

ANNUAL REPORT

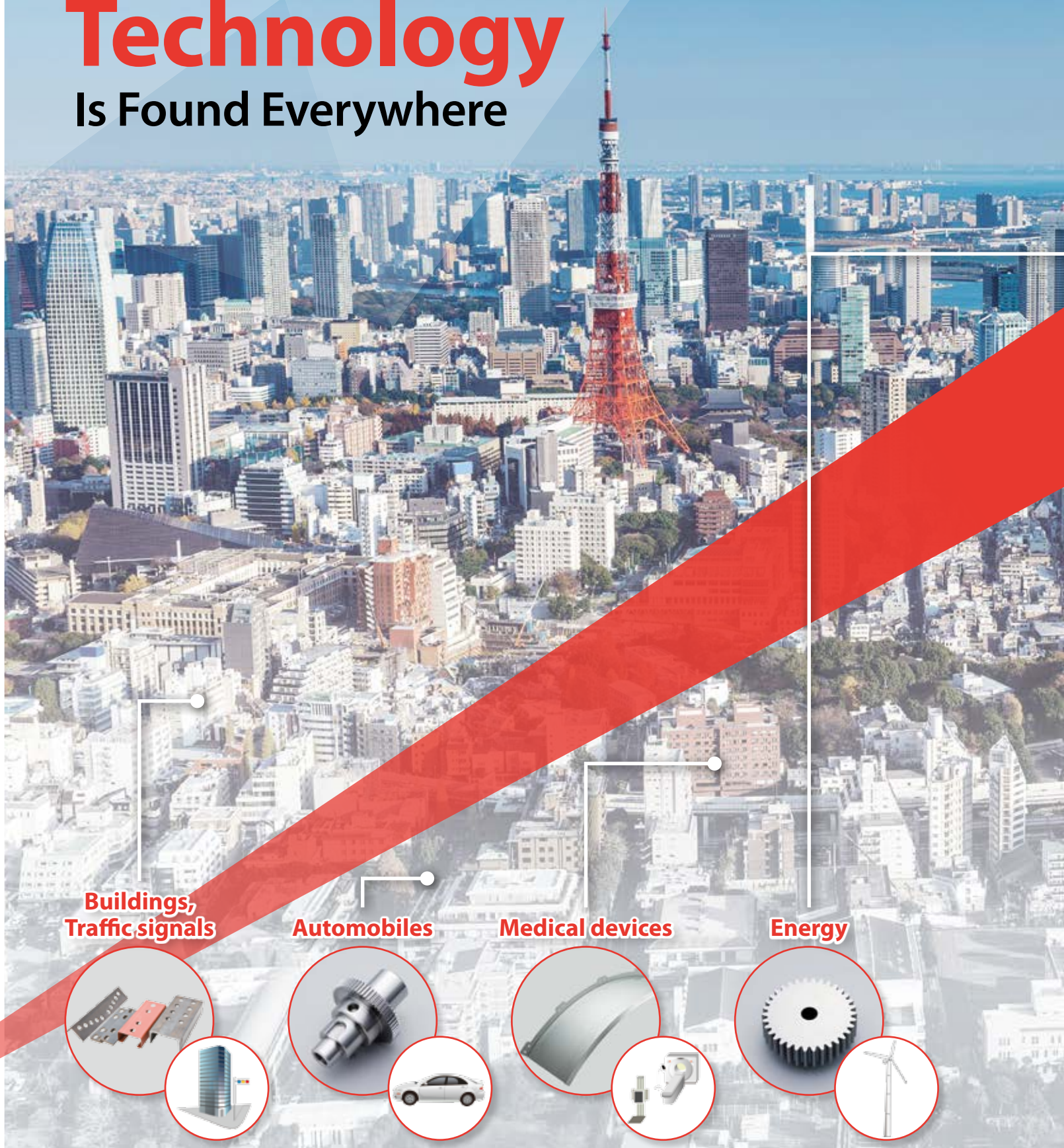
2016

Growing Together with Our Customers



Cover Story

—AMADA's Technology Is Found Everywhere



**Buildings,
Traffic signals**

Automobiles

Medical devices

Energy

To Be a Sustainable Company

Products made with AMADA's machines
are used in such products as:

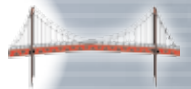
Computers



Vending
machines



Bridges



Elevators



Signals



Stationery



Airplanes



70th Anniversary Year

Our manufacturing (*monozukuri*)

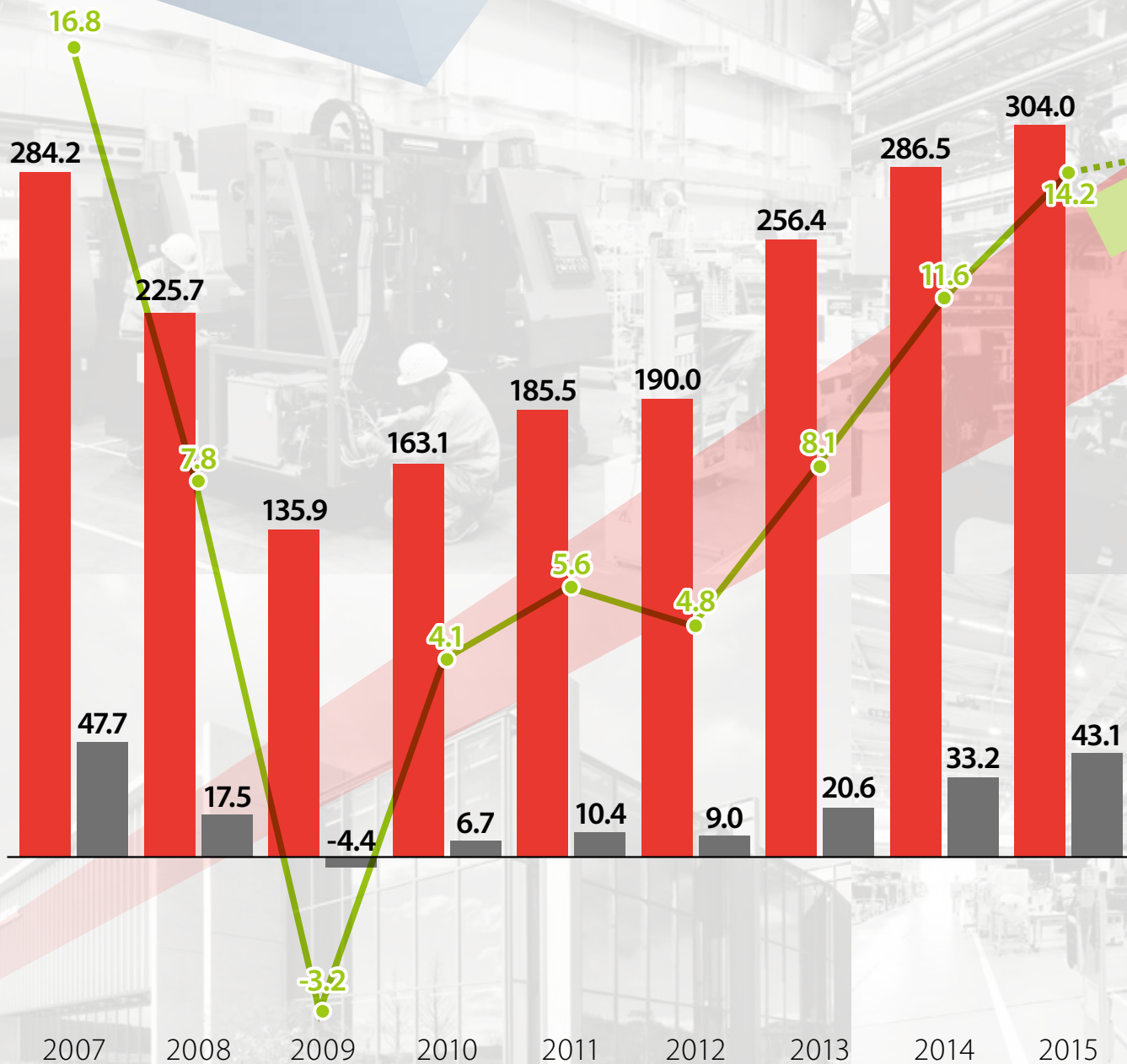
Our manufacturing (*monozukuri*) contributes to the *monozukuri* of our customers all over the world, and we recognize the fact that this is linked to the development of local and regional communities and the international community. It is our responsibility, as the AMADA Group, to continually enrich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

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

- The results

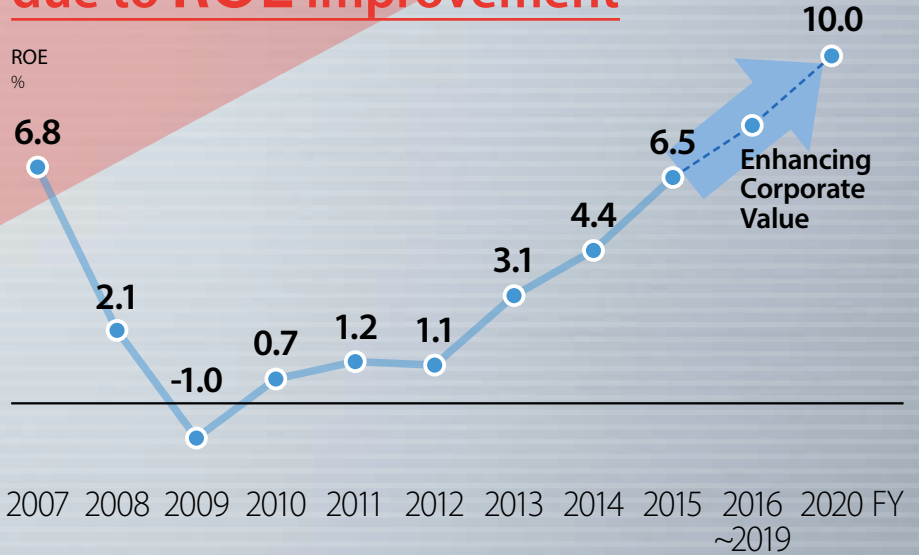
OF A VARIETY OF SOLUTIONS in the manufacturing of metal processing

■ Net Sales ■ Ordinary Income ● Ordinary Income Ratio
Billions of yen %



New Steps toward a 100-year company

Contribution to investors due to ROE improvement



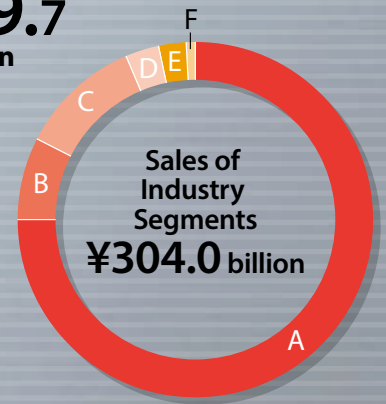
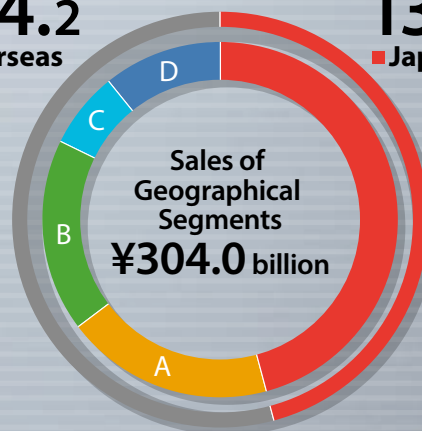
Task 321
New
Medium-term
Management
Plan

400.0
20.0

Products and Regions Continue to expand

164.2
Overseas

139.7
Japan



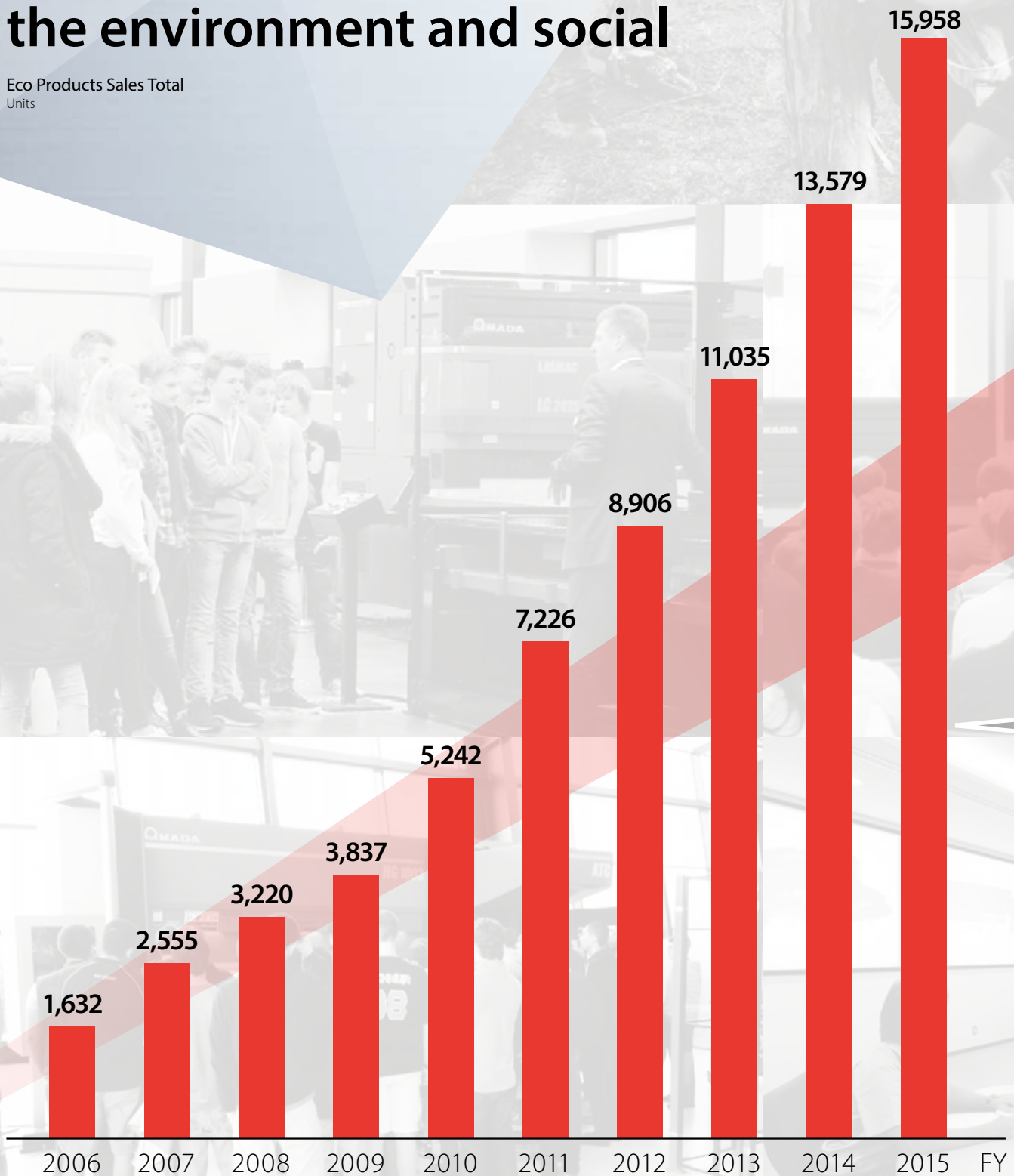
	(Billions of yen)
■ Japan	139.7
■ Overseas	164.2
■ A North America	57.2
■ B Europe	53.2
■ C China	21.0
■ D Asia and Others	32.7

	(Billions of yen)
■ A Sheet metal processing	228.0
■ B Welding	22.8
■ C Bandsaws	33.8
■ D Presses	9.9
■ E Machine tools	7.7
■ F Others	1.7

2016~2019 2020 FY

“Manufacturing of AMADA” aims to **coexistence** with the environment and social

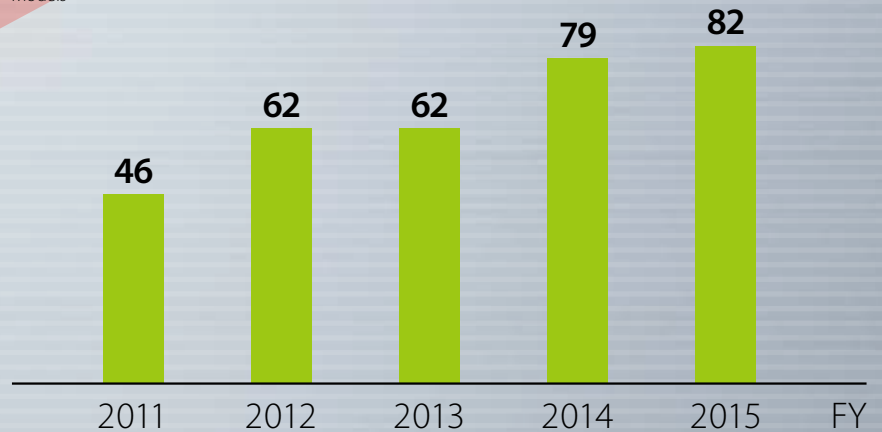
Eco Products Sales Total
Units



Linkage through Eco-conscious Manufacturing

Development and Commercialization of Eco Products Cumulative Total

Development and Commercialization of Eco Products Cumulative Total Models



27

Others

Eco Friendly Products Sales Ratio [%]

73

Eco Products

Performance by Mid-term Environmental Plan

CO₂ reductions due to release of Eco Products

AMADA Group Overall -10.0%

CO₂ reductions in the AMADA Group

CO₂ basic unit 0.838 (compared with the base year -16.2%)

Group Zero Emissions rate

Zero Emission Ratio 1.586% (compared with fiscal 2013 -8.27%)

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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.

