AMADA

Annual Report 2012

shift more global

Commitment to Manufacturing

Calendar year 2011 was a year that really challenged our capacity to adapt to a fast-changing world, as individuals and as an organization.

Global economic growth slowed somewhat in 2011, as the anticipated economic recovery driven by rapid growth in the newly emerging economies was blunted by the financial crisis that unfolded in Europe. Meanwhile, the domestic economic outlook in Japan remained grim, with the recovery process still faltering due to the combined impact of the Tohoku Region Pacific Coast Earthquake in 2011 and the yen reaching historically high levels.

Despite the difficult environment, we have no intention of scaling back our efforts. The basic underlying philosophy of the Amada group is "growing with our customers."

As a result of our unwavering commitment to technological innovation, a fundamental part of the company since founding as a manufacturer, we achieved a 70.9% increase in net profits in FY2012 (Fiscal year ended March, 31, 2012) relative to the previous period.
We remain committed to supplying a range of solutions to our valued clients at metalworking facilities around the world.

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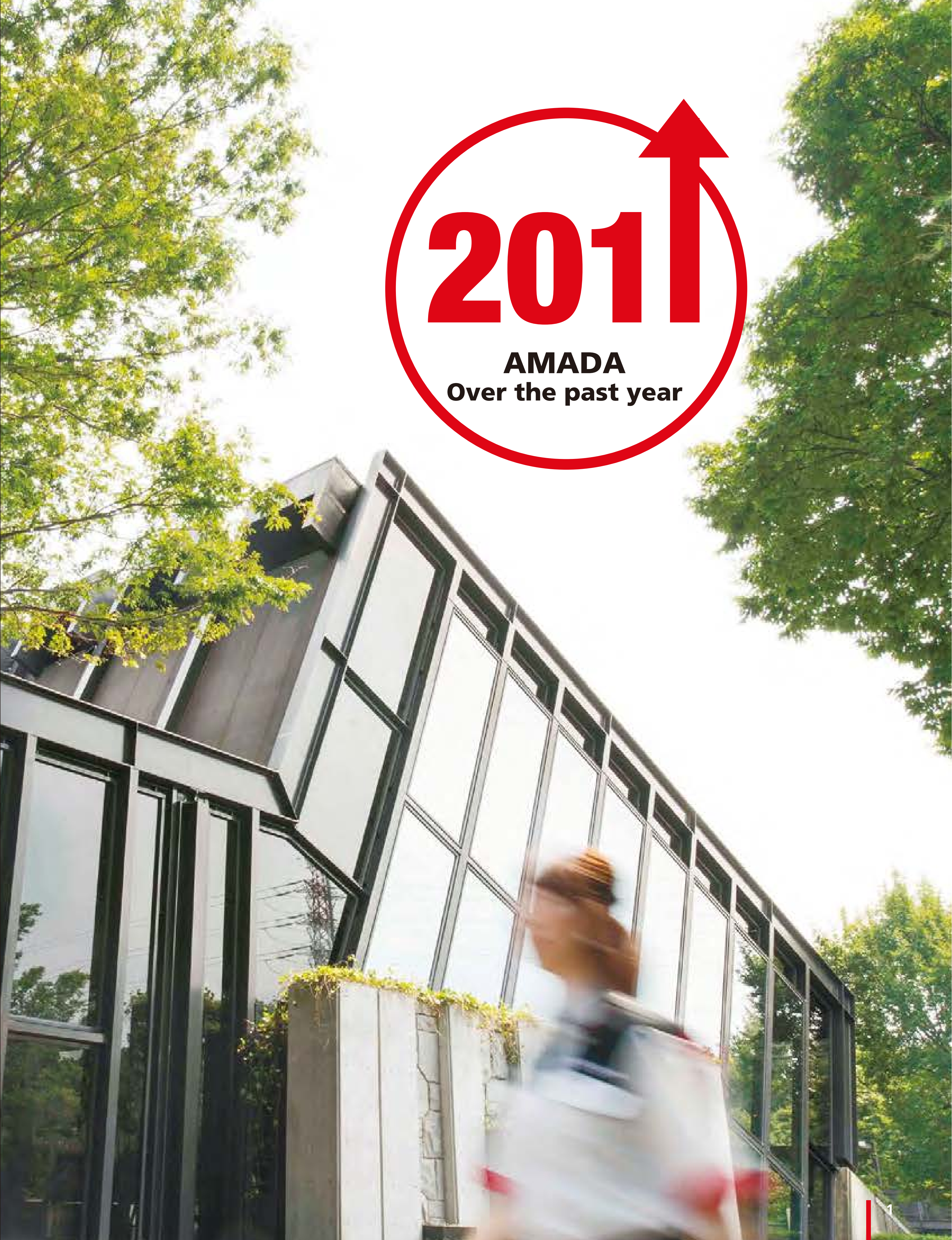
2011 AMADA Over the past year



Our Mission is to Lead the Global Manufacturing Industry

Business performance by segment and region in FY2012

Performance by segment
An increase in sales was recorded in both metalworking machinery and metal machine tool segments.

Metalworking machinery: sales = ¥143.9 billion, up 13.1% in annual terms

The metalworking machinery segment is administered by the Sheet Metal Division (sheet metal products) and the Press Division (mechanical presses and other press machinery).
Main operating entity: AMADA CO., LTD.

Key developments in FY2012

Range of new products including fiber laser machines
The "FOL-3015AJ" fiber laser processor and the "FLW-4000" fiber laser welder are exciting next-generation machines offering superior energy-saving performance and lower running costs and are designed for use with the high reflective and difficult-to-cut materials.

A more global approach
During FY2012 we continued the process of transforming a centralized global management structure led by head office in Japan into a framework of regional companies covering the North America, Europe, China and Asia territories. In China, a new supervising company was set up and production capacity was increased at the existing manufacturing company. Among the newly emerging economies, a local subsidiary was set up in Brazil while a new Technical Center was opened in Thailand.

Restructuring of domestic sales networks
In Japan, the new Kansai Technical Center was opened in Osaka as a means of providing better solutions and higher standards of service to clients in the west Japan region. The Gunma and Kyushu sales offices were upgraded to Satellite Centers operating as regional hubs for the surrounding territories.

Metal machine tools: sales = ¥39.9 billion, up 17.2% in annual terms

The metal machine tools segment comprises the Cutting Division (cutting products such as band sawing machines) and the Machine Tools Division (machine tools such as lathes and grinders).
Main operating entity: AMADA MACHINE TOOLS CO., LTD.

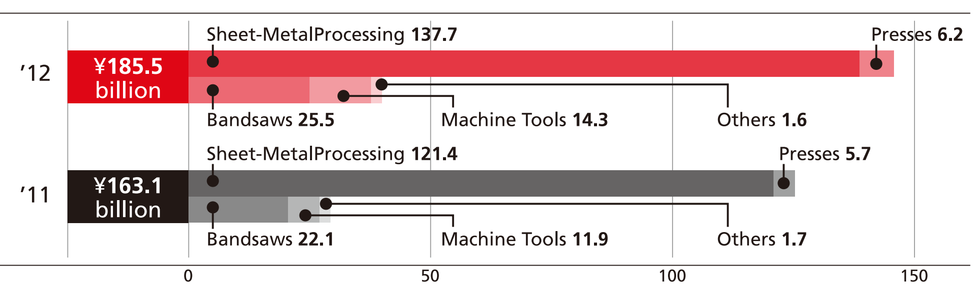
Key developments in FY2012

New regional hub opens at Toki
A new facility opened at Toki in Gifu prefecture to serve as a regional hub for metal machine tool operations. The new facility will help to improve production efficiency by consolidating manufacturing operations for cutting and machine tools and introducing modular production systems.

Product strategies

1. Cutting Division
   FY2012 saw the launch of the "PCSAW AX series", the latest entry in the "PCSAW series" of pulse cutting band saws featuring super-hardened "AXCELA series" blades capable of cutting even the most difficult-to-cut materials.
2. Machine Tools Division
   The machine tools product lineup was extended with the release of new models in flagship lathe and grinder lines along with a range of peripheral products sourced via OEM arrangements.

Sales Composition by Group



Business performance by region
Both domestic and overseas sales figures rose in annual terms in FY2012, by 12.9% and 14.6% respectively.

Japan — sales = ¥90.6 billion, up 12.9% in annual terms

Key developments in FY2012
Opening of the new regional hub at Toki Works and the Kansai Technical Center.
Opening of two new Satellite Centers to serve as regional sales hubs and solution developers.

Overseas — sales = ¥94.8 billion, up 14.6% in annual terms

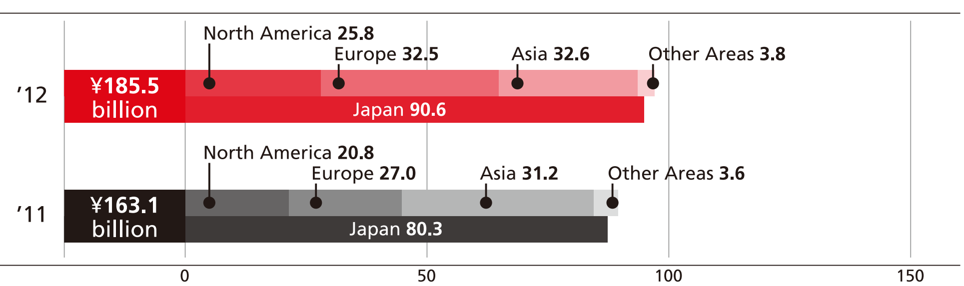
Key developments in FY2012
North America: sales = ¥25.8 billion, up 23.8% in annual terms
Proposal-driven sales teams operating out of the Schaumburg Solutions Center
Increased local production to boost supplies of laser products

Europe: sales = ¥32.5 billion, up 20.5% in annual terms
Increased local procurement and local production, devoted considerable resources to setting up an engineering business structure

Asia: sales = ¥32.6 billion, up 4.3% in annual terms
Pursued a business strategy predicated on expansion and released new products offering superior cost-performance value
Increased plant and equipment investment designed to enhance sales and service networks and boost supply capacity.

Funding
The balance of loans at the end of the current period was ¥10,8 billion, an increase of ¥2,6 billion relative to the end of the previous period.

Sales Composition by Region



To Our Shareholders and Investors

In an ever-changing global environment
Contributing to the future of the global community through manufacturing

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

■ Recent business performance

The consolidated performance figures for the March 2012 period show a pleasing increase in both order value (up 12.8% in annual terms to ¥188.6 billion) and sales (up 13.7% to 185.5 billion), buoyed by the moderate economic recovery in Japan and around the world.

On the profit side, operating profit rose to ¥9.1 billion (up 110.1% in annual terms) and net profit for the current term rose to ¥4.6 billion (up 70.9%), with the negative impact of exchange rate fluctuations more than offset by a combination of increased revenue, higher operating ratios and retail price rises.

■ General economic climate

The global economy continued its gentle recovery during the first half of the period, driven by strong expansion in China, India and other newly emerging economies. In the second half of the period, however, the rate of growth dropped off due to the impact of the financial crisis in Europe.

The Japanese economy, meanwhile, has recovered from a temporary downturn after the Tohoku Region Pacific Coast Earthquake, although the combination of economic instability overseas and yen appreciation at historically high levels continues to make conditions difficult on the domestic front.

In the machinery industry, the value of orders is increasing in annual terms. However there is a noticeable tendency to hold back on plant and equipment investment, particularly among small and medium businesses, which indicates ongoing uncertainty about the immediate future. This is preventing a full-scale recovery in the industry.

The moderate pace of economic recovery is expected to continue for the foreseeable future, although risks of downward pressure remain, particularly in relation to exchange rate fluctuations and financial difficulties in Europe and the United States. We can expect that the global economy will be increasingly reliant on growth in the newly emerging economies.

■ Dividends and capital policy

Amada is committed to maximizing corporate value in order to deliver the best possible return to shareholders. Ensuring an equitable distribution of profits is one of the core management principles of the company.

The company’s dividend policy is predicated on stability, continuity, and a distribution rate closely tied to business performance. Historically, the company has aimed for a distribution rate of around 30% of consolidated net profit.

In times of economic downturn, however, or when business performance is trending downwards, the dividend rate is determined on the basis of a range of factors including access to funds, financial performance, and future plant and equipment investment plans.

Although consolidated net profit for the current period is lower than it has been at more prosperous times for the company, it is nevertheless higher than the previous period, and total dividend applicable to fiscal year amounted to ¥12 per share (interim dividends of ¥6 per share and year–end dividends of ¥6 per share), increase of ¥2 yen per share from last year.

Based on current projections, in the next period we envisage an increase of four yen per share over the course of the year, bringing the total to 16 yen per share.

As a manufacturer of a wide range of metalworking machinery products, Amada remains committed to pursuing reform and innovation to enable the company to adapt to rapidly evolving global markets in line with the management philosophy “growing with our customers,” while at the same time using our manufacturing expertise to help create a brighter future for the people of the world and in turn deliver genuine value to our shareholders and investors. We look forward to your continued patronage and support.

Mitsuo Okamoto

Mitsuo Okamoto
President and Chief Executive Officer 岡本満夫


AMADA
HDS 1303
NT
AMADA
AMADA

Made in Global by AMADA Quality

Amada boasts nearly 80 local subsidiaries around the world.
In order to ensure that all Amada companies worldwide manufacture to the same exacting quality standards, we are constantly pursuing technological innovation and enhancing management systems.
In order to lead the world in manufacturing, it is important to establish a stable earnings structure.
To this end, the medium-term management plan sets out a sales target of ¥300 billion by FY2016.
This ambitious sales target is designed to boost corporate value while maximizing the return to shareholders.
By consolidating the corporate fundamentals, we are able to provide optimum solutions for our manufacturing clients.
Continuing to deliver Amada quality to the world represents one of the pathways by which we can grow together with our customers.
At Amada, our aim is to be nothing less than the world's number one supplier of metalworking machinery.


Made in Global
by
AMADA Quality

For Our Manufacturing Clients All Over the World

Key issues

Our two key objectives for the medium term are to "boost the earnings rate in an economic climate defined by the strong yen", and to "formulate a strategic response to our competitors". We have developed five strategies to achieve these.

1

A new approach to product development designed to get new products to market more quickly

We will turn our attention to development of laser products, the future of processing technology, by establishing an R&D institute in Europe (Germany) to act as a think tank reporting directly to head office.

2

A more cost competitive production regime to cope with the strong yen

We will boost the overseas production ratio (by volume) from the current 35% to 50%, through aggressive investment at facilities in Shanghai (China), Los Angeles (North America) and France.

3

Developing new markets and cultivating existing markets in newly emerging economies

- China : expand facilities on the mainland; consolidate distribution channels; launch lease and financing operations
- India : new technical center to be opened at Bengaluru
- Brazil : the new local subsidiary (launched in August, 2011) is working on a new technical center
- Eastern Europe : locate a base in Munich for developing new markets

4

Restructuring of the domestic sales network for greater profitability

The domestic sales network will be restructured to minimize vulnerability to exchange rate fluctuations. Two Technical Center (head office, Kansai) will coordinate the development of a network of sales offices serving local regions and satellite centers covering wider regions.

