

Growing Together with Our Customers

2014



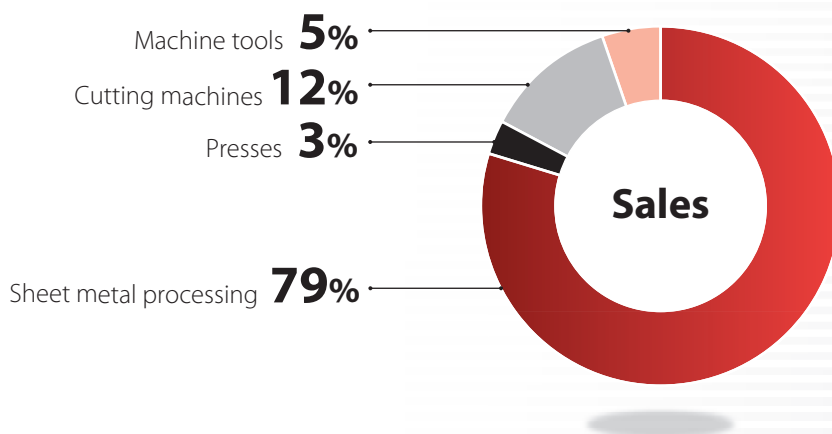
# Contributing to the global a better future of human

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

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

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

## Sales Composition by Industry Segment



# manufacturing and being

---

## Contents

2	Metalworking Machinery That Supports Comfortable Lifestyles
4	Message from the President & CEO
8	Financial Highlights
10	Topics
12	Product Strategy
16	Amada's Value Chain
16	Development as a Source of Innovation
18	Global Manufacturing Quality
20	Client-Focused Solution
22	Ongoing Support for Clients
24	Amada Responsibilities to Social Involvement
25	Corporate Governance
27	Directors, Audit and Supervisory Board Members, and Corporate Officers
28	Financial Reports
28	Financial Review
30	Consolidated Financial Statements
35	Notes to Consolidated Financial Statements
65	Independent Auditor's Report
66	Investor Information
67	The Amada Group

### A CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS:

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

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

## Metalworking Machinery That Supports Comfortable Lifestyles

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

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

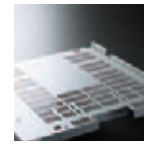
### ATMs



### Telephones, facsimile machines, PCs



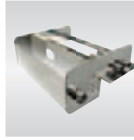
### Televisions, video equipment, air conditioners



### Automobiles



### Special-use vehicles



## Amada supports manufacturing in key industries.

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

### Sheet Metal Processing Machines Division



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

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

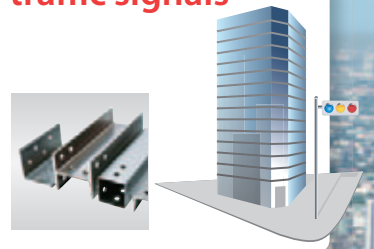
### Cameras, watches



### Lockers



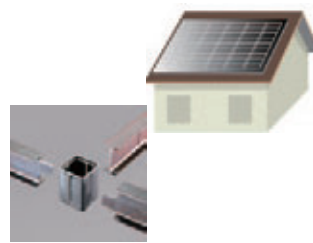
### Buildings, traffic signals



### Medical devices



### Solar panels



### Cutting Division

### Stamping Press Division



### Machine Tools Division

### AMADA MIYACHI



## Message from the President & CEO

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



President & CEO  
Mitsuo Okamoto

### CONCERNING RECENT RESULTS

In the fiscal year under review ended March 2014, due to contributions from the depreciation of the yen, and new consolidations such as the acquisition of MIYACHI CORPORATION (now AMADA MIYACHI Co., Ltd.) at the previous fiscal year-end, we recorded year-on-year gains in orders received and net sales, with orders up 33.9%, to ¥260.6 billion, and net sales rising 35.0%, to ¥256.4 billion.

In profits and losses, due to the revenue growth results and the influence of exchange rates, we saw a large year-on-year increase in profits overall, with operating income rising 250.8%, to ¥16.2 billion,

ordinary income rising 127.9%, to ¥20.6 billion, and net income rising 195.3%, to ¥12.1 billion.

As for forecasted consolidated earnings, by the end of the current fiscal year in March 2015, based on the most recent market trends, we are anticipating continuous growth, with net sales to rise 7.2%, to ¥275.0 billion, operating income to rise 72.6%, to ¥28.0 billion, ordinary income to rise 45.1%, to ¥30.0 billion, and net income to rise 47.7%, to ¥18.0 billion (assuming principal exchange rates of US\$1=¥98 and €1=¥135).

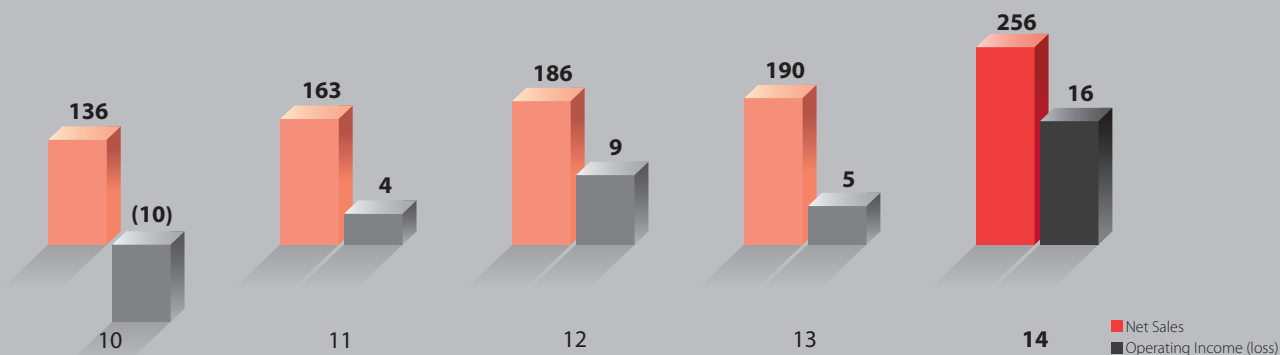
### ECONOMIC ENVIRONMENT SURROUNDING AMADA

In the world economy, the United States is enjoying continuing economic recovery, while the European economy is showing signs of improvement. However, with an economic slowdown in China and other emerging markets, the overall condition of the world economy continues to remain unclear.

At the same time, in the Japanese economy, due to economic and financial measures taken by the Japanese government, there is movement toward improved corporate earnings, centered on major corporations, and revived consumer spending, indicating a general transition to a modest recovery.

### Net Sales / Operating Income (loss)

Billions of yen



In the machinery industry, business sentiment moved in the direction of improvement throughout the year, and interest in capital investment in small and medium-sized companies returned.

Although there are signs of concern in upcoming economic

trends, such as the cutting back on monetary easing in the U.S., or the backlash of the rush of demand that accompanied the rise in the consumption tax rate in Japan, overall this gradual growth is expected to continue.

## MEDIUM-TERM MANAGEMENT PLAN

The global manufacturing environment is undergoing a drastic change in appearance. This includes the shift of production to emerging nations, correspondence to environmental issues, and

the emergence of innovative products such as electric-powered automobiles.

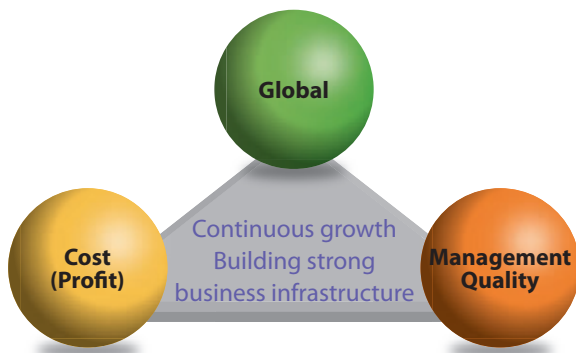
In 2016, Amada is welcoming its 70th year of operation. Looking

### BASIC POLICY AND NUMERIC TARGETS FOR THE MEDIUM-TERM MANAGEMENT PLAN

#### The Medium-term Management Plan: Basic Policy

##### Re-strengthen the global organization

- ▶ Strengthen sales/manufacturing structure in the European/North American markets
- ▶ Expand markets by strengthening emerging markets



##### Improving profit

- ▶ Improve profit through global production system
- ▶ Increase competitiveness by releasing new products
- ▶ Strengthen sales and marketing power with the engineering structure
- ▶ Pursue profit by sales structure reform

##### Shift to a holding company

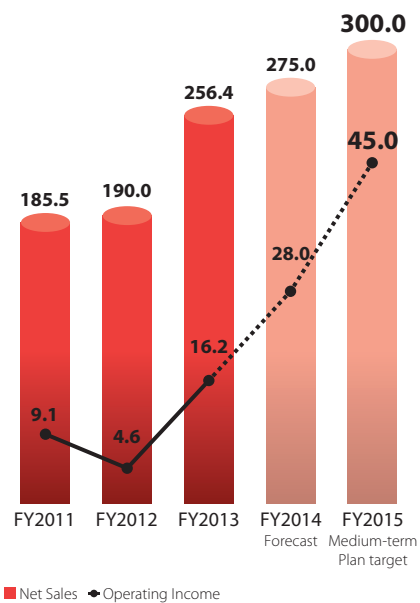
- ▶ Clarify profit
- ▶ Separate management and operation

##### Engagements for capital initiatives

- ▶ Improve capital efficiency

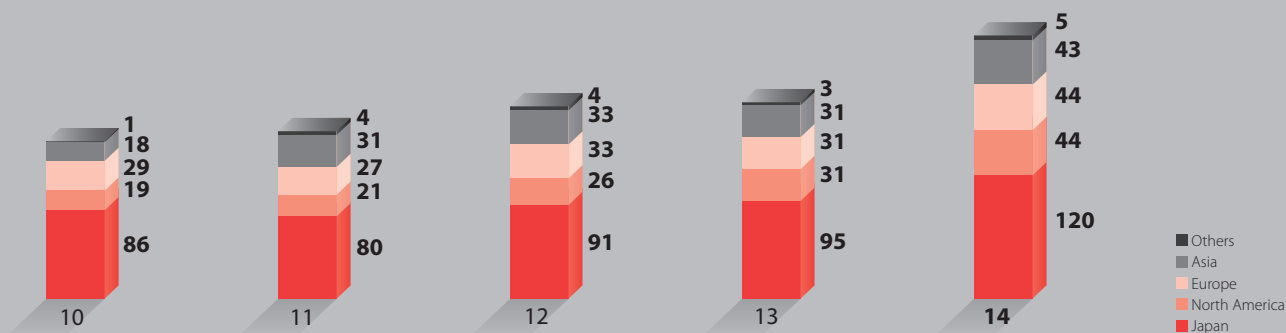
#### The Medium-term Management Plan: Numeric Targets

Billions of yen



#### Sales by Geographical Segment

Billions of yen



onward from 70 years of operation to the 100-year mark, we are constructing a secure management base for continuous growth, and we are devising objectives to maximize corporate value.