Our Management Philosophy

1

Growing Together with Our Customers

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

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

2

Contribute to the international community through our business

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

3

Develop human resources who pursue creative and challenging activities

Rather than being content with the present situation, we are constantly in search of new and better ideas to put into action in order to improve and enhance our business activities.

This is the AMADA Group's basic philosophy of human resources development, and we believe that AMADA's unique corporate culture will be further developed by continuing to practice this philosophy.

4

Conduct sound corporate activities based on high ethics and fairness

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

5

Take good care of people and the earth's environment

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

Performance Highlights

AMADA Holdings Co., Ltd. and Consolidated Subsidiaries Year ended March 31

Financial Data

	Millions of yen				
	2012	2013	2014	2015	2016
For the year:					
Net sales	¥185,539	¥190,018	¥256,482	¥286,527	¥304,018
Sales to foreign customers	94,870	95,079	136,575	156,554	164,256
Cost of sales	109,509	115,595	153,977	165,961	167,813
Gross profit	76,030	74,423	102,505	120,565	136,204
Selling, general and administrative expenses	67,339	68,953	86,308	93,246	94,726
Net changes in deferred profit on installment sales and finance lease sales	458	(844)	28	375	1,048
Operating income	9,148	4,625	16,225	27,694	42,526
Other income (expenses)—net	1,062	2,390	5,584	3,381	585
Income before income taxes	10,210	7,015	21,810	31,075	43,112
Net income attributable to owners of the parent	4,643	4,126	12,184	18,423	27,425
Comprehensive income	1,043	17,704	36,491	31,844	13,540
Purchases of property, plant and equipment	12,747	10,203	8,422	7,504	6,258
Depreciation and amortization	7,711	7,657	8,604	8,552	8,849
Research and development costs	7,022	7,491	9,048	8,332	7,766
At year-end:					
Total equity	¥371,969	¥385,102	¥417,002	¥426,481	¥419,380
Total assets	469,836	495,449	552,729	573,537	565,266
Total long-term liabilities	21,142	21,851	17,733	21,368	27,962
Per share of common stock (yen):					
Net income —					
Basic	¥12.16	¥10.81	¥31.89	¥49.18	¥74.56
Diluted			31.85	49.12	74.49
Cash dividends applicable to the year	12.00	12.00	20.00	26.00	36.00
Sales composition:					
Metalworking Machinery Business	¥138,104	¥143,221	¥202,899	¥225,811	¥250,825
Sheet metal fabrication machines	138,104	143,221	182,523	202,652	228,001
Welding machines			20,375	23,158	22,823
Metal Machine Tools Business	¥46,249	¥45,621	¥52,339	¥59,466	¥51,470
Metal cutting machines	25,648	26,225	30,725	34,179	33,827
Stamping presses	6,216	6,974	7,822	9,349	9,919
Machine Tools	14,383	12,420	13,792	15,937	7,724
Others	1,185	1,175	1,244	1,249	1,722
Total	¥185,539	¥190,018	¥256,482	¥286,527	¥304,018

Notes:

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

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

Non-Financial Data

CO₂ (t-CO₂)	2012	2013	2014	2015	2016
Overseas	17,324.0	17,302.0	17,622.0	17,235.8	18,520.1
Domestic	29,167.3	27,462.9	27,958.4	28,509.6	26,357.5
CO₂ Intensity (kg-CO₂/kWh)	2007 (Basic)	2013	2014	2015	2016
Emission factor	1,000.0	0.947	0.875	0.822	0.817
Waste (t)	2012	2013	2014	2015	2016
Overseas	1,636.0	1,626.0	1,513.0	2,164.1	2,426.0
Domestic	2,842.0	2,662.2	2,720.1	2,851.6	2,926.7
Water Resources (thousand m³)	2012	2013	2014	2015	2016
Overseas	95.0	99.0	129.0	120.4	96.6
Domestic	194.0	160.9	172.6	159.0	115.1
Employees (people)	2012	2013	2014	2015	2016
Number of employees	6,467	7,678	7,956	8,083	7,955

TOPICS

ENSIS-AJ Series Wins Natural Resources and Energy Director's Award

The ENSIS-AJ Series Fiber Laser Machine, which supports v-mix v-lot production and a wide processing range, won the Natural Resources and Energy Director's Award at the 36th Energy-Efficient Machinery Awards hosted by the Japan Machinery Federation (JMF). Through the use of unique beam control technology, the ENSIS-AJ Series Fiber Laser Machine makes it possible to perform cutting with a 2kW laser oscillator in sheet metal processing that traditionally requires a 4kW laser oscillator. Accordingly, the machine received high praise for its contributions to energy conservation.



AMADA SHANGHAI MACHINE TECH Acquires ISO 14001 Certification

After China's CQC Shanghai Inspection Center carried out an ISO 14001 (environmental management) inspection of the company, AMADA SHANGHAI MACHINE TECH CO., LTD., received ISO 14001 certification in November 2015. In its third year of operation, AMADA SHANGHAI MACHINE TECH and its employees united together to take on the challenge of acquiring the certification as part of a new initiative in factory management.



AMADA HOLDINGS Receives Minister of Land, Infrastructure, Transport and Tourism's Award for Cleanup Activities at the Isehara Head Office

In August 2015, AMADA HOLDINGS CO., LTD., was recognized for the cleanup activities it conducts in the area surrounding the Isehara Head Office as part of its local contribution activities, receiving the Minister of Land, Infrastructure, Transport and Tourism's award. During "Road Awareness Month," which is conducted by the Ministry of Land, Infrastructure, Transport and Tourism, this award is given to organizations who engage in outstanding activities to protect roads.





Mitsuo Okamoto
Chairman & CEO

Tsutomu Isobe
President

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

| 70th anniversary

The AMADA Group will be fortunate enough to celebrate its 70th anniversary this year.

Since our founding in 1946, AMADA has never flagged in our management philosophy of “growing together with our customers.” Under this philosophy, we have seen it as our mission to contribute to society through the monozukuri product creation process, and it is under this philosophy that we have pursued our business operations.

In recent years, the environment which enfolds AMADA has rapidly globalized and diversified.

Moreover, looking out over the next 30 years has reconfirmed for us the necessity of further improving our enterprise.



Economic Environment and Business Performance

The consolidated operating results for the FY 2015 (fiscal year ended March 31, 2016) under review, both orders and net sales increased year-on-year, recording orders of 306,402 million yen(US\$2,718.9 thousand) (up 3.4% YoY) and net sales of 304,018 million yen(US\$2,697.8 thousand) (up 6.1% YoY), contributed to the back of robust overseas demand, mainly in North America, and the pump priming effect of the government's subsidies for energy saving, tax benefits and other measures taken in Japan.

Regarding profit and loss, operating income and profit attributable to owners of parent increased, respectively, to 42,526 million yen(US\$377.3 thousand) (up 53.6% YoY), and

27,425 million yen(US\$243.3 thousand) (up 48.9% YoY), driven by an increase in sales and the effect of the yen's depreciation.

Net sales by region net sales in Japan increased by 7.5% year-on-year to 139,762 million yen(US\$1,240.2 thousand).

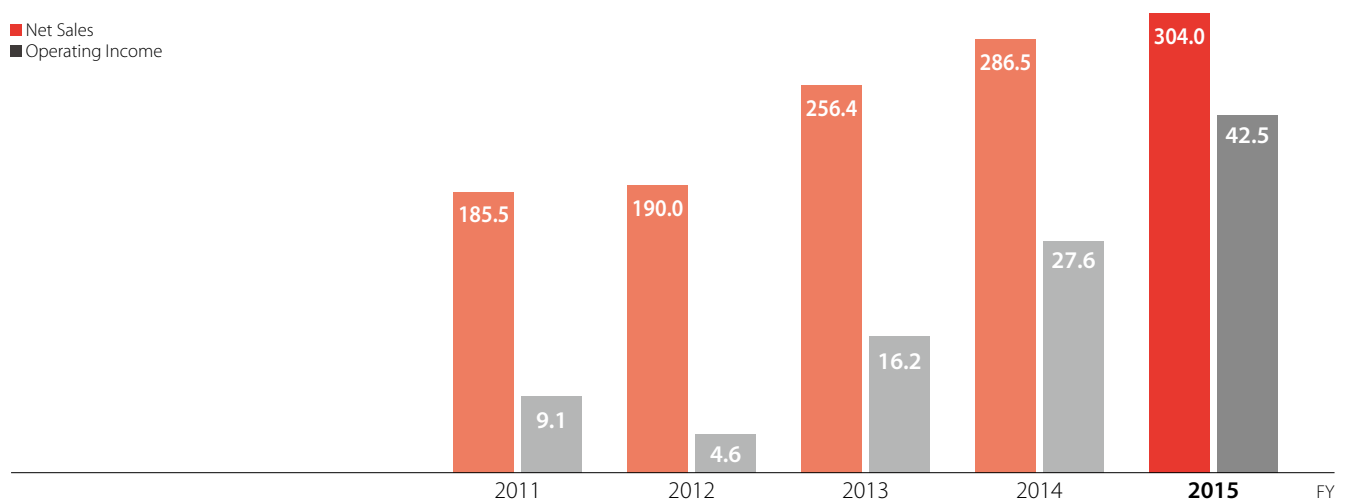
In overseas, net sales in North America increased by 17.3% year-on-year to 57,235 million yen(US\$507.9 thousand), in Europe increased by 0.9% year-on-year to 53,232 million yen(US\$472.3 thousand), in Asia slightly increased year-on-year to 49,615 million yen(US\$440.2 thousand), and totaled 164,256 million yen(US\$1,475.6 thousand)(up 4.9% YoY).

The overseas sales ratio was 54.0% compared to 54.6% in the previous fiscal year.

Net Sales / Operating Income

Billions of yen

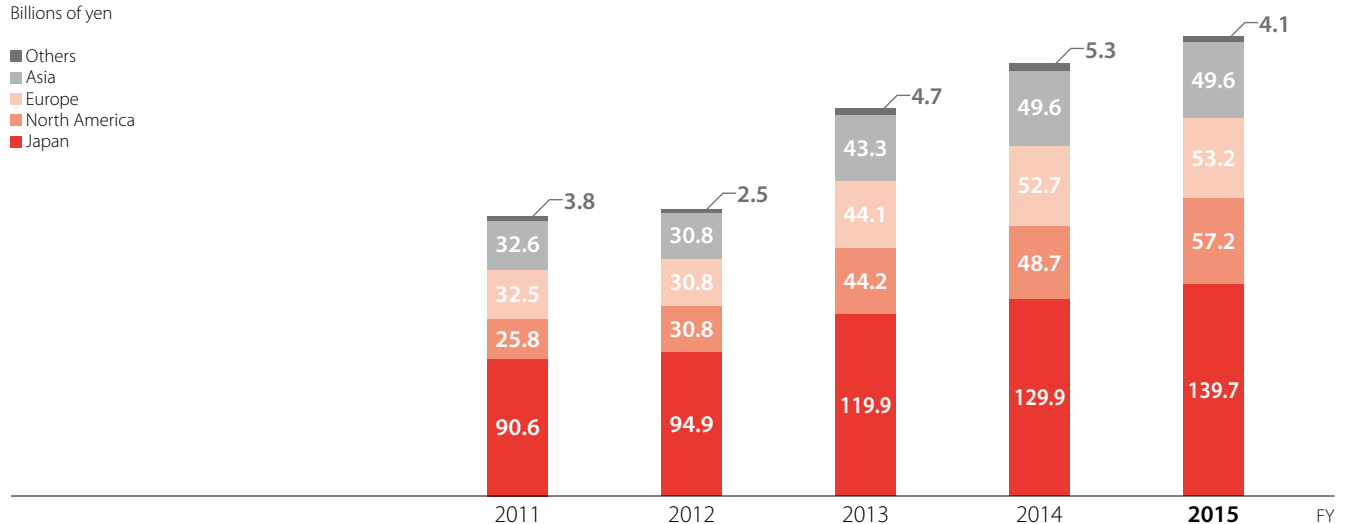
■ Net Sales
■ Operating Income



Sales by Geographical Segment

Billions of yen

■ Others
■ Asia
■ Europe
■ North America
■ Japan



Task321~New Medium-term Management Plan

"The AMADA Group formulating a new Medium-term Management Plan covering up to FY2020 (fiscal year ended March, 2021), called Task321. This is a reform initiative seeking a vision for the next ten years with a view to the centenary of our incorporation.

Task321 aims to achieve the following three goals

- Expansion of Net sales by 30% (400 billion yen).
- Increase of recurring ordinary income ratio by 20% (80 billion yen)
- ROE at 10%

In the process of accomplishing Task321, our Company will strive to the measures as follows.

1) Execution of growth strategy

- Expansion of laser business by strengthening product competitiveness of Fiber Laser
- Promotion of automation business by utilizing robot and software technologies

- Strengthening manufacturing proposal on V-factory/Smart Factory leveraging IoT
- Development of new markets, including the new material field, based on accumulated know-how

2) Establishment of robust profit structure

- Enhancement of cost reduction and profitability by conducting production reform towards integration of development and manufacturing
- Improvement of selling prices by making high value-added engineering proposals, etc.

3) Improvement on the capital productivity

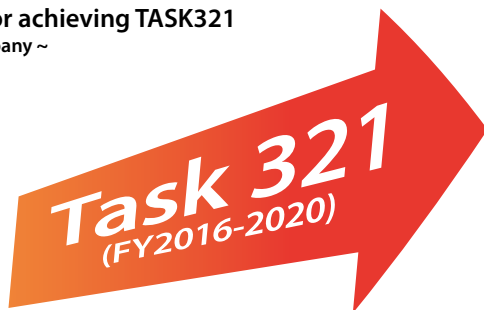
- Reduction of lead-time through local production and inventory assets by developing the Supply Chain Management system
- Restructuring of the commercial credit business and reduction of accounts receivables by reviewing a financing structure
- Consolidation and sale of idle real estate, securities and other non-core assets based on profitability evaluation

Mid-Term business target (FY2020)

Mid-Term business target for achieving TASK321

~ New steps toward a 100-year company ~

- FY2015 -	
Net Sales	304 bn
Ordinary income	14 %
ROE	6.5 %

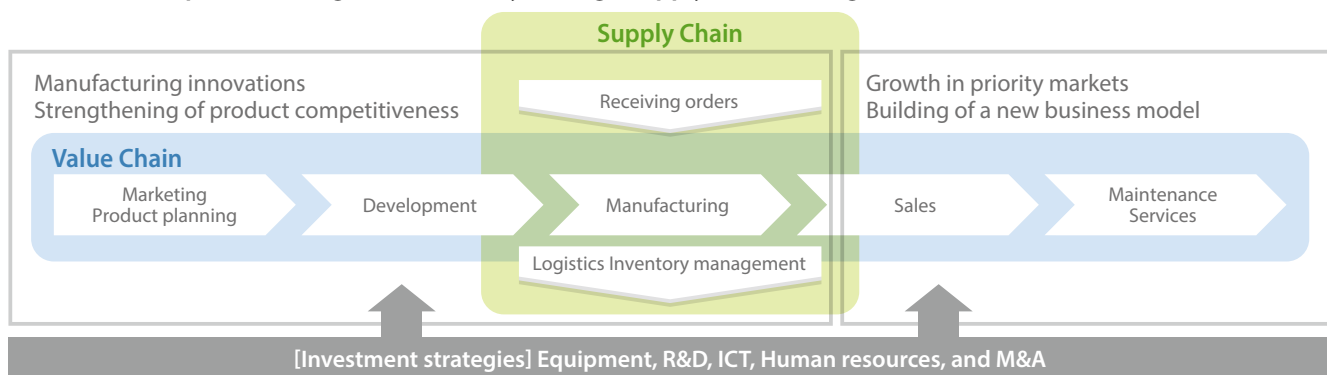


- FY2020 -	
Expand market share by growth strategy	Net Sales 400 bn
Strengthen profit structure by profitability improvement strategy	Ordinary income 80 bn (20%)
Establish management base by investment strategy	ROE 10 %

[Billions of yen]

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

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



Policy on Shareholder Returns Dividend and Capital Policy

In the fiscal year under review, we realized increases in both sales and income that exceeded expectations. Accordingly, we issued an annual dividend of ¥36 per share (¥16 interim, ¥20 year-end), which was ¥4 higher than initial plans.

As for our policy on shareholder returns, we maintain a sufficient level of retained earnings to prepare for future business

expansion while continuously allocating profits in an appropriate manner. We also implement a consolidated dividend payout ratio of about 50%.

Furthermore, we flexibly acquire treasury stock giving consideration to maintaining a healthy balance with strategic investment.

