

Growing Together with Our Customers

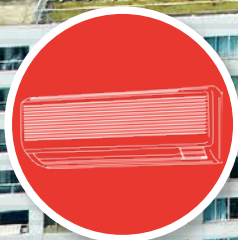
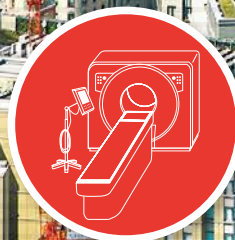
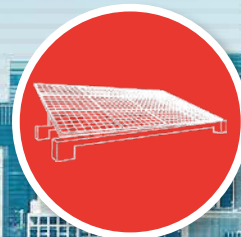




Cover Story

# AMADA's Technology

Is Found Everywhere







**Artificial satellite**



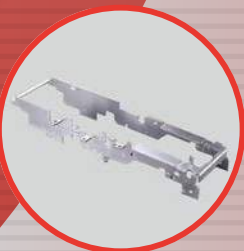
**Solar panel**



**Energy**



**Medical devices**



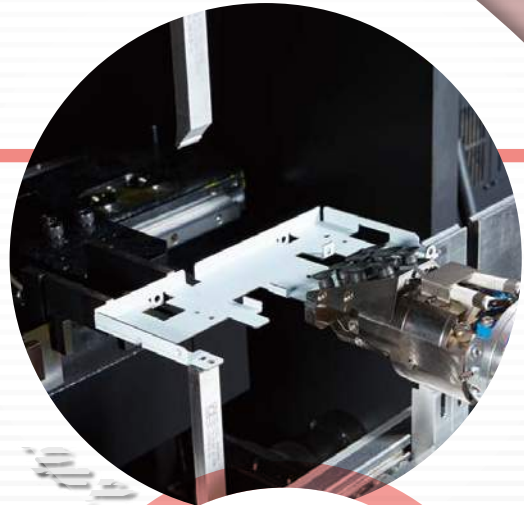
**Air conditioner**

## **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 2017

Europe  
¥**58.8**  
billion

Japan  
¥**130.6**  
billion

Asia  
and Others  
¥**53.2**  
billion



AMADA Solution Center  
(Haan)

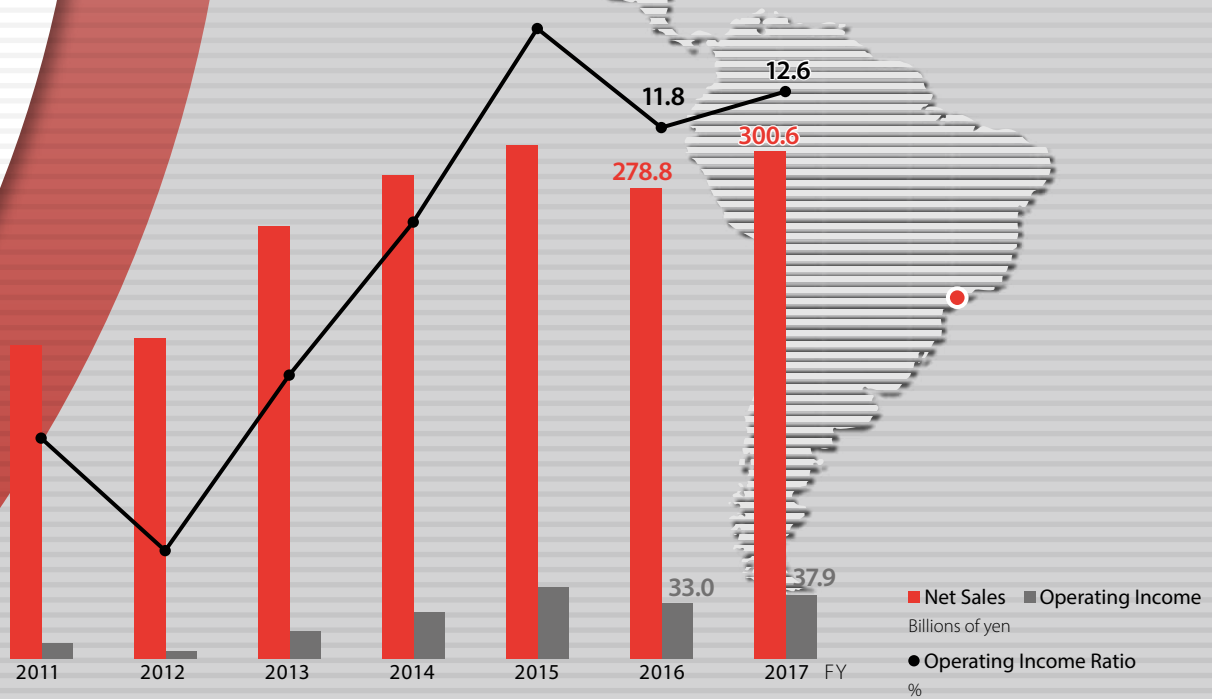


AMADA Solution Center  
(Isehara)



AMADA Solution Center  
(Schaumburg)

North America  
**¥57.8**  
 billion



# Our Operations

## and Value Chain

### 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



Metal sheets

**Stamping press:**  
Forming of metal sheets

**Cutting:**  
Drilling and cutting of metal blocks



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.



We support your manufacturing with V-factory.

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

## Visualization

We provide the data visualization in manufacturing.

## Value

We provide values.

## Victory

We contribute your business.

## Visualizing the operational status of machines via PCs and mobile phones



## My V-factory

My V-factory is an app that allows for information related to the operation of AMADA machines installed at customer factories to be referenced in real time. By doing so, the application makes it possible to comprehensively manage AMADA machines via the Internet.



V-factory Connecting Box





# My V-factory

## Reduce waste related to production



Production targets and performance



Operational status of machines



The way materials are used



Energy consumption

## Utilization of the full potential of machines



Conditions of machines not in operation



Reasons for suspension of operations



Customization of measures



Effects of measures



# IoT Support

## Support for avoiding operational disruptions

- Preemptive maintenance support via warnings provided by monitoring
- Preemptive maintenance via remote inspections

## Support for a prompt recovery

- Remote inspection support from alarms provided by monitoring
- Support through responding to customer inquiries

## Support for improving operations

- Support for enhancing rate of operations provided by alarm analysis



## 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
- 21 Businesses of AMADA HOLDINGS CO., LTD.
  - 23 Sheet Metal Fabrication Machine Business
  - 25 Supporting Customers in Manufacturing
  - 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				
	2014	2015	2016	2017	2018
<b>For the year:</b>					
Net sales	¥256,482	¥286,527	¥304,018	¥278,840	<b>¥300,655</b>
Sales to foreign customers	136,575	156,554	164,256	147,637	<b>169,993</b>
Cost of sales	153,977	165,961	167,813	155,916	<b>169,871</b>
Gross profit	102,505	120,565	136,204	122,923	<b>130,783</b>
Selling, general and administrative expenses	86,308	93,246	94,726	89,993	<b>93,183</b>
Net changes in deferred profit on installment sales and finance lease sales	28	375	1,048	100	<b>365</b>
Operating income	16,225	27,694	42,526	33,030	<b>37,965</b>
Other income (expenses)—net	5,584	3,381	585	3,188	<b>5,306</b>
Income before income taxes	21,810	31,075	43,112	36,219	<b>43,271</b>
Net income attributable to owners of the parent	12,184	18,423	27,425	25,894	<b>29,856</b>
Comprehensive income	36,491	31,844	13,540	17,119	<b>32,954</b>
Purchases of property, plant and equipment	8,422	7,504	6,258	15,306	<b>(14,182)</b>
Depreciation and amortization	8,604	8,552	8,849	8,949	<b>10,080</b>
Research and development costs	9,048	8,332	7,766	7,112	<b>6,838</b>
<b>At year-end:</b>					
Total equity	¥417,002	¥426,481	¥419,380	¥419,970	<b>¥438,863</b>
Total assets	552,729	573,537	565,266	533,433	<b>557,170</b>
Total long-term liabilities	17,733	21,368	27,962	16,719	<b>15,845</b>
<b>Per share of common stock (yen):</b>					
Net income —					
Basic	¥31.89	¥49.18	¥74.56	¥70.85	<b>¥81.62</b>
Diluted	31.85	49.12	74.49	70.81	<b>81.61</b>
Cash dividends applicable to the year	20.00	26.00	36.00	42.00	<b>42.00</b>
<b>Sales composition:</b>					
Metalworking Machinery Business	¥202,899	¥225,811	¥250,825	¥229,492	<b>¥249,214</b>
Sheet metal fabrication machines	182,523	202,652	228,001	206,051	<b>223,165</b>
Welding machines	20,375	23,158	22,823	23,441	<b>26,048</b>
Metal Machine Tools Business	¥52,339	¥59,466	¥51,470	¥48,056	<b>¥50,118</b>
Metal cutting machines	30,725	34,179	33,827	31,888	<b>33,762</b>
Stamping presses	7,822	9,349	9,919	9,423	<b>9,383</b>
Machine Tools	13,792	15,937	7,724	6,744	<b>6,971</b>
Others	1,244	1,249	1,722	1,291	<b>1,322</b>
Total	¥256,482	¥286,527	¥304,018	¥278,840	<b>¥300,655</b>

**Notes:**

- The Financial Data yen figures are rounded down to millions of yen, except for per share amounts.
- 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

<b>CO<sub>2</sub> (t-CO<sub>2</sub>)</b>	2014	2015	2016	2017	2018
Overseas	17,622.0	17,235.80	18,520.10	17,955.20	<b>14,488.5</b>
Domestic	27,958.4	28,509.60	26,357.50	26,753	<b>27,163.0</b>
<b>CO<sub>2</sub> Intensity (kg-CO<sub>2</sub>/kWh)</b>	2007 (Basic)	2015	2016	2017	2018
Emission factor	1,000.00	0.822	0.817	0.840	<b>0.837</b>
<b>Waste (t)</b>	2014	2015	2016	2017	2018
Overseas	1,513.0	2,164.10	2,427.10	2,505.30	<b>2,643.3</b>
Domestic	2,720.1	2,851.60	2,867.10	2,880.20	<b>2,494.7</b>
<b>Water Resources (thousand m<sup>3</sup>)</b>	2014	2015	2016	2017	2018
Overseas	129.0	120.4	96.6	145.8	<b>102.2</b>
Domestic	172.6	159.0	166.4	167.3	<b>118.2</b>
<b>Employees (people)</b>	2014	2015	2016	2017	2018
Number of employees	7,956	8,083	7,955	8,005	<b>8,228</b>

## TOPICS

### AMADA MUSEUM Complete

The AMADA Commemorative Hall, which was built to honor the 70th anniversary of the AMADA Group, was completed and opened in April 2018. Beginning with a first-generation lathe in 1946, AMADA has become a consistent provider of industrial goods, centered on metal processing. This hall is a place to exhibit a 70-year history of growing together with our customers.



### AMADA Maquinaria Iberica Wins the Gavà Growth Award

AMADA Maquinaria Iberica received the Gavà Growth Award from the city of Gavà, Spain, where the business is located. The award is granted by the city every year to a business that contributes greatly to the region. AMADA was chosen for the award for its high degree of growth in the area since its establishment.



Award ceremony

Gavà Growth Award insignia

### New Initiatives for Creating a Workplace Where People with Disabilities Can Play an Active Role

In June 2015 the AMADA Group established a special-purpose subsidiary that hires people with disabilities for cleaning and mail delivery and collection as their main duties. In December 2017, our employees with disabilities created "Pictorial Green", a green visual project done as part of renovations made to our employee canteen. As part of this project, contributors are responsible for plant care and cleaning. We are also planning to add color to the area via "handmade" beautification, with plants nurtured from seeds and placed in individually decorated pots.

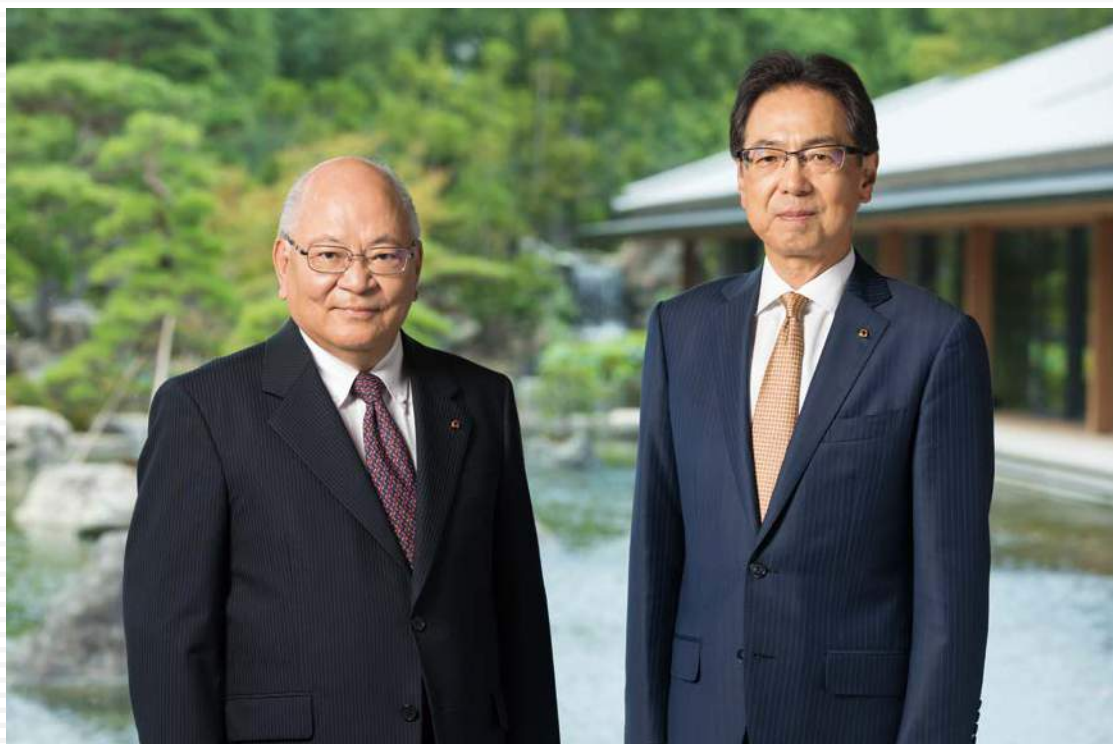


Plant care and watering



Glass and floor cleaning

**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

---

## Aiming Toward a 100-Year Company

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.



