

ANNUAL REPORT

Grow with Our Customers

2013



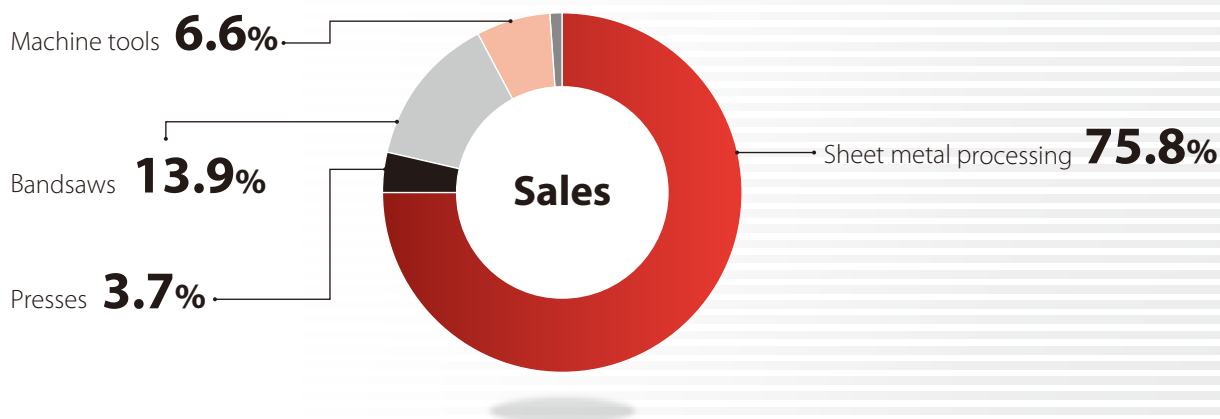
Contributing to the global a better future of human

The **Amada Group** provides four types of metalworking machinery—sheet metal processing machines, presses, cutting machines, and machine tools—as well as total solution services that range from computer software and peripheral devices for controlling metalworking machines to toolings and maintenance.

In today's markets, the needs of customers are changing rapidly, and in response Amada is providing optimal solutions based on leading-edge technologies and know-how cultivated over many years.

Amada is a “comprehensive manufacturer of metalworking machinery” that strives to meet the needs of customers who are committed to excellence in manufacturing.

Sales Composition by Industry Segment



manufacturing and being

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A CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS:

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

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

Metalworking machinery that supports comfortable lifestyles

Manufactured goods are made from a wide range of materials, such as metal (iron, copper, aluminum, stainless steel ,etc.), plastic, wood, paper, cloth, petroleum, and minerals. Of these, metal is probably the most widely used material.

In addition to consumer products, Amada's machines and software are also used in production activities throughout the manufacturing sector, including such basic industries as aircraft, rolling stock, machine tools,



Amada supports manufacturing in key industries.

There are two major fields in metal processing. Various methods are available depending on the material characteristics or the shape of finished components, and Amada categorizes metal processing into four business segments.

Sheet Metal Processing Machines Division



agriculture and construction equipment, switchboards, manufacturing equipment for semiconductors and other products, and medical equipment.

As a comprehensive manufacturer of metalworking machinery, Amada strives to support manufacturing in basic industries and to contribute to the future of people around the world.

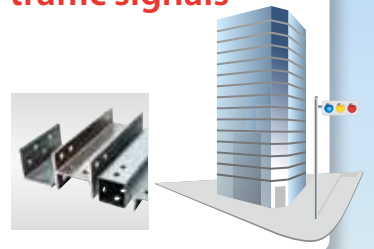
Cameras, watches



Lockers



Buildings, traffic signals



Medical devices



Solar panels



Cutting Division



Stamping Press Division



Machine Tools Division



Miyachi Corporation



Message from the President & CEO

We are contributing to the global manufacturing and a better future of human being.



President & CEO
Mitsuo Okamoto

RESULTS IN THE FISCAL YEAR ENDED MARCH 31, 2013

In the fiscal year under review, the U.S. economy continued to record moderate growth, but there were a number of adverse factors, such as an economic slowdown in China and other emerging markets and continued debt problems in Europe. As a result, the global economy was weak overall. Although the Japanese economy remained sluggish, there were some positive signs in the second half of the fiscal year. There was strong reconstruction demand from the Great East Japan Earthquake, and after a new administration took office in December 2012, anti-deflationary economic policies improved sentiment and led to the depreciation of the yen and higher stock prices.

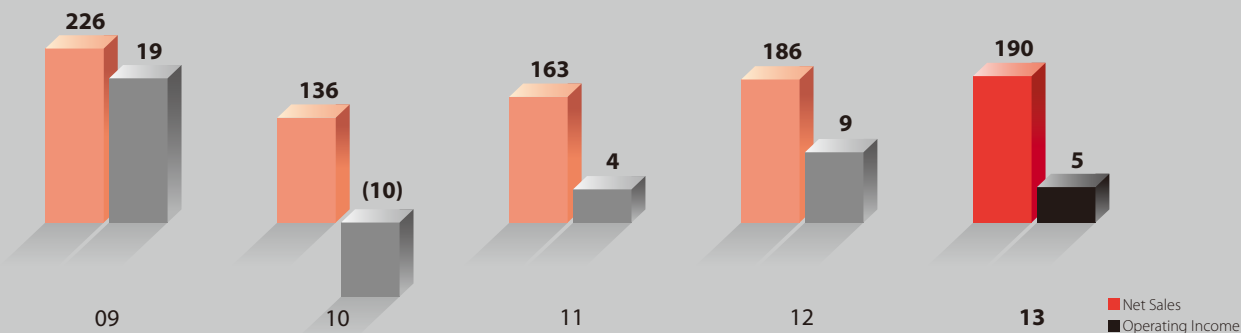
In the machinery industry, customers remained cautious about capital investment, particularly small and medium-sized enterprises, and a full-scale recovery was not reached.

In this setting, the Amada Group continued to implement business activities in accordance with its management philosophy—Growing With Our Customers. From the perspective of “Innovation for Manufacturing,” we continually worked to foster innovation and proposed a variety of solutions in the manufacturing of metalworking machinery.

As a result, we recorded year-on-year gains in consolidated order value and net sales, with orders up 3.2%, to ¥194.6 billion, and net sales rising 2.4%, to ¥190.0 billion. On the other hand, our gross profit margin declined due to a lower operating profit ratio, and deferral from installment sales increased. As a result, operating profit was down 49.4%, to ¥4,625 million, and net income decreased 11.1%, to ¥4,126 million.

Net Sales / Operating Income

Billions of yen



MAJOR INITIATIVES IN THE YEAR UNDER REVIEW

Metalworking Machinery Business

With the objective of enhancing its product lineup, obtaining laser technology, and expanding its customer base, Amada made Miyachi Corporation a subsidiary in March 2013 through a tender offer. In addition, we took steps to increase our ability to rapidly launch new products. To that end, we reevaluated our product development system, with a focus on manufacturing based on processing technologies, and we established Amada Advanced Technology GmbH, an R&D company, in Germany. Moreover, to build a production system that is less susceptible to exchange rate fluctuations and to reinforce our cost competitiveness, we started operations at a new U.S. plant in Brea City, California, and we advanced local procurement initiatives.

With the objective of shifting away from the previous centralized system, which was led by the head office in Japan, we have established regional headquarters companies in the North America/ASEAN, China, and Europe regions, thereby establishing a five-part

system. In this way, we have built a new global production system. We also enhanced our sales systems and established technical centers. The objective of these initiatives was to increase our market share in industrially developed countries, centered on laser machines, and to increase sales in emerging country markets.

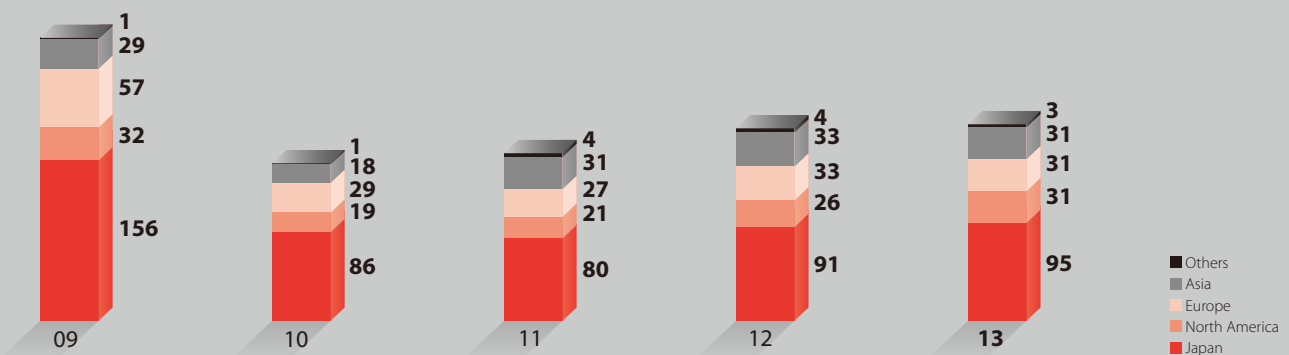
* The laser machine, resistance welding, and other operations of Miyachi Corporation are included in the Sheet Metal Processing Machine Division.

Metal Machine Tools Business

At the Toki Works, which is the central base of our metal machine tools operations, we implemented the full-scale introduction of front-loading development and modular production systems. In the Bandsaws Division, we enhanced our lineup of PCSAW Series pulse cutting bandsaws. In the Machine Tools Division, we launched new products, such as the V-8G three-function machine tool, which offers lathe, milling, and grinding functions.

Sales of Geographical Segments

Billions of yen



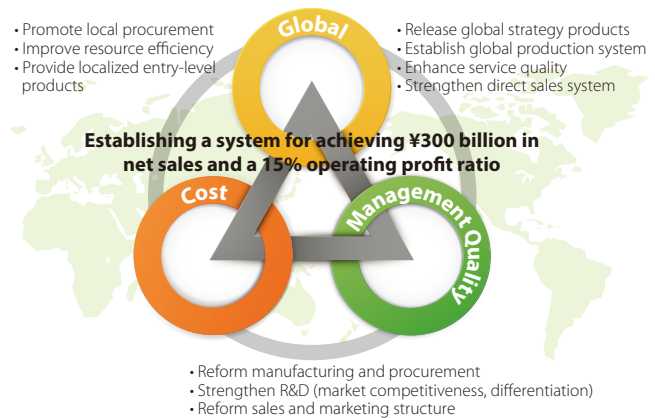
PROGRESS WITH THE MEDIUM-TERM MANAGEMENT PLAN

The global manufacturing environment is undergoing significant changes. These include the shift of production to emerging countries, the need to meet global environmental requirements, and the growing presence of innovative products and technologies, such as electric vehicles. In this management environment, we have formulated a medium-term management plan with three key points—Global, Cost, and Management Quality. On that basis, Amada is implementing multilateral strategies for achieving ¥300.0 billion in sales and a 15% operating profit ratio by the fiscal year ending March 31, 2016. The plan calls for a total of about ¥80.0 billion in capital investment, R&D investment, and M&A transactions. In the fiscal year ended March 31, 2013, the first year of the plan, we implemented nearly ¥30.0 billion in investment.

Globalization will be essential for Amada to reach its sales targets. Accordingly, we are aiming to build a seamless organization—from manufacturing to marketing and service—by establishing manufacturing bases overseas and by reinforcing our marketing bases with the establishment of new Technical Centers

and local subsidiaries. Furthermore, we have established regional headquarters companies in each region. As profit centers, these headquarters will enhance management quality while centrally managing all processes, from brand strategy and training to product quality and supply chain management.

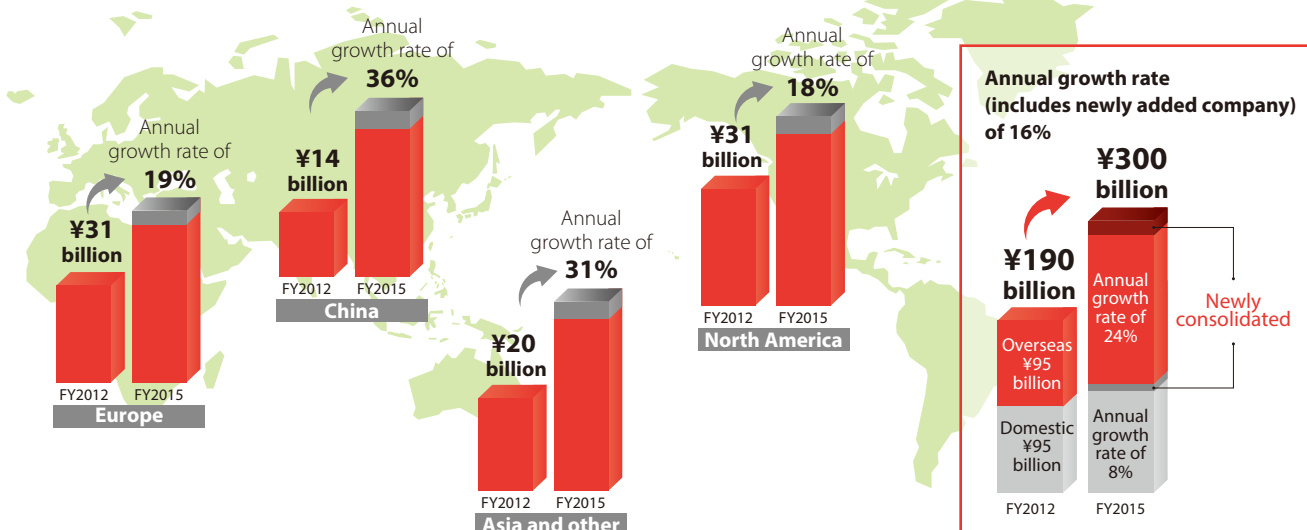
Amada’s key points for building a corporate structure with ¥300 billion in net sales and a 15% operating profit ratio



Aim for true globalization to achieve ¥300 billion in global sales

Developed markets: Expand market share through differentiation strategy based on solution business

Emerging markets: Expand volume by releasing products that are competitive in both cost and quality



Amada is aiming to expand both the laser business, which is a growth field, and the after-sales service business, which is expected to generate stable revenues. To that end, we are aiming to gain competitive advantages in both cost and quality through the

in-house manufacturing of fiber laser oscillators. As for the service business, in addition to after-sales service, we will strive to establish before-sales service operations by strengthening our training, increasing our staff, and leveraging our remote support system.

DIVIDENDS AND CAPITAL POLICY

Amada is striving to reinforce its corporate foundation in accordance with the belief that increasing corporate value is the best way of providing a return to shareholders and other investors. In addition, we regard the distribution of profits as one of our most important management issues.

Our basic dividend policy is to distribute profits in accordance with our business performance, with consideration for stability and continuity. On that basis, we aim for a dividend payout ratio of around 30% to 50% of consolidated net income. For the fiscal year ended March 31, 2013, although consolidated net income decreased, to repay the support of shareholders, Amada's annual dividend was maintained at ¥12 per share (¥8 interim, ¥4 year-end), the same as in the previous year.

Moving forward, the Group will work to build a solid revenue/profit structure and to strengthen its management foundation by advancing and implementing the various initiatives outlined above.

We are committed to maintaining our position as the world's number one manufacturer of metalworking machinery, and I would like to ask for your continued support in the years ahead.

