

**From Process Improvement
to Factory Innovation**

**“Connecting” starts from here!
AMADA IoT V-factory**



**Annual Report
2017**



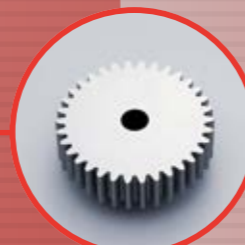
AMADA's Technology Is Found Everywhere



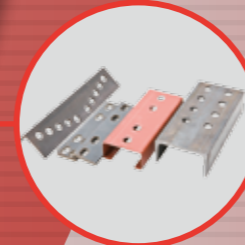
Airplanes



Medical devices



Energy



Buildings,
Traffic signals



Automobiles



IoT support IoT product



Our Manufacturing (*monozukuri*)

Our manufacturing (*monozukuri*) contributes to the *monozukuri* of our customers all over the world, and we recognize that this is linked to the development of local and regional communities and the international community. It is our responsibility, as the AMADA Group, to continually enrich the futures of the people of the world through our metalworking industry.

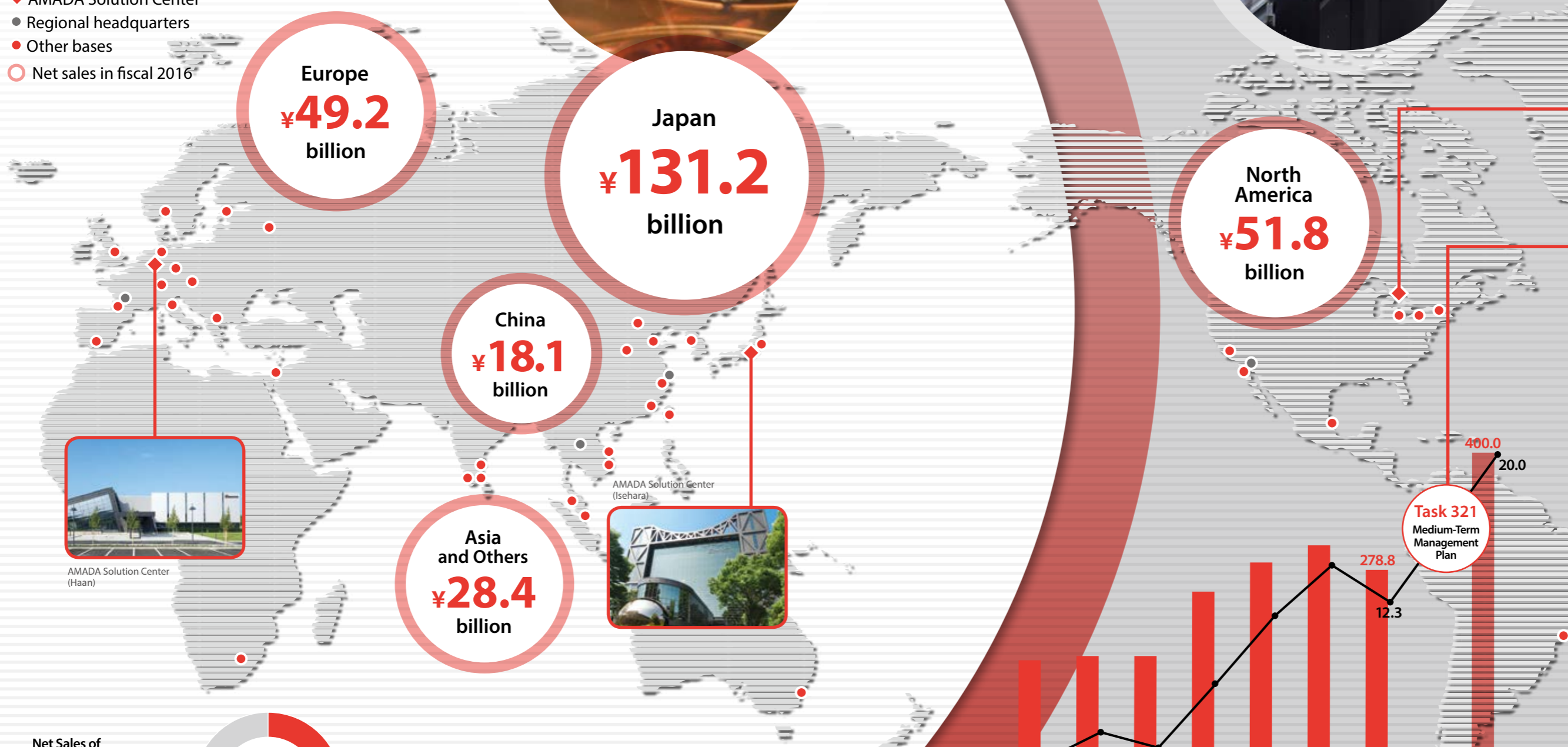
We will continue to develop together with our customers and grow as a company which contributes to the community.

Our Presence around the World

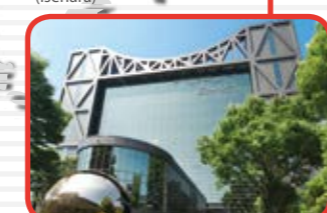
- ◆ AMADA Solution Center
- Regional headquarters
- Other bases
- Net sales in fiscal 2016



AMADA Solution Center (Schaumburg)



AMADA Solution Center (Haan)

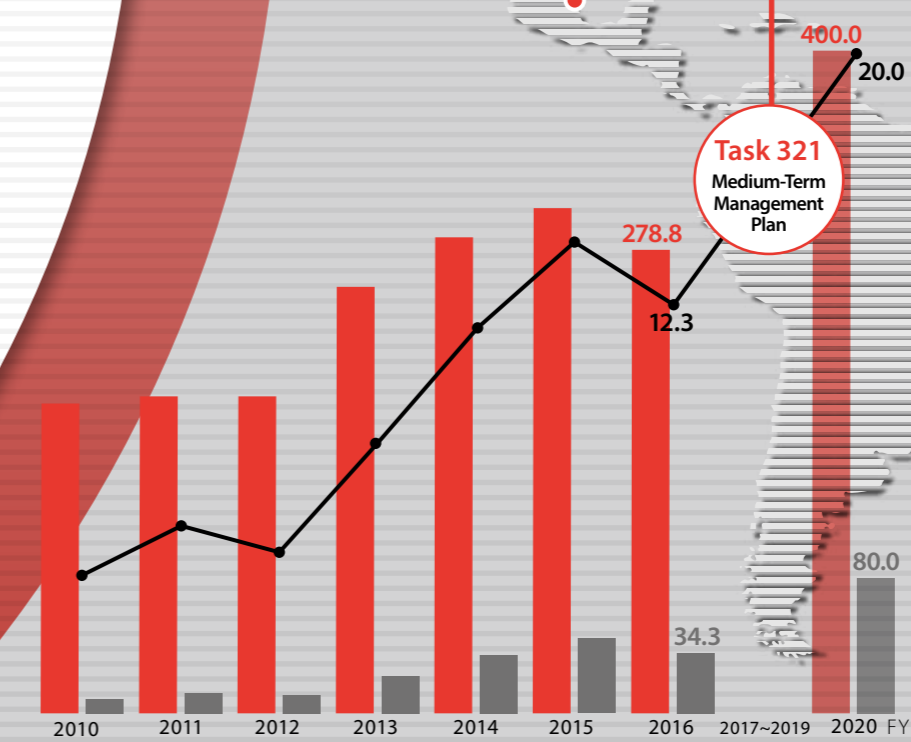


AMADA Solution Center (Isehara)

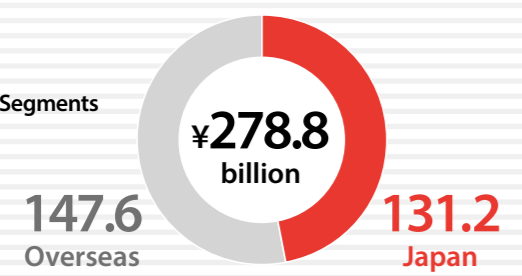
Promotion of Growth Strategy

- 1 Expansion and strengthening of growth in laser/automation businesses
- 2 Establishment of new business models leveraging IoT
- 3 Development of markets by new technology and responses to new materials
- 4 Development of overseas markets and responses to major global companies

Task 321
Medium-Term Management Plan



Net Sales of Geographical Segments



Our Operations and Value Chain

AMADA'S Operations

Voices of customers are fed back to product development



Development

The development function creates the best technologies for customers to use. According to themes provided by customers, the AMADA Group staff and suppliers cooperate with the customers to conduct technology development for higher-quality machines.



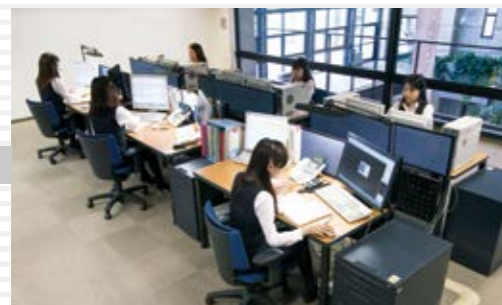
Manufacturing

The manufacture function translates the latest developed technologies into actual machines. Technicians who have necessary manufacturing techniques and knowledge about machine construction and other related items make actual machines.



Sales

The sales function provides our domestic and overseas metal product manufacturing customers the best machine, software, and equipment solutions so that they can make better metal products. Expertise is put to use in supporting the management of customers.



Service

The service function provides our domestic and overseas customers with periodic inspection, maintenance, and technical consultation so that their machines run smoothly. The voices of customers directly listened to by the service function are fed back to the development function for use in developing new products.

Production with Our Machines

Sheet metal fabrication:
Cutting, punching, bending and welding of metal sheets



Stamping press:
Forming of metal sheets

Cutting:
Drilling and cutting of metal blocks



Grinding:
Metal block are ground

Machines Supplied by AMADA



Laser machine



Press brake + robot



Welding machine + robot



Stamping press



Band saw machine



Drilling machine



Grinding machine

Production in Our Customers' Factories



Metal sheets are cut by laser beams



Cut sheets are bent into desired shapes



Metal pieces are welded into completed products



Metal sheets are stamped by dies



Metal is cut by a circular band-shaped blade



Steel beams are drilled with holes



Metal surfaces are precision finished

Factory Innovation

We are proud to introduce "V-factory"

It helps you improve efficiency at your factory and connects each working process by new technology.

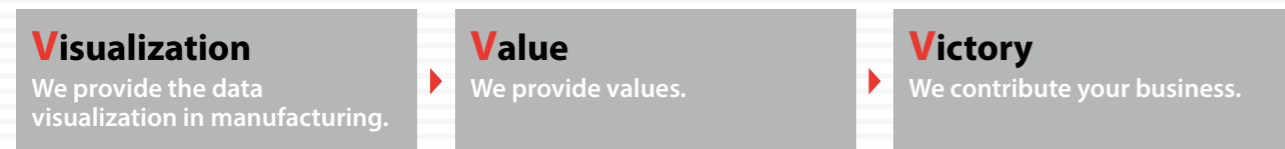
V-factory is a structure to create profits by connecting our customers and AMADA. The various information at your factory such as machines, tooling and software and linked to AMADA IoT Support Center by secured communication technology.



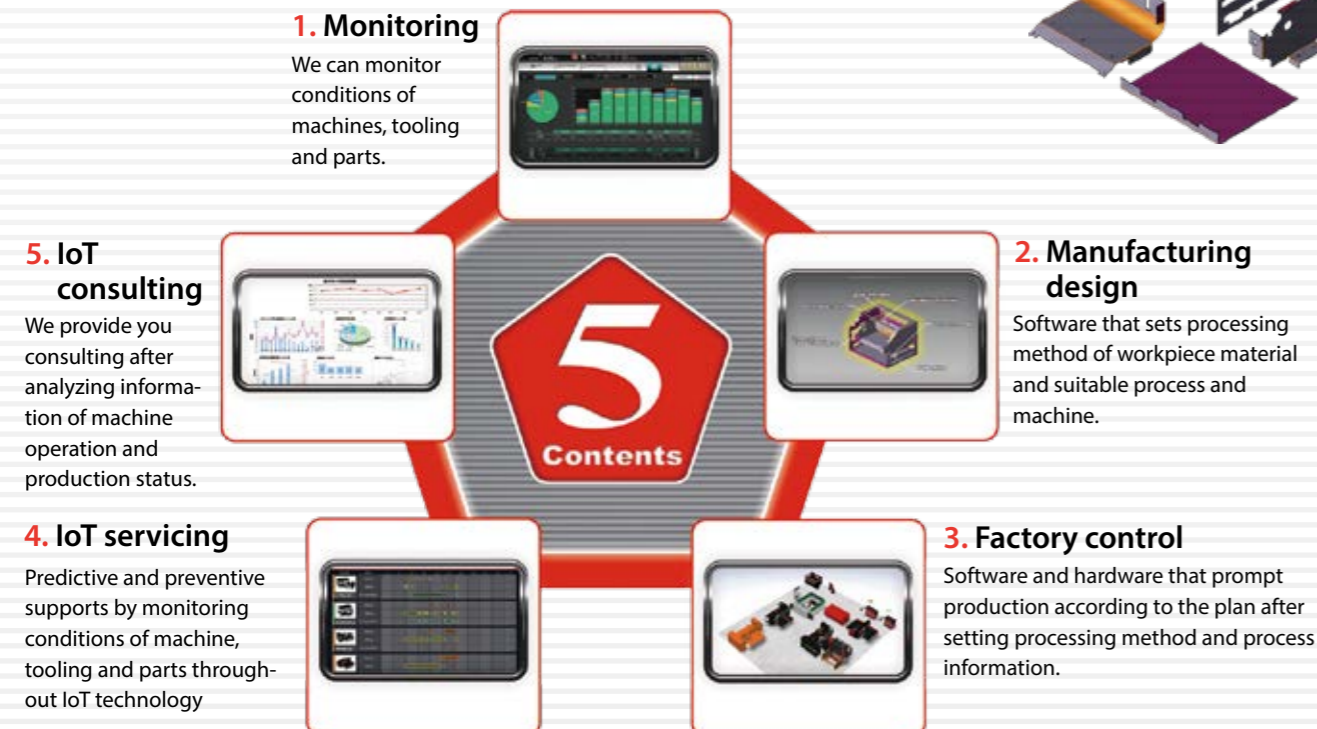
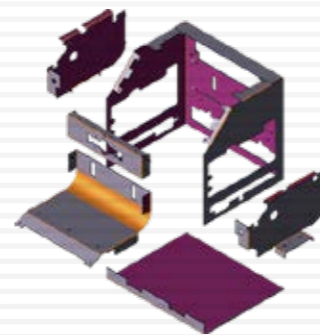
"Connecting" starts from here

We support your manufacturing with V-factory.

The "V" of V-factory stands for "Visualization" "Value" and "Victory".



V-factory 5 contents



It connects various information at your factory

IoT Products

- Improved operation efficiency
- Faster information sharing
- Easier cost management

Your factory

- Analog process
- Delivery
- Measuring & Inspection
- Progress management

Digitalizing whole process



Connecting customers and AMADA

IoT Support

- Maximum Machine Uptime
- Minimum Recovery Time
- Proposals for better operation based on collected information

AMADA IoT Support Center



Contents

1	Cover Story
10	Our Management Philosophy
11	Performance Highlights
13	Message from the Chairman and President
17	Corporate Governance
20	Directors, Audit and Supervisory Board Members, and Corporate Officers
21	Businesses of AMADA HOLDINGS CO., LTD.
23	Sheet Metal Fabrication Machine Business
25	From Development and Manufacture to Sale and Service
27	Metal Cutting and Machine Tool Businesses/ Stamping Press Business
29	Precision Welding Machine Business
31	Environmental Management
33	Communication with the Local Community
34	Communication with Our Customers
35	Communication with Our Employees
36	Communication with Our Suppliers and Investors
37	Financial Section
37	Financial Review
39	Consolidated Financial Statements
44	Notes to Consolidated Financial Statements
71	Independent Auditor's Report
72	The AMADA Group
76	Investor Information

A CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS:

This annual report includes performance projections and descriptions of future strategies for use in connection with presentations and the provision of answers to inquiries, and these projections and descriptions are based on the judgment of the Company's management made in light of information available at the time of writing.

These kinds of statements and forecasts based on projections of future situations are not guarantees of future performance. Please be aware that actual results may differ greatly from such statements and forecasts due to diverse factors, including trends in demand for products, currency exchange rates, and interest rates.

Our Management Philosophy

1

Growing Together with Our Customers

Our company has been sharing this philosophy as a starting point for all of our business activities since its formation.

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

2

Contribute to the international community through our business

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

3

Develop human resources who pursue creative and challenging activities

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

4

Conduct sound corporate activities based on high ethics and fairness

We promote transparency and we comply with regulations in the AMADA Group's management and in all aspects of its business activities, and strive to further enhance its corporate value while conducting sound activities.

5

Take good care of people and the earth's environment

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

Performance Highlights

AMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries Year ended March 31

Financial Data

	Millions of yen				
	2013	2014	2015	2016	2017
For the year:					
Net sales	¥190,018	¥256,482	¥286,527	¥304,018	¥278,840
Sales to foreign customers	95,079	136,575	156,554	164,256	147,637
Cost of sales	115,595	153,977	165,961	167,813	155,916
Gross profit	74,423	102,505	120,565	136,204	122,923
Selling, general and administrative expenses	68,953	86,308	93,246	94,726	89,993
Net changes in deferred profit on installment sales and finance lease sales	(844)	28	375	1,048	100
Operating income	4,625	16,225	27,694	42,526	33,030
Other income (expenses)—net	2,390	5,584	3,381	585	3,188
Income before income taxes	7,015	21,810	31,075	43,112	36,219
Net income attributable to owners of the parent	4,126	12,184	18,423	27,425	25,894
Comprehensive income	17,704	36,491	31,844	13,540	17,119
Purchases of property, plant and equipment	10,203	8,422	7,504	6,258	15,306
Depreciation and amortization	7,657	8,604	8,552	8,849	8,949
Research and development costs	7,491	9,048	8,332	7,766	7,112
At year-end:					
Total equity	¥385,102	¥417,002	¥426,481	¥419,380	¥419,970
Total assets	495,449	552,729	573,537	565,266	533,433
Total long-term liabilities	21,851	17,733	21,368	27,962	16,719
Per share of common stock (yen):					
Net income —					
Basic	¥10.81	¥31.89	¥49.18	¥74.56	¥70.85
Diluted		31.85	49.12	74.49	70.81
Cash dividends applicable to the year	12.00	20.00	26.00	36.00	42.00
Sales composition:					
Metalworking Machinery Business	¥143,221	¥202,899	¥225,811	¥250,825	¥229,492
Sheet metal fabrication machines	143,221	182,523	202,652	228,001	206,051
Welding machines		20,375	23,158	22,823	23,441
Metal Machine Tools Business	¥45,621	¥52,339	¥59,466	¥51,470	¥48,056
Metal cutting machines	26,225	30,725	34,179	33,827	31,888
Stamping presses	6,974	7,822	9,349	9,919	9,423
Machine Tools	12,420	13,792	15,937	7,724	6,744
Others	1,175	1,244	1,249	1,722	1,291
Total	¥190,018	¥256,482	¥286,527	¥304,018	¥278,840

Notes:
 1. The Financial Data yen figures are rounded down to millions of yen, except for per share amounts.
 2. From the fiscal year ended March 31, 2015, the AMADA Group transitioned to a holding company system. In line with this restructuring, we had planned and executed a comprehensive strategy with regard to our product range for the stamping press market that falls within the Metalworking Machinery Business. We have transferred the Stamping Press Business to AMADA MACHINE TOOLS CO., LTD. and included the product range for the stamping press market in the Metal Machine Tools Business, to undertake the planning and execution of the strategy of Stamping Press Business in order to achieve synergic benefits with the product range for machine tools market handled by AMADA MACHINE TOOLS CO., LTD. The Welding Machines Division handled by AMADA MIYACHI CO., LTD., a consolidated subsidiary, which until now had been included in the Sheet-Metal Fabrication Machines Division, is now presented as a separate classification. It should be noted that the year-on-year figures are compiled based on the classifications following these changes.