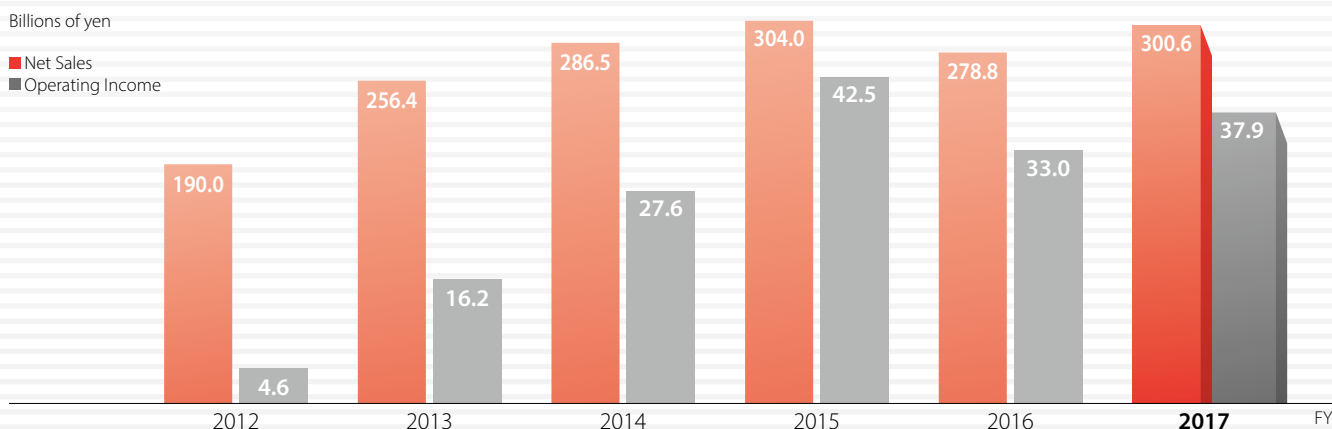
## Recent Economic Environment and Business Performance

Regarding the consolidated operating results for the fiscal year under review, orders were 322.4 billion yen (up 16.9% YoY) and net sales were 300.6 billion yen (up 7.8% YoY), both exceeding the results of the previous fiscal year, with record-high orders. In Japan, although orders increased on the back of robust expansion in capital investments, net sales were 130.6 billion yen (down 0.4% YoY) due to a partial decline in net sales resulting from changes in accounting treatment, and prolonged lead-time required for larger, automated production equipment to accommodate increasing automation needs, and due to tight components supply. Overseas, in North America, as the U.S. economy steadily expanded with favorable capital investments, sales grew favorably in the Sheet-Metal Processing Machines Division and the Bandsaws Division. In Europe, sales expanded significantly as a result of product development

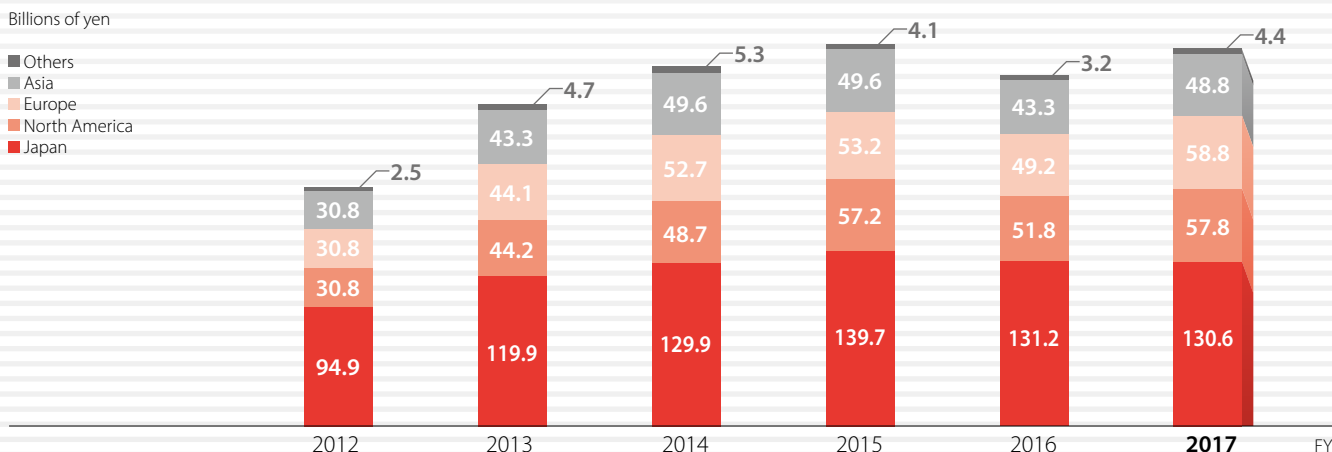
according to needs such as energy-saving and labor-saving against a backdrop of moderate economic expansion in the Euro zone. In Asia, high economic growth continued in India and China, and sales in the Welding Division and the Bandsaws Division expanded. In line with the aforementioned global economic expansion, sales were favorable in each Division, and resulted in overall net sales overseas of a record-high 169.9 billion yen (up 15.1% YoY).

Regarding profit and loss, partly due to our efforts to cut costs by streamlining manufacturing and the weaker yen compared with the previous fiscal year, operating income, ordinary income and net income attributable to owners of parent increased, respectively, to 37.9 billion yen (up 14.9% YoY), 40.6 billion yen (up 18.4% YoY) and 29.8 billion yen (up 15.3% YoY), and net income attributable to owners of parent marked a record high amount.

### 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 FY2021.

Task 321 aims to achieve the following three goals.

- Expansion of net sales by 30% (¥400 billion in FY2021)
- Increase of recurring ordinary income ratio by 20% (¥80 billion in FY2021)
- 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.

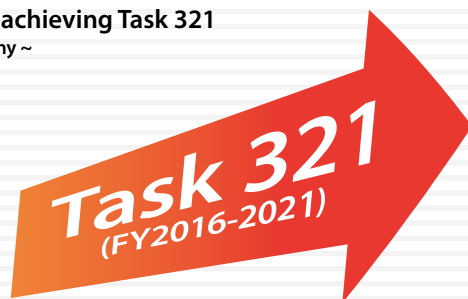
- 1) Execution of growth strategy (expansion of net sales by 30%)
  - Expansion of laser business by strengthening product appeal of fiber laser, which is tailored toward energy-saving and high-precision machining
  - Promotion of automation business by utilizing robot and software technologies, in response 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 (FY2021)

#### Mid-term business target for achieving Task 321

~ New steps toward a 100-year company ~

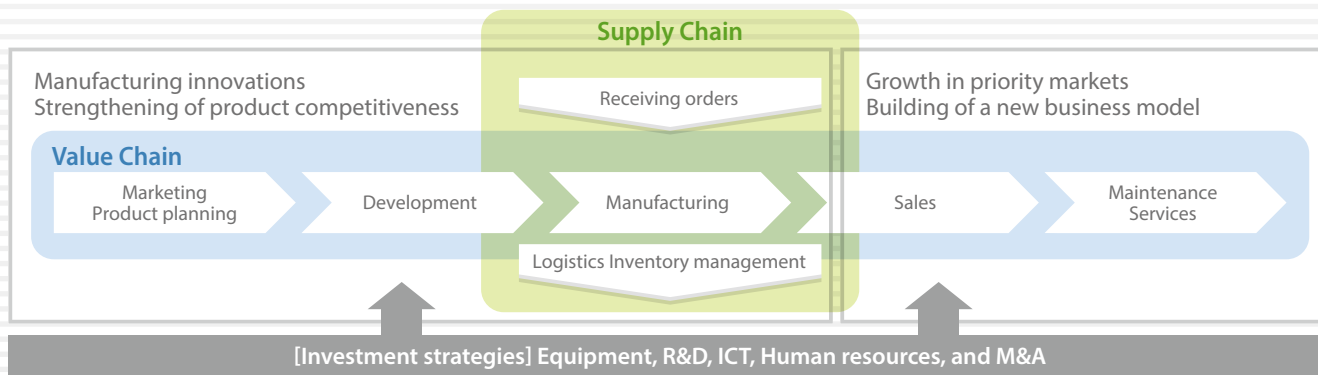
- FY2015 -	
Net Sales	¥304 bn
Ordinary Income	14%
ROE	6.5%



- FY2021 -	
Expand market share by growth strategy	
Net Sales	¥400 bn
Strengthen profit structure by profitability improvement strategy	
Ordinary Income	¥80 bn (20%)
Establish management base by investment strategy	
ROE	10%

### Management Policies for the Medium-Term Management Plan (FY2016–FY2021)

- 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
  - Promotion of “work style reform” to fundamentally review the operational procedure and establishment of a personnel system for promoting the advancement of women

## 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 FY2018, we intend to issue an annual dividend of ¥42 per share, making for a consolidated payout ratio of 53.9%.

### 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

	FY2016 results	FY2017 results	FY2018 forecast	FY2019 and beyond
Net profit (Billions of yen)	25.8	29.8	28.5 (IFRS)	
Dividend (Dividend payout ratio %)	42 yen includes commemorative dividend of 6 yen (59%)	42 yen (52%)	42 yen (54%)	Approx. 50%
Share buybacks (Billions of yen)			Implemented flexibly	
Total return ratio (%)	59%	52%	54%	Approx. 50%
ROE (%)	6.2%	7.0%	~10%	

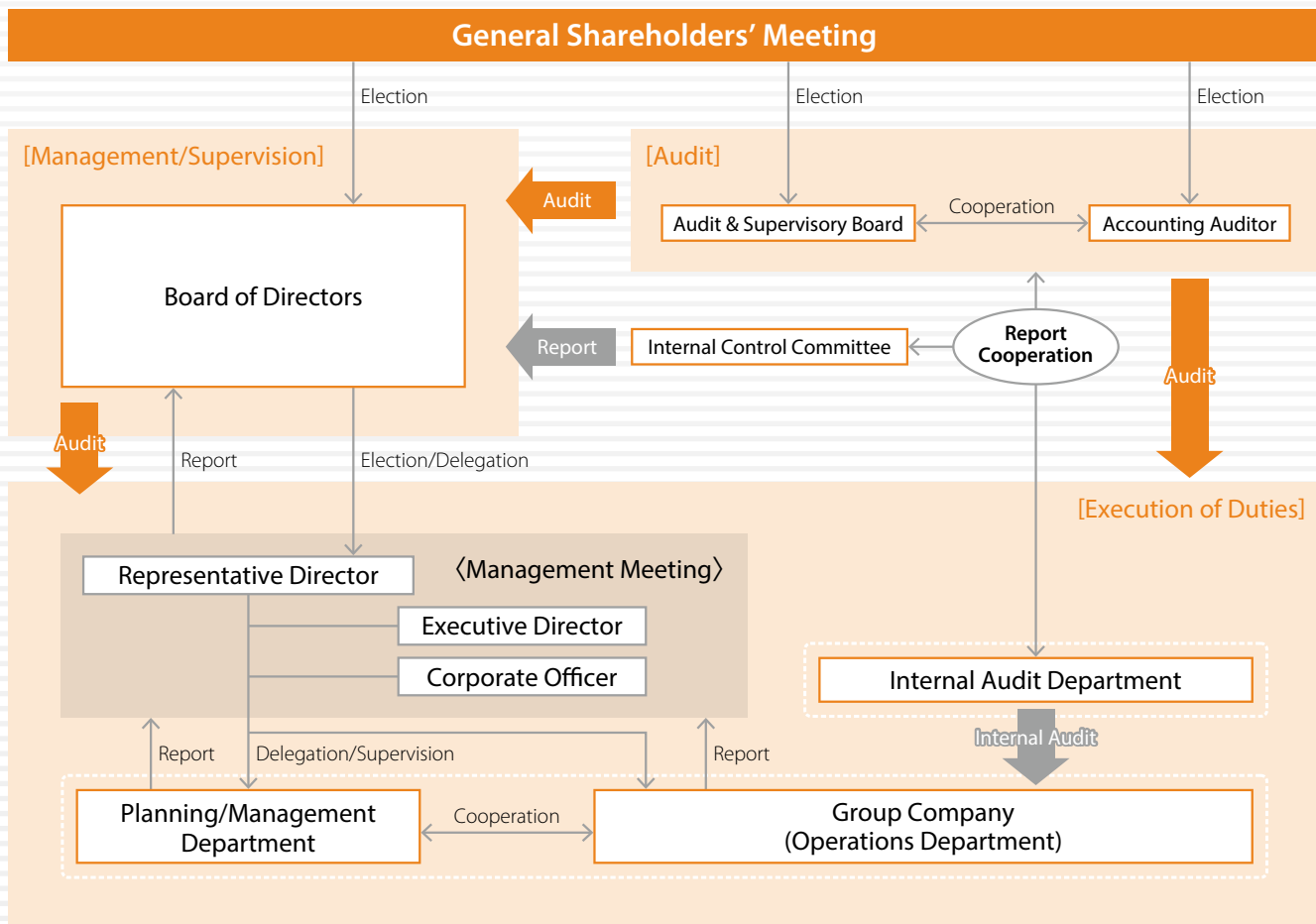


## BASIC POLICY

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 external 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 external directors, we have appointed three independent external 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 external officers with neutrality and independence. (We have two independent external 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 external 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 External 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

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

#### (Reference) Independence Standards for External 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 external directors), Audit and Supervisory Board member (excluding external 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 external 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 external officer in terms of their independence.

Enacted on December 18, 2015



# Directors, Audit and Supervisory Board Members

(As of June 27, 2018)

## Directors



Chairman & CEO  
Mitsuo Okamoto



Director  
Kazuhiko Miwa



President  
Tsutomu Isobe



External Director  
Michiyoshi Mazuka



Senior Managing Director  
Kotaro Shibata



External Director  
Toshitake Chino



Director  
Hidekazu Kudo



External Director  
Hidekazu Miyoshi

## Audit and Supervisory Board Members

Auditor

Takaya Shigeta  
Katsuhide Ito

External Auditor

Akira Takenouchi  
Seiji Nishiura

# 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.**  
(Development, manufacturing, sales and service of sheet metal fabrication machines)
  - China sales companies
  - ASIA and ASEAN sales companies
- **AMADA TECHNICAL SERVICE CO., LTD.**  
(Sales of sheet metal fabrication machines and equipment)
- **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 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.**

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

**AMADA MIYACHI 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



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



IoT Support

IoT Product

My V-factory

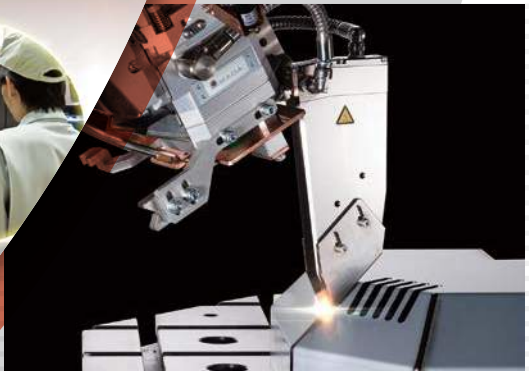
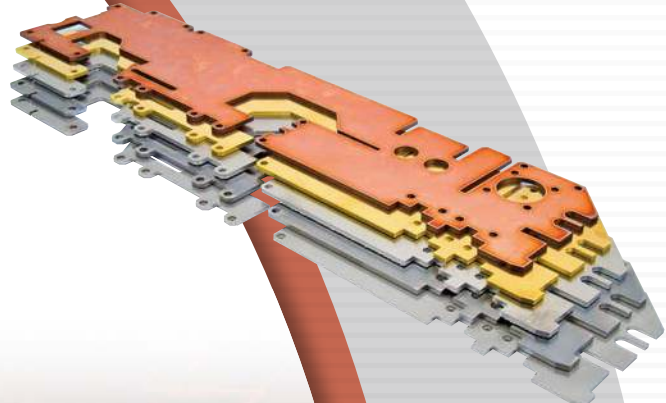


Image of processing on ENSIS

## 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

#### Sheet metal engineering system **VPSS 3i**

The Sheet Metal Engineering System "VPSS 3i" developed by AMADA is a program process solution which functions as the core for converting your factory to a Smart Factory. By digitizing the processing know-hows in all processes while tracing back the manufacturing process from completed forms of products, the system will bring innovative effects.