5

Expanding cutting and machine tool operations

The new Toki works will play a major role in pursuing a reconfiguration designed to get new products to market more quickly. We also envisage a greater role for the cutting and machine tool divisions, which have traditionally been dominated by sheet metal operations.

Amada is committed to reducing energy consumption and minimizing the environmental impact of our operations.
The experience of the Tohoku Region Pacific Coast Earthquake has had a significant influence on BCM (business continuity management) at the company.

FOL-3015AJ
Fiber laser cutting machine

European and North American markets

Appeal and Innovative Proposals are the Keys to Success

A new established regional headquarter (RHQ) with overall responsibility for Europe will significantly strengthen existing structures and boost local production ratios to become more cost competitive.

Strategies in European and American markets (1)
Boost market share in Europe to a target of 20%

Improve sales networks
Strategy 1: Establish RHQ with overall responsibility for Europe
- Engineering operations
- Funding control and policy investment at the 25 European subsidiaries

Strategy 2: Locate technical center (TC) in Germany
- Due to open in 2013 on the outskirts of Munich
(to complement existing facility at Haan Solution Center)

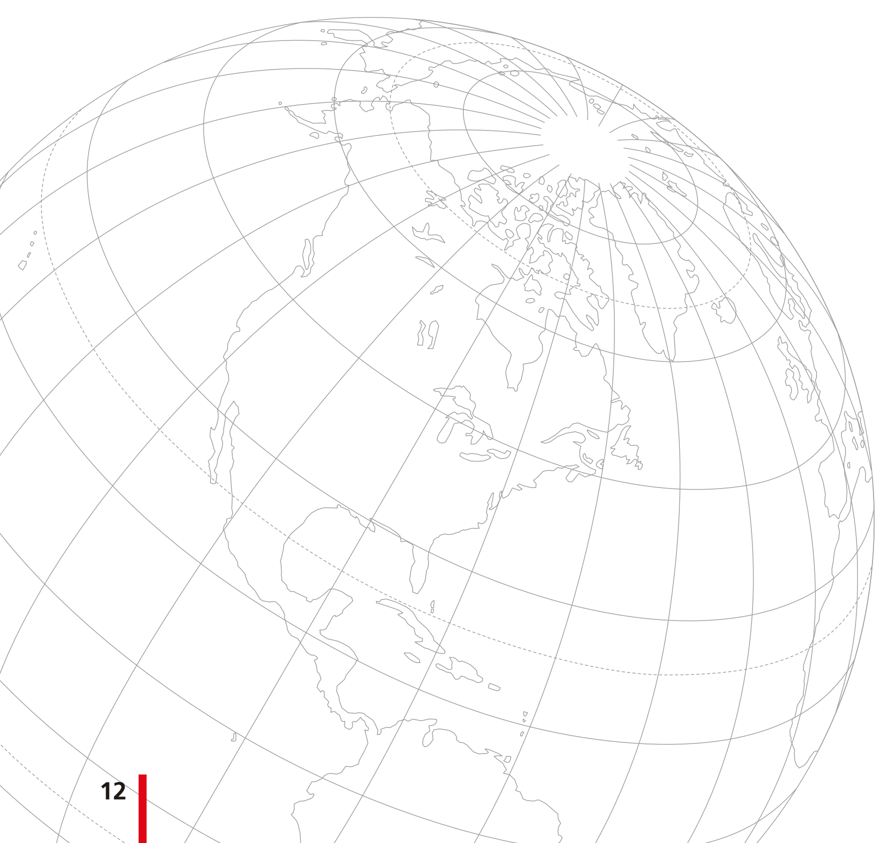
Strategy 3: Acquiring more sales offices for new markets in Europe via M&A activities.
- Amada Swiss GmbH (February 2012)
- New facilities in northern and eastern Europe

Strategies in European and American markets (2)
Developing new products and proposals through the European R&D company and TC in Germany.

Total solutions by local basis
Strategy 1: Set up Amada Advanced Technology GmbH (Germany).

Aiming for differentiation of strategic products, with particular focus on boosting sales of laser products, as well as assault on south Germany market through the TC.
Strategy 1: TC on the outskirts of Munich (due for completion in 2013)
Strategy 2: Broader product range (particularly fiber laser products)

The Solution Center in Haan, Germany



European and North American markets

Maintaining the Pioneering Spirit

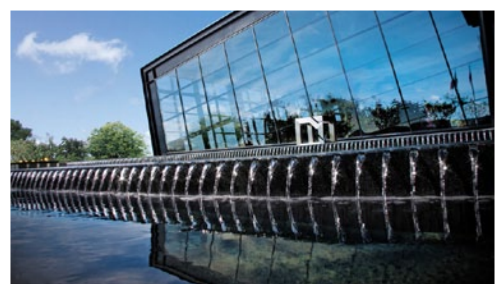
Expand the western facility for engineering proposals and boost local production of laser products and other lines to service growing markets

Strategies in European and American markets (3)

Revert to manufacturing in North America to service growing markets

Reasons for reverting to manufacturing in North America

- Increasing activity in environmental, energy and infrastructure development
- Low US$ generates exchange rate benefits
- Rising labor costs in China (over 10% per year)
- Rising transport costs due to high crude oil price
- Government tax incentives



The Solution Center in Schaumburg, USA

For these reasons, we have decided to establish an east-west framework including the LA Technical Center (opened June 2012) as we look to boost sales in the west of America, which have languished since the collapse of the IT bubble.

Strategies in European and American markets (4)

Boost overseas production (USA and France)

Strategy 1: Set up production regime in the United States predicated on increase in laser products.

- Minimizing exchange rate fluctuation risks (local production ratio to reach 50% by 2013)
- Cost savings through local manufacturing (up to ¥600 million per year saved)
- Reducing delivery time to customers
- Enhancing customer satisfaction through local servicing of machinery and system requirements

Strategy 2: Invest ¥3 billion in France to set up a distribution network designed to accommodate sales growth in European markets

- Expansion of Charleville-Mézières factory (Parts Center, system upgrade functionality)
- Boosting local production ratio from 79% to 90%
- Cost savings through a combination of local procurement and in-house production

AE-2510NT
AC Servo Single Drive Punching Machine

Newly emerging economies

Promoting the Japanese Manufacturing Ethos to the World

Expand facilities to service mainland China and use the new Shanghai facility to promote engineering proposals and improve the distribution network


Amada Innovaction Fair 2011 in China

Strategies in newly emerging economies (1)
Expansion strategy in Chinese marketplace

Strategy 1: Increase both facilities and personnel
- Increase current 11 facilities to 16 sales facilities
- Boost personnel numbers to improve both sales and service levels
- Launch finance sales through AMADA (CHINA) CO., LTD.

Strategies in newly emerging economies (2)
New office in Shanghai

Strategy 1: Use the new Shanghai office to build stronger business foundations in China with a view to boosting sales. Develop a seamlessly integrated regime encompassing manufacturing, retail and service as a point of differentiation from our competitors.

■ Factory	• Boost production capacity in line with sales growth • Made in China by AMADA Quality • Cost savings and shorter delivery times
■ Technical Center	• Exhibitions, training courses and seminars • Engineering proposals predicated on automation
■ Parts Center	• Better service regimes to enhance customer satisfaction • Inventory management of maintenance parts efficiently

Strategies in newly emerging economies (3)
Expansion strategy for ASEAN, India and Brazil

Newly emerging economies / ASEAN, India and Brazil
Increase sales by expanding facilities and boosting personnel; institute more competitive cost structure based on production machinery from China

Strategy 1 India : **With a population in excess of 1.1 billion people, India represents a rapidly growing market for both production and consumption**
- Expand to eight facilities and establish stable growth pattern
- Start work on new Technical Center at Bengaluru
- Pursue joint initiatives between industry and universities such as the software development collaboration with the Indian Institute of Technology (IIT)

Strategy 2 Vietnam : **Japanese brands are well regarded in Vietnam, where younger age groups are enthusiastic consumers**
- New Ho Chi Minh office to complement existing head office in Hanoi

Strategy 3 Indonesia : **Indonesia has the world's fourth-largest population and is enjoying strong economic growth driven by extensive reserves of natural resources**
- Consider setting up a new company (in conjunction with agency tie-ups)

Strategy 4 Brazil : **Brazil boasts the world's largest freshwater reserves and is constantly discovering new oil fields. With a population of 200 million it represents a key growth market.**
- Local subsidiary launched August 2011
- San Paolo Technical Center opened July 2012

ACIES-2512B

Process integration / Punch & Laser Combination Machine

Japanese market

As the No.1 Supplier of Metalworking Machinery

Domestic strategies (1)
Amada Innovation Fair Global 2012

Strategy 1: Amada Innovation Fair Global 2012 (AIFG2012)
The Amada Innovation Fair Global 2012 was the pinnacle of our corporate activities. Held at the head office Solutions Center (SC) from May 11 to June 23, this key event attracted clients from around the world.

Strategy 2: Exhibits of all laser solutions and automation solutions as a means of differentiating Amada in the marketplace.

Domestic strategies (2)
Kansai Technical Center (TC)

Strategy 1: Kansai TC will help to boost sales levels while improving efficiency.

- Better able to service clients in west Japan, better knowledge of the local region when developing solutions
- Located in Higashiosaka city, a major production hub in western Japan
  - ■ Stimulating markets in the west Japan region.
    Since opening in October 2011, the facility has hosted 3,000 visitors representing 1,300 companies in a half year.
  - ■ Training facilities help to boost customer satisfaction.
    The proportion of domestic sheet metal contracts rose in west Japan and Kansai region in the second half of FY2012.
- Reducing sales promotion expenses (including hosting clients)
  Transfer hosting of clients from Isehara head office SC to Kansai TC. Cut costs by 50% per company.

Kansai Technical Center in Osaka

FOL-3015AJ
Fiber laser cutting machine

High Quality as the Global Standard

Product strategy (1)
Growing market in laser products (especially fiber lasers) and higher market share in strategic products

Main products: **FOL-3015AJ fiber laser cutting machine**
The environmentally-friendly fiber laser oscillator will help Amada boost sales in the processing field. It is the first such product in the world to be developed in–house by a laser machine manufacturer.

Features

1. Suitable for use with highly reflective and cutting-resistant materials such as aluminum, brass, copper and titanium
2. Low operating costs
   High-efficiency heat exchange with laser reduces power costs.
   Does not require laser gas.
3. Fitted with nozzle changer, oil shot and cooling cut device as standard equipment Minimal set – up time, continuous working
4. Efficient and accurate maintenance procedures

   Since the oscillator contains no optical components, regular maintenance is not required.
   And because the oscillator has been designed by Amada, this means that Amada service personnel are qualified to perform maintenance on all parts of the machine.

*Winner of the Masuda Prize for Best 10 NEW Products of the 54th Nikkan Kogyo Shimbun awards in January 2012

Ushering in a new era in laser welding – **FLW series**
The new fiber laser welding system from Amada achieves a speed and quality never before seen in laser welding.

Solution for integrating blanking process – **ACIES series**
Whether for new products or for small-run production lots, the ACIES series makes it easy to generate machining data quickly to reduce tooling time and enable continuous automated operation. Everything from 3-D modeling to accurate and high-quality processing is achieved at high speed.

Product strategy (2)
More entry – level and middle – level products in newly emerging markets

Compact, intelligent and environmentally responsible new NCT – **AE-NT series**

Equipped with a high-rigidity bridge frame, the new NCT/AE-NT series combines high hit rate with low power consumption and generous turret size with compact, space-saving design. It boasts fast throughput at consistently high levels of quality.

Flying optics laser machines – **FO-MII NT series**

The super-reliable FO-NT series has sold more than 2,200 units worldwide and is being refined and improved further, setting a new global standard with the latest technology.

Network-ready environmentally responsible bending machines – **HD-NT series**

The new HD-NT series is able to produce difficult deep bends, giving customers access to a much wider range of design possibilities. The unique hybrid drive system reduces the environmental impact.

Developing Optimized Production Solutions for Our Clients

The Amada Research and Development System

The manufacturing industry requires optimized solutions for an increasingly diverse range of clients around the world, solutions that are tailored to the specific region and culture of each individual client.
Amada can offer seamlessly integrated systems, combining development through to manufacturing, retail and service, that are closely tailored to the needs of our clients.
The development and manufacturing roles are handled by the Amada Innovation Center. Located at the foothills of Mt. Fuji, the symbol of Japan, the Amada Innovation Center likes the largest dedicated laser production facility in the world, boasting a permanent staff of 200 engaged in design and development of specific product lines. It is truly a center of innovation.
Amada has built up a wealth of experience and expertise over many years as a leader in the manufacturing industry. We are proud to provide technically advanced solutions to clients throughout the world.

• The center of innovation <Fujinomiya Works>
The Fujinomiya Works is responsible for development and production. The largest dedicated laser production facility in the world, it is used to manufacture the latest production machinery and boasts a maximum theoretical production capacity of 140 units per month.
The design system operates concurrently with the Development Center to enable front loading of design and development processes.


Fujinomiya Works

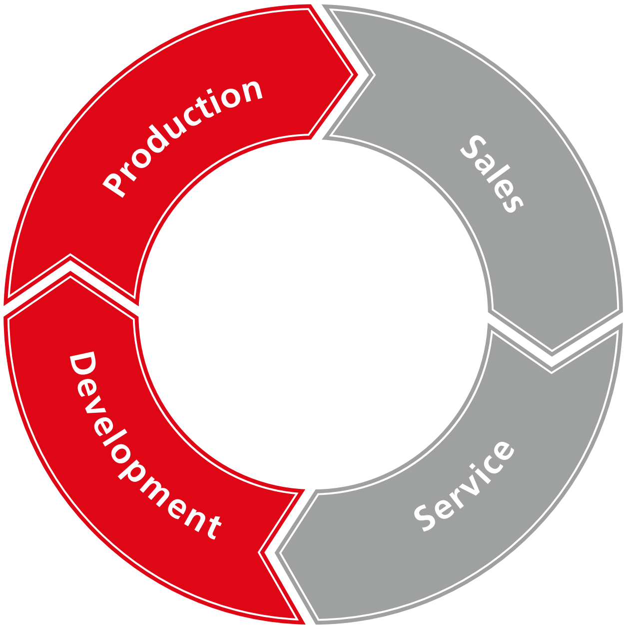
Environmental Program: Linkage through Eco-conscious Manufacturing

The Amada group as a whole is committed to environmentally responsible production operations as a means of connecting with customers, with the public and with the world in general.

• Producing eco – friendly machine at eco – friendly business establishment
All 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
Amada Group's eco – friendly products enable customers to manufacture energy savings and highly efficient products at their plants.