Non-Financial Data

CO₂ (t-CO₂)	2013	2014	2015	2016	2017
Overseas	17,302.0	17,622.0	17,235.8	18,520.1	17,955.20
Domestic	27,462.9	27,958.4	28,509.6	26,357.5	26,753
CO₂ Intensity (kg-CO₂/kWh)					
Emission factor	2007 (Basic)	2014	2015	2016	2017
	1,000.0	0.875	0.822	0.817	0.84
Waste (t)					
Overseas	2013	2014	2015	2016	2017
	1,626.0	1,513.0	2,164.1	2,427.1	2,505.3
Domestic	2,662.2	2,720.1	2,851.6	2,867.1	2,880.2
Water Resources (thousand m³)					
Overseas	2013	2014	2015	2016	2017
	99.0	129.0	120.4	96.6	145.8
Domestic	160.9	172.6	159.0	166.4	167.3
Employees (people)					
Number of employees	2013	2014	2015	2016	2017
	7,678	7,956	8,083	7,955	8,005

TOPICS

Isehara Head Office and Fujinomiya Works Receive the “Japan Greening Excellence Award”

The Isehara Head Office and Fujinomiya Works were recognized for their efforts in Isehara City and Fujinomiya City, respectively, to promote greening activities, protect biodiversity, and contribute to local communities, winning the “Japan Greening Excellence Award” at the Fiscal 2016 Excellent Green Factory Awards. These awards are hosted by the Japan Greenery Research and Development Center and recognize factories that actively promote greening activities and have made remarkable achievements in improving the environment both inside and outside the factory.



AMADA (CHINA) Acquires ISO 14001 Certification

After China's CQC Shanghai Inspection Center carried out an ISO 14001 (environmental management systems) inspection of the company, AMADA (CHINA) CO., LTD. acquired the ISO 14001 certification in July 2016.

AMADA (CHINA)'s acquisition of this certification has brought the total number of AMADA's ISO 14001-certified overseas offices to five.



Donation of Commemorative Gifts to Local Governments to Celebrate the AMADA Group's 70-Year Anniversary

As part of the activities carried out for its 70-year anniversary, the AMADA Group donated commemorative gifts to the local governments it has formed relationships with over the years (Isehara City, Fujinomiya City, Toki City).



**AMADA HOLDINGS CO., LTD.,
a company which is constantly chosen by
its customers and by the community,
has taken the first step toward guaranteeing
its first century in business.**



Mitsuo Okamoto
Chairman & CEO

Tsutomu Isobe
President

Looking Beyond Our 70th Anniversary

The AMADA Group was fortunate enough to celebrate its 70th anniversary in September 2016.

Since our founding in 1946, AMADA has never flagged in our management philosophy of "Growing Together with Our Customers." Under this philosophy, we have seen it as our mission to contribute to society through the *monozukuri* product

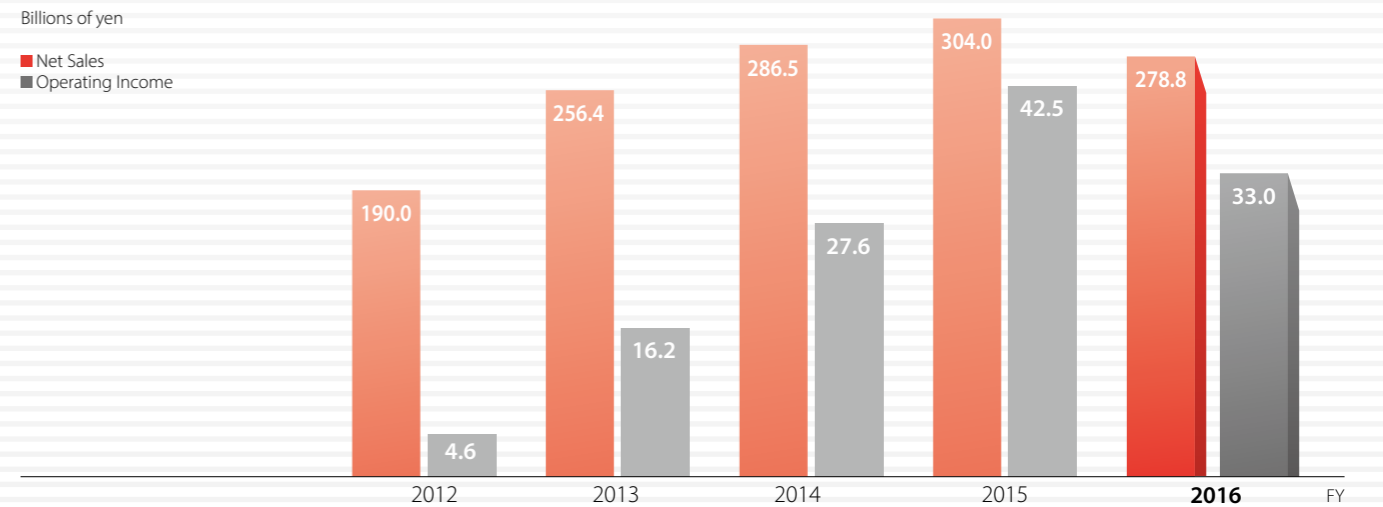
creation process, and it is under this philosophy that we have pursued our business operations. In recent years, the environment which enfolds AMADA has rapidly globalized and diversified. Moreover, looking toward our 100th anniversary has reconfirmed for us the necessity of further improving our enterprise.

Recent Economic Environment and Business Performance

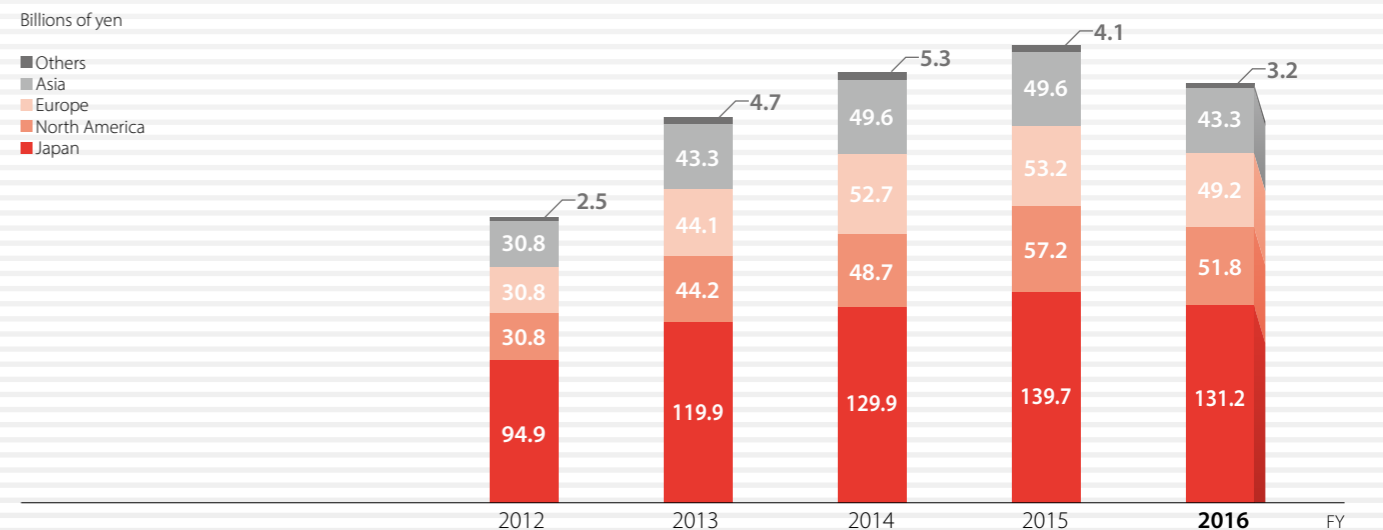
Regarding the consolidated operating results for the fiscal year under review, net sales were 278.8 billion yen (down 8.3% YoY). Net sales in Japan were 131.2 billion yen (down 6.1% YoY) due to reactionary decline of an increase in demand stimulated by energy-saving subsidies provided in the previous fiscal year. Despite concerns surrounding the uncertainty of policies by new administration in the U.S. and the economic impact on Europe as a whole of the U.K.'s decision to withdraw from the European Union, net sales overseas showed signs of recovery due to recovery in capital investments and increase in personal consumption. However, overall net sales overseas were 147.6

billion yen (down 10.1% YoY) due to the stronger yen compared with the previous fiscal year. Regarding profit and loss, the Company improved selling prices by introducing new products and cut costs by streamlining manufacturing. However, operating income, ordinary income, and net income attributable to owners of parent decreased, respectively, to 33.0 billion yen (down 22.3% YoY), 34.3 billion yen (down 20.5% YoY) and 25.8 billion yen (down 5.6% YoY) due to a decrease in sales in Japan and deteriorated profitability as a result of yen appreciation.

Net Sales/Operating Income



Sales by Geographical Segment



Medium-Term Management Plan Task 321

The AMADA Group has formulated the Medium-Term Management Plan Task 321, which covers the period from FY2016 to FY2020.

Task 321 aims to achieve the following three goals.

- Expansion of net sales by 30% (¥400 billion in FY2020)
- Increase of recurring ordinary income ratio by 20% (¥80 billion in FY2020)
- ROE at 10%

Toward achieving the Task 321, the Company will strive to

1) make proactive strategic investments, 2) expand the sales network and enhance product appeal, 3) implement growth strategies through the development of new business models, 4) further enhance profitability and efficiency by promoting the manufacturing innovation which integrates development and manufacturing, 5) build a supply chain management (SCM) system that utilizes the IoT, and 6) enhance capital productivity by reforming the balance sheets.

In addition, the Company will implement initiatives for strengthening a corporate governance structure and environmental and CSR activities.

Specific measures are as follows.

- 1) Execution of growth strategy (expansion of net sales by 30%)
 - Expansion of laser business by strengthening product appeal of fiber laser, which is tailored toward energy-saving and high-precision machining
 - Promotion of automation business by utilizing robot and software technologies, in response to demand for energy-saving products
 - Strengthening manufacturing proposal on V-factory/Smart Factory leveraging IoT technology
 - Development of new markets including the new material field, based on accumulated know-how, M&As and alliance

Mid-Term Business Target (FY2020)

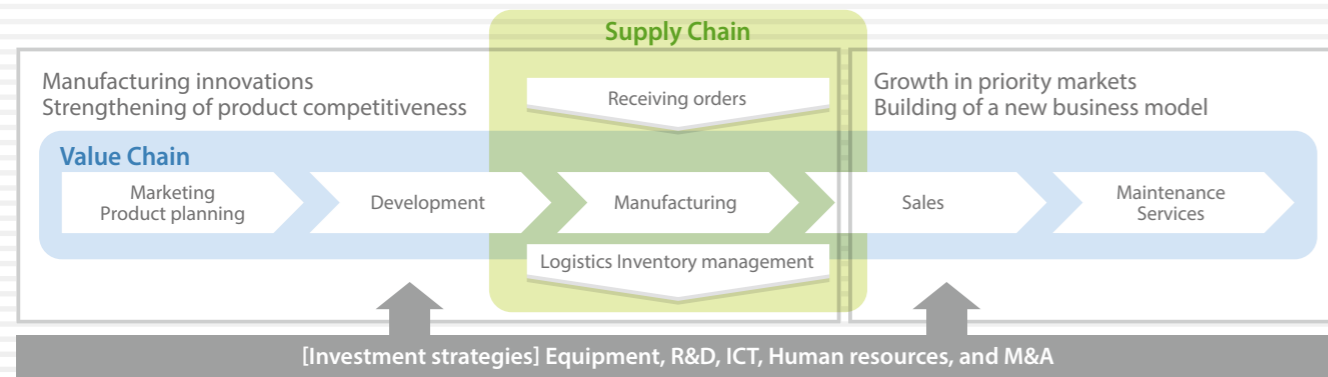
Mid-term business target for achieving Task 321

~ New steps toward a 100-year company ~



Management Policies for the Medium-Term Management Plan (FY2016–FY2020)

- To secure competitive advantage through reconstruction of a solid value chain
- To further improve earnings and efficiency through supply chain management



- 2) Establishment of robust profit structure (ordinary income ratio of 20%)
 - Pursuing QCD through manufacturing innovation which integrates development and manufacturing
 - Realizing high-quality manufacturing on a global scale by building an IoT manufacturing system
 - Enhancing quality and efficiency of services through preventative and predictive maintenance utilizing big data analysis
 - Implementing a differentiation strategy by making high-value-added engineering proposals utilizing consulting sales bases
- 3) Enhancement of corporate value through improving capital productivity (ROE at 10%)
 - Reduction of leadtime through local production and optimization of inventory assets by building regional SCM structures

- Liquidation of accounts receivable by restructuring commercial credit business
 - Consolidation and sale of non-core assets, including leasing and securities, based on profitability evaluation
- 4) Proactive ESG initiatives
 - Product planning and creation of an environment-friendly production structure based on "AMADA GREEN ACTION"
 - Aim to be a company that is indispensable for society, through activities that contribute to society in a wide range of areas, such as local communities, culture, education, and sports
 - Development of corporate governance structure for sound corporate activities based upon high ethical standards and fairness

Policy on Shareholder Returns Dividend and Capital Policy

AMADA maintains a policy of establishing a solid business foundation for sustainable growth and working toward the enhancement of corporate value. For this policy to succeed, we believe it is necessary to improve capital efficiency while maintaining financial soundness.

Under the Medium-Term Management Plan Task 321, we are working to enhance our growth potential and profitability. At the same time, we are making efforts to improve capital productivity with the aim of achieving ROE of 10%. Guided by these kinds of efforts, our basic policy on shareholder returns is to maintain a sufficient level of retained earnings to prepare for

future business expansion while continuously allocating profits in an appropriate manner. We also set a standard of implementing a consolidated dividend payout ratio of about 50%. Furthermore, we flexibly acquire treasury stock giving consideration to maintaining a healthy balance with strategic investment.

For FY2016, we issued an annual dividend of ¥42 per share, which included a 70th anniversary dividend of ¥6 per share, resulting in a consolidated payout ratio of 59.3%. For FY2017, we intend to issue an annual dividend of ¥40 per share, making for a consolidated payout ratio of 55.2%.