### 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-ENSIS

## Major Products



Fiber laser machine  
ENSIS-3015AJ



High accuracy bending robot system  
HG-1003ARs



Fiber laser welding system  
FLW-ENSIS



# AMADA INNOVATION CENTER

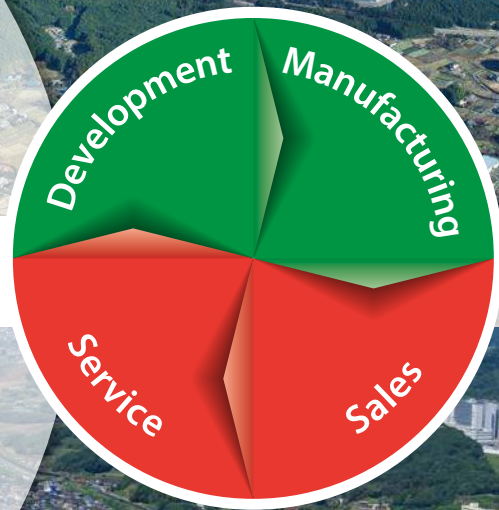
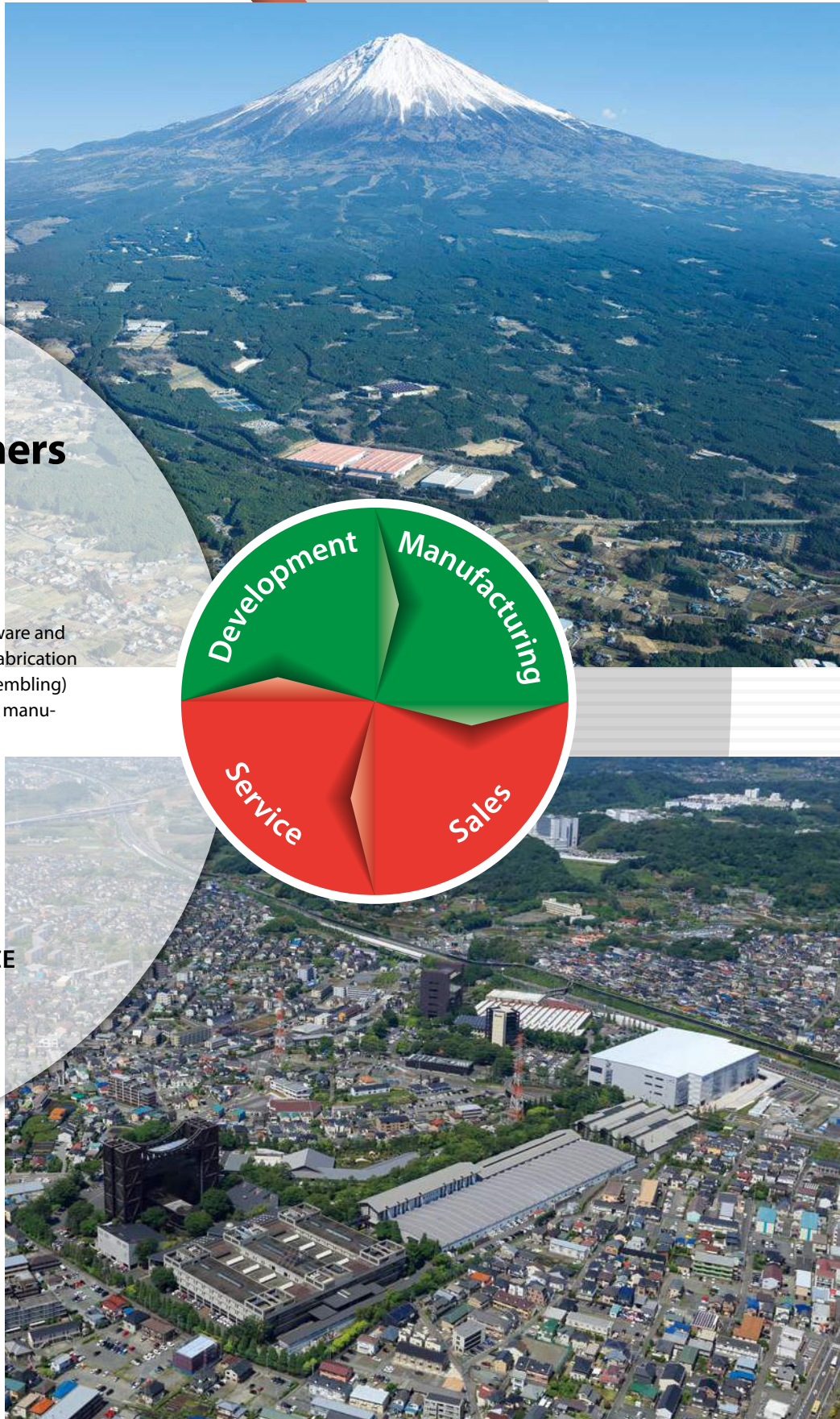
## Supporting Customers in Manufacturing

AMADA proposes total machines, tooling, software and automation equipment for entire sheet metal fabrication processes (blanking, bending, welding and assembling) and supports customers the world over in their manufacturing operations.

- AMADA 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)

### AMADA Technical Center

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.



Shanghai Technical Center (China)

### AMADA Satellite Center

The customers can see and operate our latest machines to verify their performance at any time.



Chubu Satellite Center

## 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.

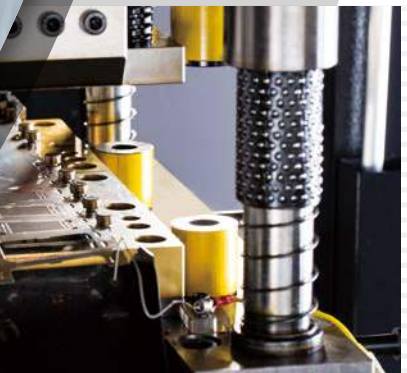
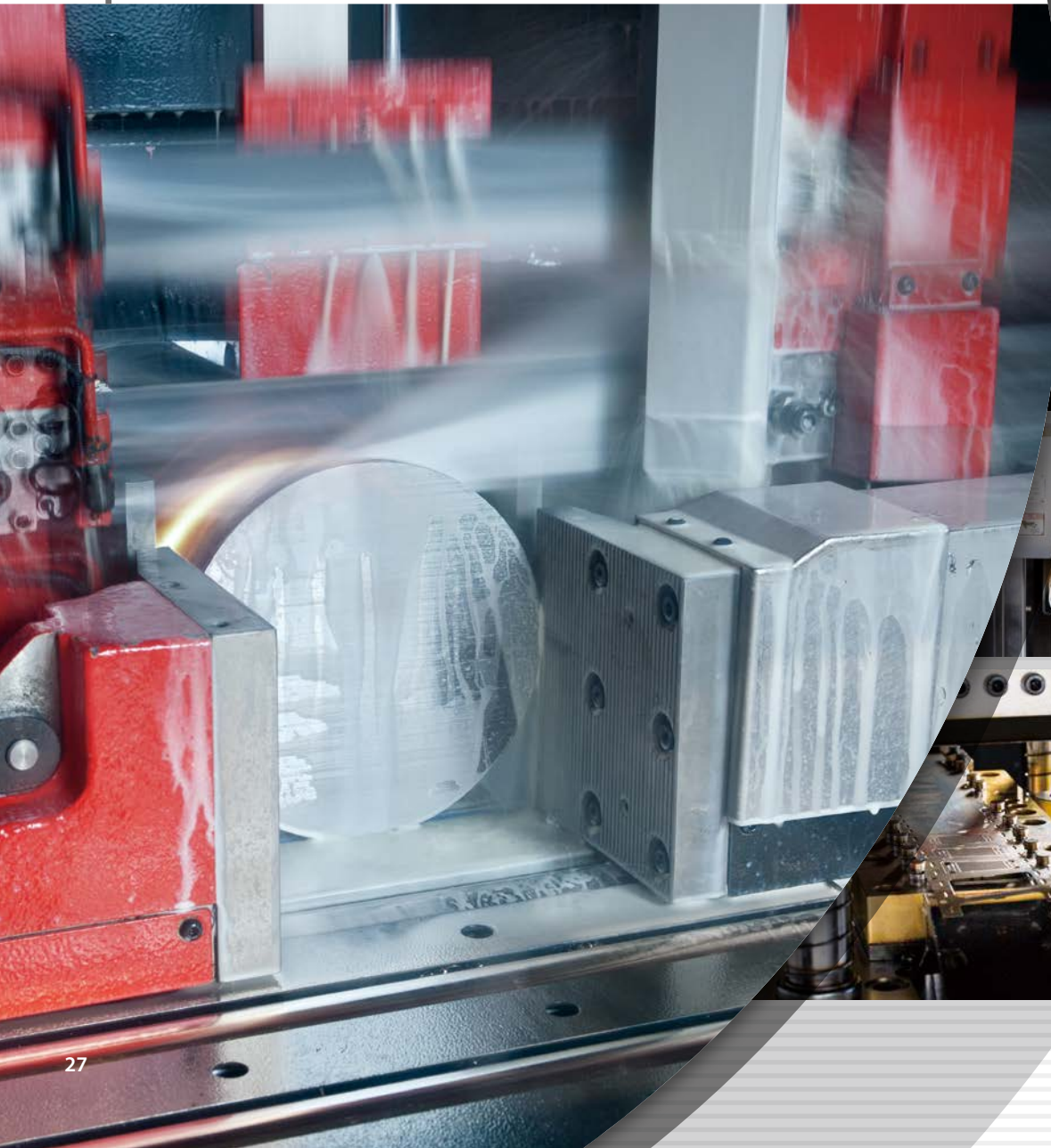
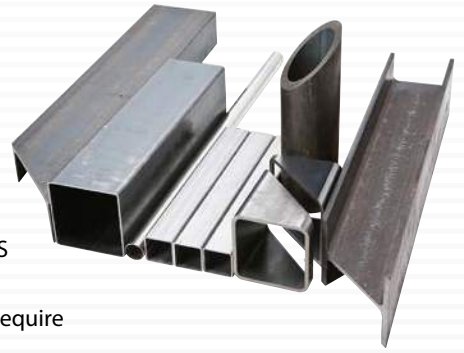


Image of processing on HPSAW-310



## 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 works

### 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.



Technical center



Office building



Factory building



Saw blade development and manufacturing base, Ono Plant



Hyper saw  
HPSAW-310



CNC graphical profile grinder  
DV-1



Single crank presses  
TP-FX series

## Major Products



Band saw machines  
HPSAW-310



Stamping press machines  
SDE-2017 GORIKI



CNC graphical profile grinder  
DV-1

# Precision Welding Machine Business

- AMADA MIYACHI CO., LTD.

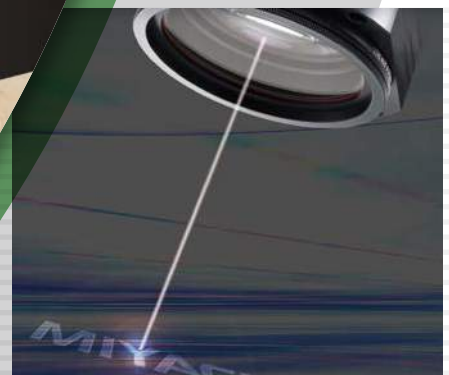
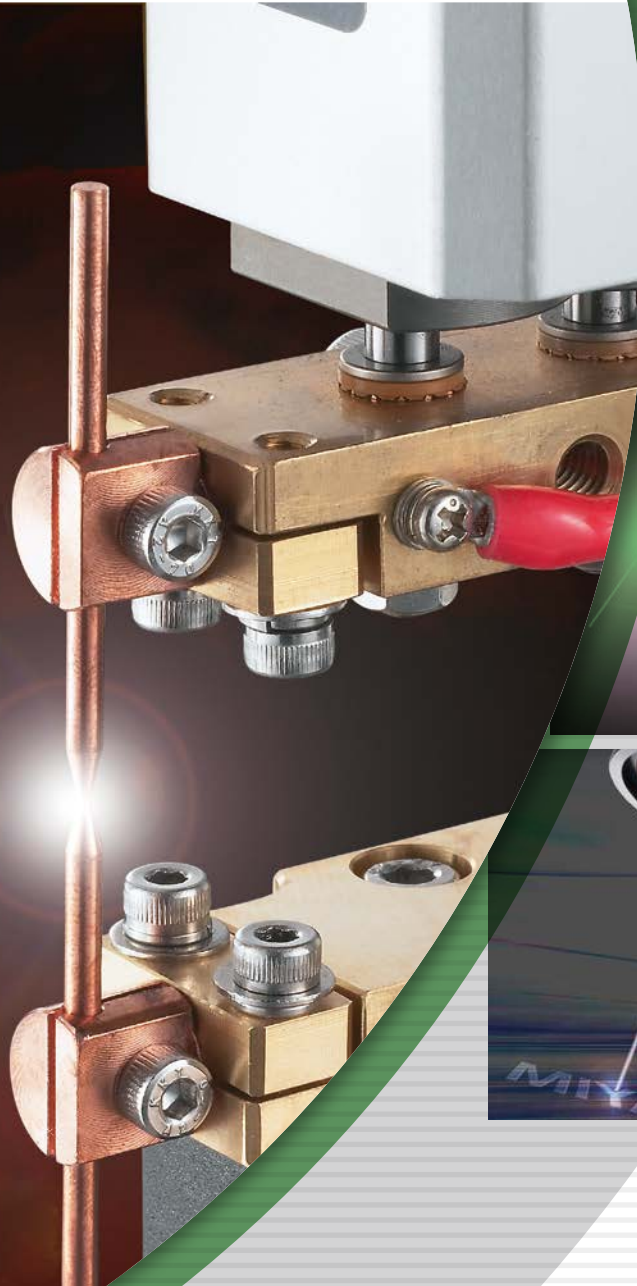


Image of resistance welding



## 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.



Fiber laser welder  
ML-6810C



Fiber laser welder  
ML-3000 Series



Fiber laser welder  
ML-5120A



YVO: SHG laser marker  
ML-9011A



Fine spot welding power supply  
IS-300A

### Major Products



Fiber laser welder  
ML-6810C



YVO: SHG laser marker  
ML-9011A



Fine spot welding power supply  
IS-300A

# 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 429,800m<sup>2</sup>, 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.

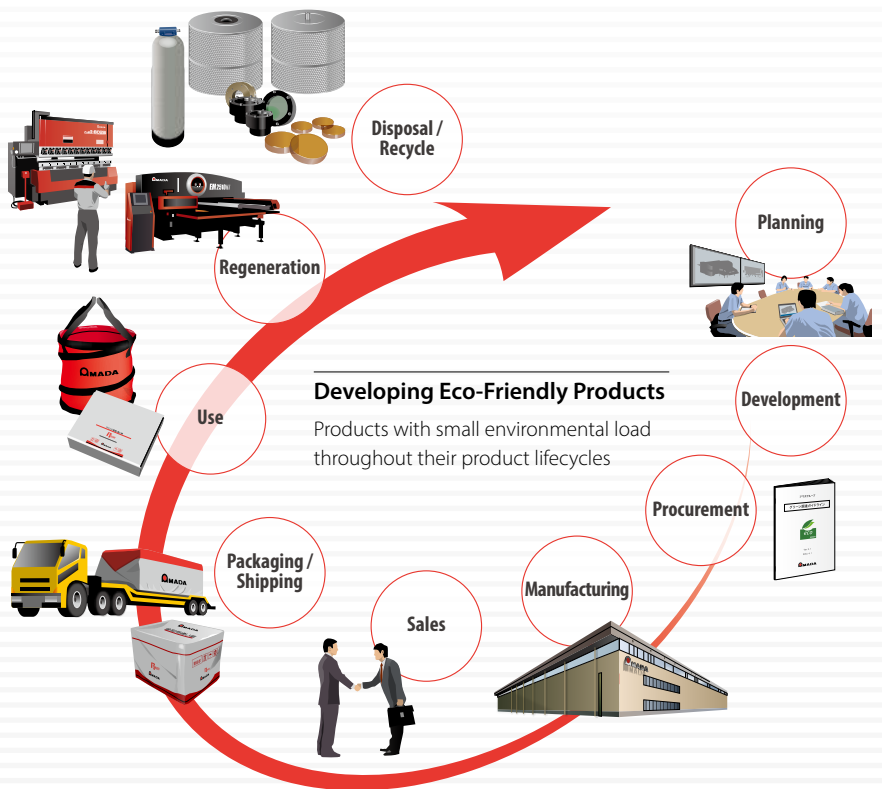
Approximately 700 species of plants have been found on the Fujinomiya Works premises. When we re-organized the forest next to Factory #2, we found trees such as konara oak and Japanese snowbell, and also the plant *Cypripedium japonicum* designated as a category II (VU) endangered species by the Ministry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

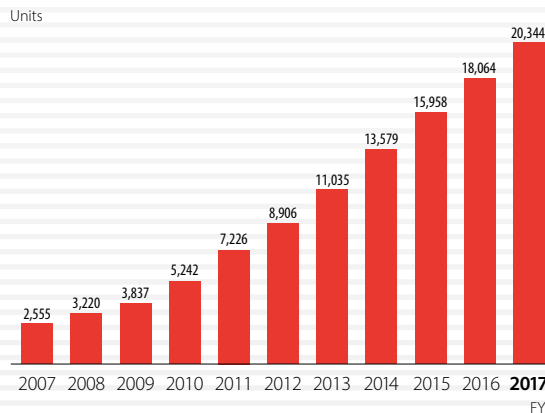
At AMADA we are developing lifecycle management to create this kind of thorough lifecycle for our eco-friendly products.



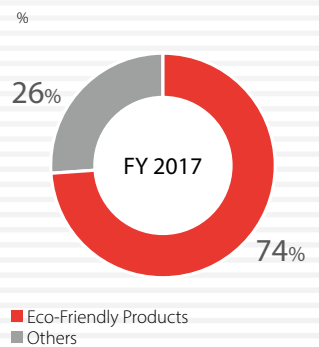
## Creation of Eco Products

Since the AMADA Group's products are industrial goods, most of their lifecycle CO<sub>2</sub> 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 CO<sub>2</sub> our products emit.