• Creating eco – friendly environment at customers' plants
Amada Group contributes to the creation of eco – friendly environments at customers' plants by utilizing its accumulated environmental know – how.



Development system
The permanent development workforce of 200 uses the latest design systems and video systems to develop cutting-edge machinery, while 3-D CAD modular design allows ongoing monitoring and assessment of manufacturing processes right from the design stage.

Development Center
The latest 3-D CAD design systems are used for modular design that incorporate manufacturing considerations right from the development stage.

Innovation Room
Development engineers use sophisticated video systems to liaise directly with clients and affiliates in the development of innovative and creative products.

Front loaded development
Front loaded development enables new products to be released more quickly to market.


Innovation Room in Development Center


Solar panel at Toki Works

Providing Clients with Optimized Solutions for Diversification and Modernization Issues.

The Amada Support Regime

It is easy to simply meet the immediate needs of a customer.
But we aim to go beyond this: we want to provide every customer with an optimized solution of lasting significance.
At Amada, we have a "proposal" space that allows customers to view the proposed solution for themselves.

The Amada Solutions Center, which combines sales and service, provides the customers who will be using our products with an opportunity to view our proposals and appreciate the potential benefits.
In addition to the "exhibition" space that showcases a range of products, there is a "Verification" Plaza that can be used to clarify the customer's requirements and develop solutions.
At Amada, we are confident that we can provide the best possible solutions and we want our customers to view these first-hand at the Solutions Center so they will come away convinced.

• Verification Plaza
The Verification Plaza uses the latest solution pack to create a finished piece based on the client drawings. In this way, the Verification Plaza allows clients to see first-hand the benefit of a proposed solution.

• Virtual Prototype Simulation System (VPSS)
The Virtual Prototype Simulation System (VPSS) is a form of digital manufacturing that enables computer-based measurement and evaluation of all aspects of the finished item prior to commencing the actual manufacturing process.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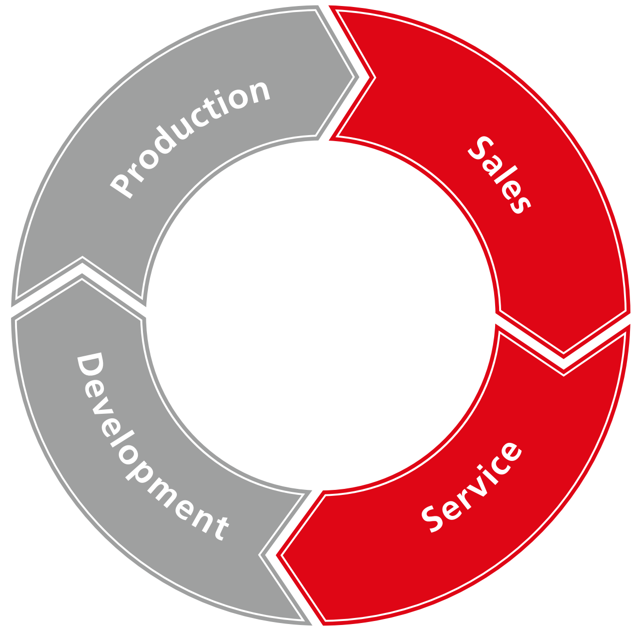
Social Contribution Program: Training for Future Prosperity

The Amada group supports a range of initiatives designed to promote the growth and development of the global metalworking machinery industry.

• Amada School of Vocational Training Corporation
Opened in 1978, the Amada School was the first accredited vocational training facility in Japan to specialize in metalworking machinery. Past students from the Amada School are now working as top-class production engineers in Japan, the United States, Europe, China and all over the world.

• The Precision Sheet Metal Technology Fair
The Precision Sheet Metal Technology Fair is a competition designed to enhance sheet metal techniques and skills. Gold, Silver and Bronze awards are selected from among entries received from all over the world, with prizes donated by participating industry organizations and by Amada.

• Sheet Metal Industry Associations
Amada promotes efforts to raise skill levels among members of the Sheet Metal Industry Associations by supporting the Association secretariat and providing instructors at training seminars. Amada also supports training programs and industry development initiatives run by the Association.



• Machine Tool Plaza (for events)
The Amada Machine Tool Plaza is used to showcase digital manufacturing with the VPSS and the latest solutions in operation.

• P&P Room
The P&P Room is used to identify the specific requirements of the customer and perform simulations to illustrate the results of demonstrations and benefits of introducing equipment improvements.

In addition to demonstrations, the Parts Center, IT service vehicles and other daily services work closely with customers to ensure smooth running of manufacturing operations.

• Parts Center
The Parts Center is the core provider of a range of Amada services including pre-sale service, with a permanent inventory of some 930,000 maintenance parts. The Center operates 24 hours per day and can deliver parts within one day (in Japan) or two days (rest of the world).

• IT service vehicle
The IT service vehicle, equipped with IT devices such as mobile computers and printers and genuine Amada package tools, was launched shortly after the opening of the Parts Center.

• The Amada Foundation
The Amada Foundation was set up in 1987 by Amada founder Isamu Amada from his own funds as a vehicle for promoting industry and economic development in Japan. The Foundation solicits subsidies annually that are used to "fund research" and "international exchange projects". A total of ¥75.5 billion was distributed among 65 projects in the period ending March 2012.

• Joint development and personnel project with the Indian Institute of Technology (IIT)
Amada is involved in a joint project with the Indian Institute of Technology (IIT) to develop sheet metal working software, and is working on other collaborations with industry and universities.


The Precision Sheet Metal Technology Fair

Directors, Auditors, and Corporate Officers

(As of October 1, 2012)

Directors

Predident & CEO
Mitsuo Okamoto

Senior Managing Director
Toshio Takagi

Managing Director
Yoshihiro Yamashita

Managing Director
Tsutomu Isobe

Managing Director
Atsushige Abe

Managing Director
Kotaro Shibata

Director
Takaya Shigeta

Director
Chikahiro Sueoka

Corporate Auditors

Corporate Auditor (Full-time)
Ryoichi Hashimoto

Corporate Auditor (Full-time)
Shoichi Nozaki

Corporate Auditor (Outside)
Masanori Saito

Corporate Auditor (Outside)
Katsuhiko Yasuda

Corporate Officers (excluding directors who concurrently)

Hidehiko Sakai
Kiyoshi Takeo
Yukihiro Fukui
Yasuhiro Kawashita
Hiroyuki Takeshita
Katsuhide Ito
Yasuhiro Endo
Nobuyuki Jinbo
Masaaki Oonuki
Toshinori Kurihara

Financial Report

Contents

Financial Highlights

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

	Millions of yen				
	2012	2011	2010	2009	2008
For the year:					
Net sales	**¥185,539**	¥163,153	¥135,979	¥225,789	¥284,218
Sales to foreign customers	**94,870**	82,811	70,166	125,181	148,726
Cost of sales	**109,509**	98,959	89,375	131,866	156,512
Gross profit	**76,030**	64,193	46,604	93,922	127,706
Selling, general and administrative expenses	**67,339**	62,430	60,165	78,166	82,786
Net changes in deferred profit on installment sales and finance lease sales	**458**	2,590	3,905	2,945	18
Operating income (loss)	**9,148**	4,353	(9,654)	18,701	44,939
Other income (expenses)—net	**1,062**	1,812	4,627	(5)	2,623
Income (loss) before income taxes and minority interests	**10,210**	6,165	(5,027)	18,696	47,563
Net income (loss)	**4,643**	2,716	(3,739)	8,488	28,337
Comprehensive income (loss)	**1,043**	(9,359)	789		
Purchases of property, plant and equipment	**12,747**	6,891	10,861	12,163	19,651
Depreciation and amortization	**7,711**	7,638	8,256	8,575	10,042
Research and development costs	**7,022**	6,304	5,457	5,982	6,916
At year-end:					
Total equity	**¥371,969**	¥375,159	¥388,667	¥392,636	¥425,588
Total assets	**469,836**	452,792	468,178	479,947	543,535
Total long-term liabilities	**21,142**	23,753	25,424	24,021	28,979
Per share of common stock (yen):					
Net income (loss)—					
Basic	**¥12.16**	7.11	¥(9.79)	¥22.12	¥72.82
Diluted					72.80
Cash dividends applicable to the year	**12.00**	10.00	10.00	16.00	22.00
Sales composition:					
Metalworking Machinery business:	**¥143,968**	¥127,280	¥109,065	¥175,332	¥222,887
Sheet-metal processing machines	**137,766**	121,487	103,723	166,736	210,124
Presses	**6,201**	5,793	5,342	8,596	12,762
Metal Machine Tools business:	**¥39,934**	¥34,076	¥24,908	¥48,010	¥57,953
Bandsaws	**25,586**	22,107	18,248	32,643	37,687
Machine Tools	**14,348**	11,969	6,659	15,367	20,266
Others	**1,636**	1,796	2,005	2,445	3,377
Total	**¥185,539**	¥163,153	¥135,979	¥225,789	¥284,218
Number of employees	**6,467**	5,899	5,870	6,005	5,747

Notes:
1. The yen figures presented in the financial highlights are rounded down to millions of yen, except for per share amounts.
2. Effective for the year ended March 31, 2009, Amada Co., Ltd., applied the revised "Accounting Standard for Lease Transactions" in the financial statements. The amounts in prior years have not been restated.
3. From the year ended March 31, 2011, the sales composition was reclassified according to the three segments of "Metalworking Machinery business", "Metal Machine Tools business" and "Others" from the existing six segments, Sheet metal processing machines, Bandsaws, Presses, Machine tools, Real estate leasing and Others. In addition, the main business, the Metalworking Machinery business and the Metal Machine Tools business, is separated according to the markets where the products are sold. For comparative purposes only, the sales composition prior to fiscal 2011 is reclassified based on the current fiscal year policy.

Financial Review

EXTERNAL ECONOMIC CONDITIONS

The world economy was recovered moderately pulled by the economic expansion in China and India in the first half, but the growth rate has been slowing down in the second half with the financial crisis in Europe and other issues.

As for the domestic market, although the economy is recovering from the temporary recession of the Tohoku Region Pacific Coast Earthquake, the economic conditions are still bleak with unstable global economy and historically high-yen. For the machinery industry, although the year on year order trends rises, the future uncertainty is still prominent at the small and medium sized companies, who takes cautious approach in capital investments, and we are yet to make a full recovery.

Although we believe the domestic market will continue to show modest recovery trends, there are some risk factors such as the currency fluctuation and the financial crisis of the Western countries. We expect it will increase our dependency on the economic growth of the emerging countries even more.

EARNINGS

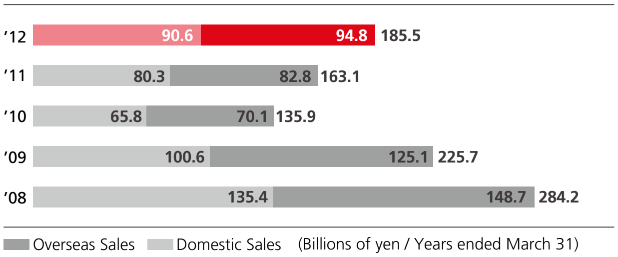
Driven by modest economic recovery in both domestic and overseas markets, the consolidated performance for the period ending in March 2012 resulted in 188.6 billion yen (US$2,296.5 million) order intake (up 12.8% year on year), and 185.5 billion yen (US$2,258.8 million) in sales (up 13.7% year on year), both exceeding the previous year's figures.

As for the revenue, although impacted by the fluctuating currency rates, we have made profits in all figures- 9.1 billion yen (US$111.3 million) in operating profit (up 110.1% year on year), and 4.6 billion yen (US$56.5 million) in net profit (up 70.9% year on year) - due to improved gross profit from increased revenue, improved operation ratio and rise in retail prices.

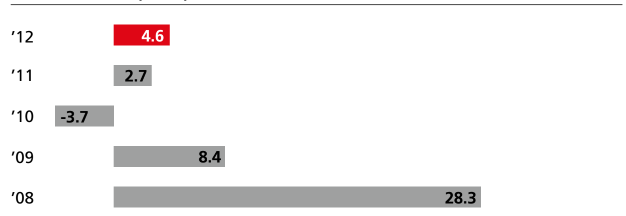
FINANCIAL POSITION

At the end of fiscal 2012, total consolidated assets stood at ¥469.8 billion (US$5,719.9 million), up 3.8% from a year earlier. Current assets increased 8.2%, to ¥285.0 billion (US$3,470.3 million), owing mainly to rise of inventories. Net property, plant and equipment stood at ¥109.5 billion (US$1,333.7 million), almost the same as at the end of the previous fiscal year. Principally due to a decrease in the amount of investment securities held, total investments and other assets decreased 9.7%, to ¥75.2 billion (US$915.8 million).

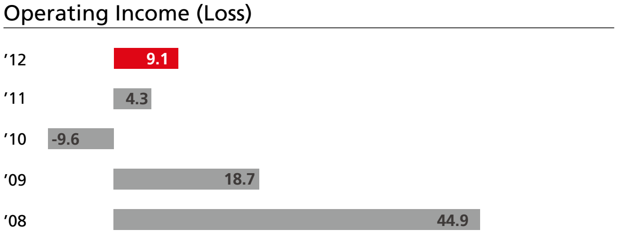
Domestic Sales and Overseas Sales



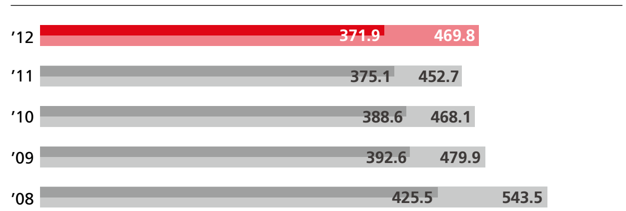
Net Income (Loss)



Operating Income (Loss)



Total Assets and Net Assets



(Billions of yen / Years ended March 31)

Total current liabilities increased 42.4% from the end of the previous year, at ¥76.7 billion (US$934.0 million), mainly due to a rise of notes and accounts payable. Total long-term liabilities decreased 12.3%, to ¥21.1 billion (US$257.3 million), mainly owing to a drop in liability for employees' retirement benefits.

Consolidated total equity at the end of fiscal 2012 stood at ¥371.9 billion (US$4,528.4 million), down 0.9% from the end of the previous year. As a result, the shareholders' equity ratio at the end of the year declined to 78.8%, from 82.5% at the end of the previous year.

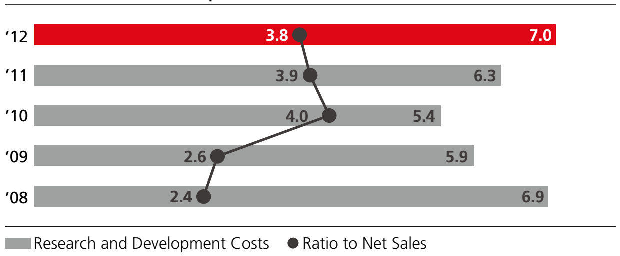
CASH FLOWS

Consolidated cash and cash equivalents at the end of the fiscal year amounted to ¥74.4 billion (US$906.1 million), decreased ¥8.6 billion from previous year.