In this management environment, Amada is currently advancing multifaceted strategies toward making a structure of ¥300 billion in net sales and an operating income ratio of 15%. We thought of three valuable key words to help us accomplish this task: "Global, Cost, and Management Quality."

Globalization is essential to achieving our goal of ¥300 billion in net sales. This does not simply mean just expanding sales in overseas markets. Taking into consideration issues such as operations, the production infrastructure, and the management systems of every region is the true meaning of globalization. With that in mind, we have made advances in strengthening our sales base through new initiatives such as establishing overseas production bases, technical centers, and local subsidiaries, and we have created integrated systems from manufacturing to sales and service.

Concerning its products, Amada is aiming to expand the laser business, which is a growth field, by enhancing the fiber laser lineup. We are also aiming for superiority in both cost and quality through the key module of in-house oscillator manufacturing.

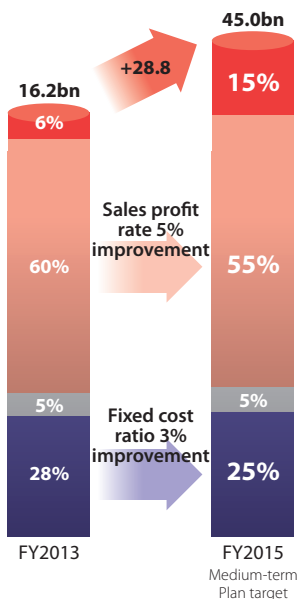
In addition, we are advancing new market creation and the further expansion of the laser business through subsidiary acquisition. In March 2013, Amada acquired AMADA MIYACHI, a company possessing great technological strength in the resistance welding and micro laser processing fields.

As for profitability, Amada has set a target of a 15% operating income ratio, and is aiming to improve to a 5% net sales profit ratio and a 3% fixed cost ratio for the 2015 fiscal year-end profit structure.

As for improving the net sales profit ratio, we are promoting improved retail prices through the introduction of new products, and the strengthening of the engineering business at regionally established technical centers. Also, we will expand manufacturing at new factories in the United States and China, which began full-scale operations in 2013. In doing so, we will plan for reductions in cost and lead time, and at the same time, we will promote cost reduction through reforms in procurement and designs that are suitable for overseas production. Meanwhile, in fixed costs, in order to compensate for rising costs due to R&D optimization, resource distribution, and increased investments overseas, we plan to improve to a 3% fixed cost ratio.

**PROFIT IMPROVEMENT MEASURES TOWARD OPERATING INCOME ACHIEVEMENT**

**The Medium-term Management Plan  
~Revenue structure~**



■ Operating Income (Billions of yen) ■ Fixed Cost (Billions of yen)  
■ Variable Cost (Billions of yen) ■ Sales Cost (Billions of yen)

Volume increase	<ul style="list-style-type: none"> <li>Sales increase</li> <li>Foreign currency impact</li> <li>Operation ratio improvement</li> </ul>	¥26.0 billion	2.9%
Production streamlining	<ul style="list-style-type: none"> <li>Laser module streamlining</li> <li>Improve revenue with production in optimal location for maximum efficiency</li> <li>Design streamlining</li> <li>Global optimum procurement</li> </ul>	¥3.0 billion	1.0%
Sales price improvement	<ul style="list-style-type: none"> <li>New product effects</li> <li>Stronger engineering</li> <li>Discontinuation of unprofitable models</li> <li>Stronger service business</li> </ul>	¥3.5 billion	1.1%
<b>Improve sales profit ratio</b>		<b>¥32.5 billion</b>	<b>5.0%</b>
Improve fixed expenses ratio	<ul style="list-style-type: none"> <li>Improve R&amp;D cost efficiency</li> <li>Streamline sales measure costs</li> <li>Outsourcing</li> <li>Labor costs increase</li> </ul>	(¥2.2 billion)	3.4%
Improve variable costs ratio	<ul style="list-style-type: none"> <li>Streamline logistics cost and expenses by local production</li> <li>Review of the sales compensation</li> </ul>	(¥1.5 billion)	0.3%



## DIVIDEND AND CAPITAL POLICY

In our medium-term management plan, which concludes at the 2016 fiscal year-end, Amada is planning major policy changes and has decided on a new capital policy.

In order to improve corporate value, we believe it is necessary to raise capital efficiency while maintaining financial soundness. In our medium-term management plan, we are making efforts to strengthen our earnings structure, and we are aiming to maximize profits. At the same time, we will take measures to control increases in net assets and raise our capital efficiency.

Specifically, until now there has been a dividend payout ratio of around 30% to 50%; however, we plan on raising that to 50% of consolidated net income. With that as our goal, we will carry out the acquisition of treasury stock, and concerning term profits, we will devise measures to improve capital efficiency without retaining earnings. We are aiming for a 7% ROE by the time the achievements of our medium-term management plan are met. Although we have set the period for these measures to be until the end of the 2016 fiscal year, we will make efforts for the continuous improvement of capital efficiency long after that.

## A NEW CAPITAL POLICY: MANAGEMENT WITH EMPHASIS ON CAPITAL EFFICIENCY

In accordance with these objectives, we increased the annual dividend ¥8 for the fiscal year ended March 2014, to ¥20 per share. Concerning estimates for the annual dividend for the fiscal year ended March 2015, we currently are anticipating an increase of ¥6, to ¥26 per share (¥13 interim, ¥13 year-end), compared with the current term.

At Amada, we are doing all we can to live up to the expectations of our shareholders and other investors. I would like to ask for your continued support and encouragement in the years ahead.

September 2014



**Mitsuo Okamoto**

President & CEO

## NEW CAPITAL POLICY—MANAGEMENT WITH FOCUS ON CAPITAL EFFICIENCY

### Implement new capital policy

#### Target ROE of 7% when Medium-term Management Plan is accomplished

1. Improved shareholder return (payout ratio of 50%)
2. Expeditious own-stock acquisition (¥10.0 billion for this period)

For period profit, increase capital efficiency through increased dividends and stock buyout without retaining earnings

	FY2012 Result	FY2013 Result	FY2014 Forecast	FY2015 Medium-term Plan
Net income	¥4.1 billion	¥12.1 billion	¥18.0 billion	¥29.0 billion
Total equity	¥385.1 billion	¥417.0 billion	¥417.0 billion	¥417.0 billion
ROE (%)	1%	3%	4%	7%
Dividends	¥4.5 billion	¥7.6 billion	¥9.9 billion	50% of net profit
Dividend ratio (%)	111%	63%	55%	
DPS (yen)	¥12	¥20	¥26	
Stock buyout			¥10.0 billion	50% of net profit

# Financial Highlights

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

Millions of yen

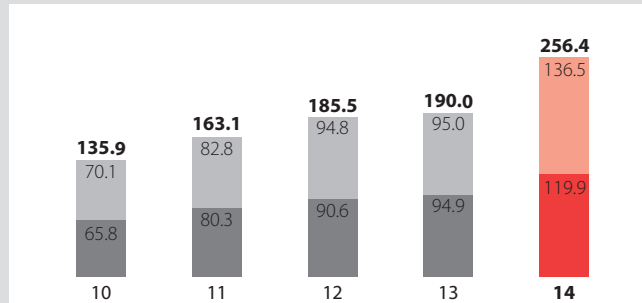
	2014	2013	2012	2011	2010
<b>For the year:</b>					
Net sales	<b>¥256,482</b>	¥190,018	¥185,539	¥163,153	¥135,979
Sales to foreign customers	<b>136,575</b>	95,079	94,870	82,811	70,166
Cost of sales	<b>153,977</b>	115,595	109,509	98,959	89,375
Gross profit	<b>102,505</b>	74,423	76,030	64,193	46,604
Selling, general and administrative expenses	<b>86,308</b>	68,953	67,339	62,430	60,165
Net changes in deferred profit on installment sales and finance lease sales	<b>28</b>	(844)	458	2,590	3,905
Operating income (loss)	<b>16,225</b>	4,625	9,148	4,353	(9,654)
Other income (expenses)—net	<b>5,584</b>	2,390	1,062	1,812	4,627
Income (loss) before income taxes and minority interests	<b>21,810</b>	7,015	10,210	6,165	(5,027)
Net income (loss)	<b>12,184</b>	4,126	4,643	2,716	(3,739)
Comprehensive income (loss)	<b>36,491</b>	17,704	1,043	(9,359)	789
Purchases of property, plant and equipment	<b>8,422</b>	10,203	12,747	6,891	10,861
Depreciation and amortization	<b>8,604</b>	7,657	7,711	7,638	8,256
Research and development costs	<b>9,048</b>	7,491	7,022	6,304	5,457
<b>At year-end:</b>					
Total equity	<b>¥417,002</b>	¥385,102	¥371,969	¥375,159	¥388,667
Total assets	<b>552,729</b>	495,449	469,836	452,792	468,178
Total long-term liabilities	<b>17,733</b>	21,851	21,142	23,753	25,424
<b>Per share of common stock (yen):</b>					
Net income (loss)—					
Basic	<b>¥31.89</b>	¥10.81	¥12.16	¥ 7.11	¥(9.79)
Diluted	<b>31.85</b>				
Cash dividends applicable to the year	<b>20.00</b>	12.00	12.00	10.00	10.00
<b>Sales composition:</b>					
Metalworking Machinery business:	<b>¥210,721</b>	¥150,196	¥144,321	¥127,648	¥109,460
Sheet metal processing machines	<b>202,899</b>	143,221	138,104	121,838	104,099
Presses	<b>7,822</b>	6,974	6,216	5,809	5,361
Metal Machine Tools business:	<b>¥44,517</b>	¥38,646	¥40,032	¥34,174	¥24,998
Cutting machines	<b>30,725</b>	26,225	25,648	22,170	18,314
Machine tools	<b>13,792</b>	12,420	14,383	12,003	6,683
Others	<b>1,244</b>	1,175	1,185	1,330	1,520
Total	<b>¥256,482</b>	¥190,018	¥185,539	¥163,153	¥135,979
Number of employees	<b>7,956</b>	7,678	6,467	5,899	5,870

Notes:

- The yen figures presented in the financial highlights are rounded down to millions of yen, except for per share amounts.
- From the year ended March 31, 2011, the sales composition was reclassified according to the three segments of "Metalworking Machinery business," "Metal Machine Tools business," and "Others" from the existing six segments, Sheet metal processing machines, Bandsaws, Presses, Machine tools, Real estate leasing and Others. In addition, the main business, the Metalworking Machinery business and the Metal Machine Tools business, is separated according to the markets where the products are sold. For comparative purposes only, the sales composition prior to fiscal 2011 is reclassified based on the current fiscal year policy.
- From the year ended March 31, 2014, the sales composition of golf course management business was reclassified from "Others" to "Metalworking Machinery" and "Metal Machine Tools" businesses based on the rational allocation method, because the Group is expanding use of those facilities for sales promotion by capital participation in MIYACHI CORPORATION (currently AMADA MIYACHI CO., LTD.). The sales composition prior to fiscal 2014 is reclassified based on the current fiscal year policy.