Capital Measures: Towards ROE 10%

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

	FY2014 results	FY2015 results	FY2016 forecast	FY2017 and beyond
Net profit (Billions of yen)	18.4	27.4	27.5	
Dividend (Dividend payout ratio %)	26 yen (53%)	36 yen (48%)	42 yen *includes commemorative dividend of 6 yen (56%)	Approx. 50%
Share buybacks (Billions of yen)	10.0	10.0	Implemented flexibly	
Total return ratio (%)	107%	82%	56%	Approx. 50%
ROE (%)	4.4%	6.5%	6.5%	~10%

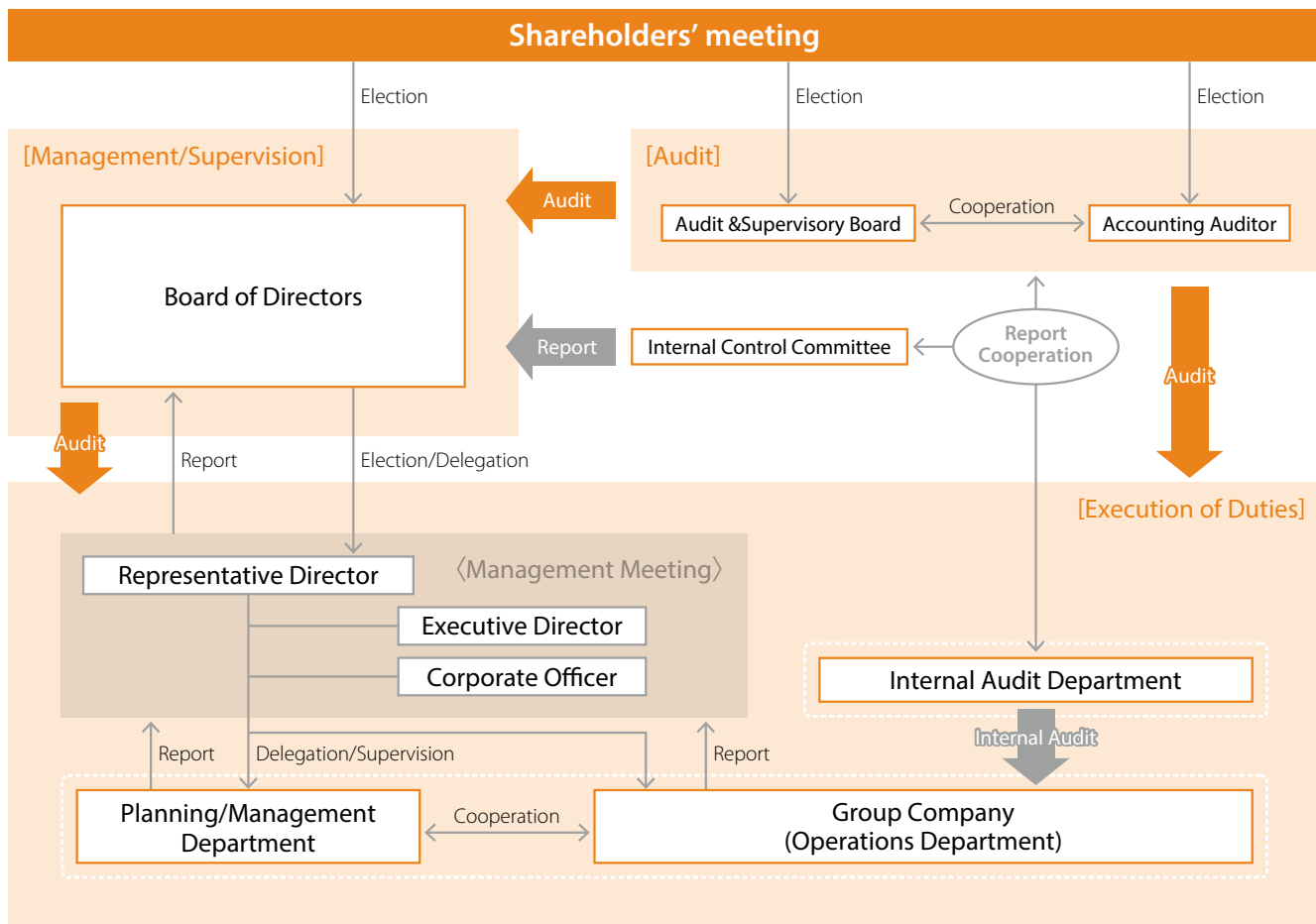
Corporate Governance

BASIC POLICY

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

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

Chart of Corporate Governance Structure



Board of Directors and Directors

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

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

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

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

Audit & Supervisory Board and Audit & Supervisory Board Members

The number of audit & supervisory board members shall be limited to a maximum of four as stipulated in the Articles of Incorporation. (We have four members.)

At least half of the audit & supervisory board members shall be independent outside officers with neutrality and independence. (We have two independent outside members, half of the audit & supervisory board members.)

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

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

Information Management and Disclosure

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

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

Strengthen Corporate Governance

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

Selection of Outside Officers

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

Members (hereinafter referred to as “outside officers”) as having sufficient independence from the Company if an outside officer meets all of the below criteria.

(Reference) Independence Standards for Outside Officers

AMADA HOLDINGS CO., LTD.

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

Enacted on December 18, 2015

Directors, Audit and Supervisory Board Members, and Corporate Officers

(As of June 28, 2016)

Directors



Chairman & CEO

Mitsuo Okamoto



President

Tsutomu Isobe



Senior Managing Director

Atsushige Abe



Director

Yasuhiro Kawashita



Director (Outside)

Michiyoshi Mazuka



Director (Outside)

Toshitake Chino



Director (Outside)

Hidekazu Miyoshi

Audit and Supervisory Board Members

Audit and Supervisory Board Members (Full-time)

Takaya Shigeta

Kiyoshi Takeo

Audit and Supervisory Board Members (Outside)

Masanori Saito

Akira Takenouchi

Corporate Officers

Katsuhide Ito

Takashi Yuuki

Masayuki Kunimaru

Hidekazu Kudo

Toshinori Kurihara

Businesses of AMADA HOLDINGS CO., LTD.

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

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

AMADA HOLDINGS CO., LTD.

AMADA HOLDINGS CO., LTD.

(Group strategy, management planning, etc.)

Sheet Metal Fabrication Machine Business

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

Metal Cutting and Machine Tool Business and Stamping Press Business

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

Precision Welding Machine Business

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

AMADA ENGINEERING CO., LTD.

AMADA CO., LTD.

Sheet metal fabrication machine business

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

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

- Turret punch presses
- Press brakes
- Welders
- Software



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

**AMADA
AUTOMATION
SYSTEMS CO., LTD.**

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

**AMADA MIYACHI
CO., LTD.**



Metal cutting machine business

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

- Bandsaw machines
- Structural steel fabrication machines

Stamping press business

- Stamping press machines



Machine tool business

- Multi process center
- Grinding machines
- Electrical discharge machines



Precision welding machine business

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

- Laser welders
- Resistance welders
- Laser markers
- Systems



Sheet Metal Fabrication Machine Business

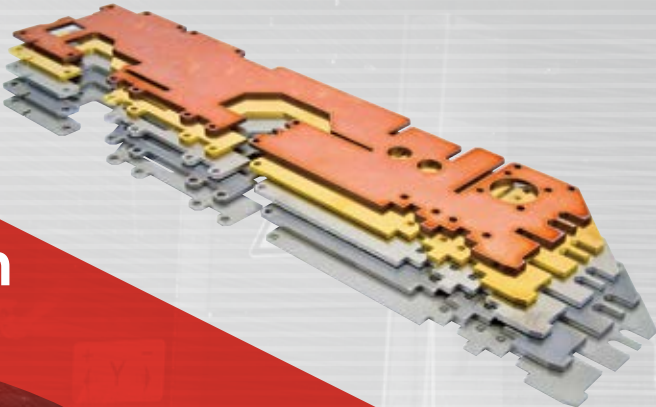


Image of processing on ENSIS



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

Proposal of total solutions for sheet metal fabrication

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

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

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

Software

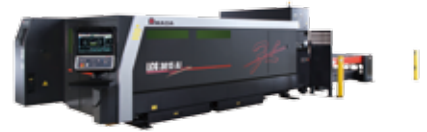
The virtual prototype simulation system (VPSS) offers digital manufacturing for verifying parts in detail on a computer screen before they are actually made. This digital manufacturing system reduces the time the operator spends unfolding a part from its 3D drawing in his brain and achieves shorter times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



Sale of sheet metal fabrication machines



Fiber laser machine
ENSIS-3015AJ



Fiber Laser Machine
LCG-3015AJ



Fiber laser/punch combination machine
LC-2515C1AJ



Fully automatic solution turret punch press
EM-3612ZRT



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



Fiber laser welding system
FLW-4000M3

Major Products



Fiber laser-equipped blanking process integrated solution
ACIES-2512TAJ



High accuracy bending robot system
HG-1003ARs



High speed and high accuracy press brake
EG-6013

AMADA INNOVATION CENTER

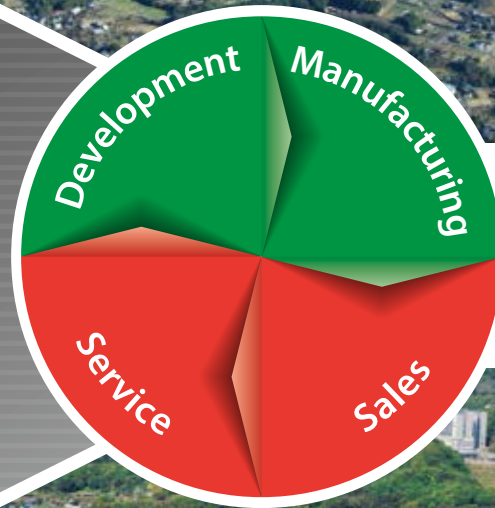
AMADA ENGINEERING CO., LTD.



From Development and Manufacture to Sale and Service

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

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



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



AMADA SOLUTION CENTER

AMADA CO., LTD.

Development system based on “voices of customers”

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



Innovation room



Development center

System for manufacturing machines to specifications of customers

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



“Booth-stand” production system



Clean room

Sales system to “solve problems of customers”

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

AMADA Solution Center

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



AMADA Solution Center (Isehara)

AMADA Solution Center (Schaumburg)

Technical Centers

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

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



Kansai Technical Center (Osaka)

Shanghai Technical Center (China)

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

AMADA CO., LTD.

AMADA TECHNICAL SERVICE CO., LTD.

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



Call center



IT service vehicle equipped with digitized service tools



Tooling

Parts center

Metal Cutting and Machine Tool Businesses / Stamping Press Business

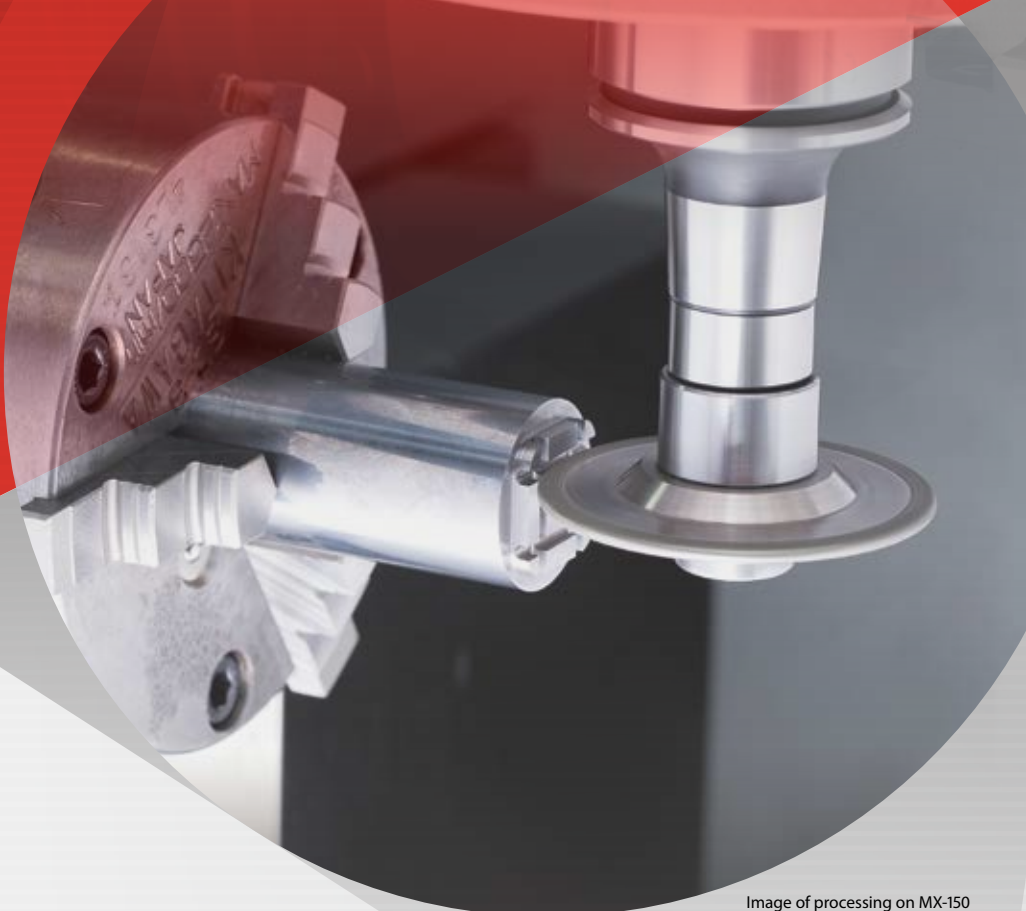


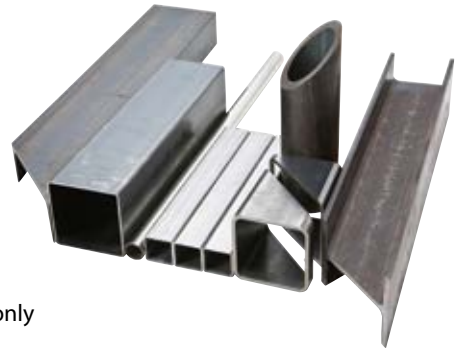
Image of processing on MX-150



■ AMADA MACHINE TOOLS CO., LTD.

From huge structures to minute parts

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



Facilities for solving problems of customers

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

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



Toki Technical Center

Development and manufacture with high quality and short delivery lead time

About 100 development staff members reside at the Toki Works and mainly develop machine tools with the latest design systems and video equipment. The latest, high accuracy and high performance equipment is introduced at the manufacturing factory, and quality is thoroughly built into products on each manufacturing line. A system is established for stably delivering high quality and high accuracy products within short lead times.



Toki Works



Office building



Factory building



Saw blade development and manufacturing base, Ono Plant



Hyper saw
HPSAW-310



Multi process center
MX-150



Single crank presses
TP-FX series

Major Products



Drilling & cutting combination line
WS-1000



Band saw machines for structural steel
HK series



CNC graphical profile grinder
DV-1

Precision Welding Machine Business

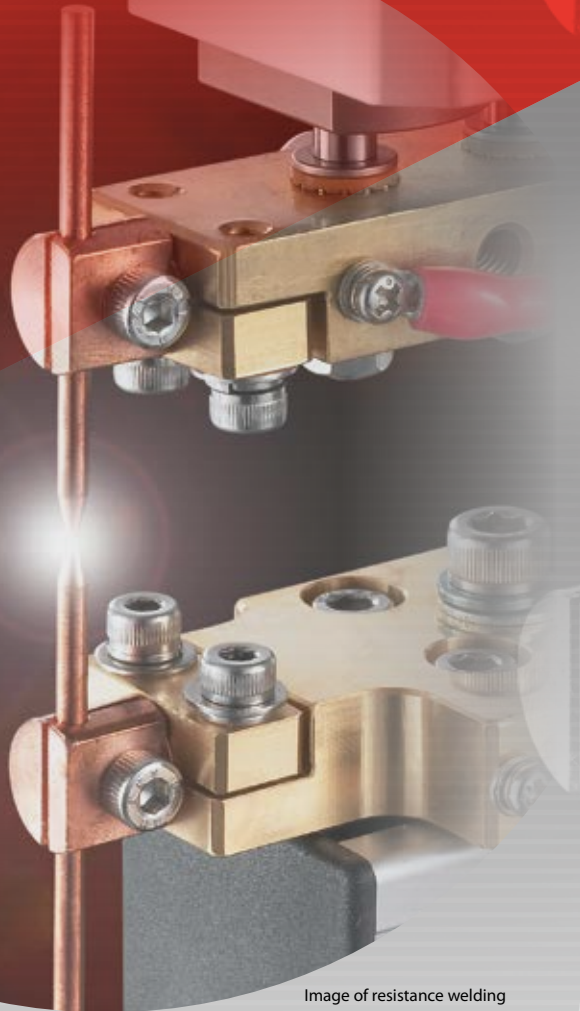


Image of resistance welding



■ AMADA MIYACHI CO., LTD.

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

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

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

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



From development and manufacture to sale and service

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

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



3D fiber laser marker
ML-7350DL-3D



Pulsed fiber laser welder
ML-3000 series



For DC spot welding and fusing
IS-800A + MM-370B

Major Products



YAG laser welders
ML-2550A



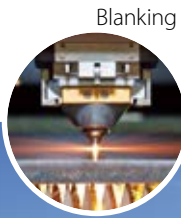
YAG SHG laser welder
ML-8150A



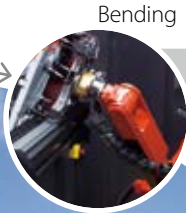
YVO4 SHG laser marker
ML-9001A

AMADA's Robot System Technology

The AMADA bending robot can simply bend parts with high accuracy and can become your dependable partner.

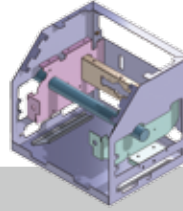


Blanking



Bending

AMADA BENDING ROBOT SYSTEM



2D and 3D data



Bending simulation

Fujinomiya Works



Welding



Stamping Press

By Process

Toki Works



Metal Cutting



Machine Tool

AMADA BENDING ROBOT SYSTEM LINEUP

AMADA has a line of bending robot systems to meet various needs of our customers, combined with our proprietary virtual prototype simulation system (VPSS) to prototype customers' products. Our customers can select bending robot systems best suited for their shops to address their bending issues.

Fully automatic bending system

EG-6013 AR

The EG-6013AR uses a high speed, high accuracy servo press brake with the world's first dual servo press (DSP) drive mechanism. The press brake is combined with a robot optimized for bending small parts with the same speed as human operators. Small parts that involve hazardous operations when handled manually can be thus bent automatically.