Capital Measures: Toward ROE 10%

- To maintain approx. 50% payout ratio and carry out stable dividend payouts
- To carry out strategic investment and flexible share buybacks
- To further improve capital productivity (ROE) through reforming the balance sheets

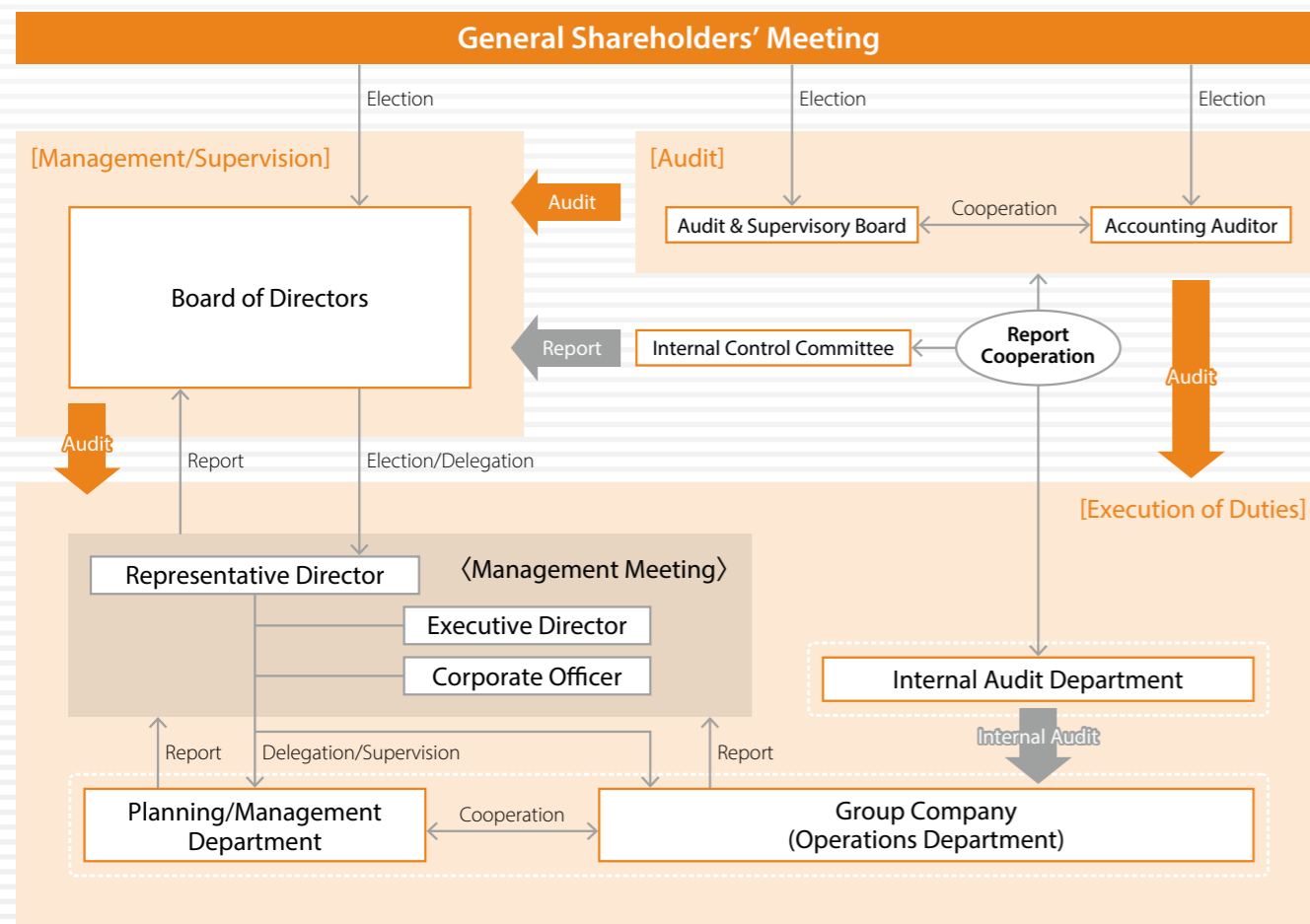
	FY2015 results	FY2016 results	FY2017 forecast	FY2018 and beyond
Net profit (Billions of yen)	27.4	25.8	26.5	
Dividend (Dividend payout ratio %)	36 yen (48%)	42 yen includes commemorative dividend of 6 yen (59%)	40 yen (55%)	Approx. 50%
Share buybacks (Billions of yen)	10.0		Implemented flexibly	
Total return ratio (%)	82%	59%	55%	Approx. 50%
ROE (%)	6.5%	6.2%	6.3%	~10%

BASIC POLICY

At the Company, we believe that sound corporate activities based upon high ethical standards and fairness make up a crucial part of our business philosophy, and thus we shall endeavor to strengthen corporate governance according to the principles stated below, ensuring the transparency and compliance across our management and operations as our fundamental objective:

- 1 Strive to protect shareholders' rights and ensure the equitable treatment of all shareholders
- 2 Strive to appropriately collaborate with stakeholders other than shareholders
- 3 Strive to ensure proper disclosure and transparency of information
- 4 Strive to have the Board of Directors appropriately fulfill its roles and responsibilities, reflecting upon fiduciary duty and accountability to the shareholders
- 5 Strive to have constructive dialogue with shareholders

Chart of Corporate Governance Structure



Board of Directors and Directors

The number of directors for the Board is limited to a maximum of 10 as stipulated in the Articles of Incorporation. (We have eight members.) The Board includes two or more outside independent directors so that each member of the Board has their knowledge and expertise, and thereby the Board has a balanced composition of people, and so that the Board reflects an outside perspective on decision-making associated with management and has a stronger supervisory function.

In order to ensure effective use of independent outside directors, we have appointed three independent outside directors based on the resolution of the 78th general meeting of shareholders held on June 28, 2016.

The Board of Directors shall make decisions on important matters associated with management of the Company as stipulated in the regulations of the Board of Directors, as well as such matters that are specified in laws and regulations and the Articles of Incorporation. The Board of Directors shall also be regarded as a body to supervise business execution. The Company also operates decision-making bodies as entities to execute business plans such as management meetings, thus enriching the deliberation of crucial matters on business strategy.

Further, the Company has set the segregation of duties rules and the standards of authority and responsibilities, in order to define the scope of duties for the management and each business unit.

Audit & Supervisory Board and Audit & Supervisory Board Members

The number of Audit & Supervisory Board members shall be limited to a maximum of four as stipulated in the Articles of Incorporation. (We have four members.)

At least half of the Audit & Supervisory Board members shall be independent outside officers with neutrality and independence. (We have two independent outside members, half of the Audit & Supervisory Board members.)

As an organization that is independent from the management, the Audit & Supervisory Board shall audit the execution of duties by directors, corporate officers and other employees, internal control systems, accounting and the like.

To ensure independence and the quality of accounting auditors, the Audit & Supervisory Board shall formulate criteria for proper evaluation of the candidates or incumbent accounting auditors and regularly confirm whether or not they meet the set criteria.

Information Management and Disclosure

At the Company and each subsidiary in its group, the responsible person for information handling and the department responsible for information disclosure keep control over and manage important decisions, emerging facts, and information on financial results. This shall be done after they have been viewed by the representative director, each responsible director, or each responsible person. They shall then make decisions on whether such information falls under matters to be disclosed while reflecting on the timely disclosure rules or IR practices, and disclose them, depending on such decision, in a timely manner. Namely, this shall be done after obtaining approval from the Board of Directors for the decisions and information on financial results, and after identifying the emerging facts.

Information disclosed shall be made available on the Company's website as IR information as soon as possible after the timely disclosure.

Strengthen Corporate Governance

The Company has appointed three independent outside directors following the resolution made at the 78th ordinary general meeting of shareholders held in June 2016 for the purpose of further reinforcing its corporate governance. A director's tenure was shortened from 2 years (legal term) to 1 in order to further clarify management responsibilities during a business year, as well as to increase opportunities for shareholders to participate in a confidence vote. Furthermore, the corporate officer system was introduced, aimed at speeding up the decision-making process and defining operational segregation.

Selection of Outside Officers

AMADA HOLDINGS CO., LTD. (hereinafter referred to as “the Company”) shall set independence standards as below for the purpose of defining standards of independence and consider

outside directors and outside Audit and Supervisory Board members (hereinafter referred to as “outside officers”) as having sufficient independence from the Company if an outside officer meets all of the below criteria.

(Reference) Independence Standards for Outside Officers

AMADA HOLDINGS CO., LTD.

1. Those who have not fallen under either of the below cases in the past 5 years:
 - i. A person who is a director, Audit and Supervisory Board member, executive or employee of a major shareholder (those who hold shares carrying 10% or more of the total voting rights) of the Company;
 - ii. A person who is a director, Audit and Supervisory Board member, executive or employee of a company, one of whose main shareholders is the Company.
2. Those who have not worked for any of the major lenders to the Company and its affiliates (hereinafter referred to as “the Company’s group”) in the past 5 years.
3. Those who have not worked for a lead underwriter of the Company in the past 5 years.
4. Those who have not been a director, Audit and Supervisory Board member, executive or employee of a company that is a major business counterparty of the Company’s group or to whom the Company’s group is a major business counterparty in the past 5 years.
5. Those who have not been a representative partner, staff member, partner or employee of an accounting auditor of the Company’s group in the past 5 years.
6. Those who have not been a certified public accountant, certified public tax accountant, attorney-at-law or other consultant who receives a large amount of money or other property other than the officer remuneration from the Company’s group in each of the past 5 years.
7. Those who are not and were not a director (excluding outside directors), Audit and Supervisory Board member (excluding outside Audit and Supervisory Board members) or employee of the Company’s group.
8. Those who are not a director, Audit and Supervisory Board member, executive or employee of a company, its parent company or its subsidiary with whom the Company’s group mutually delegates officers.
9. Those who have not been a director, Audit and Supervisory Board member, executive or employee of a company with whom the Company cross holds shares within the past 5 years.
10. Those who do not have a conflict of interest when performing their duties as an outside officer, or have an interest that may affect the decisions they make.
11. Those who are not a spouse or relative within the second degree of kinship of a person who falls under any of the following:
 - i. A person who is in a position of director, Audit and supervisory Board member or executive of the Company’s group or higher;
 - ii. A person who has been in a position of director, Audit and Supervisory Board member or executive of the Company’s group or higher in any of the past 5 years;
 - iii. A person who is restricted to take a position mentioned in the other items
12. Those who have any reasons other than those stated above that interfere with performing duties as an outside officer in terms of their independence.

Enacted on December 18, 2015

Directors, Audit and Supervisory Board Members, and Corporate Officers

(As of June 28, 2017)

Directors



Chairman & CEO
Mitsuo Okamoto



Director
Hidekazu Kudo



President
Tsutomu Isobe



Director (Outside)
Michiyoshi Mazuka



Senior Managing Director
Kotaro Shibata



Director (Outside)
Toshitake Chino



Senior Managing Director
Atsushige Abe



Director (Outside)
Hidekazu Miyoshi

Audit and Supervisory Board Members

Audit and Supervisory Board Members (Full-time)

Takaya Shigeta
Katsuhide Ito

Audit and Supervisory Board Members (Outside)

Akira Takenouchi
Seiji Nishiura

Corporate Officers

Takashi Yuuki
Masayuki Kunimaru
Yasuhiro Endo
Hiroshi Sako
Masahiro Saso

AMADA HOLDINGS CO., LTD.

We contribute to the future of the manufacturing industry with the strength of our group.

As comprehensive manufacturer of metalworking machinery, the AMADA Group is mainly operating in the sheet metal fabrication machine business, metal cutting machine and structural steel fabrication machine business, machine tool business, stamping press business, and precision welding machine business. On April 1, 2015, the AMADA Group restructured and consolidated the businesses. We will now develop differentiated products, offer services to customers from their viewpoint, and contribute to their future as sheet metal fabricators.

AMADA HOLDINGS CO., LTD.

(Group strategy, management planning, etc.)

Sheet Metal Fabrication Machine Business

- **AMADA CO., LTD.**
(Sale and service of sheet metal fabrication machines)
 - China sales companies
 - ASIA and ASEAN sales companies
- **AMADA ENGINEERING CO., LTD.**
(Development and manufacture of sheet metal fabrication machines)
- **AMADA TECHNICAL SERVICE CO., LTD.**
(Service of sheet metal fabrication machines)
- **AMADA AUTOMATION SYSTEMS CO., LTD.**
(Manufacture of the automation equipments for sheet metal fabrication machines)

Metal Cutting and Machine Tool Business and Stamping Press Business

- **AMADA MACHINE TOOLS CO., LTD.**

Precision Welding Machine Business

- **AMADA MIYACHI CO., LTD.**
- **Overseas AMADA Group companies**
 - North American sales companies
 - European sales companies
 - Other overseas companies
- **AMADA Group companies in Japan**

AMADA ENGINEERING CO., LTD.

AMADA CO., LTD.

Sheet metal fabrication machine business

Sheet metal parts are used not only in cell phones, smartphones, clips, and mechanical pencils we use every day but also in traffic signals, elevators, and aircraft and rockets.

AMADA's sheet metal fabrication machine business offers all solutions, from machines through control software and peripheral devices to maintenance.

- Turret punch presses
- Press brakes
- Welders
- Software



AMADA TECHNICAL SERVICE CO., LTD.

AMADA AUTOMATION SYSTEMS CO., LTD.



Metal cutting machine business

The machines of AMADA MACHINE TOOLS are at work in many and varied fabrication applications, from minute precision parts for medical equipment to large steel frames for high rise buildings, bridges, and other structures.

- Bandsaw machines
- Structural steel fabrication machines

Stamping press business

- Stamping press machines



Machine tool business

- Multi process center
- Grinding machines
- Electrical discharge machines



AMADA MACHINE TOOLS CO., LTD.

AMADA MIYACHI CO., LTD.

Precision welding machine business

AMADA MIYACHI is providing throughout the world welding and processing solutions for automotive body panels and electrical equipment, LCD displays, personal computers, medical devices, and other familiar products.

- Laser welders
- Resistance welders
- Laser markers
- Systems



Sheet Metal Fabrication Machine Business

- AMADA CO., LTD.
- AMADA ENGINEERING CO., LTD.
- AMADA TECHNICAL SERVICE CO., LTD.
- AMADA AUTOMATION SYSTEMS CO., LTD.



Image of processing on ENSIS

Proposal of total solutions for sheet metal fabrication

Sheet metal fabrication involves cutting, drilling, bending, and welding sheet metal.

Many of the metal parts found in various products we use every day are made from sheet metal.

The AMADA Group offers integrated solutions to customers, from the development and manufacture to the sale and service of sheet metal fabrication machines, to meet their specific conditions.

Software

The virtual prototype simulation system (VPSS) offers digital manufacturing for verifying parts in detail on the computer screen before they are actually made. This digital manufacturing system reduces the time the operator spends unfolding a part from its 3D drawing in his brain and achieves shorter times in all process steps.



Sale of sheet metal fabrication machines



Fiber laser machine
ENSIS-3015AJ



Fiber laser-equipped blanking process
integrated solution
ACIES-2512T-AJ



Fiber laser/Punch combination machine
LC-2515C1AJ



Fully automatic solution turret punch press
EM-3612ZR



Ultimate press brake
for extremely high-mix, low-volume production
HG-1003 ATC



Fiber laser welding system
FLW-4000M3

Major Products



Fiber laser machine
ENSIS-3015AJ



High accuracy bending robot system
HG-1003ARs



Fiber laser welding system
FLW-ENSIS

AMADA INNOVATION CENTER

AMADA ENGINEERING CO., LTD.



From Development and Manufacture to Sale and Service

AMADA Innovation Center is the source of innovations, located at the foot of Mt. Fuji, with a site area of more than 760,000m². As one of the largest laser-machine-dedicated facilities in the world, Fujinomiya Works third, most recent plant can produce 140 units of state-of-the-art machines per month.

In addition, it has adopted the front-loading development / manufacturing system by conducting concurrent designing in collaboration with the Development Center.

- AMADA CO., LTD.
- AMADA ENGINEERING CO., LTD.
- AMADA TECHNICAL SERVICE CO., LTD.

AMADA SOLUTION CENTER

AMADA CO., LTD.



Development system based on "voices of customers"

The core and elemental technologies of next-generation machines are developed with state-of-the-art design systems, and also module design is performed with the manufacturing process in view.



Innovation room



Development center

System for manufacturing machines to specifications of customers

Machines are module designed by the front-loading development concept and made by the "booth-stand" production system that can procure parts just in time and at the best quality, cost, delivery (QCD) levels. Shorter lead time and higher-quality manufacturing are thus accomplished.



"Booth-stand" production system



Clean room

Sales system to "solve problems of customers"

AMADA offers customers solutions for their manufacturing problems as well as engineering proposals by making use of its solution model.

AMADA Solution Center

The AMADA Solution Center is the place where AMADA offers solutions to the problems of customers. The center acts as an exhibition and showroom site to show customers the various products AMADA offers and also as a place of "process verification" where AMADA finds the problems of customers, proposes solutions to the problems, and helps the customers to verify the proposed solutions.



AMADA Solution Center (Isehara)

AMADA Solution Center (Schaumburg)

Technical Centers

At our Technical Centers, customers can verify parts processed according to their data and can confirm the functions, performance, and operability of AMADA machines.

The customers can use the centers as base with reinforced technical service functions.



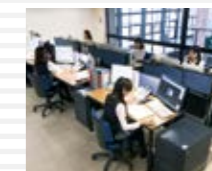
Kansai Technical Center (Osaka)

Shanghai Technical Center (China)

Service system that "does not allow machines of customers to stop operating"

AMADA CO., LTD. AMADA TECHNICAL SERVICE CO., LTD.

AMADA supports customers in operating the machines installed at their shops and in producing parts with the machines as well as provides maintenance on the machines.



Call center



IT service vehicle Equipped with digitized service tools



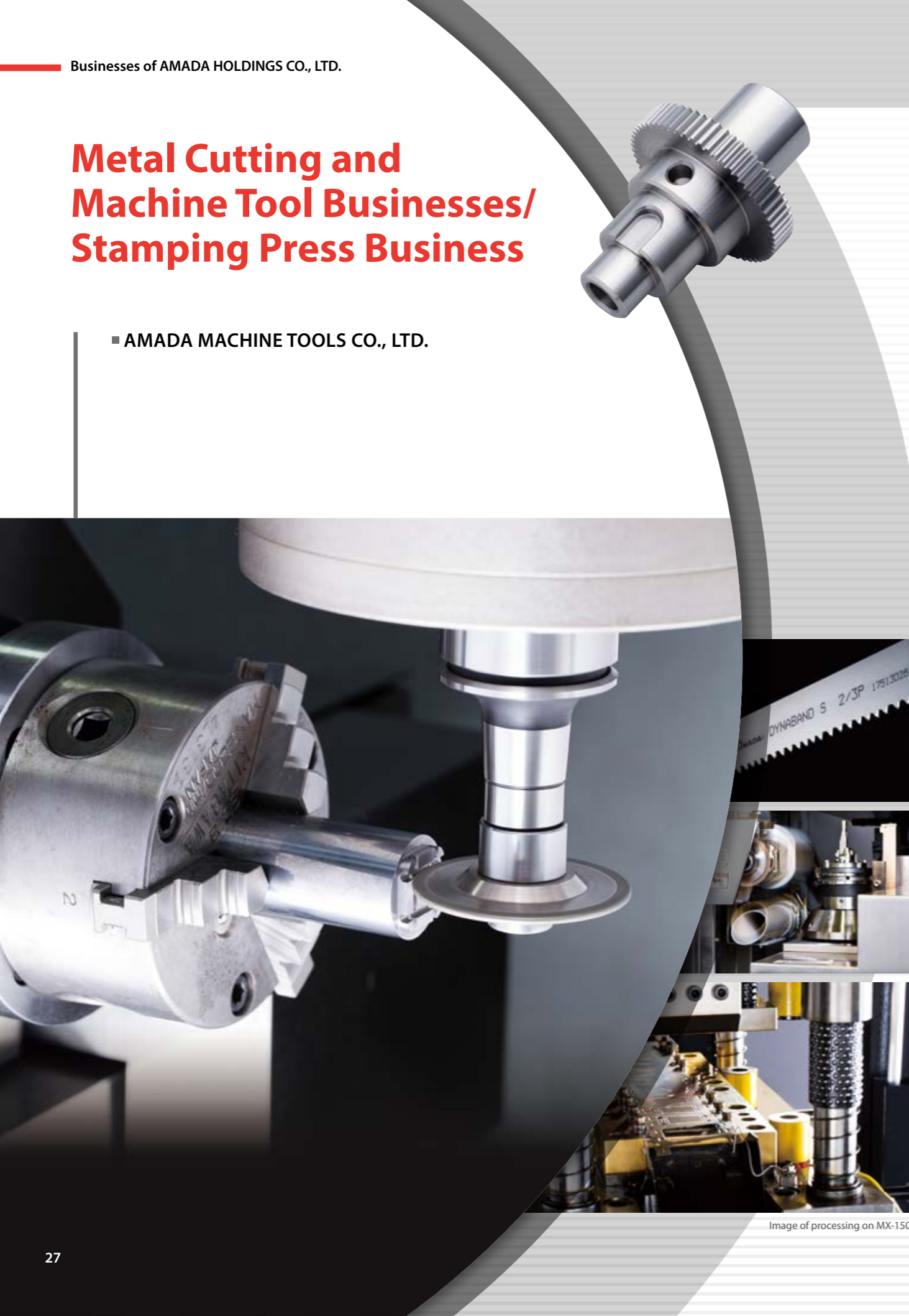
Tooling



Parts center

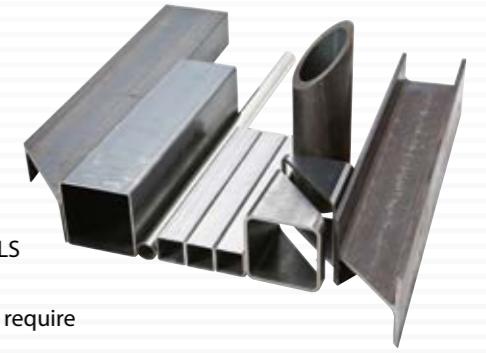
Metal Cutting and Machine Tool Businesses/ Stamping Press Business

■ AMADA MACHINE TOOLS CO., LTD.