### Net Sales

Billions of yen



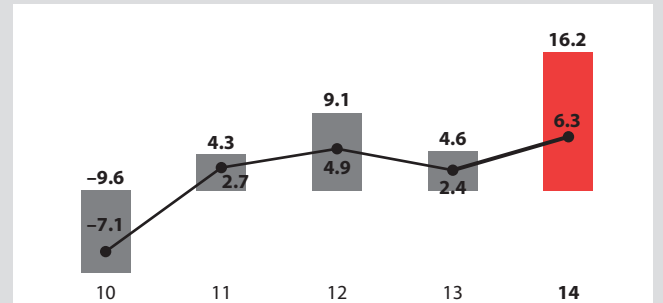
Overseas Sales Domestic Sales

FY

### Operating Income (Loss) and Ratio to Net Sales

Billions of yen

%



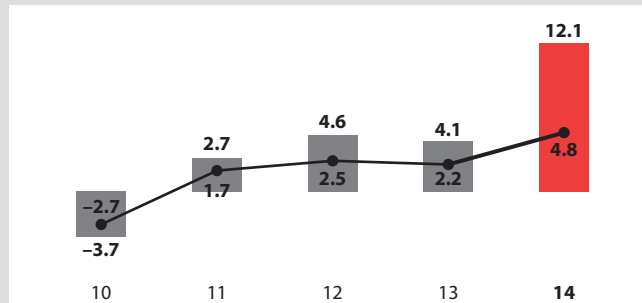
Operating Income (Loss) Ratio to Net Sales

FY

### Net Income (Loss) and Ratio to Net Sales

Billions of yen

%

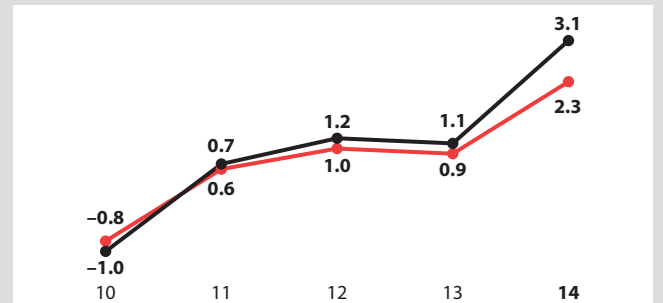


Net Income (Loss) Ratio to Net Sales

FY

### ROE and ROA

%

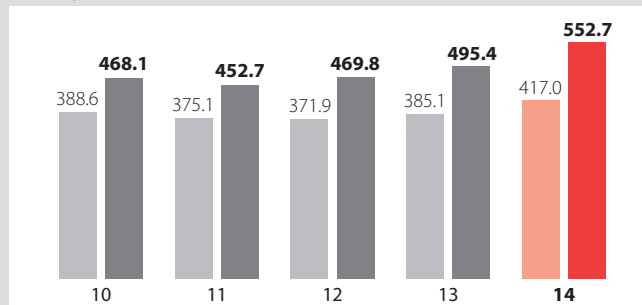


ROE ROA

FY

### Total Equity and Total Assets

Billions of yen



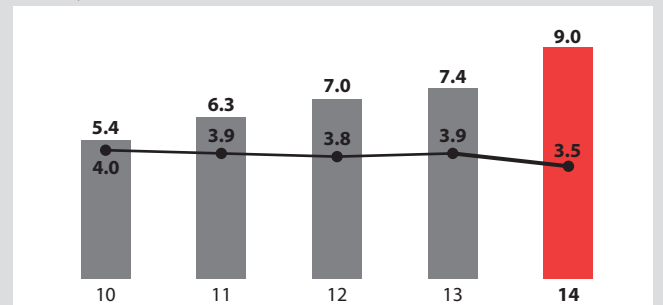
Total Equity Total Assets

FY

### Research and Development Costs and Ratio to Net Sales

Billions of yen

%

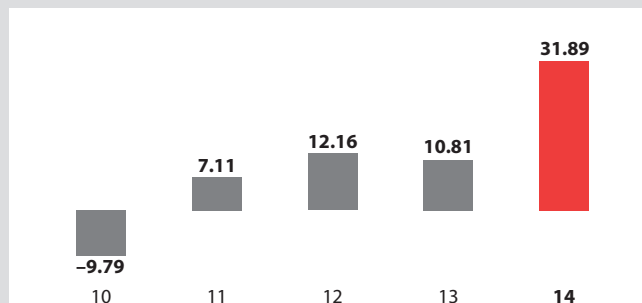


Research and Development Costs Ratio to Net Sales

FY

### Net Income per Share

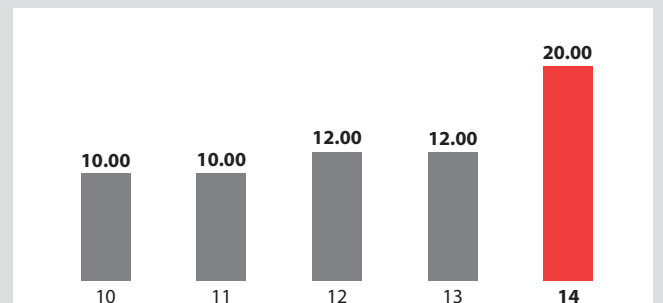
Yen



FY

### Cash Dividends per Share

Yen



FY

# Key Topics in Japan and

## Establishment of European Regional Headquarters Amada Europe HQ

Under the organization of regional headquarters in North America, Europe, China, and ASEAN, overseas offices maintain close coordination with the Japanese headquarters, while promptly implementing suitable measures that match regional information.



## Established Amada Denmark and Amada Norway



Amada Denmark



Amada Norway

## Established Amada Poland



Amada Poland

January 2013

December 2013

June 2013

November 2013

## Opening of Technical Centers



South Germany



Shanghai

## FABTECH 2013

New fiber laser products presented at FABTECH2013 with U.S.-based JDS uniphase Corporation



# Overseas

## AIF 2014 Held at HQ Solution Center

The largest private event in the industry, Amada Innovation Fair (AIF) 2014, was held at the HQ Solution Center in Isehara, Kanagawa Prefecture. A number of new products and 15 new solution models were displayed in Japan for the first time. These included the SHEETCENTER LASBEND-AJ, which received the Masuda Award at the 2013 Best 10 New Product Awards presented by Nikkan Kogyo Shimbun Ltd., and the latest fiber laser cutting machine ENSIS-3015AJ. The event was attended by 5,000 visitors from Japan and overseas.

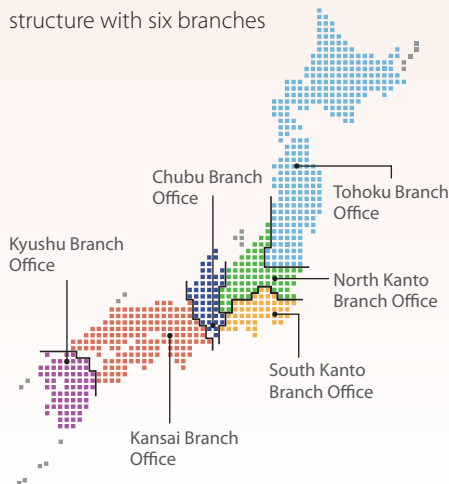


May/June 2014

April 2014

## New Domestic Organization

Moving toward a domestic operational structure with six branches



## New Markets with AMADA MIYACHI Products

MIYACHI CORPORATION changed its name to AMADA MIYACHI Co., Ltd. Amada aims to generate synergy in both operations and marketing with AMADA MIYACHI, a company that has a proven record in micro parts manufacturing and welding technologies for major corporations around the world. By cooperating on joint displays at various exhibitions and developing new products, we will improve consolidated performance going forward.



## Opening of Technical Centers



Technical center at Amada UK



Technical center at Amada Malaysia

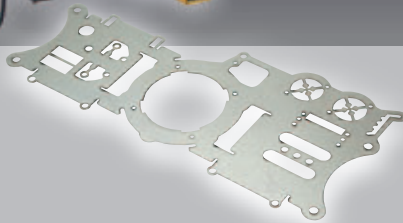
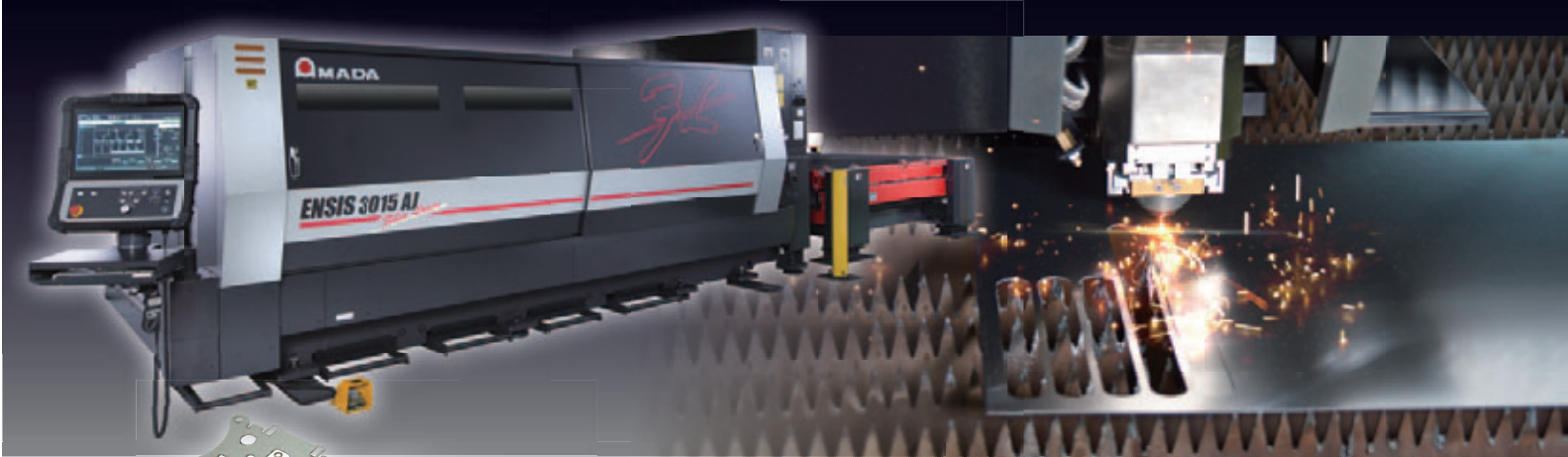
## Product Strategy

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

# Major Products

## FIBER LASER CUTTING MACHINE **ENSIS-3015AJ**

From thin to thick sheets, this machine has the ability to cut at 2kW.



Amada is the first machine manufacturer to develop a fiber laser oscillator. In addition, we have developed “ENSIS”<sup>\*\*</sup> technology, which allows 4kW-equivalent heavy metal sheet processing to be done at 2kW output.

\*\*“ENSIS” is the Latin word for “sword”.

## FIBER LASER AND PUNCH COMBINATION MACHINE **LC-2515C1AJ**

This machine represents the further evolution of combination machines.



Amada debuts a combination machine with fiber laser cutting and punching. The laser processing area is covered by the table cabin and a shutter, which provides thorough light proofing. This machine is easily combined with peripheral equipment, and reduced total lead time is realized through automation.