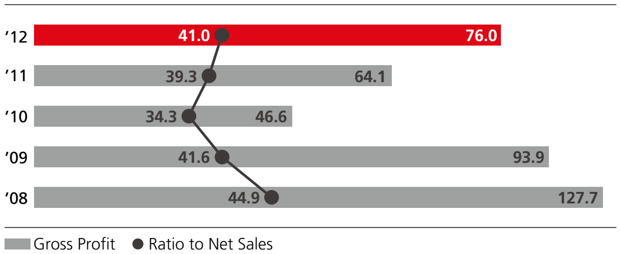
CASH FLOW PROVIDED BY OPERATING ACTIVITIES

Net cash provided by operating activities totaled ¥7.4 billion (US$90.7 million), a level ¥4.7 billion lower than in the previous fiscal year. Despite the increase of income before income taxes and minority interests, the decrease in net cash provided by operating activities mainly reflected a fund decrease associated with such factors as a increase of inventories.

Research and Development Costs and Ratio to Net Sales



Gross Profit and Ratio to Net Sales



CASH FLOW USED IN INVESTING ACTIVITIES

Net cash used in investing activities amounted to ¥13.4 billion (US$163.1 million), representing a ¥12.7 billion increase from the previous fiscal year. This was mainly attributable to a rise in purchases of property, plant and equipment and a drop in proceeds from sales and redemption of investment securities.

CASH FLOW USED IN FINANCING ACTIVITIES

Net cash used in financing activities totaled ¥1.6 billion (US$19.7 million), representing ¥6.9 billion decrease in the previous fiscal year. The shift from net cash provided by financing activities to net cash used in financing activities mainly reflected a shift from a net decrease in short-term bank loans to a net increase in short-term bank loans.

Note: The U.S.dollars amounts in parentheses have been translated from Japanese yen for the convenience of readers outside Japan, at the rate of ¥82.14 to US$1, the rate of exchange at March 31.

Consolidated Financial Statements

Consolidated Balance Sheet

Amada Co., Ltd. and Consolidated Subsidiaries
March 31, 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2012**	2011	**2012**
Current assets:			
Cash and cash equivalents (Note 16)	**¥74,428**	¥ 83,046	**$906,115**
Short-term investments (Notes 3, 6 and 16)	**12,423**	10,443	**151,249**
Notes and accounts receivable (Notes 2 and 16)—			
Trade	**109,201**	99,916	**1,329,456**
Unconsolidated subsidiaries and associated companies	**198**	724	**2,412**
Other	**2,123**	2,324	**25,852**
Allowance for doubtful receivables	**(2,344)**	(2,307)	**(28,544)**
Investments in lease (Notes 14 and 16)	**9,672**	9,844	**117,759**
Inventories (Note 4)	**69,973**	52,394	**851,885**
Deferred tax assets (Note 9)	**4,688**	4,071	**57,076**
Prepaid expenses and other current assets (Note 14)	**4,688**	3,059	**57,080**
Total current assets	**285,054**	263,519	**3,470,346**
Property, plant and equipment:			
Land (Note 6)	**36,263**	35,883	**441,487**
Buildings and structures (Note 6)	**119,853**	111,238	**1,459,134**
Machinery and equipment (Note 6)	**45,423**	43,629	**553,002**
Buildings, structures and land for rent (Note 7)	**17,993**	19,255	**219,061**
Lease assets	**1,102**	1,226	**13,426**
Construction in progress	**2,345**	6,132	**28,550**
Total	**222,982**	217,365	**2,714,662**
Accumulated depreciation	**(113,426)**	(111,374)	**(1,380,898)**
Net property, plant and equipment	**109,555**	105,990	**1,333,764**
Investments and other assets:			
Investment securities (Notes 3, 6 and 16)	**44,258**	47,459	**538,823**
Investments in and advances to unconsolidated subsidiaries and associated companies	**2,852**	3,594	**34,721**
Goodwill	**3,481**	3,736	**42,388**
Software	**2,474**	2,746	**30,119**
Deferred tax assets (Note 9)	**9,896**	14,381	**120,488**
Other assets (Note 14)	**12,262**	11,364	**149,290**
Total investments and other assets	**75,226**	83,282	**915,831**
Total	**¥469,836**	¥452,792	**$5,719,941**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
Current liabilities:			
Short-term bank loans (Notes 6 and 16)	**¥9,244**	¥5,341	**$112,546**
Current portion of long-term debt (Notes 6, 14 and 16)	**809**	1,729	**9,854**
Notes and accounts payable (Note 16)—			
Trade	**14,206**	12,123	**172,954**
Unconsolidated subsidiaries and associated companies	**75**	179	**920**
Other	**22,180**	4,805	**270,035**
Deferred profit on installment sales (Note 2)	**14,996**	15,350	**182,569**
Accrued expenses	**7,988**	7,285	**97,259**
Income taxes payable	**1,463**	1,526	**17,818**
Other current liabilities (Note 9)	**5,758**	5,538	**70,109**
Total current liabilities	**76,724**	53,879	**934,068**
Long-term liabilities:			
Long-term debt (Notes 6, 14 and 16)	**1,624**	2,195	**19,779**
Liability for employees' retirement benefits (Note 8)	**10,594**	11,784	**128,982**
Retirement allowance for directors and corporate auditors (Note 8)	**92**	61	**1,131**
Deposits received (Notes 7 and 16)	**3,438**	3,546	**41,863**
Negative goodwill	**264**	529	**3,222**
Other long-term liabilities (Note 9)	**5,126**	5,636	**62,416**
Total long-term liabilities	**21,142**	23,753	**257,395**
Commitments and contingent liabilities (Notes 14, 15 and 17)			
Equity (Notes 10, 11 and 21):			
Common stock—			
Authorized—550,000 thousand shares			
Issued—396,502 thousand shares (2012 and 2011)	**54,768**	54,768	**666,767**
Capital surplus	**163,199**	163,199	**1,986,841**
Stock acquisition rights	**226**	87	**2,760**
Retained earnings	**203,980**	203,485	**2,483,325**
Treasury stock, at cost—			
14,689 thousand shares in 2012 and 14,649 thousand shares in 2011	**(9,153)**	(9,131)	**(111,440)**
Accumulated other comprehensive income:			
Net unrealized loss on available-for-sale securities	**(5,613)**	(5,755)	**(68,334)**
Deferred loss on derivatives under hedge accounting	**(415)**	(151)	**(5,055)**
Land revaluation difference (Note 1 k)	**(9,430)**	(9,475)	**(114,807)**
Foreign currency translation adjustments	**(27,234)**	(23,506)	**(331,562)**
Total	**(42,693)**	(38,887)	**(519,760)**
Minority interests	**1,641**	1,637	**19,984**
Total equity	**371,969**	375,159	**4,528,478**
Total	**¥469,836**	¥452,792	**$5,719,941**

Consolidated Statement of Operations

Amada Co., Ltd. and Consolidated Subsidiaries
Year ended March 31, 2012

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	**2012**
Net sales (Note 2)	**¥185,539**	¥163,153	¥135,979	**$2,258,820**
Cost of sales	**109,509**	98,959	89,375	**1,333,205**
Gross profit	**76,030**	64,193	46,604	**925,615**
Selling, general and administrative expenses (Note 13)	**67,339**	62,430	60,165	**819,818**
Net changes in deferred profit on installment sales and finance lease sales	**458**	2,590	3,905	**5,579**
Operating income (loss)	**9,148**	4,353	(9,654)	**111,376**
Other income (expenses):				
Interest and dividend income	**2,520**	2,614	3,206	**30,686**
Interest expense	**(250)**	(288)	(353)	**(3,046)**
Equity in earnings (losses) of unconsolidated subsidiaries and associated companies	**137**	565	113	**1,668**
Foreign exchange (loss) gain	**(1,446)**	(1,962)	524	**(17,605)**
Other, net (Note 12)	**100**	882	1,136	**1,228**
Other income (expenses)—net	**1,062**	1,812	4,627	**12,931**
Income (loss) before income taxes and minority interests	**10,210**	6,165	(5,027)	**124,307**
Income taxes (Note 9):				
Current	**2,204**	1,641	(45)	**26,833**
Deferred	**3,127**	1,620	(1,361)	**38,070**
Total income taxes	**5,331**	3,261	(1,407)	**64,903**
Net income (loss) before minority interests	**4,879**	2,904	(3,620)	**59,403**
Minority interests in net income	**236**	188	119	**2,875**
Net income (loss)	**¥4,643**	¥2,716	¥(3,739)	**$56,528**

	Yen			U.S. dollars (Note 1)
Per share of common stock (Notes 1 and 19):				
Net income (loss)—				
Basic	**¥12.16**	¥7.11	¥(9.79)	**$0.14**
Diluted				
Cash dividends applicable to the year	**12.00**	10.00	10.00	**0.14**

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Amada Co., Ltd. and Consolidated Subsidiaries
Year ended March 31, 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Net income before minority interests	**¥4,879**	¥2,904	**$59,403**
Other comprehensive income (Note 18):			
Unrealized loss on available-for-sale securities	**140**	(1,691)	**1,712**
Deferred loss on derivatives under hedge accounting	**(264)**	(148)	**(3,215)**
Land revaluation difference	**97**	(823)	**1,181**
Foreign currency translation adjustments	**(3,791)**	(9,533)	**(46,157)**
Share of other comprehensive income in associates	**(17)**	(66)	**(215)**
Total other comprehensive income	**(3,835)**	(12,264)	**(46,694)**
Comprehensive income (Note 18)	**¥1,043**	¥(9,359)	**$12,708**
Total comprehensive income attributable to (Note 18):			
Owners of the parent	**¥890**	¥(9,545)	**$10,837**
Minority interests	**153**	185	**1,871**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Amada Co., Ltd. and Consolidated Subsidiaries
Year ended March 31, 2012

	Issued number of shares outstanding (thousands)	Number of treasury stocks (thousands)	Millions of yen					Accumulated other comprehensive income						
			Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Net unrealized gain (loss) on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Land revaluation difference	Foreign currency translation adjustments	Total	Minority interests	Total equity
Balance, April 1, 2009	396,502	14,491	¥54,768	¥163,199		¥211,424	¥(9,031)	¥(5,722)		¥(7,927)	¥(16,611)	¥390,098	¥2,537	¥392,636
Cash dividends, ¥10.00 per share						(3,819)						(3,819)		(3,819)
Net loss						(3,739)						(3,739)		(3,739)
Acquisition of treasury stock		88					(54)					(54)		(54)
Disposal of treasury stock		(7)				(0)	4					4		4
Net change in the year								1,662	¥ (3)		2,699	4,359	(717)	3,641
Balance, March 31, 2010	396,502	14,572	54,768	163,199		203,865	(9,081)	(4,060)	(3)	(7,927)	(13,911)	386,848	1,819	388,667
Cash dividends, ¥10.00 per share						(3,819)						(3,819)		(3,819)
Net income						2,716						2,716		2,716
Acquisition of treasury stock		96					(61)					(61)		(61)
Disposal of treasury stock		(18)				(0)	11					11		11
Reversal of land revalution difference						724				(1,547)		(823)		(823)
Net change in the year					¥87			(1,694)	(148)		(9,594)	(11,349)	(181)	(11,531)
Balance, March 31, 2011	**396,502**	**14,649**	**54,768**	**163,199**	**87**	**203,485**	**(9,131)**	**(5,755)**	**(151)**	**(9,475)**	**(23,506)**	**373,521**	**1,637**	**375,159**
Cash dividends, ¥11.00 per share						**(4,200)**						**(4,200)**		**(4,200)**
Net income						**4,643**						**4,643**		**4,643**
Acquisition of treasury stock		**47**					**(26)**					**(26)**		**(26)**
Disposal of treasury stock		**(7)**				**(0)**	**4**					**3**		**3**
Reversal of land revalution difference						**52**				**44**		**97**		**97**
Net change in the year					**139**			**141**	**(264)**		**(3,727)**	**(3,711)**	**3**	**(3,707)**
Balance, March 31, 2012	**396,502**	**14,689**	**¥54,768**	**¥163,199**	**¥226**	**¥203,980**	**¥(9,153)**	**¥(5,613)**	**¥(415)**	**¥(9,430)**	**¥(27,234)**	**¥370,327**	**¥1,641**	**¥371,969**

	Thousands of U.S. dollars (Note 1)					Accumulated other comprehensive income						
	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Net unrealized gain (loss) on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Land revaluation difference	Foreign currency translation adjustments	Total	Minority interests	Total equity
Balance, April 1, 2011	**$666,767**	**$1,986,841**	**$1,068**	**$2,477,303**	**$(111,170)**	**$(70,063)**	**$(1,839)**	**$(115,354)**	**$(286,176)**	**$4,547,375**	**$19,940**	**$4,567,316**
Cash dividends, ¥11.00 per share				**(51,135)**						**(51,135)**		**(51,135)**
Net income				**56,528**						**56,528**		**56,528**
Acquisition of treasury stock					**(323)**					**(323)**		**(323)**
Disposal of treasury stock				**(6)**	**53**					**46**		**46**
Reversal of land revalution difference				**635**				**546**		**1,181**		**1,181**
Net change in the year			**1,692**			**1,728**	**(3,215)**		**(45,385)**	**(45,180)**	**43**	**(45,136)**
Balance, March 31, 2012	**$666,767**	**$1,986,841**	**$2,760**	**$2,483,325**	**$(111,440)**	**$(68,334)**	**$(5,055)**	**$(114,807)**	**$(331,562)**	**$4,508,493**	**$19,984**	**$4,528,478**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Amada Co., Ltd. and Consolidated Subsidiaries
Year ended March 31, 2012