Total Sales Volume of Eco-Friendly Products



Eco-Friendly Products Sales Ratio



Eco-Friendly Products



Stamping press machines  
SDE-2017 GORIKI



Ultimate press brake  
EG-4010



Hyper saw  
HPSAW-310

## 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.

Open factory (AMADA Fujinomiya Works site)



Renovation of lounge building—addition of temporary evacuation site in the case of disasters



Europe



A traineeship for High School in our Technical center (AMADA ITALIA SRL)

Asia

Americas



ATA again for the third year sponsored Genesee Community College Tech Wars. (AMADA TOOL AMERICA)



ATA hosted two local high school tours for students researching future careers. (AMADA TOOL AMERICA)



Received Gavà Growth Award for local contributions (AMADA Maquinaria Iberica)



Opened AMADA Poland Technical Center (AMADA Sp.z o.o.)



### 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



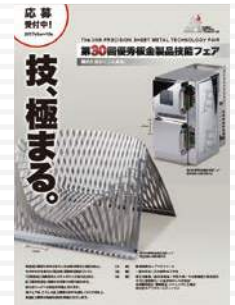
### AMADA SCHOOL

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.



### 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 judgement, holds an award ceremony the following March. The 30th Precision Sheet Metal Technology Fair awards ceremony was held in March 2018. A Total of 268 entries were submitted, of which 104 were submissions from overseas, with 26 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 Group has set up a promotional structure for occupational health and hygiene and is focusing efforts on providing all types of mental and physical healthcare in collaboration with health insurance unions. We aim to raise the base level of physical and mental health for each and every one of our employees to ensure that they can work with liveliness and vitality. In the previous fiscal year, we put forth a three-pronged approach to improving health, focused on exercise, diet, and sleep. In addition, we implemented stress checks to protect against mental distress. The results of the analysis of these checks are fed back into each workplace as tools to build a better work environment.



Lower back pain seminar



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 2017, priority was given to the implementation of safety training as part of better coordination between the Company and worksites in order to prevent work- and traffic-related accidents. In addition to educational lectures, we have introduced a curriculum that focuses on hands-on training that includes individualized driver training with objective evaluation with the aim of reducing accidents to zero.

## Promotion of Support for Childcare

The AMADA Group encourages 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.

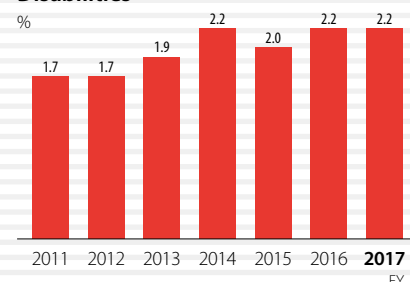
Gender	FY2014	FY2015	FY2016	FY2017
Male	5	3	3	5
Female	9	13	14	12
Total	14	16	17	17

## 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 2017.

Employment Rate of People with Disabilities



### Green Procurement

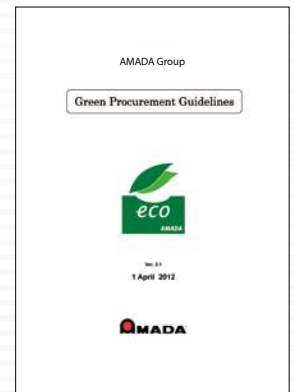
AMADA positions “green procurement,” procuring materials with low environmental load, as one of its important environmental conservation activities.

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

## EARNINGS

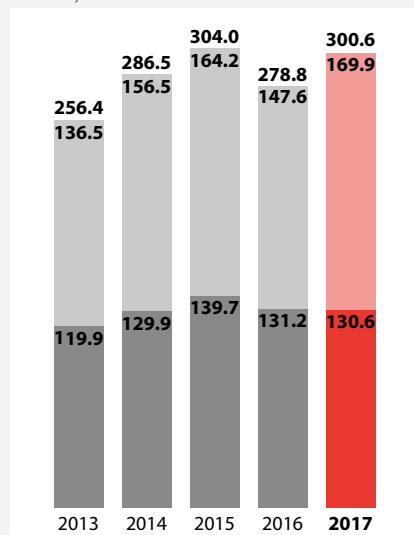
Regarding the consolidated operating results for the fiscal year under review, both orders and net sales increased year on year, with orders rising 16.9%, to ¥322,482 million, and net sales rising 7.8%, to ¥300,655 million. Both of these results exceed the totals of the previous consolidated fiscal year, with orders reaching a record high. Net sales in Japan decreased 0.4%, to ¥130,662 million. This decrease came in spite of an increase in orders against a background of steady capital investment and can be attributed to changes in accounting treatment, leading to a decline in sales as well as a demand for larger and more automated production equipment stemming from an increase in automation needs. This resulted in tight supply and demand for parts, which further led to prolonged lead time. Overseas net sales increased by 15.1% from the previous fiscal year, to ¥169,992 million. In North America steady expansion of the US economy coupled with favorable trends in capital investment led to strong sales in the sheet-metal processing machines and bandsaws divisions. In Europe, sales increased dramatically due to

product development in response to growing labor-saving needs and a shift to renewable energy against a backdrop of moderate economic growth in the Eurozone. In Asia, strong economic growth in China and India resulted in higher sales in the welding and bandsaws divisions. Favorable sales trends in each division brought on by the strong global economy led to the Company's highest overseas sales to date.

Turning to profit and loss, efforts to reduce costs by streamlining production coupled with a weaker yen compared to the previous fiscal year resulted in a 14.9% increase in operating income to ¥37,965 million, an 18.4% increase in ordinary income to ¥40,616 million, and a 15.3% increase in net income attributable to owners of the parent to ¥29,856 million. The result for the fiscal year under review marks an all-time record for net income attributable to owners of the parent.

### Domestic Sales and Overseas Sales

Billions of yen

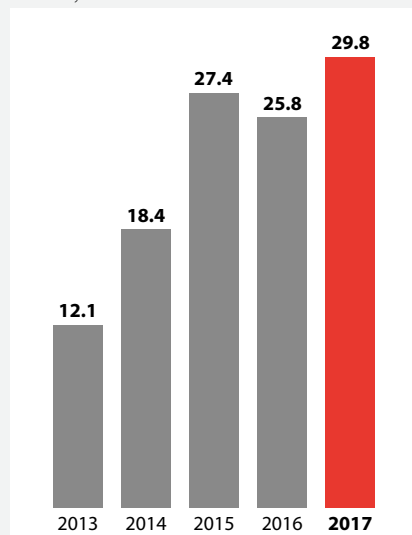


FY

■ Overseas Sales ■ Domestic Sales

### Net income Attributable to Owners of the Parent

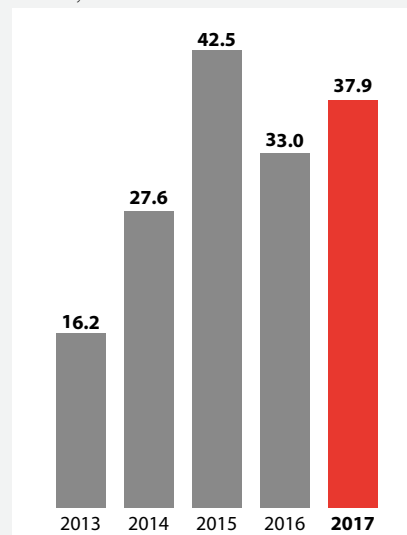
Billions of yen



FY

### Operating Income

Billions of yen



FY



## FINANCIAL POSITION

At the end of the fiscal year under review, consolidated total assets were up ¥23,737 million year on year, to ¥557,170 million.

Total current assets increased ¥6,311 million, to ¥338,220 million, due primarily to an increase in notes and accounts receivable. Total non-current assets were up ¥17,426 million, to ¥218,949 million, primarily due to an increase in buildings and structures.

Total liabilities increased ¥4,844 million, to ¥118,307 million, due to an increase in current liabilities. Net assets increased ¥18,892 million, to ¥438,863 million. As a result, the equity ratio moved to 78.2% from 78.1% as of the end of the previous consolidated fiscal year.

## CASH FLOWS

Consolidated cash and cash equivalents, end of year, amounted to ¥78,239 million, down ¥10,984 million from the previous fiscal year.

### CASH FLOWS FROM OPERATING ACTIVITIES

Net cash provided by operating activities totaled ¥32,406, up ¥6,383 from the previous fiscal year. This result reflected an increase in income before income taxes.

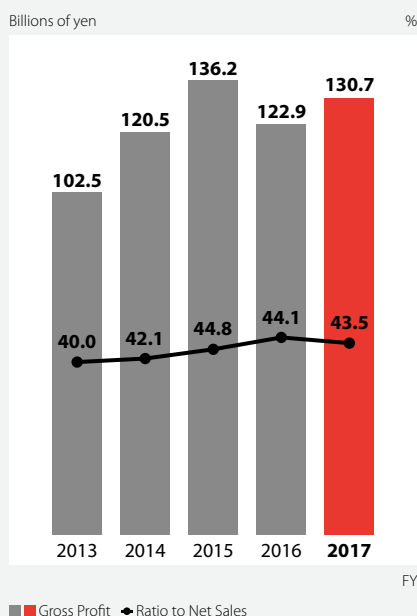
### CASH FLOWS FROM INVESTING ACTIVITIES

Net cash used in investing activities amounted to ¥26,950 million, an increase of ¥21,445 million compared to the previous fiscal year. This increase was primarily attributed to the acquisition of investment securities.

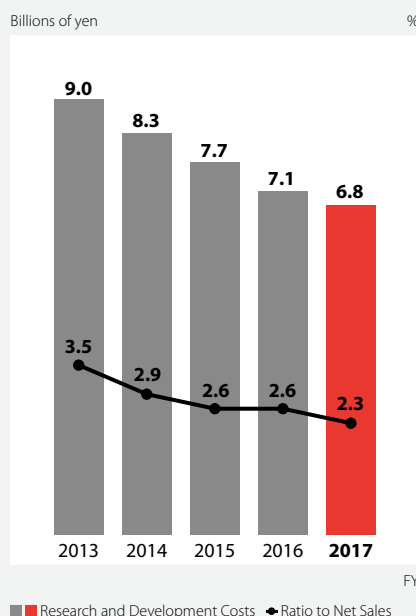
### CASH FLOWS FROM FINANCING ACTIVITIES

Net cash used in financing activities amounted to ¥17,184 million, down ¥10,788 million from the previous fiscal year. The main cause of this decrease was a decrease in expenditures due to the repayment of short-term loans payable.

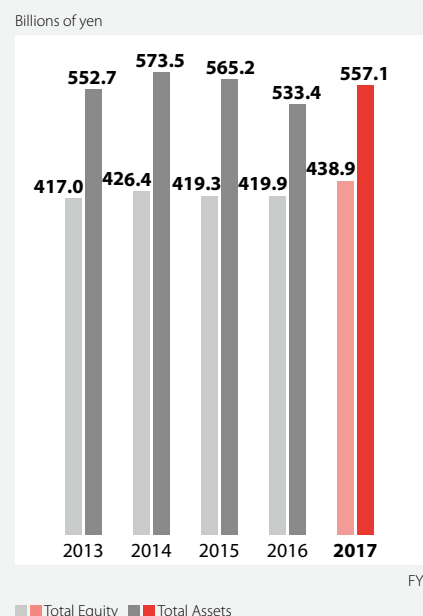
### Gross Profit and Ratio to Net Sales



### 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, 2018

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
		as Restated (Note 1 ab)	
<b>Current assets:</b>			
Cash and cash equivalents (Note 15)	¥ 78,239	¥ 89,223	\$ 736,229
Short-term investments (Notes 3 and 15)	19,139	16,808	180,103
Notes and accounts receivable (Notes 2 and 15)—			
Trade	134,025	127,165	1,261,183
Unconsolidated subsidiaries and associated companies	163	113	1,542
Other	5,941	1,735	55,904
Allowance for doubtful receivables	(1,937)	(1,966)	(18,229)
Investments in lease (Notes 13 and 15)	10,612	14,254	99,859
Inventories (Note 4)	75,526	70,692	710,702
Deferred tax assets (Note 8)	8,756	8,329	82,399
Prepaid expenses and other current assets (Note 13)	7,752	5,553	72,954
Total current assets	338,220	331,909	3,182,650
<b>Property, plant and equipment:</b>			
Land (Note 6)	41,379	40,106	389,381
Buildings and structures (Note 6)	153,009	143,498	1,439,818
Machinery and equipment	63,819	61,612	600,544
Buildings, structures and land for rent	9,548	14,223	89,851
Lease assets	459	419	4,327
Construction in progress	6,154	11,020	57,916
Total	274,372	270,880	2,581,839
Accumulated depreciation	(137,558)	(138,871)	(1,294,421)
Net property, plant and equipment	136,813	132,009	1,287,418
<b>Investments and other assets:</b>			
Investment securities (Notes 3 and 15)	58,347	47,475	549,047
Investments in and advances to unconsolidated subsidiaries and associated companies	4,167	3,962	39,219
Goodwill	884	1,153	8,324
Software	8,876	6,879	83,529
Deferred tax assets (Note 8)	5,874	5,965	55,275
Asset for retirement benefits (Note 7)	132	135	1,245
Other assets (Note 13)	3,853	3,942	36,261
Total investments and other assets	82,136	69,514	772,902
<b>Total</b>	<b>¥ 557,170</b>	<b>¥ 533,433</b>	<b>\$ 5,242,970</b>

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
<b>Current liabilities:</b>			
Short-term bank loans (Notes 6 and 15)	¥ 8,092	¥ 10,339	\$ 76,151
Current portion of long-term debt (Notes 6 and 15)	127	3,584	1,200
Notes and accounts payable (Note 15)—			
Trade	17,560	15,986	165,247
Unconsolidated subsidiaries and associated companies	1,613	738	15,182
Other	6,702	5,503	63,075
Electronically recorded obligations-operating (Note 15)—			
Trade	16,229	17,799	152,722
Unconsolidated subsidiaries and associated companies	1,851	1,432	17,424
Deferred profit on installment sales (Note 2)	11,911	13,731	112,087
Accrued expenses	12,344	11,165	116,160
Income taxes payable	8,160	3,620	76,787
Other current liabilities (Note 8)	17,866	12,841	168,125
Total current liabilities	102,461	96,743	964,165
<b>Long-term liabilities:</b>			
Long-term debt (Notes 6 and 15)	5,417	3,529	50,978
Liability for employees' retirement benefits (Note 7)	3,309	5,274	31,141
Retirement allowance for directors and corporate auditors (Note 7)	85	78	807
Deposits received (Note 15)	2,522	2,945	23,736
Other long-term liabilities (Note 8)	4,510	4,892	42,442
Total long-term liabilities	15,845	16,719	149,105
<b>Commitments and contingent liabilities</b> (Note 15)			
<b>Equity</b> (Notes 9, 10 and 21):			
Common stock—			
Authorized—550,000 thousand shares			
Issued—378,115 thousand shares in 2018 and 378,115 thousand shares in 2017	54,768	54,768	515,368
Capital surplus	163,199	163,199	1,535,702
Stock acquisition rights	2	36	21
Retained earnings	242,449	226,500	2,281,444
Treasury stock, at cost—			
12,305 thousand shares in 2018 and 12,461 thousand shares in 2017	(11,695)	(11,841)	(110,052)
Accumulated other comprehensive income:			
Net unrealized gain (loss) on available-for-sale securities	(1,146)	(552)	(10,784)
Deferred gain (loss) on derivatives under hedge accounting	104	(114)	978
Land revaluation difference (Note 1 k)	(9,221)	(9,221)	(86,778)
Foreign currency translation adjustments	(2,421)	(4,847)	(22,781)
Defined retirement benefit plans	(366)	(1,093)	(3,450)
Total	435,671	416,833	4,099,668
Noncontrolling interests	3,191	3,137	30,030
Total equity	438,863	419,970	4,129,699
Total	¥557,170	¥533,433	\$5,242,970



## Consolidated Statement of Income

AMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries  
Year ended March 31, 2018

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2018	2017	2016	2018
<b>Net sales</b> (Note 2)	<b>¥300,655</b>	¥278,840	¥304,018	<b>\$2,829,163</b>
Cost of sales	<b>169,871</b>	155,916	167,813	<b>1,598,493</b>
Gross profit	<b>130,783</b>	122,923	136,204	<b>1,230,669</b>
Selling, general and administrative expenses (Note 12)	<b>93,183</b>	89,993	94,726	<b>876,860</b>
Net changes in deferred profit on installment sales and finance lease sales	<b>365</b>	100	1,048	<b>3,442</b>
Operating income	<b>37,965</b>	33,030	42,526	<b>357,251</b>
<b>Other income (expenses):</b>				
Interest and dividend income	<b>2,218</b>	2,244	2,515	<b>20,871</b>
Interest expense	<b>(95)</b>	(166)	(286)	<b>(894)</b>
Equity in earnings of unconsolidated subsidiaries and associated companies	<b>184</b>	347	154	<b>1,735</b>
Foreign exchange (loss) gain	<b>(498)</b>	(1,625)	(2,084)	<b>(4,689)</b>
Other, net (Note 11)	<b>3,496</b>	2,389	285	<b>32,906</b>
Other income (expenses)—net	<b>5,306</b>	3,188	585	<b>49,929</b>
<b>Income before income taxes</b>	<b>43,271</b>	36,219	43,112	<b>407,181</b>
<b>Income taxes</b> (Note 8):				
Current	<b>13,530</b>	10,686	14,833	<b>127,317</b>
Deferred	<b>(429)</b>	(631)	470	<b>(4,044)</b>
Total income taxes	<b>13,100</b>	10,055	15,303	<b>123,273</b>
<b>Net income</b>	<b>30,170</b>	26,163	27,808	<b>283,907</b>
<b>Net income attributable to noncontrolling interests</b>	<b>314</b>	269	383	<b>2,960</b>
<b>Net income attributable to owners of the parent</b>	<b>¥ 29,856</b>	¥ 25,894	¥ 27,425	<b>\$ 280,947</b>

	Yen			Thousands of U.S. dollars (Note 1)
	2018	2017	2016	2018
<b>Per share of common stock</b> (Notes 1 z and 18):				
Net income—				
Basic	<b>¥81.62</b>	¥70.85	¥74.56	<b>\$0.77</b>
Diluted	<b>81.61</b>	70.81	74.49	<b>0.77</b>
Cash dividends applicable to the year	<b>42</b>	42	36	<b>0.40</b>

See notes to consolidated financial statements.