October 2013



Mitsuo Okamoto
President and Chief Executive Officer

Investment

Unit: billions of yen

Investment/M&A/R&D	Major Cases	FY2012	FY2013	FY2014–FY2015	Total over Four Years
Total		29	22	29	80
Domestic Investment		3	3	2	8
Overseas Investment		8	9	4	21
North America (new plant, technical center, other)		3	1	1	5
Europe (plant equipment, technical center, other)		2	2	2	7
Asia (new plant, technical center, other)		3	5	1	9
M&A		11	2	3	16
R&D		8	8	20	36

Financial Highlights

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

Millions of yen

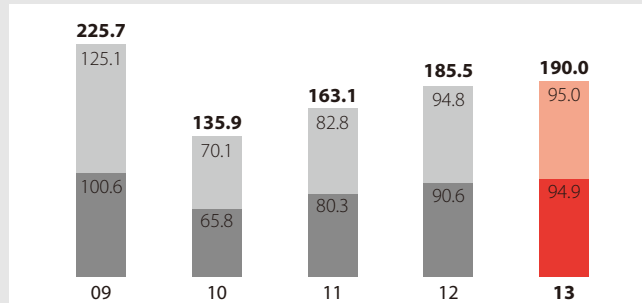
	2013	2012	2011	2010	2009
For the year:					
Net sales	¥190,018	¥185,539	¥163,153	¥135,979	¥225,789
Sales to foreign customers	95,079	94,870	82,811	70,166	125,181
Cost of sales	115,595	109,509	98,959	89,375	131,866
Gross profit	74,423	76,030	64,193	46,604	93,922
Selling, general and administrative expenses	68,953	67,339	62,430	60,165	78,166
Net changes in deferred profit on installment sales and finance lease sales	(844)	458	2,590	3,905	2,945
Operating income (loss)	4,625	9,148	4,353	(9,654)	18,701
Other income (expenses)—net	2,390	1,062	1,812	4,627	(5)
Income (loss) before income taxes and minority interests	7,015	10,210	6,165	(5,027)	18,696
Net income (loss)	4,126	4,643	2,716	(3,739)	8,488
Comprehensive income (loss)	17,704	1,043	(9,359)	789	
Purchases of property, plant and equipment	10,203	12,747	6,891	10,861	12,163
Depreciation and amortization	7,657	7,711	7,638	8,256	8,575
Research and development costs	7,491	7,022	6,304	5,457	5,982
At year-end:					
Total equity	¥385,102	¥371,969	¥375,159	¥388,667	¥392,636
Total assets	495,449	469,836	452,792	468,178	479,947
Total long-term liabilities	21,861	21,142	23,753	25,424	24,021
Per share of common stock (yen):					
Net income (loss)—					
Basic	¥10.81	¥12.16	¥ 7.11	¥(9.79)	¥22.12
Diluted					
Cash dividends applicable to the year	12.00	12.00	10.00	10.00	16.00
Sales composition:					
Metalworking Machinery business:	¥149,831	¥143,968	¥127,280	¥109,065	¥175,332
Sheet metal processing machines	142,874	137,766	121,487	103,723	166,736
Presses	6,957	6,201	5,793	5,342	8,596
Metal Machine Tools business:	¥38,552	¥39,934	¥34,076	¥24,908	¥48,010
Bandsaws	26,162	25,586	22,107	18,248	32,643
Machine tools	12,390	14,348	11,969	6,659	15,367
Others	1,634	1,636	1,796	2,005	2,445
Total	¥190,018	¥185,539	¥163,153	¥135,979	¥225,789
Number of employees	7,678	6,467	5,899	5,870	6,005

Notes:

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

Net Sales

Billions of yen



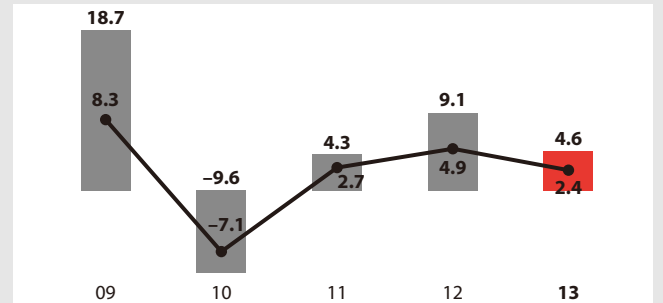
Overseas Sales Domestic Sales

FY

Operating Income (Loss) and Ratio to Net Sales

Billions of yen

%



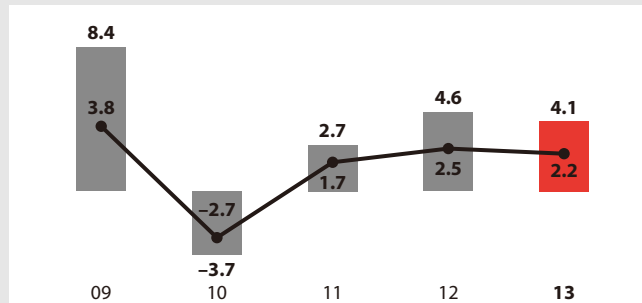
Operating Income (Loss) Ratio to Net Sales

FY

Net Income (Loss) and Ratio to Net Sales

Billions of yen

%

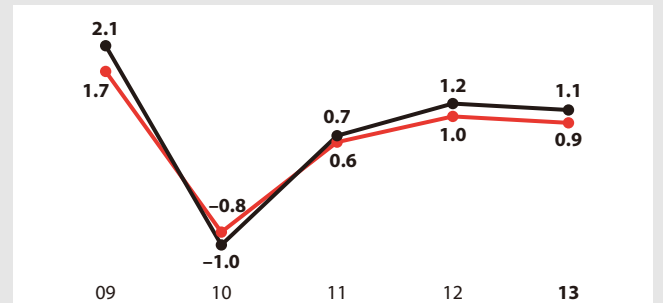


Net Income (Loss) Ratio to Net Sales

FY

ROE and ROA

%

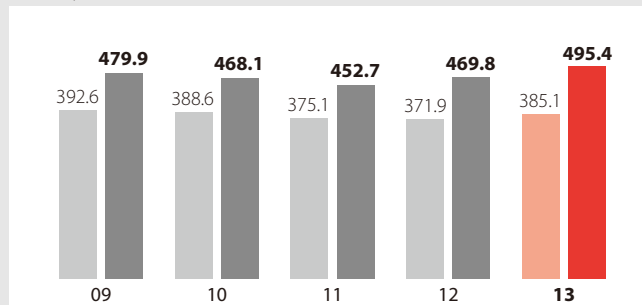


ROE ROA

FY

Total equity and Total Assets

Billions of yen



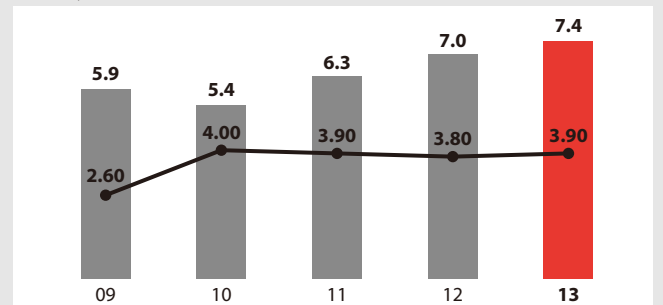
Total Equity Total Assets

FY

Research and Development Costs and Ratio to Net Sales

Billions of yen

%

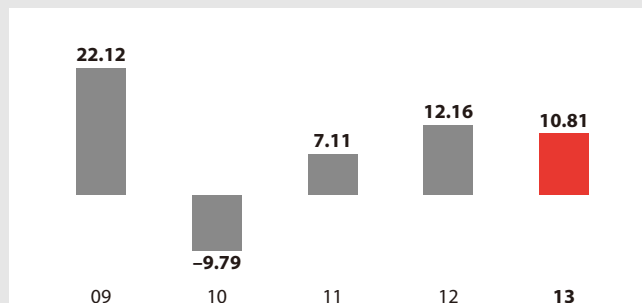


Research and Development Costs Ratio to Net Sales

FY

Net Income per Share

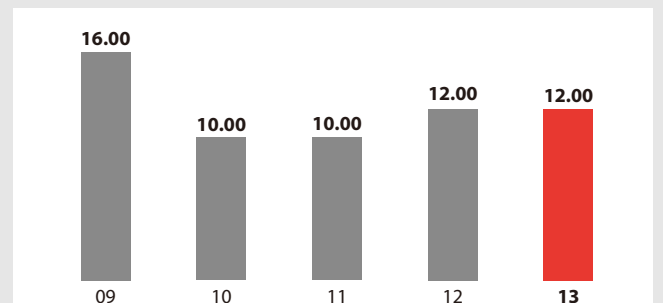
Yen



FY

Cash Dividend per Share

Yen



FY

Key Topics in Japan and

Development Base Established in Europe

In Amada's metalworking machinery business, laser machine operations are expected to show the strongest growth. To bolster these operations, we established Amada Advanced Technology GmbH, an R&D company, in Germany, and concluded a development tie-up with the Fraunhofer research organization. In addition, at the European regional headquarters company established in January 2013, we opened a development office focused on bending. In this way, we have established a two-part development system in Europe covering laser machines and bending machines.

New U.S. Plant Opened in Brea City, California

We opened a new plant in Brea City, California. This plant will be used as a manufacturing base in North America for turret punch presses, peripheral equipment, and other equipment, centered on laser machines, for which demand is expected to grow.



LA Technical Center Opened in California



April 2012

June 2012

February 2013

October 2012

New Products Exhibited at EuroBLECH2012

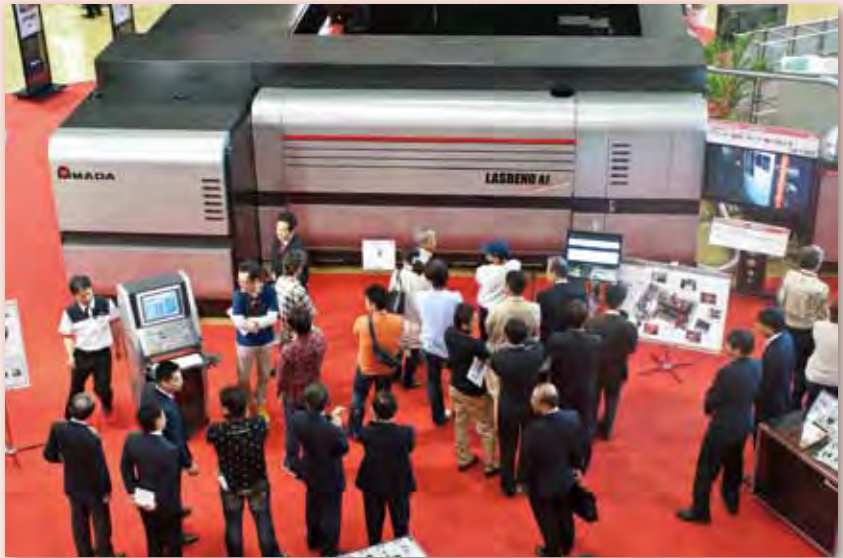
Amada exhibited 10 new products at EuroBLECH2012, the world's largest international sheet metal working technology exposition, which is held in Hanover, Germany. The exhibited products included the SHEETCENTER LASBEND-AJ, a process integration machine. This all-in-one unit, which is based on laser processing machinery, integrates laser cutting, forming, tapping, and bending processes. Amada worked to promote its advanced technical capabilities at the exhibition.



Overseas

AIFG2013 Held at Headquarters Solution Center

The global event Amada Innovation Fair 2013 Global (AIFG2013), was held at the HQ Solution Center in Isehara, Kanagawa Prefecture. Exhibits included a number of new products and new solutions that showcased leading-edge technologies and were displayed in Japan for the first time. These included the SHEETCENTER LASBEND-AJ, the ultimate process integration machine, and the six-axis robot EG-6013AR electric servo machine.



May 2013

March 2013

Miyachi Corporation Made a Subsidiary of Amada through a Tender Offer

With the objectives of enhancing its product lineup, obtaining laser technology, and expanding its customer base, Amada made Miyachi Corporation a subsidiary through a tender offer. Miyachi has superior technology in the field of ultra-fine welding, as well as strengths on the market side in the automotive industry. In this way, we expect the acquisition to generate synergies in both operations and marketing.



June 2013

South Germany



Shanghai



July 2014 (Planned)

India



OPENING OF TECHNICAL CENTERS

Product Strategy

The Amada Group provides customers with the most-advanced products in four metalworking machinery fields—sheet metal processing machines, stamping press machines, cutting machines, and machine tools.

Major Products

SHEETCENTER LASBEND-AJ

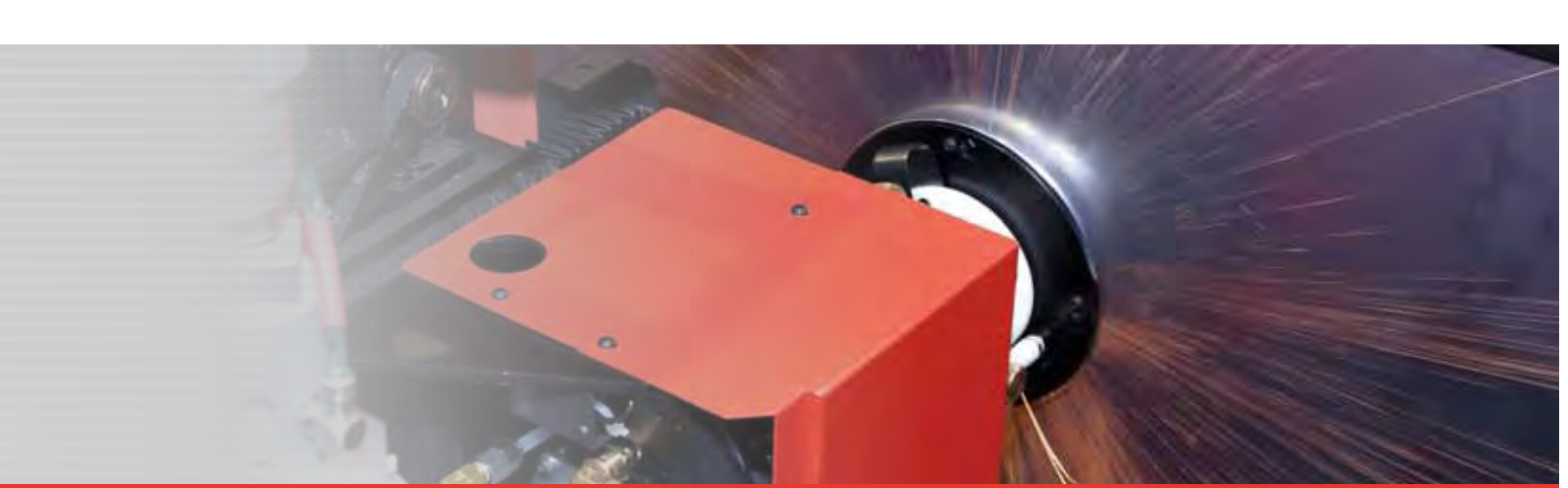


The SHEETCENTER is an all-in-one machine that can handle sheet metal processing stages from blanking to bending.

The SHEETCENTER LASBEND-AJ is the ultimate process integration machine and uses the latest fiber laser technology. It can handle everything from prototypes to mass

production. Once the program is input and the material is set, the whole process can be totally automated, right through to the finished product. The SHEETCENTER LASBEND-AJ is leading the way forward in sheet metal processing.

- Feature 1** Four processes integrated in one machine
- Feature 2** High-accuracy bending using swinging press mechanism that allows for the safe and stable processing of small parts.
- Feature 3** The fiber laser offers low-cost, high-speed cutting as well as processing of highly reflective materials (such as copper and brass).
- Feature 4** High productivity is realized through continuous operation.



AUTOMATIC BENDING SYSTEM EG-6013AR

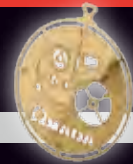


Productivity had been an issue with previous robot-based bending systems, but this new system achieves processing speeds equivalent to those of manual bending, even with small parts. High-speed processing has been achieved with a dedicated robot that handles the bending of small items,

which is dangerous when done manually. The EG-6013AR automatic bending system received the METI Minister's Prize at the 43rd Machine Design Awards sponsored by the Nikkan Kogyo Shimbun Ltd. This prize is awarded to products in the field of machinery that have superior functionality and aesthetics.

- Feature 1** The EG-6013AR offers intelligent processing. With a user-centered design, this new NC system is easy to use and operator friendly.
- Feature 2** Ability to handle small items, which had previously been difficult to automate.
- Feature 3** New servo drive system (DSP) enables high-speed, high-precision processing. A 10% reduction in power consumption compared to the previous high-end hydraulic model.
- Feature 4** Gripper has both clamp and vacuum functions, and as a result a single robot can do work that previously required two robots.

SHEET METAL PROCESSING MACHINES



LASER MACHINES

FOL-3015AJ Fiber Laser Cutting Machine

Recipient of the Masuda Award at the 54th Best 10 New Product Awards presented by the Nikkan Kogyo Shimbun, Ltd.



