**
Construction in progress	**2,745**	3,437	**29,513**
Total	**218,544**	213,525	**2,348,928**
Accumulated depreciation	**(111,888)**	(109,756)	**(1,202,583)**
Net property, plant and equipment	**106,655**	103,769	**1,146,344**
Investments and other assets:			
Investment securities (Notes 3, 5 and 15)	**56,056**	56,623	**602,494**
Investments in and advances to unconsolidated subsidiaries and associated companies	**3,462**	2,792	**37,214**
Goodwill	**3,638**	2,871	**39,103**
Software	**3,496**	3,656	**37,584**
Deferred tax assets (Note 8)	**15,736**	13,699	**169,139**
Other assets (Note 13)	**10,691**	12,933	**114,907**
Total investments and other assets	**93,081**	92,577	**1,000,444**
Total	**¥468,178**	¥479,947	**$5,032,015**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 1) 2010
Current liabilities:			
Short-term bank loans (Notes 5 and 15)	**¥ 10,371**	¥ 4,678	**$ 111,471**
Current portion of long-term debt (Notes 5, 13 and 15)	**1,425**	610	**15,324**
Notes and accounts payable (Note 15)—			
Trade	**8,688**	16,480	**93,389**
Unconsolidated subsidiaries and associated companies	**455**	609	**4,892**
Other	**3,174**	4,883	**34,114**
Deferred profit on installment sales (Note 2)	**17,737**	21,227	**190,642**
Accrued expenses	**6,333**	8,242	**68,070**
Income taxes payable	**776**	948	**8,346**
Other current liabilities (Note 8)	**5,123**	5,606	**55,072**
Total current liabilities	**54,086**	63,289	**581,324**
Long-term liabilities:			
Long-term debt (Notes 5, 13 and 15)	**2,981**	1,309	**32,040**
Liability for employees' retirement benefits (Note 7)	**12,635**	12,805	**135,810**
Retirement allowance for directors and corporate auditors (Note 7)	**91**	35	**981**
Deposits received (Notes 6 and 15)	**3,649**	3,767	**39,229**
Negative goodwill	**794**	894	**8,534**
Other long-term liabilities (Note 8)	**5,272**	5,209	**56,670**
Total long-term liabilities	**25,424**	24,021	**273,266**
Commitments and contingent liabilities (Notes 13, 14 and 16)			
Equity (Notes 9, 10 and 20):			
Common stock—			
Authorized—550,000 thousand shares			
Issued—396,502 thousand shares (2010 and 2009)	**54,768**	54,768	**588,652**
Capital surplus	**163,199**	163,199	**1,754,075**
Retained earnings	**203,865**	211,424	**2,191,154**
Net unrealized loss on available-for-sale securities	**(4,060)**	(5,722)	**(43,639)**
Deferred loss on derivatives under hedge accounting	**(3)**		**(33)**
Land revaluation difference (Note 1 j)	**(7,927)**	(7,927)	**(85,202)**
Foreign currency translation adjustments	**(13,911)**	(16,611)	**(149,522)**
Treasury stock, at cost—			
14,572 thousand shares in 2010 and 14,491 thousand shares in 2009	**(9,081)**	(9,031)	**(97,613)**
Total	**386,848**	390,098	**4,157,871**
Minority interests	**1,819**	2,537	**19,552**
Total equity	**388,667**	392,636	**4,177,424**
Total	**¥468,178**	¥479,947	**$5,032,015**

Consolidated Statements of Changes in Equity

Amada Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2010, 2009 and 2008

	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	Deferred loss on derivatives under hedge accounting	Land revaluation difference	Foreign currency translation adjustments	Treasury stock	Total	Minority interests	Total equity
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
Appropriations:													
Cash dividends, ¥10.00 per share					**(3,819)**						**(3,819)**		**(3,819)**
Net loss					**(3,739)**						**(3,739)**		**(3,739)**
Acquisition of treasury stock		**88**								**(54)**	**(54)**		**(54)**
Disposal of treasury stock		**(7)**			**(0)**					**4**	**4**		**4**
Net change in the year						**1,662**	**¥(3)**		**2,699**		**4,359**	**(717)**	**3,641**
Balance, March 31, 2010	**396,502**	**14,572**	**¥54,768**	**¥163,199**	**¥203,865**	**¥(4,060)**	**¥(3)**	**¥(7,927)**	**¥(13,911)**	**¥(9,081)**	**¥386,848**	**¥1,819**	**¥388,667**

	Thousands of U.S. dollars (Note 1)										
	Common stock	Capital surplus	Retained earnings	Net unrealized gain (loss) on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Land revaluation difference	Foreign currency translation adjustments	Treasury stock	Total	Minority interests	Total equity
Balance, March 31, 2009	$588,652	$1,754,075	$2,272,405	$(61,507)		$(85,202)	$(178,538)	$(97,075)	$4,192,807	$27,269	$4,220,077
Appropriations:											
Cash dividends, ¥10.00 per share			**(41,056)**						**(41,056)**		**(41,056)**
Net loss			**(40,192)**						**(40,192)**		**(40,192)**
Acquisition of treasury stock								**(586)**	**(586)**		**(586)**
Disposal of treasury stock			**(1)**					**49**	**47**		**47**
Net change in the year				**17,868**	**$(33)**		**29,016**		**46,851**	**(7,716)**	**39,134**
Balance, March 31, 2010	**$588,652**	**$1,754,075**	**$2,191,154**	**$(43,639)**	**$(33)**	**$(85,202)**	**$(149,522)**	**$(97,613)**	**$4,157,871**	**$19,552**	**$4,177,424**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Amada Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2010, 2009 and 2008