From huge structures to minute parts

AMADA MACHINE TOOLS operates integrated businesses from the development and manufacture to the sale and service of metal cutting, machine tools, and stamping presses. From global perspectives, AMADA MACHINE TOOLS develops cutting-edge technology, supplies high quality products to customers around the world, proposes optimum problem solutions to customers, and provides a wide range of services to customers. Metals machined with the machines of AMADA MACHINE TOOLS are used in various applications. The machines of AMADA MACHINE TOOLS are indispensable for making products that support our lives as well as products that not only require minute parts but products that require huge, robust structures.



Facilities for solving problems of customers

AMADA MACHINE TOOLS promptly solves the production problems of customers by combining the metal cutting, turning, and grinding technologies it has developed over many years.

At the Toki Technical Center, an integrated development and manufacturing base, AMADA MACHINE TOOLS organizes events and training sessions and proposes solutions as a comprehensive manufacturer of metalworking machinery.



Toki Technical Center

Development and manufacture with high quality and short delivery lead time

About 100 development staff members reside at the Toki Works and mainly develop machine tools with the latest design systems and video equipment. The latest, high accuracy and high performance equipment is introduced at the manufacturing factory, and quality is thoroughly built into products on each manufacturing line.

A system is established for stably delivering high quality and high accuracy products within short lead times.



Toki Works



Office building



Factory building



Saw blade development and manufacturing base, Ono Plant



Hyper saw HPSAW-310



Multi process center MX-150



Single crank presses TP-FX series

Major Products



Band saw machines for structural steel HPSAW-310



Stamping press machines SDE-2017 GORIKI



CNC graphical profile grinder DV-1

Image of processing on MX-150

Precision Welding Machine Business

■ AMADA MIYACHI CO., LTD.

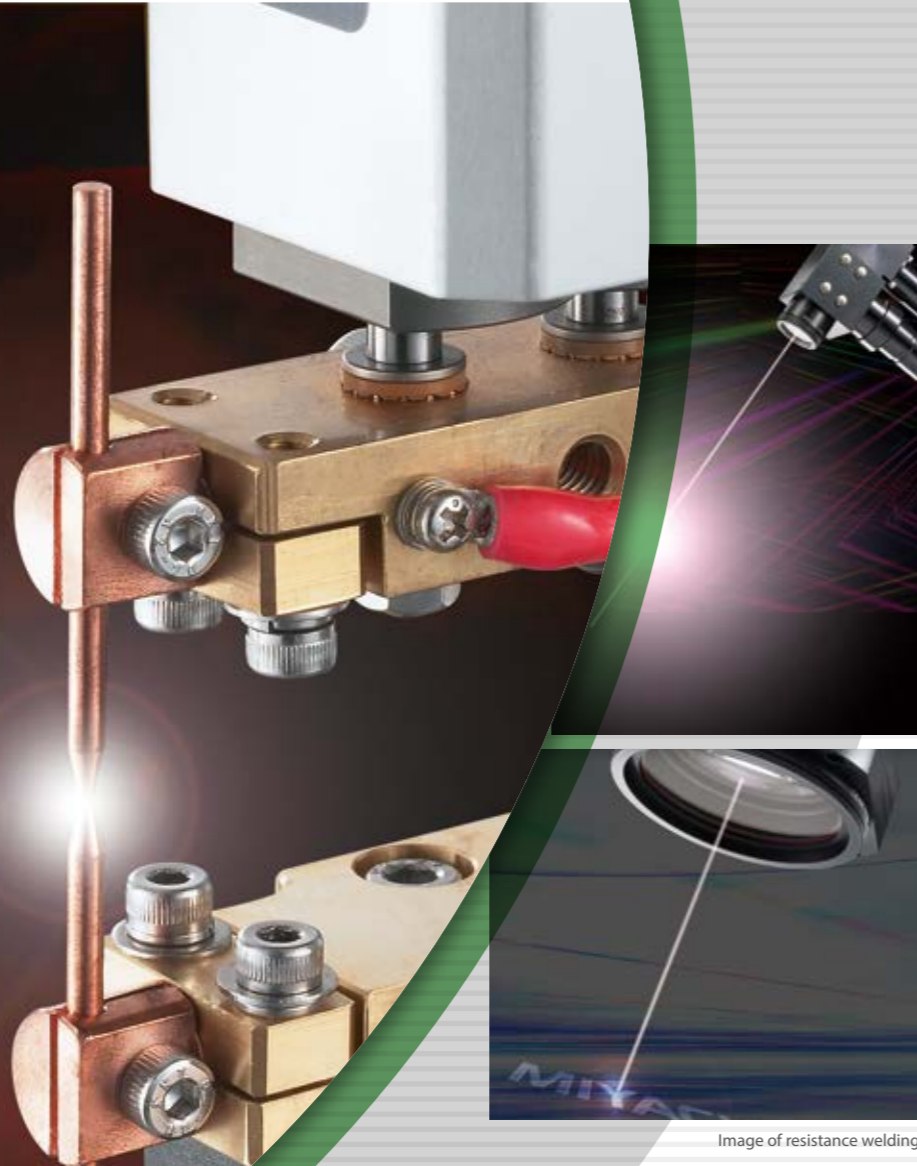


Image of resistance welding

Machines indispensable for state-of-the-art manufacturing in such fields as automobiles, electronic parts, communications equipment, and medical devices

AMADA MIYACHI offers total solutions centered on the four pillars of laser welders, laser markers, resistance welders, and laser marking and laser and resistance welding systems.

AMADA MIYACHI has a business model specializing in the precision welding and processing markets, has both joining and laser technologies, and has a unique position in the world.

The technologies of AMADA MIYACHI are used in the joining and processing of electronic devices and other precision parts and are helpful in improving or maintaining the quality of familiar products.



From development and manufacture to sale and service

AMADA MIYACHI develops original product technologies, creates added value, such as excellent maintainability and operability and the accommodation of various inputs and outputs, realizes truly easy-to-use systems, and operates as a one-stop supplier, from discrete equipment to system products. The synergistic effects of these endeavors are what AMADA MIYACHI aims to achieve.

AMADA MIYACHI will continue to maintain its solid position in welding and processing for the electronics, automotive, and energy industries, and it will strive for the ability to propose solutions optimized for specific customers and for the achievement of outstanding customer satisfaction.



Major Products



AMADA Group Environmental Declaration

The AMADA Group aggressively promotes environmental activities to its management in order to realize sustainable development of its business and society.

AMADA will help to build a bright and prosperous future for people around the world by optimally utilizing the engineering capabilities we have cultivated, and by providing eco-friendly, energy-saving products as a general manufacturer of metalworking machinery.

“Linkage through Eco-conscious Manufacturing”

The AMADA Group aspires to become a business enterprise to link with customers, society, and the world through eco-conscious manufacturing.

Producing eco-friendly machines at eco-friendly business establishments

All the AMADA Group’s operations are carried out with the aim of achieving optimal compatibility between environmental preservation and business activities through promotion of energy- and resource-saving efforts.

Our eco-friendly merchandise assists customers to manufacture eco-friendly products

The AMADA Group’s eco-friendly products enable customers to manufacture energy savings and highly efficient products at their plants.

Creating eco-friendly environments at customers’ plants

The AMADA Group contributes to the creation of eco-friendly environments at customers’ plants by utilizing its accumulated environmental know-how.



AMADA FOREST

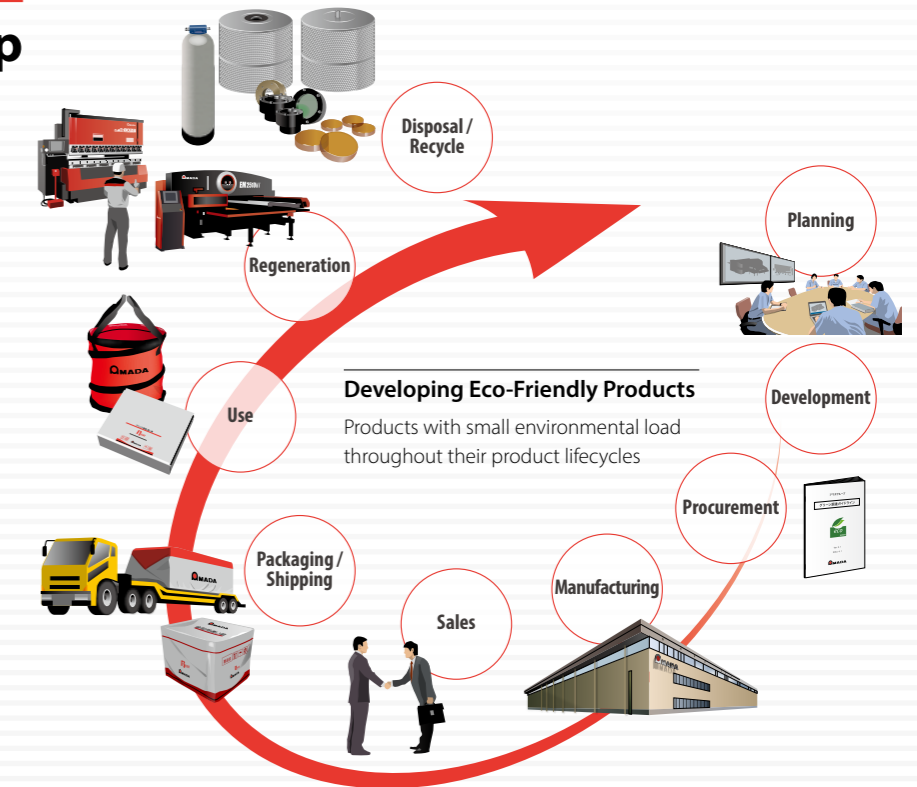
Approximately 60% of Fujinomiya Works’ site, which is approximately 429,800m², remains as forests, and approximately 80% of them are artificial forests of “Japanese cypress.” Since it has been 40 to 50 years since the trees were planted, we are planning to aggressively improve the forest into a forest rich in plants and animals.

Approximately 700 species of plants have been found on the Fujinomiya Works premises. When we re-organized the forest next to Factory #2, we found trees such as konara oak and Japanese snowbell, and also the plant *Cypripedium japonicum* designated as a category II (VU) endangered species by the Ministry of the Environment and Shizuoka Prefecture.

The AMADA Group Environmental Management

Fundamental to the AMADA Group’s environmental management approach is environmental protection activities during our products’ lifecycles with the aim of continually reducing environmental impacts “from the cradle to the grave,” meaning throughout the lifecycle of a product, from planning through development, procurement, manufacture, sale, shipping and use, to disposal.

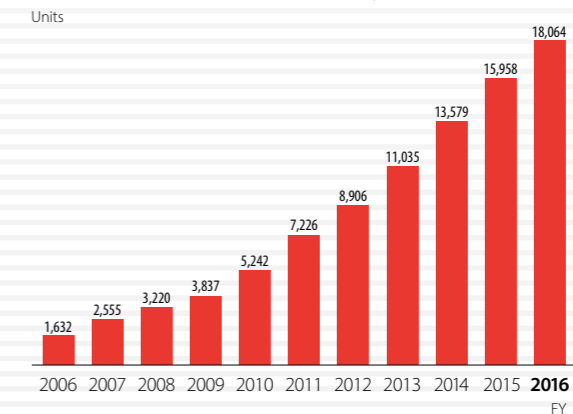
At AMADA we are developing lifecycle management to create this kind of thorough lifecycle for our eco-friendly products.



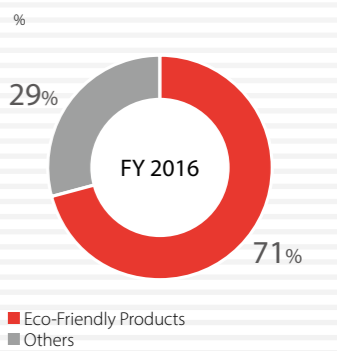
Creation of Eco Products

Since the AMADA Group’s products are industrial goods, most of their lifecycle CO₂ emissions occur during customer use, which is why the Group believes that developing machines with high energy efficiency (eco products) is extremely important. By developing numerous eco products such as fiber laser machines that consume 80% less power than conventional models, as well as combination machines that realize a high level of productivity through lower energy consumption and integrated production processes, we have made strides in our efforts to reduce the amount of CO₂ our products emit.

Total Sales Volume of Eco-Friendly Products



Eco-Friendly Products Sales Ratio



Eco-Friendly Products



Stamping press machines SDE-2017 GORIKI



Fiber laser machine ENSIS-3015AJ

Social Contribution Activities

The AMADA Group places importance on communication with people of local communities and is expanding its social contribution activities in each of the regions of Europe, Asia, and the Americas. The Group is widening its sphere of activities, including internships and charity and volunteer activities.

Opening of Tainan Satellite Center, which also functions as a vocational center, in Taiwan in an effort to cultivate local human resources



Establishment of ASEAN Technical Center at the ASEAN regional headquarters in Thailand as an initiative to contribute to the development of local human resources



Conclusion of a disaster prevention agreement with Fujinomiya City in Shizuoka Prefecture



Factory tour and manufacturing demonstration for Sandwell Academy students



Factory visit for students (AMADA EUROPE S.A.)



Career Day (AMADA AMERICA)



Isehara's Little League baseball team's visit to AMADA AMERICA, INC.



ATA's second annual sponsorship of Genesee Community College Tech Wars. (AMADA TOOL AMERICA)

AMADA Group WorldSkills Sponsorship

As a sponsor of WorldSkills, the AMADA Group supports the event from a technical perspective by providing sheet metal processing machines and assigning engineers to support the development and improvement of young engineers' skills.



Explanation scene with engineer

Relations with WorldSkills



AMADA SCHOOL

The AMADA SCHOOL was established in 1978 as Japan's first vocational training corporation dedicated to metalworking machinery. As an educational institution, the school leverages AMADA's wealth of technology and cutting-edge facilities. The school is built upon the two pillars of skills education (manufacturing) and support education (personnel development) and teaches students about machines, CAD/CAM operation, and the fundamentals of sheet metal processing. In addition, the school offers preparatory courses for the National Trade Skill Test (factory sheet metal work) theory and practical examinations. The school also provides courses with the goal of supporting human resources development for new employees, administrative staff, and supervisory staff at small- and medium-sized businesses as well as a support education course, Junior Management College (JMC), for those progressing to managerial positions.



Training in AMADA INDIA Vocational Center

Precision Sheet Metal Technology Fair

The Precision Sheet Metal Technology Fair is a competition established in 1989 by the AMADA SCHOOL to promote the improvement of sheet metal processing technology and skills. Currently, the school collects entries from five categories around May each year and, following judgment, holds an award ceremony the following March. The 28th Precision Sheet Metal Technology Fair awards ceremony was held in March 2017. A total of 267 entries were submitted, of which 93 were submissions from overseas, with 30 submissions from students.



Fair poster

Support for Sheet Metal Industry Associations

Sheet metal industry associations are established in each region of Japan by companies involved in the sheet metal processing industry to promote the planning, proposal, implementation, and research of activities for the prosperity and global expansion of member companies. To date, 26 such industry associations have been established in Japan. To help improve the skills of all association member companies, train human resources, and promote industry development, AMADA provides assistance through the industry association secretariats and takes such measures as dispatching lecturers for workshops.



Trade skill tests

Health Management

AMADA aims to improve the health of its employees through the prompt discovery of mental and physical ailments and the provision of follow-up care. To this end, we have set up a promotional structure for occupational health and hygiene and are focusing efforts on providing all types of mental and physical healthcare in collaboration with health insurance unions. As part of these efforts, we hold various health-related events and activities throughout the year, including brain exercises, seminars on appropriate alcohol consumption, core training, and functional tests of respiratory organs. In fiscal 2016, we implemented mental health training for our management personnel based on an analysis of stress check results.



Functional tests of respiratory organs



Safety education for new employees to prevent traffic accidents

Safety Management

The AMADA Group is engaging in initiatives to prevent the recurrence of any work-related injuries that occur within the Group by identifying the cause and horizontally developing measures to prevent recurrence. In 2016, we positioned safety training to prevent work-related and traffic accidents as a key initiative and implemented such training accordingly. In addition to educational lectures, we have been introducing a curriculum that focuses on hands-on safety training with the aim of reducing the number of work-related injuries to zero.

Promotion of Support for Childcare

The AMADA Group is encouraging male employees to take childcare leave by establishing an independent childcare leave system, which differs from the original system in that it allows employees who want to participate in childcare to redeem unused paid holidays that have expired.

Moreover, to encourage employees to take paid leave, in addition to systematic paid holidays and recommended days to redeem paid holidays, we have established leave for special events, such as school-related activities, which is separate from normal paid holidays.

Furthermore, we conduct family tours at each worksite as an additional effort to encourage employees with families to actively participate in childcare.

Employee interview

Mika Maehama
Blank Development Division AMADA ENGINEERING CO., LTD.

In April of this year, I returned to work after taking maternity and childcare leave. Before taking time off, I was very uneasy about giving birth for the first time and about if I would be able to return to work at some point without issue. However, as I said my goodbyes to everyone at the office before taking my leave, many of my colleagues gave me words of encouragement, telling me that giving birth and raising a child are two very important jobs and wishing me luck. These words made me realize that I was not about to take time off work, but rather that I was about to give it my best at a new job that entailed giving birth and taking care of a child. Upon this realization, some of the uneasiness I felt toward taking maternity and childcare leave subsided. Thanks to the help of my coworkers and family and the supportive environment surrounding me, I was able to return to work without issue. For that, I am truly thankful. Going forward, I hope that I can use my experience to offer some assistance to other employees who are taking maternity and childcare leave for the first time.