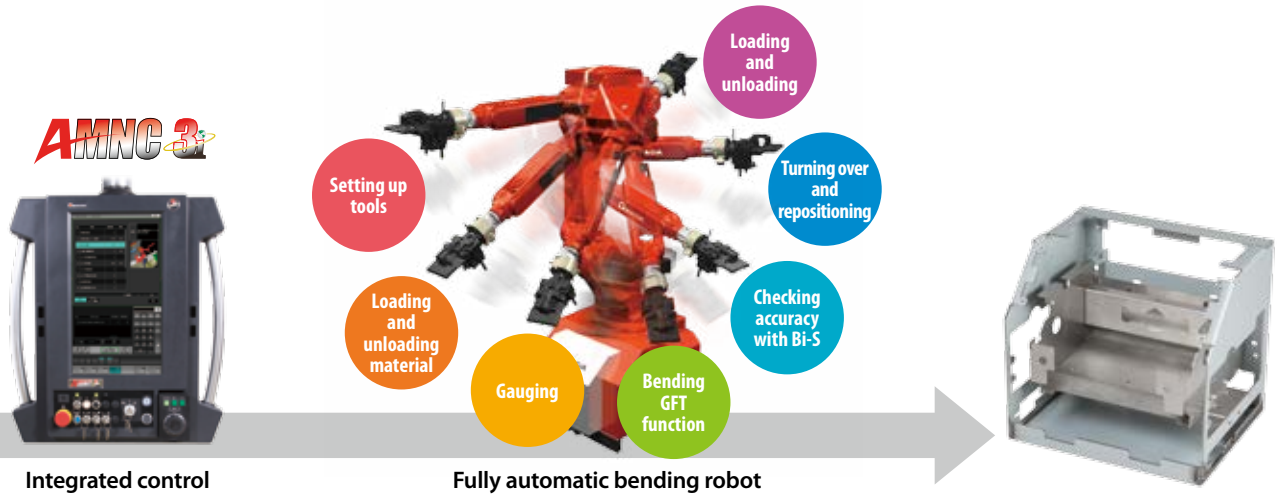


Technical Column

Safety Improvement by AS-01 "Laser Safety Device AS-01 for Bending Machines"

The laser safety device AS-01 is equipped with original technology that provides laser protection throughout the bending process, from start to finish, without inhibiting productivity. Another feature of the AS-01 is that, as it does not significantly reduce machine tact time, it realizes a level of productivity on par with machines that are not equipped with a safety device.





High accuracy bending robot system

HG-1003 ARs

The HG-1003ARs has adopted a high-end press brake, dubbed HG-ATC and equipped with a new hybrid drive system and a tool changer enabling automatic setup for step bend layout. Material loading, material handling during bending, and part unloading are all performed by a single 7-axis articulated robot capable of various motions. The HG-1003ARs system can bend complex-shaped parts without setups and can run for long hours.



Bending robot system for bending ribbed parts and long parts

HG-1303 Rm

The HG-1303Rm has adopted the high-end press brake HG-1303, equipped with a new hybrid drive system and capable of step bend layout. Material loading, material handling during bending, and part unloading are all performed by a single 7-axis articulated robot capable of various motions. The HG-1303ARs system can bend complex rib and panel shapes without setups and can run for long hours.

Bending robot system for bending large parts and heavy parts

HG-2204 Rh

The HG-2204Rh has adopted the high-end press brake HG-2204, equipped with a new hybrid drive system and capable of step bend layout. Material loading, material handling during bending, and part unloading are all performed by a single 7-axis articulated robot capable of various motions. The HG-2204Rh system can bend large parts and heavy parts without setups and can run for long hours.



AMADA Group Environmental Declaration

The AMADA Group aggressively promotes environmental activities to its management in order to realize sustainable development of its business and society. AMADA will help to build a bright and prosperous future for people around the world by optimally utilizing the engineering capabilities we have cultivated, and by providing environmentally-friendly, energy-saving products as a general manufacturer of metal-working machinery.

“Linkage through Eco-conscious Manufacturing”

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

Producing eco-friendly machine at eco-friendly business establishment

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

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

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



Creating eco-friendly environment at customers' plants

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

AMADA FOREST

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

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

The AMADA Group Environmental Management

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

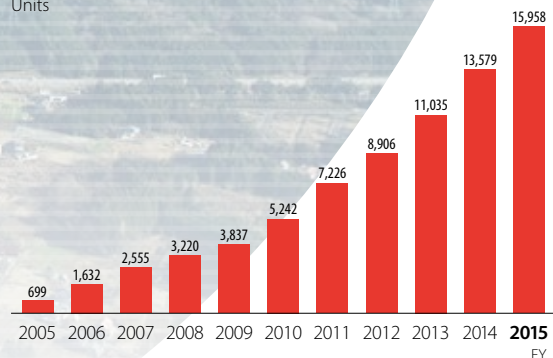
At AMADA we are developing lifecycle management to create this kind of entire life for our eco-friendly products.



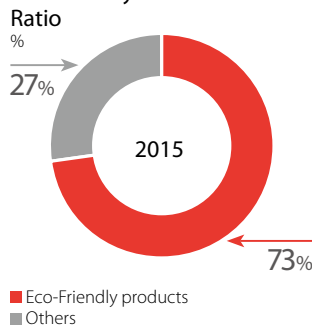
Creation of Eco Products

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

Total Sales Volume of Eco-Friendly Products
Units



Eco-Friendly Products Sales Ratio



Eco Friendly Products



Social Contribution Activities

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

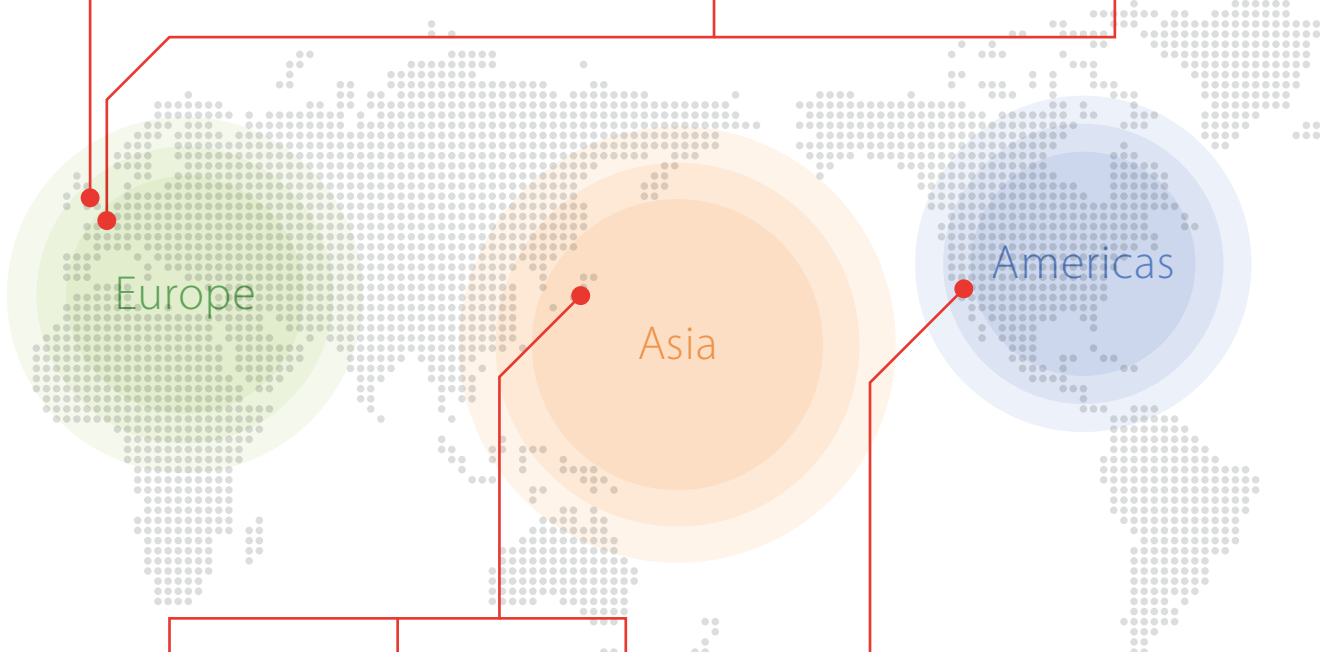
Visit to elementary school by Haan AMADA GmbH



Cooperation in landscaping work for Japanese garden at Domaine de la Celle Saint-Cloud in Paris, AMADA EUROPE S.A.



Acceptance of factory tour



Participation by European students in tour of AMADA Solution Center at Isehara Head Office



Visit to elementary school near Isehara Head Office to conduct a class on laser processing



High School Career Day AMADA AMERICA, INC.



Cooperation in "Environmental Summit for Children" to introduce Company initiatives to local elementary school students



Hosted an educators' tour of the ATA facility. AMADA TOOL AMERICA, INC

Communications with Our Customers

AMADA Group WorldSkills Sponsorship

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



Explanation scene with engineer

Relations with WorldSkills



AMADA School

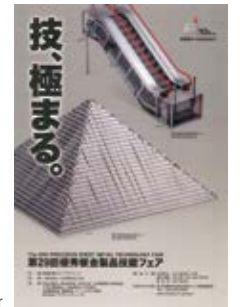
The AMADA School was established in 1978 as Japan's first vocational training corporation dedicated to metalworking machinery. As an educational institution, the school leverages AMADA's wealth of technology and cutting-edge facilities. The school is built upon the two pillars of skills education (manufacturing)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



Training in AMADA India Vocational Center

Precision Sheet Metal Technology Fair

The Precision Sheet Metal Technology Fair is a competition established in 1989 by the AMADA School to promote the improvement of sheet metal processing technology and skills. Currently, the school collects entries from five categories around May each year and, following judgment, holds an award ceremony the following March. The 28th Precision Sheet Metal Technology Fair awards ceremony was held in March 2016. A total of 254 entries were submitted, of which 87 were submissions from overseas, with 28 submissions from students—the largest number of submissions from students in the fair's history.



Fair's poster

Support for Sheet Metal Industry Associations

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



Trade skill tests

Communication with Our Employees

Health Management

AMADA aims to quickly identify employees with health problems and provide them with follow-up support as part of its efforts toward thorough mental and physical health management. Accordingly, we are promoting such initiatives as the establishment of an industry healthcare system and a mental and comprehensive physical healthcare support service through collaboration with health insurance organizations.

Moreover, when an employee is injured or becomes ill, the Group has in place an independently established sickness and injury leave system and a return-to-work program, through which follow-ups are conducted by healthcare staff.



Health Seminar

Safety Management

The AMADA Group is engaging in initiatives to prevent the recurrence of any work-related injuries that occur within the Group by identifying the cause and horizontally developing measures to prevent recurrence. In 2015, we continued to take initiatives that focus on safety education to prevent work-related and traffic accidents.

In addition to educational lectures, we are introducing a curriculum that focuses on hands-on safety training with the aim of reducing the number of work-related injuries to zero.



Safety education for new employees to prevent traffic accidents

Promotion of Support for Childcare

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

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

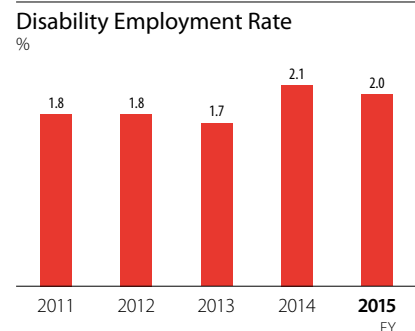
We also have introduced "Bring Your Family to Work" days at each of our work sites. In addition to these efforts to support employees who are raising children, we provide opportunities for employees' families to participate in our environmental conservation initiatives.



Family tour and forest thinning activities at Fujinomiya Works

Workplace Where People with Disabilities Play a More Active Role

To assist the social progression and promote the independence of people with disabilities, the AMADA Group actively employs the disabled. We provide trial employment for those with intellectual disabilities and offer work experience programs for students of special needs schools. These efforts help people with intellectual disabilities find work in the future. Furthermore, in June 2015 we established a special-purpose subsidiary within the Group that exclusively employs people with disabilities. This subsidiary, the first of its kind in the machine tool industry, raised our employment rate for people with disabilities to 2.0% in fiscal 2015.



Communication with Our Suppliers

Green Procurement

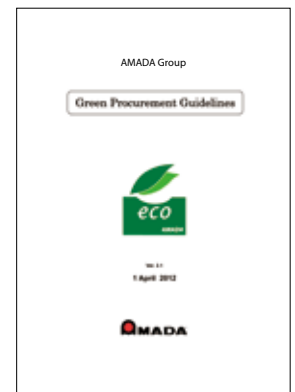
AMADA positions “green procurement,” procuring materials with low environmental load, as one of its important environmental conservation activities.

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

Our Approach towards Green Procurement

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

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



AMADA Group Green Procurement Guidelines

Communication with Our Investors

Policy for Constructive Dialogue with Shareholders

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



A look of financial results presentation

Various Tools

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



Corporate tools

Financial Review

EXTERNAL ECONOMIC CONDITIONS

In the world economy during the fiscal year under review, a decelerating trend in the Chinese economy became evident and the growth of other emerging economies also slowed down. Meanwhile, the European economies saw a gradual recovery and the U.S. economy remained strong.

The Japanese economy was on a gradual recovery trend throughout the fiscal year on the back of an increase in capital investments and

improved corporate earnings.

The machinery industry stayed firm on the back of robust overseas demand, driven by the effect of the yen's depreciation, and the pump priming effect of the government's subsidies for energy saving, tax benefits and other measures taken in Japan.

EARNINGS

Regarding the consolidated operating results for the fiscal year under review, both orders and net sales increased year-on-year (YoY), recording orders of 306,402 million yen (US\$2,718.9 thousand) (up 3.4% YoY) and net sales of 304,018 million yen (US\$2,697.8 thousand) (up 6.1% YoY).

Regarding profit and loss, operating income and net income attributable to owners of the parent increased, to 42,526 million yen (US\$377.3 thousand) (up 53.6% YoY), and 27,425 million yen (US\$243.3 thousand) (up 48.9% YoY), respectively, driven by an increase in sales and the effect of the yen's depreciation.

FINANCIAL POSITION

At the end of the fiscal year under review, consolidated total assets were down ¥8,270 million year on year, to ¥565,266 million (US\$5,016.1 thousand).

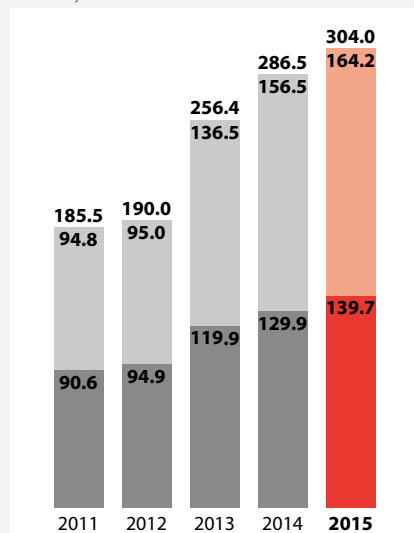
Total current assets decreased by ¥4,938 million, to ¥372,347 million (US\$3,304.1 thousand), due primarily to a decline in notes and accounts receivable as well as inventories. Property, plant and equipment decreased by ¥4,778 million, to ¥124,733 million (US\$1,106.8 thousand),

while investments and other assets increased by ¥1,445 million, to ¥68,184 million (US\$605.0 thousand).

Total current liabilities decreased by ¥7,764 million, to ¥117,923 million (US\$1,046.4 thousand), due to such factors as a decline in short-term bank loans. Total long-term liabilities increased by ¥6,594 million, to ¥27,962 million (US\$248.1 thousand).

Domestic Sales and Overseas Sales

Billions of yen

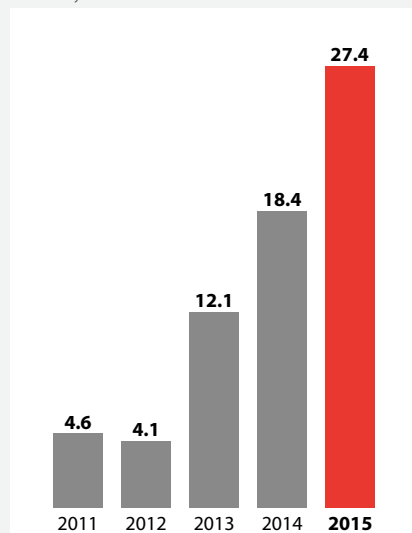


FY

■ Overseas Sales ■ Domestic Sales

Net income Attributable to Owners of the Parent

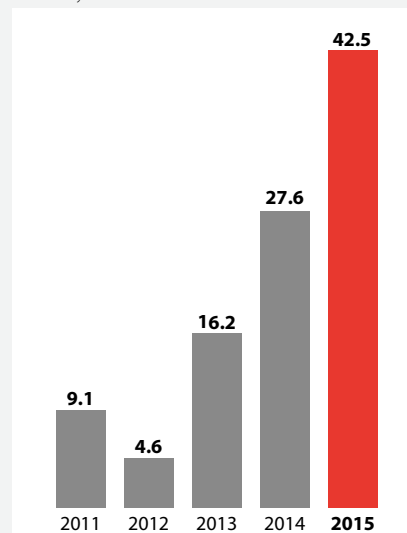
Billions of yen



FY

Operating Income

Billions of yen



FY

CASH FLOWS

Consolidated cash and cash equivalents, end of year, amounted to ¥100,236 million (US\$889.4 thousand), up ¥3,916 million from the previous fiscal year.

CASH FLOWS FROM OPERATING ACTIVITIES

Net cash provided by operating activities totaled ¥52,733 million (US\$467.9 thousand), up ¥27,491 million from the previous fiscal year. This increase resulted from a rise in income before income taxes and minority interests.