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	2012
Operating activities:				
Income (loss) before income taxes and minority interests	**¥10,210**	¥6,165	¥(5,027)	**$124,307**
Adjustments for:				
Income taxes (paid) refunded	**(2,205)**	(170)	1,334	**(26,846)**
Depreciation and amortization	**7,711**	7,638	8,256	**93,879**
Loss(gain) on sales of fixed assets	**130**	(314)	(439)	**1,589**
Loss(gain) on sales of investment securities	**686**	(108)	(521)	**8,361**
Loss on impairment of investment securities	**7**	227	178	**86**
Equity in earnings of unconsolidated subsidiaries and associated companies	**(137)**	(565)	(113)	**(1,668)**
Changes in assets and liabilities, net of effects from newly consolidated and previously unconsolidated subsidiaries:				
(Increase) decrease in receivables, net of deferred profit on installment sales	**(11,616)**	(8,589)	2,403	**(141,424)**
Decrease in investments in lease	**296**	1,126	1,517	**3,613**
(Increase) decrease in inventories	**(19,665)**	133	21,093	**(239,411)**
Increase (decrease) in payables	**3,203**	5,915	(9,676)	**39,003**
Decrease in liabilities for employees' retirement benefits	**(1,136)**	(735)	(539)	**(13,840)**
Other—net	**19,971**	1,460	(251)	**243,144**
Total adjustments	**(2,753)**	6,019	23,241	**(33,516)**
Net cash provided by operating activities	**7,457**	12,185	18,213	**90,791**
Investing activities:				
Proceeds from sales and redemption of marketable securities	**7,355**	10,873	8,358	**89,553**
Purchases of marketable securities	**(1,299)**		(2,489)	**(15,816)**
Proceeds from sales of property, plant and equipment	**393**	2,044	1,029	**4,785**
Purchases of property, plant and equipment	**(12,747)**	(6,891)	(10,861)	**(155,187)**
Purchases of intangible assets	**(987)**	(1,117)	(1,402)	**(12,020)**
Proceeds from sales and redemption of investment securities	**6,531**	12,325	8,396	**79,514**
Purchases of investment securities	**(11,454)**	(14,636)	(13,829)	**(139,446)**
Purchase of long-term time deposits	**(1,382)**	(2,000)	(1,000)	**(16,832)**
Other—net	**189**	(1,247)	1,925	**2,301**
Net cash used in investing activities	**(13,401)**	(649)	(9,872)	**(163,148)**
Financing activities:				
Net increase (decrease) in short-term bank loans	**4,457**	(3,957)	5,460	**54,264**
Proceeds from long-term debt		913	1,000	
Repayment of long-term debt	**(1,742)**	(1,453)	(951)	**(21,217)**
Payment for purchase of treasury stock from the market				
Cash dividends paid	**(4,208)**	(3,829)	(3,832)	**(51,234)**
Other—net	**(131)**	(290)	(146)	**(1,605)**
Net cash (used) provided in financing activities	**(1,625)**	(8,616)	1,529	**(19,792)**
Foreign currency translation adjustments on cash and cash equivalents	**(1,269)**	(2,920)	1,051	**(15,450)**
Net (decrease) increase in cash and cash equivalents	**(8,838)**	(1)	10,922	**(107,600)**
Cash and cash equivalents increased by merger with unconsolidated subsidiaries	**220**			**2,680**
Cash and cash equivalents, beginning of year	**83,046**	83,048	72,126	**1,011,036**
Cash and cash equivalents, end of year	**¥74,428**	¥83,046	¥83,048	**$906,115**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Amada Co., Ltd. and Consolidated Subsidiaries

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of 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 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 2011 and 2010 consolidated financial statements in order for them to conform to the classifications and presentations used in 2012.

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 ¥82.14 to US$1, the rate of exchange at March 31, 2012. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

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

b) Principles of consolidation

The consolidated financial statements as of March 31, 2012 include the accounts of the Company and its 51 (52 in 2011 and 2010) significant subsidiaries.

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

Investments in 7 (9 in 2011 and 8 in 2010) unconsolidated subsidiaries and 2 (3 in 2011 and 4 in 2010) associated companies are accounted for by the equity method.

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

The difference of the cost of acquisition over or under the fair value of the net assets of an acquired subsidiary at the date of acquisition is recorded as "Goodwill" or "Negative goodwill" which was recognized prior to April 1, 2010 in the consolidated balance sheets, and is being amortized on a straight-line basis mainly from 5 to 20 years based on the event which caused the goodwill and negative goodwill which was recognized prior to April 1, 2010.

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 (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: a) amortization of goodwill; b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; c) expensing capitalized development costs of R&D; d) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; and e) exclusion of minority interests from net income, if contained in net income.

d) Business Combination

In October 2003, the Business Accounting Council (the "BAC") issued a Statement of Opinion, "Accounting for Business Combinations", and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures". The accounting standard for business combinations allowed companies to apply the pooling of interests method of accounting only when certain specific criteria were met such that the business combination was essentially regarded as uniting-of-interests. For business combinations that did not meet the uniting-of-interests criteria, the business combination was considered to be an acquisition and the purchase method of accounting was required. This standard also prescribed the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (2) The previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs (IPR&D) acquired in the business combination is capitalized as intangible assets. (3) The previous accounting standard provided for bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all the liabilities assumed have been identified after a review of the procedures used in the purchase allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010 .

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 were stated at cost, determined by the specific identification method, or net selling value. Other inventories were stated at cost determined principally by the moving-average method, or net selling value.

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

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

i) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is computed principally by the declining-balance method over the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired after April 1, 1998. Leased property under finance leases that deem not to transfer ownership of the lease property is computed over the lease terms assuming no residual value.

Estimated useful lives are as follows:

Buildings and structures 8 to 60 years

Machinery and equipment 2 to 17 years

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 statements of operations. Continuous readjustment is not permitted.

As at March 31, 2012, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥7,553 million ($91,954 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 3 years.

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

m) Bonuses to directors and corporate auditors

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

n) Employees' retirement benefits

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

o) Retirement allowances for directors and corporate auditors

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

p) Asset retirement obligations

In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligations is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

q) Stock options

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

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 statements of operations 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 historical rates. 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 statements of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

w) Appropriations of retained earnings

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

x) Leases

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Lessee

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be measured at the obligations under finance leases including interest expense at the transition date and recorded as acquisition cost of lease assets.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as acquisition cost of lease assets measured at the obligations under finance leases including interest expense at the transition date.

Lessor

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

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

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

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

y) Derivatives

The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts, non-deliverable forwards(NDF), currency options and interest rate swaps 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. The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

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

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

The average number of shares used in computing net income per share assuming no dilution was 381,831 thousand shares in 2012, 381,886 thousand shares in 2011 and 381,966 thousand shares in 2010. Diluted net income per share is not disclosed because of the Company's net loss position in 2010 and because it was anti-dilutive in 2012 and 2011.

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

aa) Accounting changes and error corrections

In December 2009, the ASBJ issued ASBJ Statement No.24, "Accounting Standard for Accounting Changes and Error Corrections "and ASBJ Guidance No.24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies–When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions. (2) Changes in Presentations-When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates–A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.(4) Corrections of Prior-Period Errors–When an error in prior-period financial statements is discovered, those statements are restated. This accounting standard and the guidance are applicable to accounting changes and corrections of prior-period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

ab) New accounting pronouncements

Accounting Standard for Retirement Benefits

On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with effective date of April 1, 2000, and the other related practical guidances, being followed by partial amendments from time to time through 2009.

Major changes are as follows:

(a) Treatment in the balance sheet

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, are recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and the deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) Treatment in the statement of income and the statement of comprehensive income (or the statement of income and comprehensive income)

The revised accounting standard would not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and yet to be recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

This accounting standard and the guidance are effective for the end of annual periods beginning on or after April 1, 2013, with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

2 NOTES AND ACCOUNTS RECEIVABLE

Sales on an installment basis consisted of 7%, 7% and 10% of consolidated net sales in the years ended March 31, 2012, 2011 and 2010, respectively.

Annual maturities of notes—trade at March 31, 2012, and related amortization of deferred profit on installment sales were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)	
Total notes receivable (Years ending March 31):	Receivables	Deferred profit on installment sales	Receivables	Deferred profit on installment sales
2013	**¥20,613**	**¥4,161**	**$250,949**	**$50,663**
2014	**10,022**	**3,495**	**122,013**	**42,554**
2015	**7,566**	**2,722**	**92,123**	**33,143**
2016	**5,478**	**1,960**	**66,696**	**23,863**
2017	**3,825**	**1,400**	**46,576**	**17,052**
2018 and thereafter	**2,769**	**1,256**	**33,716**	**15,292**
Subtotal	**50,275**	**14,996**	**612,075**	**182,569**
Add—accounts receivable	**58,925**		**717,381**	
Total notes and accounts receivable	**¥109,201**	**¥14,996**	**$1,329,456**	**$182,569**

3 SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2012 and 2011, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Current:			
Government and corporate bonds	**¥8,025**	¥5,986	**$97,709**
Trust fund investments and other	**4,397**	4,457	**53,540**
Total	**¥12,423**	¥10,443	**$151,249**
Non-current:			
Marketable equity securities	**¥3,621**	¥3,420	**$44,085**
Government and corporate bonds	**21,776**	26,897	**265,118**
Trust fund investments and other	**18,860**	17,141	**229,619**
Total	**¥44,258**	¥47,459	**$538,823**

The carrying amounts and aggregate fair values of the securities classified as available-for-sale securities at March 31, 2012 and 2011, were as follows:

	Millions of yen			
March 31, 2012	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	**¥3,874**	**¥618**	**¥871**	**¥3,621**
Government and corporate bonds	**31,755**	**32**	**1,985**	**29,802**
Trust fund investments and other	**26,295**	**23**	**6,162**	**20,156**
Total	**¥61,925**	**¥674**	**¥9,019**	**¥53,579**

	Millions of yen			
March 31, 2011	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	¥3,874	¥514	¥967	¥3,420
Government and corporate bonds	35,670	54	2,841	32,883
Trust fund investments and other	24,235	18	5,868	18,385
Total	¥63,780	¥587	¥9,677	¥54,690

	Thousands of U.S. dollars			
March 31, 2012	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	**$47,168**	**$7,524**	**$10,607**	**$44,085**
Government and corporate bonds	**386,600**	**400**	**24,173**	**362,827**
Trust fund investments and other	**320,127**	**289**	**75,029**	**245,387**
Total	**$753,896**	**$8,214**	**$109,810**	**$652,300**

The information for available-for-sale securities which were sold during the year ended March 31, 2012 and 2011, were as follows:

	Millions of yen		
March 31, 2012	Proceeds	Realized gains	Realized loss
Available-for-sale:			
Government and corporate bonds	**¥988**		**¥540**
Trust fund investments and other	**642**	**¥16**	**146**
Total	**¥1,630**	**¥16**	**¥686**

	Millions of yen		
March 31, 2011	Proceeds	Realized gains	Realized loss
Available-for-sale:			
Equity securities	¥120	¥0	¥54
Government and corporate bonds	4,978	104	0
Trust fund investments and other	2,790	59	1
Total	¥7,890	¥164	¥55

	Thousands of U.S. dollars		
March 31, 2012	Proceeds	Realized gains	Realized loss
Available-for-sale:			
Government and corporate bonds	**$12,030**		**$6,580**
Trust fund investments and other	**7,819**	**$197**	**1,781**
Total	**$19,849**	**$197**	**$8,361**

Impairment losses on available-for-sale equity securities for the years ended March 31, 2012 and 2011, were ¥7 million ($86 thousand) and ¥227 million, respectively.

4 INVENTORIES

Inventories at March 31, 2012 and 2011, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Merchandise and finished products	**¥49,002**	¥36,256	**$596,569**
Work in process	**6,212**	6,074	**75,636**
Raw materials and parts	**14,758**	10,063	**179,680**
Total	**¥69,973**	¥52,394	**$851,885**

5 LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2012. As a result, the Group recognized an impairment loss of ¥390 million ($4,748 thousand) as other expense for certain asset group - the group of assets held for rent and unused assets - due to a continuous fall in land prices and a change in the intended use of assets held for rent, and the carrying amount of the relevant assets was written down to the recoverable amount for the year ended March 31, 2012.

The recoverable amount of assets held for rent was measured at its value in use and the discount rate used for computation of present value of future cash flows was 1.032% — the interest rate of 10-year government bond. The recoverable amount of unused assets was measured at its net selling price as determined by a quotation from inheritance tax law.

No impairment loss was recognized in 2011.

6 SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2012 and 2011, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Interest rates ranging from 1.04% to 2.40% at March 31, 2012, and from 0.88% to 1.79% at March 31, 2011	**¥9,244**	¥5,341	**$112,546**

Long-term debt at March 31, 2012 and 2011, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Loans from banks, 0.98% to 2.46% (0.98% to 3.77% in 2011), due serially to 2019:			
Collateralized	**¥516**	¥ 629	**$6,293**
Unsecured	**1,089**	2,242	**13,258**
Obligations under finance leases	**828**	1,052	**10,082**
Total	**2,434**	3,925	**29,634**
Less—current portion	**(809)**	(1,729)	**(9,854)**
Long-term debt, less current portion	**¥1,624**	¥2,195	**$19,779**

The annual maturities of long-term debt, at March 31, 2012, were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 1)
2013	**¥809**	**$9,854**
2014	**1,205**	**14,678**
2015	**171**	**2,087**
2016	**121**	**1,478**
2017	**57**	**701**
2018 and thereafter	**68**	**833**
Total	**¥2,434**	**$29,634**

The carrying amounts of assets pledged as collateral for short-term bank loans of ¥242 million ($2,956 thousand) and long-term debt of ¥274 million ($3,337 thousand) at March 31, 2012, were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Short-term investments	**¥70**	**$852**
Buildings and structures	**208**	**2,534**
Machinery and equipment	**0**	**0**
Land	**292**	**3,564**
Investment securities	**127**	**1,548**

The companies pledge a deposit of ¥16 million ($195 thousand) as collateral for customers' bank loans.

7 DEPOSITS RECEIVED

Deposits received are collateralized by investments in lease for real estate having a book value of ¥1,563 million ($19,029 thousand), of which ¥398 million ($4,852 thousand) are secured debt at March 31, 2012.