FLC-3015AJ 3-Axis Linear Drive Fiber Laser Cutting Machine

Amada has incorporated the latest fiber laser technology into its series of 3-axis linear drive machines. The FLC-3015AJ combines the flexibility of a 3-axis linear drive with the capabilities of a fiber laser.



LCG-3015AJ Global Standard Fiber Laser Machine



This machine, which is based on the LCG-3015, was launched as the global standard fiber laser machine of the future.

LCG-3015 Global Standard CO₂ Laser Machine



The LCG-3015 offers both high-speed and high-quality processing.

WELDING MACHINES

FLW Series Fiber Laser Welding Systems



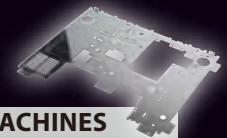
Amada fiber laser welding systems achieve high-speed, high-grade welding that is not possible with conventional laser welding.



PUNCH AND LASER COMBINATION MACHINES

ACIES Series Blanking Process Integration Solutions

The ACIES series of fully automated solutions can create processing data quickly, even for new products and very small lots; reduce setup to the greatest extent possible; and implement continuous automatic operation.



PUNCHING MACHINES

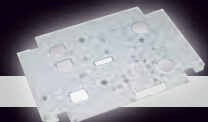
EM-ZR Series Fully Automatic Punching Solution Machines

The EM-ZR series machines feature an entirely drive mechanism. They offer high-speed, high-productivity, and scratch-less high-grade processing in forming operations.



EM-MII Series New AC Servo Direct Twin Drives

These machines offer reduced set-up time and process integration. They also incorporate a digital ID tool management system and multiple purpose turret (MPT) with tapping stations.





BENDING MACHINES

HG Series Hybrid Digital Machines



These machines provide high-speed, high-precision bending of a wide range of materials, from thin to thick.

HG-1003 ATC Bending Machine for Various-Mix, Low-Volume Manufacturing



With automatic tool change (ATC) functions, this machine can handle various-mix, low-volume manufacturing.

STAMPING PRESSES

SDEW Series Digital AC Two-Point Servo Presses

These machines make full use of the two-point stamping process with a digital servo direct drive that offers precise motion control and a high rigidity straight-side frame developed by Amada. The SDEW series features superior stability and additional advances in high-precision, high-productivity stamping processing.



CUTTING MACHINES

PCSAW Series Pulse Cutting Machines

Amada has sold more than 1,000 units in this series. Through the application of pulses, cutting resistance and tooth-tip wear are reduced, and in this way, high-speed, high-precision cutting is realized. Amada believes that pulse technology will change the future of cutting.



MACHINE TOOLS

Multi Process Center MX-150

This is an entirely new multi process machine that incorporates 5-axis control for high-speed machining and tool change capabilities.



MIYACHI CORPORATION

Miyachi Corporation

Miyachi Corporation has become a 100% subsidiary of Amada. In ultra-fine joining technologies, Miyachi Corporation is the only manufacturer of both resistance welding and laser welding equipment. Miyachi Corporation has expanded Amada's lineup in the welding field.



Development as a Source

DEVELOPMENT SYSTEM

At the Development Center, 200 development staff members are resident for theme-based design and development activities. There are four "Innovation Rooms," where the latest design systems and video equipment are installed so customers and Amada's development staff can use the rooms as a creation space for developing cutting-edge metalworking machines. Since modular designs created using 3D CAD allows verification of the manufacturing from the design stage, high-quality modules have now become available.



Development Center

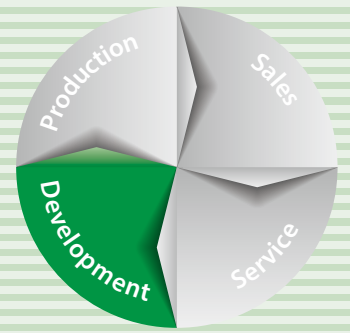
On the third and fourth floors of the Development Center building, modular design in consideration of the production method are made from the development stage by utilizing state-of-art design 3D CAD system.



Innovation Room

In the Innovation Rooms located on the first and second floors of the Development Center building, customers, partner companies and our development team members work together on developing of highly creative products using the latest video facilities.





of Innovation

Amada will advance global product development, bolstering its base in Japan with the establishment of another in Europe, which plays a central role in the highly competitive sheet metal field. In the current market environment, a base in Europe is needed for the acquisition of advanced technologies as well as for marketing.

In Germany, which has traditionally been a leader in lasers, Amada has established AAT, a laser R&D company, and concluded a development tie-up with the Fraunhofer research organization. We have also opened a development office focused on bending at the

regional headquarters company that was established in Paris in January 2012. As a result, our European development system covers both lasers and bending.

Moving forward, we will aggressively advance technical tie-ups and M&A transactions. We will focus the Amada brand on high-end machines while offering entry-level machines at competitive prices that reflect local market conditions, thereby opening up new markets and securing market share.

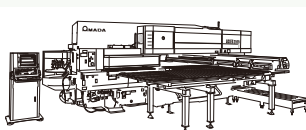
Modular design components

High quality modules are available by using 3D CAD.



Front-loading development

Front-loading development shortens time-to-market of new products.



Cost & Quality: Bolstering Product Strengths with Global Development System

Strengthening Global Development System

- Implementing marketing and device development at European development company (AAT)
- Bolstering development capabilities and product strengths through M&A transactions and tie-ups

Fraunhofer research organization (Germany)

Laser device technologies

Development tie-ups with research institutions



Establishment of development companies



Establishment of bending development office



AAT
(Amada Advanced Technology)

Amada headquarters

Amada Europe headquarters

Technical tie-ups with other companies

M&A transactions
Capital tie-ups



Company P (Italy)

Panel benders

LKI (Finland)

Engineering

Company J (U.S.)

Fiber laser oscillators

ERXA (Italy)

Robot control software

Company B (Austria)

Control equipment

Global Manufacturing

PRODUCTION SYSTEM

At Fujinomiya Works, three factories (the First to Third factories) produce metalworking machines with their up-to-date facilities. The Third factory (laser-machine-dedicated factory), which is one of the world's biggest factories, produces up to its production capacity of 140 units/month of laser machines with the latest booth-stand production system.



Booth-stand production system

The booth-stand production system produces customer-satisfying products at best quality, cost and delivery levels. The machines are designed in modules based on the front-loading development concept. Then, they are manufactured using parts procured just in time at "booth stands" where production takes place. With this system and an IT-based production control system, clean and digital manufacturing is realized. Each booth has an area of about 80m², and the supply of gas, air, water and electrical power as well as the collection of dust from each booth are centrally controlled to maintain a clean environment.



vPost



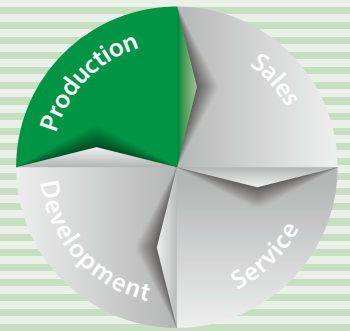
vPost is an automatic data collection system unique to Amada that uses the leading-edge RFID (Radio Frequency Identification) technology. High quality production is maintained using this system to track who did what operations when and where. Progress can be checked in real-time and analysis of historical data can be conducted.

Tool-concentrated wagon



Assembly tools are concentrated on a special wagon.

Quality



To reduce production costs, we have built a global production system that is based in Fujinomiya, Japan, and extends to Europe, North America, and China.

In China, the Shanghai Plant makes a full range of products, including not only bending machines but also laser and punching machines and peripheral equipment.

In North America, the Los Angeles Plant is the only plant that offers integrated production of complete solutions in one location, extending from the machines themselves to peripheral equipment.

As an engineering factory, this plant has enabled Amada to establish a competitive supply system in the strong market in North America, which is undergoing a manufacturing revival.

In the past, Amada positioned its overseas facilities as sales bases. However, we believe that manufacturing bases in France, China, and the United States enable us to establish close ties in local markets as a manufacturer and to build a foundation for future growth.

Centralized supply



The centralized supply of gas, air, water and electrical power and the concentrated collection of dust



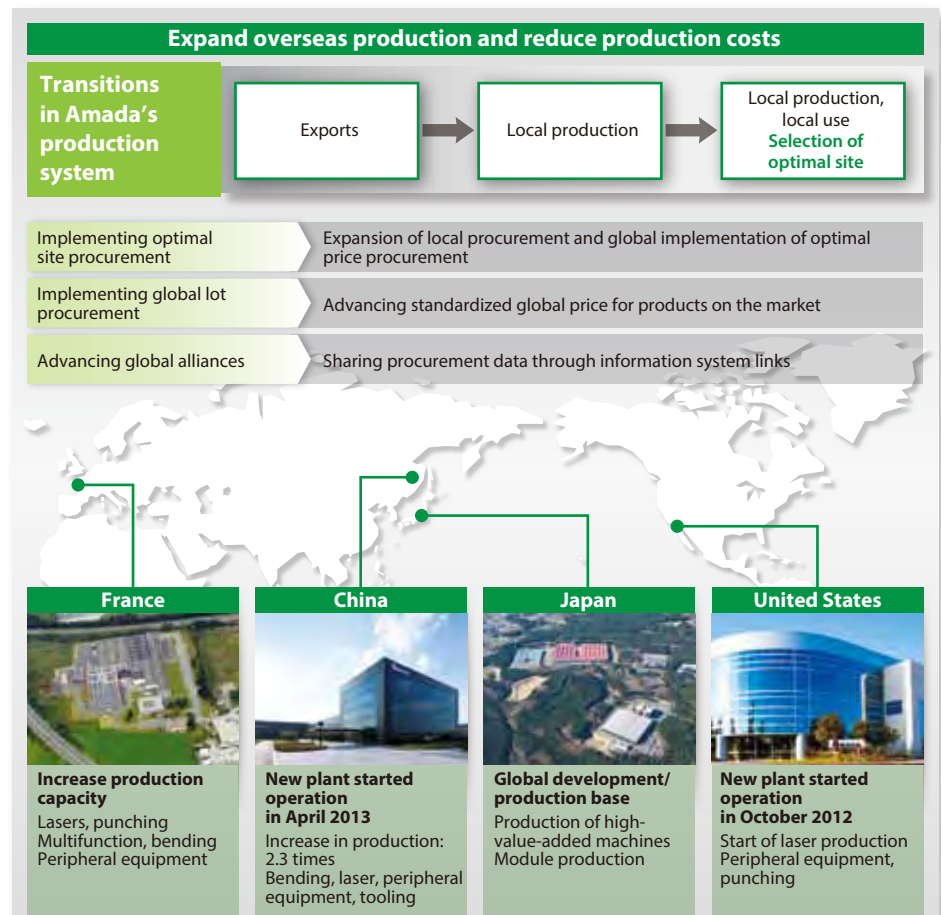
Storage using CE tank (oxygen, nitrogen, high-pressure nitrogen)

Part-serving wagon



Parts are transported to each booth by the towed wagon.

Costs & Quality [Production Costs]: Reduce costs through shift toward local production



Client-Focused Solution

THE AMADA SOLUTION CENTER

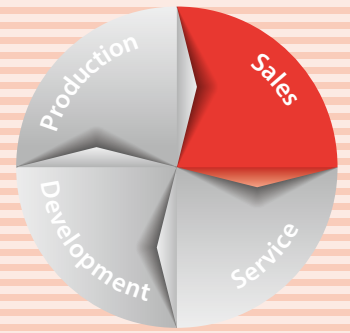
The Amada Solution Center is the place where we offer “proposals” to solve your issues. The Center has multiple functions: as an “exhibition” site to show you various products, as a place of “process verification” through which we find your issues and propose solutions, and as a place allowing the verification of those proposals.



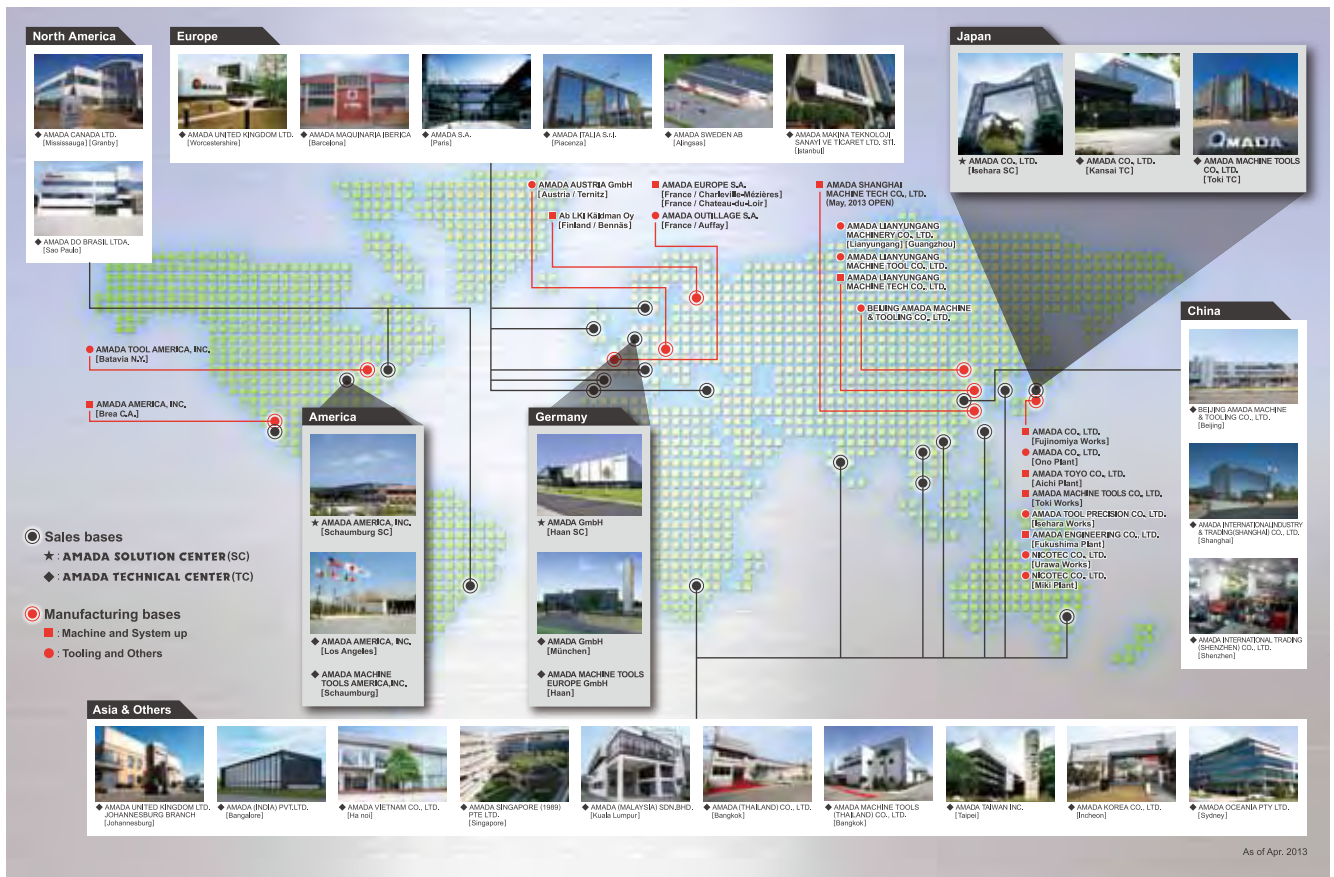
Verification Plaza

We process the customers' product with their drawing using the latest Solution Package. You can measure the benefit from installing the proposed solution package before installation. We propose solutions to customers' issues individually using the latest Solution Package.





Amada Group Sales Bases Global Networks



Ongoing Support for

ENGINEERING SERVICE OF AMADA

The necessary functions, operating techniques, and processing methods are different for each customer, even for the same machines.

Amada is committed to establishing an engineering service system to support the continuous running of customers' machines, from before the machine is purchased to the end of its life cycle to, customers all over the world.

What services customers need the most? We search for the answer, and offer solutions.



IT Service Vehicle

Operative support

We support customers' safe and reliable operation one on one.

- **Our support starts before machine installation**

We offer optimum ramp-up support before machine installation, with machine and operation training best suited for each customer.