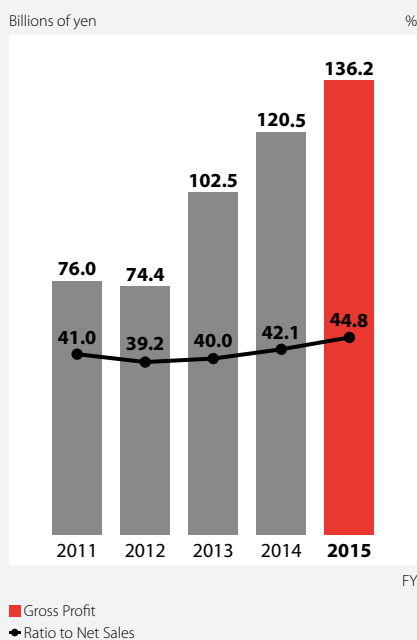
CASH FLOWS FROM INVESTING ACTIVITIES

Net cash used in investing activities amounted to ¥21,845 million (US\$193.8 thousand), up ¥20,054 million from the previous fiscal year. This increase was primarily attributable to purchases of marketable securities and investment securities.

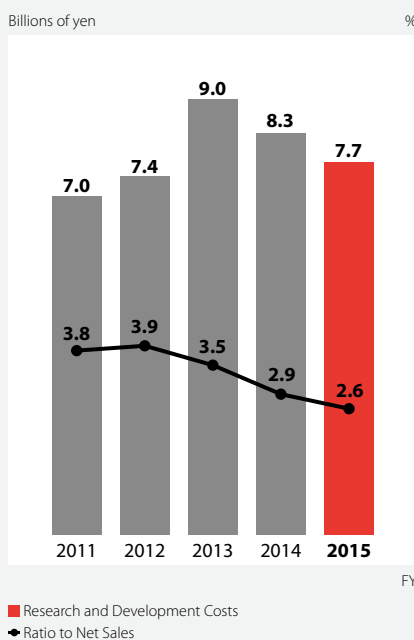
CASH FLOWS FROM FINANCING ACTIVITIES

Net cash used in financing activities amounted to ¥24,836 million (US\$220.3 thousand), up ¥6,970 million from the previous fiscal year. The main cause of this increase was the net decrease in short-term bank loans.

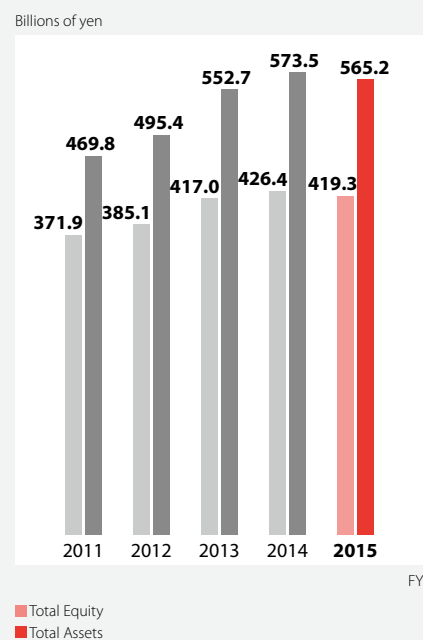
Gross Profit and Ratio to Net Sales



Research and Development Costs and Ratio to Net Sales



Total Equity and Total Assets



Consolidated Financial Statements

Consolidated Balance Sheet

AMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries
March 31, 2016

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Current assets:			
Cash and cash equivalents (Note 17)	¥ 100,236	¥ 96,320	\$ 889,492
Short-term investments (Notes 4 and 17)	30,948	17,558	274,635
Notes and accounts receivable (Notes 3 and 17)—			
Trade	137,803	147,884	1,222,850
Unconsolidated subsidiaries and associated companies	119	115	1,058
Other	1,687	2,160	14,974
Allowance for doubtful receivables	(2,301)	(2,204)	(20,427)
Investments in lease (Notes 15 and 17)	13,781	13,430	122,299
Inventories (Note 5)	77,917	90,109	691,433
Deferred tax assets (Note 10)	7,505	7,344	66,604
Prepaid expenses and other current assets (Notes 8 and 15)	4,649	4,567	41,256
Total current assets	372,347	377,286	3,304,178
Property, plant and equipment:			
Land (Note 7)	40,157	39,865	356,352
Buildings and structures (Note 7)	143,428	145,330	1,272,766
Machinery and equipment	62,255	63,655	552,450
Buildings, structures and land for rent	14,755	15,365	130,939
Lease assets	485	573	4,305
Construction in progress	1,509	1,070	13,395
Total	262,591	265,860	2,330,210
Accumulated depreciation	(137,857)	(136,349)	(1,223,334)
Net property, plant and equipment	124,733	129,511	1,106,875
Investments and other assets:			
Investment securities (Notes 4 and 17)	45,720	45,477	405,716
Investments in and advances to unconsolidated subsidiaries and associated companies	3,765	3,664	33,416
Goodwill	1,601	2,230	14,208
Software	4,044	2,415	35,889
Deferred tax assets (Note 10)	7,488	5,596	66,455
Asset for retirement benefit (Note 9)	121	131	1,080
Other assets (Notes 8 and 15)	5,442	7,223	48,297
Total investments and other assets	68,184	66,739	605,063
Total	¥ 565,266	¥ 573,537	\$ 5,016,118

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Current liabilities:			
Short-term bank loans (Notes 7 and 17)	¥ 25,763	¥ 31,590	\$ 228,619
Current portion of long-term debt (Notes 7 and 17)	303	1,604	2,694
Notes and accounts payable (Note 17)—			
Trade	18,343	20,210	162,781
Unconsolidated subsidiaries and associated companies	15	55	139
Other	8,164	8,282	72,449
Electronically recorded obligations-operating (Note 17)—			
Trade	1,506	18,637	13,372
Unconsolidated subsidiaries and associated companies	16,054	520	142,469
Deferred profit on installment sales (Note 3)	13,923	15,018	123,555
Accrued expenses	11,553	11,424	102,521
Income taxes payable	9,583	6,485	85,044
Other current liabilities (Note 10)	12,710	11,858	112,789
Total current liabilities	117,923	125,687	1,046,437
Long-term liabilities:			
Long-term debt (Notes 7 and 17)	8,045	6,355	71,398
Liability for employees' retirement benefits (Note 9)	11,936	7,733	105,919
Retirement allowance for directors and corporate auditors (Note 9)	61	35	542
Deposits received (Notes 8 and 17)	3,004	3,066	26,657
Other long-term liabilities (Note 10)	4,915	4,177	43,619
Total long-term liabilities	27,962	21,368	248,137
Commitments and contingent liabilities (Note 16)			
Equity (Notes 11, 12 and 23):			
Common stock—			
Authorized—550,000 thousand shares			
Issued—378,115 thousand shares in 2016 and 386,502 thousand shares in 2015	54,768	54,768	486,008
Capital surplus	163,199	163,199	1,448,213
Stock acquisition rights	73	104	650
Retained earnings	217,253	208,449	1,927,883
Treasury stock, at cost—			
12,776 thousand shares in 2016 and 13,043 thousand shares in 2015	(12,139)	(10,337)	(107,723)
Accumulated other comprehensive income:			
Net unrealized (loss) gain on available-for-sale securities	(891)	1,155	(7,906)
Deferred gain (loss) on derivatives under hedge accounting	128	75	1,144
Land revaluation difference (Note 1 k)	(9,221)	(9,251)	(81,834)
Foreign currency translation adjustments	6,385	14,206	56,666
Defined retirement benefit plans	(3,301)	1,054	(29,296)
Total	416,254	423,424	3,693,804
Noncontrolling interests	3,125	3,056	27,738
Total equity	419,380	426,481	3,721,543
Total	¥565,266	¥573,537	\$5,016,118

Consolidated Statement of Income

AMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries
Year ended March 31, 2016

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2016	2015	2014	2016
Net sales (Note 3)	¥304,018	¥286,527	¥256,482	\$2,697,828
Cost of sales	167,813	165,961	153,977	1,489,159
Gross profit	136,204	120,565	102,505	1,208,669
Selling, general and administrative expenses (Note 14)	94,726	93,246	86,308	840,590
Net changes in deferred profit on installment sales and finance lease sales	1,048	375	28	9,300
Operating income	42,526	27,694	16,225	377,379
Other income (expenses):				
Interest and dividend income	2,515	2,716	2,683	22,322
Interest expense	(286)	(288)	(337)	(2,538)
Equity in earnings of unconsolidated subsidiaries and associated companies	154	181	189	1,374
Foreign exchange (loss) gain	(2,084)	2,193	1,414	(18,499)
Other, net (Note 13)	285	(1,421)	1,635	2,534
Other income (expenses)—net	585	3,381	5,584	5,192
Income before income taxes	43,112	31,075	21,810	382,572
Income taxes (Note 10):				
Current	14,833	12,167	9,438	131,630
Deferred	470	117	(75)	4,170
Total income taxes	15,303	12,284	9,362	135,801
Net income	27,808	18,791	12,447	246,770
Net income attributable to noncontrolling interests	383	367	263	3,399
Net income attributable to owners of the parent	¥ 27,425	¥ 18,423	¥ 12,184	\$ 243,371

	Yen			Thousands of U.S. dollars (Note 1)
	2016	2015	2014	2016
Per share of common stock (Notes 1 z and 20):				
Net income—				
Basic	¥74.56	¥49.18	¥31.89	\$0.66
Diluted	74.49	49.12	31.85	0.66
Cash dividends applicable to the year	36	26	20	0.31

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

AMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries
Year ended March 31, 2016

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2016	2015	2014	2016
Net income	¥ 27,808	¥18,791	¥12,447	\$ 246,770
Other comprehensive (loss) income (Note 19):				
Unrealized (loss) gain on available-for-sale securities	(2,036)	1,747	1,920	(18,075)
Deferred gain on derivatives under hedge accounting	53	163	782	471
Land revaluation difference	29	53		263
Foreign currency translation adjustments	(7,839)	10,257	21,182	(69,563)
Defined retirement benefit plans	(4,309)	802		(38,238)
Share of other comprehensive (loss) income in associates	(166)	29	158	(1,474)
Total other comprehensive (loss) income	(14,268)	13,053	24,044	(126,617)
Comprehensive income	¥ 13,540	¥31,844	¥36,491	\$ 120,153
Total comprehensive income attributable to:				
Owners of the parent	¥ 13,285	¥31,214	¥35,808	\$ 117,896
Noncontrolling interests	254	630	683	2,257

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

AMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries
Year ended March 31, 2016

Millions of yen

	Issued number of shares outstanding (thousands)	Number of treasury stocks (thousands)	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Accumulated other comprehensive income					Total	Non-controlling interests	Total equity
								Net unrealized (loss) gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge transaction	Land revaluation difference	Foreign currency translation adjustments	Defined retirement benefit plans			
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
Cash dividends, ¥11.00 per share						(4,201)							(4,201)		(4,201)
Net income attributable to owners of the parent						12,184							12,184		12,184
Acquisition of treasury stock		142					(117)						(117)		(117)
Disposal of treasury stock		(734)		70	(84)		457						444		444
Reversal of land revaluation difference						(230)			230						
Net change in the year					(2)			1,912	782		20,928	¥ 241	23,862	(272)	23,589
Balance, March 31, 2014	396,502	14,160	54,768	163,270	197	210,617	(8,843)	(592)	(87)	(9,304)	4,192	241	414,459	2,543	417,002
Cumulative effects of changes in accounting policies						(2,879)							(2,879)		(2,879)
Restated balance			54,768	163,270	197	207,738	(8,843)	(592)	(87)	(9,304)	4,192	241	411,580	2,543	414,123
Cash dividends, ¥26.0 per share						(9,820)							(9,820)		(9,820)
Net income attributable to owners of the parent						18,423							18,423		18,423
Acquisition of treasury stock		9,680					(10,032)						(10,032)		(10,032)
Disposal of treasury stock		(797)		(40)	(91)		615						483		483
Retirement of treasury stock	(10,000)	(10,000)		(7,923)			7,923								
Transfer of negative balance of other capital surplus				7,892		(7,892)									
Reversal of land revaluation difference								1,747	163	53	10,013	812	12,736	513	13,250
Net change in the year					(1)								53		53
Balance, March 31, 2015	386,502	13,043	54,768	163,199	104	208,449	(10,337)	1,155	75	(9,251)	14,206	1,054	423,424	3,056	426,481
Cash dividends, ¥36.0 per share						(10,698)							(10,698)		(10,698)
Net income attributable to owners of the parent						27,425							27,425		27,425
Acquisition of treasury stock		8,395					(10,051)						(10,051)		(10,051)
Disposal of treasury stock		(275)		(29)	(31)		282						220		220
Retirement of treasury stock	(8,386)	(8,386)		(7,968)			7,968								
Transfer of negative balance of other capital surplus				7,997		(7,997)									
Change in retained earnings due to mergers between consolidated and non-consolidated subsidiaries						74							74		74
Reversal of land revaluation difference									29				29		29
Net change in the year								(2,046)	53		(7,820)	(4,355)	(14,169)	68	(14,100)
Balance, March 31, 2016	378,115	12,776	¥54,768	¥163,199	¥ 73	¥217,253	¥(12,139)	¥ (891)	¥ 128	¥(9,221)	¥ 6,385	¥(3,301)	¥416,254	¥3,125	¥419,380

Thousands of U.S. dollars (Note 1)

	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Accumulated other comprehensive income					Total	Non-controlling interests	Total equity
						Net unrealized (loss) gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge transaction	Land revaluation difference	Foreign currency translation adjustments	Defined retirement benefit plans			
Balance, March 31, 2015	\$486,008	\$1,448,213	\$ 930	\$1,849,761	\$ (91,734)	\$ 10,252	\$ 672	\$(82,098)	\$126,066	\$ 9,355	\$3,757,427	\$27,126	\$3,784,554
Cash dividends, \$0.31 per share				(94,937)							(94,937)		(94,937)
Net income attributable to owners of the parent				243,371							243,371		243,371
Acquisition of treasury stock					(89,199)						(89,199)		(89,199)
Disposal of treasury stock		(265)	(280)		2,503						1,957		1,957
Retirement of treasury stock		(70,707)			70,707								
Transfer of negative balance of other capital surplus		70,973		(70,973)									
Change in retained earnings due to mergers between consolidated and non-consolidated subsidiaries				660							660		660
Reversal of land revaluation difference								263			263		263
Net change in the year						(18,159)	471		(69,399)	(38,651)	(125,738)	612	(125,126)
Balance, March 31, 2016	\$486,008	\$1,448,213	\$ 650	\$1,927,883	\$(107,723)	\$ (7,906)	\$1,144	\$(81,834)	\$ 56,666	\$(29,296)	\$3,693,804	\$27,738	\$3,721,543

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

AMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries
Year ended March 31, 2016

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2016	2015	2014	2016
Operating activities:				
Income before income taxes	¥ 43,112	¥ 31,075	¥ 21,810	\$ 382,572
Adjustments for:				
Income taxes paid	(12,611)	(13,070)	(4,548)	(111,914)
Depreciation and amortization	8,849	8,552	8,604	78,533
Loss (gain) on sales of fixed assets	55	(120)	(1,111)	494
Gain on sales of investment securities		(118)	(282)	
Equity in earnings of unconsolidated subsidiaries and associated companies	(154)	(181)	(189)	(1,374)
Changes in assets and liabilities:				
Decrease (increase) in receivables, net of deferred profit on installment sales	4,902	1,199	(9,646)	43,501
Increase in lease investment assets	(552)	(608)	(1,413)	(4,901)
Decrease (increase) in inventories	6,621	(2,652)	7,824	58,760
(Decrease) increase in payables	(583)	15,942	(1,504)	(5,174)
Decrease in liabilities for employees' retirement benefits	(1,939)	(1,973)	(2,029)	(17,208)
Other—net	5,032	(12,802)	8,467	44,660
Total adjustments	9,621	(5,833)	4,170	85,377
Net cash provided by operating activities	52,733	25,242	25,980	467,949
Investing activities:				
Proceeds from sales and redemption of marketable securities	12,147	10,552	5,751	107,796
Purchases of marketable securities	(9,498)	(1,500)	(2,500)	(84,290)
Proceeds from sales of property, plant and equipment	927	927	1,047	8,232
Purchases of property, plant and equipment	(6,258)	(7,504)	(8,422)	(55,538)
Purchases of intangible assets	(2,105)	(834)	(1,049)	(18,685)
Proceeds from sales and redemption of investment securities	4,501	7,355	11,139	39,946
Purchases of investment securities	(16,986)	(11,855)	(14,994)	(150,737)
Payment for purchase of consolidated subsidiaries' stock from noncontrolling interests	(330)		(1,289)	(2,934)
Payment for purchase of newly consolidated subsidiaries, net of cash acquired			(242)	
Purchase of long-term time deposits	(1,000)	(1,000)		(8,873)
Proceeds from transfer of business	1,117			9,914
Other—net	(4,359)	2,068	2,937	(38,685)
Net cash used in investing activities	(21,845)	(1,790)	(7,622)	(193,856)
Financing activities:				
Net (decrease) increase in short-term bank loans	(4,708)	(1,018)	9,766	(41,782)
Proceeds from long-term debt	2,421	3,175	1,047	21,483
Repayment of long-term debt	(1,992)	(553)	(4,069)	(17,679)
Purchase of treasury stock	(10,010)	(10,032)		(88,833)
Proceeds from exercise of stock option	166	481	443	1,476
Cash dividends paid	(10,690)	(9,805)	(4,203)	(94,870)
Other—net	(21)	(114)	(623)	(192)
Net cash (used in) provided by financing activities	(24,836)	(17,866)	2,360	(220,398)
Foreign currency translation adjustments on cash and cash equivalents	(2,335)	1,995	3,970	(20,723)
Net increase in cash and cash equivalents	3,715	7,580	24,689	32,970
Cash and cash equivalents increased by merger with unconsolidated subsidiaries	200	202		1,783
Cash and cash equivalents, beginning of year	96,320	88,537	63,847	854,737
Cash and cash equivalents, end of year	100,236	96,320	88,537	889,492
Additional information:				
1) Retirement of treasury stock	¥ 7,968	¥ 7,923		\$ 70,707
2) Details of assets and liabilities on transfer of business				
Current assets decreased	1,051			9,327
Noncurrent assets decreased	37			335
Other expenses	70			629
Loss on transfer of business	(42)			(378)
Net-proceeds from transfer of business	1,117			9,914

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

AMADA HOLDINGS CO., LTD. and Consolidated Subsidiaries

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation of consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. Certain reclassifications and rearrangements have been made in the 2015 and 2014 consolidated financial statements in order for them to conform to the classifications and presentations used in 2016.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥112.69 to US\$1, the approximate rate of exchange at March 31, 2016. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

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

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

b) Principles of consolidation

The consolidated financial statements as of March 31, 2016, include the accounts of the Company and its 74 (74 in 2015 and 73 in 2014) significant subsidiaries.