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2010	2009	2008	**2010**
Operating activities:				
Income (loss) before income taxes and minority interests	**¥ (5,027)**	¥18,696	¥47,563	**$ (54,036)**
Adjustments for:				
Income taxes refunded (paid)	**1,334**	(16,196)	(20,377)	**14,342**
Depreciation and amortization	**8,256**	8,575	10,042	**88,741**
(Gain) loss on sales of fixed assets	**(439)**	47	174	**(4,723)**
(Gain) loss on sales of investment securities	**(521)**	2	(1,012)	**(5,603)**
Loss on impairment of investment securities	**178**	362	59	**1,917**
Equity in (earnings) losses of unconsolidated subsidiaries and associated companies	**(113)**	220	(218)	**(1,223)**
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	**2,403**	22,206	(1,164)	**25,831**
Decrease in investments in lease	**1,517**	751		**16,306**
Decrease (increase) in inventories	**21,093**	(16,563)	(10,882)	**226,717**
(Decrease) increase in payables	**(9,676)**	(1,210)	1,232	**(104,004)**
Decrease in liabilities for employees' retirement benefits	**(539)**	(1,289)	(1,125)	**(5,797)**
Other—net	**(251)**	(4,588)	2,032	**(2,704)**
Total adjustments	**23,241**	(7,681)	(21,240)	**249,799**
Net cash provided by operating activities	**18,213**	11,014	26,322	**195,762**
Investing activities:				
Proceeds from sales and redemption of marketable securities	**8,358**	11,888	6,103	**89,842**
Purchases of marketable securities	**(2,489)**	(799)	(1,000)	**(26,756)**
Proceeds from sales of property, plant and equipment	**1,029**	203	213	**11,063**
Purchases of property, plant and equipment	**(10,861)**	(12,163)	(19,651)	**(116,744)**
Purchases of intangible assets	**(1,402)**	(1,724)	(2,225)	**(15,072)**
Proceeds from sales and redemption of investment securities	**8,396**	6,594	12,187	**90,242**
Purchases of investment securities	**(13,829)**	(9,268)	(10,232)	**(148,637)**
Payment for purchase of consolidated subsidiaries stock from minority interests	**(597)**	(26)	(1,048)	**(6,426)**
Payment for purchase of newly consolidated subsidiaries, net of cash acquired	**(409)**			**(4,406)**
Payment for purchase of associated companies' stock	**(667)**			**(7,178)**
Proceeds from payback of long-term deposits	**1,000**			**10,748**
Purchase of long-term time deposits	**(1,000)**		(2,000)	**(10,748)**
Other—net	**2,601**	714	483	**27,963**
Net cash used in investing activities	**(9,872)**	(4,580)	(17,168)	**(106,109)**
Financing activities:				
Net increase (decrease) in short-term bank loans	**5,460**	215	(3,851)	**58,685**
Proceeds from long-term debt	**1,000**	517	6	**10,748**
Repayment of long-term debt	**(951)**	(829)	(381)	**(10,225)**
Payment for purchase of treasury stock from the market		(4,999)	(4,999)	
Cash dividends paid	**(3,832)**	(8,472)	(8,578)	**(41,195)**
Other—net	**(146)**	(173)	(338)	**(1,575)**
Net cash provided (used) in financing activities	**1,529**	(13,742)	(18,143)	**16,437**
Foreign currency translation adjustments on cash and cash equivalents	**1,051**	(7,389)	264	**11,302**
Net increase (decrease) in cash and cash equivalents	**10,922**	(14,697)	(8,724)	**117,392**
Cash and cash equivalents of newly consolidated subsidiaries			16	
Cash and cash equivalents, beginning of year	**72,126**	86,823	95,532	**775,216**
Cash and cash equivalents, end of year	**¥83,048**	¥72,126	¥86,823	**$892,608**
Additional information:				
Assets acquired and liabilities assumed in purchase of newly consolidated subsidiaries:				
Assets acquired	**¥ 3,778**			**$ 40,615**
Liabilities assumed	**(3,337)**			**(35,875)**
Cash paid for the capital	**1,332**			**14,323**
Goodwill	**672**			**7,227**
Minority interest	**219**			**2,354**

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.

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 2009 and 2008 consolidated financial statements in order for them to conform to the classifications and presentations used in 2010.

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 ¥93.04 to US$1, the rate of exchange at March 31, 2010. 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, 2010 include the accounts of the Company and its 52 (49 in 2009 and 50 in 2008) 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 2009 and 2008) unconsolidated subsidiaries and 4 (3 in 2009 and 2008) 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.

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, funds in trust 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 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.

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 is 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 operations. Continuous readjustment is not permitted.

As at March 31, 2010, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥6,766 million ($72,727 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

Bonuses to directors and corporate auditors are accrued at the year-end to which such bonuses are attributable.

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 7).

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.

o) Stock options

In December 2005, the ASBJ issued ASBJ Statement No. 8, "Accounting Standard for Stock Options", and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006. This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value. The Company has applied this accounting standard for stock options to those granted on and after May 1, 2006.

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 operations 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 statements of operations reflected the increasing presence of consolidated foreign subsidiaries.

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 operations. 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.

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.

w) Derivatives

The Companies use derivative financial instruments to manage their exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts, currency options and interest rate swaps are utilized by the Companies to reduce foreign currency exchange and interest rate 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 Company enters into foreign currency forward contracts to hedge market risk from the changes in foreign exchange rates associated with assets and liabilities denominated in foreign currencies. 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. The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

The Company enters into interest rate swap agreements as a means of managing its interest rate exposure. Interest rate swaps effectively convert some fixed rate assets or debts to a floating basis, or convert some floating rate assets or debts to a fixed basis.

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 381,866 thousand shares in 2010, 383,802 thousand shares in 2009 and 389,149 thousand shares in 2008. Diluted net income per share is not disclosed because of the Company's net loss position in 2010 and because it was anti-dilutive in 2009.

Cash dividends per share presented in the accompanying consolidated statements of operations 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.

Accounting Changes and Error Corrections

In December 2009, ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections", and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows:

(1) Changes in Accounting Policies:
When a new accounting policy is applied with a revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations
When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates
A change in an accounting estimate is accounted for in the period of the change if the change affects that period only and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior Period Errors
When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

Segment Information Disclosures

In March 2008, the ASBJ revised ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures", and issued ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures". Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

2 NOTES AND ACCOUNTS RECEIVABLE

Sales on an installment basis consisted of 10%, 7% and 7% of consolidated net sales in the years ended March 31, 2010, 2009 and 2008, respectively.