8 RETIREMENT AND PENSION PLANS

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

Under the contributory pension plan, employees terminating their employment are in most circumstances entitled to pension distributions based on the average rate of pay at the time of termination, period of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and the annuity payments from a trustee. Employees are entitled to greater payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

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

The liability for employees' retirement benefits at March 31, 2012 and 2011, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Projected benefit obligation	**¥43,900**	¥39,437	**$534,461**
Fair value of plan assets	**(27,626)**	(25,655)	**(336,333)**
Unrecognized prior service cost	**1,973**	3,147	**24,020**
Unrecognized actuarial gain	**(7,652)**	(5,145)	**(93,166)**
Net liability	**¥10,594**	¥11,784	**$128,982**

The components of net periodic benefit costs for the years ended March 31, 2012, 2011 and 2010, were as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	**2012**
Service cost	**¥1,389**	¥1,267	¥1,884	**$16,920**
Interest cost	**962**	947	925	**11,717**
Expected return on plan assets	**(640)**	(621)	(507)	**(7,791)**
Amortization of prior service cost	**(1,140)**	(1,098)	(1,054)	**(13,890)**
Recognized actuarial loss	**1,349**	1,693	1,929	**16,423**
Net periodic benefit costs	**¥1,920**	¥2,188	¥3,177	**$23,378**

Assumptions used for the years ended March 31, 2012 and 2011, are set forth as follows:

	2012	2011
Discount rate	**2.0%**	2.5%
Expected rate of return on plan assets	**2.5%**	2.5%
Amortization period of prior service cost	**10 years**	10 years
Recognition period of actuarial gain/loss	**10 years**	10 years

9 INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in the normal effective statutory tax rate of approximately 40.6% for the years ended March 31, 2012, 2011 and 2010.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2012 and 2011, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Deferred tax assets:			
Allowance for doubtful accounts	**¥566**	¥641	**$6,891**
Tax loss carryforwards	**3,052**	5,253	**37,166**
Inventories—intercompany profits and write-downs	**1,201**	1,258	**14,629**
Provisions for bonus payment	**989**	790	**12,041**
Deferred profit on installment sales	**111**	127	**1,362**
Investment securities	**155**	268	**1,891**
Research and development costs	**2,726**	2,651	**33,190**
Pension and severance costs—prior service cost	**3,854**	4,774	**46,924**
Loss on impairment of long-lived assets	**1,049**	1,071	**12,779**
Property, plant and equipment—intercompany profits and depreciation expenses	**1,083**	1,347	**13,191**
Land revaluation difference	**3,802**	4,336	**46,290**
Unrealized loss on available-for-sale securities	**2,720**	3,331	**33,116**
Other	**811**	974	**9,877**
Less—valuation allowance	**(5,509)**	(6,145)	**(67,070)**
Total	**16,615**	20,682	**202,285**
Deferred tax liabilities:			
Property, plant and equipment—special reserve	**(891)**	(1,068)	**(10,855)**
Other	**(1,138)**	(1,160)	**(13,864)**
Total	**(2,030)**	(2,229)	**(24,719)**
Net deferred tax assets	**¥14,585**	¥18,453	**$177,565**
Deferred tax liabilities:			
Depreciation	**¥(203)**	¥(245)	**$(2,483)**
Land revaluation difference	**(691)**	(823)	**(8,413)**
Other	**(291)**	(406)	**(3,544)**
Total	**(1,186)**	(1,475)	**(14,441)**
Deferred tax assets:			
Other	**153**	86	**1,865**
Total	**153**	86	**1,865**
Net deferred tax liabilities	**¥(1,033)**	¥(1,388)	**$(12,576)**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of operations for the year ended March 31, 2012, with the corresponding figures 2011 and 2010 is as follows:

	2012	2011	2010
Normal effective statutory tax rate	**40.6%**	40.6%	40.6%
Increase (decrease) in tax rate resulting from:			
Expenses not deductible for income tax purposes	**0.7**	4.5	(5.7)
Non-taxable dividend income	**(12.3)**	(5.4)	17.8
Inhabitants' tax—per capita levy	**0.9**	1.4	(1.7)
Change in valuation allowance	**0.2**	8.0	(8.8)
Temporary differences that are not recognized as deferred tax assets	**3.8**	10.6	(10.6)
Elimination of intercompany dividend income	**13.0**	7.3	(24.2)
Lower income tax rates applicable to income in certain foreign countries	**(5.1)**	(12.5)	4.9
Reversal of income tax allowance in prior periods			8.4
Effect of tax rate reduction	**9.0**		
Other—net	**1.4**	(1.6)	7.3
Actual effective tax rate	**52.2%**	52.9%	28.0%

On December 2, 2011, new tax reform laws were enacted in Japan which changed the normal effective statutory tax rate from approximately 40.6% to 38.0%, effective for the fiscal years beginning on or after April 1, 2012, through March 31, 2015, and to 35.6% afterwards. The effect of this change was to increase income taxes-deferred in the consolidated statement of operations for the year then ended by ¥921 million ($11,217 thousand).

At March 31, 2012, the Company and certain subsidiaries had tax loss carryforwards aggregating approximately ¥8,895 million ($108,291 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, 2018, and thereafter.

10 EQUITY

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

a) Dividends

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

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

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

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

c) Treasury stock and treasury stock acquisition rights

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

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

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

11 STOCK OPTION

The stock options outstanding as of March 31, 2012, were as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2004 stock option	10 directors of the Company 39 directors of the affiliates 144 employees of the Company 29 employees of the affiliates	1,306,000 shares	November 24, 2004	¥600	From July 1, 2006 to June 30, 2011
2010 stock option	8 directors of the Company 12 directors of the subsidiaries 7 operating officers of the Company 7 operating officers of the subsidiaries 515 employees of the Company 147 employees of the subsidiaries	2,500,000 shares	August 31, 2010	¥605	Note 1

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

The stock option activity is as follows:

	2004 Stock Option	2010 Stock Option
For the year ended March 31, 2010		
Non-vested		
March 31, 2009—Outstanding		
Granted		
Canceled		
Vested		
March 31, 2010—Outstanding		
Vested		
March 31, 2009—Outstanding	145,000	
Vested		
Exercised		
Canceled		
March 31, 2010—Outstanding	145,000	
For the year ended March 31, 2011		
Non-vested		
March 31, 2010—Outstanding		
Granted		2,500,000
Canceled		(14,000)
Vested		2,486,000
March 31, 2011—Outstanding		
Vested		
March 31, 2010—Outstanding	145,000	
Vested		
Exercised	(17,000)	
Canceled		
March 31, 2011—Outstanding	128,000	
For the year ended March 31, 2012		
Non-vested		
March 31, 2011—Outstanding		2,486,000
Granted		
Canceled		(25,000)
Vested		
March 31, 2012—Outstanding		2,461,000
Vested		
March 31, 2011—Outstanding	128,000	
Vested		
Exercised		
Canceled	(128,000)	
March 31, 2012—Outstanding		
Exercise price	¥600	¥605
Average stock price at exercise	717.24	
Fair value price at grant date		

The assumptions used to measure fair value of 2010 Stock Option

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	41.157%
Estimated remaining outstanding period:	4.51 years
Estimated dividend:	¥10 per share
Interest rate with risk free:	0.224%

12 OTHER INCOME (EXPENSES)—OTHER, NET

Other income (expenses)—other, net, for the years ended March 31, 2012, 2011 and 2010, consisted of the following:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	**2012**
Commissions earned	**¥108**	¥312	¥317	**$1,321**
Gain on sales of fixed assets	**24**	433	508	**302**
Loss on sales of fixed assets	**(155)**	(119)	(69)	**(1,892)**
Loss on disposals of fixed assets	**(47)**	(148)	(609)	**(583)**
Gain on sales of investment securities		164	529	
Loss on sales of investment securities	**(686)**	(55)	(7)	**(8,361)**
Loss on impairment of investment securities	**(7)**	(227)	(178)	**(86)**
Amortization of negative goodwill	**264**	264	292	**3,222**
Loss on liquidated subsidiaries and associates	**(124)**	(142)	(86)	**(1,513)**
Loss on impairment of long-lived assets	**(390)**	(33)	(69)	**(4,748)**
Employees' retirement special benefits		(170)	(851)	
Loss from natural disaster		(293)		
Subsidy income from prefecture for new plant construction	**507**	32	48	**6,174**
Other	**607**	866	1,311	**7,393**
Total	**¥100**	¥882	¥1,136	**$1,228**

The loss from natural disaster includes the following:

- Extinguishments of the Company's and some domestic subsidiaries' inventories that were caused by The Great East Japan Earthquake on March 11, 2011
- The estimated cost of restoration of property to its original state in the Company's Fujinomiya factory that was caused by the earthquake in the East Shizuoka prefecture on March 15, 2011

13 RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥7,022 million ($85,492 thousand), ¥6,304 million and ¥5,457 million for the years ended March 31, 2012, 2011 and 2010, respectively.

14 LEASES

a) Lessee

The Companies lease certain equipment and other assets.

The minimum rental commitments under non-cancelable operating leases at March 31, 2012 and 2011, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Operating leases:			
Due within one year	**¥162**	¥128	**$1,979**
Due after one year	**627**	399	**7,635**
Total	**¥789**	¥527	**$9,615**

b) Lessor

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

Information on investments in lease of finance leases that deem not to transfer ownership of the leased property to the lessee for the year ended March 31, 2012 and 2011, were as follows.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
I. Current assets			
Gross lease receivables	**¥10,510**	¥10,873	**$127,959**
Unguaranteed residual value	**333**	257	**4,058**
Unearned interest income	**(1,171)**	(1,286)	**(14,258)**
Investments in lease	**¥9,672**	¥9,844	**$117,759**
Gross lease receivables	**¥676**	¥676	**$8,233**
Unearned interest income	**(195)**	(206)	**(2,374)**
Other current assets (Investments in lease for real estate)	**¥481**	¥469	**$5,858**
II. Investments and other assets			
Gross lease receivables	**¥5,829**	¥6,505	**$70,967**
Unearned interest income	**(1,383)**	(1,578)	**(16,840)**
Other assets (Investments in lease for real estate)	**¥4,446**	¥4,927	**$54,127**

Maturities of investments in lease for finance leases that deem not to transfer ownership of the leased property to the lessee at March 31, 2012, were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 1)
I. Investments in lease		
2013	**¥3,327**	**$40,511**
2014	**2,516**	**30,631**
2015	**1,932**	**23,523**
2016	**1,287**	**15,676**
2017	**820**	**9,986**
2018 and thereafter	**626**	**7,629**
Total	**¥10,510**	**$127,959**
II. Other assets (Investments in lease for real estate)		
2013	**¥676**	**$8,233**
2014	**676**	**8,233**
2015	**676**	**8,233**
2016	**676**	**8,233**
2017	**676**	**8,233**
2018 and thereafter	**3,124**	**38,034**
Total	**¥6,505**	**$79,201**

The minimum rental commitments under non-cancelable operating leases at March 31, 2012 and 2011, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Operating leases:			
Due within one year	**¥504**	¥508	**¥6,145**
Due after one year	**4,249**	4,757	**51,740**
Total	**¥4,754**	¥5,266	**¥57,885**

15 CONTINGENT LIABILITIES

At March 31, 2012 and 2011, the Companies had the following contingent liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Customers' (74 companies in 2012 and 70 companies in 2011) bank loans	**¥885**	¥735	**$10,778**
Customers' (34 companies in 2012 and 32 companies in 2011) finance lease payables	**653**	255	**7,958**
Travel agency ticket payables	**66**	66	**803**
Payment for subcontracted companies from factoring companies		3,627	

16 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

Policy for financial instruments

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

Nature and extent of risks arising from financial instruments

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

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

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

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

Derivatives mainly include forward foreign currency contracts, NDF and interest-rate swaps, which are used to manage exposure to risks from changes in foreign currency exchange rates of receivables and from changes in interest rates of bank loans. Please see Note 17 for more details about derivatives.

Risk management for financial instruments

Credit risk management

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

The Companies manage their credit risk from receivables on the basis of internal guidelines, which include monitoring of the payment terms and balances of customers based on periodic visits by the sales and marketing department to identify the default risk of the customers at an early stage. With respect to financial investments, the Company manages its exposure to credit risk by limiting its funding to high credit rated bonds in accordance with its internal guidelines. Please see Note 17 for the details about derivatives.

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

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

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

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

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

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

Liquidity risk management

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

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

Fair values of financial instruments are based on quoted price in active markets. If quoted prices are not available, other rational valuation techniques are used instead. Also please see Note 17 for the details of the fair value of derivatives.

The carrying amount, fair value and unrealized gain (loss) of financial instruments at March 31, 2012 and 2011, were as follows:

	Millions of yen		
March 31, 2012	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	**¥74,428**	**¥74,428**	
Notes and accounts receivable	**106,989**	**106,704**	**¥(285)**
Investments in lease	**9,578**	**9,290**	**(288)**
Short-term investments and investment securities	**56,466**	**56,466**	
Total	**¥247,463**	**¥246,889**	**¥(573)**
Notes and accounts payable	**¥14,277**	**¥14,277**	
Short-term bank loans and current portion of long-term debt	**9,619**	**9,619**	
Long-term debt	**1,230**	**1,229**	**¥(1)**
Deposits received	**2,019**	**1,756**	**(262)**
Total	**¥27,147**	**¥26,882**	**¥(264)**

	Millions of yen		
March 31, 2011	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥83,046	¥83,046	
Notes and accounts receivable	97,799	96,938	¥(860)
Investments in lease	9,706	9,353	(353)
Short-term investments and investment securities	57,686	57,686	
Total	¥248,238	¥247,024	¥(1,213)
Notes and accounts payable	¥12,302	¥12,302	
Short-term bank loans and current portion of long-term debt	6,592	6,592	
Long-term debt	1,621	1,629	¥7
Deposits received	2,099	1,785	(314)
Total	¥22,616	¥22,309	¥(306)

	Thousands of U.S. dollars		
March 31, 2012	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	**$906,115**	**$906,115**	
Notes and accounts receivable	**1,302,530**	**1,299,054**	**$(3,475)**
Investments in lease	**116,614**	**113,103**	**(3,510)**
Short-term investments and investment securities	**687,439**	**687,439**	
Total	**$3,012,700**	**$3,005,713**	**$(6,986)**
Notes and accounts payable	**$173,813**	**$173,813**	
Short-term bank loans and current portion of long-term debt	**117,114**	**117,114**	
Long-term debt	**14,984**	**14,964**	**$(20)**
Deposits received	**24,585**	**21,384**	**(3,201)**
Total	**$330,498**	**$327,276**	**$(3,221)**

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

Cash and cash equivalents

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

Notes and accounts receivable and investments in lease

The carrying values of notes and accounts receivable with maturities within one year approximate fair value.The fair values of installment receivables, including investments in lease, are measured at the amount to be received at maturity discounted at an assumed corporate discount rate.Installment receivables of domestic sales include interest. Its interest is included as deferred profit on installment sales in current liabilities.

Short-term investments and investment securities

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

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

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

Long-term debt

The fair values of long-term debt are determined by discounting the cash flows related to the debt at an assumed corporate borrowing rate. Floating-rate long-term debt is intended for the interest-rate swaps which qualify for hedge accounting, meet specific matching criteria, and therefore are not remeasured at market value.The fair values of floating-rate long-term debt are determined by discounting the cash flows related to the debt that is accounted as a unit with interest-rate swaps at an assumed corporate borrowing rate.

Deposits received

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

Derivatives

The information on the fair value of derivatives is included in Note 17.