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

Investments in eight (eight in 2015 and 2014) unconsolidated subsidiaries and three (three in 2015 and 2014) 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 10 years.

All significant intercompany balances and transactions have been

eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is also eliminated.

c) Unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements

In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes that the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: a) amortization of goodwill; b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; c) expensing capitalized development costs of R&D; d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting.

d) Business combination

In October 2003, the Business Accounting Council 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.

In September, 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements." Major accounting changes are as follows:

- (a) Transactions with noncontrolling interest – A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the previous accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference is accounted for as capital surplus as long as the parent retains control over its subsidiary.
- (b) Presentation of the consolidated balance sheet – In the consolidated balance sheet, "minority interest" under the previous accounting standard is changed to "noncontrolling interest" under the revised accounting standard.
- (c) Presentation of the consolidated statement of income – In the consolidated statement of income, "income before minority interest" under the previous accounting standard is changed to "net income" under the revised accounting standard, and "net income" under the previous accounting standard is changed to "net income attributable to owners of the parent" under the revised accounting standard.
- (d) Provisional accounting treatments for a business combination – If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the previous accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

- (e) Acquisition-related costs – Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the previous accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income. In case of earlier application, all accounting standards and guidance above, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for (a) transactions with noncontrolling interest and (e) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (a) transactions with noncontrolling interest and (e) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for (d) provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2014.

The Company applied the revised accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs above, effective April 1, 2015, and (d) provisional accounting treatments for a business combination above for a business combination which occurred on or after April 1, 2015. The revised accounting standards and guidance for (a) transactions with noncontrolling interest and (e) acquisition-related costs were applied prospectively.

With respect to (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income, the applicable line items in the 2015 consolidated financial statements have been accordingly reclassified and presented in line with those in 2016.

In the consolidated statement of cash flows for the year ended March 31, 2016, cash flows for purchases or sales of ownership interests in a subsidiary without a change in consolidation scope are presented under financing activities, and cash flows for acquisition-related costs are presented under operating activities.

There was no impact from these accounting changes.

e) Cash equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, commercial paper, funds in trust and mutual funds investing in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

f) Allowance for doubtful accounts

The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the companies' past credit loss experience and an evaluation of potential losses in receivables outstanding.

g) Inventories

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

h) Marketable and investment securities

Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

Available-for-sale securities, which are not classified as trading securities or held-to-maturity debt, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method.

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

i) Property, plant and equipment

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

Estimated useful lives are as follows:

Buildings and structures	3 to 60 years
Machinery and equipment	2 to 17 years

j) Long-lived assets

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

k) Land revaluation

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

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

As of March 31, 2016, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥7,204 million (\$63,931 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).

Effective April 1, 2000, the Company adopted a new accounting standard for retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses are amortized on a straight-line basis over mainly 10 years within the average remaining

service period. Past service costs are amortized on a straight-line basis over mainly 10 years within the average remaining service period.

In May 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 were followed by partial amendments from time to time through 2009.

- (a) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).
- (b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period 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 are 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, are treated as reclassification adjustments (see Note 19).
- (c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods, 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, all 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 applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014, and for (c) above, effective April 1, 2014.

With respect to (c) above, the Company changed the method of attributing the expected benefit to periods from a straight-line basis to a benefit formula basis and the method of determining the discount rate from using the period which approximates the expected average remaining service period to using a single weighted average discount rate reflecting the estimated timing and amount of benefit payment, and recorded the effect of (c) above as of April 1, 2014, in retained earnings. As a result, liability for retirement benefits as of April 1, 2014, increased by ¥4,421 million (\$36,762 thousand), and retained earnings as of April 1, 2014, decreased by ¥2,879 million (\$23,938 thousand). The effect on the consolidated statement of income and net income per share for the year ended March 31, 2015 were not material.

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

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

p) Asset retirement obligations

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, stock options are presented as stock acquisition rights 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.

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

Finance leases of real estate that are deemed 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 are deemed 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 uncollected gross lease receivables are classified as investments in lease under 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 and non-deliverable forwards (NDF) are utilized by the Group to reduce foreign currency exchange and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

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

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

z) Per share information

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

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

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

aa) 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.

2 BUSINESS COMBINATION

Business combinations for the year ended March 31, 2016, were as follows:

(Company split under common control)

I. Outline of the transaction

On November 13, 2014, the Company resolved to transition to a holding company system at its board of directors meeting. In addition, the Company resolved the reorganization of group businesses under an absorption-type company split at the extraordinary shareholders' meeting held on December 19, 2014, and the Company's businesses were transferred to the succeeding companies on April 1, 2015.

On the same date, the Company changed its corporate name to "AMADA HOLDINGS CO., LTD." and transitioned to a holding company system.

II. Purpose of the business combination

1. Reorganization of a stronger management structure:

The Group strives to promote its growth strategy and improve profitability by structuring a stronger, more profitable organization with an independent accounting system, planning business strategies considering group synergies, and changing to an organization that is able to promptly cope with changes in the business environment.

2. Separation between management and execution, and clarification of roles and responsibilities:

As the headquarters of the Group, the Company strives to pursue overall optimization, plan group global strategy, allocate business resources optimally, and structure a flexible portfolio. On the other hand, each operating subsidiary strives to achieve quick management decision-making, clarify responsibilities, and improve profitability.

III. Name of companies after business combination

1. Name of companies after business combination, name of business and business description

The Company

Name of company	Business description
AMADA HOLDINGS CO., LTD.	Group strategy and business planning

The succeeding companies by absorption type

Name of company	Name of business	Business description
AMADA CO., LTD.	Sheet metal machinery sales and service	Sales and maintenance service for the "Metalworking Machinery business"
AMADA ENGINEERING CO., LTD.	Sheet metal machinery development and manufacture	Development and manufacture for the "Metalworking Machinery business"
AMADA MACHINE TOOLS CO., LTD.	Blade for metal-cutting machinery development and manufacture Stamping press machinery business	Sales, maintenance service, development and manufacture for the "Metal Machine Tools business"

2. Date of business combination

April 1, 2015

3. Legal form of business combination

The Company is the separating company and three subsidiaries wholly owned by the Company are designated as the succeeding company.

(Transfer of the Lathe business)

On March 27, 2015, the Company signed an agreement to transfer the lathe business, which is part of AMADA MACHINE TOOLS CO., LTD. (a consolidated subsidiary), to DMG MORI SEIKI Co., Ltd.

I. Outline of the business transfer

1. Name of transferee

DMG MORI SEIKI WASINO Co., Ltd. (subsidiary of DMG MORI SEIKI Co., Ltd.)

2. Details of transferred business

Lathe business of AMADA MACHINE TOOLS CO., LTD.

3. Major reason for the business transfer

The Group implemented selection and concentration business initiatives to achieve a mid-term management plan and aim for efficient operation of capital. In line with this operation, the Company decided to transfer the lathe business to DMG MORI SEIKI Co., Ltd. which is able to expand this business more actively.

4. Date of business transfer

April 1, 2015

5. Legal form of business transfer

Business transfer for which the Company receives only assets such as cash

III. Name of reportable segment that previously included the transferred business

Metal Machine Tools

IV. Approximate income (loss) recorded in the consolidated statement of income for the fiscal year ended March 31, 2016

The information was omitted because the effect on the financial statements is not material.

IV. Summary of accounting treatment

Accounting treatment as common control transactions has been carried out under the "Accounting Standard for Business Combinations" and the "Accounting Standard for Business Combinations and Applicable Guidelines for Accounting Standard for Business Divestitures" (ASBJ Guideline No. 10; September 13, 2013).

II. Summary of accounting treatment

1. The amount of income (loss) on transfer of business

Other expenses of ¥42 million (\$378 thousand)

2. Decrease in assets and the liabilities due to business transfer

	Millions of yen	Thousands of U.S. dollars (Note 1)
Current assets	¥1,051	\$9,327
Noncurrent assets	37	335
Total assets	1,088	9,663
Current liabilities		
Total liabilities	¥	\$

3. Accounting treatment

Income (loss) on transfer of business is determined by the amount of difference between the transferred assets and the transfer price.

3 NOTES AND ACCOUNTS RECEIVABLE

Sales on an installment basis consisted of 3%, 4% and 5% of consolidated net sales for the years ended March 31, 2016, 2015 and 2014, respectively.

Annual maturities of notes—trade at March 31, 2016, 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):				
2017	¥ 18,863	¥ 3,975	\$ 167,391	\$ 35,277
2018	6,524	3,291	57,898	29,206
2019	4,387	2,583	38,934	22,922
2020	3,073	1,905	27,277	16,910
2021	1,926	1,267	17,096	11,248
2022 and other	1,027	900	9,120	7,990
Subtotal	35,803	13,923	317,718	123,555
Add—accounts receivable	101,999		905,132	
Total notes and accounts receivable	¥137,803	¥13,923	\$1,222,850	\$123,555

4 SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2016 and 2015, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Current:			
Government and corporate bonds	¥ 8,901	¥ 9,518	\$ 78,990
Trust fund investments and other	22,047	8,040	195,645
Total	¥30,948	¥17,558	\$274,635
Non-current:			
Marketable equity securities	¥ 2,311	¥ 3,205	\$ 20,515
Government and corporate bonds	23,801	24,097	211,207
Trust fund investments and other	19,607	18,174	173,992
Total	¥45,720	¥45,477	\$405,716

The carrying amounts and aggregate fair values of the securities classified as available-for-sale securities at March 31, 2016 and 2015, were as follows:

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

March 31, 2015	Millions of yen			
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	¥ 1,693	¥1,515	¥ 3	¥ 3,205
Government and corporate bonds	33,540	127	52	33,615
Trust fund investments and other	17,954	1,302	844	18,412
Total	¥53,187	¥2,946	¥901	¥55,233

March 31, 2016	Thousands of U.S. dollars			
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	\$ 15,028	\$ 6,622	\$ 1,135	\$ 20,515
Government and corporate bonds	288,390	1,930	123	290,198
Trust fund investments and other	218,510	4,178	17,080	205,608
Total	\$521,930	\$12,730	\$18,338	\$516,322

The information for available-for-sale securities which were sold during the year ended March 31, 2015, was as follows:

March 31, 2015	Millions of yen		
	Proceeds	Realized gains	Realized loss
Available-for-sale:			
Equity securities	¥1,043	¥106	
Government and corporate bonds			
Trust fund investments and other	3,745	174	¥162
Total	¥4,788	¥280	¥162

5 INVENTORIES

Inventories at March 31, 2016 and 2015, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Merchandise and finished products	¥54,194	¥66,876	\$480,919
Work in process	8,364	7,405	74,227
Raw materials and parts	15,358	15,827	136,286
Total	¥77,917	¥90,109	\$691,433

6 LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2016, 2015 and 2014.

For 2016

The Group recognized an impairment loss of ¥528 million (\$4,685 thousand) as other expense for the business assets and unused assets due to a change in the intended use of assets, and the carrying amount of the relevant assets was written down to the recoverable amount for the year ended March 31, 2016. The recoverable amount of business assets and unused assets were measured at their net selling price as determined by a quotation based on inheritance tax law.

For 2015

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

For 2014

The Group recognized an impairment loss of ¥83 million as other expense for the unused assets due to the continuous fall in land prices, and the carrying amount of the relevant assets was written down to the recoverable amount for the year ended March 31, 2014. The recoverable amounts of unused assets were measured at their net selling prices as determined by a quotation based on inheritance tax law.

7 SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2016 and 2015, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Interest rates ranging from 0.31% to 3.03% at March 31, 2016, and from 0.40% to 7.45% at March 31, 2015	¥25,763	¥31,590	\$228,619

Long-term debt at March 31, 2016 and 2015, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Loans from banks, 1.77% to 4.58% (0.43% to 5.50% in 2015), due serially to 2028:			
Collateralized	¥ 545	¥ 616	\$ 4,837
Unsecured	7,232	6,583	64,179
Obligations under finance leases	572	759	5,075
Total	8,349	7,959	74,092
Less-current portion	(303)	(1,604)	(2,694)
Long-term debt, less current portion	¥8,045	¥ 6,355	\$71,398

The annual maturities of long-term debt at March 31, 2016, were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 1)
2017	¥ 303	\$ 2,694
2018	2,020	17,927
2019	3,143	27,891
2020	1,272	11,288
2021	1,251	11,105
2022 and thereafter	358	3,184
Total	¥8,349	\$74,092

The carrying amounts of assets pledged as collateral for short-term bank loans of ¥245 million (\$2,178 thousand) and the above collateralized long-term debt of ¥511 million (\$4,536 thousand) at March 31, 2016, were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Buildings and structures	¥1,789	\$15,877
Land	¥ 502	\$ 4,459

8 DEPOSITS RECEIVED

Deposits received are collateralized by investments in lease for real estate having a book value of ¥445 million (\$3,956 thousand), of which ¥398 million (\$3,537 thousand) was secured as debt at March 31, 2016.

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.

(1) The changes in defined benefit obligation for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Balance at beginning of year	¥54,369	¥47,557	\$482,466
Cumulative effects of changes in accounting policies		4,388	
Restated balance	54,369	51,946	482,466
Current service cost	1,717	1,850	15,244
Interest cost	446	651	3,966
Actuarial losses	4,751	2,122	42,165
Benefits paid	(2,516)	(2,097)	(22,328)
Past service cost	2		23
Others	(1,612)	(104)	(14,315)
Balance at end of year	¥57,158	¥54,369	\$507,221

(2) The changes in plan assets for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Balance at beginning of year	¥46,766	¥40,907	\$415,002
Expected return on plan assets	989	1,018	8,783
Actuarial losses	(1,817)	3,164	(16,127)
Contributions from the employer	3,291	3,361	29,208
Benefits paid	(2,250)	(1,821)	(19,967)
Others	(1,635)	135	(14,516)
Balance at end of year	¥45,344	¥46,766	\$402,382

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Funded defined benefit obligation	¥ 55,984	¥ 53,149	\$ 496,804
Plan assets	(45,344)	(46,766)	(402,382)
	10,640	6,382	94,421
Unfunded defined benefit obligation	1,173	1,220	10,417
Net liability arising from defined benefit obligation	¥ 11,814	¥ 7,602	\$ 104,839

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Liability for retirement benefits	¥11,936	¥7,733	\$105,919
Asset for retirement benefits	(121)	(131)	(1,080)
Net liability arising from defined benefit obligation	¥11,814	¥7,602	\$104,839

(4) The components of net periodic benefit costs for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Service cost	¥1,717	¥1,885	\$15,244
Interest cost	446	625	3,966
Expected return on plan assets	(989)	(991)	(8,783)
Recognized actuarial losses	70	28	623
Amortization of prior service cost	13	40	119
Others	271	100	2,405
Net periodic benefit costs	¥1,529	¥1,690	\$13,575

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Prior service cost	¥ (2)	¥ 40	\$ (26)
Actuarial (gains) losses	(6,273)	1,094	(55,671)
Others	4		39
Total	¥(6,272)	¥1,134	\$(55,658)

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unrecognized prior service cost	¥ (14)	¥ 67	\$ (129)
Unrecognized actuarial (gains) losses	4,449	(1,681)	39,481
Total	¥4,434	¥(1,613)	\$39,351

(7) Plan assets

a. Components of plan assets

	2016	2015
Debt investments	30%	38%
Equity investments	24%	33%
Assets insurance (general account)	29%	19%
Cash and cash equivalents	1%	1%
Others	16%	9%
Total	100%	100%

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

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

(8) Assumptions used for the years ended March 31, 2016 and 2015 were set forth as follows:

	2016	2015
Discount rate	0.3%	0.9%
Expected rate of return on plan assets	2.5%	2.5%
Expected rate of future salary increases	3.2%	3.2%

10 INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 33.0% and 35.6% for the years ended March 31, 2016 and 2015, respectively.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2016 and 2015, are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Deferred tax assets:			
Allowance for doubtful accounts	¥ 516	¥ 415	\$ 4,583
Tax loss carryforwards	3,809	4,182	33,808
Inventories—intercompany profits and write-downs	4,783	5,002	42,448
Provisions for bonus payment	1,156	1,072	10,263
Deferred profit on installment sales	320	50	2,846
Investment securities	48	48	431
Research and development costs	4,714	4,236	41,831
Liability for employees' retirement benefits	3,513	2,318	31,179
Loss on impairment of long-lived assets	860	911	7,631
Property, plant and equipment—intercompany profits and depreciation expenses	476	609	4,229
Land revaluation difference	3,124	3,319	27,722
Unrealized loss on available-for-sale securities	209	6	1,854
Other	1,665	2,064	14,782
Less—valuation allowance	(7,730)	(8,519)	(68,595)
Total	17,468	15,718	155,018
Deferred tax liabilities:			
Property, plant and equipment—special reserve	(923)	(678)	(8,199)
Other	(1,550)	(2,099)	(13,759)
Total	(2,474)	(2,777)	(21,958)
Net deferred tax assets	¥14,994	¥12,940	\$133,059
Deferred tax liabilities:			
Depreciation	¥ (433)	¥ (431)	\$ (3,851)
Land revaluation difference	(473)	(502)	(4,198)
Other	(950)	(866)	(8,435)
Total	(1,857)	(1,800)	(16,485)
Deferred tax assets:			
Other	667	509	5,926
Total	667	509	5,926
Net deferred tax liabilities	¥ (1,189)	¥ (1,291)	\$ (10,559)

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

	2016	2015
Normal effective statutory tax rate	33.0%	35.6%
Increase (decrease) in tax rate resulting from:		
Expenses not deductible for income tax purposes	0.7	1.1
Non-taxable dividend income	(4.4)	(7.4)
Inhabitants' tax—per capita levy	0.3	0.3
Change in valuation allowance	(0.1)	2.2
Temporary differences that are not recognized as deferred tax assets	0.7	0.3
Elimination of intercompany dividend income	4.6	7.5
Lower income tax rates applicable to income in certain foreign countries	(1.2)	(2.2)
Effect of tax rate reduction	1.6	2.6
Other—net	0.3	(0.5)
Actual effective tax rate	35.5%	39.5%

New tax reform laws enacted in 2016 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2016, to approximately 30.8%, for the fiscal year beginning on or after April 1, 2017, to approximately 30.5% and for the fiscal year beginning on or after April 1, 2018, to approximately 30.3%. The effect of these changes was to decrease deferred tax assets, net of deferred tax liabilities, by ¥481 million (\$4,271 thousand) and increase accumulated other comprehensive income for net unrealized gain on available-for-sale securities by ¥11 million (\$101 thousand), land revaluation difference by ¥29 million (\$263 thousand), and defined

retirement benefit plan by ¥63 million (\$559 thousand) in the consolidated balance sheet as of March 31, 2016, and to increase income taxes—deferred in the consolidated statement of income for the year then ended by ¥585 million (\$5,196 thousand).