## Consolidated Statement of Comprehensive Income

AMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries  
Year ended March 31, 2018

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2018	2017	2016	2018
<b>Net income</b>	<b>¥ 30,170</b>	¥ 26,163	¥ 27,808	<b>\$ 283,907</b>
<b>Other comprehensive (loss) income</b> (Note 17):				
Unrealized gain (loss) on available-for-sale securities	<b>(615)</b>	343	(2,036)	<b>(5,789)</b>
Deferred gain (loss) on derivatives under hedge accounting	<b>218</b>	(243)	53	<b>2,057</b>
Land revaluation difference	<b>—</b>	—	29	<b>—</b>
Foreign currency translation adjustments	<b>2,345</b>	(11,254)	(7,839)	<b>22,071</b>
Defined retirement benefit plans	<b>723</b>	2,178	(4,309)	<b>6,812</b>
Share of other comprehensive (loss) income in associates	<b>111</b>	(67)	(166)	<b>1,044</b>
Total other comprehensive (loss) income	<b>2,783</b>	(9,044)	(14,268)	<b>26,197</b>
<b>Comprehensive income</b>	<b>¥ 32,954</b>	¥ 17,119	¥ 13,540	<b>\$ 310,104</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	<b>¥ 32,634</b>	¥ 16,964	¥ 13,285	<b>\$ 307,088</b>
Noncontrolling interests	<b>320</b>	155	254	<b>3,016</b>

See notes to consolidated financial statements.

## Consolidated Statement of Changes in Equity

AMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries  
Year ended March 31, 2018

Millions of yen

	Issued number of shares outstanding (thousands)	Number of treasury stocks (thousands)	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Accumulated other comprehensive income					Total	Non-controlling interests	Total equity
								Net unrealized (loss) gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge transactions	Land revaluation difference	Foreign currency translation adjustments	Defined retirement benefit plans			
<b>Balance, March 31, 2015</b>	386,502	13,043	¥54,768	¥163,199	¥104	¥208,449	¥(10,337)	¥ 1,155	¥ 75	¥(9,251)	¥ 14,206	¥ 1,054	¥423,424	3,056	¥426,481
Cash dividends, ¥36.0 per share						(10,698)							(10,698)		(10,698)
Net income attributable to owners of the parent						27,425							27,425		27,425
Acquisition of treasury stock		8,395					(10,051)						(10,051)		(10,051)
Disposal of treasury stock		(275)		(29)	(31)		282						220		220
Retirement of treasury stock	(8,386)	(8,386)		(7,968)			7,968								
Transfer of negative balance of other capital surplus				7,997		(7,997)									
Change in retained earnings due to mergers between consolidated and non-consolidated subsidiaries						74							74		74
Reversal of land revaluation difference									29				29		29
Net change in the year								(2,046)	53		(7,820)	(4,355)	(14,169)	68	(14,100)
<b>Balance, March 31, 2016</b>	378,115	12,777	¥54,768	¥163,199	¥73	¥217,253	¥(12,139)	¥ (891)	¥ 128	¥(9,221)	¥ 6,385	¥(3,301)	¥416,254	¥3,125	¥419,380
Cash dividends, ¥42.00 per share						(16,076)							(16,076)		(16,076)
Net income attributable to owners of the parent						25,894							25,894		25,894
Acquisition of treasury stock		5					(6)						(6)		(6)
Disposal of treasury stock		(320)		(73)	(36)		304						194		194
Transfer of negative balance of other capital surplus				73		(73)									
Change of fiscal year-end of consolidated subsidiaries						(496)							(496)		(496)
Net change in the year								338	(243)		(11,233)	2,207	(8,930)	11	(8,918)
<b>Balance, March 31, 2017</b>	378,115	12,461	¥54,768	¥163,199	¥36	¥226,500	¥(11,841)	¥ (552)	¥(114)	¥(9,221)	¥ (4,847)	¥(1,093)	¥416,833	¥3,137	¥419,970
Cash dividends, ¥42.00 per share						(13,898)							(13,898)		(13,898)
Net income attributable to owners of the parent						29,856							29,856		29,856
Acquisition of treasury stock		5					(6)						(6)		(6)
Disposal of treasury stock		(161)		(37)	(18)		153						97		97
Transfer of negative balance of other capital surplus				9		(9)									
Change in ownership interest of parent due to transactions with noncontrolling interests				27									27		27
Forfeiture of share acquisition rights					(15)								(15)		(15)
Net change in the year								(593)	218		2,426	726	2,777	54	2,832
<b>Balance, March 31, 2018</b>	378,115	12,305	¥54,768	¥163,199	¥ 2	¥242,449	¥(11,695)	¥(1,146)	¥ 104	¥(9,221)	¥ (2,421)	¥ (366)	¥435,671	¥3,191	¥438,863

Thousands of U.S. dollars (Note 1)

	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Accumulated other comprehensive income					Total	Non-controlling interests	Total equity
						Net unrealized (loss) gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge transactions	Land revaluation difference	Foreign currency translation adjustments	Defined retirement benefit plans			
<b>Balance, March 31, 2017</b>	\$515,368	\$1,535,702	\$ 343	\$2,131,366	\$(111,427)	\$ (5,198)	\$(1,078)	\$(86,778)	\$(45,613)	\$(10,288)	\$3,922,396	\$29,520	\$3,951,917
Cash dividends, \$0.37 per share				(130,780)							(130,780)		(130,780)
Net income attributable to owners of the parent				280,947							280,947		280,947
Acquisition of treasury stock					(64)						(64)		(64)
Disposal of treasury stock		(348)	(173)		1,440						918		918
Transfer of negative balance of other capital surplus			89	(89)									
Change in ownership interest of parent due to transactions with noncontrolling interests			259								259		259
Forfeiture of share acquisition rights				(148)							(148)		(148)
Net change in the year						(5,586)	2,057		22,832	6,837	26,140	510	26,651
<b>Balance, March 31, 2018</b>	\$515,368	\$1,535,702	\$ 21	\$2,281,444	\$(110,052)	\$(10,784)	\$ 978	\$(86,778)	\$(22,781)	\$(3,450)	\$4,099,668	\$30,030	\$4,129,699

See notes to consolidated financial statements.

## Consolidated Statement of Cash Flows

AMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries  
Year ended March 31, 2018

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2018	2017	2016	2018
<b>Operating activities:</b>				
Income before income taxes	¥ 43,271	as Restated (Note 1 ab) ¥ 36,219	¥ 43,112	\$ 407,181
Adjustments for:				
Income taxes paid	(9,025)	(16,875)	(12,611)	(84,930)
Depreciation and amortization	10,080	8,949	8,849	94,860
(Gain) loss on sales of fixed assets	(693)	(98)	55	(6,527)
Gain on sales of investment securities	(1,060)	(22)		(9,975)
Equity in earnings of unconsolidated subsidiaries and associated companies	(184)	(347)	(154)	(1,735)
Changes in assets and liabilities:				
(Increase) decrease in receivables, net of deferred profit on installment sales	(7,721)	(2,887)	4,902	(72,657)
Decrease (increase) in lease investment assets	4,172	(558)	(552)	39,261
Increase (decrease) in inventories	(4,681)	2,055	6,621	(44,056)
Increase (decrease) in payables	277	4,082	(583)	2,613
Decrease in liabilities for employees' retirement benefits	(1,049)	(1,112)	(1,939)	(9,877)
Other—net	(978)	(3,379)	5,032	(9,209)
Total adjustments	(10,864)	(10,195)	9,621	(102,235)
Net cash provided by operating activities	32,406	26,023	52,733	304,945
<b>Investing activities:</b>				
Proceeds from sales and redemption of marketable securities	9,629	17,028	12,147	90,612
Purchases of marketable securities	(3,800)	(1,402)	(9,498)	(35,757)
Proceeds from sales of property, plant and equipment	5,191	275	927	48,850
Purchases of property, plant and equipment	(14,182)	(15,306)	(6,258)	(133,458)
Purchases of intangible assets	(4,663)	(4,901)	(2,105)	(43,880)
Proceeds from sales and redemption of investment securities	13,720	6,636	4,501	129,113
Purchases of investment securities	(29,911)	(13,500)	(16,986)	(281,465)
Payment for purchase of consolidated subsidiaries' stock from noncontrolling interests	(140)	(480)	(330)	(1,318)
Purchase of long-term time deposits	(5)		(1,000)	(54)
Proceeds from transfer of business	—		1,117	—
Other—net	(2,789)	6,144	(4,359)	(26,249)
Net cash used in investing activities	(26,950)	(5,505)	(21,845)	(253,608)
<b>Financing activities:</b>				
Net decrease in short-term bank loans	(1,852)	(11,084)	(4,708)	(17,434)
Proceeds from long-term debt	2,217	1,084	2,421	20,863
Repayment of long-term debt	(4,157)	(1,945)	(1,992)	(39,118)
Purchase of treasury stock	(6)	(6)	(10,010)	(64)
Proceeds from exercise of stock option	97	193	166	916
Cash dividends paid	(13,878)	(16,045)	(10,690)	(130,597)
Other—net	396	(167)	(21)	3,727
Net cash used in financing activities	(17,184)	(27,972)	(24,836)	(161,707)
<b>Foreign currency translation adjustments on cash and cash equivalents</b>	<b>744</b>	<b>(1,727)</b>	<b>(2,335)</b>	<b>7,008</b>
<b>Net increase in cash and cash equivalents</b>	<b>(10,984)</b>	<b>(9,181)</b>	<b>3,715</b>	<b>(103,360)</b>
<b>Cash and cash equivalents increased by merger with unconsolidated subsidiaries</b>			200	
<b>Decrease in cash and cash equivalents resulting from change of fiscal year-end of consolidated subsidiaries</b>		(1,831)		
<b>Cash and cash equivalents, beginning of year</b>	<b>89,223</b>	100,236	96,320	<b>839,590</b>
<b>Cash and cash equivalents, end of year</b>	<b>¥ 78,239</b>	¥ 89,223	¥ 100,236	<b>\$ 736,229</b>
<b>Additional information:</b>				
1) Retirement of treasury stock			¥ 7,968	
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 conformity with accounting principles generally accepted in Japan, 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 2017 and 2016 consolidated financial statements in order for them to conform to the classifications and presentations used in 2018.

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 ¥106.27 to US\$1, the approximate rate of exchange at March 31, 2018. 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 dollars, except for per share amounts.

It was discovered, in the Annual Report as of March 31, 2017, that ¥12,500 million in some certificate deposits, which matured or became due within three months of the date of acquisition, were included in short-term investments, and needed to be included in cash equivalents.

In order to correct the above, comparative financial information of 2017 was restated in this report.

### b) Principles of consolidation

The consolidated financial statements as of March 31, 2018, include the accounts of the Company and its 72 (72 in 2017 and 74 in 2016) 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 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.

### 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.

The domestic consolidated subsidiaries have previously adopted last purchase price method as the valuation method for raw material. However, from the beginning of this fiscal year, the valuation method has been changed to the first-in, first-out method.

In restructuring its accounting system, the Company decided to aim for more speedy and appropriate periodic accounting of profit and loss.

Consolidated financial information from the previous fiscal year hasn't been restated, because the effect of this change is not material.

#### **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 straight-line method over the estimated useful lives of the assets. Leased property under finance leases deemed 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

#### **Change in Accounting Principles**

The Company, its domestic consolidated subsidiaries and certain of its foreign consolidated subsidiaries have previously adopted the declining-balance method for depreciation, while the straight-line method is applied to buildings acquired after April 1, 1998, and building improvements and structures acquired after April 1, 2016. However, from the beginning of this fiscal year, the method for depreciation has been changed to the straightline method.

In preparing a capital investment plan for the medium-term management plan, the Company reconsidered the methods for calculating depreciation of property, plant and equipment.

As a result, the Company decided to change the depreciation method for property, plant and equipment to the straight-line method, taking into account the actual state of demand for our products, since adopting such method will be reasonable in terms of cost distribution and will more accurately and adequately reflect the actual state of economic conditions, resulting in a more stable operating situation over long useful lives.

Due to the change, operating income and income before income tax increased by ¥1,083 million (\$10,197 thousand), respectively, compared with those calculated under the previous method.

#### **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, 2018, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥7,098 million (\$66,797 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.

#### **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 the 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 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 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.

#### **aa) New Accounting Pronouncements**

##### **The Company and domestic subsidiaries**

On March 30, 2018, the ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition." The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount

that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract (s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company doesn't measure the effects of applying the accounting standard, because the Company expects to optionally apply IFRS for annual periods beginning on or after April 1, 2018.

#### Overseas subsidiaries

The IASB issued IFRS No.15, "Revenue from Contracts with Customers" and the FASB issued ASU 2014-09, "Revenue from Contracts with Customers."

A single principles-based model is applied in an accounting procedure for "Revenue from Contracts with Customers."

The Company expects to apply the accounting standard for annual periods

beginning on or after April 1, 2018, and is in the process of measuring the effects of applying the accounting standard in this period.

The IASB issued IFRS No.16, "Leases", and the FASB issued ASU 2016-02 "Leases."

A single lessee accounting model which requires a lessee to recognize assets and liabilities for all leases is applied.

The Company expects to apply the accounting standard for annual periods beginning on or after April 1, 2019, and is in the process of measuring the effects of applying the accounting standard in this period.

#### ab) Restatement for the year ended March 31, 2017

Subsequent to the issuance of the Group's Annual Report for the year ended March 31, 2017, certain corrections have been made with regards to certain certificates of deposits, with maturity dates of three months or less from the date of acquisition, that were included in short-term investments in the amount of ¥12,500 million as of March 31, 2017, which should have been included in cash and cash equivalents.