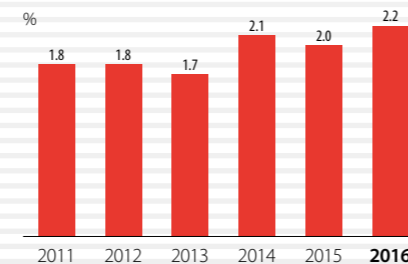


Workplace Where People with Disabilities Play a More Active Role

To assist social progression and promote the independence of people with disabilities, the AMADA Group actively employs differently abled individuals. We provide trial employment for those with intellectual disabilities and offer work experience programs for students of special needs schools, which in turn help these individuals find work in the future.

Furthermore, in June 2015 we established a special-purpose subsidiary within the Group that exclusively employs people with disabilities. This subsidiary, the first of its kind in the machine tool industry, raised our employment rate for people with disabilities to 2.2% in fiscal 2016.

Employment Rate of People with Disabilities



Green Procurement

AMADA positions "green procurement," procuring materials with low environmental load, as one of its important environmental conservation activities.

Our products are not subject to the RoHS directives enforced since July 2006, but we promote the non-use of RoHS regulated substances due to the fact that the regulated substances may come in contact with our customers' products that are made with Amada machines.

Our Approach toward Green Procurement

In order to promote Green Procurement, the AMADA Group is implementing the following approaches.

- (1) Prioritizing business partners who are active in environmental protection activities
 1. Survey and evaluation of the environmental protection activities carried out by our business partners
 2. Request for cooperation based on the evaluation results and dealing with priority business partners
- (2) Procurement of materials with little environmental impact (procurement of items which do not use controlled chemical substances)
 1. Survey and evaluation of the environmental impact of procured materials
 2. Selection of materials based on evaluation results and prioritized procurement
- (3) Compliance with environmental laws



AMADA Group Green Procurement Guidelines

Communication with Our Investors

Policy for Constructive Dialogue with Shareholders

The Company will actively enter into constructive dialogue with shareholders and investors with the aim of sustaining growth and boosting medium- to long-term corporate value. It will strive to further create value by reflecting their opinions and issues presented at such dialogues on the operations to improve our business. We also provide quarterly results briefings and individual interviews and answer the enquiries from individual investors as required in order for them to deepen their understanding of business conditions, details of the business, and strategies of the Company. Upon receiving a request for information disclosure, the Company shall try to do so in a timely, equitable, and active manner conforming to the "Disclosure Policy."



A financial results presentation

Various Tools

In addition to renewing its domestic IR website, AMADA HOLDINGS is promoting communication with its investors through various tools. The Company actively discloses both financial and non-financial information through its corporate brochure and CSR report. Going forward, the Company will make concerted efforts to communicate its corporate value in a more comprehensive manner.



Corporate tools

Financial Review

EXTERNAL ECONOMIC CONDITIONS

As a comprehensive manufacturer of metalworking machinery, the AMADA Group's business comprises the sheet metal fabrication machine business, the precision welding machine business, the metal cutting machine business, the stamping press business, and the machine tool business. Under this business structure, the Group made efforts to

promote the proposal of optimal solutions that contribute to the *monozukuri* of its customers. At the same time, the Group strived to bolster its product power and cost competitiveness in order to succeed in a fiercely competitive business environment.

EARNINGS

Regarding the consolidated operating results for the fiscal year under review, both orders and net sales declined year on year, with orders falling 10.0%, to ¥275,881 million, and net sales declining 8.3%, to ¥278,840 million. Net sales in Japan decreased 6.1%, to ¥131,203 million, due to absence of increased demand that followed the Japanese government's subsidies for energy saving, which were issued in the previous fiscal year. Overseas, although there was a sense of uncertainty regarding the political policies of the new administration in the U.S. and anxiousness concerning the overall economic impact in Europe following the U.K.'s decision to leave the European Union, net sales gradually recovered due

to a rebound in capital investments and an increase in consumer spending. However, as a result of a strong yen compared with the previous fiscal year, overseas sales declined 10.1%, to ¥147,637 million.

Turning to profit and loss, despite the Company's efforts to improve sales prices through the introduction of new products and to reduce costs through the rationalization of manufacturing, operating income fell 22.3%, to ¥33,030 million, ordinary income declined 20.5%, to ¥34,307 million, and net income attributable to owners of the parent was down 5.6%, to ¥25,894 million, due to sales decreases in Japan and the negative impact of yen appreciation on profitability.

FINANCIAL POSITION

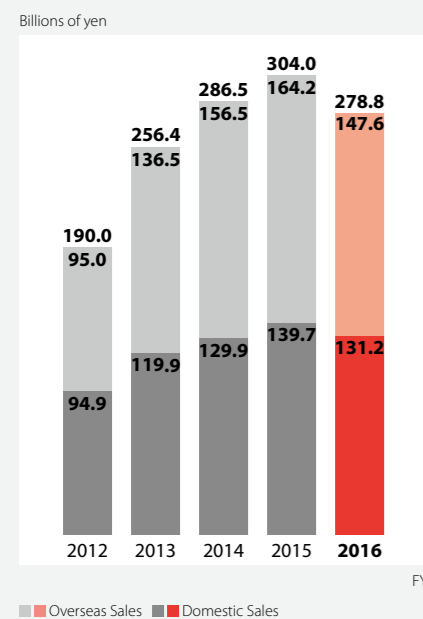
At the end of the fiscal year under review, consolidated total assets were down ¥31,833 million year on year, to ¥533,433 million.

Total current net assets fell ¥40,438 million, to ¥331,909 million, due primarily to a decline in securities, notes and accounts receivable—trade, and inventories. Total non-current assets were up ¥8,605 million, to ¥201,523 million, due to an increase in construction in progress and software.

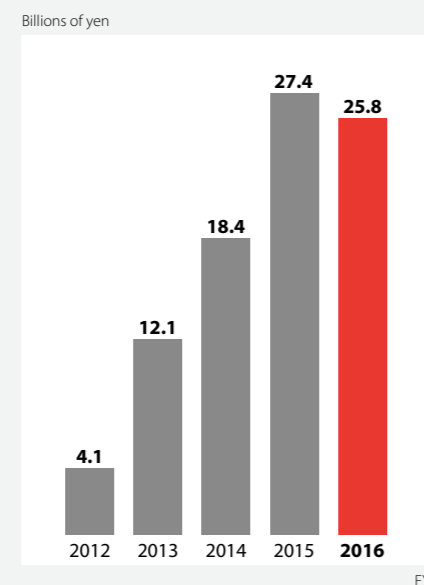
Total current liabilities decreased ¥21,180 million, to ¥96,743 million, resulting from such factors as a decline in short-term loans payable.

Non-current liabilities fell ¥11,242 million, to ¥16,719 million, owing in part to a decline in net defined benefit liability.

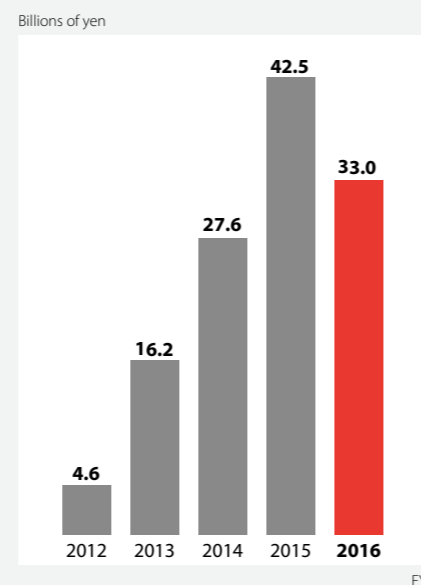
Domestic Sales and Overseas Sales



Net income Attributable to Owners of the Parent



Operating Income



CASH FLOWS

Consolidated cash and cash equivalents, end of year, amounted to ¥76,723 million, down ¥23,513 million from the previous fiscal year.

CASH FLOWS FROM OPERATING ACTIVITIES

Net cash provided by operating activities totaled ¥26,023 million, down ¥26,709 million from the previous fiscal year. This result reflected a decline in income before income taxes.

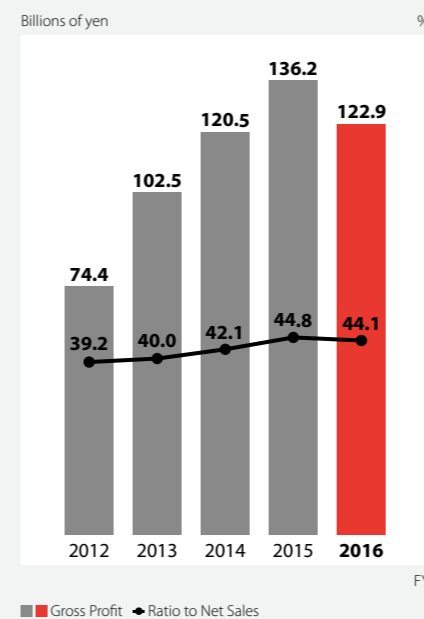
CASH FLOWS FROM INVESTING ACTIVITIES

Net cash used in investing activities amounted to ¥18,005 million, down ¥3,840 million from the previous fiscal year. This result was primarily attributable to an increase in proceeds from sales and redemption of securities.

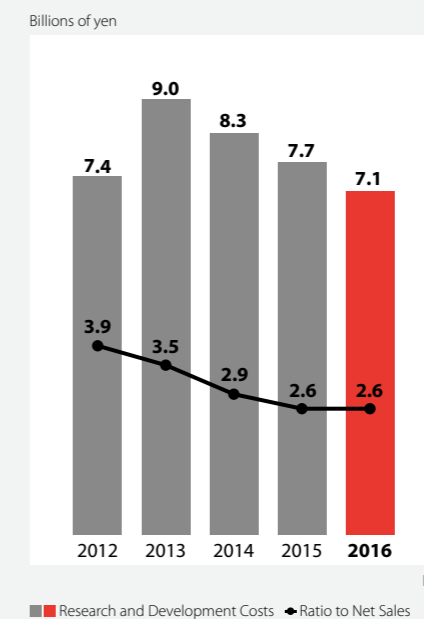
CASH FLOW FROM FINANCING ACTIVITIES

Net cash used in financing activities amounted to ¥27,972 million, up ¥3,136 million from the previous fiscal year. The main cause of this increase was the repayment of short-term loans payable.

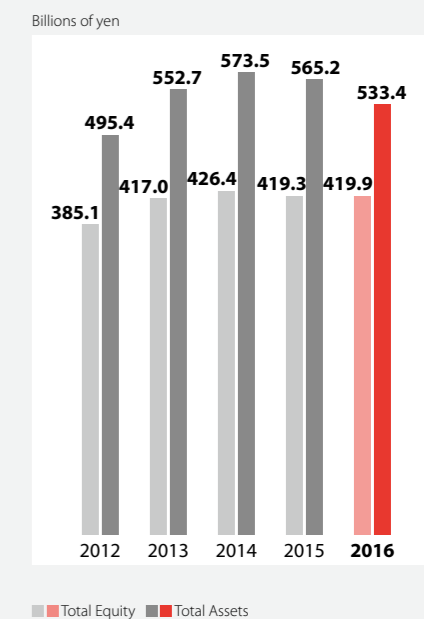
Gross Profit and Ratio to Net Sales



Research and Development Costs and Ratio to Net Sales



Total Equity and Total Assets



Consolidated Financial Statements

Consolidated Balance Sheet

AMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries
March 31, 2017

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Current assets:			
Cash and cash equivalents (Note 16)	¥ 76,723	¥ 100,236	\$ 683,808
Short-term investments (Notes 3 and 16)	29,308	30,948	261,214
Notes and accounts receivable (Notes 2 and 16)—			
Trade	127,165	137,803	1,133,385
Unconsolidated subsidiaries and associated companies	113	119	1,014
Other	1,735	1,687	15,463
Allowance for doubtful receivables	(1,966)	(2,301)	(17,524)
Investments in lease (Notes 14 and 16)	14,254	13,781	127,049
Inventories (Note 4)	70,692	77,917	630,055
Deferred tax assets (Note 9)	8,329	7,505	74,233
Prepaid expenses and other current assets (Notes 7 and 14)	5,553	4,649	49,495
Total current assets	331,909	372,347	2,958,195
Property, plant and equipment:			
Land (Note 6)	40,106	40,157	357,456
Buildings and structures (Note 6)	143,498	143,428	1,278,952
Machinery and equipment	61,612	62,255	549,131
Buildings, structures and land for rent	14,223	14,755	126,764
Lease assets	419	485	3,736
Construction in progress	11,020	1,509	98,225
Total	270,880	262,591	2,414,267
Accumulated depreciation	(138,871)	(137,857)	(1,237,713)
Net property, plant and equipment	132,009	124,733	1,176,554
Investments and other assets:			
Investment securities (Notes 3 and 16)	47,475	45,720	423,136
Investments in and advances to unconsolidated subsidiaries and associated companies	3,962	3,765	35,312
Goodwill	1,153	1,601	10,279
Software	6,879	4,044	61,318
Deferred tax assets (Note 9)	5,965	7,488	53,170
Asset for retirement benefit (Note 8)	135	121	1,203
Other assets (Notes 7 and 14)	3,942	5,442	35,135
Total investments and other assets	69,514	68,184	619,557
Total	¥ 533,433	¥ 565,266	\$ 4,754,306

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Current liabilities:			
Short-term bank loans (Notes 6 and 16)	¥ 10,339	¥ 25,763	\$ 92,152
Current portion of long-term debt (Notes 6 and 16)	3,584	303	31,945
Notes and accounts payable (Note 16)—			
Trade	15,986	17,476	142,478
Unconsolidated subsidiaries and associated companies	738	882	6,579
Other	5,503	8,164	49,049
Electronically recorded obligations-operating (Note 16)—			
Trade	17,799	1,506	158,642
Unconsolidated subsidiaries and associated companies	1,432	16,054	12,770
Deferred profit on installment sales (Note 2)	13,731	13,923	122,387
Accrued expenses	11,165	11,553	99,511
Income taxes payable	3,620	9,583	32,268
Other current liabilities (Note 9)	12,841	12,710	114,452
Total current liabilities	96,743	117,923	862,237
Long-term liabilities:			
Long-term debt (Notes 6 and 16)	3,529	8,045	31,454
Liability for employees' retirement benefits (Note 8)	5,274	11,936	47,010
Retirement allowance for directors and corporate auditors (Note 8)	78	61	697
Deposits received (Notes 7 and 16)	2,945	3,004	26,251
Other long-term liabilities (Note 9)	4,892	4,915	43,605
Total long-term liabilities	16,719	27,962	149,019
Commitments and contingent liabilities (Note 15)			
Equity (Notes 10, 11 and 22):			
Common stock—			
Authorized—550,000 thousand shares			
Issued—378,115 thousand shares in 2017 and 378,115 thousand shares in 2016	54,768	54,768	488,130
Capital surplus	163,199	163,199	1,454,537
Stock acquisition rights	36	73	325
Retained earnings	226,500	217,253	2,018,719
Treasury stock, at cost—			
12,461 thousand shares in 2017 and 12,776 thousand shares in 2016	(11,841)	(12,139)	(105,538)
Accumulated other comprehensive income:			
Net unrealized loss on available-for-sale securities	(552)	(891)	(4,923)
Deferred (loss) gain on derivatives under hedge accounting	(114)	128	(1,021)
Land revaluation difference (Note 1 k)	(9,221)	(9,221)	(82,192)
Foreign currency translation adjustments	(4,847)	6,385	(43,203)
Defined retirement benefit plans	(1,093)	(3,301)	(9,744)
Total	416,835	416,254	3,715,090
Noncontrolling interests	3,137	3,125	27,960
Total equity	419,970	419,380	3,743,050
Total	¥533,433	¥565,266	\$4,754,306

Consolidated Statement of Cash Flows

AMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries
Year ended March 31, 2017

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2017	2016	2015	2017
Operating activities:				
Income before income taxes	¥ 36,219	¥ 43,112	¥ 31,075	\$ 322,807
Adjustments for:				
Income taxes paid	(16,875)	(12,611)	(13,070)	(150,407)
Depreciation and amortization	8,949	8,849	8,552	79,763
(Gain) loss on sales of fixed assets	(98)	55	(120)	(879)
Gain on sales of investment securities	(22)		(118)	(203)
Equity in earnings of unconsolidated subsidiaries and associated companies	(347)	(154)	(181)	(3,093)
Changes in assets and liabilities:				
(Increase) decrease in receivables, net of deferred profit on installment sales	(2,887)	4,902	1,199	(25,731)
Increase in lease investment assets	(558)	(52)	(608)	(4,980)
Decrease (increase) in inventories	2,055	6,621	(2,652)	18,320
Increase (decrease) in payables	4,082	(583)	15,942	36,383
Decrease in liabilities for employees' retirement benefits	(1,112)	(1,939)	(1,973)	(9,917)
Other—net	(3,379)	5,032	(12,802)	(30,118)
Total adjustments	(10,195)	9,621	(5,833)	(90,864)
Net cash provided by operating activities	26,023	52,733	25,242	231,942
Investing activities:				
Proceeds from sales and redemption of marketable securities	38,028	12,147	10,552	338,933
Purchases of marketable securities	(34,902)	(9,498)	(1,500)	(311,074)
Proceeds from sales of property, plant and equipment	275	927	927	2,457
Purchases of property, plant and equipment	(15,306)	(6,258)	(7,504)	(136,417)
Purchases of intangible assets	(4,901)	(2,105)	(834)	(43,687)
Proceeds from sales and redemption of investment securities	6,636	4,501	7,355	59,150
Purchases of investment securities	(13,500)	(16,986)	(11,855)	(120,320)
Payment for purchase of consolidated subsidiaries' stock from noncontrolling interests	(480)	(330)		(4,284)
Purchase of long-term time deposits		(1,000)	(1,000)	
Proceeds from transfer of business		1,117		
Other—net	6,144	(4,359)	2,068	54,766
Net cash used in investing activities	(18,005)	(21,845)	(1,790)	(160,477)
Financing activities:				
Net decrease in short-term bank loans	(11,084)	(4,708)	(1,018)	(98,794)
Proceeds from long-term debt	1,084	2,421	3,175	9,663
Repayment of long-term debt	(1,945)	(1,992)	(553)	(17,343)
Purchase of treasury stock	(6)	(10,010)	(10,032)	(58)
Proceeds from exercise of stock option	193	166	481	1,725
Cash dividends paid	(16,045)	(10,690)	(9,805)	(143,009)
Other—net	(167)	(21)	(114)	(1,494)
Net cash used in financing activities	(27,972)	(24,836)	(17,866)	(249,311)
Foreign currency translation adjustments on cash and cash equivalents	(1,727)	(2,335)	1,995	(15,397)
Net increase in cash and cash equivalents	(21,681)	3,715	7,580	(193,244)
Cash and cash equivalents increased by merger with unconsolidated subsidiaries		200	202	
Decrease in cash and cash equivalents resulting from change of fiscal year-end of consolidated subsidiaries	(1,831)			(16,324)
Cash and cash equivalents, beginning of year	100,236	96,320	88,537	893,376
Cash and cash equivalents, end of year	76,723	100,236	96,320	683,808
Additional information:				
1) Retirement of treasury stock		¥ 7,968	¥ 7,923	
2) Details of assets and liabilities on transfer of business				
Current assets decreased		1,051		
Noncurrent assets decreased		37		
Other expenses		70		
Loss on transfer of business		(42)		
Net-proceeds from transfer of business		1,117		

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

AMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation of 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 accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The consolidated financial statements include the accounts of AMADA HOLDINGS CO., LTD. (the "Company") and its significant subsidiaries (together, the "Group").