- **Our support continues after installation**

Optimum processing methods are proposed along with ecological solutions and latest processing technologies.

- **IT service vehicles**

IT Service Vehicle is a mobile office for providing necessary information and service.

- **Remote support**

Optimum maintenance schedule is made by operational status of the machine.

- **Call center**

Processing program support is offered by communicating on the internet screen.

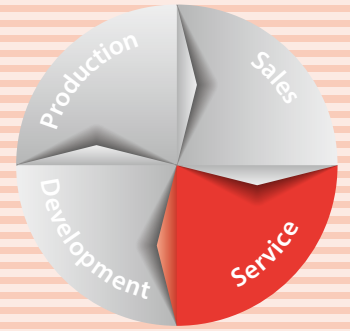
- **Plant safety**

We offer proposals and training for maintaining safe and reliable machine operation.

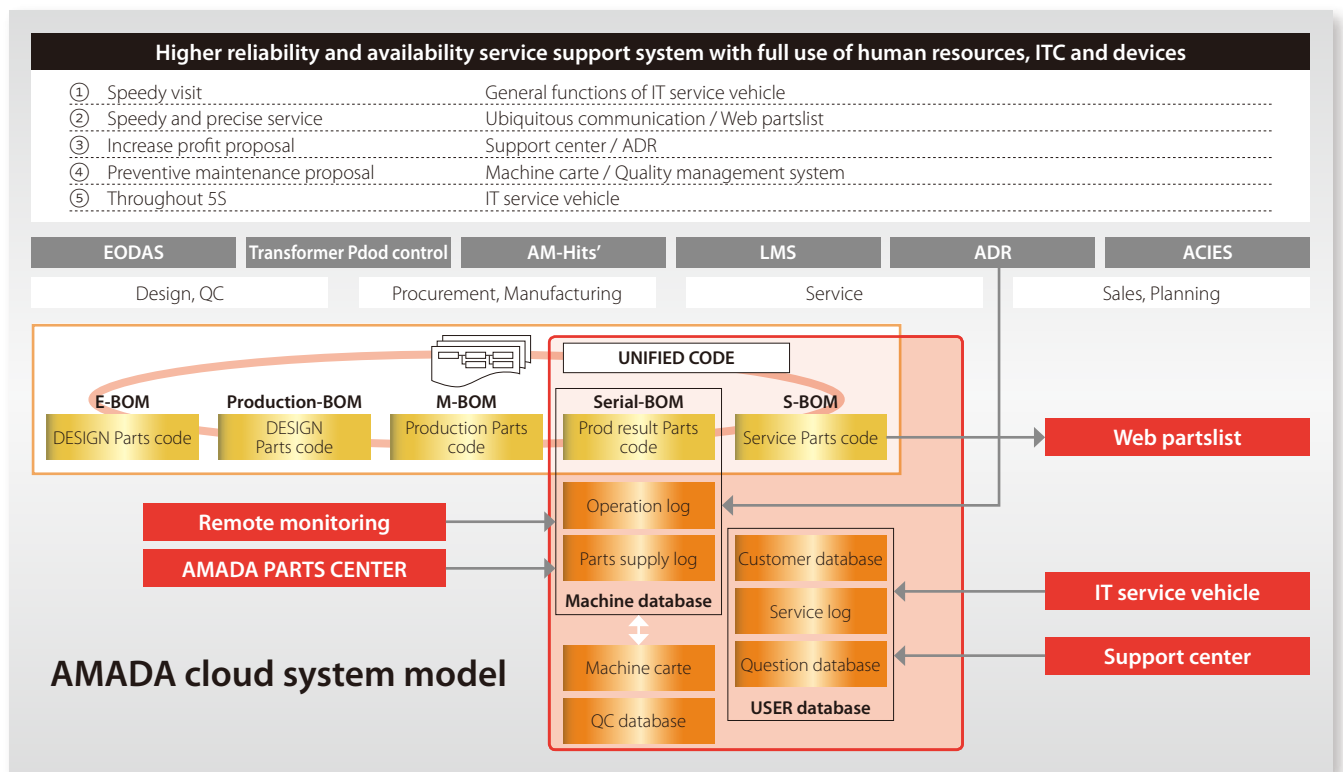


Call Center

Clients



Total Operation Support System: Next generation service style



Tooling, band saw blades, cutting fluids and others

Amada provides optimum tools and consumables with latest processing technologies.

• Tooling



• Band saw blades



• Cutting fluids and other



Amada Responsibilities to Social Involvement

AMADA GROUP ENVIRONMENTAL DECLARATION

The Amada Group aggressively incorporates environmental activities into its management in order to realize sustainable development of society and the Group.

Amada will help to build a bright and prosperous future for people around the world by fully utilizing the engineering capabilities that it has cultivated and by providing environmentally-friendly, energy-saving products as a comprehensive manufacturer of metalworking machinery.

“Linkage through Eco-conscious Manufacturing”

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

■ Producing eco-friendly machines at eco-friendly work sites

Amada Group work sites strive to achieve the optimal compatibility between environmental preservation and business activities through the promotion of energy-saving and resource-conservation efforts.

■ Amada’s eco-friendly products help customers to manufacture their own eco-friendly products

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

■ Creating an eco-friendly environment at the plants of customers

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

Environmental Management

Since obtaining ISO 14001 certification in 1998 at the Isehara

Works, the Amada Group has renewed its certifications four times up to 2012.

Currently, ISO certification has been received for the following as a single group: Isehara Works, Fujinomiya Works, Ono Plant, Toki Works, Kansai Technical Center, 11 Group companies, one vocational training institute, one sales office, and one union.

Long-term Environmental Plan

To further promote environmental preservation activities, the Amada Group developed a long-term environmental plan (AMADA GREEN ACTION), which covers the period up to fiscal 2020.

Moving forward, we will work to develop products that reflect consideration for the environment, save energy, and conserve resources by improving the efficiency of business activities, and reduce waste.

Three goals of “AMADA GREEN ACTION”

- **Products** By 2020, we will reduce CO₂ emissions of all products by 25% on average.
- **Manufacturing** By 2020, we will reduce CO₂ emissions from our work sites and factories by 25%.
- **Biodiversity** This planet is rich in natural blessings, and to pass it down to future generations in a state better than that in which we received it, we will focus our efforts on the preservation and regeneration of biodiversity.

SOCIAL CONTRIBUTION

Amada School (Vocational Training Corporation)

The Amada Group established the Amada School, a vocational training corporation, to provide training to enhance workers’ skills. We support the school’s activities with the goal of contributing to development of the metal processing industry.

Precision Sheet Metal Technology Fair

The Precision Sheet Metal Technology Fair was started in 1988 by the Amada School to enhance sheet metal processing technologies and skills. Currently, we accept applications for products in five categories from May every year, and after careful screening, the awards ceremony is held in the following March. The judging board consists

of academic institutions, industrial associations, visitors to the Amada Solution Center, and separately appointed judges. Aside from gold, silver, and bronze awards for superior products in each category, additional prizes are also awarded from the Ministry of Health, Labor and Welfare; the Japan Vocational Ability Development Association; the Nikkan Kogyo Shimibun, Ltd.; and Amada Co., Ltd.



Precision Sheet Metal Technology Fair

Corporate Governance

BASIC POLICY

Amada places a high degree of importance on the implementation of sound business activities based on high ethical standards and a commitment to fairness.

Board of Directors and Directors

Amada's Board of Directors has seven members. In addition to regular meetings, the Board also holds extraordinary meetings as needed. In this way, the Company has established a system that facilitates rapid, flexible decision-making.

The Board makes decisions on matters stipulated by laws, regulations, and the Company's articles of incorporation, as well as important management-related matters stipulated by the regulations of the Board of Directors.

To reinforce the functions of the Board of Directors and increase management efficiency, Amada has established the Executive Council, which comprises members of the Board of Directors, executive officers, and others with commensurate duties. At these meetings, the council discusses important matters related to business execution and conducts careful deliberations on selected topics.

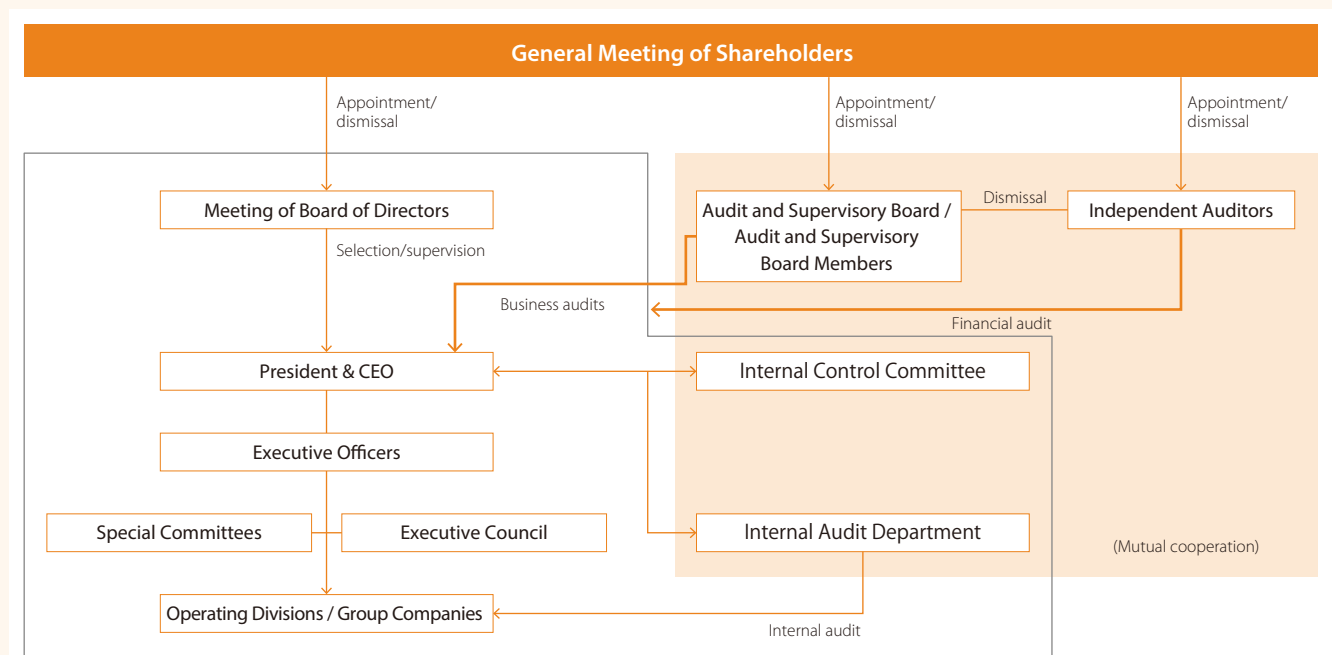
In addition, to further clarify management responsibility throughout the fiscal year and to increase the trust of shareholders in the Company, the term of members of the Board of Directors was changed from two years to one year, with the approval of the Ordinary General Meeting of Shareholders held on June 26, 2009.

Amada introduced an executive officer system in accordance with a resolution of the Board of Directors at a meeting held on June 26, 2009. The objectives of this were to further increase the speed of decision-making and strengthen the supervisory and management functions through the Board of Directors, which has a limited number of members; to enhance the transparency of corporate governance by clarifying the separation of responsibilities between supervisory and executive entities; and to enhance the business execution function and increase management efficiency.

Audit and Supervisory Board and Audit and Supervisory Board Members

Amada uses the Audit and Supervisory Board system. The Company has four Audit and Supervisory Board Members, including two outside Audit and Supervisory Board Members. The mission of the Audit and Supervisory Board is to carry out the mandate of the shareholders and respond to the demands of society, with a focus on ensuring sound management and increasing the trust of society. Audit and Supervisory Board Members attend meetings of the Board of Directors and other important meetings, receive sales

Corporate Governance Structure



reports from directors and others, and track the state of management through actual inspections. In addition, Audit and Supervisory Board Members also read important documents. In these ways, Audit and Supervisory Board Members monitor corporate governance.

The Audit and Supervisory Board Member Secretariat, which has been established for the Audit and Supervisory Board, records, stores, and manages the minutes of meetings. The Internal Audit Office holds advance consultations with Audit and Supervisory Board Members in regard to audit policies and plans and reports the results of audits to the Audit and Supervisory Board.

In addition, the Audit and Supervisory Board receives explanations of the details of accounting audits from the Independent Auditors and takes steps to work in cooperation with the Independent Auditors, such as exchanging information. In addition, the Audit and Supervisory Board meets periodically with the Independent Auditors when the audit is completed at the end of the fiscal year and also at the end of each quarter. Information is also exchanged at other times, as necessary.

Information Management and Disclosure

At Amada, its subsidiaries, and other Group companies, information about important decisions, events, or account settlement is reviewed by the president and CEO, members of the Board of Directors with related responsibilities, and other employees with related responsibilities. This information is tracked and managed by employees and departments with responsibility for information disclosure. These employees make judgments as to whether or not this information falls within the scope of disclosure items based on the perspectives of timely disclosure regulations and investor relations. If the information is determined to fall within the scope of disclosure items, it is disclosed in a timely manner without delay. Information about important decisions or account settlement is disclosed after decision or approval at a meeting of the Board of Directors, and information about events is disclosed after the event. In addition, as rapidly as possible after timely disclosure is made, the information is also provided as IR information on the Company's website.

Strengthening Corporate Governance

Amada does not have any outside directors. At this point, the Company believes that it can bolster and strengthen the management supervisory and monitoring functions by enhancing the Audit and Supervisory Board function. However, to further enhance and strengthen corporate governance, the Company is considering the appointment of outside directors in the future.

Moving forward, the Company will work to further enhance the organizational structure and framework, centered on legal functions, such as those of the General Meeting of Shareholders, Board of Directors, Audit and Supervisory Board, and Independent Auditors. In addition, the Company will strive to ensure accountability through aggressive initiatives in the areas of prompt disclosure of management and financial information and investor relations.

Directors, Audit and Supervisory Board Members, and Corporate Officers

(As of June 27, 2013)

DIRECTORS



President & CEO
Mitsuo Okamoto



Senior Managing Director
Toshio Takagi



Senior Managing Director
Tsutomu Isobe



Managing Director
Atsushige Abe



Managing Director
Kotaro Shibata



Director
Takaya Shigeta



Director
Katsuhide Ito

AUDIT AND SUPERVISORY BOARD MEMBERS

Audit and Supervisory Board Member (Full-time)
Yoshihiro Yamashita

Audit and Supervisory Board Member (Full-time)
Shoichi Nozaki

Audit and Supervisory Board Member (Outside)
Masanori Saito

Audit and Supervisory Board Member (Outside)
Katsuhiko Yasuda

CORPORATE OFFICERS

(excluding directors who serve concurrently)

Senior Corporate Officers
Hidehiko Sakai

Yasuhiro Endo

Corporate Officers
Koji Yamamoto

Kiyoshi Takeo

Hiroyuki Takeshita

Nobuyuki Jinbo

Masaaki Oonuki

Masashi Sato

Tomohiro Yano

Financial Review

EXTERNAL ECONOMIC CONDITIONS

In the fiscal year under review, the U.S. economy continued to record moderate growth, but there were a number of adverse factors, such as economic slowdown in China and other emerging markets and continued debt problems in Europe. As a result, the global economy was weak overall.

Although the Japanese economy remained sluggish, there were some positive signs in the second half of the fiscal year. There was

strong reconstruction demand from the Great East Japan Earthquake, and after a new administration took office in December 2012, anti-deflationary economic policies improved sentiment and led to the depreciation of the yen and higher stock prices.

In the machinery industry, customers remained cautious about capital investment, particularly small and medium-sized enterprises, and a full-scale recovery was not reached.

EARNINGS

Amada recorded year-on-year gains in consolidated order value and net sales, with orders up 3.2%, to ¥194,632 million (US\$2,070.7 million), and net sales rising 2.4%, to ¥190,018 million (US\$2,021.6 million).

Our gross profit margin declined due to a lower operating ratio, and

deferral from installment sales increased. As a result, operating profit was down 49.4%, to ¥4,625 million (US\$49.2 million), and net income decreased 11.1%, to ¥4,126 million (US\$43.9 million).