Financial instruments whose fair value cannot be reliably determined as of March 31, 2012 and 2011, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Short-term investments and investment securities:			
Available-for-sale:			
Investments in equity instruments that do not have a quoted market price in an active market	**¥213**	¥214	**$2,599**
Investments in subsidiaries and associated companies:			
Investments in unconsolidated subsidiaries	**2,303**	2,984	**28,038**
Investments in associated companies	**509**	548	**6,201**
Deposits received:			
Money on deposits from members of golf club	**1,419**	1,446	**17,277**

Maturity analysis for financial assets and securities with contractual maturities at March 31, 2012, 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	**¥74,428**			
Notes and accounts receivable	**66,697**	**¥38,980**	**¥3,561**	
Short-term investments and investment securities:				
Available-for-sale:				
Government and corporate bonds	**4,397**	**6,102**	**3,447**	**¥5,797**
Trust fund investments and other	**25,301**	**9,204**	**3,875**	**443**
Total	**¥170,825**	**¥54,287**	**¥10,884**	**¥6,241**

	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	**$906,115**			
Notes and accounts receivable	**811,999**	**$474,566**	**$43,364**	
Short-term investments and investment securities:				
Available-for-sale:				
Government and corporate bonds	**53,538**	**74,288**	**41,968**	**$70,585**
Trust fund investments and other	**308,032**	**112,054**	**47,181**	**5,402**
Total	**$2,079,686**	**$660,908**	**$132,513**	**$75,988**

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

17 DERIVATIVES

The Group enters into derivatives, including foreign exchange forward contracts, NDF and currency options, to hedge foreign exchange risk associated with notes and accounts receivable denominated in foreign currencies. The Group also enters into interest-rate swap contracts and interest-rate swaption contracts to manage their interest-rate exposures on certain liabilities. 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 understanding of derivatives are carried out by the Company's Finance Department. The Finance Department also reports monthly the contractual amounts and other information related to derivatives to the Accounting Department, where the monitoring of derivatives is performed. The Finance Department's review procedures are focused on whether the derivatives are being effective as a means of hedging, whether they are used within the balances of assets and liabilities and whether the 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 is not applied at March 31, 2012

	Millions of yen			
	2012			
At March 31,2012	Contract Amount	Contract Amount due after One year	Fair Value	Unrealized Gain/Loss
Non-deliverable forward:				
Selling KRW	**¥89**		**¥(1)**	**¥(1)**

	Thousands of U.S. dollars			
	2012			
At March 31,2012	Contract Amount	Contract Amount due after One year	Fair Value	Unrealized Gain/Loss
Non-deliverable forward:				
Selling KRW	**$1,086**		**$(23)**	**$(23)**

Derivative transactions to which hedge accounting is applied at March 31, 2012:

		Millions of yen			
		2012			
At March 31, 2012		Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts:					
Selling	USD	Receivables and other	**¥11,546**		**¥(452)**
	EUR	Receivables and other	**3,487**		**(133)**
	GBP	Receivables and other	**386**		**(28)**
	AUD	Receivables and other	**184**		**(10)**
	CAD	Receivables and other	**451**		**(27)**
	THB	Receivables and other	**456**		**(16)**
Interest-rate swaps:					
(fixed rate payment, floating rate receipt)		Current portion of long-term debt	**¥500**		

		Millions of yen			
		2011			
At March 31, 2011		Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts:					
Selling	USD	Receivables and other	¥7,773		¥(76)
	EUR	Receivables and other	3,101		(142)
	GBP	Receivables and other	334		(12)
	AUD	Receivables and other	261		(13)
	CAD	Receivables and other	248		(9)
Interest-rate swaps:					
(fixed rate payment, floating rate receipt)		Long-term debt	¥500	¥84	

1. The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.
2. The above interest-rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value. In addition, the fair value of such interest-rate swaps in Note 16 is included in that of the hedged items (i.e., long-term debt, current portion of long-term debt).

		Thousands of U.S. dollars			
		2012			
At March 31, 2012		Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts:					
Selling	USD	Receivables and other	**$140,575**		**$(5,507)**
	EUR	Receivables and other	**42,454**		**(1,623)**
	GBP	Receivables and other	**4,700**		**(352)**
	AUD	Receivables and other	**2,242**		**(130)**
	CAD	Receivables and other	**5,501**		**(340)**
	THB	Receivables and other	**5,554**		**(196)**
Interest-rate swaps:					
(fixed rate payment, floating rate receipt)		Long-term debt	**$6,087**		

18 COMPREHENSIVE INCOME

The components of other comprehensive income for the year ended March 31, 2012, were as follows:

	Millions of yen	Thousands of U.S. dollars
Unrealized gain (loss) on available-for-sale securities:		
Gains arising during the year	**¥58**	**$708**
Reclassification adjustments to profit or loss	**693**	**8,447**
Amount before income tax effect	**752**	**9,155**
Income tax effect	**(611)**	**(7,443)**
Total	**¥140**	**$1,712**
Deferred gain (loss) on derivatives under hedge accounting:		
Gains arising during the year	**¥(415)**	**$(5,054)**
Amount before income tax effect	**(415)**	**(5,054)**
Income tax effect	**151**	**1,839**
Total	**¥(264)**	**$(3,215)**
Land revaluation surplus:		
Income tax effect	**¥97**	**$1,181**
Total	**¥97**	**$1,181**
Foreign currency translation adjustments:		
Adjustments arising during the year	**¥(3,835)**	**$(46,697)**
Reclassification adjustments to profit or loss	**44**	**539**
Amount before income tax effect	**(3,791)**	**(46,157)**
Income tax effect		
Total	**¥(3,791)**	**$(46,157)**
Share of other comprehensive income in associates		
- Gains arising during the year	**¥(17)**	**$(215)**
Total	**¥(17)**	**$(215)**
Total other comprehensive income	**¥(3,835)**	**$(46,694)**

The corresponding information for the year ended March 31, 2011, was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

Other comprehensive income for the year ended March 31, 2010, consists of the following:

	Millions of yen	Thousands of U.S. dollars
Other comprehensive income:		
Unrealized gain on available-for-sale securities	¥1,660	$19,972
Deferred loss on derivatives under hedge accounting	(3)	(37)
Foreign currency translation adjustments	2,752	33,101
Share of other comprehensive income in associates	(0)	(7)
Total other comprehensive income	¥4,409	$53,028

Total comprehensive income for the year ended March 31, 2010, comprises the following:

	Millions of yen	Thousands of U.S. dollars
Total comprehensive income attributable to:		
Owners of the parent	¥619	$7,450
Minority interest	169	2,038
Total comprehensive income	¥789	$9,489

19 NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2012, 2011 and 2010, are as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net imcome (loss)	Weighted average shares	EPS	EPS
For the year ended March 31, 2012:				
Basic EPS				
Net income available to common shareholders	**¥4,643**	**381,831**	**¥12.16**	**$0.14**
Diluted EPS is not disclosed because it is anti-dilutive.				
For the year ended March 31, 2011:				
Basic EPS				
Net loss available to common shareholders	¥2,716	381,886	¥(7.11)	$0.08
Diluted EPS is not disclosed because it is anti-dilutive.				
For the year ended March 31, 2010:				
Basic EPS				
Net income available to common shareholders	¥(3,739)	381,966	¥(9.79)	$(0.10)
Diluted EPS is not disclosed because of the Company's net loss position.				

20 SEGMENT INFORMATION

For the year ended March 31, 2012, 2011 and 2010

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

1. Description of reportable segments

The Group's reportable segments are those for which separately financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group consists of the industry "the Metalworking Machinery business" and "the Metal Machine Tools business". Industry "the Metalworking Machinery business" consists of laser machines, punch presses and press brakes for the sheet metalworking market as well as the mechanical presses for the press market. Industry "the Metal Machine Tools business" consists of metal-cutting bandsaws for the metal cutting 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 to 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						
	2012						
	Reportable segment						
	Metalworking Machinery	Metal Machine Tools	Total	Others	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	**¥143,968**	**¥39,934**	**¥183,903**	**¥1,636**	**¥185,539**		**¥185,539**
Intersegment sales or transfers	**41**	**12**	**53**		**53**	**¥(53)**	
Total	**144,009**	**39,947**	**183,956**	**1,636**	**185,592**	**(53)**	**185,539**
Segment profit	**5,946**	**2,831**	**8,778**	**370**	**9,148**		**9,148**
Segment assets	**294,077**	**58,713**	**352,791**	**18,384**	**371,175**	**¥98,660**	**469,836**
Other:							
Depreciation	**5,829**	**1,833**	**7,662**	**48**	**7,711**		**7,711**
Investments in unconsolidated subsidiaries and associated companies accounted for by the equity method	**2,700**	**21**	**2,721**		**2,721**		**2,721**
Increase in property, plant and equipment and intangible assets	**¥6,031**	**¥6,836**	**¥12,867**	**¥4**	**¥12,872**		**¥12,872**

	Millions of yen						
	2011						
	Reportable segment						
	Metalworking Machinery	Metal Machine Tools	Total	Others	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	¥127,280	¥34,076	¥161,357	¥1,796	¥163,153		¥163,153
Intersegment sales or transfers	38	33	71		71	¥(71)	
Total	127,318	34,110	161,428	1,796	163,225	(71)	163,153
Segment profit	2,019	1,948	3,967	386	4,353		4,353
Segment assets	277,316	52,927	330,244	18,801	349,045	103,746	452,792
Other:							
Depreciation	6,396	1,190	7,586	52	7,638		7,638
Investments in unconsolidated subsidiaries and associated companies accounted for by the equity method	3,406	57	3,464		3,464		3,464
Increase in property, plant and equipment and intangible assets	¥4,588	¥6,026	¥10,615	¥28	¥10,644		¥10,644

	Millions of yen						
	2010						
	Reportable segment						
	Metalworking Machinery	Metal Machine Tools	Total	Others	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	¥109,065	¥24,908	¥133,973	¥2,005	¥135,979		¥135,979
Intersegment sales or transfers	30	18	49		49	¥(49)	
Total	109,096	24,926	134,022	2,005	136,028	(49)	135,979
Segment profit	(6,901)	(3,156)	(10,057)	402	(9,654)	(0)	(9,654)
Segment assets	280,724	47,056	327,781	19,586	347,367	120,810	468,178
Other:							
Depreciation	6,857	1,344	8,202	54	8,256		8,256
Investments in unconsolidated subsidiaries and associated companies accounted for by the equity method	3,308	13	3,322		3,322		3,322
Increase in property, plant and equipment and intangible assets	¥11,118	¥451	¥11,570	¥9	¥11,579		¥11,579

	Thousands of U.S. dollars						
	2012						
	Reportable segment						
	Metalworking Machinery	Metal Machine Tools	Total	Others	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	**$1,752,721**	**$486,179**	**$2,238,901**	**$19,918**	**$2,258,820**		**$2,258,820**
Intersegment sales or transfers	**500**	**150**	**650**		**650**	**$(650)**	
Total	**1,753,222**	**486,329**	**2,239,552**	**19,918**	**2,259,470**	**(650)**	**2,258,820**
Segment profit	**72,395**	**34,475**	**106,870**	**4,505**	**111,376**		**111,376**
Segment assets	**3,580,204**	**714,799**	**4,295,004**	**223,814**	**4,518,818**	**1,201,123**	**5,719,941**
Other:							
Depreciation	**70,974**	**22,317**	**93,291**	**586**	**93,878**		**93,878**
Investments in unconsolidated subsidiaries and associated companies accounted for by the equity method	**32,875**	**257**	**33,133**		**33,133**		**33,133**
Increase in property, plant and equipment and intangible assets	**$73,427**	**$83,230**	**$156,657**	**$50**	**$156,708**		**$156,708**

1. "Other" includes the real estate leasing business, the golf course management business and the automobile leasing business.
2. 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. Corporate assets were ¥98,660 million ($1,201,123 thousand), ¥103,746 million and ¥120,810 million for the years ended March 31, 2012 , 2011and 2010 respectively.
3. Segment profit (loss) is adjusted from the operating income in the consolidated statements of operations.

The information related to the segment information is as follows:

1. Information about products and services

	Millions of yen					
	2012					
	Metalworking Machinery		Metal Machine Tools			
	Sheet-Metal Processing Machines Division	Presses Division	Bandsaws Division	Machine Tools Division	Others	Total
Sales to external customers	**¥137,766**	**¥6,201**	**¥25,586**	**¥14,348**	**¥1,636**	**¥185,539**

	Millions of yen					
	2011					
	Metalworking Machinery		Metal Machine Tools			
	Sheet-Metal Processing Machines Division	Presses Division	Bandsaws Division	Machine Tools Division	Others	Total
Sales to external customers	¥121,487	¥5,793	¥22,107	¥11,969	¥1,796	¥163,153

	Thousands of U.S. dollars					
	2012					
	Metalworking Machinery		Metal Machine Tools			
	Sheet-Metal Processing Machines Division	Presses Division	Bandsaws Division	Machine Tools Division	Others	Total
Sales to external customers	**$1,677,221**	**$75,500**	**$311,493**	**$174,686**	**$19,918**	**$2,258,820**

2. Information about geographical areas

(1) Sales

Millions of yen					
2012					
Japan	North America	Europe	Asia	Others	Total
¥90,669	**¥25,811**	**¥32,533**	**¥32,628**	**¥3,895**	**¥185,539**

Millions of yen					
2011					
Japan	North America	Europe	Asia	Others	Total
¥80,341	¥20,855	¥27,004	¥31,280	¥3,671	¥163,153

Thousands of U.S. dollars					
2012					
Japan	North America	Europe	Asia	Others	Total
$1,103,840	**$314,243**	**$396,077**	**$397,231**	**$47,428**	**$2,258,820**

(2) Property, plant and equipment

Millions of yen				
2012				
Japan	North America	Europe	Others	Total
¥93,103	**¥6,554**	**¥8,044**	**¥1,852**	**¥109,555**

Millions of yen				
2011				
Japan	North America	Europe	Others	Total
¥90,516	**¥5,223**	**¥8,845**	**¥1,404**	**¥105,990**

Thousands of U.S. dollars				
2012				
Japan	North America	Europe	Others	Total
$1,133,476	**$79,798**	**$97,934**	**$22,555**	**$1,333,764**

The information related to Impairment losses of assets is as follows:

	Millions of yen				
	2012				
	Reportable segment				
	Metalworking Machinery	Machine Tools	Others	Elimination/ Corporate	Total
Impairment losses of assets	**¥268**		**¥121**		**¥390**

	Thousands of U.S. dollars				
	2012				
	Reportable segment				
	Metalworking Machinery	Machine Tools	Others	Elimination/ Corporate	Total
Impairment losses of assets	**$3,274**		**$1,473**		**$4,748**

The amount under "Other" are related to the real estate leasing business.

The information related to Amortization of goodwill and balance of goodwill were as follows:

	Millions of yen				
	2012				
	Reportable segment				
	Metalworking Machinery	Metal Machine Tools	Others	Eliminationl Corporate	Total
Amortization of goodwill	**¥318**	**¥111**	**¥105**		**¥534**
Goodwill at March 31, 2012	**1,688**	**318**	**1,474**		**3,481**
Amortization of negative goodwill		**264**			**264**
Negative goodwill at March 31, 2012		**264**			**264**

	Millions of yen				
	2011				
	Reportable segment				
	Metalworking Machinery	Metal Machine Tools	Others	Eliminationl Corporate	Total
Amortization of goodwill	¥274	¥91	¥105		¥470
Goodwill at March 31, 2011	1,713	442	1,580		3,736
Amortization of negative goodwill		264			264
Negative goodwill at March 31, 2011		529			529

	Thousands of U.S. dollars				
	2012				
	Reportable segment				
	Metalworking Machinery	Metal Machine Tools	Others	Eliminationl Corporate	Total
Amortization of goodwill	**$3,872**	**$1,354**	**$1,282**		**$6,509**
Goodwill at March 31, 2012	**20,551**	**3,880**	**17,956**		**42,388**
Amortization of negative goodwill		**3,222**			**3,222**
Negative goodwill at March 31, 2012		**3,222**			**3,222**

The amounts under "Others" are related to the golf course management business.