Annual maturities of notes—trade at March 31, 2010 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):				
2011	¥19,045	¥ 5,200	$ 204,706	$ 55,897
2012	9,899	4,061	106,399	43,649
2013	7,932	3,222	85,261	34,634
2014	5,888	2,415	63,295	25,962
2015	4,040	1,590	43,429	17,095
2016 and thereafter	3,570	1,246	38,378	13,402
Subtotal	50,378	17,737	541,469	190,642
Less—notes from unconsolidated subsidiaries and associated companies	(181)		(1,946)	
Add—accounts receivable	48,942		526,037	
Total notes and accounts receivable	¥99,139	¥17,737	$1,065,560	$190,642

3 SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Current:			
Government and corporate bonds	**¥10,127**	¥ 6,744	**$108,853**
Trust fund investments and other	**2,414**	2,715	**25,952**
Total	**¥12,542**	¥ 9,460	**$134,806**
Non-current:			
Marketable equity securities	**¥ 4,766**	¥ 5,611	**$ 51,226**
Government and corporate bonds	**30,669**	29,740	**329,638**
Trust fund investments and other	**20,620**	21,270	**221,629**
Total	**¥56,056**	¥56,623	**$602,494**

The carrying amounts and aggregate fair values of the securities classified as available-for-sale securities at March 31, 2010 and 2009 were as follows:

	Millions of yen			
March 31, 2010	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	**¥ 4,274**	**¥1,113**	**¥ 622**	**¥ 4,766**
Government and corporate bonds	**43,188**	**170**	**2,580**	**40,777**
Trust fund investments and other	**24,264**	**119**	**4,675**	**19,707**
Total	**¥71,727**	**¥1,403**	**¥7,879**	**¥65,251**

	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

March 31, 2010	Thousands of U.S. dollars Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	**$ 45,942**	**$11,973**	**$ 6,689**	**$ 51,226**
Government and corporate bonds	**464,190**	**1,828**	**27,738**	**438,279**
Trust fund investments and other	**260,795**	**1,280**	**50,257**	**211,819**
Total	**$770,928**	**$15,082**	**$84,685**	**$701,325**

The carrying amounts of available-for-sale securities whose fair values are not readily determinable as of March 31, 2009 were as follows. The similar information for 2010 is disclosed in Note 15.

	Millions of yen 2009
Available-for-sale:	
Equity securities	¥ 213
Investments in partnership and other	1,138
Total	¥1,352

Proceeds from sales of available-for-sale securities for the year ended March 31, 2009 were ¥907 million. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥1 million and ¥3 million, respectively, for the year ended March 31, 2009.

The information for available-for-sale securities which were sold during the year ended March 31, 2010 was follows:

March 31, 2010	Millions of yen Proceeds	Realized gains	Realized loss
Available-for-sale:			
Equity securities	**¥ 920**	**¥403**	**¥7**
Government and corporate bonds	**550**	**106**	
Trust fund investments and other	**2,656**	**193**	
Total	**¥4,127**	**¥703**	**¥7**

March 31, 2010	Thousands of U.S. dollars Proceeds	Realized gains	Realized loss
Available-for-sale:			
Equity securities	**$ 9,896**	**$4,338**	**$82**
Government and corporate bonds	**5,918**	**1,145**	
Trust fund investments and other	**28,550**	**2,075**	
Total	**$44,365**	**$7,559**	**$82**

Impairment losses on available-for-sale equity securities for the years ended March 31, 2010 and 2009 were ¥23 million ($248 thousand) and ¥362 million, respectively, and impairment losses on available-for-sale government and corporate bonds for the year ended March 31, 2010 were ¥140 million ($1,508 thousand).

4 INVENTORIES

Inventories at March 31, 2010 and 2009 consisted of the following:

	Millions of yen 2010	2009	Thousands of U.S. dollars 2010
Merchandise and finished products	**¥41,781**	¥59,075	**$449,070**
Work in process	**4,740**	3,746	**50,950**
Raw materials and parts	**9,749**	12,708	**104,787**
Total	**¥56,271**	¥75,529	**$604,809**

5 SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Interest rates ranging from 0.86% to 3.10% at March 31, 2010 and from 0.97% to 7.00% at March 31, 2009	**¥10,371**	¥4,678	**$111,471**

Long-term debt at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Loans from banks, 0.70% to 3.77% (1.00% to 6.50% in 2009), due serially to 2019:			
Collateralized	**¥1,590**	¥ 194	**$17,093**
Unsecured	**1,335**	490	**14,349**
Obligations under finance leases	**1,481**	1,234	**15,921**
Total	**4,406**	1,919	**47,364**
Less—current portion	**(1,425)**	(610)	**(15,324)**
Long-term debt, less current portion	**¥2,981**	¥1,309	**$32,040**

The annual maturities of long-term debt, excluding finance leases (see Note 15), at March 31, 2010 were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2011	¥1,425	$15,324
2012	1,711	18,398
2013	658	7,077
2014	335	3,611
2015	99	1,069
2016 and thereafter	175	1,883
Total	¥4,406	$47,364

The carrying amounts of assets pledged as collateral for short-term bank loans of ¥536 million ($5,768 thousand) and long-term debt of ¥1,053 million ($11,325 thousand) at March 31, 2010 were as follows:

	Millions of yen	Thousands of U.S. dollars
Short-term investments	¥ 70	$ 752
Notes and accounts receivable	34	368
Buildings and structures	189	2,038
Machinery and equipment	3	32
Land	292	3,146
Investment securities	166	1,791

6 DEPOSITS RECEIVED

Deposits received are collateralized by investments in lease for real estate having a book value of ¥2,116 million ($22,751 thousand), of which ¥398 million ($4,284 thousand) are secured debt at March 31, 2010.