FINANCIAL POSITION

At the end of the fiscal year under review, total consolidated assets were up 5.5% year on year, to ¥495,449 million (US\$5,271.2 million). This gain was partially attributable to Miyachi Corporation, which became a subsidiary of Amada through a tender offer.

Current assets increased 5.6%, to ¥301,041 million (US\$3,202.9 million), owing mainly to a rise in inventories. Net property, plant and equipment stood at ¥118,437 million (US\$1,260.1 million), an increase of 8.1% from the end of the previous fiscal year. Total investments and other assets increased 1.0%, to ¥75,970 million (US\$808.2 million).

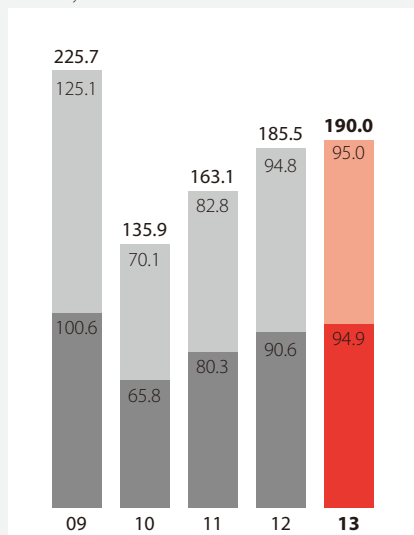
Total current liabilities increased 15.3% from the end of the previous fiscal year, to ¥88,496 million (US\$941.5 million), mainly due to a rise in short-term bank loans. Total long-term liabilities increased 3.4%, to ¥21,851 million (US\$232.4 million), mainly owing to an increase in long-term debt.

Consolidated total equity at the end of the fiscal year stood at ¥385,102 million (US\$4,097.2 million), up 3.5% from the end of the previous fiscal year.

As a result, the shareholders' equity ratio at the end of the year was 77.1%, compared with 78.8% at the previous fiscal year-end.

Domestic Sales and Overseas Sales

Billions of yen

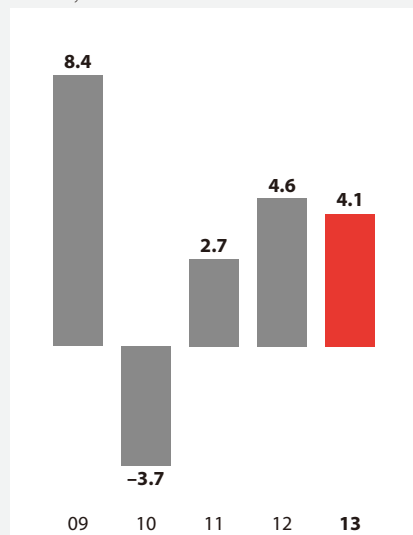


FY

■ Domestic Sales ■ Overseas Sales

Net Income (Loss)

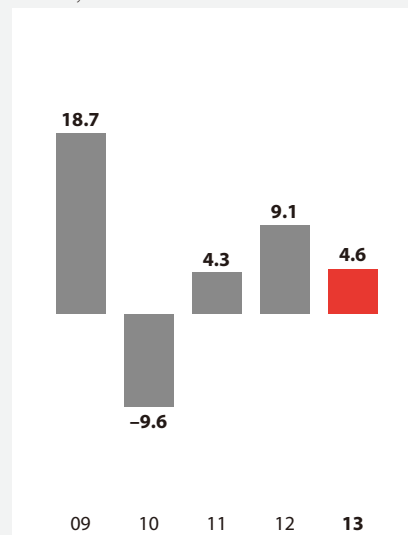
Billions of yen



FY

Operating Income (Loss)

Billions of yen



FY

CASH FLOWS

Consolidated cash and cash equivalents at the end of the fiscal year amounted to ¥63,847 million (US\$679.3 million), down by ¥10,580 mil-

lion from a year earlier.

CASH FLOWS FROM OPERATING ACTIVITIES

Net cash provided by operating activities totaled ¥3,379 million (US\$35.9 million), down by ¥4,078 million from the previous fiscal year.

This decline was primarily attributable to declines in income before income taxes and minority interests and in accounts payable.

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash used in investing activities amounted to ¥15,867 million (US\$168.8 million), representing a ¥2,466 million increase from the previous fiscal year. This increase was mainly attributable to expenditures

for the acquisition of stock of a subsidiary accompanying a change in the scope of consolidation (tender offer for Miyachi Corporation).

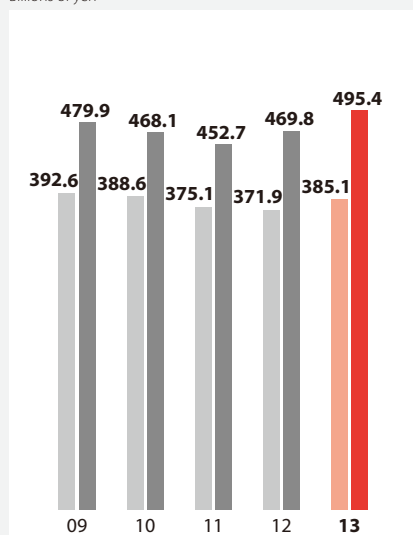
CASH FLOWS FROM FINANCING ACTIVITIES

Net cash used in financing activities totaled ¥775 million (US\$8.2 million), down by ¥850 million from the previous fiscal year. A major item

was proceeds from long-term debt.

Total Assets and Net Assets

Billions of yen

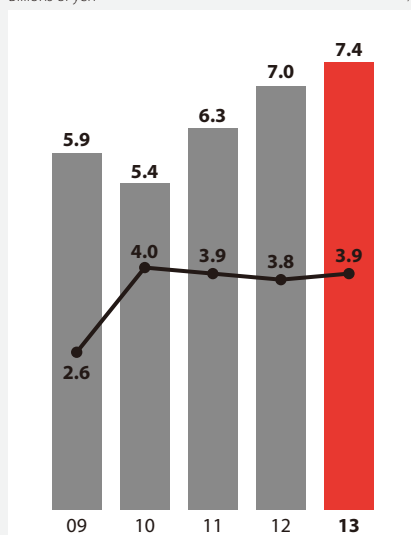


■ Net Assets
■ Total Assets

Research and Development Costs and Ratio to Net Sales

Billions of yen

%

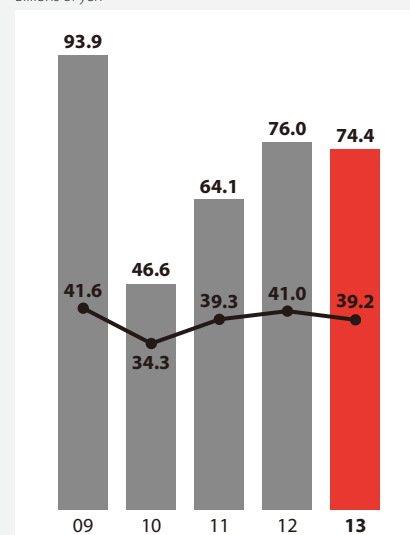


■ Research and Development Costs
◆ Ratio to Net Sales

Gross Profit and Ratio to Net Sales

Billions of yen

%



■ Gross Profit
◆ Ratio to Net Sales

Consolidated Financial Statements

Consolidated Balance Sheet

Amada Co., Ltd. and Consolidated Subsidiaries
March 31, 2013

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Current assets:			
Cash and cash equivalents (Note 17)	¥ 63,847	¥ 74,428	\$ 679,303
Short-term investments (Notes 4 and 17)	13,390	12,423	142,463
Notes and accounts receivable (Notes 3 and 17)—			
Trade	119,275	109,201	1,269,028
Unconsolidated subsidiaries and associated companies	174	198	1,855
Other	1,671	2,123	17,786
Allowance for doubtful receivables	(2,083)	(2,344)	(22,164)
Investments in lease (Notes 15 and 17)	11,534	9,672	122,715
Inventories (Note 5)	83,624	69,973	889,713
Deferred tax assets (Note 10)	5,584	4,688	59,412
Prepaid expenses and other current assets (Notes 8 and 15)	4,022	4,688	42,794
Total current assets	301,041	285,054	3,202,907
Property, plant and equipment:			
Land	37,836	36,263	402,555
Buildings and structures	128,677	119,853	1,369,059
Machinery and equipment	52,880	45,423	562,618
Buildings, structures and land for rent	16,833	17,993	179,093
Lease assets	992	1,102	10,561
Construction in progress	4,923	2,345	52,383
Total	242,143	222,982	2,576,271
Accumulated depreciation	(123,706)	(113,426)	(1,316,167)
Net property, plant and equipment	118,437	109,555	1,260,103
Investments and other assets:			
Investment securities (Notes 4 and 17)	47,723	44,258	507,746
Investments in and advances to unconsolidated subsidiaries and associated companies	3,268	2,852	34,770
Goodwill	3,376	3,481	35,919
Software	2,727	2,474	29,014
Deferred tax assets (Note 10)	8,297	9,896	88,281
Other assets (Notes 8 and 15)	10,579	12,262	112,555
Total investments and other assets	75,970	75,226	808,286
Total	¥ 495,449	¥ 469,836	\$ 5,271,298

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Current liabilities:			
Short-term bank loans (Notes 7 and 17)	¥ 16,204	¥ 9,244	\$ 172,404
Current portion of long-term debt (Notes 7 and 17)	2,445	809	26,014
Notes and accounts payable (Note 17)—			
Trade	16,919	14,206	180,013
Unconsolidated subsidiaries and associated companies	329	75	3,504
Other	17,533	22,180	186,544
Deferred profit on installment sales (Note 3)	15,571	14,996	165,676
Accrued expenses	9,002	7,988	95,783
Income taxes payable	2,806	1,463	29,863
Other current liabilities (Note 10)	7,682	5,758	81,742
Total current liabilities	88,496	76,724	941,548
Long-term liabilities:			
Long-term debt (Notes 7 and 17)	3,942	1,624	41,944
Liability for employees' retirement benefits (Note 9)	9,377	10,594	99,769
Retirement allowance for directors and corporate auditors (Note 9)	98	92	1,052
Deposits received (Notes 8 and 17)	3,399	3,438	36,170
Negative goodwill		264	
Other long-term liabilities (Note 10)	5,032	5,126	53,545
Total long-term liabilities	21,851	21,142	232,483
Commitments and contingent liabilities (Note 16)			
Equity (Notes 11, 12 and 22):			
Common stock—			
Authorized—550,000 thousand shares			
Issued—396,502 thousand shares (2013 and 2012)	54,768	54,768	582,702
Capital surplus	163,199	163,199	1,736,345
Stock acquisition rights	284	226	3,027
Retained earnings	202,865	203,980	2,158,368
Treasury stock, at cost—			
14,752 thousand shares in 2013 and 14,689 thousand shares in 2012	(9,184)	(9,153)	(97,717)
Accumulated other comprehensive income:			
Net unrealized loss on available-for-sale securities	(2,504)	(5,613)	(26,647)
Deferred loss on derivatives under hedge accounting	(870)	(415)	(9,258)
Land revaluation difference (Note 1 k)	(9,534)	(9,430)	(101,445)
Foreign currency translation adjustments	(16,736)	(27,234)	(178,064)
Total	(29,645)	(42,693)	(315,416)
Minority interests	2,815	1,641	29,956
Total equity	385,102	371,969	4,097,267
Total	¥495,449	¥469,836	\$5,271,298

Consolidated Statement of Income

Amada Co., Ltd. and Consolidated Subsidiaries
Year ended March 31, 2013

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2013	2012	2011	2013
Net sales (Note 3)	¥190,018	¥185,539	¥163,153	\$2,021,687
Cost of sales	115,595	109,509	98,959	1,229,866
Gross profit	74,423	76,030	64,193	791,821
Selling, general and administrative expenses (Note 14)	68,953	67,339	62,430	733,629
Net changes in deferred profit on installment sales and finance lease sales	(844)	458	2,590	(8,982)
Operating income	4,625	9,148	4,353	49,208
Other income (expenses):				
Interest and dividend income	2,440	2,520	2,614	25,966
Interest expense	(183)	(250)	(288)	(1,952)
Equity in earnings of unconsolidated subsidiaries and associated companies	78	137	565	838
Foreign exchange gain (loss)	1,239	(1,446)	(1,962)	13,188
Amortization of goodwill	(1,369)			(14,571)
Other, net (Note 13)	184	100	882	1,962
Other income (expenses)—net	2,390	1,062	1,812	25,431
Income before income taxes and minority interests	7,015	10,210	6,165	74,640
Income taxes (Note 10):				
Current	2,974	2,204	1,641	31,650
Deferred	(262)	3,127	1,620	(2,791)
Total income taxes	2,712	5,331	3,261	28,858
Net income before minority interests	4,303	4,879	2,904	45,781
Minority interests in net income	176	236	188	1,881
Net income	¥ 4,126	¥ 4,643	¥ 2,716	\$ 43,900

	Yen			U.S. dollars (Note 1)
	2013	2012	2011	2013
Per share of common stock (Notes 1 and 20):				
Net income—				
Basic	¥10.81	¥12.16	¥ 7.11	\$0.11
Diluted				
Cash dividends applicable to the year	12.00	12.00	10.00	0.12

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Amada Co., Ltd. and Consolidated Subsidiaries
Year ended March 31, 2013

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2013	2012	2011	2013
Net income before minority interests	¥ 4,303	¥ 4,879	¥ 2,904	\$ 45,781
Other comprehensive income (Note 19):				
Unrealized gain on available-for-sale securities	3,108	140	(1,691)	33,074
Deferred loss on derivatives under hedge accounting	(454)	(264)	(148)	(4,840)
Land revaluation difference		97	(823)	
Foreign currency translation adjustments	10,690	(3,791)	(9,533)	113,743
Share of other comprehensive income in associates	56	(17)	(66)	601
Total other comprehensive income	13,401	(3,835)	(12,264)	142,579
Comprehensive income (Note 19)	¥17,704	¥ 1,043	¥ (9,359)	\$188,360
Total comprehensive income attributable to (Note 19):				
Owners of the parent	¥17,277	¥ 890	¥ (9,545)	\$183,826
Minority interests	426	153	185	4,533

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Amada Co., Ltd. and Consolidated Subsidiaries
Year ended March 31, 2013

Millions of yen

	Issued number of shares outstanding (thousands)	Number of treasury stock (thousands)	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Accumulated other comprehensive income					Total	Minority interests	Total equity
								Net unrealized gain (loss) on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Land revaluation difference	Foreign currency translation adjustments				
Balance, April 1, 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 revaluation 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 revaluation 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	
Cash dividends, ¥14.00 per share						(5,345)						(5,345)		(5,345)	
Net income						4,126						4,126		4,126	
Acquisition of treasury stock		67					(33)					(33)		(33)	
Disposal of treasury stock		(4)				(0)	3					2		2	
Reversal of land revaluation difference						104				(104)					
Increase resulting from alteration of scope of consolidated subsidiaries					2							2	866	869	
Net change in the year					54			3,108	(454)		10,498	13,206	307	13,513	
Balance, March 31, 2013	396,502	14,752	¥54,768	¥163,199	¥284	¥202,865	¥(9,184)	¥(2,504)	¥(870)	¥(9,534)	¥(16,736)	¥382,286	¥2,815	¥385,102	

Thousands of U.S. dollars (Note 1)

	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Accumulated other comprehensive income					Total	Minority interests	Total equity
						Net unrealized gain (loss) on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Land revaluation difference	Foreign currency translation adjustments				
Balance, April 1, 2012	\$582,702	\$1,736,345	\$2,412	\$2,170,234	\$(97,390)	\$(59,719)	\$(4,418)	\$(100,333)	\$(289,759)	\$3,940,075	\$17,464	\$3,957,540	
Cash dividends, \$0.14 per share				(56,869)						(56,869)		(56,869)	
Net income				43,900						43,900		43,900	
Acquisition of treasury stock					(358)					(358)		(358)	
Disposal of treasury stock				(9)	31					22		22	
Reversal of land revaluation difference				1,112				(1,112)					
Increase resulting from alteration of scope of consolidated subsidiaries				31						31	9,222	9,253	
Net change in the year				582		33,072	(4,840)		111,695	140,508	3,269	143,778	
Balance, March 31, 2013	\$582,702	\$1,736,345	\$3,027	\$2,158,368	\$(97,717)	\$(26,647)	\$(9,258)	\$(101,445)	\$(178,064)	\$4,067,310	\$29,956	\$4,097,267	