At March 31, 2016, the Company and certain subsidiaries had tax loss carryforwards aggregating approximately ¥12,252 million (\$108,723 thousand), which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire for the years ending March 31, 2024, and thereafter.

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 an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

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

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

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

c) Treasury stock and treasury stock acquisition rights

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

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

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

12 STOCK OPTIONS

The stock options outstanding as of March 31, 2016, were as follows:

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

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

The stock option activity is as follows:

	2010 Stock Option
For the year ended March 31, 2014	
Non-vested	
March 31, 2013—Outstanding	
Granted	
Canceled	
Vested	
March 31, 2014—Outstanding	
Vested	
March 31, 2013—Outstanding	2,453,000
Vested	
Exercised	(733,000)
Canceled	
March 31, 2014—Outstanding	1,720,000
For the year ended March 31, 2015	
Non-vested	
March 31, 2014—Outstanding	
Granted	
Canceled	
Vested	
March 31, 2015—Outstanding	
Vested	
March 31, 2014—Outstanding	1,720,000
Vested	
Exercised	(807,000)
Canceled	
March 31, 2015—Outstanding	913,000
For the year ended March 31, 2016	
Non-vested	
March 31, 2015—Outstanding	
Granted	
Canceled	
Vested	
March 31, 2016—Outstanding	
Vested	
March 31, 2015—Outstanding	913,000
Vested	
Exercised	(275,000)
Canceled	
March 31, 2016—Outstanding	638,000
Exercise price	¥ 603
Average stock price at exercise	¥ 1,148

13 OTHER INCOME (EXPENSES)—OTHER, NET

Other income (expenses)—other, net, for the years ended March 31, 2016, 2015 and 2014, consisted of the following:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2016	2015	2014	2016
Commissions earned	¥ 34	¥ 122	¥ 132	\$ 309
Gain on sales of fixed assets	75	165	1,161	674
Loss on sales of fixed assets	(131)	(45)	(49)	(1,168)
Loss on disposal of fixed assets	(244)	(66)	(329)	(2,165)
Gain on sales of investment securities		280	770	
Loss on sales of investment securities		(162)	(488)	
Loss on impairment of investment securities		(18)		
Loss on liquidated subsidiaries and associates	(83)	(595)		(741)
Loss on impairment of long-lived assets	(528)	(314)	(83)	(4,685)
Loss on liquidation of business		(1,106)		
Employees' retirement special benefits		(351)		
Subsidy income from prefecture for new plant construction	1,280	23		11,358
Other	(117)	647	522	(1,045)
Total	¥ 285	¥(1,421)	¥1,635	\$ 2,534

14 RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥7,766 million (\$68,915 thousand), ¥8,332 million and ¥9,048 million for the years ended March 31, 2016, 2015 and 2014, 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, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Operating leases:			
Due within one year	¥ 550	¥ 558	\$ 4,883
Due after one year	802	868	7,117
Total	¥1,352	¥1,427	\$12,000

b) Lessor

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

Information on investments in lease of finance leases that were deemed not to transfer ownership of the leased property to the lessee for the years ended March 31, 2016 and 2015, was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
I. Current assets			
Gross lease receivables	¥14,754	¥14,307	\$130,928
Unguaranteed residual value	646	693	5,738
Unearned interest income	(1,619)	(1,570)	(14,367)
Investments in lease	¥13,781	¥13,430	\$122,299
II. Investments and other assets			
Gross lease receivables	¥ 676	¥ 676	\$ 5,999
Unearned interest income	(141)	(156)	(1,258)
Other current assets (Investments in lease for real estate)	¥ 534	¥ 519	\$ 4,740
I. Investments and other assets			
Gross lease receivables	¥ 3,124	¥ 3,800	\$ 27,725
Unearned interest income	(732)	(874)	(6,498)
Other assets (Investments in lease for real estate)	¥ 2,392	¥ 2,926	\$ 21,226

Maturities of investments in lease for finance leases that are deemed not to transfer ownership of the leased property to the lessee at March 31, 2016, were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 1)
I. Investments in lease		
2017	¥ 3,966	\$ 35,199
2018	3,272	29,041
2019	2,721	24,147
2020	2,183	19,373
2021	1,458	12,944
2022 and thereafter	1,151	10,221
Total	¥14,754	\$130,928
II. Other assets (Investments in lease for real estate)		
2017		
2018	¥ 558	\$ 4,959
2019	381	3,389
2020	249	2,215
2021	249	2,215
2022 and thereafter	1,684	14,945
Total	¥3,124	\$27,725

The minimum rental commitments under non-cancelable operating leases at March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Operating leases:			
Due within one year	¥ 637	¥ 649	\$ 5,658
Due after one year	2,740	3,319	24,316
Total	¥3,377	¥3,968	\$29,974

16 CONTINGENT LIABILITIES

At March 31, 2016 and 2015, the Companies had the following contingent liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Customers' (15 companies in 2016 and 23 companies in 2015) bank loans	¥ 268	¥ 676	\$ 2,384
Customers' (164 companies in 2016 and 156 companies in 2015) finance lease payables	3,660	4,078	32,482
Travel agency ticket payables	¥ 45	¥ 45	\$ 399

17 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Policy for financial instruments

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

Nature and extent of risks arising from financial instruments

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

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

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

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

Derivatives mainly include forward foreign currency contracts and NDF, which are used to manage exposure to risks from changes in foreign currency exchange rates of receivables, payables. Please see Note 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 continuously reconsiders holding equity instruments of its customers and suppliers.

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

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

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

Liquidity risk management

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

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

Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used instead. Also, please see Note 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, 2016 and 2015, were as follows:

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

March 31, 2015	Millions of yen		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 96,320	¥ 96,320	
Notes and accounts receivable	145,886	146,006	¥ 119
Investments in lease	13,250	12,899	(350)
Short-term investments and investment securities	62,889	62,889	
Total	¥318,346	¥318,116	¥(230)
Notes and accounts payable	¥ 20,261	¥ 20,261	
Electronically recorded obligations-operating	19,158	19,158	
Short-term bank loans and current portion of long-term debt	32,903	32,903	
Long-term debt	5,887	6,032	¥ 145
Deposits received	1,851	1,730	(120)
Total	¥ 80,061	¥ 80,085	¥ 24

March 31, 2016	Thousands of U.S. dollars		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	\$ 889,492	\$ 889,492	
Notes and accounts receivable	1,204,218	1,204,896	\$ 677
Investments in lease	120,826	118,361	(2,465)
Short-term investments and investment securities	643,229	643,229	
Total	\$2,857,767	\$2,855,979	\$(1,787)
Notes and accounts payable	\$ 162,920	\$ 162,920	
Electronically recorded obligations-operating	155,842	155,842	
Short-term bank loans and current portion of long-term debt	228,921	228,921	
Long-term debt	68,715	69,177	\$ 461
Deposits received	16,390	15,920	(469)
Total	\$ 632,789	\$ 632,781	\$ (8)

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

Cash and cash equivalents

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

Notes and accounts receivable and investments in lease

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

Short-term investments and investment securities

The fair values of short-term investments and investment securities are measured at quoted market prices from stock exchanges for equity instruments, at quoted prices obtained from financial institutions for certain debt instruments, and at quoted base prices for trust fund investments. Information on the fair value of marketable and investment securities by classification is included in Note 4.

Notes and accounts payable, electronically recorded obligations-operating, short-term bank loans and current portion of long-term debt

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

Long-term debt

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

Deposits received

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

Derivatives

Fair value information for derivatives is included in Note 18.

Financial instruments whose fair value cannot be reliably determined as of March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Short-term investments and investment securities:			
Available-for-sale:			
Investments in equity instruments that do not have a quoted market price in an active market	¥4,177	¥ 142	\$37,066
Investments in subsidiaries and associated companies:			
Investments in unconsolidated subsidiaries	2,150	2,233	19,083
Investments in associated companies:	1,322	1,138	11,737
Deposits received:			
Money on deposits from golf club members	¥1,224	¥1,273	\$10,868

Maturity analysis for financial assets and securities with contractual maturities at March 31, 2016, 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	¥100,236			
Notes and accounts receivable	93,750	¥41,711	¥2,377	
Short-term investments and investment securities:				
Available-for-sale:				
Government and corporate bonds	1,300	17,668	2,115	
Trust fund investments and other	47,878	8,154		
Total	¥243,166	¥67,534	¥4,492	

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	\$ 889,492			
Notes and accounts receivable	831,932	\$370,145	\$21,094	
Short-term investments and investment securities:				
Available-for-sale:				
Government and corporate bonds	11,543	156,791	18,770	
Trust fund investments and other	424,868	72,359		
Total	\$2,157,837	\$599,296	\$39,865	

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. It is the Group's policy to use derivatives only for the purpose of reducing market risks associated with assets and liabilities. The Group does not hold or issue derivatives for trading purposes.

Derivatives are subject to market risk and credit risk. All derivative transactions, however, are entered into to hedge foreign currency and interest exposures incorporated within the Group's business; therefore, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities. Because the counterparties to these derivatives are limited to major domestic banks, the Group does not anticipate any losses arising from credit risk.

The execution and monitoring of derivatives are carried out by the Company's Finance Department. The Finance Department also reports, on a monthly basis, the contractual amounts and other information related to derivatives to the Accounting Department, where the monitoring of derivatives is performed. The Finance Department's review procedures are focused on whether the derivatives are effective as a means of hedging, whether they are used within the balances of assets and liabilities and whether the Group is exposed to a large amount of risk. In the subsidiaries, derivative transactions entered into by the Group have been made in accordance with the parent company's internal guidelines. The execution and control of derivatives are under the authority of the Finance Department. Each derivative transaction is periodically reported to the parent company's chief financial officer and accounting manager.

Derivative transactions to which hedge accounting was not applied at March 31, 2016 and 2015:

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

	Millions of yen			
	2015			
At March 31, 2015	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
Non-deliverable forward:				
Selling KRW	¥545		¥(2)	¥(2)
Foreign currency forward contracts:				
Selling JPY	¥ 81		¥ 1	¥ 1

	Thousands of U.S. dollars			
	2016			
At March 31, 2016	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
Non-deliverable forward:				
Selling KRW	\$ 960		\$ 1	\$ 1
Foreign currency forward contracts:				
Selling EUR	\$20,260		\$(41)	\$(41)

Derivative transactions to which hedge accounting was applied at March 31, 2016 and 2015:

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

		Millions of yen		
		2015		
At March 31, 2015	Hedged item	Contract amount	Contract amount due after one year	Fair value
Foreign currency forward contracts:				
Selling USD	Receivables and other	¥8,010		¥ (66)
EUR	Receivables and other	1,704		173
GBP	Receivables and other	742		32
CAD	Receivables and other	290		19
THB	Receivables and other	609		(30)
CNY	Receivables and other	645		(15)

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

		Thousands of U.S. dollars		
		2016		
At March 31, 2016	Hedged item	Contract amount	Contract amount due after one year	Fair value
Foreign currency forward contracts:				
Selling USD	Receivables and other	\$12,332		\$869
EUR	Receivables and other	19,754		703
GBP	Receivables and other	181		22
AUD	Receivables and other	782		23
CAD	Receivables and other	453		22
THB	Receivables and other	262		10

19 OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2016 and 2015, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unrealized (loss) gain on available-for-sale securities:			
(Losses) gains arising during the year	¥ (2,422)	¥ 2,632	\$ (21,495)
Reclassification adjustments to profit or loss	33	(102)	295
Amount before income tax effect	(2,389)	2,530	(21,199)
Income tax effect	352	(783)	3,124
Total	¥ (2,036)	¥ 1,747	\$ (18,075)
Deferred gain on derivatives under hedge accounting:			
Gains arising during the year	¥ 73	¥ 249	\$ 648
Amount before income tax effect	73	249	648
Income tax effect	(19)	(85)	(177)
Total	¥ 53	¥ 163	\$ 471
Land revaluation difference:			
Income tax effect	¥ 29	¥ 53	\$ 263
Total	¥ 29	¥ 53	\$ 263
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ (7,839)	¥10,257	\$ (69,563)
Amount before income tax effect	(7,839)	10,257	(69,563)
Total	¥ (7,839)	¥10,257	\$ (69,563)
Defined retirement benefit plans:			
Adjustments arising during the year	¥ (6,355)	¥ 1,041	\$ (56,401)
Reclassification adjustments to profit or loss	83	93	743
Amount before income tax effect	(6,272)	1,134	(55,658)
Income tax effect	1,962	(332)	17,419
Total	¥ (4,309)	¥ 802	\$ (38,238)
Share of other comprehensive (loss) income in associates:			
(Losses) gains arising during the year	¥ (166)	¥ 26	\$ (1,474)
Reclassification adjustments to profit or loss		2	
Total	¥ (166)	¥ 29	\$ (1,474)
Total other comprehensive (loss) income	¥(14,268)	¥13,053	\$ (126,617)

20 NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2016, 2015 and 2014, is as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net income	Weighted-average shares	EPS	EPS
For the year ended March 31, 2016:				
Basic EPS				
Net income available to common shareholders	¥27,425	367,835	¥74.56	\$0.662
Effect of dilutive securities				
Warrants		352		
Diluted EPS				
Net income for computation	¥27,425	368,188	¥74.49	\$0.661
For the year ended March 31, 2015:				
Basic EPS				
Net income available to common shareholders	¥18,423	374,593	¥49.18	\$0.40
Effect of dilutive securities				
Warrants		491		
Diluted EPS				
Net income for computation	¥18,423	375,085	¥49.12	\$0.40
For the year ended March 31, 2014:				
Basic EPS				
Net income available to common shareholders	¥12,184	382,055	¥31.89	\$0.31
Effect of dilutive securities				
Warrants		472		
Diluted EPS				
Net income for computation	¥12,184	382,528	¥31.85	\$0.30

21 RELATED PARTY TRANSACTIONS

			Millions of yen			
Name	Description of Post	Ownership of the Company (%)	Description of transactions	Resulting Account Balances		
Hidekazu Miyoshi	Outside officer	0.00%	Commission relevant to patent	¥73	Accrued expenses	¥10
Miyoshi Industrial Property Rights Research Center K.K.	Owned by Hidekazu Miyoshi and their relatives	—	Commission relevant to patent	¥88	Accrued expenses	¥ 8

			Thousands of U.S. Dollars			
Name	Description of Post	Ownership of the Company (%)	Description of transactions	Resulting Account Balances		
Hidekazu Miyoshi	Outside officer	0.00%	Commission relevant to patent	\$654	Accrued expenses	\$91
Miyoshi Industrial Property Rights Research Center K.K.	Owned by Hidekazu Miyoshi and their relatives	—	Commission relevant to patent	\$787	Accrued expenses	\$78

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

22 SEGMENT INFORMATION

For the years ended March 31, 2016, 2015 and 2014

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 welding machines for the welding market. "The Metal Machine Tools business" consists of metal-cutting bandsaws for the metal cutting market and mechanical presses for the press market as well as lathes and grinders for the machine tools market.

Effective April 1, 2015, the Group transitioned to a holding company system with the objective of restructuring a strong management foundation to achieve continued steady growth and to increase profits by further maximizing the Group's management efficiency, based on the management philosophy of "growing together with our customers". In line with this restructuring, we planned and executed a comprehensive strategy with regard to our product range for the stamping press market that falls within the Metalworking Machinery Business. We transferred the Stamping Press Business to AMADA MACHINE TOOLS CO., LTD. and included the product range for the stamping press market in the Metal Machine Tools Business, to undertake the planning and execution of the strategy of Stamping Press Business in order to achieve synergic benefits with the product range for machine tools market handled by AMADA MACHINE TOOLS CO., LTD.

The segment information for the years ended March 31, 2015 and 2014 is also disclosed using the new operating segments.