21 SUBSEQUENT EVENT

Appropriations of retained earnings

The following appropriations of retained earnings at March 31, 2012, were approved by the shareholders at the Company's general shareholders' meeting held on June 28, 2012.

	Millions of yen	Thousands of U.S. dollars (Note 1)
Year-end cash dividends, ¥6.00 ($0.07) per share	**¥2,290**	**$27,889**

Independent Auditors' Report

Deloitte.

Deloitte Touche Tohmatsu LLC
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4-13-23, Shibaura
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Japan

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of Amada Co., Ltd. and consolidated subsidiaries as of March 31, 2012, and the related consolidated statements of operations, 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 conformity 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 conformity 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 Co., Ltd. and consolidated subsidiaries as of March 31, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity 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 conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 28, 2012

Member of
Deloitte Touche Tohmatsu Limited

Investor Information

Founded
September 10, 1946

Incorporated
May 1, 1948

Number of Shares of Common Stock
(As of September 30, 2012)

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

Number of Shareholders
(As of March 31, 2012)

31,095

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

Quarterly Stock Price Range on Tokyo Stock Exchange (¥)

	2011				**2012**	
	1st	2nd	3rd	4th	1st	2nd
High	755	701	649	553	604	591
Low	519	558	470	446	472	421

Ordinary General Meeting of Shareholders
June

Shareholder Register Administrator
Mitsubishi UFJ Trust and Banking Corporation
4-5 Marunouchi, 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan

Major Shareholders
(As of March 31, 2012)

Name	Shares owned (1,000 shares)	Percent (%)
Japan Trustee Services Bank, Ltd. (Trust accounts)	57,626	15.1
The Master Trust Bank of Japan, Ltd. (Trust accounts)	23,648	6.2
Mizuho Bank, Ltd.	18,761	4.9
Trust & Custody Services Bank, Ltd. (Trust accounts)	11,733	3.1
The Amada Foundation	9,936	2.6
Nippon Life Insurance Company	7,239	1.9
RBC Dexia Investor Services Trust London Lending Account	6,713	1.8
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	6,608	1.7
The Joyo Bank, Ltd.	5,756	1.5
The Bank of New York Treaty Jasdec Account	4,870	1.3

Note: Ownership percentages have been calculated by excluding treasury stock (14,689,995 shares).

The Amada Group

The Amada Group

(As of October 1, 2012)

AMADA CO., LTD.

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

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

Toki Works
1431-37, Kitayama, kujiri, Izumi-cho,
Toki, Gifu 509-5142, Japan
Phone: 81-572-51-3111
Facsimile: 81-572-51-3100

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

PRINCIPAL DOMESTIC GROUP COMPANIES

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

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

Nicotec Co., Ltd.*
200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-96-3221
Facsimile: 81-463-96-3230
Major Activities: Sales of Amada products for the sales agent market and the manufacture and sales of metalworking machines and machine tools

Amada Engineering Co., Ltd.*
200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-91-8090
Facsimile: 81-463-91-8102
Major Activities: Design, manufacture, and installment of peripheral equipment for metalworking machines

Amada Tool Precision Co., Ltd.*
200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-91-8050
Facsimile: 81-463-91-8137
Major Activities: Manufacture and sales of punches and dies

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

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

Amada Soft Service Co., Ltd.*
200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-96-3476
Facsimile: 81-463-96-3477
Major Activities: Development and sales of software for machine tools and metalworking machines

Amada Ailink Service Co., Ltd.*
350 Ishida, Isehara,
Kanagawa 259-1116, Japan
Phone: 81-463-97-2800
Facsimile: 81-463-97-2803
Major Activities: Information service and sales intermediation for metalworking machines and electric equipment through the Internet

PRINCIPAL OVERSEAS GROUP COMPANIES

NORTH AMERICA

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

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

Amada Machine Tools America, Inc.*
2324 Palmer Dr., Schaumburg,
IL 60173, U.S.A.
Phone: 1-847-285-4800
Facsimile: 1-847-519-2127
Major Activities: Sales and after-sales service of machine tools, mainly Amada bandsaw machines, bandsaw blades, CNC lathes, and CNC grinders for the North American market

Amada Tool America, Inc.*
4A Treadeasy Avenue,
Batavia, NY 14020, U.S.A.
Phone: 1-585-344-3900
Facsimile: 1-585-344-3905
Major Activities: Manufacture of punches and dies

Amada Canada Ltd.*
885, Avenue Georges Cros, Granby,
Quebec J2J 1E8, Canada
Phone: 1-450-378-0111
Facsimile: 1-450-378-4903
Major Activities: Sales and after-sales service of Amada products for the Canadian market

Amada de Mexico, S. de R.L. de C.V.*
Ave. Ricardo Margain 575,
Parque Corporativo Santa Engracia,
San Pedro Garza Garcia,
NL CP 66267, Mexico
Phone: 52-81-1234-0700
Facsimile: 52-81-1234-0700
Major Activities: Sales and after-sales service of Amada products for the Mexican market

EUROPE

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

Amada GmbH*
Amada Allee 1, 42781 Haan, Germany
Phone: 49-2104-2126-0
Facsimile: 49-2104-2126-999
Major Activities: Sales and after-sales service of Amada products mainly for Germany and other countries in the European market

Amada Machine Tools Europe GmbH*
Amada Allee 3, 42781 Haan, Germany
Phone: 49-2104-1777-0
Facsimile: 49-2104-1777-344
Major Activities: Sales and after-sales service of machine tools, mainly Amada bandsaw machines, bandsaw blades, CNC lathes, and CNC grinders for the European market

Amada Advanced Technology GmbH*
Ottostr. 27, 84030 Landshut, Germany
Phone:49-2104-2126-610
Facsimile:49-2104-2126-644
Major Activities: Research and development of metalworking machines, mainly laser machines

Amada Europe S.A.*
ZI Paris Nord II, 96, Avenue de la Pyramide,
93290 Tremblay-en-France, France
Phone: 33-1-4990-3000
Facsimile: 33-1-4990-3199
Major Activities: Development, manufacture, and sales of metalworking machines

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

Amada Outillage S.A.*
Zone Industrielle B.P. 35 76720, Auffay, France
Phone: 33-2-3280-8100
Facsimile: 33-2-3532-7646
Major Activities: Manufacture of punches and dies for punching machines

Amada Italia S.r.l.*
Via Amada I., 1/3,
29010 Pontenure, Piacenza, Italy
Phone: 39-0523-872111
Facsimile: 39-0523-872101
Major Activities: Sales and after-sales service of Amada products mainly for the Italian market

Amada Engineering Europe S.p.A.*
Via Amada I., 1/3,
29010 Pontenure, Piacenza, Italy
Phone: 39-0523-952811
Facsimile: 39-0523-952899
Major Activities: R&D, sales, after-sales service of software, and engineering processes for sheet-metal processing machines

Amada Austria GmbH*
Wassergasse 1, A-2630 Ternitz, Austria
Phone: 43-2630-35170
Facsimile: 43-2630-35165
Major Activities: Manufacture and sales of bandsaw blades and bending tools

Amada Sweden AB*
P.O. Box 633, Borgens Gata 16-18,
441-17 Alingsas, Sweden
Phone: 46-322-20-9900
Facsimile: 46-322-20-9929
Major Activities: Sales and after-sales service of Amada products for the Swedish market

LKI Kaldman Ltd.**
Svartnäshagavägen 7 FIN-68910 Bennas, Finland
Phone: 358-20-7009-000
Facsimile: 358-20-7009-033
Major Activities: Manufacture, sales, and after-sales service of peripheral equipment for sheet-metal processing machines

Amada OOO*
Dokukina Street 16, Building 3,
Moscow 129226, Russian Federation
Phone: 7-495-518-9650
Facsimile: 7-495-518-9651
Major Activities: Sales and after-sales service of Amada products mainly for the Russian market

Amada Türkiye Makina Teknoloji Sanayi Ve Ticaret Ltd. Sti.*
Ikitelli Organize Sanayi Bolgesi Haseyad koop.,
Turgut Ozal cad., No: 116,
34670 Ikitelli Istanbul-Turkiye
Phone: 90-212-549-1070
Facsimile: 90-212-549-1076
Major Activities: Sales and after-sales service of Amada products mainly for the Turkish market

ASIA

Amada (China) Co., Ltd.*
Room No.102 Building No.6,
488 Xinke Road, Qingpu District, Shanghai,
People's Republic of China
Major Activities: Holding company of Chinese subsidiaries and management control

Amada Hong Kong Co., Ltd.*
Unit 1101-2, 11/F., Austin Tower,
22-26 Austin Ave., Jordan, Kowloon,
Hong Kong, S.A.R., People's Republic of China
Phone: 852-2868-9186
Facsimile: 852-2521-1363
Major Activities: Holding shares for investment as well as international trading and sales of Amada products for the Chinese market

Beijing Amada Machine & Tooling Co., Ltd.*
No. 3, 705 Yong Chang Bei Lu, Beijing Economic Technological Development Area,
People's Republic of China
Phone: 86-10-6786-9380
Facsimile: 86-10-6786-9665
Major Activities: Manufacture and sales of punches and dies for punch presses and sales and after-sales service of Amada products for the Chinese market

Amada International Industry & Trading (Shanghai) Co., Ltd.*
No. 629, Xi Huan Road, Min Hang District,
Shanghai, People's Republic of China
Phone: 86-21-6212-1111
Facsimile: 86-21-6240-4105
Major Activities: Sales and after-sales service of Amada products for the Chinese market and international trading

Amada Shanghai Machine Tech Co., Ltd.*
No. 68, Hui Shen Road,
Nan Xiang High-tech Industry Park,
Jia Ding District, Shanghai, China
Phone: 86-21-6917-1352
Facsimile: 86-21-5280-7737
Major Activities: Manufacture, sales, and after-sales service of metalworking machines and punches and dies for punch presses for the Chinese market

Amada International Trading (Shenzhen) Co., Ltd.*
Rms. 801-803, 812, 8F, Talfook Chong, No. 9,
Shihua Road, Futian Free Trade Zone,
Shenzhen, People's Republic of China
Phone: 86-755-8358-0011
Facsimile: 86-755-8359-7489
Major Activities: Sales and after-sales service of Amada products for the Chinese market and international trading

Amada Lianyungang Machinery Co., Ltd.*
No. 21 Zhenxing Road, Songtiao,
Lianyungang Eco. & Tech.,
Development Zone,
Jiangsu, People's Republic of China
Phone: 86-518-8551-9215
Facsimile: 86-518-8548-7570
Major Activities: Manufacture, sales, and after-sales service of bandsaw machines and blades for the Chinese market

Amada Lianyungang Machine Tech Co., Ltd.**
No. 1 Qufeng Road,
Haizhou Development Zone,
Lianyungang, Jiangsu, China
Phone: 86-518-8591-8369
Facsimile: 86-518-8591-8368
Major Activities: Manufacture of bandsaw machines

Amada Taiwan Inc.*
No. 21, Wenming Rd., Linkou 3 Ind. Park,
Kweishan, Taoyuan Hsien, Taiwan
Phone: 886-3-328-3511
Facsimile: 886-3-328-4200
Major Activities: Sales and after-sales service of Amada products for the Taiwanese market

Amada Korea Co., Ltd.*
821, Dongchun-Dong, Yeonsu-gu,
Incheon, Republic of Korea
Phone: 82-32-821-6010
Facsimile: 82-32-821-6015
Major Activities: Sales and after-sales service of Amada products for the Korean market

Amada Asia Pte Ltd.*
12, Tannery Road, #03-07 HB Centre 1,
Singapore 347722
Phone: 65-6743-3244
Facsimile: 65-6743-3844
Major Activities: Coordination and management control of ASEAN Amada Group companies

Amada Singapore (1989) Pte Ltd.*
12, Tannery Road,
#05-01/02 HB Centre 1,
Singapore 347722
Phone: 65-6743-6334
Facsimile: 65-6743-3134
Major Activities: Sales and after-sales service of Amada products for the Singaporean and Indonesian markets

Amada (Thailand) Co., Ltd.*
110/8 Moo 13, Rachatheva,
Bangplee, Samutprakarn
10540, Thailand
Phone: 66-2738-9530
Facsimile: 66-2738-9534
Major Activities: Sales and after-sales service of Amada products for the Thai market

Amada Machine Tools (Thailand) Co., Ltd*
Amatanakorn Industrial Estate,
700/146, Village No. 1, Bankao,
Panthong, Chonburi 20160, Thailand
Phone: 66-3846-8920
Facsimile: 66-3846-8923
Major Activities: Sales and after-sales service of machine tools, mainly Amada bandsaw machines, CNC lathes, CNC grinders, sales of bandsaw blades, and manufacture and retrofit machine tools

Amada (Malaysia) Sdn. Bhd.*
No. 38, Jalan Kartunis, U1/47,
Temasya Industrial Park Section U1,
Glenmarie, 40150 Shah Alam,
Selangor Darul Ehsan, Malaysia
Phone: 60-3-5569-1035
Facsimile: 60-3-5569-1042
Major Activities: Sales and after-sales service of Amada products for the Malaysian market

Amada Vietnam Co., Ltd.*
469 Ha Huy Tap Road, Yen Vien, Gia Lam,
Hanoi, Vietnam
Phone: 84-4-6261-4583
Facsimile: 84-4-6261-4584
Major Activities: Sales and after-sales service of Amada products for the Vietnamese market

Amada (India) Pvt. Ltd.*
D/115-116 Floral Deck Plaza,
MIDC, Andheri (East), Mumbai - 400093, India
Phone: 91-22-2839-5592
Facsimile: 91-22-2823-5405
Major Activities: Sales intermediation for and after-sales service of Amada products for the Indian market

Amadasoft (India) Pvt. Ltd.*
IITM Research Park, 2nd Floor,
Block No. 6, Plot No. 2, Rajiv Gandhi Salai,
Taramani, Chennai, PIN-600113, India
Phone: 91-44-6663-0300
Facsimile: 91-44-6663-0308
Major Activities: Research and development of software for machine tools and sheet-metalworking machines

OTHER AREAS

Amada Oceania Pty Ltd.*
Unit 7, 16 Lexington Drive, Bella Vista,
NSW 2153, Australia
Phone: 61-2-8887-1100
Facsimile: 61-2-8887-1101
Major Activities: Sales and after-sales service of Amada products for the Australian market

Amada do Brasil Ltda.*
Avenida Tambore, 965/973, Tamboré, Barueri-SP, CEP 06460-000, Brazil
Phone:55-11-4193-5730
Facsimile:55-11-4193-4575
Major Activities: Sales and after-sales services of Amada machines for the Brazilian market

*Subsidiary
**Affiliate

shift more global

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