## FULLY AUTOMATIC BENDING SYSTEM EG-6013AR

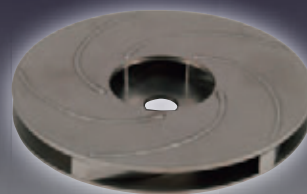
This new system realizes automation in bending by entire off line setups.



This new system uses a high speed, high accuracy servo press brake. 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 safely and quickly.

## FIBER LASER WELDING SYSTEM FLW SERIES

The Amada Fiber Laser Welding system achieves high speed and high grade welding.



Amada provides solutions to customers' issues through its fiber laser oscillator. Amada's original processing head, various software and features to assist customers with the complete welding process and enhance your laser welding productivity.

# SHEET METAL PROCESSING MACHINES



## LASER MACHINES

### FOL-3015AJ Fiber Laser Cutting Machine

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



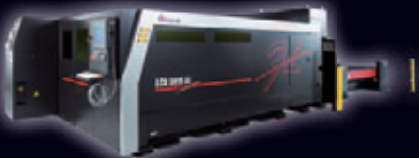
### FLC-3015AJ 3-Axis Linear Drive Fiber Laser Cutting Machine

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



### LCG-3015AJ Global Standard Fiber Laser Machine

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



### LCG-3015 Global Standard CO<sub>2</sub> Laser Machine

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



## SHEETCENTER

### LASBEND-AJ

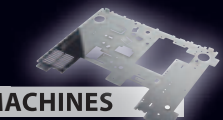
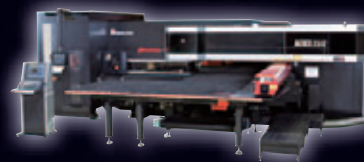
The LASBEND-AJ is an advanced integrated sheet metal machine that is capable of continuously performing four processes: laser cutting, forming, tapping, and bending.



## PUNCH AND LASER COMBINATION MACHINES

### ACIES Series Blanking Process Integration Solutions

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



## PUNCHING MACHINES

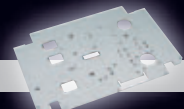
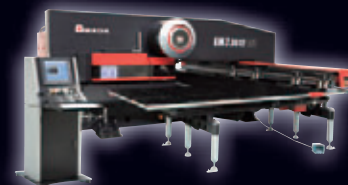
### EM-ZR Series Fully Automatic Punching Solution Machines

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

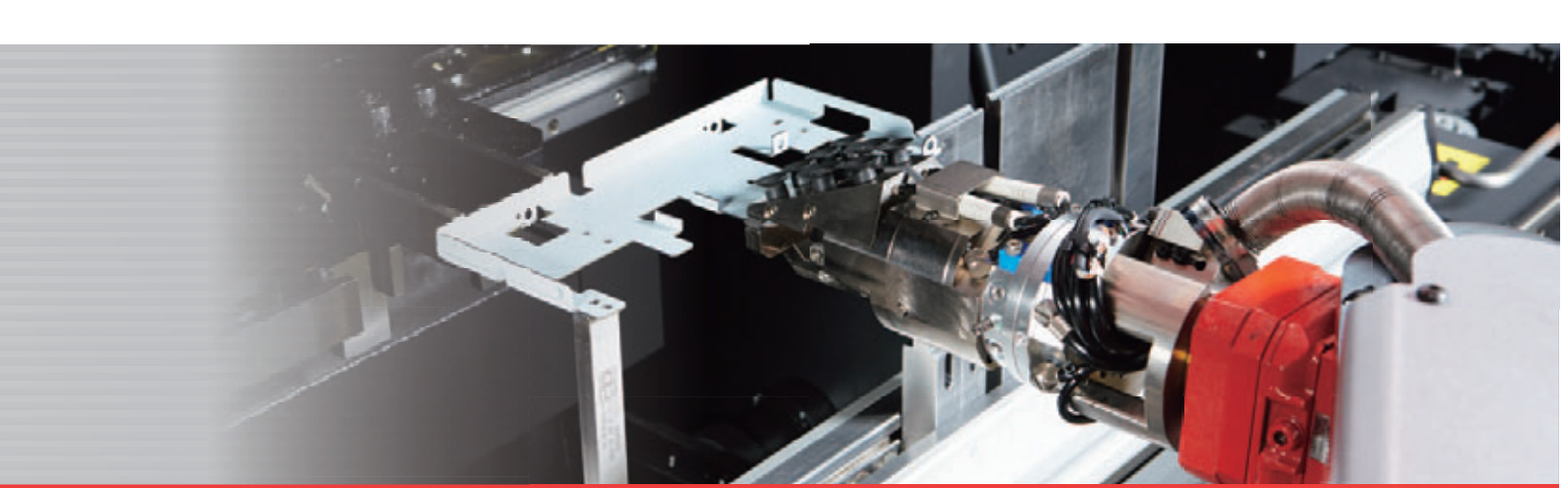


### EM-MII Series New AC Servo Direct Twin Drives

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







## BENDING MACHINES

### HG Series Hybrid Digital Machines



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

### HG-1003 ATC Bending Machine



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



## STAMPING PRESSES

### SDEW Series Digital AC Two-Point Servo Presses



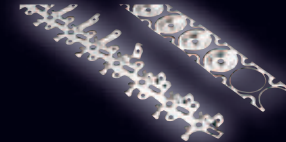
These machines make full use of the two-point stamping process with a digital servo direct drive that offers precise motion control and a high rigidity straight-side frame developed by Amada.



### TP-FX Series



TP-FX series single crank stamping presses. These advanced, high precision Amada crank presses enhance productivity and conserve energy.

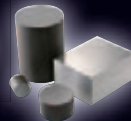


## CUTTING MACHINES

### PCSAW Series Pulse Cutting Machines



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



## MACHINE TOOLS

### Multi Process Center MX-150



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

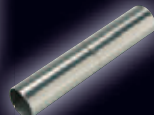


## AMADA MIYACHI

### Pulsed Fiber Laser Welder ML-3060A Series



Equipped with a new type of fiber laser enabling high stability, low cost laser welding.



### 3D Fiber Laser Marker ML-7350DL-3D



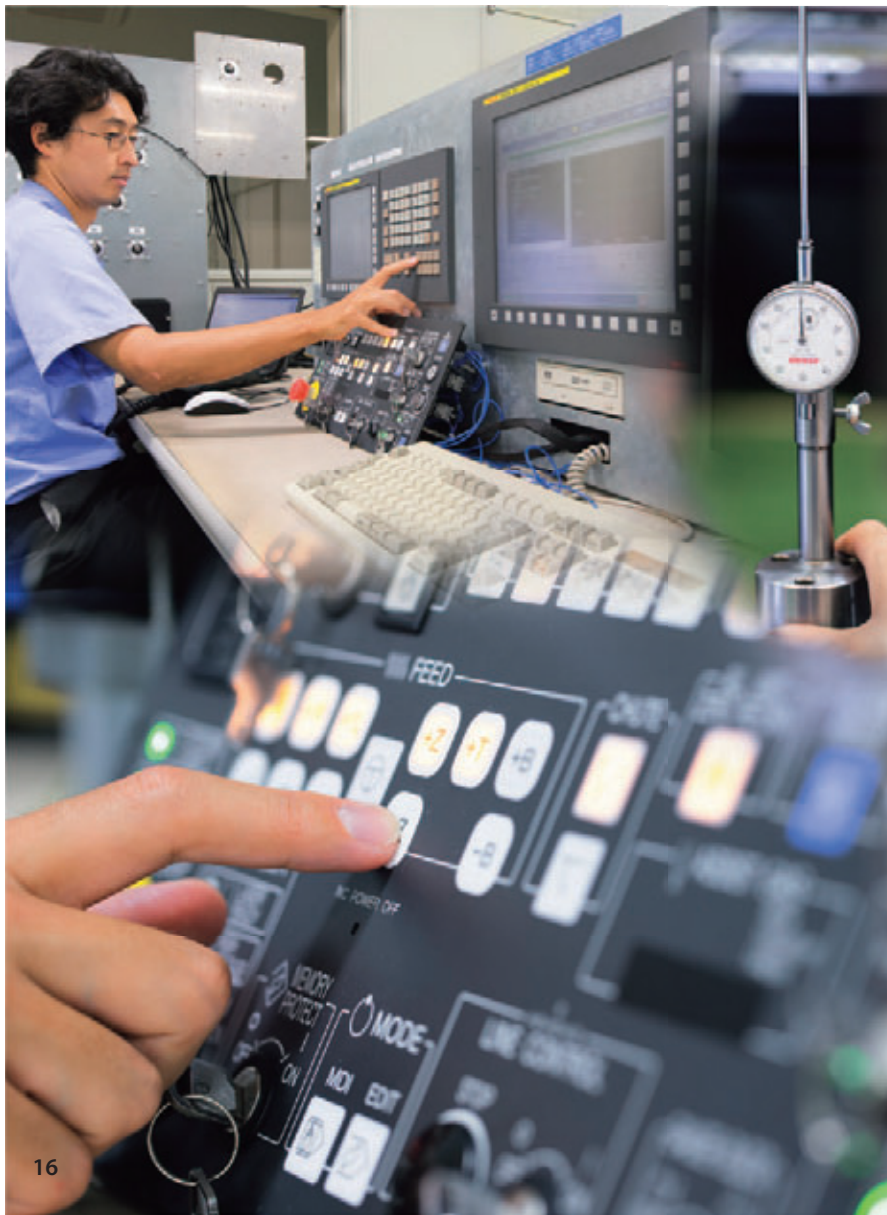
A 3D fiber laser marker equipped with long awaited 3D features has been released as part of the popular fiber laser series.



# Development as a Source

## DEVELOPMENT SYSTEM

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



### Development Center

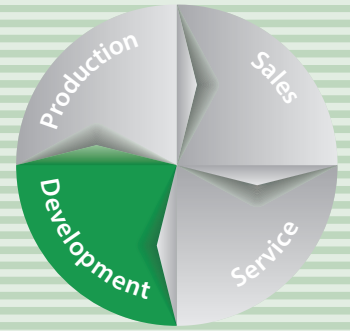
On the third and fourth floors of the Development Center building, modular design in consideration of the production method are made from the development stage by utilizing a state-of-art design 3D CAD system.



### Innovation Rooms

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





# of Innovation

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

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

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

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

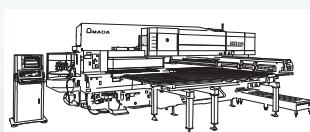
## Modular Design Components

High quality modules are available by using 3D CAD.