7 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, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Projected benefit obligation	**¥39,127**	¥37,983	**$420,539**
Fair value of plan assets	**(25,104)**	(20,553)	**(269,826)**
Unrecognized prior service cost	**4,246**	5,300	**45,641**
Unrecognized actuarial gain	**(5,632)**	(9,925)	**(60,543)**
Net liability	**¥12,635**	¥12,805	**$135,810**

The components of net periodic benefit costs for the years ended March 31, 2010, 2009 and 2008 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	**2010**
Service cost	**¥1,884**	¥1,158	¥1,038	**$20,251**
Interest cost	**925**	821	855	**9,943**
Expected return on plan assets	**(507)**	(578)	(642)	**(5,454)**
Amortization of prior service cost	**(1,054)**	(1,054)	(1,060)	**(11,330)**
Recognized actuarial loss	**1,929**	1,113	893	**20,738**
Net periodic benefit costs	**¥3,177**	¥1,460	¥1,084	**$34,148**

Assumptions used for the years ended March 31, 2010 and 2009 are set forth as follows:

	2010	2009
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

8 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, 2010, 2009 and 2008.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Deferred tax assets:			
Allowance for doubtful accounts	**¥ 1,189**	¥ 1,014	**$ 12,788**
Tax loss carryforwards	**6,109**	923	**65,666**
Inventories—intercompany profits and write-downs	**1,641**	3,360	**17,646**
Provisions for bonus payment	**636**	833	**6,842**
Deferred profit on installment sales	**122**	128	**1,319**
Investment securities	**280**	1,189	**3,013**
Research and development costs	**2,322**	2,387	**24,965**
Pension and severance costs—prior service cost	**5,003**	5,074	**53,774**
Loss on impairment of long-lived assets	**1,121**	1,139	**12,053**
Property, plant and equipment—intercompany profits and depreciation expenses	**1,418**	1,522	**15,249**
Land revaluation difference	**4,336**	4,336	**46,606**
Unrealized loss on available-for-sale securities	**2,436**	3,599	**26,185**
Other	**1,020**	1,293	**10,970**
Less—valuation allowance	**(5,217)**	(4,995)	**(56,075)**
Total	**22,423**	21,809	**241,008**
Deferred tax liabilities:			
Property, plant and equipment—special reserve	**(1,140)**	(1,212)	**(12,253)**
Land revaluation difference	**(1,117)**	(1,117)	**(12,014)**
Other	**(1,092)**	(813)	**(11,744)**
Total	**(3,350)**	(3,143)	**(36,012)**
Net deferred tax assets	**¥19,072**	¥18,665	**$204,995**
Deferred tax liabilities:			
Depreciation	**¥ 318**	¥ 183	**$ 3,423**
Other	**288**	219	**3,104**
Total	**607**	402	**6,527**
Deferred tax assets:			
Other	**(195)**	(89)	**(2,102)**
Total	**(195)**	(89)	**(2,102)**
Net deferred tax liabilities	**¥ 411**	¥ 313	**$ 4,425**

A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2010, 2009 and 2008 and the actual effective tax rate reflected in the accompanying consolidated statements of operations is as follows:

	2010	2009	2008
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	**(5.7)**	5.0	2.3
Non-taxable dividend income	**17.8**	(2.7)	(1.4)
Inhabitants' tax—per capita levy	**(1.7)**	0.5	0.2
Change in valuation allowance	**(8.8)**	6.1	(0.3)
Temporary differences that are not recognized as deferred tax assets	**(10.6)**	3.7	(1.0)
Elimination of intercompany dividend income	**(24.2)**	10.4	4.1
Lower income tax rates applicable to income in certain foreign countries	**4.9**	(5.9)	(3.7)
Reversal of income tax allowance in prior periods	**8.4**		
Other—net	**7.3**	(5.7)	(2.4)
Actual effective tax rate	**28.0%**	52.0%	38.4%

At March 31, 2010, the Company and certain subsidiaries had tax loss carryforwards aggregating approximately ¥16,859 million ($181,203 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, 2017 and thereafter.

9 EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). 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.

10 STOCK OPTION

The stock options outstanding as of March 31, 2010 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, 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
For the year ended March 31, 2010	
Non-vested	
March 31, 2009—Outstanding	
Granted	
Canceled	
Vested	
March 31, 2010—Outstanding	
Vested	
March 31, 2009—Outstanding	145,000
Vested	
Exercised	
Canceled	
March 31, 2010—Outstanding	145,000
Exercise price	¥600
Average stock price at exercise	
Fair value price at grant date	

11 OTHER INCOME (EXPENSES)—OTHER, NET

Other income (expenses)—other, net, for the years ended March 31, 2010, 2009 and 2008 consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	**2010**
Commissions earned	**¥ 317**	¥ 478	¥ 535	**$ 3,416**
Loss on sales of marketable securities			(111)	
Loss on sales of investment securities	**(7)**	(3)	(6)	**(82)**
Loss on impairment of investment securities	**(178)**	(362)	(59)	**(1,917)**
Amortization of negative goodwill	**292**	748		**3,143**
Provision of allowance for doubtful accounts	**(26)**	(908)		**(280)**
Income from collection on previously written-off securities	**241**			**2,600**
Gain on application of revised accounting standard for lease transactions		1,113		
Subsidy income from prefecture for new plant construction	**48**	312		**526**
Other	**870**	998	880	**9,354**
Total	**¥1,559**	¥2,376	¥1,237	**$16,759**

12 RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥5,457 million ($58,659 thousand), ¥5,982 million and ¥6,916 million for the years ended March 31, 2010, 2009 and 2008, respectively.

13 LEASES

a) Lessee

The Companies lease certain equipment and other assets.

Total lease payments were ¥436 million for the year ended March 31, 2008.