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. Certain reclassifications and rearrangements have been made in the 2016 and 2015 consolidated financial statements in order for them to conform to the classifications and presentations used in 2017.

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 ¥112.20 to US\$1, the approximate rate of exchange at March 31, 2017. 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.

U.S. dollar figures presented in the consolidated financial statements are rounded down to thousands of dollar, except for per share amounts.

b) Principles of consolidation

The consolidated financial statements as of March 31, 2017, include the accounts of the Company and its 72 (74 in 2016 and 74 in 2015) significant subsidiaries.

Under the control and influence concepts, 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 Group has the ability to exercise significant influence 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 excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is being amortized over a period from 5 to 10 years.

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 also eliminated.

With respect to Amada North America, Inc. and 33 other companies whose balance sheet date used to be December 31, we previously used their

financial statements as of their balance sheet dates, and made adjustments to important transactions that occurred between each of their balance sheet dates and our consolidated balance sheet date, as required for consolidated accounting. However, effective from the current consolidated fiscal year, the balance sheet date of these companies has been changed to March 31, in order to ensure a more appropriate method of disclosure of consolidated financial information.

With respect to Amada (China) Co., Ltd. and 11 other companies whose balance sheet date used to be December 31, we previously used their financial statements as of their balance sheet dates, and made adjustments to important transactions that occurred between each of their balance sheet dates and our consolidated balance sheet date, as required for consolidated accounting. However, effective from the current consolidated fiscal year, we have adopted the method of provisionally having their accounts closed on the consolidated balance sheet date in accordance with the full-year closing, in order to ensure a more appropriate method of disclosure of consolidated financial information.

According to the above, for the current consolidated fiscal year, we have included the results of these companies for 3-months from January 1, 2017 through March 31, 2017 to retained earnings.

As a result of changes, for the current consolidated fiscal year, eliminating a 3-months lag between their balance sheet dates and our consolidated balance sheet date, and their balance sheet dates or provisional closing dates are correspond with our consolidated balance sheet date.

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 that 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. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: a) amortization of goodwill; b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; c) expensing capitalized development costs of R&D; d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting.

d) Business combinations

Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

e) 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.

f) 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.

g) Inventories

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

h) 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 trading securities or held-to-maturity debt, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method.

Nonmarketable 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.

i) 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 3 to 60 years

Machinery and equipment 2 to 17 years

Pursuant to an amendment to the Corporate Tax Act, the Company adopted Accounting Standards Board of Japan Practical Issues Task Force No. 32 "Practical Solution on a change in depreciation method due to Tax Reform 2016" and changed the depreciation method for building improvements and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method. The effect of this change on profit and loss is not material.

j) Long-lived assets

The Group reviews its 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.

k) 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 statement of income. Continuous readjustment is not permitted.

As of March 31, 2017, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥7,331 million (\$65,344 thousand).

l) 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 three years.

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

m) Bonuses to directors and Audit & Supervisory Board Members

Bonuses to directors and Audit & Supervisory Board Members are accrued at the year-end to which such bonuses are attributable.

n) Retirement and pension plans

The Company and certain consolidated subsidiaries have contributory funded defined benefit pension plans and unfunded retirement benefit plans for employees which cover approximately 70% and 30%, respectively, of their employees' benefits. Other consolidated subsidiaries have unfunded retirement benefit plans.

The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over 10 years no longer than the expected average remaining service period of the employees. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

o) Retirement allowances for directors and Audit & Supervisory Board Members

Retirement allowances for directors and Audit & Supervisory Board Members of subsidiaries are recorded as a liability at the amount that would be required if all directors and Audit & Supervisory Board Members retired at the balance sheet date.

p) Asset retirement obligations

An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development and 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 the 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 adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

q) Stock options

Compensation expense for employee stock options which were granted on and after May 1, 2006 are recognized based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services in accordance with ASBJ Statement No. 8, "Accounting Standard for Stock Options". Stock options granted to nonemployees are accounted for 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.

r) 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.

s) 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 statement of income to the extent that they are not hedged by forward exchange contracts.

t) 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 the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rates.

u) Research and development costs

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

v) Income taxes

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

The company applied ASBJ Guidance No.26 "Guidance on Recoverability of Deferred Tax Assets," effective April 1, 2016. There was no impact from this for the year ended March 31, 2017.

w) Appropriations of retained earnings

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

x) Leases

Lessee

Finance lease transactions are capitalized to recognize lease assets and lease obligations in the balance sheet.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases that existed at the transition date and that do not transfer ownership of the leased property to the lessee to be measured at the amount of obligation under finance leases including interest expense at the transition date.

Lessor

Finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as lease receivables, and finance leases that are not deemed to transfer ownership of the leased property to the lessee are recognized as investments in lease.

Revenue arising from finance leases of real estate that were deemed 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 are deemed 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.

y) Derivatives

The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts and non-deliverable forwards (NDF) are utilized by the Group to reduce foreign currency exchange and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income; and b) for derivatives used for hedging purposes, if such 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 and NDF 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.

z) 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, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expenses, net of tax, and full exercise of outstanding warrants.

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

2 NOTES AND ACCOUNTS RECEIVABLE

Sales on an installment basis consisted of 4%, 3% and 4% of consolidated net sales for the years ended March 31, 2017, 2016 and 2015, respectively.

Annual maturities of notes—trade at March 31, 2017, and related amortization of deferred profit on installment sales were as follows:

Total notes receivable (Years ending March 31):	Millions of yen		Thousands of U.S. dollars	
	Receivables	Deferred profit on installment sales	Receivables	Deferred profit on installment sales
2018	¥ 18,637	¥ 4,015	\$ 166,107	\$ 35,788
2019	5,573	3,348	49,672	29,845
2020	4,214	2,551	37,561	22,737
2021	2,819	1,807	25,130	16,112
2022	1,628	1,152	14,517	10,271
2023 and other	1,083	856	9,659	7,632
Subtotal	33,957	13,731	302,647	122,387
Add—accounts receivable	93,207		830,737	
Total notes and accounts receivable	¥127,165	¥13,731	\$1,133,385	\$122,387

3 SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2017 and 2016, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Current:			
Government and corporate bonds	¥ 6,614	¥ 8,901	\$ 58,954
Trust fund investments and other	22,693	22,047	202,259
Total	29,308	¥30,948	261,214
Non-current:			
Marketable equity securities	¥ 2,955	¥ 2,311	\$ 26,337
Government and corporate bonds	28,034	23,801	249,858
Trust fund investments and other	16,486	19,607	146,939
Total	¥47,475	¥45,720	\$423,136

The carrying amounts and aggregate fair values of the securities classified as available-for-sale securities at March 31, 2017 and 2016, were as follows:

March 31, 2017	Millions of yen			
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	¥ 1,693	¥1,274	¥ 4	¥ 2,963
Government and corporate bonds	34,476	245	72	34,648
Trust fund investments and other	26,388	573	2,137	24,824
Total	¥62,558	¥2,093	¥2,214	¥62,437

March 31, 2016	Millions of yen			
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	¥ 1,693	¥ 746	¥ 127	¥ 2,311
Government and corporate bonds	32,498	217	13	32,702
Trust fund investments and other	24,623	470	1,924	23,169
Total	¥58,816	¥1,434	¥2,066	¥58,184

March 31, 2017	Thousands of U.S. dollars			
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	\$ 15,094	\$11,357	\$ 35	\$ 26,416
Government and corporate bonds	307,274	2,186	648	308,812
Trust fund investments and other	235,191	5,114	19,054	221,250
Total	\$557,560	\$18,658	\$19,739	\$556,479

The information for available-for-sale securities which were sold during the year ended March 31, 2017, was as follows:

March 31, 2017	Millions of yen		
	Proceeds	Realized gains	Realized loss
Available-for-sale:			
Equity securities	¥ 4	¥ 4	
Government and corporate bonds			
Trust fund investments and other	3,029	163	¥145
Total	¥3,033	¥168	¥145

March 31, 2017	Thousands of U.S. dollars		
	Proceeds	Realized gains	Realized loss
Available-for-sale:			
Equity securities	\$ 39	\$ 39	
Government and corporate bonds			
Trust fund investments and other	27,001	1,460	\$1,296
Total	\$27,040	\$1,500	\$1,296

4 INVENTORIES

Inventories at March 31, 2017 and 2016, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Merchandise and finished products	¥50,767	¥54,194	\$452,470
Work in process	7,397	8,364	65,932
Raw materials and parts	12,527	15,358	111,652
Total	¥70,692	¥77,917	\$630,055

5 LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2017, 2016 and 2015.

For 2017

The Group recognized an impairment loss of ¥277 million (\$2,469 thousand) as other expense for the business assets and unused assets due to a change in the intended use of assets, and carrying amount of the business assets was written down to the recoverable amount, and full amount of the goodwill was written down as an impairment loss due to no prospect of earnings for the year ended March 31, 2017.

The recoverable amounts of business assets and unused assets were measured at their utility value and were not calculated at a discount due to short period of use.

For 2016

The Group recognized an impairment loss of ¥528 million as other expense for the business assets and unused assets due to a change in the intended use of assets, and the carrying amount of the relevant assets was written down to the recoverable amount for the year ended March 31, 2016. The recoverable amounts of unused assets were measured at their net selling prices as determined by a quotation based on inheritance tax law.

For 2015

The Group recognized an impairment loss of ¥314 million and a loss on liquidation of business ¥51 million as other expense for the unused assets due to the continuous fall in land prices, and the carrying amount of the relevant assets was written down to the recoverable amount for the year ended March 31, 2015. The recoverable amounts of unused assets were measured at their net selling prices as determined by a quotation based on inheritance tax law.

6 SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2017 and 2016, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Interest rates ranging from 0.31% to 2.96% at March 31, 2017, and from 0.31% to 3.03% at March 31, 2016	¥10,339	¥25,763	\$92,152

Long-term debt at March 31, 2017 and 2016, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Loans from banks, 1.82% to 3.59% (1.77% to 4.58% in 2016), due serially to 2022:			
Collateralized	¥ 0	¥ 545	\$ 0
Unsecured	6,732	7,232	60,000
Obligations under finance leases	381	572	3,399
Total	7,113	8,349	63,399
Less-current portion	(3,584)	(303)	(31,945)
Long-term debt, less current portion	¥3,529	¥8,045	\$31,454

The annual maturities of long-term debt at March 31, 2017, were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 1)
2018	¥3,584	\$31,945
2019	103	925
2020	2,282	20,342
2021	15	140
2022	1,126	10,041
2023 and thereafter	0	5
Total	¥7,113	\$63,399

The carrying amounts of assets pledged as collateral for short-term bank loans of ¥220 million (\$1,966 thousand) at March 31, 2017, were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Buildings and structures	¥304	¥2,718
Land	¥512	¥4,565

7 DEPOSITS RECEIVED

Deposits received are collateralized by investments in lease for real estate having a book value of ¥164 million (\$1,466 thousand), of which ¥398 million (\$3,552 thousand) was secured as debt at March 31, 2017.

8 RETIREMENT AND PENSION PLANS

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

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

The Company and domestic consolidated subsidiaries implemented a defined contribution pension plan in March 2017, by which a part of the qualified defined benefit pension plan were terminated.

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

(1) The changes in defined benefit obligation for the years ended March 31, 2017 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Balance at beginning of year	¥ 57,158	¥54,369	\$509,436
Current service cost	2,086	1,717	18,597
Interest cost	232	446	2,076
Actuarial (gains) losses	(1,203)	4,751	(10,727)
Benefits paid	(2,011)	(2,516)	(17,929)
Past service cost	2	2	26
Decrease in transition to a defined contribution pension plan	(10,419)		(92,869)
Others	(85)	(1,612)	(763)
Balance at end of year	¥ 45,760	¥57,158	\$407,847

(2) The changes in plan assets for the years ended March 31, 2017 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Balance at beginning of year	¥45,344	¥46,766	\$404,139
Expected return on plan assets	1,106	989	9,864
Actuarial (gains) losses	261	(1,817)	2,334
Contributions from the employer	3,253	3,291	28,994
Benefits paid	(1,767)	(2,250)	(15,752)
Decrease in transition to a defined contribution pension plan	(7,212)		(64,281)
Others	(365)	(1,635)	(3,258)
Balance at end of year	¥40,620	¥45,344	\$362,040

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Funded defined benefit obligation	¥ 44,529	¥ 55,984	\$ 396,879
Plan assets	(40,620)	(45,344)	(362,040)
	3,908	10,640	34,839
Unfunded defined benefit obligation	1,230	1,173	10,967
Net liability arising from defined benefit obligation	¥ 5,139	¥ 11,814	\$ 45,806

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Liability for retirement benefits	¥5,274	¥11,936	\$47,010
Asset for retirement benefits	(135)	(121)	(1,203)
Net liability arising from defined benefit obligation	¥5,139	¥11,814	\$45,806

(4) The components of net periodic benefit costs for the years ended March 31, 2017 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Service cost	¥ 2,086	¥1,717	\$18,597
Interest cost	232	446	2,076
Expected return on plan assets	(1,106)	(989)	(9,864)
Recognized actuarial losses	1,087	70	9,688
Amortization of prior service cost	12	13	115
Others	82	271	734
Net periodic benefit costs	¥ 2,395	¥1,529	\$21,348

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Prior service cost	¥ 10	¥ (2)	\$ 94
Actuarial (gains) losses	2,379	(6,273)	21,207
Others	—	4	—
Total	¥2,390	¥(6,272)	\$21,302

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Unrecognized prior service cost	¥ 1,453	¥ (14)	\$ 12,951
Unrecognized actuarial (gains) losses	(15)	4,449	(134)
Total	¥1,438	¥4,434	\$12,817

(7) Plan assets

a. Components of plan assets

	2017	2016
	Debt investments	27%
Equity investments	24%	24%
Assets insurance (general account)	28%	29%
Cash and cash equivalents	1%	1%
Others	20%	16%
Total	100%	100%

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2017 and 2016 were set forth as follows:

	2017	2016
Discount rate	0.5%	0.3%
Expected rate of return on plan assets	2.5%	2.5%
Expected rate of future salary increases	3.2%	3.2%

9 INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 30.8% and 33.0% for the years ended March 31, 2017 and 2016, respectively.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2017 and 2016, are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Deferred tax assets:			
Allowance for doubtful accounts	¥ 462	¥ 516	\$ 4,123
Tax loss carryforwards	3,304	3,809	29,449
Inventories—intercompany profits and write-downs	4,673	4,783	41,653
Provisions for bonus payment	1,034	1,156	9,223
Deferred profit on installment sales	730	320	6,511
Investment securities	35	48	316
Research and development costs	5,040	4,714	44,923
Liability for employees' retirement benefits	1,620	3,513	14,446
Loss on impairment of long-lived assets	809	860	7,215
Property, plant and equipment—intercompany profits and depreciation expenses	381	476	3,398
Land revaluation difference	3,124	3,124	27,843
Unrealized loss on available-for-sale securities	54	209	482
Other	2,496	1,665	22,248
Less—valuation allowance	(6,709)	(7,730)	(59,803)
Total	17,057	17,468	152,031
Deferred tax liabilities:			
Property, plant and equipment—special reserve	(855)	(923)	(7,620)
Other	(1,908)	(1,550)	(17,006)
Total	(2,763)	(2,474)	(24,627)
Net deferred tax assets	¥14,294	¥14,994	\$127,404
Deferred tax liabilities:			
Depreciation	¥ (121)	¥ (433)	\$ (1,084)
Land revaluation difference	(473)	(473)	(4,216)
Other	(463)	(950)	(4,134)
Total	(1,058)	(1,857)	(9,436)
Deferred tax assets:			
Other	377	667	3,364
Total	377	667	3,364
Net deferred tax liabilities	¥ (681)	¥ (1,189)	\$ (6,072)

For the years ended March 31, 2017 and 2016, a reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income is as follows:

	2017	2016
Normal effective statutory tax rate	30.8%	33.0%
Increase (decrease) in tax rate resulting from:		
Expenses not deductible for income tax purposes	0.6	0.7
Non-taxable dividend income	(9.3)	(4.4)
Inhabitants' tax—per capita levy	0.4	0.3
Change in valuation allowance	(2.9)	(0.1)
Temporary differences that are not recognized as deferred tax assets	0.5	0.7
Elimination of intercompany dividend income	9.3	4.6
Lower income tax rates applicable to income in certain foreign countries	(1.3)	(1.2)
Effect of tax rate reduction		1.6
Other—net	(0.3)	0.3
Actual effective tax rate	27.8%	35.5%

At March 31, 2017, the Company and certain subsidiaries had tax loss carryforwards aggregating approximately ¥11,983 million (\$106,806 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, 2024, and thereafter.

10 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 an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year 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, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c) Treasury stock and treasury stock acquisition rights

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

Under the Companies Act, stock acquisition rights are now presented as a separate component of equity.

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

11 STOCK OPTIONS

The stock options outstanding as of March 31, 2017, were as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2010 stock option	8 directors of the Company 12 directors of the subsidiaries 7 operating officers of the Company 7 operating officers of the subsidiaries 515 employees of the Company 147 employees of the subsidiaries	2,500,000 shares	August 31, 2010	¥605	Note 1

Note 1. 100,000 shares are from September 1, 2012, to August 5, 2020, and 2,400,000 shares are from September 1, 2012, to August 31, 2017, based on contracts with persons granted stock options.