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Amada Co., Ltd. and Consolidated Subsidiaries
Year ended March 31, 2013

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2013	2012	2011	2013
Operating activities:				
Income before income taxes and minority interests	¥ 7,015	¥ 10,210	¥ 6,165	\$ 74,640
Adjustments for:				
Income taxes paid	(1,729)	(2,205)	(170)	(18,396)
Depreciation and amortization	7,657	7,711	7,638	81,473
Loss (gain) on sales of fixed assets	22	130	(314)	240
Loss (gain) on sales of investment securities	(78)	686	(108)	(833)
Loss on impairment of investment securities		7	227	
Equity in earnings of unconsolidated subsidiaries and associated companies	(78)	(137)	(565)	(838)
Changes in assets and liabilities, net of effects				
Decrease (increase) in receivables, net of deferred profit on installment sales	993	(11,616)	(8,589)	10,572
(Increase) decrease in investments in lease	(2,089)	296	1,126	(22,230)
(Increase) decrease in inventories	(2,971)	(19,665)	133	(31,619)
(Decrease) increase in payables	(3,540)	3,203	5,915	(37,666)
Decrease in liabilities for employees' retirement benefits	(1,842)	(1,136)	(735)	(19,608)
Other—net	20	19,971	1,460	220
Total adjustments	(3,636)	(2,753)	6,019	(38,685)
Net cash provided by operating activities	3,379	7,457	12,185	35,954
Investing activities:				
Proceeds from sales and redemption of marketable securities	9,531	7,355	10,873	101,412
Purchases of marketable securities		(1,299)		
Proceeds from sales of property, plant and equipment	465	393	2,044	4,947
Purchases of property, plant and equipment	(10,203)	(12,747)	(6,891)	(108,564)
Purchases of intangible assets	(1,401)	(987)	(1,117)	(14,908)
Proceeds from sales and redemption of investment securities	5,189	6,531	12,325	55,209
Purchases of investment securities	(9,884)	(11,454)	(14,636)	(105,167)
Payment for purchase of newly consolidated subsidiaries, net of cash acquired	(7,512)			(79,923)
Purchase of long-term time deposits	(1,767)	(1,382)	(2,000)	(18,803)
Other—net	(283)	189	(1,247)	(3,021)
Net cash used in investing activities	(15,867)	(13,401)	(649)	(168,818)
Financing activities:				
Net increase (decrease) in short-term bank loans	4,053	4,457	(3,957)	43,122
Proceeds from long-term debt	1,897		913	20,187
Repayment of long-term debt	(1,258)	(1,742)	(1,453)	(13,391)
Cash dividends paid	(5,340)	(4,208)	(3,829)	(56,823)
Other—net	(126)	(131)	(290)	(1,347)
Net cash used in financing activities	(775)	(1,625)	(8,616)	(8,252)
Foreign currency translation adjustments on cash and cash equivalents	2,682	(1,269)	(2,920)	28,543
Net decrease in cash and cash equivalents	(10,580)	(8,838)	(1)	(112,572)
Cash and cash equivalents increased by merger with unconsolidated subsidiaries		220		
Cash and cash equivalents, beginning of year	74,428	83,046	83,048	791,875
Cash and cash equivalents, end of year	¥ 63,847	¥ 74,428	¥ 83,046	\$ 679,303
Additional information:				
Assets acquired and liabilities assumed in purchase of newly consolidated subsidiaries:				
Assets acquired	¥ 19,554			\$ 208,043
Liabilities assumed	(9,590)			(102,042)
Cash paid for the capital	7,512			79,923
Goodwill	1,548			16,471
Minority interests	(866)			(9,222)

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 accordance 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 2012 and 2011 consolidated financial statements in order for them to conform to the classifications and presentations used in 2013.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥93.99 to US\$1, the approximate rate of exchange at March 31, 2013. 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, 2013, include the accounts of the Company and its 70 (51 in 2012 and 52 in 2011) significant subsidiaries. The newly consolidated subsidiaries include MIYACHI CORPORATION and its 15 subsidiaries. The details of this acquisition are described in Note 2.

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 eight (seven in 2012 and nine in 2011) unconsolidated subsidiaries and three (two in 2012 and three in 2011) 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 excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is being amortized over a period from 5 to 20 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is also eliminated.

c) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes that the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items which 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 a 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 are 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 price 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 trading securities or held-to-maturity debt, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method.

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 3 to 60 years
- Machinery and equipment 2 to 17 years

Property, plant and equipment acquired on or after April 1, 2012, are depreciated by the declining-balance method in accordance with the revised corporate tax law, which is effective after April 1, 2012.

The effect on the consolidated statements of operations was not material.

j) Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

k) Land revaluation

Under the "Law of Land Revaluation," promulgated on March 31, 1998, and revised on March 31, 1999 and 2001, the Company effected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 2002.

The resulting land revaluation loss represents unrealized depreciation of land and is stated as a component of equity. There was no effect on the consolidated statements of operations. Continuous readjustment is not permitted.

As at March 31, 2013, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥7,594 million (\$80,805 thousand).

l) Software

Software development costs, incurred through the completion of a beta version of specific software for sale to the market, are charged to income when incurred. Such costs incurred subsequent to the completion of the beta version are deferred and amortized at the higher of either the amount to be amortized in the proportion of the actual sales volume of the software during the current year to the estimated total sales volume over the estimated salable years of the software or the amount to be amortized by the straight-line method over three years.

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

m) Bonuses to directors and Audit & Supervisory Board Members

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

n) 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 9).

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

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

p) Asset retirement obligations

In March 2008, the ASBJ published 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 obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

q) Stock options

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

t) Foreign currency financial statements

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rates.

u) Research and development costs

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

v) Income taxes

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

w) Appropriations of retained earnings

Appropriations of retained earnings at each year-end are reflected in the consolidated financial statements for the following year upon 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, are classified as other in current assets and other in investments and other assets, and the deposit received which is offset 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), and currency options are utilized by the Group to reduce foreign currency exchange and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value; and gains or losses on derivative transactions are recognized in the consolidated statement of income and b) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until the maturity of the hedged transactions.

The Company enters into foreign currency forward contracts and NDF to hedge market risk from the changes in foreign exchange rates associated with assets and liabilities denominated in foreign currencies. Trade payables and receivables denominated in foreign currencies are translated at the contracted rates if the forward contracts and currency options qualify for hedge accounting.

z) Per share information

Basic net income per share is computed by dividing net income available to shareholders of common stock by the weighted-average number of shares of common stock outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share 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 381,784 thousand shares in 2013, 381,831 thousand shares in 2012 and 381,886 thousand shares in 2011. Diluted net income per share is not disclosed because it was anti-dilutive in 2013, 2012 and 2011.

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

aa) 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 following revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—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.

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 an effective date of April 1, 2000, and the other related practical guidance, and 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, is 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 any resulting 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

The revised accounting standard does 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 have not yet been 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.

(c) Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases

The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both 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.

The Company expects to apply the revised accounting standard for (a) and (b) above from the end of the annual period beginning on April 1, 2013, and for (c) above from the beginning of the annual period beginning on April 1, 2014, and is in the process of measuring the effects of applying the revised accounting standard in future applicable periods.

2 BUSINESS COMBINATION

Business combination for the year ended March 31, 2013, was as follows:

I. Details of acquisition

1. Name of acquired company and its business	MIYACHI CORPORATION Manufacture, marketing, maintenance of industrial electrical equipment such as laser welding equipment, laser marking equipment, and resistance welding equipment and systems.
2. Date of acquisition	March 31, 2013
3. Main basis behind the determination of the acquiring company	Due to acquisition of the shares by cash
4. Legal form of the acquisition	Acquisition of the shares by tender offer
5. Name of the acquired company after reorganization	MIYACHI CORPORATION
6. Acquired voting right ratios	Total voting right ratio following acquisition: 91.23%
7. Outline of the objectives	In order to maximize corporate value, create synergies between both companies, and promptly establish mutual technical cooperation and a strong collaboration on business systems by utilizing management resources and quick decision making.

II. Term of performance of the acquired company included in the consolidated financial statements

The profit and loss of the subsidiary was not included in the consolidated statement of income, because the subsidiary was consolidated at the end of annual period.

III. Acquisition cost and form of consideration

The acquisition cost was ¥9,240 million (\$98,314 thousand) in cash.

The direct necessary cost for acquisition was ¥44 million (\$474 thousand) for acquisition of stock acquisition rights and an advisory fee of ¥400 million (\$4,255 thousand).

IV. Goodwill

1. Goodwill: ¥1,003 million (\$10,677 thousand)
2. Reason for recognition: The excess earnings power is expected to result from the synergy resulting from the combination and expansion of corporate value of both companies.
3. Amortization method and period: Straight-line method for 10 years

V. Assets acquired and liabilities assumed on the acquisition date

	Millions of yen	Thousands of U.S. dollars
Current assets	¥13,841	\$147,269
Fixed assets	4,802	51,093
Total assets	18,644	198,362
Current liabilities	6,545	69,641
Fixed liabilities	2,547	27,103
Total liabilities	9,093	96,745

VI. If this business combination had been completed as of April 1, 2012, the beginning of the current fiscal year, the unaudited condensed pro forma consolidated statement of income for the year ended March 31, 2013, would be as follows

	Millions of yen	Thousands of U.S. dollars
Net sales	¥19,029	\$202,457
Operating loss	(209)	(2,228)
Net loss	(1,545)	(16,442)

3 NOTES AND ACCOUNTS RECEIVABLE

Sales on an installment basis consisted of 7% of consolidated net sales in the years ended March 31, 2013, 2012 and 2011, respectively.

Annual maturities of notes—trade at March 31, 2013, and related amortization of deferred profit on installment sales were as follows:

	Millions of yen		Thousands of U.S. dollars	
	Receivables	Deferred profit on installment sales	Receivables	Deferred profit on installment sales
Total notes receivable (Years ending March 31):				
2014	¥ 21,393	¥ 4,216	\$ 227,618	\$ 44,862
2015	9,392	3,526	99,932	37,517
2016	7,162	2,737	76,200	29,124
2017	5,169	2,096	54,997	22,302
2018	3,260	1,525	34,691	16,235
2019 and thereafter	2,373	1,469	25,253	15,634
Subtotal	48,752	15,571	518,694	165,676
Add—accounts receivable	70,523		750,334	
Total notes and accounts receivable	¥119,275	¥15,571	\$1,269,028	\$165,676

4 SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2013 and 2012, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Current:			
Government and corporate bonds	¥ 5,470	¥ 8,025	\$ 58,207
Trust fund investments and other	7,919	4,397	84,256
Total	¥13,390	¥12,423	\$142,463
Non-current:			
Marketable equity securities	¥ 4,829	¥ 3,621	\$ 51,381
Government and corporate bonds	21,714	21,776	231,033
Trust fund investments and other	21,178	18,860	225,331
Total	¥47,723	¥44,258	\$507,746

The carrying amounts and aggregate fair values of the securities classified as available-for-sale securities at March 31, 2013 and 2012, were as follows:

March 31, 2013	Millions of yen			
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	¥ 3,783	¥1,272	¥ 225	¥ 4,829
Government and corporate bonds	28,335	120	1,270	27,185
Trust fund investments and other	24,990	36	3,685	21,341
Total	¥57,109	¥1,429	¥5,181	¥53,357

March 31, 2012	Millions of yen			
	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

March 31, 2013	Thousands of U.S. dollars			
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	\$ 40,252	\$13,534	\$ 2,404	\$ 51,381
Government and corporate bonds	301,474	1,282	13,516	289,240
Trust fund investments and other	265,884	387	39,206	227,066
Total	\$607,611	\$15,204	\$55,127	\$567,688

The information for available-for-sale securities which were sold during the year ended March 31, 2013 and 2012, were as follows:

March 31, 2013	Millions of yen		
	Proceeds	Realized gains	Realized loss
Available-for-sale:			
Equity securities	¥ 238	¥121	¥ 1
Government and corporate bonds	662	20	
Trust fund investments and other	415	58	120
Total	¥1,315	¥200	¥122

March 31, 2012	Millions of yen		
	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

Thousands of U.S. dollars

March 31, 2013	Proceeds	Realized gains	Realized loss
Available-for-sale:			
Equity securities	\$ 2,533	\$1,288	\$ 18
Government and corporate bonds	7,045	221	
Trust fund investments and other	4,418	622	1,280
Total	\$13,998	\$2,132	\$1,299

Impairment losses on available-for-sale equity securities for the year ended March 31, 2012, were ¥7 million.

5 INVENTORIES

Inventories at March 31, 2013 and 2012, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Merchandise and finished products	¥60,133	¥49,002	\$639,782
Work in process	7,540	6,212	80,229
Raw materials and parts	15,950	14,758	169,701
Total	¥83,624	¥69,973	\$889,713

6 LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2013 and 2012.

For 2013

As a result, the Group recognized an impairment loss of ¥109 million (\$1,163 thousand) as other expense for the unused assets due to the continuous fall in land prices, and the carrying amount of the relevant assets was written down to the recoverable amount for the year ended March 31, 2013. The recoverable amount of unused assets was measured at its net selling price as determined by inheritance tax law.

For 2012

As a result, the Group recognized an impairment loss of ¥390 million as other expense for the group of assets held for rent and unused assets, due to the continuous fall in land prices and a change in the intended use of assets held for rent, and the carrying amount of the relevant asset 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 the present value of future cash flow was 1.032%. The recoverable amount of unused assets was measured at its net selling price as determined by inheritance tax law.

7 SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2013 and 2012, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Interest rates ranging from 0.60% to 4.64% at March 31, 2013, and from 1.04% to 2.40% at March 31, 2012	¥16,204	¥9,244	\$172,404

Long-term debt at March 31, 2013 and 2012, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Loans from banks, 0.60% to 4.64% (0.98% to 2.46% in 2012), due serially to 2023:			
Collateralized		¥ 516	
Unsecured	¥ 5,445	1,089	\$ 57,934
Obligations under finance leases	542	828	5,768
Bonds payable	400		4,255
Total	6,387	2,434	67,958
Less-current portion	(2,445)	(809)	(26,014)
Long-term debt, less current portion	¥ 3,942	¥1,624	\$ 41,944

The annual maturities of long-term debt, at March 31, 2013, were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 1)
2014	¥2,445	\$26,014
2015	808	8,597
2016	1,454	15,477
2017	368	3,925
2018	965	10,272
2019 and thereafter	345	3,672
Total	¥6,387	\$67,958

The companies pledge a deposit of ¥12 million (\$134 thousand) as collateral for customers' bank loans.

Commitment Line Contract

In order to raise working capital efficiently, MIYACHI CORPORATION has a commitment line contract with a syndicate of banks.

The contract includes the financial covenants, as below. If MIYACHI CORPORATION can not comply with the covenants, the subsidiary loses the benefit of term.

- The consolidated equity of MIYACHI CORPORATION should be greater than 70% compared to the last fiscal year or the year ended June 30, 2010, whichever is greater.
- The consolidated ordinary income of MIYACHI CORPORATION should not be negative.

The amount of commitment line unused as of March 31, 2013, is as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2013	2013
Total commitment lines	¥3,000	\$31,918
Outstanding borrowings	1,110	11,809
Unused commitments	¥1,890	\$20,108

8 DEPOSITS RECEIVED

Deposits received are collateralized by investments in lease for real estate having a book value of ¥1,285 million (\$13,672 thousand), of which ¥398 million (\$4,241 thousand) was secured as debt at March 31, 2013.