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

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

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

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

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

	Millions of yen						
	2014						
	Reportable segment			Others	Total	Reconciliations	Consolidated
Metalworking Machinery	Metal Machine Tools	Total					
Sales:							
Sales to external customers	¥202,899	¥52,339	¥255,238	¥ 1,244	¥256,482		¥256,482
Intersegment sales or transfers	61	27	89		89	¥ (89)	
Total	202,960	52,367	255,328	1,244	256,572	(89)	256,482
Segment profit	11,432	4,387	15,819	405	16,225		16,225
Segment assets	361,119	63,293	424,412	14,753	439,166	113,563	552,729
Other:							
Depreciation	6,630	1,968	8,598	6	8,604		8,604
Investments in unconsolidated subsidiaries and associated companies accounted for by the equity method	3,605	41	3,646		3,646		3,646
Increase in property, plant and equipment and intangible assets	¥ 10,060	¥ 1,054	¥ 11,115		¥ 11,115	¥ 48	¥ 11,163

	Thousands of U.S. dollars						
	2016						
	Reportable segment			Others	Total	Reconciliations	Consolidated
Metalworking Machinery	Metal Machine Tools	Total					
Sales:							
Sales to external customers	\$2,225,796	\$456,748	\$2,682,545	\$ 15,283	\$2,697,828		\$2,697,828
Intersegment sales or transfers	334	330	664		664	\$ (664)	
Total	2,226,130	457,078	2,683,209	15,283	2,698,492	(664)	2,697,828
Segment profit	306,691	68,755	375,446	1,932	377,379		377,379
Segment assets	3,211,175	524,542	3,735,718	121,001	3,856,719	1,159,399	5,016,118
Other:							
Depreciation	64,557	13,925	78,482	50	78,533		78,533
Investments in unconsolidated subsidiaries and associated companies accounted for by the equity method	32,447	667	33,114		33,114		33,114
Increase in property, plant and equipment and intangible assets	\$ 84,355	\$ 4,199	\$ 88,555		\$ 88,555	\$ 534	\$ 89,089

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

2. Reconciliations are as follows.

(1) Reconciliations in segment assets are corporate assets not allocated to a reportable segment. Corporate assets principally consist of cash and cash equivalents, short-term investments and investment securities of the Company and customer training and reception facilities. Corporate assets were ¥130,652 million (\$1,159,399 thousand), ¥110,932 million and ¥113,563 million for the years ended March 31, 2016, 2015 and 2014, respectively.

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

(3) Reconciliations in increase in property, plant and equipment and intangible assets are capital investment related to corporate assets. The capital investments were ¥60 million (\$534 thousand), ¥25 million and ¥48 million for the years ended March 31, 2016, 2015 and 2014, respectively.

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

Information related to the segment information is as follows:

1. Information about products and services

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

Millions of yen							
2015							
	Metalworking Machinery		Metal Machine Tools			Others	Total
	Sheet-Metal Processing Machines Division	Welding Division	Bandsaws Division	Presses Division	Machine Tools Division		
Sales to external customers	¥202,652	¥23,158	¥34,179	¥9,349	¥15,937	¥1,249	¥286,527

Thousands of U.S. dollars							
2016							
	Metalworking Machinery		Metal Machine Tools			Others	Total
	Sheet-Metal Processing Machines Division	Welding Division	Bandsaws Division	Presses Division	Machine Tools Division		
Sales to external customers	\$2,023,262	\$202,534	\$300,177	\$88,024	\$68,546	\$15,283	\$2,697,828

2. Information about geographical areas

(1) Sales

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

Millions of yen					
2015					
Japan	North America	Europe	Asia	Others	Total
¥129,972	¥48,777	¥52,770	¥49,611	¥5,395	¥286,527

Thousands of U.S. dollars					
2016					
Japan	North America	Europe	Asia	Others	Total
\$1,240,234	\$507,900	\$472,382	\$440,286	\$37,024	\$2,697,828

(2) Property, plant and equipment

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

Millions of yen				
2015				
Japan	North America	Europe	Others	Total
¥87,551	¥14,815	¥15,261	¥11,883	¥129,511

Thousands of U.S. dollars				
2016				
Japan	North America	Europe	Others	Total
\$754,204	\$127,314	\$124,002	\$101,353	\$1,106,875

Information related to impairment losses of assets is as follows:

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

	Millions of yen				
	2015				
	Reportable segment		Others	Elimination/Corporate	Total
Metalworking Machinery	Machine Tools				
Impairment losses of assets	¥314				¥314

	Thousands of U.S. dollars				
	2016				
	Reportable segment		Others	Elimination/Corporate	Total
Metalworking Machinery	Machine Tools				
Impairment losses of assets	\$1,966			\$2,718	\$4,685

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

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

	Millions of yen				
	2015				
	Reportable segment		Others	Elimination/Corporate	Total
Metalworking Machinery	Metal Machine Tools				
Amortization of goodwill	¥ 888	¥112			¥1,001
Goodwill at March 31, 2015	2,202	28			2,230

	Thousands of U.S. dollars				
	2016				
	Reportable segment		Others	Elimination/Corporate	Total
Metalworking Machinery	Metal Machine Tools				
Amortization of goodwill	\$ 4,614	\$232			\$ 4,846
Goodwill at March 31, 2016	14,208				14,208

23 SUBSEQUENT EVENTS

Appropriations of retained earnings

The following appropriation of retained earnings at March 31, 2016, was approved by the shareholders at the Company's general shareholders' meeting held on June 28, 2016.

	Millions of yen	Thousands of U.S. dollars (Note 1)
Year-end cash dividends, ¥20.00 (\$0.17) per share	¥7,306	\$64,839



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of Amada Holdings Co., Ltd. and its consolidated subsidiaries as of March 31, 2016, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amada Holdings Co., Ltd. and its consolidated subsidiaries as of March 31, 2016, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Deloitte Touche Tohmatsu LLC

June 28, 2016

Member of
Deloitte Touche Tohmatsu Limited

The AMADA Group

The AMADA Group

(As of October 1, 2016)

DOMESTIC NETWORK AND BASES

SALES NETWORK

AMADA CO., LTD.

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

Phone: 81-463-96-1111

Major Activities: Sale and service of sheet metal fabrication machines and equipment.

AMADA MACHINE TOOLS CO., LTD.

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

Phone: 81-463-96-3351

Major Activities: Development, manufacture, sale, and service of metal cutting machines and equipment, machine tools and equipment, and stamping presses and equipment. Development, manufacture, and sale of saw blades.

AMADA MIYACHI CO., LTD.

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

Phone: 81-4-7125-6177

Major Activities: Development, design, production, and sale of laser welding equipment, laser marking equipment, and resistance welding equipment (welding controls, weld monitoring instruments, welding power supplies, peripherals) and integration of these products.

AMADA TECHNICAL SERVICE CO., LTD.

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

Phone: 81-463-96-3111

Major Activities: Sale and service of sheet metal fabrication machines and equipment.

AMADA LEASE CO., LTD.

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

Phone: 81-463-96-3663

Major Activities: Leasing operation for sheet metal machines, metal cutting machines, and power press machines.

AMADA BUTSURYU CO., LTD.

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

Phone: 81-463-96-3334

Major Activities: Forwarding and import/export agency for sheet metal machines, metal cutting machines, and power press machines. Used machine distributor for sheet metal machines and metal cutting machines.

NICOTEC CO., LTD.

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

Phone: 81-463-96-3221

Major Activities: Sale and service for metal cutting machines and environmental machines to distributors and agents. Manufacture of band saw blades and sale to distributors and agents.

MANUFACTURING BASES

AMADA ENGINEERING CO., LTD. (Fujinomiya Works)

Works: 7020 Kitayama, Fujinomiya-shi, Shizuoka 418-0112

Major Activities: Development, manufacture, sale, and service of sheet metal fabrication machines and equipment.

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

Plant: 113-1, Hara, Ozawa, Nihonmatsu-shi, Fukushima 969-1513

Major Activities: Manufacture, sale, contract remodeling, maintenance inspection, and management and other services pertaining to conveyor devices, power transmission devices, automatic control units, and various other equipment.

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

Works: 1431-37 Kitayama, Kujiri, Izumi-cho, Toki-shi, Gifu 509-5142

Major Activities: Development and manufacture of metal cutting machines and equipment and machine tools and equipment.

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

Plant: 56 Hata-cho, Ono-shi, Hyogo 675-1377

Major Activities: Development and manufacture of saw blades.

AMADA MIYACHI CO., LTD. (Noda Works)

Works: 95-3 Futatsuka, Noda-shi, Chiba 278-0016

Major Activities: Development, design, production, and sale of laser welding equipment, laser marking equipment, and resistance welding equipment (welding controls, weld monitoring instruments, welding power supplies, peripherals), and integration of these products.

NICOTEC CO., LTD. (Miki Plant)

Plant: 45, Tomoe, Bessho-cho, Miki-shi, Hyogo 673-0443

Major Activities: Manufacture of band saw blades.

AMADA TOOL PRECISION CO., LTD.

Head Office / Plant: 200, Ishida, Isehara-shi, Kanagawa 259-1196

Major Activities: Manufacture and sale of tooling for punching and bending, tooling for hydraulic punch presses, and tooling peripheral machines.

OTHER AFFILIATES

AMADA BUSINESS SUPPORT CO., LTD.

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

Phone: 81-463-96-1111

Major Activities: Agency business of general affairs and human resources

AMADA AILINK SERVICE CO., LTD.

FORUM246 #605, 350, Ishida, Isehara-shi, Kanagawa, 259-1116

Phone: 81-463-97-2800

Major Activities: Information provider for sheet metal machines & electronic devices through the Internet.

AMADA DOCUMECH CO., LTD.

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

Phone: 81-463-96-3171

Major Activities: Editing, production, and translation of instruction manuals and technical information on metal processing machines.

AMADA PLANTECH CO., LTD.

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

Phone: 81-463-96-3603

Major Activities: Landscaping design and construction and maintenance for gardens and buildings, and cleaning.

FUJINO CLUB CO., LTD.

350, Ishida, Isehara-shi, Kanagawa 259-1116

Phone: 81-463-96-3630

Major Activities: Management of training and hospitality facilities of AMADA group.

OVERSEAS NETWORK AND BASES

SALES NETWORK

United States

AMADA NORTH AMERICA, INC.

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

AMADA AMERICA, INC.

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

AMADA MACHINE TOOLS AMERICA, INC.

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

Canada

AMADA CANADA LTD.

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

Mexico

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: Sale and after-sales service of metalworking machines.

Brazil

AMADA DO BRASIL LTDA.

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

United Kingdom

AMADA UNITED KINGDOM LTD.

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

Germany

AMADA GmbH

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

AMADA MACHINE TOOLS EUROPE GmbH

AMADA Allee 3, 42781 Haan, Germany
Phone: 49-2104-1777-0
Major Activities: Sale and repair of bandsaw machines and related products. Sale and repair of machine tools and industrial tools.

France

AMADA S.A.

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

Spain

AMADA MAQUINARIA IBERICA

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

Italy

AMADA ITALIA S.r.l.

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

Sweden

AMADA SWEDEN AB

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

Russian Federation

AMADA OOO

Dokukina Street 16, Building 3, 5th Floor, Moscow 129226, Russian Federation
Phone: 7-495-518-9650
Major Activities: Sale and after-sales service of metalworking machines.

Turkey

AMADA MAKINA TEKNOLOJİ SANAYİ VE TİCARET LTD. STİ.

İkitelli, Organize Sanayi Bölgesi Haseyad Kooperatifi, Turgut Ozal Caddesi, No: 116, 34670 İkitelli İstanbul, Turkey
Phone: 90-212-549-10-70
Major Activities: Sale and after-sales service of metalworking machines.

Switzerland

AMADA SWISS GmbH

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

Denmark

AMADA DENMARK A/S

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

Norway

AMADA NORWAY AS

Myrveien 12, 1430 AS, Norway
Phone: 47-6497-3100
Major Activities: Sale and after-sales service of sheet metal processing machines.

Poland

AMADA SP. Z O. O.

ul.Prof.M. Życzkowskiego 14, 31-864 Krakow Poland
Phone: 48-1237-93185
Major Activities: Sale and after-sales service of sheet metal processing machines.

South Africa

AMADA UNITED KINGDOM LTD. JOHANNESBURG BRANCH

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

China

AMADA (CHINA) CO., LTD.

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

AMADA HONG KONG CO., LTD

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

BEIJING AMADA MACHINE & TOOLING CO., LTD.

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

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

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

OVERSEAS NETWORK AND BASES

AMADA INTERNATIONAL TRADING (SHENZHEN) CO., LTD.

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

Taiwan

AMADA TAIWAN INC.

No. 21, Wenming Road, Guishan District, Taoyuan City 333-82, Taiwan (R.O.C.)
Phone: 886-3-328-3511
Major Activities: Sale, after-sales service, and trading service of metalworking machines and metal machine tools.

Republic of Korea

AMADA KOREA CO., LTD.

47, Cheongnyang-ro 97beon-gil, Yeonsu-gu, Incheon, 21945, Republic of Korea
Phone: 82-32-821-6010
Major Activities: Sale and after-sales service of metalworking machines and metal machine tools.

Thailand

AMADA ASIA PACIFIC CO., LTD

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

AMADA (THAILAND) CO., LTD.

88/41 Moo 4, Khlongsuan, Bangbo, Samutprakarn 10560, Thailand
Phone: 66-2-170-5900
Major Activities: Sale and after-sales service of metalworking machines and metal machine tools.

AMADA MACHINE TOOLS (THAILAND) CO., LTD.

88/41 Moo 4, Khlongsuan, Bangbo, Samutprakarn 10560, Thailand
Phone: 66-2-170-5955
Major Activities: Sale and after-sales service of metalworking machines and metal machine tools.

Singapore

AMADA SINGAPORE (1989) PTE LTD.

12 Tannery Road, #05-01/02 HB Centre 1, Singapore 347722
Phone: 65-6743-6334
Major Activities: Sale and after-sales service of metalworking machines and metal machine tools.

Malaysia

AMADA (MALAYSIA) SDN. BHD.

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

Vietnam

AMADA VIETNAM CO., LTD.

469 Ha Huy Tap Road, Yen Vien, Gia Lam, Ha Noi, Vietnam
Phone: 84-4-6261-4583
Major Activities: Repair of machines and equipment.

India

AMADA (INDIA) PVT. LTD.

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

Australia

AMADA OCEANIA PTY LTD.

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

MANUFACTURING BASES

United States

AMADA AMERICA, INC.

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

AMADA TOOL AMERICA, INC.

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

France

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: Management control of European subsidiaries, manufacture and sale of metalworking machines, and related services.

AMADA OUTILLAGE S.A.

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

Italy

AMADA ENGINEERING EUROPE S.p.A.

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

Austria

AMADA AUSTRIA GmbH

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

Finland

Ab LKI Kälöman Oy

Svartnähagavägen 7 FIN-68910 Bennis, Finland
Phone: 358-20-7009-000
Major Activities: Manufacture of sheet metal machines and peripheral equipment.

China

AMADA SHANGHAI MACHINE TECH CO., LTD.

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

AMADA LIANYUNGANG MACHINERY CO., LTD.

No. 21 Zhenxing Road, Songtiao, Lianyungang Eco. & Tech. Development Zone, 222006 Jiangsu, Peoples Republic of China
Phone: 86-518-8515-1111
Major Activities: Manufacture of bandsaw blades.

AMADA LIANYUNGANG MACHINE TOOL CO., LTD.

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

AMADA LIANYUNGANG MACHINE TECH CO., LTD.

No.1 Qufeng Road, Haizhou Development Zone, Lianyungang, 222023 Jiangsu, People's Republic of China
Phone: 86-518-8591-8369
Major Activities: Manufacture of bandsaw blades.

India

AMADA SOFT (INDIA) PVT. LTD.

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

Investor Information

Company name

AMADA HOLDINGS CO., LTD.

Head office

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

Phone: 81-463-96-1111

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

Founded

September 10, 1946

Incorporated

May 1, 1948

Number of Shares of Common Stock

(As of March 31, 2016)

Authorized: 550,000,000 shares

Issued: 378,115,217 shares

Number of Shareholders

(As of March 31, 2016)

35,410

Stock Listing

Tokyo Stock Exchange, Inc., First Section

Quarterly Stock Price Range on Tokyo Stock Exchange (¥)

	2015				2016	
	1st	2nd	3rd	4th	1st	2nd
High	1,208	1,361	1,317	1,276	1,186	1,229
Low	988	1,121	886	899	948	995

Ordinary General Meeting of Shareholders

June

Shareholder Register Administrator

Mizuho Trust & Banking Co., Ltd.

1-2-1, Yaesu, Chuo-ku, Tokyo 103-8670, Japan

Major Shareholders

(As of March 31, 2016)

Shareholder	Shares owned (1,000 shares)	Percent (%)
Japan Trustee Services Bank, Ltd. (Trust accounts)	55,415	15.2
The Master Trust Bank of Japan, Ltd. (Trust accounts)	28,029	7.7
Trust&Custody Services Bank, Ltd. (Trust accounts)	18,317	5.0
Mizuho Bank, Ltd.	15,000	4.1
BNP PARIBAS SEC SERVICES LUXEMBOURG / JASDEC / ABERDEEN GLOBAL CLIENT ASSETS	10,607	2.9
The Amada Foundation	9,936	2.7
THE BANK OF NEW YORK 133972	7,532	2.1
Nippon Life Insurance Company	6,035	1.7
The Joyo Bank, Ltd.	5,756	1.6
The Nomura Trust and Banking Company, Ltd. (Trust accounts)	5,289	1.5

Note: Ownership percentages have been calculated excluding treasury stock (12,776,953 shares).



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



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

AMADA HOLDINGS CO., LTD.

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