## Front-Loading Development

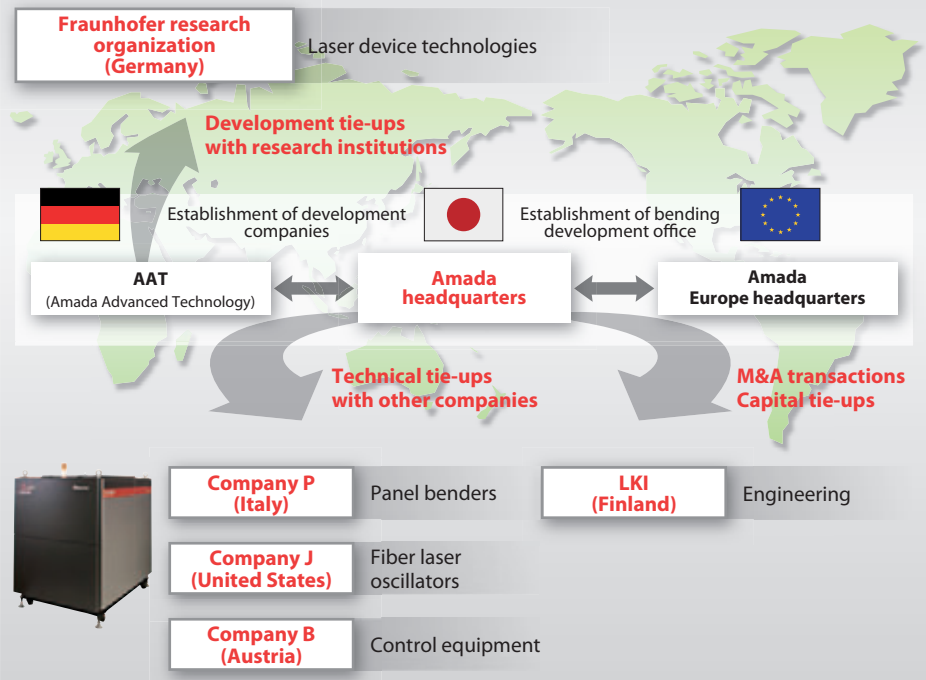
Front-loading development shortens time-to-market of new products.



## Cost & Quality: Bolstering Product Strengths with the Global Development System

### Strengthening the Global Development System

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



# Global Manufacturing

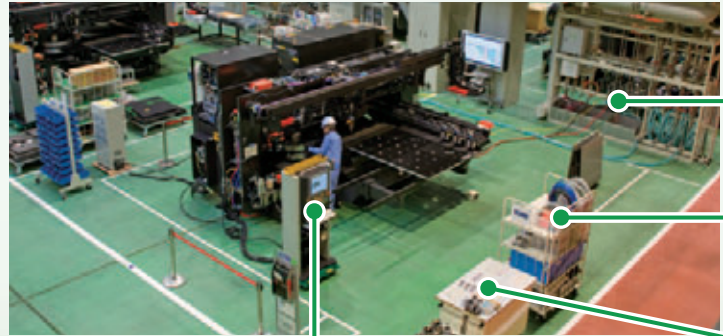
## PRODUCTION SYSTEM

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



### Booth-stand production system

The booth-stand production system produces customer-satisfying products at best quality, cost, and delivery levels. The machines are designed in modules based on the front-loading development concept. Then, they are manufactured using parts procured just in time at "booth stands" where production takes place. With this system and an IT-based production control system, clean and digital manufacturing is realized.

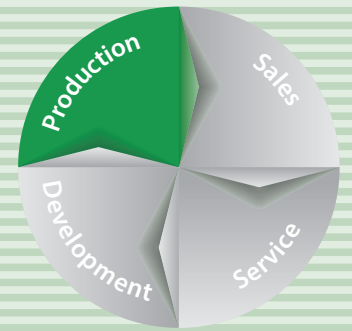


### Clean Room

In 2014, in order to establish a mass production system for fiber laser oscillators that corresponds with the global increase in orders received, Amada established a large-scale clean room. Thanks to clean room operations, maximum production capacity has reached 40 units per month.



# Quality



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

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

In North America, the Los Angeles Plant is the only plant that offers integrated production of complete solutions in one location,

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

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

## Centralized supply



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

## Part-serving wagon



Parts are transported to each booth by the towed wagon.

## Tool-concentrated wagon



Assembly tools are concentrated on a special wagon.

## vPost



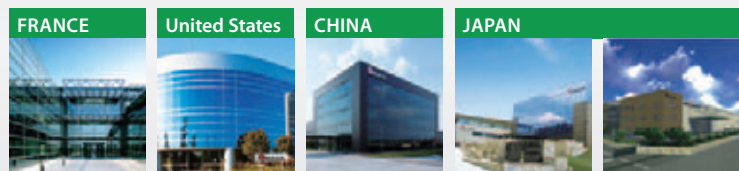
vPost is an automatic data collection system unique to Amada that uses the leading-edge RFID (Radio Frequency Identification) technology.

## COSTS & QUALITY [PRODUCTION COSTS]: REDUCE COSTS THROUGH SHIFT TOWARD LOCAL PRODUCTION

### IMPROVING PROFITABILITY: BOLSTERING COST COMPETITIVENESS THROUGH GLOBAL PRODUCTION SYSTEMS

- Pursuing production efficiency with the "optimal location for optimal production" system (entry model=localization, high-value-added model=domestic production).
- Optimizing procurement through construction of global procurement networks (volume discount, global consolidated price).
- Early local support for new products and design changes through a unified design system.

	MAIN PRODUCTION ITEMS	AIM
DOMESTIC PLANTS	High-value-added model, core module, etc.	Realizing high quality through new technology and facilities
OVERSEAS PLANTS	Entry-mass-production model (Brea City, Shanghai Plant)	Improving probability through the effects of "optimal location for optimal production"



FRANCE: Operation started in 2013  
 United States: Operation started in 2013  
 CHINA: Operation started in 2013  
 JAPAN: Scheduled to start operation in fall 2014

Charleville-Mézières Plant	Brea Plant	Shanghai Plant	Fujinomiya Works	Fukushima Plant
----------------------------	------------	----------------	------------------	-----------------

- Upgrading aging facilities
- Promoting the procurement of processing components in countries outside of France, such as Turkey, Italy, and Spain
- Production rationalization (LCG mass production system, peripheral equipment)
- Improving in-house production percentages through the introduction of machine centers
- Improving productivity through entry model mass production (local production rate of 40%)
- Core module, fiber laser oscillator production (newly established clean room)
- Peripheral equipment to start operation in October
- Increase production capacity
- Reduce lead time

# Client-Focused Solution

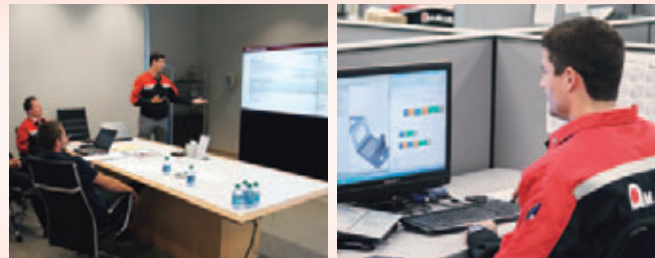
## THE AMADA SOLUTION CENTER / TECHNICAL CENTER

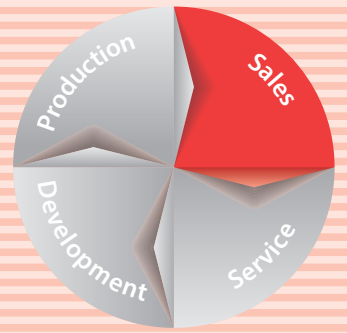
The Amada Solution Center/Technical Center is the place where we offer proposals to solve your issues. The Center has multiple functions: as an exhibition site to show you various products; as a place of process verification, through which we find your issues and propose solutions; and as a place allowing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



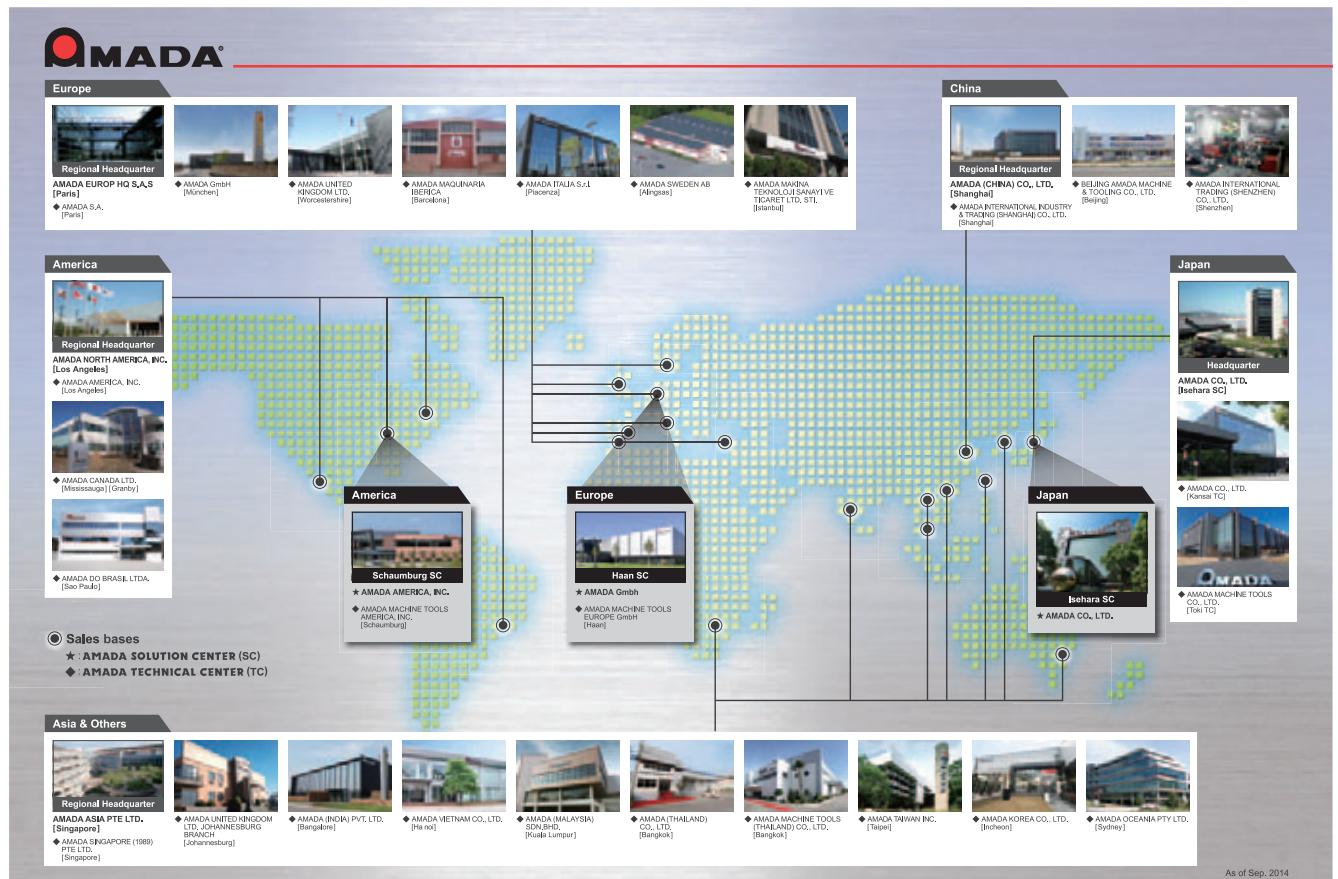
### Verification Plaza

We process customers' products with drawings using the latest Solution Package. The benefit from installing the proposed solution package can be measured before installation. We propose solutions to customers' issues individually using the latest Solution Package.