The minimum rental commitments under non-cancelable operating leases at March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Operating leases:			
Due within one year	**¥135**	¥199	**$1,458**
Due after one year	**80**	164	**865**
Total	**¥216**	¥363	**$2,324**

b) Lessor

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

Information on 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, 2010 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
I. Current assets			
Gross lease receivables	**¥12,009**	¥13,621	**$129,079**
Unguaranteed residual value	**204**	167	**2,199**
Unearned interest income	**(1,540)**	(1,946)	**(16,554)**
Investments in lease	**¥10,673**	¥11,841	**$114,724**
Gross lease receivables	**¥ 676**	¥ 742	**$ 7,268**
Unearned interest income	**(217)**	(354)	**(2,337)**
Other current assets (Investments in lease for real estate)	**¥ 458**	¥ 388	**$ 4,931**
II. Investments and other assets			
Gross lease receivables	**¥ 7,181**	¥ 8,360	**$ 77,191**
Unearned interest income	**(1,784)**	(2,491)	**(19,185)**
Other assets (Investments in lease for real estate)	**¥ 5,396**	¥ 5,869	**$ 58,006**

Maturities of investments in lease for finance leases that deem not to transfer ownership of the leased property to the lessee at March 31, 2010 are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
I. Investments in lease		
2011	¥ 3,573	$ 38,406
2012	2,807	30,172
2013	2,177	23,400
2014	1,618	17,394
2015	1,106	11,892
2016 and thereafter	726	7,813
Total	¥12,009	$129,079
II. Other assets (Investments in lease for real estate)		
2011	¥ 676	$ 7,268
2012	676	7,268
2013	676	7,268
2014	676	7,268
2015	676	7,268
2016 and thereafter	4,476	48,116
Total	¥ 7,858	$ 84,460

The minimum rental commitments under non-cancelable operating leases at March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Operating leases:			
Due within one year	**¥ 499**	¥ 554	**$ 5,368**
Due after one year	**5,178**	5,683	**55,660**
Total	**¥5,678**	¥6,237	**$61,028**

14 CONTINGENT LIABILITIES

At March 31, 2010 and 2009, the Companies had the following contingent liabilities:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Customers' (86 companies in 2010 and 103 companies in 2009) bank loans	**¥1,001**	¥1,195	**$10,759**
Customers' (31 companies in 2010 and 29 companies in 2009) finance lease payables	**456**	574	**4,908**
Travel agency ticket payables	**66**	66	**709**
Payment for subcontracted companies from factoring companies	**1,359**	2,596	**14,609**

15 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

In March 2008, the ASBJ revised ASBJ Statement No. 10, "Accounting Standard for Financial Instruments", and issued ASBJ Guidance No. 19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. The Companies applied the revised accounting standard and the new guidance effective March 31, 2010.

Policy for financial instruments

The Company's cash surpluses are invested in low risk financial assets, based on its internal guidelines. Bank loans are used to fund its ongoing operations. Derivatives are used, not for speculative purposes, but to manage exposure to foreign currency risks and interest rates.

Nature and extent of risks arising from financial instruments

Receivables such as trade notes, trade accounts and investments in lease are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, its receivables are hedged by using forward foreign currency contracts. Marketable and investment securities, mainly equity instruments of customers and suppliers of the Company, and bonds to hold based on its internal guidelines, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are less than one year.

Bank loans are used to fund its ongoing operations. Although a part of such bank loans are exposed to market risks from changes in variable interest rates, those risks are mitigated by using interest-rate swap derivatives.

Deposits received, mainly security deposits for real estate leases which are held by the Company and cash on deposits from members of a golf club operated by a subsidiary, are refunded without interest at the expiration of the contract term or at the withdrawal. These liabilities are exposed to liquidity risk.

Derivatives mainly include forward foreign currency contracts and interest-rate swaps, which are used to manage exposure to risks from changes in foreign currency exchange rates of receivables and from changes in interest rates of bank loans. Please see Note 16 for more detail about derivatives.

Risk management for financial instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay according to the contractual terms.

The Companies manage their credit risk from receivables on the basis of internal guidelines, which include monitoring of the payment terms and balances of customers based on periodic visits by the sales and marketing department to identify the default risk of the customers at an early stage. With respect to financial investments, the Company manages its exposure to credit risk by limiting its funding to high credit rated bonds in accordance with its internal guidelines. Please see Note 16 for the detail about derivatives.

Market risk management (foreign exchange risk and interest-rate risk)

Foreign currency trade receivables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. The Company manages its foreign exchange risk by currency on a monthly basis. Such foreign exchange risk is hedged principally by forward foreign currency contracts.

Interest-rate swaps are used to manage exposure to market risks from changes in interest rates of loan payables in some subsidiaries. The Company reconsiders holding equity instruments of their customers and suppliers continuosly.

Marketable and investment securities are managed by monitoring the market values and financial position of issuers on a regular basis.

Derivative transactions entered into by the Company have been made in accordance with internal guidelines which prescribe the authority and the limit for each. The execution and control of derivatives are under the authority of the Finance Department. Each derivative transaction is periodically reported to the chief financial officer and accounting manager.

In the subsidiaries, derivative transactions entered into by the subsidiaries have been made in accordance with the parent company's internal guidelines. The execution and control of derivatives are under the authority of the Finance Department. Each derivative transaction is periodically reported to the parent company's chief financial officer and accounting manager.

Liquidity risk management

Although payables, such as trade notes and trade accounts, bank loans and deposits received are exposed to liquidity risk, the Company manages its liquidity risk by preparing a cash flow schedule on a monthly basis.

Cash on deposits from members of the golf club are fixed on a repayment schedule.

Fair values of financial instruments are based on quoted price in active markets. If quoted prices are not available, other rational valuation techniques are used instead. Also please see Note 16 for the detail of the fair value of derivatives.

The carrying amount, fair value and unrealized gain (loss) of financial instruments at March 31, 2010 are as follows:

	Millions of yen		
March 31, 2010	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 83,048	¥ 83,048	
Notes and accounts receivable	96,655	95,327	¥(1,328)
Investments in lease	10,552	10,159	(392)
Short-term investments and investment securities	67,572	67,572	
Total	¥257,828	¥256,107	¥(1,720)
Notes and accounts payable	¥ 9,142	¥ 9,142	
Short-term bank loans and current portion of long-term debt	11,199	11,199	
Long-term debt	2,097	2,106	¥ 8
Deposits received	2,213	1,848	(365)
Total	¥ 24,652	¥ 24,295	¥ (356)

	Thousands of U.S. dollars		
March 31, 2010	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	$ 892,608	$ 892,608	
Notes and accounts receivable	1,038,863	1,024,584	$(14,278)
Investments in lease	113,414	109,199	(4,214)
Short-term investments and investment securities	726,270	726,270	
Total	$2,771,156	$2,752,663	$(18,492)
Notes and accounts payable	$ 98,259	$ 98,259	
Short-term bank loans and current portion of long-term debt	120,367	120,367	
Long-term debt	22,546	22,637	$ 91
Deposits received	23,788	19,864	(3,923)
Total	$ 264,961	$ 261,129	$ (3,832)

Carrying amounts of notes and accounts receivable and investments in lease are deducted from the allowance for doubtful receivables.