9 RETIREMENT AND PENSION PLANS

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

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

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

The liability for employees' retirement benefits at March 31, 2013 and 2012, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Projected benefit obligation	¥ 48,094	¥ 43,900	\$ 511,695
Fair value of plan assets	(35,839)	(27,626)	(381,308)
Unrecognized prior service cost	831	1,973	8,843
Unrecognized actuarial gain	(3,839)	(7,652)	(40,851)
Net liability	9,246	10,594	98,378
Prepaid pension cost	(130)		(1,390)
Liability for employees' retirement benefits	¥ 9,377	¥ 10,594	\$ 99,769

The components of net periodic benefit costs for the years ended March 31, 2013, 2012 and 2011, were as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2013	2012	2011	2013
Service cost	¥ 1,602	¥ 1,389	¥ 1,267	\$ 17,050
Interest cost	861	962	947	9,169
Expected return on plan assets	(689)	(640)	(621)	(7,336)
Amortization of prior service cost	(1,141)	(1,140)	(1,098)	(12,148)
Recognized actuarial loss	709	1,349	1,693	7,550
Net periodic benefit costs	¥ 1,342	¥ 1,920	¥ 2,188	\$ 14,286

Assumptions used for the years ended March 31, 2013 and 2012, are set forth as follows:

	2013	2012
Discount rate	2.0%	2.0%
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

10 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 38.0%, 40.6% and 40.6% for the years ended March 31, 2013, 2012 and 2011, respectively.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2013 and 2012, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Deferred tax assets:			
Allowance for doubtful accounts	¥ 600	¥ 566	\$ 6,391
Tax loss carryforwards	2,995	3,052	31,865
Inventories—intercompany profits and write-downs	3,245	1,201	34,528
Provisions for bonus payment	1,001	989	10,655
Deferred profit on installment sales	101	111	1,076
Investment securities	103	155	1,101
Research and development costs	3,468	2,726	36,907
Pension and severance costs—prior service cost	3,226	3,854	34,332
Loss on impairment of long-lived assets	1,023	1,049	10,886
Property, plant and equipment—intercompany profits and depreciation expenses	992	1,083	10,555
Land revaluation difference	3,879	3,802	41,275
Unrealized loss on available-for-sale securities	1,289	2,720	13,714
Other	1,209	811	12,871
Less—valuation allowance	(7,175)	(5,509)	(76,344)
Total	15,961	16,615	169,819
Deferred tax liabilities:			
Property, plant and equipment—special reserve	(842)	(891)	(8,967)
Other	(1,236)	(1,138)	(13,158)
Total	(2,079)	(2,030)	(22,125)
Net deferred tax assets	¥13,881	¥14,585	\$147,693
Deferred tax liabilities:			
Depreciation	¥ (382)	¥ (203)	\$ (4,065)
Land revaluation difference	(579)	(691)	(6,168)
Other	(416)	(291)	(4,427)
Total	(1,377)	(1,186)	(14,661)
Deferred tax assets:			
Other	261	153	2,781
Total	261	153	2,781
Net deferred tax liabilities	¥ (1,116)	¥ (1,033)	\$ (11,879)

For the year ended March 31, 2013, information is not disclosed because the difference between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of operations is less than 5% of the normal effective statutory tax rates.

For the years ended March 31, 2012 and 2011, a reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income is as follows:

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

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.

At March 31, 2013, the Company and certain subsidiaries had tax loss carryforwards aggregating approximately ¥9,585 million (\$101,982 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, 2022, and thereafter.

11 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.

12 STOCK OPTIONS

The stock options outstanding as of March 31, 2013, were as follows:

(The Company)

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

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

(MIYACHI CORPORATION)

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2007 stock option	4 directors of the Company 2 operating officers of the Company 35 employees of the Company 4 compulsory retirement of the Company	91,200 shares	September 27, 2006	¥2,360	From September 28, 2008 to September 27, 2013
2008 stock option	26 employees of the Company 1 corporate auditor of the Company	18,500 shares	July 25, 2007	¥2,109	From July 26, 2009 to July 25, 2014
2011 stock option	7 employees of the Company	9,600 shares	September 28, 2010	¥560	From October 1, 2012 to September 30, 2017

The above contents are not included in the stock options which were acquired by the Company during the takeover.

The stock option activity is as follows:

	The Company	MIYACHI CORPORATION		
	2010 Stock Option	2007 Stock Option	2008 Stock Option	2011 Stock Option
For the year ended March 31, 2011				
Non-vested				
March 31, 2010—Outstanding				
Granted	2,500,000			
Canceled	(14,000)			
Vested				
March 31, 2011—Outstanding	2,486,000			
Vested				
March 31, 2010—Outstanding				
Vested				
Exercised				
Canceled				
March 31, 2011—Outstanding				
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				
Vested				
Exercised				
Canceled				
March 31, 2012—Outstanding				
For the year ended March 31, 2013				
Non-vested				
March 31, 2012—Outstanding	2,461,000			
Granted				
Canceled	(8,000)			
Vested	(2,453,000)			
March 31, 2013—Outstanding				
Vested				
March 31, 2012—Outstanding				
Vested	2,453,000			
Exercised				
Canceled				
March 31, 2013—Outstanding	2,453,000	91,200	18,500	9,600
Exercise price	¥605	¥2,360	¥2,109	¥560
Average stock price at exercise				
Fair value price at grant date		862	652	237

The assumptions used to measure fair value of 2010 Stock Options of the Company

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%

13 OTHER INCOME (EXPENSES)—OTHER, NET

Other income (expenses)—other, net, for the years ended March 31, 2013, 2012 and 2011, consisted of the following:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2013	2012	2011	2013
Commissions earned	¥ 98	¥ 108	¥ 312	\$ 1,047
Gain on sales of fixed assets	26	24	433	280
Loss on sales of fixed assets	(48)	(155)	(119)	(521)
Loss on disposal of fixed assets	(171)	(47)	(148)	(1,820)
Gain on sales of investment securities	200		164	2,132
Loss on sales of investment securities	(122)	(686)	(55)	(1,299)
Loss on impairment of investment securities		(7)	(227)	
Amortization of negative goodwill	264	264	264	2,816
Loss on liquidated subsidiaries and associates		(124)	(142)	
Loss on impairment of long-lived assets	(109)	(390)	(33)	(1,163)
Employees' retirement special benefits			(170)	
Loss from natural disaster			(293)	
Subsidy income from prefecture for new plant construction		507	32	
Other	46	607	866	490
Total	¥ 184	¥ 100	¥ 882	\$ 1,962

Loss from natural disasters includes the following:

- Extinguishments of the Company's and some domestic subsidiaries' inventories as a result of 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 affected by the earthquake in the East Shizuoka prefecture on March 15, 2011

14 RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥7,491 million (\$79,701 thousand), ¥7,022 million and ¥6,304 million for the years ended March 31, 2013, 2012 and 2011, respectively.

15 LEASES

a) Lessee

The Companies lease certain equipment and other assets.

The minimum rental commitments under non-cancelable operating leases at March 31, 2013 and 2012, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Operating leases:			
Due within one year	¥ 433	¥162	\$ 4,615
Due after one year	918	627	9,769
Total	¥1,352	¥789	\$14,384

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, 2013 and 2012, were as follows.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
I. Current assets			
Gross lease receivables	¥12,496	¥10,510	\$132,956
Unguaranteed residual value	472	333	5,026
Unearned interest income	(1,435)	(1,171)	(15,267)
Investments in lease	¥11,534	¥ 9,672	\$122,715
Gross lease receivables	¥ 676	¥ 676	\$ 7,195
Unearned interest income	(182)	(195)	(1,945)
Other current assets (Investments in lease for real estate)	¥ 493	¥ 481	\$ 5,249
II. Investments and other assets			
Gross lease receivables	¥ 5,153	¥ 5,829	\$ 54,825
Unearned interest income	(1,200)	(1,383)	(12,771)
Other assets (Investments in lease for real estate)	¥ 3,952	¥ 4,446	\$ 42,053

Maturities of investments in lease for finance leases that deem not to transfer ownership of the leased property to the lessee at March 31, 2013, were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 1)
I. Investments in lease		
2014	¥ 3,486	\$ 37,092
2015	2,802	29,820
2016	2,091	22,255
2017	1,581	16,822
2018	1,198	12,754
2019 and thereafter	1,335	14,210
Total	¥12,496	\$132,956
II. Other assets (Investments in lease for real estate)		
2014	¥ 676	\$ 7,195
2015	676	7,195
2016	676	7,195
2017	676	7,195
2018	558	5,943
2019 and thereafter	2,565	27,295
Total	¥ 5,829	\$ 62,020

The minimum rental commitments under non-cancelable operating leases at March 31, 2013 and 2012, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Operating leases:			
Due within one year	¥ 506	¥ 504	\$ 5,392
Due after one year	3,746	4,249	39,864
Total	¥4,253	¥4,754	\$45,257

16 CONTINGENT LIABILITIES

At March 31, 2013 and 2012, the Companies had the following contingent liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Customers' (62 companies in 2013 and 74 companies in 2012) bank loans	¥ 814	¥885	\$ 8,670
Customers' (74 companies in 2013 and 34 companies in 2012) finance lease payables	1,634	653	17,386
Travel agency ticket payables	50	66	531

Policy for financial instruments

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

Nature and extent of risks arising from financial instruments

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

Payment terms of payables, such as trade notes and trade accounts, are less than one year. Although payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the Company's payables are hedged by using forward foreign currency contracts.

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

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

Derivatives mainly include forward foreign currency contracts, NDF and interest-rate swaps, which are used to manage exposure to risks from changes in foreign currency exchange rates of receivables, payables and from changes in interest rates of bank loans. Please see Note 18 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 18 for the details about derivatives.

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

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

Foreign exchange risk of foreign currency trade payables of some subsidiaries is hedged by forward foreign currency contracts. The Company 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.

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 18 for the details of the fair value of derivatives.

The carrying amounts, fair values and unrealized gain (loss) of financial instruments at March 31, 2013 and 2012, were as follows:

March 31, 2013	Millions of yen		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 63,847	¥ 63,847	
Notes and accounts receivable	117,397	117,244	¥(153)
Investments in lease	11,389	11,087	(301)
Short-term investments and investment securities	60,881	60,881	
Total	¥253,516	¥253,061	¥(454)
Notes and accounts payable	¥ 17,247	¥ 17,247	
Short-term bank loans and current portion of long-term debt	18,343	18,343	
Long-term debt	3,705	3,696	¥ (9)
Deposits received	2,038	1,820	(218)
Total	¥ 41,336	¥ 41,108	¥(228)

March 31, 2012	Millions of yen		
	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)

March 31, 2013	Thousands of U.S. dollars		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	\$ 679,303	\$ 679,303	
Notes and accounts receivable	1,249,045	1,247,417	\$(1,627)
Investments in lease	121,181	117,969	(3,211)
Short-term investments and investment securities	647,740	647,740	
Total	\$2,697,270	\$2,692,431	\$(4,839)
Notes and accounts payable	\$ 183,499	\$ 183,499	
Short-term bank loans and current portion of long-term debt	195,167	195,167	
Long-term debt	39,427	39,324	\$ (103)
Deposits received	21,693	19,368	(2,324)
Total	\$ 439,787	\$ 437,359	\$(2,427)

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 4.

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

Fair value information for derivatives is included in Note 18.

Financial instruments whose fair value cannot be reliably determined as of March 31, 2013 and 2012, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
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	¥ 228	¥ 213	\$ 2,430
Investments in subsidiaries and associated companies:			
Investments in unconsolidated subsidiaries	2,556	2,303	27,202
Investments in associated companies:	522	509	5,562
Deposits received:			
Money on deposits from golf club members	1,360	1,419	14,477

Maturity analysis for financial assets and securities with contractual maturities at March 31, 2013, 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	¥ 63,847			
Notes and accounts receivable	75,647	¥40,484	¥3,204	
Short-term investments and investment securities:				
Available-for-sale:				
Government and corporate bonds	2,908	8,071	2,018	¥5,301
Trust fund investments and other	16,759	8,833	4,014	492
Total	¥159,163	¥57,389	¥9,237	¥5,794

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	\$ 679,303			
Notes and accounts receivable	804,845	\$430,733	\$34,097	
Short-term investments and investment securities:				
Available-for-sale:				
Government and corporate bonds	30,949	85,874	21,475	\$56,404
Trust fund investments and other	178,313	93,985	42,707	5,243
Total	\$1,693,412	\$610,592	\$98,280	\$61,647

Please see Note 7 for annual maturities of long-term debt.

18 DERIVATIVES

The Group enters into derivatives, including foreign exchange forward contracts, NDF and currency options, to hedge foreign exchange risk associated with notes and accounts receivable and payable denominated in foreign currencies. The Group also enters into interest-rate swap contracts and interest-rate swaption contracts to manage its interest-rate exposures for 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 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, 2013:

	Millions of yen			
	2013			
At March 31, 2013	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
Non-deliverable forward:				
Selling KRW	¥223		¥(26)	¥(26)
Foreign currency forward contracts:				
Buying JPY	59		1	1

	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			
	2013			
At March 31, 2013	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
Non-deliverable forward:				
Selling KRW	\$2,374		\$(278)	\$(278)
Foreign currency forward contracts:				
Buying JPY	631		13	13

Derivative transactions to which hedge accounting is applied at March 31, 2013:

		Millions of yen		
		2013		
At March 31, 2013	Hedged item	Contract amount	Contract amount due after one year	Fair value
Foreign currency forward contracts:				
Selling USD	Receivables and other	¥9,168		¥(912)
EUR	Receivables and other	2,913		(192)
GBP	Receivables and other	131		(8)
AUD	Receivables and other	311		(27)
CAD	Receivables and other	677		(54)
THB	Receivables and other	1,385		(157)
CNY	Receivables and other	119		0
SGD	Receivables and other	311		(48)

		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		

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 17 is included in that of the hedged items (i.e., long-term debt, current portion of long-term debt).

		Thousands of U.S. dollars		
		2013		
At March 31, 2013	Hedged item	Contract amount	Contract amount due after one year	Fair value
Foreign currency forward contracts:				
Selling USD	Receivables and other	\$97,545		\$(9,712)
EUR	Receivables and other	30,998		(2,049)
GBP	Receivables and other	1,404		(94)
AUD	Receivables and other	3,309		(294)
CAD	Receivables and other	7,210		(584)
THB	Receivables and other	14,739		(1,675)
CNY	Receivables and other	1,273		5
SGD	Receivables and other	3,319		(518)

19 COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Unrealized gain (loss) on available-for-sale securities:			
Gains arising during the year	¥ 4,595	¥ 58	\$ 48,891
Reclassification adjustments to profit or loss	(55)	693	(588)
Amount before income tax effect	4,540	752	48,303
Income tax effect	(1,431)	(611)	(15,228)
Total	¥ 3,108	¥ 140	\$ 33,074
Deferred gain (loss) on derivatives under hedge accounting:			
Gains arising during the year	¥ (733)	¥ (415)	\$ (7,800)
Amount before income tax effect	(733)	(415)	(7,800)
Income tax effect	278	151	2,959
Total	¥ (454)	¥ (264)	\$ (4,840)
Land revaluation surplus:			
Income tax effect		¥ 97	
Total		¥ 97	
Foreign currency translation adjustments:			
Adjustments arising during the year	¥10,690	¥(3,835)	\$113,743
Reclassification adjustments to profit or loss		44	
Amount before income tax effect	10,690	(3,791)	113,743
Income tax effect			
Total	¥10,690	¥(3,791)	\$113,743
Share of other comprehensive income in associates:			
Gains arising during the year	¥ 56	¥ (17)	\$ 601
Total	¥ 56	¥ (17)	\$ 601
Total other comprehensive income	¥13,401	¥(3,835)	\$142,579

20 NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2013, 2012 and 2011, are as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net income	Weighted average shares	EPS	EPS
For the year ended March 31, 2013:				
Basic EPS				
Net income available to common shareholders	¥4,126	381,784	¥10.81	\$0.11
Diluted EPS is not disclosed because it is anti-dilutive.				
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 income available to common shareholders	¥2,716	381,886	¥ 7.11	\$0.08
Diluted EPS is not disclosed because it is anti-dilutive.				