The stock option activity is as follows:

	2010 Stock Option
For the year ended March 31, 2015	
Non-vested	
March 31, 2014—Outstanding	
Granted	
Canceled	
Vested	
March 31, 2015—Outstanding	
Vested	
March 31, 2014—Outstanding	1,720,000
Vested	
Exercised	(807,000)
Canceled	
March 31, 2015—Outstanding	913,000
For the year ended March 31, 2016	
Non-vested	
March 31, 2015—Outstanding	
Granted	
Canceled	
Vested	
March 31, 2016—Outstanding	
Vested	
March 31, 2015—Outstanding	913,000
Vested	
Exercised	(275,000)
Canceled	
March 31, 2016—Outstanding	638,000
Exercise price	¥ 603
Average stock price at exercise	¥ 1,148
For the year ended March 31, 2017	
Non-vested	
March 31, 2016—Outstanding	
Granted	
Canceled	
Vested	
March 31, 2017—Outstanding	
Vested	
March 31, 2016—Outstanding	
Vested	638,000
Exercised	
Canceled	(320,000)
March 31, 2017—Outstanding	318,000
Exercise price	¥ 605
Average stock price at exercise	¥ 1,177

12 OTHER INCOME (EXPENSES)—OTHER, NET

Other income (expenses)—other, net, for the years ended March 31, 2017, 2016 and 2015, consisted of the following:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2017	2016	2015	2017
Commissions earned	¥ 1	¥ 34	¥ 122	\$ 14
Gain on sales of fixed assets	128	75	165	1,143
Loss on sales of fixed assets	(29)	(131)	(45)	(264)
Loss on disposal of fixed assets	(393)	(244)	(66)	(3,510)
Gain on sales of investment securities	168		280	1,500
Loss on sales of investment securities	(145)		(162)	(1,296)
Loss on impairment of investment securities			(18)	
Loss on liquidated subsidiaries and associates		(83)	(595)	
Loss on impairment of long-lived assets	(277)	(528)	(314)	(2,469)
Loss on liquidation of business			(1,106)	
Employees' retirement special benefits			(351)	
Gain on revision of retirement benefit plan	2,479			22,103
Subsidy income from prefecture for new plant construction		1,280	23	
Other	457	(117)	647	4,075
Total	¥2,389	¥ 285	¥(1,421)	\$21,296

13 RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥7,112 million (\$63,390 thousand), ¥7,766 million and ¥8,332 million for the years ended March 31, 2017, 2016 and 2015, respectively.

14 LEASES

a) Lessee

The Companies lease certain equipment and other assets.

The minimum rental commitments under non-cancelable operating leases at March 31, 2017 and 2016, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Operating leases:			
Due within one year	¥ 468	¥ 550	\$4,178
Due after one year	647	802	5,774
Total	¥1,116	¥1,352	\$9,953

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 were deemed not to transfer ownership of the leased property to the lessee for the years ended March 31, 2017 and 2016, was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
I. Current assets			
Gross lease receivables	¥15,198	¥14,754	\$135,455
Unguaranteed residual value	760	646	6,779
Unearned interest income	(1,703)	(1,619)	(15,186)
Investments in lease	¥14,254	¥13,781	(127,049)
Gross lease receivables	¥ 558	¥ 676	\$ 4,979
Unearned interest income	(126)	(141)	(1,128)
Other current assets (Investments in lease for real estate)	¥ 432	¥ 534	\$ 3,850
II. Investments and other assets			
Gross lease receivables	¥ 2,565	¥ 3,124	\$ 22,865
Unearned interest income	(730)	(732)	(6,510)
Other assets (Investments in lease for real estate)	¥ 1,834	¥ 2,392	\$ 16,354

Maturities of investments in lease for finance leases that are deemed not to transfer ownership of the leased property to the lessee at March 31, 2017, were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 1)
I. Investments in lease		
2018	¥ 4,267	\$ 38,030
2019	3,321	29,603
2020	2,755	24,555
2021	2,204	19,647
2022	1,484	13,229
2023 and thereafter	1,165	10,390
Total	¥15,198	\$135,455
II. Other assets (Investments in lease for real estate)		
2018		
2019	¥ 558	\$ 4,979
2020	381	3,404
2021	249	2,225
2022	249	2,225
2023 and thereafter	247	2,206
Total	¥3,124	\$27,844

The minimum rental commitments under non-cancelable operating leases at March 31, 2017 and 2016, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Operating leases:			
Due within one year	¥ 673	¥ 637	\$ 6,000
Due after one year	2,164	2,740	19,294
Total	¥2,838	¥3,377	\$25,294

15 CONTINGENT LIABILITIES

At March 31, 2017 and 2016, the Companies had the following contingent liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Customers' (13 companies in 2017 and 15 companies in 2016) bank loans	¥ 268	¥ 268	\$ 2,394
Customers' (156 companies in 2017 and 164 companies in 2016) finance lease payables	2,483	3,660	22,132
Travel agency ticket payables	¥ 45	¥ 45	\$ 401

16 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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, the Company's 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, trade accounts, and electronically recorded obligations-operating, are less than one year. Although payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the Company's payables are hedged by using forward foreign currency contracts.

Bank loans are used to fund the Company's 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 NDF, which are used to manage exposure to risks from changes in foreign currency exchange rates of receivables, payables. Please see Note 17 for more details 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 17 for the details about derivatives.

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

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

Foreign exchange risk of foreign currency trade payables of some subsidiaries is hedged by forward foreign currency contracts. The Company continuously reconsiders holding equity instruments of its customers and suppliers.

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 transaction. 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.

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 such 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 prices in active markets. If quoted prices are not available, other rational valuation techniques are used instead. Also, please see Note 17 for the details of the fair value of derivatives.

The carrying amounts, fair values and unrealized gain (loss) of financial instruments at March 31, 2017 and 2016, were as follows:

March 31, 2017	Millions of yen		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 76,723	¥ 76,723	
Notes and accounts receivable	125,398	125,288	¥(110)
Investments in lease	14,092	13,635	(457)
Short-term investments and investment securities	72,617	72,617	
Total	¥288,832	¥288,264	¥(567)
Notes and accounts payable	¥ 16,722	¥ 16,722	
Electronically recorded obligations-operating	19,232	19,232	
Short-term bank loans and current portion of long-term debt	13,705	13,705	
Long-term debt	3,366	3,448	¥ 82
Deposits received	1,796	1,739	(56)
Total	¥ 54,823	¥ 54,848	¥ 25

March 31, 2016	Millions of yen		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥100,236	¥100,236	
Notes and accounts receivable	135,703	135,779	¥ 76
Investments in lease	13,615	13,338	(277)
Short-term investments and investment securities	72,485	72,485	
Total	¥322,041	¥321,840	¥ 201
Notes and accounts payable	¥ 18,359	¥ 18,359	
Electronically recorded obligations-operating	17,561	17,561	
Short-term bank loans and current portion of long-term debt	25,797	25,797	
Long-term debt	7,743	7,795	¥ 52
Deposits received	1,847	1,794	(52)
Total	¥ 71,309	¥ 71,308	¥ 0

March 31, 2017	Thousands of U.S. dollars		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	\$ 683,808	\$ 683,808	
Notes and accounts receivable	1,117,634	1,116,649	\$ (984)
Investments in lease	125,605	121,531	(4,074)
Short-term investments and investment securities	647,213	647,213	
Total	\$2,574,261	\$2,569,202	\$(5,058)
Notes and accounts payable	\$ 149,046	\$ 149,046	
Electronically recorded obligations-operating	171,412	171,412	
Short-term bank loans and current portion of long-term debt	122,152	122,152	
Long-term debt	30,000	30,731	\$ 731
Deposits received	16,014	15,506	(507)
Total	\$ 488,625	\$ 488,849	\$ 213

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 prices obtained from financial institutions for certain debt instruments, and at quoted base prices for trust fund investments. Information on the fair value of marketable and investment securities by classification is included in Note 3.

Notes and accounts payable, electronically recorded obligations-operating, 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 for 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

Fair value information for derivatives is included in Note 17.

Financial instruments whose fair value cannot be reliably determined as of March 31, 2017 and 2016, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
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	¥4,159	¥4,177	\$37,072
Investments in subsidiaries and associated companies:			
Investments in unconsolidated subsidiaries	2,342	2,150	20,878
Investments in associated companies:	1,326	1,322	11,819
Deposits received:			
Money on deposits from golf club members	¥1,215	¥1,224	\$10,836

Maturity analysis for financial assets and securities with contractual maturities at March 31, 2017, was 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	¥ 76,723			
Notes and accounts receivable	88,682	¥36,503	¥2,017	
Short-term investments and investment securities:				
Available-for-sale:				
Government and corporate bonds	4,513	11,956	5,522	¥2,281
Trust fund investments and other	26,136	4,161	494	
Total	¥196,055	¥52,622	¥8,033	¥2,281

	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	\$ 683,808			
Notes and accounts receivable	790,395	\$325,342	\$17,977	
Short-term investments and investment securities:				
Available-for-sale:				
Government and corporate bonds	40,227	106,567	49,221	\$20,335
Trust fund investments and other	232,941	37,093	4,404	
Total	\$1,747,373	\$469,004	\$71,603	\$20,335

Please see Note 6 for annual maturities of long-term debt.

17 DERIVATIVES

The Group enters into derivatives, including foreign exchange forward contracts, NDF and currency options, to hedge foreign exchange risk associated with notes and accounts receivable and payable denominated in foreign currencies. It is the Group's policy to use derivatives only for the purpose of reducing market risks associated with assets and liabilities. The Group does 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 Group's 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 Group does not anticipate any losses arising from credit risk.

The execution and monitoring of derivatives are carried out by the Company's Finance Department. The Finance Department also reports, on a monthly basis, 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 effective as a means of hedging, whether they are used within the balances of assets and liabilities and whether the Group is exposed to a large amount of risk. In the subsidiaries, derivative transactions entered into by the Group 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.

Derivative transactions to which hedge accounting was not applied at March 31, 2017 and 2016:

Millions of yen				
2017				
At March 31, 2017	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
Non-deliverable forward:				
Selling KRW	¥ 344		¥ (7)	¥ (7)
Foreign currency forward contracts:				
Selling USD	¥ 67		¥ (2)	¥ (2)
Selling EUR	3,975		11	11
Selling AUD	169		(0)	(0)
Selling CAD	832		(3)	(3)
Selling JPY	52		(0)	(0)

Millions of yen				
2016				
At March 31, 2016	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
Non-deliverable forward:				
Selling KRW	¥ 108		¥ 0	¥ 0
Foreign currency forward contracts:				
Selling JPY	¥2,283		¥(4)	¥(4)

Thousands of U.S. dollars				
2017				
At March 31, 2017	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
Non-deliverable forward:				
Selling KRW	\$ 3,074		\$(70)	\$(70)
Foreign currency forward contracts:				
Selling USD	\$ 597		\$(25)	\$(25)
Selling EUR	35,430		98	98
Selling AUD	1,512		(4)	(4)
Selling CAD	7,418		(32)	(32)
Selling JPY	469		(3)	(3)

Derivative transactions to which hedge accounting was applied at March 31, 2017 and 2016:

Millions of yen				
2017				
At March 31, 2017	Hedged item	Contract amount	Contract amount due after one year	Fair value
Foreign currency forward contracts:				
Selling USD	Receivables and other	¥4,972		¥(60)
EUR	Receivables and other	1,908		(34)
GBP	Receivables and other	67		(3)
AUD	Receivables and other	129		(1)
CAD	Receivables and other	203		(13)
THB	Receivables and other	480		(46)
CNY	Receivables and other	97		(4)
SGD	Receivables and other	11		(0)

Millions of yen				
2016				
At March 31, 2016	Hedged item	Contract amount	Contract amount due after one year	Fair value
Foreign currency forward contracts:				
Selling USD	Receivables and other	¥1,389		¥97
EUR	Receivables and other	2,226		79
GBP	Receivables and other	20		2
AUD	Receivables and other	88		2
CAD	Receivables and other	51		2
THB	Receivables and other	29		1

* The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

Thousands of U.S. dollars				
2017				
At March 31, 2017	Hedged item	Contract amount	Contract amount due after one year	Fair value
Foreign currency forward contracts:				
Selling USD	Receivables and other	\$44,314		\$(541)
EUR	Receivables and other	17,013		(310)
GBP	Receivables and other	602		(28)
AUD	Receivables and other	1,152		(15)
CAD	Receivables and other	1,814		(121)
THB	Receivables and other	4,279		(412)
CNY	Receivables and other	869		(39)
SGD	Receivables and other	102		(6)

18 OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2017 and 2016, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Unrealized (loss) gain on available-for-sale securities:			
Gains (losses) arising during the year	¥ 239	¥ (2,422)	\$ 2,136
Reclassification adjustments to profit or loss	(49)	33	(437)
Amount before income tax effect	190	(2,389)	1,698
Income tax effect	152	352	1,358
Total	¥ 343	¥ (2,036)	\$ 3,057
Deferred gain on derivatives under hedge accounting:			
(Losses) gains arising during the year	¥ (351)	¥ 73	\$ (3,134)
Amount before income tax effect	(351)	73	(3,134)
Income tax effect	108	(19)	964
Total	¥ (243)	¥ 53	\$ (2,170)
Land revaluation difference:			
Income tax effect	¥ —	¥ 29	\$ —
Total	¥ —	¥ 29	\$ —
Foreign currency translation adjustments:			
Adjustments arising during the year	¥(11,254)	¥ (7,839)	\$(100,311)
Amount before income tax effect	(11,254)	(7,839)	(100,311)
Income tax effect	(939)	1,962	(8,369)
Total	¥(11,254)	¥ (7,839)	\$(100,311)
Defined retirement benefit plans:			
Adjustments arising during the year	¥ 2,017	¥ (6,355)	\$ 17,983
Reclassification adjustments to profit or loss	1,099	83	9,803
Amount before income tax effect	3,117	(6,272)	27,787
Income tax effect	(939)	1,962	(8,369)
Total	¥ 2,178	¥ (4,309)	\$ 19,418
Share of other comprehensive (loss) income in associates:			
(Losses) gains arising during the year	¥ (80)	¥ (166)	\$ (713)
Reclassification adjustments to profit or loss	12		112
Total	(67)	¥ (166)	(600)
Total other comprehensive (loss) income	¥ (9,044)	¥(14,268)	\$ (80,607)

19 NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2017, 2016 and 2015, is as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net income	Weighted-average shares	EPS	EPS
For the year ended March 31, 2017:				
Basic EPS				
Net income available to common shareholders	¥25,894	365,453	¥70.85	\$0.632
Effect of dilutive securities				
Warrants		247		
Diluted EPS				
Net income for computation	¥25,894	365,701	¥70.81	\$0.631
For the year ended March 31, 2016:				
Basic EPS				
Net income available to common shareholders	¥27,425	367,835	¥74.56	\$0.662
Effect of dilutive securities				
Warrants		352		
Diluted EPS				
Net income for computation	¥27,425	368,188	¥74.49	\$0.661
For the year ended March 31, 2015:				
Basic EPS				
Net income available to common shareholders	¥18,423	374,593	¥49.18	\$0.40
Effect of dilutive securities				
Warrants		491		
Diluted EPS				
Net income for computation	¥18,423	375,085	¥49.12	\$0.40

20 RELATED PARTY TRANSACTIONS

Name	Description of Post	Ownership of the Company (%)	Millions of yen		
			Description of transactions	Resulting Account Balances	
Hidekazu Miyoshi	Outside officer	0.00%	Commission relevant to patent	¥ 92	Accrued expenses ¥ 8
Miyoshi Industrial Property Rights Research Center K.K.	Owned by Hidekazu Miyoshi and their relatives	—	Commission relevant to patent	¥116	Accrued expenses ¥29

Name	Description of Post	Ownership of the Company (%)	Thousands of U.S. Dollars		
			Description of transactions	Resulting Account Balances	
Hidekazu Miyoshi	Outside officer	0.00%	Commission relevant to patent	\$10,428	Accrued expenses \$ 978
Miyoshi Industrial Property Rights Research Center K.K.	Owned by Hidekazu Miyoshi and their relatives	—	Commission relevant to patent	\$13,114	Accrued expenses \$3,328

The terms and conditions applicable to the above transactions have been determined on an arm's-length basis with other parties that do not have a relationship with us.

21 SEGMENT INFORMATION

For the years ended March 31, 2017, 2016 and 2015

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," 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.

1. Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group consists of "the Metalworking Machinery business" and "the Metal Machine Tools business." "The Metalworking Machinery business" consists of laser machines, punch presses and press brakes for the sheet metalworking market as well as welding machines for the welding market. "The Metal Machine Tools business" consists of metal-cutting bandsaws for the metal cutting market and mechanical presses for the press market as well as lathes and grinders for the machine tools market.

3. Information about sales, profit (loss), assets, liabilities and other items is as follows:

	Millions of yen						
	2017						
	Reportable segment			Others	Total	Reconciliations	Consolidated
Metalworking Machinery	Metal Machine Tools	Total					
Sales:							
Sales to external customers	¥229,492	¥48,056	¥277,548	¥ 1,291	¥278,840		¥278,840
Intersegment sales or transfers	7	31	38		38	¥ (38)	
Total	229,499	48,088	277,587	1,291	278,879	(38)	278,840
Segment profit	25,007	7,607	32,614	415	33,030		33,030
Segment assets	354,686	53,318	408,005	13,048	421,053	112,379	533,433
Other:							
Depreciation	7,588	1,355	8,944	5	8,949		8,949
Investments in unconsolidated subsidiaries and associated companies accounted for by the equity method	3,843	78	3,922		3,922		3,922
Increase in property, plant and equipment and intangible assets	¥ 17,476	¥ 254	¥ 17,731		¥ 17,731	¥ 5,836	¥ 23,567

	Millions of yen						
	2016						
	Reportable segment			Others	Total	Reconciliations	Consolidated
Metalworking Machinery	Metal Machine Tools	Total					
Sales:							
Sales to external customers	¥250,825	¥51,470	¥302,296	¥ 1,722	¥304,018		¥304,018
Intersegment sales or transfers	37	37	74		74	¥ (74)	
Total	250,862	51,508	302,370	1,722	304,093	(74)	304,018
Segment profit	34,561	7,748	42,309	217	42,526		42,526
Segment assets	361,867	59,110	420,978	13,635	434,613	130,652	565,266
Other:							
Depreciation	7,274	1,569	8,844	5	8,849		8,849
Investments in unconsolidated subsidiaries and associated companies accounted for by the equity method	3,656	75	3,731		3,731		3,731
Increase in property, plant and equipment and intangible assets	¥ 9,506	¥ 473	¥ 9,979		¥ 9,979	¥ 60	¥ 10,039

2. Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 1, "Summary of Significant Accounting Policies."