Cash and cash equivalents

The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

Notes and accounts receivable and investments in lease

The carrying values of notes and accounts receivable with maturities within one year approximate fair value.

The fair values of installment receivables, including investments in lease, are measured at the amount to be received at maturity discounted at an assumed corporate discount rate.

Installment receivables of domestic sales include interest. Its interest is included as deferred profit on installment sales in current liabilities.

Short-term investments and investment securities

The fair values of short-term investments and investment securities are measured at quoted market prices from stock exchanges for equity instruments, at quoted price obtained from financial institutions for certain debt instruments, and at quoted base prices for trust fund investments. Information on the fair value of the marketable and investment securities by classification is included in Note 3.

Notes and accounts payable, short-term bank loans and current portion of long-term debt

The carrying values of notes and accounts payable, short-term bank loans, and the current portion of long-term debt approximate fair value because of their short maturities.

Long-term debt

The fair values of long-term debt are determined by discounting the cash flows related to the debt at an assumed corporate borrowing rate.

Floating-rate long-term debt is intended for the interest-rate swaps which qualify for hedge accounting, meet specific matching criteria, and therefore are not remeasured at market value.

The fair values of floating-rate long-term debt are determined by discounting the cash flows related to the debt that is accounted as a unit with interest-rate swaps at an assumed corporate borrowing rate.

Deposits received

The fair values of deposits received are measured at the amount to be paid at maturity discounted at the yield of government bonds.

Derivatives

The information on the fair value of derivatives is included in Note 16.

Financial instruments whose fair value cannot be reliably determined as of March 31, 2010 are as follows:

	Millions of yen 2010	Thousands of U.S. dollars 2010
Short-term investments and investment securities:		
Available-for-sale:		
Investments in equity instruments that do not have a quoted market price in an active market	**¥1,023**	**$11,000**
Investments in subsidiaries and associated companies:		
Investments in unconsolidated subsidiaries	**2,361**	**25,381**
Investments in associated companies	**757**	**8,138**
Deposits received:		
Money on deposits from members of golf club	**1,436**	**15,440**

Maturity analysis for financial assets and securities with contractual maturities at March 31, 2010 are as follows:

	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	**¥ 83,048**			
Notes and accounts receivable	**55,288**	**¥39,682**	**¥4,565**	
Short-term investments and investment securities				
Available-for-sale:				
Government and corporate bonds	**8,792**	**12,716**		**¥ 8,000**
Trust fund investments and other	**3,813**	**14,375**	**4,438**	**2,841**
Total	**¥150,943**	**¥66,774**	**¥9,004**	**¥10,841**

	Thousands of U.S. dollars			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	**$ 892,608**			
Notes and accounts receivable	**594,246**	**$426,514**	**$49,068**	
Short-term investments and investment securities				
Available-for-sale:				
Government and corporate bonds	**94,506**	**136,679**		**$ 85,984**
Trust fund investments and other	**40,985**	**154,507**	**47,710**	**30,545**
Total	**$1,622,347**	**$717,700**	**$96,779**	**$116,530**

Please see Note 5 for annual maturities of long-term debt.

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. In the subsidiaries, derivative transactions entered into by the Company have been made in accordance with the parent company's internal guidelines. The execution and control of derivatives are under the authority of the Finance Department. Each derivative transaction is periodically reported to the parent company's chief financial officer and accounting manager.

As noted in Note 15, the Companies applied ASBJ Statement No. 10, "Accounting Standard for Financial Instruments", and ASBJ Guidance No. 19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". The accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010; therefore, the required information is disclosed only for 2010.

Derivative transactions to which hedge accounting is applied at March 31, 2010:

		Millions of yen			
		2010			
At March 31, 2010		Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts:					
Selling	USD	Receivables and other	¥1,981		¥(28)
	EUR	Receivables and other	631		26
	GBP	Receivables and other	5		0
	CAD	Receivables and other	64		(3)
Interest-rate swaps:					
(fixed rate payment, floating rate receipt)		Long-term debt	¥ 500	¥291	

1. The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.
2. The above interest-rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value. In addition, the fair value of such interest-rate swaps in Note 15 is included in that of the hedged items (i.e., long-term debt).

		Thousands of U.S. dollars			
		2010			
At March 31, 2010		Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts:					
Selling	USD	Receivables and other	$21,299		$(306)
	EUR	Receivables and other	6,790		284
	GBP	Receivables and other	63		2
	CAD	Receivables and other	689		(35)
Interest-rate swaps:					
(fixed rate payment, floating rate receipt)		Long-term debt	$ 5,374	$3,134	

17 NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2010, 2009 and 2008 are as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net income (loss)	Weighted average shares	EPS	
For the year ended March 31, 2010:				
Basic EPS				
Net loss available to common shareholders	¥ (3,739)	381,966	¥ (9.79)	$(0.10)
Diluted EPS is not disclosed because of the Company's net loss position.				
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

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 for the year ended March 31, 2008.