## Amada Group's Global Network of Sales Bases



# Ongoing Support for

## ENGINEERING SERVICE OF AMADA

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

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

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



### Operative Support

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

- **Our support starts before machine installation.**  
We offer optimum ramp-up support before machine installation, with machine and operation training best suited for each customer.
- **Our support continues after installation.**  
Optimum processing methods are proposed along with ecological solutions and the latest processing technologies.
- **IT service vehicles**  
The IT service vehicle is a mobile office for providing necessary information and service.
- **Remote support**  
As optimum maintenance schedule is made through the operational status of the machine.
- **Call center**  
Processing program support is offered by communicating through the internet.
- **Plant safety**  
We offer proposals and training for maintaining safe and reliable machine operation.



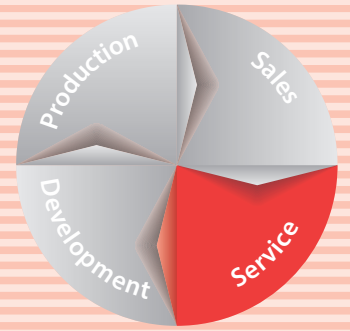
IT service vehicle



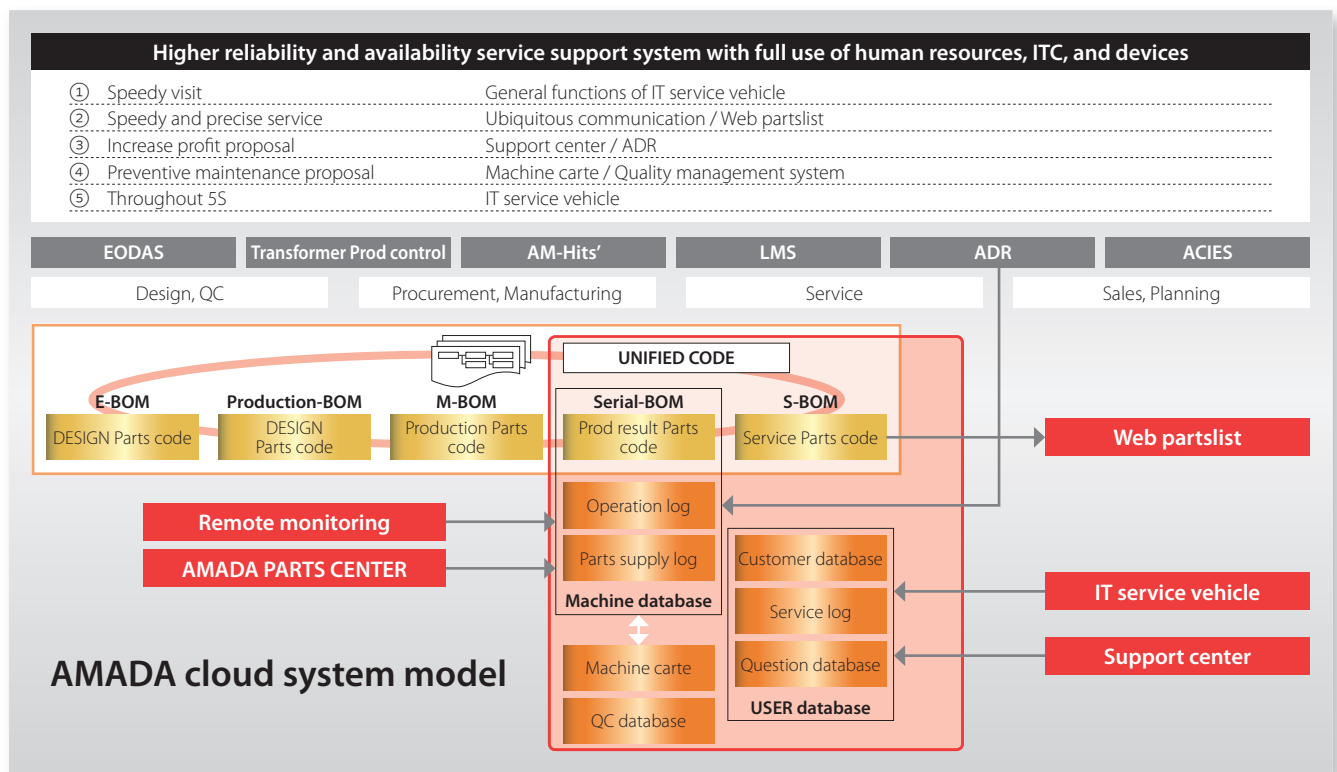
Call center



# Clients



## Total Operation Support System: Next-Generation Service Style



## Tooling, band saw blades, cutting fluids, and others

Amada provides optimum tools and consumables with the latest processing technologies.

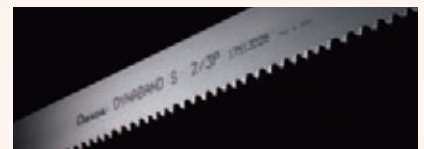
- **Punching tooling**



- **Bending tooling**



- **Band saw blades**



- **Cutting fluids and other**



# Amada Responsibilities to Social Involvement

## AMADA GROUP ENVIRONMENTAL DECLARATION

The Amada Group aggressively incorporates environmental activities into its management in order to realize the sustainable development of society and the Group. Amada will help to build a bright and prosperous future for people around the world by fully utilizing the engineering capabilities that it has cultivated and by providing environmentally friendly, energy-saving products as a comprehensive manufacturer of metalworking machinery.

### “Linkage through Eco-Conscious Manufacturing”

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

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

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

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

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

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

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

### Environmental Management

Since obtaining ISO 14001 certification in 1998 at Isehara Works, the Amada Group has renewed its certifications five times up to 2013.

Currently, ISO certification has been received for the following as a single group: Isehara Works, Fujinomiya Works, Ono plant, Toki Works, Kansai Technical Center, Miki plant, 12 Group companies, one vocational training institute, one sales office, and one union.

### Long-Term Environmental Plan

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

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

### Three goals of “AMADA GREEN ACTION”

- **Products** By 2020, we will reduce CO<sub>2</sub> emissions of all products by 25% on average.
- **Manufacturing** By 2020, we will reduce CO<sub>2</sub> emissions from our work sites and factories by 25%.
- **Biodiversity** This planet is rich in natural blessings, and to pass it down to future generations in a state better than that in which we received it, we will focus our efforts on the preservation and regeneration of biodiversity.

## SOCIAL CONTRIBUTION

### Amada School (Vocational Training Corporation)

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

### Precision Sheet Metal Technology Fair

The Precision Sheet Metal Technology Fair was started in 1988 by the Amada School to enhance sheet metal processing technologies and skills. The judging board consists of academic institutions, industrial associations, visitors to the Amada Solution Center, and separately appointed judges. Aside from gold,

silver, and bronze awards for superior products in each category, additional prizes are also awarded from the Ministry of Health, Labor and Welfare; the Ministry of Economy, Trade and Industry; the Japan Vocational Ability Development Association; the Nikkan Kogyo Shimbun, Ltd.; and Amada Co., Ltd.

### Sponsoring the Shinichi-Hoshi Awards and a Marathon

The Amada Group supports the purpose of the following events and has decided to sponsor them in the current fiscal year.

- The Second Annual Nikkei Shinichi-Hoshi Awards (organized by the Nihon Keizai Shimbun Ltd.)
- The 2015 Yokohama Marathon (organized by the Yokohama Marathon Organizing Committee)



# Corporate Governance

## BASIC POLICY

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

### Board of Directors and Directors

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

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

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

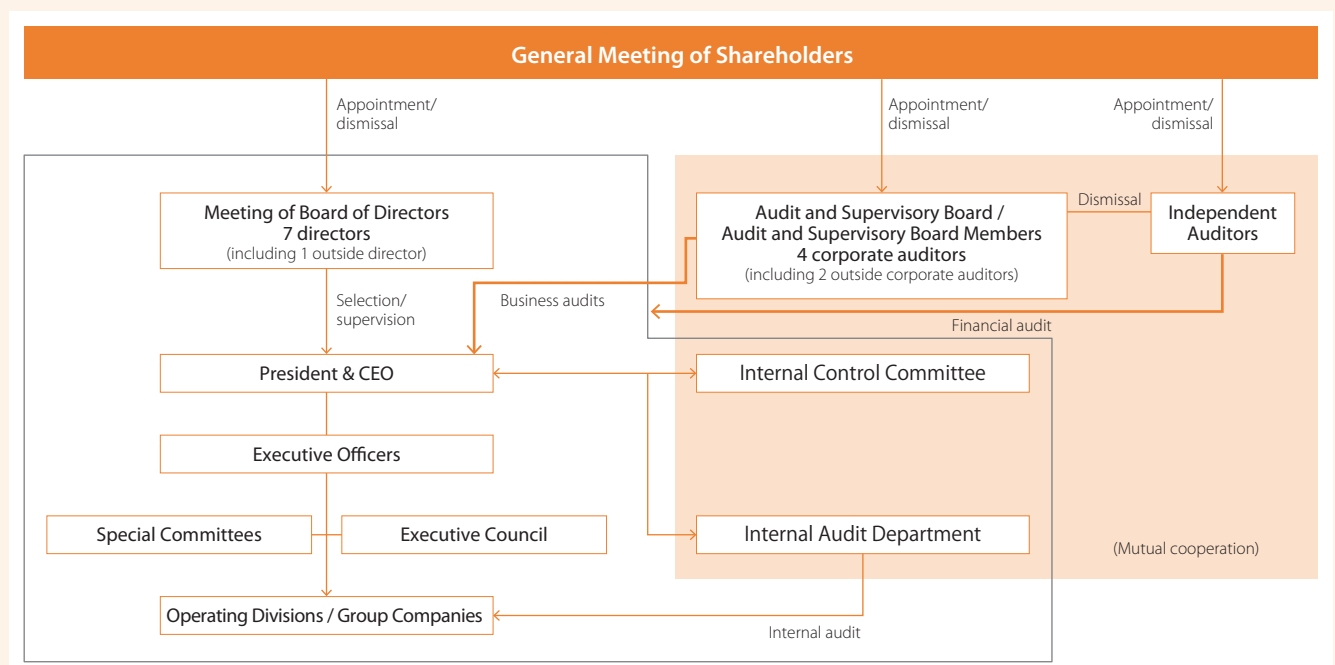
In addition, to further clarify management responsibility throughout the fiscal year and to increase the trust of shareholders in the Company, the term of members of the Board of Directors was changed from two years to one year, with the approval of the Ordinary General Meeting of Shareholders held on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

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

### Audit and Supervisory Board and Audit and Supervisory Board Members

Amada uses the Audit and Supervisory Board system. The Company has four Audit and Supervisory Board members, including two outside Audit and Supervisory Board members. The mission of the Audit and Supervisory Board is to carry out the mandate of the shareholders and respond to the demands of society, with a focus on ensuring sound management and increasing the trust of society. Audit and Supervisory Board members attend meetings of the Board of Directors and other important meetings, receive sales reports from directors and others, and track the state of management through actual inspections. In

## Corporate Governance Structure



addition, Audit and Supervisory Board Members read important documents. In these ways, Audit and Supervisory Board Members monitor corporate governance.