	Millions of yen						
	2015						
	Reportable segment			Others	Total	Reconciliations	Consolidated
Metalworking Machinery	Metal Machine Tools	Total					
Sales:							
Sales to external customers	¥225,811	¥59,466	¥285,277	¥ 1,249	¥286,527		¥286,527
Intersegment sales or transfers	48	24	73		73	¥ (73)	
Total	225,859	59,491	285,350	1,249	286,600	(73)	286,527
Segment profit	20,676	6,538	27,214	479	27,694		27,694
Segment assets	383,166	65,229	448,395	14,209	462,604	110,932	573,537
Other:							
Depreciation	6,802	1,744	8,546	6	8,552		8,552
Investments in unconsolidated subsidiaries and associated companies accounted for by the equity method	3,375	60	3,436		3,436		3,436
Increase in property, plant and equipment and intangible assets	¥ 8,966	¥ 849	¥ 9,815		¥ 9,815	¥ 25	¥ 9,841

	Thousands of U.S. dollars						
	2017						
	Reportable segment			Others	Total	Reconciliations	Consolidated
Metalworking Machinery	Metal Machine Tools	Total					
Sales:							
Sales to external customers	\$2,045,384	\$428,313	\$2,473,698	\$ 11,512	\$2,485,210		\$2,485,210
Intersegment sales or transfers	66	278	345		345	\$ (345)	
Total	2,045,451	428,591	2,474,043	11,512	2,485,555	(345)	2,485,210
Segment profit	222,882	67,801	290,684	3,701	294,385		294,385
Segment assets	3,161,202	475,208	3,636,410	116,295	3,752,705	1,001,601	4,754,306
Other:							
Depreciation	67,635	12,079	79,714	48	79,763		79,763
Investments in unconsolidated subsidiaries and associated companies accounted for by the equity method	34,252	703	34,956		34,956		34,956
Increase in property, plant and equipment and intangible assets	\$ 155,763	\$ 2,267	\$ 158,031		\$ 158,031	\$ 52,014	\$ 210,046

1. Others include the real estate leasing business and the automobile leasing business.

2. Reconciliations are as follows.

(1) Reconciliations in segment assets are corporate assets not allocated to a reportable segment. Corporate assets principally consist of cash and cash equivalents, short-term investments and investment securities of the Company and customer training and reception facilities. Corporate assets were ¥112,379 million (\$1,001,601 thousand), ¥130,652 million and ¥110,932 million for the years ended March 31, 2017, 2016 and 2015, respectively.

(2) Income and expenses related to customer training and reception facilities are allocated to a reportable segment based on the rational allocation method. However, those assets are included in "Reconciliations" as corporate assets because of the difficulty of rational allocation.

(3) Reconciliations in increase in property, plant and equipment and intangible assets are capital investment related to corporate assets. The capital investments were ¥5,836 million (\$52,014 thousand), ¥60 million and ¥25 million for the years ended March 31, 2017, 2016 and 2015, respectively.

3. Segment profit is adjusted from the operating income in the consolidated statement of income.

Information related to the segment information is as follows:

1. Information about products and services

Millions of Yen								
2017								
Metalworking Machinery				Metal Machine Tools			Others	Total
Sheet-Metal Processing Machines Division	Welding Division	Bandsaws Division	Presses Division	Machine Tools Division				
Sales to external customers	¥206,051	¥23,441	¥31,888	¥9,423	¥6,744	¥1,291	¥278,840	

Millions of yen								
2016								
Metalworking Machinery				Metal Machine Tools			Others	Total
Sheet-Metal Processing Machines Division	Welding Division	Bandsaws Division	Presses Division	Machine Tools Division				
Sales to external customers	¥228,001	¥22,823	¥33,827	¥9,919	¥7,724	¥1,722	¥304,018	

Thousands of U.S. dollars								
2017								
Metalworking Machinery				Metal Machine Tools			Others	Total
Sheet-Metal Processing Machines Division	Welding Division	Bandsaws Division	Presses Division	Machine Tools Division				
Sales to external customers	\$1,836,462	\$208,922	\$284,206	\$83,992	\$60,114	\$11,512	\$2,485,210	

2. Information about geographical areas

(1) Sales

Millions of yen					
2017					
Japan	North America	Europe	Asia	Others	Total
¥131,203	¥51,810	¥49,205	¥43,390	¥3,230	¥278,840

Millions of yen					
2016					
Japan	North America	Europe	Asia	Others	Total
¥139,762	¥57,235	¥53,232	¥49,615	¥4,172	¥304,018

Thousands of U.S. dollars					
2017					
Japan	North America	Europe	Asia	Others	Total
\$1,169,368	\$461,771	\$438,552	\$386,727	\$28,790	\$2,485,210

(2) Property, plant and equipment

Millions of yen				
2017				
Japan	North America	Europe	Others	Total
¥94,605	¥12,698	¥13,815	¥10,890	¥132,009

Millions of yen				
2016				
Japan	North America	Europe	Others	Total
¥84,991	¥14,347	¥13,973	¥11,421	¥124,733

Thousands of U.S. dollars				
2017				
Japan	North America	Europe	Others	Total
\$843,186	\$113,177	\$123,130	\$97,060	\$1,176,554

Information related to impairment losses of assets is as follows:

Millions of yen				
2017				
Reportable segment		Others	Elimination/Corporate	Total
Metalworking Machinery	Machine Tools			
Impairment losses of assets	¥277			¥277

Millions of yen				
2016				
Reportable segment		Others	Elimination/Corporate	Total
Metalworking Machinery	Machine Tools			
Impairment losses of assets	¥221		¥306	¥528

Thousands of U.S. dollars				
2017				
Reportable segment		Others	Elimination/Corporate	Total
Metalworking Machinery	Machine Tools			
Impairment losses of assets	\$2,469			\$2,469

Information related to amortization of goodwill and the balance of goodwill is as follows:

Millions of yen				
2017				
Reportable segment		Others	Elimination/Corporate	Total
Metalworking Machinery	Metal Machine Tools			
Amortization of goodwill	¥ 459			¥ 459
Goodwill at March 31, 2017	1,153			1,153

Millions of yen				
2016				
Reportable segment		Others	Elimination/Corporate	Total
Metalworking Machinery	Metal Machine Tools			
Amortization of goodwill	¥ 519	¥26		¥ 546
Goodwill at March 31, 2016	1,601			1,601

Thousands of U.S. dollars				
2017				
Reportable segment		Others	Elimination/Corporate	Total
Metalworking Machinery	Metal Machine Tools			
Amortization of goodwill	\$ 4,096			\$ 4,096
Goodwill at March 31, 2017	10,279			10,279

22 SUBSEQUENT EVENTS

Appropriations of retained earnings

The following appropriation of retained earnings at March 31, 2017, was approved by the shareholders at the Company's general shareholders' meeting held on June 28, 2017.

	Millions of yen	Thousands of U.S. dollars (Note 1)
Year-end cash dividends, ¥18.00 (\$0.16) per share	¥6,581	\$58,660

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of Amada Holdings Co., Ltd. and its consolidated subsidiaries as of March 31, 2017, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amada Holdings Co., Ltd. and its consolidated subsidiaries as of March 31, 2017, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Deloitte Touche Tohmatsu LLC
June 28, 2017

Member of
Deloitte Touche Tohmatsu Limited

The AMADA Group

(As of October 1, 2017)

DOMESTIC NETWORK AND BASES

SALES NETWORK

AMADA CO., LTD.

200, Ishida, Isehara-shi, Kanagawa 259-1196
Phone: +81-463-96-1111
Major Activities: Sales and service of sheet metal fabrication machines and equipment.

AMADA MACHINE TOOLS CO., LTD.

200, Ishida, Isehara-shi, Kanagawa 259-1196
Phone: +81-463-96-3351
Major Activities: Development, manufacture, sales, and service of metal cutting machines and equipment, machine tools and equipment, and stamping presses and equipment.
Development, manufacture, and sales of saw blades.

AMADA MIYACHI CO., LTD.

200, Ishida, Isehara-shi, Kanagawa 259-1196
Phone: +81-4-7125-6177
Major Activities: Development, design, manufacture, and sales of laser welding equipment, laser marking equipment, and resistance welding equipment (welding controls, weld monitoring instruments, welding power supplies, peripherals) and integration of these products.

AMADA TECHNICAL SERVICE CO., LTD.

200, Ishida, Isehara-shi, Kanagawa 259-1196
Phone: +81-463-96-3111
Major Activities: Sales and service of sheet metal fabrication machines and equipment.

AMADA LEASE CO., LTD.

200, Ishida, Isehara-shi, Kanagawa 259-1196
Phone: +81-463-96-3663
Major Activities: Leasing operation for sheet metal machines, metal cutting machines, and power press machines.

NICOTEC CO., LTD.

200, Ishida, Isehara-shi, Kanagawa 259-1196
Phone: +81-463-96-3221
Major Activities: Sales and service for metal cutting machines and environmental machines to distributors and agents.
Manufacture of band saw blades and sales to distributors and agents.

R&D AND MANUFACTURING BASES

AMADA ENGINEERING CO., LTD. (Fujinomiya Works)

Works: 7020 Kitayama, Fujinomiya-shi, Shizuoka 418-0112
Major Activities: Development, manufacture, sales, and service of sheet metal fabrication machines and equipment.

AMADA AUTOMATION SYSTEMS CO., LTD. (Fukushima Plant)

Plant: 113-1, Hara, Ozawa, Nihonmatsu-shi, Fukushima 969-1513
Major Activities: Manufacture, sales, contract remodeling, maintenance inspection, and management and other services pertaining to conveyor devices, power transmission devices, automatic control units, and various other equipment.

AMADA MACHINE TOOLS CO., LTD. (Toki Works)

Works: 1431-37 Kitayama, Kujiri, Izumi-cho, Toki-shi, Gifu 509-5142
Major Activities: Development and manufacture of metal cutting machines and equipment and machine tools and equipment.

AMADA MACHINE TOOLS CO., LTD. (Ono Plant)

Plant: 56 Hata-cho, Ono-shi, Hyogo 675-1377
Major Activities: Development and manufacture of saw blades.

AMADA MIYACHI CO., LTD. (Noda Works)

Works: 95-3 Futatsuka, Noda-shi, Chiba 278-0016
Major Activities: Development, design, manufacture, and sales of laser welding equipment, laser marking equipment, and resistance welding equipment (welding controls, weld monitoring instruments, welding power supplies, peripherals), and integration of these products.

NICOTEC CO., LTD. (Miki Plant)

Plant: 45, Tomoe, Bessho-cho, Miki-shi, Hyogo 673-0443
Major Activities: Manufacture of band saw blades.

AMADA TOOL PRECISION CO., LTD.

Head Office / Plant: 200, Ishida, Isehara-shi, Kanagawa 259-1196
Major Activities: Manufacture and sales of tooling for punching and bending, tooling for hydraulic punch presses, and tooling peripheral machines.

OTHER AFFILIATES

AMADA BUSINESS SUPPORT CO., LTD.

200, Ishida, Isehara-shi, Kanagawa 259-1196
Phone: +81-463-96-3119
Major Activities: Agency business of general affairs and human resources.

AMADA BUTSURYU CO., LTD.

200, Ishida, Isehara-shi, Kanagawa 259-1196
Phone: +81-463-96-3334
Major Activities: Forwarding and import/export agency for sheet metal machines, metal cutting machines, and power press machines. Used machine distributor for sheet metal machines and metal cutting machines.

FUJINO CLUB CO., LTD.

350, Ishida, Isehara-shi, Kanagawa 259-1116
Phone: +81-463-96-3630
Major Activities: Management of training and hospitality facilities of AMADA group.

OVERSEAS NETWORK AND BASES

Malaysia

AMADA (MALAYSIA) SDN. BHD.

No. 20, Jalan Pendaftar, U1/54, Temasya Industrial Park, Section U1, Glenmarie, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Phone: +60-3-5569-6233
Major Activities: Sales and after-sales service of metalworking machines and metal machine tools.

Vietnam

AMADA VIETNAM CO., LTD.

469 Ha Huy Tap Road, Yen Vien, Gia Lam, Ha Noi, Vietnam
Phone: +84-24-6261-4583
Major Activities: Repair of machines and equipment.

India

AMADA (INDIA) PVT. LTD.

No. 60, KIADB Bengaluru Aerospace Park, Singahalli Village, Budigere Post, Bengaluru North Taluk-562 129, India
Phone: +91-80-7110-0200
Major Activities: Sales and after-sales service of metalworking machines and metal machine tools.

AMADA MIYACHI INDIA PVT. LTD.

Ground Floor, Raj Arcade, 5th 'A' 1st Cross HRBR Layout, Kalyan Nagar Bangalore, 560043, India
Phone: +91-80-4092-1749
Major Activities: Sales and maintenance for AMADA MIYACHI products in India.

Australia

AMADA OCEANIA PTY LTD.

Unit 7, 16 Lexington Drive, Bella Vista, NSW 2153, Australia
Phone: +61-2-8887-1100
Major Activities: Sales and after-sales service of metalworking machines and metal machine tools.

R&D AND MANUFACTURING BASES

United States

AMADA AMERICA, INC.

Brea Plant:
100 South Puente Street, Brea, CA 92821, U.S.A
Phone: +1-714-739-2111
Major Activities: Manufacture, sales and after-sales service of metalworking machines and metal machine tools.

AMADA TOOL AMERICA, INC.

4A Treadeasy Avenue, Batavia, NY 14020, U.S.A.
Phone: +1-585-344-3900
Major Activities: Manufacture and sales of dies.

France

AMADA EUROPE S.A.

Charleville-Mézières Plant:
Z.I. Mohon, 24 rue Camille Didier
08013 Charleville-Mézières, France
Phone: +33-3-24-56-80-90
Château du Loir Plant:
129 Avenue Jean-Jaures
72500 Château du Loir, France
Phone: +33-2-43-38-53-60
Major Activities: Manufacture of metalworking machines and related services.

AMADA OUTILLAGE S.A.

Zone Industrielle B.P.35 76720, Auffay, France
Phone: +33-2-3280-8100
Major Activities: Manufacture, export, import, and sales of dies.

Germany

AMADA ADVANCED TECHNOLOGY GmbH

Bichlmannstr. 20, 84174 Eching, Germany
Phone: +49-8709-2689-120
Major Activities: R&D of sheet metal processing machinery, equipment, and tools etc.

Italy

AMADA ENGINEERING EUROPE S.r.l.

Via AMADA I, 1/3, 29010 Pontenure, Piacenza, Italy
Phone: +39-0523-952811
Major Activities: Development of software for sheet metal machines.

Austria

AMADA AUSTRIA GmbH

Wassergasse 1, A-2630 Ternitz, Austria
Phone: +43-2630-35170
Major Activities: Manufacture of band saw blades and bending tools.

Finland

Ab LKI Kälđman Oy

Svartrnähagavägen 7 68910 Bennäs, Pannainen, Finland
Phone: +358-20-7009-000
Major Activities: Manufacture of sheet metal machines and peripheral equipment.

China

AMADA SHANGHAI MACHINE TECH CO., LTD.

No. 89 Zhuoqing Road, Qingpu District, 201799 Shanghai, People's Republic of China
Phone: +86-21-6917-1352
Major Activities: Manufacture, sales, and after-sales service of metalworking machines, metalworking machine parts, and consumables.

AMADA LIANYUNGANG MACHINERY CO., LTD.

No. 21 Zhenxing Road, Songtiao, Lianyungang Eco. & Tech. Development Zone, 222006 Jiangsu, People's Republic of China
Phone: +86-518-8515-1111
Major Activities: Manufacture of band saw blades.

AMADA LIANYUNGANG MACHINE TOOL CO., LTD.

No. 3-2 Songtiao Eco. & Tech. Development Zone, Lianyungang, Jiangsu, People's Republic of China
Phone: +86-518-8515-1111
Major Activities: Manufacture of band saw blades.

AMADA LIANYUNGANG MACHINE TECH CO., LTD.

No.117 Quifeng Road, Haizhou Development Zone, Lianyungang, 222023 Jiangsu, People's Republic of China
Phone: +86-518-8591-8369
Major Activities: Manufacture of band saw machines.

India

AMADA SOFT (INDIA) PVT. LTD.

IITM Research Park, 2nd Floor, MGR Film City Load Off, Rajiv Gandhi Salai Taramani, Chennai, 600113, India
Phone: +91-44-6663-0300
Major Activities: Research and development of software for metalworking machines.

Investor Information

Company Name

AMADA HOLDINGS CO., LTD.

Head Office

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

Phone: +81-463-96-1111

URL: <http://www.amadaholdings.co.jp/>

Founded

September 10, 1946

Incorporated

May 1, 1948

Number of Shares of Common Stock

(As of March 31, 2017)

Authorized: 550,000,000 shares

Issued: 378,115,217 shares

Number of Shareholders

(As of March 31, 2017)

31,469

Stock Listing

Tokyo Stock Exchange, First Section

Quarterly Stock Price Range on Tokyo Stock Exchange (¥)

	2016				2017	
	1st	2nd	3rd	4th	1st	2nd
High	1,186	1,229	1,143	1,355	1,380	1,383
Low	948	995	964	1,036	1,251	1,231

Ordinary General Meeting of Shareholders

June

Shareholder Register Administrator

Mizuho Trust & Banking Co., Ltd.

2-8-4, Izumi, Suginami-ku, Tokyo, 168-8507, Japan

Major Shareholders

(As of March 31, 2017)

Shareholder	Shares owned (1,000 shares)	Percent (%)
Japan Trustee Services Bank, Ltd. (Trust accounts)	45,633	12.5
The Master Trust Bank of Japan, Ltd. (Trust accounts)	30,366	8.3
Trust & Custody Services Bank, Ltd. (Trust accounts)	12,654	3.5
Mizuho Bank, Ltd.	10,500	2.9
THE AMADA FOUNDATION	9,936	2.7
THE BANK OF NEW YORK 133972	8,419	2.3
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	8,210	2.3
BNP PARIBAS SEC SERVICES LUXEMBOURG/JASDEC/ABERDEEN GLOBAL CLIENT ASSETS	6,662	1.8
Nippon Life Insurance Company	6,034	1.7
STATE STREET BANK AND TRUST COMPANY 505225	5,997	1.6

Note: Ownership percentages have been calculated excluding treasury stock (12,461,845 shares).



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AMADA HOLDINGS CO., LTD.

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