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, 2010, 2009 and 2008, is as follows:

a) Industry segments

I. Sales and Operating Income (Loss)

	Millions of yen				
	2010				
	Industry A	Industry B	Others	Eliminations/ corporate	Consolidated
Sales to customers	**¥134,433**	**¥1,060**	**¥486**		**¥135,979**
Intersegment sales		**474**	**41**	**¥(516)**	
Total sales	**134,433**	**1,534**	**527**	**(516)**	**135,979**
Operating expenses	**144,680**	**846**	**623**	**(516)**	**145,634**
Operating income (loss)	**¥ (10,247)**	**¥ 688**	**¥ (96)**		**¥ (9,654)**

II. Total Assets, Depreciation and Capital Expenditures

	Millions of yen				
	2010				
	Industry A	Industry B	Others	Eliminations/ corporate	Consolidated
Total assets	**¥329,164**	**¥15,964**	**¥2,978**	**¥120,071**	**¥468,178**
Depreciation	**8,202**	**2**	**51**		**8,256**
Capital expenditures	**11,570**		**9**		**11,579**

I. Sales and Operating Income (Loss)

	Thousands of U.S. dollars				
	2010				
	Industry A	Industry B	Others	Eliminations/ corporate	Consolidated
Sales to customers	**$1,444,898**	**$11,393**	**$ 5,224**		**$1,461,517**
Intersegment sales		**5,101**	**449**	**$(5,550)**	
Total sales	**1,444,898**	**16,494**	**5,673**	**(5,550)**	**1,461,517**
Operating expenses	**1,555,034**	**9,097**	**6,705**	**(5,550)**	**1,565,287**
Operating income (loss)	**$ (110,136)**	**$ 7,397**	**$(1,032)**		**$ (103,770)**

II. Total Assets, Depreciation and Capital Expenditures

	Thousands of U.S. dollars				
	2010				
	Industry A	Industry B	Others	Eliminations/ corporate	Consolidated
Total assets	**$3,537,878**	**$171,582**	**$32,012**	**$1,290,540**	**$5,032,015**
Depreciation	**88,155**	**27**	**557**		**88,741**
Capital expenditures	**124,357**		**99**		**124,456**

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)

	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

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

Corporate assets were ¥120,810 million ($1,298,483 thousand), ¥106,095 million and ¥129,973 million for the years ended March 31, 2010, 2009 and 2008, respectively.

b) Geographical segments

The geographical segments of the Companies for the years ended March 31, 2010, 2009 and 2008 are summarized as follows:

	Millions of yen						
	2010						
	Japan	North America	Europe	Asia	Others	Eliminations/ corporate	Consolidated
I. Sales:							
Outside customers	**¥ 72,023**	**¥18,285**	**¥28,119**	**¥16,650**	**¥890**		**¥135,979**
Interarea	**14,235**	**222**	**464**	**995**		**¥(15,918)**	
Total sales	**86,269**	**18,508**	**28,584**	**17,645**	**890**	**(15,918)**	**135,979**
Operating expenses	**98,301**	**19,368**	**29,560**	**16,076**	**832**	**(18,505)**	**145,634**
Operating income (loss)	**¥ (12,032)**	**¥ (860)**	**¥ (976)**	**¥ 1,568**	**¥ 58**	**¥ 2,587**	**¥ (9,654)**
II. Assets	**¥279,564**	**¥32,520**	**¥52,931**	**¥22,808**	**¥887**	**¥ 79,465**	**¥468,178**

	Thousands of U.S. dollars						
	2010						
	Japan	North America	Europe	Asia	Others	Eliminations/ corporate	Consolidated
I. Sales:							
Outside customers	**$ 774,224**	**$196,530**	**$302,227**	**$178,958**	**$9,576**		**$1,461,517**
Interarea	**153,002**	**2,395**	**4,997**	**10,695**		**$(171,090)**	
Total sales	**927,226**	**198,926**	**307,224**	**189,654**	**9,576**	**(171,090)**	**1,461,517**
Operating expenses	**1,056,555**	**208,176**	**317,721**	**172,791**	**8,945**	**(198,903)**	**1,565,287**
Operating income (loss)	**$ (129,329)**	**$ (9,249)**	**$ (10,497)**	**$ 16,862**	**$ 630**	**$ 27,812**	**$ (103,770)**
II. Assets	**$3,004,778**	**$349,535**	**$568,911**	**$245,148**	**$9,537**	**$ 854,103**	**$5,032,015**

	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.

	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.

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

Corporate assets were ¥120,810 million ($1,298,483 thousand), ¥106,095 million and ¥129,973 million for the years ended March 31, 2010, 2009 and 2008, respectively.

c) Sales to foreign customers

Sales to foreign customers for the years ended March 31, 2010, 2009 and 2008 were as follows:

	Millions of yen				
	2010				
	North America	Europe	Asia	Others	Total
Sales to foreign customers	**¥18,127**	**¥26,658**	**¥22,220**	**¥3,159**	**¥70,166**

	Thousands of U.S. dollars				
	2010				
	North America	Europe	Asia	Others	Total
Sales to foreign customers	**$194,830**	**$286,531**	**$238,828**	**$33,958**	**$754,149**

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

	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 r) 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.

20 SUBSEQUENT EVENT

a) Stock option plan

At the general shareholders' meeting held on June 29, 2010, the Company's shareholders approved the following stock option plan for the directors, corporate officers and key employees of the Company and its unconsolidated subsidiaries and associated companies.

The plan provides for granting options to them to purchase up to 2,500 thousand shares of the Company's common stock. The options will be granted at an exercise price of 105% of the average closing price of the per share value of the Company's common stock, according to the Tokyo Stock Exchange, for the month prior to the month in which the options are issued. The issued stock options are exercisable for a decade after the day that passed for two years from the assigned day.

b) Appropriations of retained earnings

The following appropriations of retained earnings at March 31, 2010 were approved by the shareholders at the Company's general shareholders' meeting held on June 29, 2010.

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥5.00 ($0.05) per share	¥1,909	$20,525

Independent Auditors' Report

Deloitte.

Deloitte Touche Tohmatsu LLC
MS Shibaura Building
4-13-23, Shibaura
Minato-ku, Tokyo 108-8530
Japan

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Fax:+81 (3) 3457 1694
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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, 2010 and 2009, and the related consolidated statements of operations, changes in equity, and cash flows for each of the three years in the period ended March 31, 2010, 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, 2010 and 2009, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2010, 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 LLC

June 29, 2010

Member of
Deloitte Touche Tohmatsu

The Amada Group

(As of October 1, 2010)

AMADA CO., LTD.