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

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

### **Information Management and Disclosure**

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

### **Strengthening Corporate Governance**

In order to further bolster and enhance corporate governance, Amada nominated one outside director at the General Meeting of Shareholders for the fiscal year ended March 2014. Also, when selecting an outside director or outside company auditor, the decision is made based on standards such as the Tokyo Stock Exchange evaluation criteria for independent directors. Therefore, the candidate, in addition to being someone who will not cause a conflict of interest with the general shareholders, will not receive significant control from management ranks, nor exert significant control over management ranks.

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

# Directors, Audit and Supervisory Board Members, and Corporate Officers

(As of June 27, 2014)

## DIRECTORS



President & CEO  
**Mitsuhiro Okamoto**



Senior Managing Director  
**Tsutomu Isobe**



Managing Director  
**Atsushige Abe**



Managing Director  
**Kotaro Shibata**



Director  
**Takaya Shigeta**



Director  
**Katsuhide Ito**



Director (Outside)  
**Toshitake Chino**

## AUDIT AND SUPERVISORY BOARD MEMBERS

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

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

Audit and Supervisory Board Member (Outside)  
**Masanori Saito**

Audit and Supervisory Board Member (Outside)  
**Akira Takenouchi**

## CORPORATE OFFICERS

(Excluding directors who serve concurrently)

Senior Corporate Officers

**Hidehiko Sakai**

**Yasuhiro Endo**

Corporate Officers

**Koji Yamamoto**

**Yasuhiro Kawashita**

**Kiyoshi Takeo**

**Hiroyuki Takeshita**

**Masaaki Oonuki**

**Masashi Sato**

**Tomohiro Yano**

**Koji Honda**

**Takashi Yuuki**

**Nobuyuki Jinbo**

# Financial Review

## EXTERNAL ECONOMIC CONDITIONS

Overall, the global economy is still uncertain due to the economic slow-down in emerging markets such as China, despite modest growth continuing in the United States and signs of recovery seen in Europe. Meanwhile, the Japanese economy shows recovery trends particularly among the large companies and consumer spending with the government's economic and monetary policies.

The business confidence of the machinery industry has been improving throughout the period, and capital investment intentions of medium and small and medium-sized companies are recovering.

We anticipate slow growth trends in the future, given downturn risks such as the cutback of the easy-money policy in the United States and backlash of last-minute demand from Japan's tax hike.

## EARNINGS

Amada's consolidated performance for the full fiscal year ended March 2014 resulted in ¥260,647 million (US\$2,532.5 million) orders received (up 33.9% year to year), and ¥256,482 million (US\$2,492.0 million) in net sales (up 35.0%); higher than the previous period.

Revenue also improved significantly, with ¥16,225 million (US\$157.6 million) in operating profit (up 250.8%), and ¥12,184 million (US\$118.3 million) (up 195.3%) in net profit; mainly due to sales growth and devaluing yen.

## FINANCIAL POSITION

At the end of the fiscal year under review, total consolidated assets were up ¥57,280 million year on year, to ¥552,729 million (US\$5,370.4 million). This gain was partially attributable to the depreciation of the yen.

Total current assets increased ¥55,398 million, to ¥356,439 million (US\$3,463.2 million), owing mainly to a rise in notes and accounts receivable. Net property, plant and equipment stood at ¥126,294 million (US\$1,227.1 million), an increase of ¥7,857 million from the end of the previous fiscal year. Total investments and other assets decreased ¥5,975 million, to ¥69,995 million (US\$680.0 million).

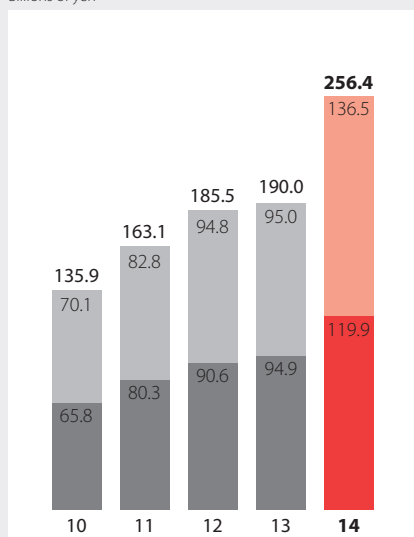
Total current liabilities increased ¥29,497 million from the end of the previous fiscal year, to ¥117,993 million (US\$1,146.4 million), mainly due to a rise in short-term bank loans. Total long-term liabilities decreased ¥4,117 million, to ¥17,733 million (US\$172.3 million), mainly owing to a decrease in liability for employees' retirement benefits.

Consolidated total equity at the end of the fiscal year stood at ¥417,002 million (US\$4,051.7 million), up ¥31,900 million from the end of the previous fiscal year.

As a result, the shareholders' equity ratio at the end of the year was 74.9%, compared with 77.1% at the previous fiscal year-end.

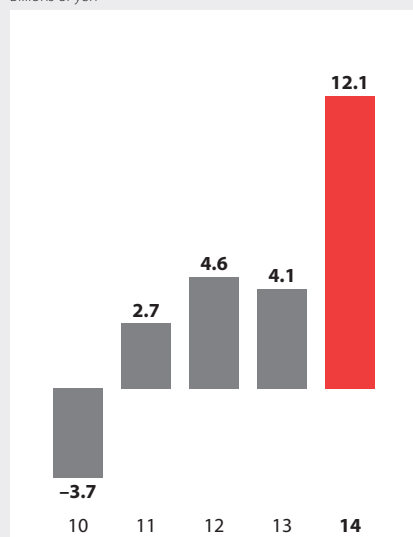
### Domestic Sales and Overseas Sales

Billions of yen



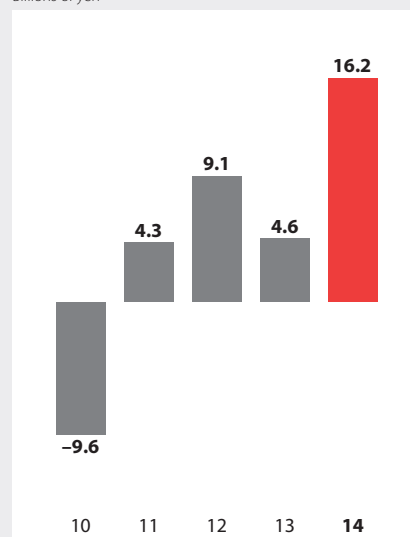
### Net Income (Loss)

Billions of yen



### Operating Income (Loss)

Billions of yen



■ Domestic Sales ■ Overseas Sales

## CASH FLOWS

Consolidated cash and cash equivalents, end of year amounted to ¥88,537 million (US\$860.2 million), up ¥24,689 million from a year earlier.

### CASH FLOWS FROM OPERATING ACTIVITIES

Net cash provided by operating activities totaled ¥25,980 million (US\$252.4 million), up ¥22,601 million from the previous fiscal year.

This increase was primarily attributable to an increase in income before income taxes and minority interests and decrease in inventories.

### CASH FLOWS FROM INVESTING ACTIVITIES

Net cash used in investing activities amounted to ¥7,622 million (US\$74.0 million), representing an ¥8,245 million decrease from the

previous fiscal year. This decrease was mainly attributable to an increase in proceeds from sales and redemption of investment securities.

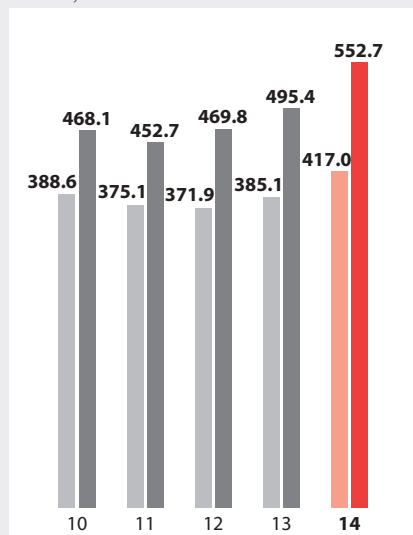
### CASH FLOWS FROM FINANCING ACTIVITIES

Net cash provided by financing activities totaled ¥2,360 million (US\$22.9 million), compared with ¥775 million used in financing activities in the

previous fiscal year. A major item of this shift was net increase in short-term bank loans.

#### Net Assets and Total Assets

Billions of yen

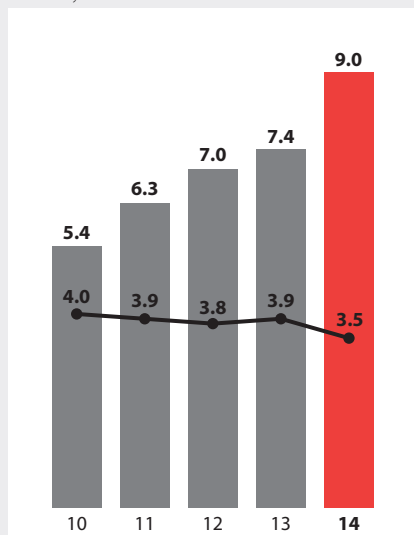


■ Net Assets  
■ Total Assets

FY

#### Research and Development Costs and Ratio to Net Sales

Billions of yen

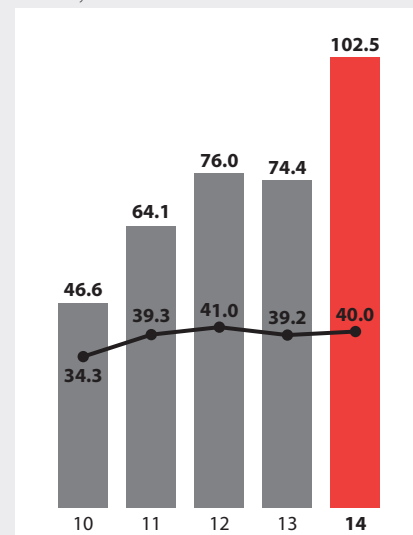


■ Research and Development Costs  
● Ratio to Net Sales

FY

#### Gross Profit and Ratio to Net Sales

Billions of yen



■ Gross Profit  
● Ratio to Net Sales

FY

# Consolidated Financial Statements

## Consolidated Balance Sheet

Amada Co., Ltd. and Consolidated Subsidiaries  
March 31, 2014

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>Current assets:</b>			
Cash and cash equivalents (Note 16)	¥ 88,537	¥ 63,847	\$ 860,251
Short-term investments (Notes 3 and 16)	18,939	13,390	184,017
Notes and accounts receivable (Notes 2, 6 and 16)—			
Trade	141,338	119,275	1,373,282
Unconsolidated subsidiaries and associated companies	181	174	1,766
Other	2,040	1,671	19,826
Allowance for doubtful receivables	(2,082)	(2,083)	(20,238)
Investments in lease (Notes 14 and 16)	12,777	11,534	124,149
Inventories (Notes 4 and 6)	84,566	83,624	821,676
Deferred tax assets (Note 9)	6,374	5,584	61,931
Prepaid expenses and other current assets (Notes 7 and 14)	3,766	4,022	36,601
Total current assets	356,439	301,041	3,463,266
<b>Property, plant and equipment:</b>			
Land (Note 6)	38,336	37,836	372,489
Buildings and structures (Note 6)	140,697	128,677	1,367,056
Machinery and equipment	59,194	52,880	575,153
Buildings, structures and land for rent	15,974	16,833	155,216
Lease assets	435	992	4,236
Construction in progress	3,512	4,923	34,130
Total	258,152	242,143	2,508,284
Accumulated depreciation	(131,857)	(123,706)	(1,281,168)
Net property, plant and equipment	126,294	118,437	1,227,116
<b>Investments and other assets:</b>			
Investment securities (Notes 3 and 16)	46,437	47,723	451,198
Investments in and advances to unconsolidated subsidiaries and associated companies	3,896	3,268	37,858
Goodwill	3,213	3,376	31,220
Software	2,519	2,727	24,476
Deferred tax assets (Note 9)	5,992	8,297	58,224
Asset for retirement benefit (Note 8)	5		54
Other assets (Notes 7 and 14)	7,931	10,579	77,060
Total investments and other assets	69,995	75,970	680,094
Total	¥ 552,729	¥ 495,449	\$ 5,370,476

See notes to consolidated financial statements.