The effects of the restatement on the consolidated balance sheet as of March 31, 2017 and the consolidated statement of cash flows for the year ended March 31, 2017 were as follows:

	Millions of yen			
	As Previously Reported		As Restated	
<b>Consolidated balance sheet:</b>				
Cash and cash equivalents	¥ 76,723		¥ 89,223	
Short term investments	29,308		16,808	
<b>Consolidated statement of cash flows:</b>				
Proceeds from sales and redemption of marketable securities	38,028		17,028	
Purchase of marketable securities	(34,902)		(1,402)	
Net cash used in investing activities	(18,005)		(27,972)	
Net increase in cash and cash equivalents	(21,681)		(9,181)	
Cash and cash equivalents, end of year	76,723		89,223	
<b>Note 3) SHORT TERM INVESTMENTS AND INVESTMENT SECURITIES</b>				
Current				
Trust investments and other	22,693		10,193	
Available-for-sale	(Cost)	(Fair value)	(Cost)	(Fair value)
Trust fund investments and other	26,388	24,824	13,888	12,324
<b>Note 15) FINANCIAL INSTRUMENT AND RELATED DISCLOSURES</b>				
Cash and cash equivalents	76,723		89,223	
Short term investments and investment securities	¥ 72,617		¥ 60,117	

## 2 NOTES AND ACCOUNTS RECEIVABLE

Sales on an installment basis consisted of 3%, 4% and 3% of consolidated net sales for the years ended March 31, 2018, 2017 and 2016, respectively.

Annual maturities of notes—trade at March 31, 2018, and related amortization of deferred profit on installment sales were as follows:

	Millions of yen		Thousands of U.S. dollars	
	Receivables	Deferred profit on installment sales	Receivables	Deferred profit on installment sales
<b>Total notes receivable (Years ending March 31):</b>				
2019	¥ 17,811	¥ 3,519	\$ 167,609	\$ 33,120
2020	5,415	2,874	50,956	27,045
2021	3,694	2,163	34,765	20,354
2022	2,460	1,428	23,150	13,439
2023	1,461	953	13,748	8,972
2024 and other	1,207	972	11,360	9,154
Subtotal	32,050	11,911	301,590	112,087
Add—accounts receivable	101,975		959,592	
Total notes and accounts receivable	¥134,025	¥11,911	\$1,261,183	\$112,087

## 3 SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2018 and 2017, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Current:			
Government and corporate bonds	¥ 5,610	¥ 6,614	\$ 52,798
Trust fund investments and other	13,528	10,193	127,304
Total	19,139	16,808	180,103
Non-current:			
Marketable equity securities	¥ 1,531	¥ 2,955	\$ 14,407
Government and corporate bonds	29,107	28,034	273,900
Trust fund investments and other	27,708	16,486	260,740
Total	¥58,347	¥47,475	\$549,047

The carrying amounts and aggregate fair values of the securities classified as available-for-sale securities at March 31, 2018 and 2017, were as follows:

March 31, 2018	Millions of yen			
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	¥ 809	¥ 721		¥ 1,531
Government and corporate bonds	34,441	332	¥ 56	34,718
Trust fund investments and other	26,264	201	1,883	24,581
Total	¥61,515	¥1,255	¥1,940	¥60,831

March 31, 2017 as Restated (Note 1 ab)	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	13,888	573	2,137	12,324
Total	¥52,058	¥2,093	¥2,214	¥49,937

March 31, 2018	Thousands of U.S. dollars			
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	\$ 7,618	\$ 6,789	\$ 1	\$ 14,407
Government and corporate bonds	324,096	3,132	529	326,699
Trust fund investments and other	247,150	1,892	17,727	231,316
Total	\$578,865	\$11,814	\$18,257	\$572,422

The information for available-for-sale securities which were sold during the year ended March 31, 2018, was as follows:

March 31, 2018	Millions of yen		
	Proceeds	Realized gains	Realized loss
Available-for-sale:			
Equity securities	¥ 1,723	¥ 817	¥ (4)
Government and corporate bonds	130		(46)
Trust fund investments and other	10,249	848	(554)
Total	¥12,103	¥1,665	¥(604)

March 31, 2018	Thousands of U.S. dollars		
	Proceeds	Realized gains	Realized loss
Available-for-sale:			
Equity securities	\$ 16,214	\$ 7,689	\$ (39)
Government and corporate bonds	1,227	0	(436)
Trust fund investments and other	96,451	7,982	(5,215)
Total	\$113,893	\$15,672	\$(5,691)

#### 4 INVENTORIES

Inventories at March 31, 2018 and 2017, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Merchandise and finished products	¥51,380	¥50,767	\$483,492
Work in process	10,015	7,397	94,244
Raw materials and parts	14,130	12,527	132,965
Total	¥75,526	¥70,692	\$710,702

#### 5 LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2018, 2017 and 2016.

There was no impairment loss recognized for the year ended March 31, 2018.

##### For 2017

The Group recognized an impairment loss of ¥277 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 business assets was written down to the recoverable amount, and the 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.



## 6 SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2018 and 2017, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Interest rates ranging from 0.31% to 2.39% at March 31, 2018, and from 0.31% to 2.96% at March 31, 2017	<b>¥8,092</b>	¥10,339	<b>\$76,151</b>

Long-term debt at March 31, 2018 and 2017, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Loans from banks, 2.43% to 3.60% (1.82% to 3.59% in 2016), due serially to 2022:			
Collateralized	<b>¥ 0</b>	¥ 0	<b>\$ 0</b>
Unsecured	<b>5,313</b>	6,732	<b>50,000</b>
Obligations under finance leases	<b>231</b>	381	<b>2,179</b>
Total	<b>5,545</b>	7,113	<b>52,179</b>
Less-current portion	<b>(127)</b>	(3,584)	<b>(1,200)</b>
Long-term debt, less current portion	<b>¥5,417</b>	¥ 3,529	<b>\$50,978</b>

The annual maturities of long-term debt at March 31, 2018, were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 1)
2019	¥ 127	\$ 1,200
2020	2,176	20,483
2021	29	273
2022	1,079	10,158
2023	2,132	20,062
2024 and thereafter	0	1
Total	<b>¥5,545</b>	<b>\$52,179</b>

## 7 RETIREMENT AND PENSION PLANS

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

Under the contributory pension plan, employees terminating their employment are, in most circumstances, entitled to pension distributions based on the average rate of pay at the time of termination, period of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and 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 was 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, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Balance at beginning of year	¥45,760	¥ 57,158	\$430,605
Current service cost	1,518	2,086	14,288
Interest cost	265	232	2,497
Actuarial (gains) losses	275	(1,203)	2,591
Benefits paid	(2,222)	(2,011)	(20,910)
Past service cost	(2)	2	(25)
Decrease in transition to a defined contribution pension plan	—	(10,419)	—
Others	256	(85)	2,409
Balance at end of year	¥45,850	¥ 45,760	\$431,456

(2) The changes in plan assets for the years ended March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Balance at beginning of year	¥40,620	¥45,344	\$382,242
Expected return on plan assets	1,013	1,106	9,536
Actuarial (gains) losses	438	261	4,126
Contributions from the employer	2,558	3,253	24,072
Benefits paid	(2,066)	(1,767)	(19,445)
Decrease in transition to a defined contribution pension plan	—	(7,212)	—
Others	109	(365)	1,027
Balance at end of year	¥42,673	¥40,620	\$401,559

(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
	2018	2017	2018
Funded defined benefit obligation	¥ 44,487	¥ 44,529	\$ 418,627
Plan assets	(42,673)	(40,620)	(401,559)
	1,813	3,908	17,068
Unfunded defined benefit obligation	1,363	1,230	12,828
Net liability arising from defined benefit obligation	¥ 3,177	¥ 5,139	\$ 29,896

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Liability for retirement benefits	¥3,309	¥ 5,274	\$31,141
Asset for retirement benefits	(132)	(135)	(1,245)
Net liability arising from defined benefit obligation	¥3,177	¥ 5,139	\$29,896

(4) The components of net periodic benefit costs for the years ended March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Service cost	¥ 1,518	¥ 2,086	\$14,288
Interest cost	265	232	2,497
Expected return on plan assets	(1,013)	(1,106)	(9,536)
Recognized actuarial losses	909	1,087	8,558
Amortization of prior service cost	8	12	75
Others	(99)	82	(939)
Net periodic benefit costs	¥ 1,588	¥ 2,395	\$14,943

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Prior service cost	¥ 5	¥ 10	\$ 50
Actuarial (gains) losses	1,045	2,379	9,837
Others	—	—	—
Total	¥1,050	¥2,390	\$9,888

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Unrecognized prior service cost	¥ 30	¥1,453	\$ 291
Unrecognized actuarial (gains) losses	459	(15)	4,319
Total	¥490	¥1,438	\$4,610

(7) Plan assets

a. Components of plan assets

	2018	2017
Debt investments	33%	27%
Equity investments	24%	24%
Assets insurance (general account)	37%	28%
Cash and cash equivalents	0%	1%
Others	6%	20%
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, 2018 and 2017 were set forth as follows:

	2018	2017
Discount rate	0.5%	0.5%
Expected rate of return on plan assets	2.5%	2.5%
Expected rate of future salary increases	3.2%	3.2%

## 8 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, 2018 and 2017, respectively.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2018 and 2017, are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
<b>Deferred tax assets:</b>			
Allowance for doubtful accounts	¥ 383	¥ 462	\$ 3,610
Tax loss carryforwards	2,836	3,304	26,690
Inventories—intercompany profits and write-downs	4,567	4,673	42,984
Provisions for bonus payment	1,015	1,034	9,560
Deferred profit on installment sales	931	730	8,766
Investment securities	28	35	265
Research and development costs	5,307	5,040	49,942
Liability for employees' retirement benefits	1,047	1,620	9,856
Loss on impairment of long-lived assets	783	809	7,377
Property, plant and equipment—intercompany profits and depreciation expenses	239	381	2,256
Land revaluation difference	3,124	3,124	29,397
Unrealized loss on available-for-sale securities	220	54	2,078
Other	2,607	2,496	24,532
Less—valuation allowance	(6,288)	(6,709)	(59,178)
Total	16,805	17,057	158,140
<b>Deferred tax liabilities:</b>			
Property, plant and equipment—special reserve	(810)	(855)	(7,628)
Other	(1,364)	(1,908)	(12,836)
Total	(2,174)	(2,763)	(20,465)
<b>Net deferred tax assets</b>	<b>¥14,630</b>	<b>¥14,294</b>	<b>\$137,675</b>
<b>Deferred tax liabilities:</b>			
Depreciation	¥ (467)	¥ (121)	\$ (4,400)
Land revaluation difference	(473)	(473)	(4,452)
Other	(479)	(463)	(4,516)
Total	(1,420)	(1,058)	(13,368)
<b>Deferred tax assets:</b>			
Other	578	377	5,445
Total	578	377	5,445
<b>Net deferred tax liabilities</b>	<b>¥ (841)</b>	<b>¥ (681)</b>	<b>\$ (7,922)</b>

For the year ended March 31, 2018, information is not disclosed because the difference between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of operations is less than 5% of the normal effective statutory tax rates.

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
<b>Actual effective tax rate</b>	<b>27.8%</b>	<b>35.5%</b>



On December 22, 2017, new tax reform laws were enacted in the U.S.A. which changed the normal effective statutory tax rate from approximately 35% to 21%, effective for the fiscal years beginning on or after January 1, 2018. The effect of this change was to decrease deferred tax assets in the consolidated balance sheet as of March 31, 2018, by ¥489 million (\$4,606 thousand) and to increase income tax deferred in the consolidated statement of income for the year then ended by ¥510 million (\$4,805 thousand).

At March 31, 2018, the Company and certain subsidiaries had tax loss carryforwards aggregating approximately ¥9,994 million (\$94,043 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, 2025, and thereafter.

## 9 EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

### **a) Dividends**

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors, (3) having 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.

## 10 STOCK OPTIONS

The stock options outstanding as of March 31, 2018, were as follows:

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

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
<b>For the year ended March 31, 2016</b>	
<b>Non-vested</b>	
March 31, 2015—Outstanding	
Granted	
Canceled	
Vested	
March 31, 2016—Outstanding	
<b>Vested</b>	
March 31, 2015—Outstanding	913,000
Vested	
Exercised	(275,000)
Canceled	
March 31, 2016—Outstanding	638,000
<b>For the year ended March 31, 2017</b>	
<b>Non-vested</b>	
March 31, 2016—Outstanding	
Granted	
Canceled	
Vested	
March 31, 2017—Outstanding	
<b>Vested</b>	
March 31, 2016—Outstanding	
Vested	638,000
Exercised	(320,000)
Canceled	
March 31, 2017—Outstanding	318,000
Exercise price	¥ 605
Average stock price at exercise	¥ 1,177
<b>For the year ended March 31, 2018</b>	
<b>Non-vested</b>	
March 31, 2017—Outstanding	
Granted	
Canceled	
Vested	
March 31, 2018—Outstanding	
<b>Vested</b>	
March 31, 2017—Outstanding	318,000
Vested	
Exercised	(161,000)
Canceled	(138,000)
March 31, 2018—Outstanding	19,000
Exercise price	¥ 605
Average stock price at exercise	¥ 1,362

## 11 OTHER INCOME (EXPENSES)—OTHER, NET

Other income (expenses)—other, net, for the years ended March 31, 2018, 2017 and 2016, consisted of the following:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2018	2017	2016	2018
Commissions earned	¥ 25	¥ 1	¥ 34	\$ 242
Gain on sales of fixed assets	732	128	75	6,888
Loss on sales of fixed assets	(38)	(29)	(131)	(361)
Loss on disposal of fixed assets	(474)	(393)	(244)	(4,466)
Gain on sales of investment securities	1,664	168		15,667
Loss on sales of investment securities	(604)	(145)		(5,691)
Gain on transfer of receivables*	1,607			15,129
Loss on impairment of investment securities				
Loss on liquidated subsidiaries and associates			(83)	
Loss on impairment of long-lived assets		(277)	(528)	
Loss on liquidation of business				
Employees' retirement special benefits				
Gain on revision of retirement benefit plan		2,479		
Subsidy income from prefecture for new plant construction			1,280	
Other	584	457	(117)	5,496
Total	¥3,496	¥2,389	¥ 285	\$32,906

\* ¥1,931 million (\$18,176 thousand) in the reversal of unrealized profit on installment sales by transfer of receivable and ¥323 million (\$3,046 thousand) in discount fee by transfer of receivable are shown to offset.

## 12 RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥6,838 million (\$64,350 thousand), ¥7,112 million and ¥7,766 million for the years ended March 31, 2018, 2017 and 2016, respectively.

## 13 LEASES

### a) Lessee

The Companies lease certain equipment and other assets.

The minimum rental commitments under non-cancelable operating leases at March 31, 2018 and 2017, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
<b>Operating leases:</b>			
Due within one year	¥ 481	¥ 468	\$4,526
Due after one year	531	647	5,001
Total	¥1,012	¥1,116	\$9,528

## 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 deemed not to transfer ownership of the leased property to the lessee for the years ended March 31, 2018 and 2017, was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
<b>I. Current assets</b>			
Gross lease receivables	¥10,930	¥15,198	\$102,858
Unguaranteed residual value	870	760	8,187
Unearned interest income	(1,188)	(1,703)	(11,187)
Investments in lease	¥10,612	¥14,254	\$ 99,859
<b>II. Investments and other assets</b>			
Gross lease receivables	¥ 381	¥ 558	\$ 3,594
Unearned interest income	(110)	(126)	(1,044)
Other current assets (Investments in lease for real estate)	¥ 270	¥ 432	\$ 2,549
<b>II. Investments and other assets</b>			
Gross lease receivables	¥ 2,183	¥ 2,565	\$ 20,546
Unearned interest income	(494)	(730)	(4,655)
Other assets (Investments in lease for real estate)	¥ 1,688	¥ 1,834	\$ 15,891

Maturities of investments in lease for finance leases deemed not to transfer ownership of the leased property to the lessee at March 31, 2018, were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 1)
<b>I. Investments in lease</b>		
2019	¥ 3,490	\$ 32,842
2020	2,600	24,469
2021	1,807	17,011
2022	1,279	12,041
2023	917	8,629
2024 and thereafter	835	7,863
Total	¥10,930	\$102,858
<b>II. Other assets (Investments in lease for real estate)</b>		
2019	¥ 381	\$ 3,594
2020	249	2,349
2021	249	2,349
2022	247	2,329
2023	245	2,314
2024 and thereafter	1,190	11,204
Total	¥2,565	\$24,141

The minimum rental commitments under non-cancelable operating leases at March 31, 2018 and 2017, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
<b>Operating leases:</b>			
Due within one year	¥ 847	¥ 673	\$ 7,974
Due after one year	2,450	2,164	23,058
Total	¥3,297	¥2,838	\$31,033



## 14 CONTINGENT LIABILITIES

At March 31, 2018 and 2017, the Companies had the following contingent liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Customers' (10 companies in 2018 and 13 companies in 2017) bank loans	¥ 151	¥ 268	\$ 1,426
Customers' (121 companies in 2018 and 156 companies in 2017) finance lease payables	1,996	2,483	18,783
Travel agency ticket payables	56	45	529
Notes receivables discounted	¥ 26	—	\$ 253

## 15 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 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 16 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 16 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 16 for details on the fair value of derivatives.