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

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

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

PRINCIPAL DOMESTIC GROUP COMPANIES

Amada Machine Tools 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 bandsaw 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

Amada Toyo Co., Ltd.*
3-73 Sameganji, Yatomi,
Aichi 490-1415, Japan
Phone: 81-567-52-2121
Facsimile: 81-567-52-2115
Major Activities: Manufacture, sales, and after-sales service of sheet-metal processing machines, mainly press brakes and shearing machines

Nicotec Co., Ltd.*
200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-96-3221
Facsimile: 81-463-96-3230
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.*
350 Ishida, Isehara-shi,
Kanagawa 259-1116, Japan
Phone: 81-463-97-2800
Facsimile: 81-463-97-2803
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 Machine Tools America, Inc.*
2324 Palmer Dr., Schaumburg,
IL 60173, U.S.A.
Phone: 1-847-285-4800
Facsimile: 1-847-519-2127
Major Activities: Sales and after-sales service of machine tools, mainly Amada bandsaw machines, bandsaw blades, 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 138-4 Ave.,
Eugenio Garza Sada #427,
Col. Altavista, Monterrey,
N.L., CP.64840 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*
Amada Allee 3, 42781 Haan, Germany
Phone: 49-2104-1777-0
Facsimile: 49-2104-1777-339
Major Activities: Sales and after-sales service of machine tools, mainly Amada bandsaw machines, bandsaw 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 Amada I., 1/3,
29010 Pontenure, 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 Engineering Europe S.p.A.*
Via Amada I., 1/3,
29010 Pontenure, Piacenza, Italy
Phone: 39-0523-952811
Facsimile: 39-0523-952899
Major Activities: R&D, sales, after-sales service of software, and engineering processes for sheet-metal processing machines

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

Ab LKI Kaldman Oy**
Ojesvagen 74 Fin-68910 Bennas, Finland
Phone: 358-6-781-5424
Facsimile: 358-6-781-5433
Major Activities: Manufacture, sales, and after-sales service of peripheral equipment for sheet-metal processing machines

Amada OOO*
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 1101-2, 11/F., Austin Tower,
22-26 Austin Ave., Jordan, 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: 86-10-6786-9665
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. 68, Hui Shen Road,
Nan Xiang High-tech Industry Park,
Jia Ding District, Shanghai, China
Phone: 86-21-6917-1352
Facsimile: 86-21-5280-7737
Major Activities: Manufacture, sales, and after-sales service of metalworking machines for the Chinese market

Amada International Trading (Shenzhen) Co., Ltd.*
Rms. 801-803, 8F, 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 Lianyungang Machine Tech Co., Ltd.**
No. 1 Qufeng Road, Haizhou Economic Development Zone,
Lianyungang, Jiangsu, China
Phone: 86-518-8552-6726
Major Activities: Manufacture of bandsaw machines

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 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 markets

Amada (Thailand) Co., Ltd.*
110/8 Moo 13, Rachatheva Sub-District,
Bangplee District, Samutprakarn Province 10540,
Thailand
Phone: 66-2738-9530
Facsimile: 66-2738-9534
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 Co., Ltd.*
469 Ha Huy Tap Road, Yen Vien, Gia Lam,
Hanoi, Vietnam
Phone: 84-4-6261-4583
Facsimile: 84-4-6261-4584
Major Activities: Sales and after-sales service of Amada products for the Vietnamese market

Amada (India) Pvt. Ltd.*
D/115-116 Floral Deck Plaza,
MIDC, Andheri (East), Mumbai - 400093, 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.*
IITM Research Park, 2nd Floor,
Block No. 6, Plot No. 2, Rajiv Gandhi Salai,
Taramani, Chennai, PIN-600113, India
Phone: 91-44-6663-0300
Facsimile: 91-44-6663-0308
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, 2010)

Authorized: 550,000,000 shares
Issued: 396,502,117 shares

Number of Shareholders
(As of March 31, 2010)

31,520

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

Quarterly Stock Price Range on Tokyo Stock Exchange (¥)

	2009				**2010**	
	1st	2nd	3rd	4th	1st	2nd
High	567	708	677	605	809	821
Low	415	520	513	478	588	581

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, 2010)

Name	Number of shares held (thousands)	Percentage of total shares outstanding (%)
Japan Trustee Services Bank, Ltd. (Trust account)	64,187	16.8
The Master Trust Bank of Japan, Ltd. (Trust account)	28,420	7.4
Mizuho Bank, Ltd.	18,761	4.9
Trust & Custody Services Bank, Ltd. (Trust account)	11,160	2.9
Amada Foundation for Metal Work Technology	9,936	2.6
Nippon Life Insurance Company	7,367	1.9
The Joyo Bank, Ltd.	5,756	1.5
Aioi Insurance Co., Ltd.	4,360	1.1
The Bank of New York Treaty Jasdec Account	4,333	1.1
Mitsubishi UFJ Trust and Banking Corporation	4,258	1.1

Note: Percentage of total shares outstanding has been calculated by excluding treasury stock (14,572,493 shares).

Directors, Auditors, and Corporate Officers

(As of October 1, 2010)

Directors

President & CEO
Mitsuo Okamoto*

Senior Managing Director
Toshio Takagi

Managing Director
Yoshihiro Yamashita

Managing Director
Tsutomu Isobe

Managing Director
Chikahiro Sueoka

Director
Atsushige Abe

Director
Kotaro Shibata

Director
Takaya Shigeta

* Representative Director

Corporate Auditors

Corporate Auditor (Full-time)
Ryoichi Hashimoto

Corporate Auditor (Full-time)
Shoichi Nozaki

Corporate Auditor (Outside)
Makoto Matsuzaki

Corporate Auditor (Outside)
Masanori Saito

Corporate Officers
(excluding directors who concurrently hold position(s) at Amada)

Naoki Orita

Hidehiko Sakai

Kiyoshi Takeo

Yukihiro Fukui

Yasuhiro Kawashita

Hiroyuki Takeshita

Katsuhide Ito

AMADA CO., LTD.
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