21 SEGMENT INFORMATION

For the year ended March 31, 2013, 2012 and 2011

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 separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group consists of "the Metalworking Machinery business" and "the Metal Machine Tools business." "The Metalworking Machinery business" consists of laser machines, punch presses and press brakes for the sheet metalworking market as well as the mechanical presses for the press market. "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						
	2013						
	Reportable segment			Others	Total	Reconciliations	Consolidated
Metalworking Machinery	Metal Machine Tools	Total					
Sales:							
Sales to external customers	¥149,831	¥38,552	¥188,384	¥ 1,634	¥190,018		¥190,018
Intersegment sales or transfers	53	15	68		68	¥ (68)	
Total	149,885	38,568	188,453	1,634	190,087	(68)	190,018
Segment profit	3,401	1,239	4,641	(16)	4,625		4,625
Segment assets	330,504	56,494	386,998	16,273	403,271	¥92,177	495,449
Other:							
Depreciation	5,770	1,842	7,613	44	7,657		7,657
Investments in unconsolidated subsidiaries and associated companies accounted for by the equity method	3,021	25	3,047		3,047		3,047
Increase in property, plant and equipment and intangible assets	¥ 9,597	¥ 1,065	¥ 10,663	¥ 35	¥ 10,698		¥ 10,698

	Millions of yen						
	2012						
	Reportable segment			Others	Total	Reconciliations	Consolidated
Metalworking Machinery	Metal Machine Tools	Total					
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			Others	Total	Reconciliations	Consolidated
Metalworking Machinery	Metal Machine Tools	Total					
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

	Thousands of U.S. dollars						
	2013						
	Reportable segment			Others	Total	Reconciliations	Consolidated
Metalworking Machinery	Metal Machine Tools	Total					
Sales:							
Sales to external customers	\$1,594,122	\$ 410,179	\$2,004,301	\$ 17,385	\$2,021,687		\$2,021,687
Intersegment sales or transfers	569	162	731		731	\$ (731)	
Total	1,594,691	410,342	2,005,033	17,385	2,022,419	(731)	2,021,687
Segment profit	36,194	13,191	49,385	(176)	49,208		49,208
Segment assets	3,516,375	601,069	4,117,445	173,138	4,290,584	\$980,714	5,271,298
Other:							
Depreciation	61,396	19,606	81,002	471	81,473		81,473
Investments in unconsolidated subsidiaries and associated companies accounted for by the equity method	32,148	273	32,421		32,421		32,421
Increase in property, plant and equipment and intangible assets	\$ 102,114	\$ 11,335	\$ 113,449	\$ 376	\$ 113,826		\$ 113,826

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 ¥92,177 million (\$980,714 thousand), ¥98,660 million and ¥103,746 million for the years ended March 31, 2013, 2012 and 2011, respectively.

3. Segment profit (loss) is adjusted from the operating income in the consolidated statements of operations.

4. For the year ended March 31, 2013, MIYACHI CORPORATION and its consolidated subsidiaries were included in the scope of consolidation at the end of the period. As a result, assets in the Metalworking Machinery business increased ¥9,935 million (\$105,712 thousand) compared to the previous fiscal year.

5. For the year ended March 31, 2013, the effect of change in depreciation methods for tangible fixed assets acquired after April 1, 2012, in Note 1 i) was not material.

Information related to the segment information is as follows:

1. Information about products and services

Millions of yen						
2013						
	Metalworking Machinery		Metal Machine Tools		Others	Total
	Sheet-Metal Processing Machines Division	Presses Division	Bandsaws Division	Machine Tools Division		
Sales to external customers	¥142,874	¥6,957	¥26,162	¥12,390	¥1,634	¥190,018

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

Thousands of U.S. dollars						
2013						
	Metalworking Machinery		Metal Machine Tools		Others	Total
	Sheet-Metal Processing Machines Division	Presses Division	Bandsaws Division	Machine Tools Division		
Sales to external customers	\$1,520,098	\$74,023	\$278,351	\$131,828	\$17,385	\$2,021,687

2. Information about geographical areas

(1) Sales

Millions of yen					
2013					
Japan	North America	Europe	Asia	Others	Total
¥94,938	¥30,853	¥30,835	¥30,847	¥2,543	¥190,018

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

Thousands of U.S. dollars					
2013					
Japan	North America	Europe	Asia	Others	Total
\$1,010,094	\$328,264	\$328,066	\$328,198	\$27,063	\$2,021,687

(2) Property, plant and equipment

Millions of yen				
2013				
Japan	North America	Europe	Others	Total
¥91,020	¥10,290	¥11,190	¥5,936	¥118,437

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

Thousands of U.S. dollars				
2013				
Japan	North America	Europe	Others	Total
\$968,401	\$109,481	\$119,059	\$63,161	\$1,260,103

Information related to impairment losses of assets is as follows:

	Millions of yen				
	2013				
	Reportable segment		Others	Elimination/Corporate	Total
Metalworking Machinery	Machine Tools				
Impairment losses of assets	¥109				¥109

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

	Thousands of U.S. dollars				
	2013				
	Reportable segment		Others	Elimination/Corporate	Total
Metalworking Machinery	Machine Tools				
Impairment losses of assets	\$1,163				\$1,163

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

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

	Millions of yen				
	2013				
	Reportable segment		Others	Elimination/Corporate	Total
Metalworking Machinery	Metal Machine Tools				
Amortization of goodwill	¥ 378	¥105	¥1,474		¥1,958
Goodwill at March 31, 2013	3,143	232			3,376
Amortization of negative goodwill		264			264
Negative goodwill at March 31, 2013					

	Millions of yen				
	2012				
	Reportable segment		Others	Elimination/Corporate	Total
Metalworking Machinery	Metal Machine Tools				
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

	Thousands of U.S. dollars				
	2013				
	Reportable segment		Others	Elimination/Corporate	Total
Metalworking Machinery	Metal Machine Tools				
Amortization of goodwill	\$ 4,025	\$1,123	\$15,692		\$20,841
Goodwill at March 31, 2013	33,442	2,476			35,919
Amortization of negative goodwill		2,816			2,816
Negative goodwill at March 31, 2013					

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

2. For the year ended March 31, 2013, the amount of amortization of goodwill of "Others" includes the expense of ¥1,369 million (\$14,571 thousand) of other expenses in the consolidated statement of income.

22 SUBSEQUENT EVENT

Appropriations of retained earnings

The following appropriations of retained earnings at March 31, 2013, were approved by the shareholders at the Company's general shareholders' meeting held on June 27, 2013.

	Millions of yen	Thousands of U.S. dollars (Note 1)
Year-end cash dividends, ¥4.00 (\$0.04) per share	¥1,526	\$16,246

Independent Auditor's Report

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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 its consolidated subsidiaries as of March 31, 2013, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amada Co., Ltd. and its consolidated subsidiaries as of March 31, 2013, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Deloitte Touche Tohmatsu LLC

June 27, 2013

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, 2013)

Authorized: 550,000,000 shares

Issued: 396,502,117 shares

Number of Shareholders

(As of March 31, 2013)

30,196

Major Shareholders

(As of March 31, 2013)

Shareholder	Shares owned (1,000 shares)	Percent (%)
Japan Trustee Services Bank, Ltd. (Trust accounts)	51,210	13.4
The Master Trust Bank of Japan, Ltd. (Trust accounts)	23,473	6.1
Mizuho Bank, Ltd.	15,000	3.9
Trust & Custody Services Bank, Ltd. (Trust accounts)	10,412	2.7
The Amada Foundation	9,936	2.6
Nippon Life Insurance Company	8,521	2.2
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	6,277	1.6
RBC IST LONDON – LENDING ACCOUNT	5,989	1.6
The Bank of New York Treaty Jasdec Account	5,905	1.5
The Joyo Bank, Ltd.	5,756	1.5

Note: Ownership percentages have been calculated excluding treasury stock (14,711,914 shares).

Stock Listing

Tokyo Stock Exchange, Inc., First Section

Quarterly Stock Price Range on Tokyo Stock Exchange (¥)

	2012				2013	
	1st	2nd	3rd	4th	1st	2nd
High	604	591	477	560	708	897
Low	472	421	335	332	534	566

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

The Amada Group

The Amada Group

The Amada Group

(As of October 1, 2013)

AMADA CO., LTD.

Head Office

200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-96-1111
URL: <http://www.amada.co.jp/>

Fujinomiya Works

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

Toki Works

1431-37, Kitayama, Kujiri, Izumi-cho,
Toki, Gifu 509-5142, Japan
Phone: 81-572-51-3111

Ono Plant

56, Hata-cho, Ono,
Hyogo 675-1377, Japan
Phone: 81-794-62-5931

PRINCIPAL DOMESTIC GROUP COMPANIES

Amada Machine Tools Co., Ltd.*

200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-96-3351
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 General Machine Co., Ltd.*

200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-96-3537
Major Activities: Sales and after-sales services for general purpose machines, general purpose welding machines, rebirth products, related equipment, and software

Amada Toyo Co., Ltd.*

3-73 Sameganji, Yatomi,
Aichi 490-1415, Japan
Phone: 81-567-52-2121
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
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
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
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
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
Major Activities: Distribution service for Amada products, including import / export agency

Amada Soft Service Co., Ltd.*

200, Ishida, Isehara,
Kanagawa 259-1196, Japan
Phone: 81-463-96-3476
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
Major Activities: Information service and sales intermediation for metalworking machines and electric equipment through the Internet

MIYACHI CORPORATION*

95-3, Futatsuka, Noda,
Chiba 278-0016, Japan
Phone: 81-4-7125-6177
Major Activities: Development, design, production, and sales of laser welding equipment, laser marking equipment, resistance welding equipment (welding controls, weld monitoring instrument, welding power supplies, peripherals), and integration of these products

MIYACHI SYSTEMS CO., LTD.*

4415-1, Washijuku, Sakura,
Tochigi, 329-1411, Japan
Phone: 81-28-686-5462
Major Activities: Development, production and sale of various type of manufacturing and system equipment created by automation technology, inspection technology and laser technology.

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

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

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

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 Tredeasy Avenue,
Batavia, NY 14020, U.S.A.
Phone: 1-585-344-3900

Major Activities: Manufacture of punches and dies

Amada Canada Ltd.*

885 Avenue Georges Cros Granby,
Quebec J2J 1E8, Canada
Phone: 1-450-378-0111

Major Activities: Sales and after-sales service of Amada products for the Canadian market

Amada de Mexico, S. de R.L. de C.V.*

Torres los Campestre Ave. Ricardo Margain 575,
Parque Corporativo Santa Engracia,
San Pedro Garza Garcia,
NL CP 66267, Mexico
Phone: 52-81-1234-0700

Major Activities: Sales and after-sales service of Amada products for the Mexican market

EUROPE

Amada Europe HQ S.A.S.*

ZI Paris Nord II, 96, Avenue de la Pyramide,
93290 Tremblay-en-France, France
Phone: 33-1-4990-7638

Major Activities: Coordination and management control of European Amada Group companies

Amada Europe S.A.*

ZI Paris Nord II, 96, Avenue de la Pyramide,
93290 Tremblay-en-France, France
Phone: 33-1-4990-3000

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

Major Activities: Sales and after-sales service of Amada products for the French, North European and North African market

Amada Outillage S.A.*

Zone Industrielle B.P. 35 76720, Auffay, France
Phone: 33-2-3280-8100

Major Activities: Manufacture of punches and dies for punching machines

Amada GmbH*

Amada Allee 1, 42781 Haan, Germany
Phone: 49-2104-2126-0

Major Activities: Sales and after-sales service of Amada products mainly for Germany, Russia, other neighboring countries, and the Eastern European market

Amada Machine Tools Europe GmbH*

Amada Allee 3, 42781 Haan, Germany
Phone: 49-2104-1777-0

Major Activities: Sales and after-sales service of machine tools, mainly Amada bandsaw machines, bandsaw blades, milling machines, CNC lathes, and CNC grinders for the European market

Amada Advanced Technology GmbH*

Bichlmannstr. 20, 84174 Eching, Germany
Phone: 49-8709-2689-120

Major Activities: Research and development of metalworking machines, mainly laser machines

Amada United Kingdom Ltd.*

Spennelles Valley Road, Kidderminster,
Worcestershire DY10 1XS, England
Phone: 44-1562-749-500

Major Activities: Sales and after-sales service of Amada products mainly for the U.K., Spanish and Portuguese market

Amada Italia S.r.l.*

Via Amada I, 1/3,
29010 Pontenure, Piacenza, Italy
Phone: 39-0523-872111

Major Activities: Sales and after-sales service of 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

Major Activities: R&D, sales, after-sales service of software, and engineering processes for sheet-metal processing machines

ERXA S.r.l.*

10149 Torino-Cso Svizzera,
185 Centro Piero della Francesca, Italy
Phone: 39-0117-412749

Major Activities: R&D, sales, and after-sales service of robot and computer software

Amada Austria GmbH*

Wassergasse 1, A-2630 Ternitz, Austria
Phone: 43-2630-35170

Major Activities: Manufacture and sales of bandsaw blades and bending tools

Amada Sweden AB*

Borgens Gata 16-18,
SE-441 39 Alingsås, Sweden
Phone: 46-322-20-9900

Major Activities: Sales and after-sales service of Amada products for the Swedish market

Ab LKI Kälđman Oy**

Svartnäshagavägen 7 FIN-68910 Bennäs, Finland
Phone: 358-20-7009-000

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

Major Activities: Sales and after-sales service of Amada products mainly for the Russian market

Amada Makina Teknoloji Sanayi Ve Ticaret Ltd. Sti.*

İkitelli Organize Sanayi Bolgesi Haseyad koop.,
Turgut Ozal cad., No: 116,
34670 İkitelli İstanbul-Türkiye
Phone: 90-212-549-1070

Major Activities: Sales and after-sales service of Amada products mainly for the Turkish market

ASIA

Amada (China) Co., Ltd.*

No. 89 Zhuoqing Road,
Qingpu District, Shanghai,
People's Republic of China
Phone: 86-21-5985-8222

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

Major Activities: Sales of Amada products for the Chinese market and international trading

Beijing Amada Machine & Tooling Co., Ltd.*

No. 3, 705 Yong Chang Bei Lu, Beijing Economic Technological Development Area,
People's Republic of China
Phone: 86-10-6786-9380

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. 89 Zhuoqing Road,
Qingpu District, Shanghai,
People's Republic of China
Phone: 86-21-6212-1111

Major Activities: Sales and after-sales service of Amada products for the Chinese market and international trading

Amada Shanghai Machine Tech Co., Ltd.*

No. 89 Zhuoqing Road,
Qingpu District, Shanghai,
People's Republic of China
Phone: 86-21-6917-1352

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.*

Rm. 801-803, 8/F, Talfook Chong, No. 9,
Shihua Road, Futian Free Trade Zone,
Shenzhen, People's Republic of China
Phone: 86-755-8358-0011

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: 86-518-8515-1111

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 Economic Development Zone,
Lianyungang, Jiangsu, China
Phone: 86-518-8591-8369

Major Activities: Manufacture of bandsaw machines

Amada Taiwan Inc.*

No. 21, Wenming Rd.,
Linkou 3 Ind. Park Kweishan Taoyuan Hsien
Taiwan, R.O.C.
Phone: 886-3-328-3511

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

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

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

Major Activities: Sales and after-sales service of Amada products for the Singaporean and Indonesian markets

Amada (Thailand) Co., Ltd.*

110/8 Moo 13, Rachatheva, Sub-District
Bangplee, District Samutprakarn Province
10540, Thailand
Phone: 66-2738-9530

Major Activities: Sales and after-sales service of Amada products for the Thai market

Amada Machine Tools (Thailand) Co., Ltd.*

700/146, Village No. 1, Bankao, Sub-District
Panthong, District Chonburi 20160, Thailand
Phone: 66-3846-8920

Major Activities: Sales and after-sales service of machine tools, mainly Amada bandsaw machines, CNC lathes, CNC grinders, sales of bandsaw blades, 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

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,
Ha Noi, Vietnam
Phone: 84-4-6261-4583

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

Major Activities: Sales intermediation for and after-sales service of Amada products for the Indian market

Amada Soft (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

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

Major Activities: Sales and after-sales service of Amada products for the Australian market

Amada do Brasil Ltda.*

Avenida Tamboré, 965/973, Tamboré, Barueri-
SP, CEP 06460-000, Brazil
Phone: 55-11-4193-5730

Major Activities: Sales and after-sales services of Amada machines for the Brazilian market

* Subsidiary

** Affiliate



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



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

AMADA CO., LTD.

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