The carrying amounts, fair values and unrealized gain (loss) of financial instruments at March 31, 2018 and 2017, were as follows:

March 31, 2018	Millions of yen		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 78,239	¥ 78,239	
Notes and accounts receivable	132,320	131,838	¥(482)
Investments in lease	10,450	10,216	(233)
Short-term investments and investment securities	73,556	73,556	
Total	¥294,566	¥293,849	¥(716)
Notes and accounts payable	¥ 19,162	¥ 19,162	
Electronically recorded obligations-operating	18,081	18,081	
Short-term bank loans and current portion of long-term debt	8,092	8,092	
Long-term debt	5,313	5,300	¥ (12)
Deposits received	1,395	1,350	(45)
Total	¥ 52,046	¥ 51,988	¥ (58)

March 31, 2017 as Restated (Note 1 ab)	Millions of yen		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 89,223	¥ 89,223	
Notes and accounts receivable	125,398	125,288	¥(110)
Investments in lease	14,092	13,635	(457)
Short-term investments and investment securities	60,117	60,117	
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, 2018	Thousands of U.S. dollars		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	\$ 736,229	\$ 736,229	
Notes and accounts receivable	1,245,132	1,240,594	\$(4,537)
Investments in lease	98,337	96,136	(2,200)
Short-term investments and investment securities	692,164	692,164	
Total	\$2,771,864	\$2,765,125	\$(6,738)
Notes and accounts payable	\$ 180,322	\$ 180,322	
Electronically recorded obligations-operating	170,146	170,146	
Short-term bank loans and current portion of long-term debt	76,151	76,151	
Long-term debt	50,000	49,882	\$ (117)
Deposits received	13,134	12,703	(430)
Total	\$ 489,755	\$ 489,207	\$ (548)

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, meeting specific matching criteria, and therefore 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 16.

Financial instruments whose fair value cannot be reliably determined as of March 31, 2018 and 2017, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
<b>Short-term investments and investment securities:</b>			
<b>Available-for-sale:</b>			
Investments in equity instruments that do not have a quoted market price in an active market	<b>¥3,926</b>	¥4,159	<b>\$36,945</b>
<b>Investments in subsidiaries and associated companies:</b>			
Investments in unconsolidated subsidiaries	<b>2,491</b>	2,342	<b>23,448</b>
Investments in associated companies:	<b>1,433</b>	1,326	<b>13,489</b>
<b>Deposits received:</b>			
Money on deposits from golf club members	<b>¥1,193</b>	¥1,215	<b>\$11,229</b>

Maturity analysis for financial assets and securities with contractual maturities at March 31, 2018, 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	¥ 78,239			
Notes and accounts receivable	95,371	¥36,444	¥ 2,280	
Short-term investments and investment securities:				
Available-for-sale:				
Government and corporate bonds	4,110	8,752	7,505	¥3,201
Trust fund investments and other	15,028	2,542	1,014	
<b>Total</b>	<b>¥192,750</b>	<b>¥47,738</b>	<b>¥10,800</b>	<b>¥3,201</b>

	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	\$ 736,229			
Notes and accounts receivable	897,444	\$342,937	\$ 21,457	
Short-term investments and investment securities:				
Available-for-sale:				
Government and corporate bonds	38,682	82,356	70,628	\$30,122
Trust fund investments and other	141,420	23,925	9,549	
<b>Total</b>	<b>\$1,813,777</b>	<b>\$449,220</b>	<b>\$101,635</b>	<b>\$30,122</b>

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

## 16 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, 2018 and 2017:

At March 31, 2018	Millions of yen			
	2018			
	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
<b>Non-deliverable forward:</b>				
Selling KRW	¥ 458		¥ (2)	¥ (2)
Selling TWD	212		1	1
Selling INR	16		0	0
<b>Foreign currency forward contracts:</b>				
Selling USD	¥ 505		¥ 13	¥ 13
Selling EUR	2,064		13	13
Selling CAD	822		1	1
Selling CNY	88		(0)	(0)
Selling MYR	589		(36)	(36)

At March 31, 2017	Millions of yen			
	2017			
	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
<b>Non-deliverable forward:</b>				
Selling KRW	¥ 344		¥ (7)	¥ (7)
<b>Foreign currency forward contracts:</b>				
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)

At March 31, 2018	Thousands of U.S. dollars			
	2018			
	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
<b>Non-deliverable forward:</b>				
Selling KRW	\$ 4,318		\$ (19)	\$ (19)
Selling TWD	2,002		13	13
Selling INR	153		(3)	(3)
<b>Foreign currency forward contracts:</b>				
Selling USD	\$ 4,758		\$ 126	\$ 126
Selling EUR	19,426		125	125
Selling CAD	7,735		13	13
Selling CNY	837		(6)	(6)
Selling MYR	5,545		(343)	(343)

Derivative transactions to which hedge accounting was applied at March 31, 2018 and 2017:

Millions of yen

At March 31, 2018	2018			
	Hedged item	Contract amount	Contract amount due after one year	Fair value
<b>Foreign currency forward contracts:</b>				
Selling USD	Receivables and other	¥3,508		¥ (51)
EUR	Receivables and other	3,538		123
GBP	Receivables and other	66		1
AUD	Receivables and other	107		7
CAD	Receivables and other	666		46
THB	Receivables and other	626		5
CNY	Receivables and other	948		13
SGD	Receivables and other	138		3
ZAR	Receivables and other	38		(0)

Millions of yen

At March 31, 2017	2017			
	Hedged item	Contract amount	Contract amount due after one year	Fair value
<b>Foreign currency forward contracts:</b>				
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)

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

Thousands of U.S. dollars

At March 31, 2018	2018			
	Hedged item	Contract amount	Contract amount due after one year	Fair value
<b>Foreign currency forward contracts:</b>				
Selling USD	Receivables and other	\$33,011		\$ (486)
EUR	Receivables and other	33,294		1,164
GBP	Receivables and other	621		18
AUD	Receivables and other	1,014		67
CAD	Receivables and other	6,268		439
THB	Receivables and other	5,899		52
CNY	Receivables and other	8,929		127
SGD	Receivables and other	1,303		35
ZAR	Receivables and other	360		(5)

## 17 OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2018 and 2017, were as follows:

	Millions of yen			Thousands of U.S. dollars
	2018	2017	2016	2018
<b>Unrealized (loss) gain on available-for-sale securities:</b>				
Gains (losses) arising during the year	¥ 648	¥ 239	¥ (2,422)	\$ 6,105
Reclassification adjustments to profit or loss	(1,078)	(49)	33	(10,145)
Amount before income tax effect	(429)	190	(2,389)	(4,040)
Income tax effect	(185)	152	352	(1,749)
Total	¥ (615)	¥ 343	¥ (2,036)	\$ (5,789)
<b>Deferred gain on derivatives under hedge accounting:</b>				
(Losses) gains arising during the year	¥ 315	¥ (351)	¥ 73	\$ 2,968
Amount before income tax effect	315	(351)	73	2,968
Income tax effect	(96)	108	(19)	(911)
Total	¥ 218	¥ (243)	¥ 53	\$ 2,057
<b>Land revaluation difference:</b>				
Income tax effect			¥ 29	
Total			¥ 29	
<b>Foreign currency translation adjustments:</b>				
Adjustments arising during the year	¥ 2,358	¥(11,254)	¥ (7,839)	\$ 22,189
Reclassification adjustments to profit or loss	(12)	—		(117)
Amount before income tax effect	2,345	(11,254)	(7,839)	22,071
Total	¥ 2,345	¥(11,254)	¥ (7,839)	\$ 22,071
<b>Defined retirement benefit plans:</b>				
Adjustments arising during the year	¥ 133	¥ 2,017	¥ (6,355)	\$ 1,253
Reclassification adjustments to profit or loss	917	1,099	83	8,634
Amount before income tax effect	1,050	3,117	(6,272)	9,888
Income tax effect	(326)	(939)	1,962	(3,075)
Total	¥ 723	¥ 2,178	¥ (4,309)	\$ 6,812
<b>Share of other comprehensive (loss) income in associates:</b>				
(Losses) gains arising during the year	¥ 78	¥ (80)	¥ (166)	\$ 736
Reclassification adjustments to profit or loss	32	12		308
Total	111	(67)	¥ (166)	1,044
<b>Total other comprehensive (loss) income</b>	<b>¥ 2,783</b>	<b>¥ (9,044)</b>	<b>¥(14,268)</b>	<b>\$ 26,197</b>

## 18 NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2018, 2017 and 2016, is as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net income	Weighted-average shares	EPS	EPS
<b>For the year ended March 31, 2018:</b>				
Basic EPS				
Net income available to common shareholders	¥29,856	365,781	¥81.62	\$0.768
Effect of dilutive securities				
Warrants		56		
Diluted EPS				
Net income for computation	¥29,856	365,838	¥81.61	\$0.768
<b>For the year ended March 31, 2017:</b>				
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
<b>For the year ended March 31, 2016:</b>				
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

## 19 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	¥85	Accrued expenses	¥2
Miyoshi Industrial Property Rights Research Center K.K.	Owned by Hidekazu Miyoshi and relatives	—	Commission relevant to patent	¥91	Accrued expenses	¥6

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	\$9,092	Accrued expenses	\$287
Miyoshi Industrial Property Rights Research Center K.K.	Owned by Hidekazu Miyoshi and relatives	—	Commission relevant to patent	\$9,727	Accrued expenses	\$644

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.

## 20 SEGMENT INFORMATION

### For the years ended March 31, 2018, 2017 and 2016

Under ASBJ Statement No. 17, "Accounting Standard for Disclosure about Segments of an Enterprise and Related Information," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Disclosure about Segments of an Enterprise and Related Information," 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 for which 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 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.

### 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."

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

	Millions of yen						
	Reportable segments			Others	Total	Reconciliations	Consolidated
	Metalworking Machinery	Metal Machine Tools	Total				
<b>2018</b>							
<b>Sales:</b>							
Sales to external customers	¥249,214	¥50,118	¥299,332	¥1,322	¥300,655		¥300,655
Intersegment sales or transfers	6	22	29		29	¥ (29)	
Total	249,221	50,141	299,362	1,322	300,684	(29)	300,655
Segment profit	29,218	8,329	37,547	417	37,965		37,965
Segment assets	377,907	47,902	425,810	8,249	434,059	123,110	557,170
<b>Other:</b>							
Depreciation	8,753	1,070	9,823	4	9,827	252	10,080
Investments in unconsolidated subsidiaries and associated companies accounted for by the equity method	4,040	93	4,134		4,134		4,134
Increase in property, plant and equipment and intangible assets	¥ 10,163	¥ 713	¥ 10,876		¥ 10,876	¥ 8,543	¥ 19,419

	Millions of yen						
	Reportable segments			Others	Total	Reconciliations	Consolidated
	Metalworking Machinery	Metal Machine Tools	Total				
<b>2017</b>							
<b>Sales:</b>							
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
<b>Other:</b>							
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 segments			Others	Total	Reconciliations	Consolidated
	Metalworking Machinery	Metal Machine Tools	Total				
<b>Sales:</b>							
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
<b>Other:</b>							
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

Thousands of U.S. dollars

	2018						
	Reportable segments			Others	Total	Reconciliations	Consolidated
	Metalworking Machinery	Metal Machine Tools	Total				
<b>Sales:</b>							
Sales to external customers	<b>\$2,345,108</b>	<b>\$471,610</b>	<b>\$2,816,719</b>	<b>\$12,444</b>	<b>\$2,829,163</b>		<b>\$2,829,163</b>
Intersegment sales or transfers	<b>60</b>	<b>216</b>	<b>277</b>		<b>277</b>	<b>\$ (277)</b>	
Total	<b>2,345,168</b>	<b>471,827</b>	<b>2,816,996</b>	<b>12,444</b>	<b>2,829,440</b>	<b>(277)</b>	<b>2,829,163</b>
Segment profit	<b>274,948</b>	<b>78,377</b>	<b>353,325</b>	<b>3,926</b>	<b>357,251</b>		<b>357,251</b>
Segment assets	<b>3,556,108</b>	<b>450,765</b>	<b>4,006,873</b>	<b>77,626</b>	<b>4,084,500</b>	<b>1,158,470</b>	<b>5,242,970</b>
<b>Other:</b>							
Depreciation	<b>82,366</b>	<b>10,072</b>	<b>92,438</b>	<b>41</b>	<b>92,480</b>	<b>2,379</b>	<b>94,860</b>
Investments in unconsolidated subsidiaries and associated companies accounted for by the equity method	<b>38,023</b>	<b>882</b>	<b>38,906</b>		<b>38,906</b>		<b>38,906</b>
Increase in property, plant and equipment and intangible assets	<b>\$ 95,634</b>	<b>\$ 6,710</b>	<b>\$ 102,344</b>		<b>\$ 102,344</b>	<b>\$ 80,395</b>	<b>\$ 182,739</b>

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 ¥123,110 million (\$1,158,470 thousand), ¥112,379 million and ¥130,652 million for the years ended March 31, 2018, 2017 and 2016, 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 ¥8,543 million (\$80,395 thousand), ¥5,836 million and ¥60 million for the years ended March 31, 2018, 2017 and 2016, respectively.

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

4. The effect of changing the depreciation method for the property, plant and equipment described in Note 1 i) for the year ended March 31, 2018 was an increase in segment profit in the "Metalworking Machinery business" of ¥965 million (\$9,081 thousand) and "Metal Machine Tools" by ¥118 million (\$1,116 thousand), compared with those calculated under the previous method.

Information related to the segment information is as follows:

### 1. Information about products and services

Millions of yen							
2018							
	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	¥223,165	¥26,048	¥33,762	¥9,383	¥6,971	¥1,322	¥300,655

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

Thousands of U.S. dollars							
2018							
	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	\$2,099,989	\$245,118	\$317,704	\$88,300	\$65,605	\$12,444	\$2,829,163

### 2. Information about geographical areas

#### (1) Sales

Millions of yen					
2018					
Japan	North America	Europe	Asia	Others	Total
¥130,662	¥57,860	¥58,857	¥48,864	¥4,411	¥300,655

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

Thousands of U.S. dollars					
2018					
Japan	North America	Europe	Asia	Others	Total
\$1,229,529	\$544,462	\$553,844	\$459,816	\$41,509	\$2,829,163

#### (2) Property, plant and equipment

Millions of yen				
2018				
Japan	North America	Europe	Others	Total
¥98,512	¥11,820	¥14,804	¥11,676	¥136,813

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

Thousands of U.S. dollars				
2018				
Japan	North America	Europe	Others	Total
\$926,999	\$111,232	\$139,305	\$109,880	\$1,287,418

Information related to impairment losses of assets is as follows:

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

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

	Millions of yen				
	2018				
	Reportable segments		Others	Elimination/Corporate	Total
Metalworking Machinery	Metal Machine Tools				
Amortization of goodwill	<b>¥297</b>				<b>¥297</b>
Goodwill at March 31, 2018	<b>884</b>				<b>884</b>

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

	Thousands of U.S. dollars				
	2018				
	Reportable segments		Others	Elimination/Corporate	Total
Metalworking Machinery	Metal Machine Tools				
Amortization of goodwill	<b>\$2,795</b>				<b>\$2,795</b>
Goodwill at March 31, 2018	<b>8,324</b>				<b>8,324</b>

## 21 SUBSEQUENT EVENTS

### Appropriations of retained earnings

The following appropriation of retained earnings at March 31, 2018, was approved by the shareholders at the Company's general shareholders' meeting held on June 27, 2018.

	Millions of yen	Thousands of U.S. dollars (Note 1)
Year-end cash dividends, ¥22.00 (\$0.207) per share	<b>¥8,047</b>	<b>\$75,729</b>



Deloitte Touche Tohmatsu LLC  
Shinagawa Intercity  
2-15-3 Konan  
Minato-ku, Tokyo 108-6221  
Japan  
Tel: +81 (3) 6720 8200  
Fax: +81 (3) 6720 8205  
[www.deloitte.com/jp/en](http://www.deloitte.com/jp/en)

## 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, 2018, 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, 2018, 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.

June 27, 2018

Member of  
Deloitte Touche Tohmatsu Limited



# The AMADA Group

(As of October 1, 2018)

## 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.

### MANUFACTURING NETWORK

#### AMADA CO., LTD. (Fujinomiya Works)

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

#### AMADA 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 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. (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 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.

#### 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.

#### 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.

#### 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

### SALES NETWORK

#### United States

##### **AMADA NORTH AMERICA, INC.**

7025 Firestone Boulevard, Buena Park, CA 90621, U.S.A.  
Phone: +1-714-739-2111  
*Major Activities:* Management control of North American subsidiaries (holding company).

##### **AMADA AMERICA, INC.**

7025 Firestone Boulevard, Buena Park, CA 90621, U.S.A.  
Phone: +1-714-739-2111  
*Major Activities:* Manufacture, sales, and after-sales service of metalworking machines and machine tools.

##### **AMADA CAPITAL CORPORATION**

7025 Firestone Blvd, Buena Park, CA 90621 U.S.A.  
Phone: +1-714-739-2111  
*Major Activities:* Leasing and Financing.

##### **AMADA MACHINE TOOLS AMERICA, INC.**

2324 Palmer Drive, Schaumburg, IL 60173, U.S.A.  
Phone: +1-847-285-4800  
*Major Activities:* Sales and repair of band saw machines and related products. Sales and repair of machine tools and industrial tools.

##### **AMADA MIYACHI AMERICA, INC.**

1820 South Myrtle Ave, Monrovia CA 91016, U.S.A.  
Phone: +1-626-303-5676  
*Major Activities:* Development, design, manufacture, and sales of laser welder, laser marker, and resistance welder (welding controls, weld monitoring instruments, welding power supplies, peripherals) and integration of these products.

##### **AMADA MARVEL, INC.**

3501 Marvel Drive, Oshkosh, WI 54902, USA  
Phone: +1-800-472-9464  
*Major Activities:* Sales and repair of band saw machines and band saw blades

#### Canada

##### **AMADA CANADA LTD.**

155 Admiral Boulevard, Mississauga ON L5T 2T3, Canada  
Phone: +1-905-676-9610  
*Major Activities:* Sales and after-sales service of metalworking machines.

#### Mexico

##### **AMADA de MEXICO, S. de R.L. de C.V.**

Avenida TLC 57E Parque Industrial Stiva, Apodaca NL CP 66626 Mexico  
Phone: +52-81-1234-0700  
*Major Activities:* Sales and after-sales service of metalworking machines.

#### Brazil

##### **AMADA DO BRASIL LTDA.**

Avenida Tamboré, 965/973, Tamboré, Barueri - SP CEP 06460-000, Brazil  
Phone: +55-11-4134-2320  
*Major Activities:* Sales and maintenance of sheet metal processing machines and peripheral equipment and tools.

##### **AMADA MIYACHI DO BRASIL LTDA.**

Avenida Tamboré, 965/973 Salas P22 e F11, bairro Tamboré Barueri-SP CEP 06460-000 Brazil  
Phone: +55-11-4193-1187  
*Major Activities:* Sales and maintenance for AMADA MIYACHI products in South America.

#### United Kingdom

##### **AMADA UNITED KINGDOM LTD.**

Spennells Valley Road, Kidderminster, Worcestershire DY10 1XS, England  
Phone: +44-1562-749-500  
*Major Activities:* Sales and after-sales service of metalworking machines and metal machine tools.

##### **AMADA MIYACHI EUROPE B.V.**

69 Fred Dannatt Road, Mildenhall, Suffolk, IP28 7RD United Kingdom  
Phone: +44-1638-510-011  
*Major Activities:* Development, manufacture, sales and after-sales service of micro resistance welding machines.

#### Germany

##### **AMADA GmbH**

AMADA Allee 1, 42781 Haan, Germany  
Phone: +49-2104-2126-0  
*Major Activities:* Sales and after-sales service of metalworking machines and metal machine tools.

##### **AMADA MACHINE TOOLS EUROPE GmbH**

AMADA Allee 3, 42781 Haan, Germany  
Phone: +49-2104-1777-0  
*Major Activities:* Sales and repair of band saw machines and related products. Sales and repair of machine tools and industrial tools.

##### **AMADA MIYACHI EUROPE GmbH**

Lindberghstrasse 1, DE-82178 Puchheim, Germany  
Phone: +49-89-83-94-030  
*Major Activities:* Development, manufacture, sales and after-sales service of laser welder, laser marker, and resistance welder and integration of these products.

#### France

##### **AMADA EUROPE S.A.**

ZI Paris Nord II, 93290 Tremblay-en-France, France  
Phone: +33-1-49-90-30-00  
*Major Activities:* Management control of European subsidiaries  
Regional sales of and service business for metalworking machines.

##### **AMADA S.A.**

ZI Paris Nord II, 96, Avenue de la Pyramide, 93290 Tremblay-en-France, France  
Phone: +33-1-49-90-30-00  
*Major Activities:* Sales and after-sales service of metalworking machines.

#### Spain

##### **AMADA MAQUINARIA IBERICA**

C/Recerca, 5-Esq. C/Imaginació, 1 Polígono Industrial Gavà Business Park, 08850-GAVÀ, Barcelona, Spain  
Phone: +34-93-4742725  
*Major Activities:* Sales and after-sales service of metalworking machines.

#### Italy

##### **AMADA ITALIA S.r.l.**

Via AMADA I, 1/3, 29010 Pontenure, Piacenza, Italy  
Phone: +39-0523-872111  
*Major Activities:* Sales and after-sales service of metalworking machines and metal machine tools.

#### Sweden

##### **AMADA SWEDEN AB**

Borgens Gata 16-18, SE-441 39 Alingsås, Sweden  
Phone: +46-322-20-99-00  
*Major Activities:* Sales and after-sales service of metalworking machines.

#### Russian Federation

##### **AMADA OOO**

Dokukina street 16, building 3, 5F Moscow 129226, Russian Federation  
Phone: +7-495-518-9650  
*Major Activities:* Sales and after-sales service of metalworking machines.

#### Turkey

##### **AMADA TURKEY MAKINA TEKNOLOJİ SANAYİ VE TİCARET LTD. STİ.**

İkitelli, Organize Sanayi Bölgesi Haseyad Kooperatif, Turgut Ozal Caddesi No:116, 34670 İkitelli İstanbul-Türkiye  
Phone: +90-212-549-10-70  
*Major Activities:* Sales and after-sales service of metalworking machines.

## OVERSEAS NETWORK AND BASES

### Switzerland

#### AMADA SWISS GmbH

Daettlikonerstrasse 5, CH-8422 Pfungen, Switzerland  
Phone: +41-52-304-00-34  
*Major Activities:* Export, import, sales, and repair of industrial machinery.

### Denmark

#### AMADA DENMARK A/S

Erhvervsbyvej 4, 8700 Horsens, Denmark  
Phone: +45-7563-1400  
*Major Activities:* Sales and after-sales service of sheet metal processing machines.

### Norway

#### AMADA NORWAY AS

Myrveien 12, 1430 Ås, Norway  
Phone: +47-6497-3100  
*Major Activities:* Sales and after-sales service of sheet metal processing machines.

### Poland

#### AMADA Sp. z o.o.

Cholerzyn 467, 32-060 Liszki, Poland  
Phone: +48-1237-93185  
*Major Activities:* Sales and after-sales service of sheet metal processing machines.

### Netherlands

#### AMADA MIYACHI EUROPE B.V.

Schootense Dreef 21  
NL-5708 HZ Helmond, The Netherlands  
Phone: +31-492-542-225  
*Major Activities:* Development, manufacture, sales and after-sales service of laser welder, laser marker, and resistance welder and integration of these products.

### Hungary

#### AMADA MIYACHI EUROPE kft.

Mester utca 87.  
HU-1095, Budapest, Hungary  
Phone: +36-1-4319927  
*Major Activities:* Sales and after-sales service of laser welder, laser marker, and resistance welder and integration of these products.

### South Africa

#### AMADA UNITED KINGDOM LTD. JOHANNESBURG BRANCH

225 Albert Amon Road, Millennium Business Park,  
Meadowdale Ext-7, Johannesburg, South Africa  
Phone: +27-11-453-5459  
*Major Activities:* Sales and after-sales service of sheet metal processing machines.

### China

#### AMADA (CHINA) CO., LTD.

No. 89 Zhuoqing Road, Qingpu District, 201799  
Shanghai, People's Republic of China  
Phone: +86-21-5985-8222  
*Major Activities:* Management of local AMADA Group subsidiaries in China. Regional sales of and service businesses for metalworking machines.

#### AMADA HONG KONG CO., LTD.

Unit 1101-2, 11/F, Austin Tower, 22-26 Austin Ave.,  
Jordan, Kowloon, Hong Kong, S.A.R.,  
People's Republic of China  
Phone: +852-2868-9186  
*Major Activities:* Sales of AMADA products for the Chinese market and international trading.

#### BEIJING AMADA MACHINE & TOOLING CO., LTD.

No. 3, 705 Yong Chang Bei Lu, Beijing Economic  
Technological Development Area 100176, Beijing  
People's Republic of China  
Phone: +86-10-6786-9380  
*Major Activities:* Sales and after-sales service of metalworking machines and metal machine tools.

#### AMADA INTERNATIONAL INDUSTRY & TRADING (SHANGHAI) CO., LTD.

No. 89 Zhuoqing Road, Qingpu District, 201799  
Shanghai, People's Republic of China  
Phone: +86-21-6212-1111  
*Major Activities:* Sale, after-sales service, and trading service of metalworking machines and metal machine tools.

#### AMADA INTERNATIONAL TRADING (SHENZHEN) CO., LTD.

Rooms 801-803, 8th Floor, Talfook Chong, No. 9,  
Shihua Road, Futian Free Trade Zone, 518038  
Shenzhen, People's Republic of China  
Phone: +86-755-8358-0011  
*Major Activities:* Sales, after-sales service, and trading service of metalworking machines and metal machine tools.

#### AMADA MIYACHI SHANGHAI CO., LTD.

Unit.401, A206(C8), No.77, Hongcao Road,  
XuhuiDistrict, Shanghai, People's Republic of China  
Phone: +86-21-6448-6000  
*Major Activities:* Sales and maintenance for AMADA MIYACHI products in China.

#### AMADA MIYACHI WELDING EQUIPMENT (SHANGHAI) CO., LTD.

No. 400 Xiaonan Rd.  
Shanghai Fengpu Industrial Park  
Shanghai, People's Republic of China  
Phone: +86-21-3365-5353  
*Major Activities:* Development, design, manufacture, sales, and maintenance for AMADA MIYACHI products.

### Taiwan

#### AMADA TAIWAN INC.

No. 21, Wenming Rd., Guishan Dist.,  
Taoyuan City 33382, Taiwan (R.O.C.)  
Phone: +886-3-328-3511  
*Major Activities:* Sales, after-sales service, and trading service of metalworking machines and metal machine tools.

#### AMADA MIYACHI TAIWAN CO., LTD.

Rm. 5, 2F, No. 9, Dehui St., Zhongshan Dist.  
Taipei 10461, Taiwan (R.O.C.)  
Phone: +886-2-2585-0161  
*Major Activities:* Sales and maintenance for AMADA MIYACHI products in Taiwan.

### Republic of Korea

#### AMADA KOREA CO., LTD.

12, Harmony-ro 177beon-gil, Yeonsu-gu, Incheon,  
22013, Rep. of KOREA  
Phone: +82-32-821-6010  
*Major Activities:* Sales and after-sales service of metalworking machines and metal machine tools.

#### AMADA MIYACHI KOREA CO., LTD.

28, Dongtanhana 1-gil, Hwaseong-si, Gyeonggi-do,  
445-320 Republic of Korea  
Phone: +82-31-8015-6810  
*Major Activities:* Sales and maintenance for AMADA MIYACHI products in Korea.

### Singapore

#### AMADA SINGAPORE (1989) PTE LTD.

100G Pasir Panjang Road, #01-15/16 Interlocal Centre,  
Singapore 118523  
Phone: +65-6743-6334  
*Major Activities:* Sales and after-sales service of metalworking machines and metal machine tools.

### Thailand

#### AMADA ASIA PACIFIC CO., LTD.

88/41 Moo 4, Khlongsuan, Bangbo,  
Samutprakarn 10560, Thailand  
Phone: +66-2-170-5900  
*Major Activities:* Management of local AMADA Group subsidiaries in ASEAN, regional sales, and service strategy promotion.

#### AMADA (THAILAND) CO., LTD.

88/41 Moo 4, Khlongsuan, Bangbo,  
Samutprakarn 10560, Thailand  
Phone: +66-2-170-5900  
*Major Activities:* Sales and maintenance service of metalworking machines, machine tools, and precision welder.

## 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, Hanoi, 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, Bangalore 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.

## MANUFACTURING NETWORK

### 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 MACHINE TOOLS AMERICA, INC.**

2324 Palmer Drive, Schaumburg, IL 60173, U.S.A.  
Phone: +1-847-285-4800  
*Major Activities:* Sales and repair of band saw machines and related products. Sales and repair of machine tools and industrial 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.

#### **AMADA MARVEL, INC.**

3501 Marvel Drive, Oshkosh, WI 54902, USA  
Phone: +1-800-472-9464  
*Major Activities:* Sales and repair of band saw machines and band saw blades

### 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.

### 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 Källdman Oy**

Svartnähagavägen 7 FIN-68910 Bennäs, 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.

#### **BEIJING AMADA MACHINE & TOOLING CO., LTD.**

No. 3, 705 Yong Chang Bei Lu, Beijing Economic Technological Development Area 100176, Beijing People's Republic of China  
Phone: +86-10-6786-9380  
*Major Activities:* Sales and after-sales service of metalworking machines and metal machine tools.

#### **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.21 Zhenxing Road, Lianyungang Eco.&Tech. Development Zone, Lianyungang, Jiangsu, China  
Phone: +86-518-8515-1111  
*Major Activities:* Manufacture of band saw blades.

#### **AMADA LIANYUNGANG MACHINE TECH CO., LTD.**

No.117 Qufeng 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, 2018)

Authorized: 550,000,000 shares

Issued: 378,115,217 shares

## Number of Shareholders

(As of March 31, 2018)

31,994

## Stock Listing

Tokyo Stock Exchange, First Section

## Quarterly Stock Price Range on Tokyo Stock Exchange (¥)

	2017				2018	
	1st	2nd	3rd	4th	1st	2nd
High	1,380	1,383	1,325	1,561	1,692	1,350
Low	1,251	1,231	1,177	1,227	1,229	1,042

## Ordinary General Meeting of Shareholders

June

## Shareholder Register Administrator

Mizuho Trust & Banking Co., Ltd.

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

## Major Shareholders

(As of March 31, 2018)

Shareholder	Shares owned (1,000 shares)	Percent (%)
Japan Trustee Services Bank, Ltd. (Trust accounts)	58,627	16.0
The Master Trust Bank of Japan, Ltd. (Trust accounts)	36,241	9.9
BNP PARIBAS SEC SERVICES LUXEMBOURG / JASDEC / ABERDEEN GLOBAL CLIENT ASSETS	13,332	3.6
Trust & Custody Services Bank, Ltd. (Trust accounts)	12,198	3.3
The AMADA FOUNDATION	9,936	2.7
Mizuho Bank, Ltd.	7,500	2.1
THE BANK OF NEW YORK 133972	6,472	1.8
STATE STREET BANK WEST CLIENT - TREATY 505234	6,063	1.7
Nippon Life Insurance Company	6,046	1.7
The Joyo Bank, Ltd.	5,756	1.6

Note: Ownership percentages have been calculated excluding treasury stock (12,305,750 shares).



Vegetable oil Ink  
This report was printed using 100% vegetable-based ink containing zero volatile organic compounds (VOCs).



Waterless Printing  
This report was printed using a waterless printing process to prevent the emission of hazardous liquids during printing.



---

# AMADA HOLDINGS CO., LTD.

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