LIABILITIES AND EQUITY	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>Current liabilities:</b>			
Short-term bank loans (Notes 6 and 16)	¥ 29,875	¥ 16,204	\$ 290,275
Current portion of long-term debt (Notes 6 and 16)	377	2,445	3,663
Notes and accounts payable (Note 16)—			
Trade	19,872	16,919	193,089
Unconsolidated subsidiaries and associated companies	363	329	3,529
Other	24,230	17,533	235,425
Deferred profit on installment sales (Note 2)	15,416	15,571	149,788
Accrued expenses	10,473	9,002	101,766
Income taxes payable	7,421	2,806	72,114
Other current liabilities (Note 9)	9,963	7,682	96,804
<b>Total current liabilities</b>	<b>117,993</b>	<b>88,496</b>	<b>1,146,457</b>
<b>Long-term liabilities:</b>			
Long-term debt (Notes 6 and 16)	3,599	3,942	34,974
Liability for employees' retirement benefits (Note 8)	6,655	9,377	64,668
Retirement allowance for directors and corporate auditors (Note 8)	29	98	285
Deposits received (Notes 7 and 16)	3,163	3,399	30,737
Other long-term liabilities (Note 9)	4,285	5,032	41,636
<b>Total long-term liabilities</b>	<b>17,733</b>	<b>21,851</b>	<b>172,302</b>
<b>Commitments and contingent liabilities</b> (Note 15)			
<b>Equity</b> (Notes 10, 11 and 21):			
Common stock—			
Authorized—550,000 thousand shares			
Issued—396,502 thousand shares (2014 and 2013)	54,768	54,768	532,143
Capital surplus	163,270	163,199	1,586,378
Stock acquisition rights	197	284	1,918
Retained earnings	210,617	202,865	2,046,424
Treasury stock, at cost—			
14,160 thousand shares in 2014 and 14,752 thousand shares in 2013	(8,843)	(9,184)	(85,928)
Accumulated other comprehensive income:			
Net unrealized loss on available-for-sale securities	(592)	(2,504)	(5,753)
Deferred loss on derivatives under hedge accounting	(87)	(870)	(851)
Land revaluation difference (Note 1 k)	(9,304)	(9,534)	(90,407)
Foreign currency translation adjustments	4,192	(16,736)	40,734
Defined retirement benefit plans	241		2,345
<b>Total</b>	<b>414,459</b>	<b>382,286</b>	<b>4,027,004</b>
Minority interests	2,543	2,815	24,711
<b>Total equity</b>	<b>417,002</b>	<b>385,102</b>	<b>4,051,715</b>
<b>Total</b>	<b>¥552,729</b>	<b>¥495,449</b>	<b>\$5,370,476</b>

## Consolidated Statement of Income

Amada Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2014

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2014	2013	2012	2014
<b>Net sales</b> (Note 2)	<b>¥256,482</b>	¥190,018	¥185,539	<b>\$2,492,061</b>
Cost of sales	<b>153,977</b>	115,595	109,509	<b>1,496,085</b>
Gross profit	<b>102,505</b>	74,423	76,030	<b>995,975</b>
Selling, general and administrative expenses (Note 13)	<b>86,308</b>	68,953	67,339	<b>838,598</b>
Net changes in deferred profit on installment sales and finance lease sales	<b>28</b>	(844)	458	<b>273</b>
Operating income	<b>16,225</b>	4,625	9,148	<b>157,651</b>
<b>Other income (expenses):</b>				
Interest and dividend income	<b>2,683</b>	2,440	2,520	<b>26,069</b>
Interest expense	<b>(337)</b>	(183)	(250)	<b>(3,283)</b>
Equity in earnings of unconsolidated subsidiaries and associated companies	<b>189</b>	78	137	<b>1,845</b>
Foreign exchange gain (loss)	<b>1,414</b>	1,239	(1,446)	<b>13,739</b>
Other, net (Note 12)	<b>1,635</b>	(1,185)	100	<b>15,894</b>
Other income (expenses)—net	<b>5,584</b>	2,390	1,062	<b>54,264</b>
<b>Income before income taxes and minority interests</b>	<b>21,810</b>	7,015	10,210	<b>211,915</b>
<b>Income taxes</b> (Note 9):				
Current	<b>9,438</b>	2,974	2,204	<b>91,704</b>
Deferred	<b>(75)</b>	(262)	3,127	<b>(732)</b>
Total income taxes	<b>9,362</b>	2,712	5,331	<b>90,971</b>
<b>Net income before minority interests</b>	<b>12,447</b>	4,303	4,879	<b>120,943</b>
<b>Minority interests in net income</b>	<b>263</b>	176	236	<b>2,557</b>
<b>Net income</b>	<b>¥ 12,184</b>	¥ 4,126	¥ 4,643	<b>\$ 118,386</b>

	Yen			U.S. dollars (Note 1)
	2014	2013	2012	2014
<b>Per share of common stock</b> (Notes 1 and 19):				
Net income—				
Basic	<b>¥31.89</b>	¥10.81	¥12.16	<b>\$0.31</b>
Diluted	<b>31.85</b>			<b>0.30</b>
Cash dividends applicable to the year	<b>20.00</b>	12.00	12.00	<b>0.19</b>

See notes to consolidated financial statements.

## Consolidated Statement of Comprehensive Income

Amada Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2014

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2014	2013	2012	2014
<b>Net income before minority interests</b>	<b>¥12,447</b>	¥ 4,303	¥ 4,879	<b>\$120,943</b>
<b>Other comprehensive income</b> (Note 18):				
Unrealized gain on available-for-sale securities	<b>1,920</b>	3,108	140	<b>18,658</b>
Deferred loss on derivatives under hedge accounting	<b>782</b>	(454)	(264)	<b>7,603</b>
Land revaluation difference			97	
Foreign currency translation adjustments	<b>21,182</b>	10,690	(3,791)	<b>205,818</b>
Share of other comprehensive income in associates	<b>158</b>	56	(17)	<b>1,537</b>
Total other comprehensive income	<b>24,044</b>	13,401	(3,835)	<b>233,618</b>
<b>Comprehensive income</b>	<b>¥36,491</b>	¥17,704	¥ 1,043	<b>\$354,562</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	<b>¥35,808</b>	¥17,277	¥ 890	<b>\$347,922</b>
Minority interests	<b>683</b>	426	153	<b>6,640</b>

See notes to consolidated financial statements.

## Consolidated Statement of Changes in Equity

Amada Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2014

Millions of yen

	Issued number of shares outstanding (thousands)	Number of treasury stock (thousands)	Accumulated other comprehensive income										Total	Minority interests	Total equity
			Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Net unrealized (loss) gain on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Land revaluation difference	Foreign currency translation adjustments	Defined retirement benefit plans			
<b>Balance, April 1, 2011</b>	396,502	14,649	¥54,768	¥163,199	¥ 87	¥203,485	¥(9,131)	¥(5,755)	¥(151)	¥(9,475)	¥(23,506)		¥373,521	¥1,637	¥375,159
Cash dividends, ¥11.00 per share						(4,200)							(4,200)		(4,200)
Net income						4,643							4,643		4,643
Acquisition of treasury stock		47					(26)						(26)		(26)
Disposal of treasury stock		(7)				(0)	4						3		3
Reversal of land revaluation difference									44				97		97
Net change in the year					139			141	(264)		(3,727)		(3,711)	3	(3,707)
<b>Balance, March 31, 2012</b>	396,502	14,689	54,768	163,199	226	203,980	(9,153)	(5,613)	(415)	(9,430)	(27,234)		370,327	1,641	371,969
Cash dividends, ¥14.00 per share						(5,345)							(5,345)		(5,345)
Net income						4,126							4,126		4,126
Acquisition of treasury stock		67					(33)						(33)		(33)
Disposal of treasury stock		(4)				(0)	3						2		2
Reversal of land revaluation difference									(104)						
Increase resulting from alteration of scope of consolidated subsidiaries					2								2	866	869
Net change in the year					54			3,108	(454)		10,498		13,206	307	13,513
<b>Balance, March 31, 2013</b>	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						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
<b>Balance, March 31, 2014</b>	<b>396,502</b>	<b>14,160</b>	<b>¥54,768</b>	<b>¥163,270</b>	<b>¥197</b>	<b>¥210,617</b>	<b>¥(8,843)</b>	<b>¥ (592)</b>	<b>¥ (87)</b>	<b>¥(9,304)</b>	<b>¥ 4,192</b>	<b>¥241</b>	<b>¥414,459</b>	<b>¥2,543</b>	<b>¥417,002</b>

Thousands of U.S. dollars (Note 1)

	Accumulated other comprehensive income										Total	Minority interests	Total equity	
	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Net unrealized (loss) gain on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Land revaluation difference	Foreign currency translation adjustments	Defined retirement benefit plans				
<b>Balance, April 1, 2013</b>	\$532,143	\$1,585,689	\$2,764	\$1,971,094	\$(89,238)	\$(24,335)	\$(8,455)	\$(92,643)	\$(162,614)		\$3,714,404	\$27,357	\$3,741,761	
Cash dividends, \$0.10 per share					(40,821)						(40,821)		(40,821)	
Net income					118,386						118,386		118,386	
Acquisition of treasury stock						(1,138)					(1,138)		(1,138)	
Disposal of treasury stock		689	(817)			4,449					4,321		4,321	
Reversal of land revaluation difference					(2,236)			2,236						
Net change in the year					(28)		18,582	7,603		203,349	\$2,345	231,851	(2,646)	229,205
<b>Balance, March 31, 2014</b>	<b>\$532,143</b>	<b>\$1,586,378</b>	<b>\$1,918</b>	<b>\$2,046,424</b>	<b>\$(85,928)</b>	<b>\$( 5,753)</b>	<b>\$ (851)</b>	<b>\$ (90,407)</b>	<b>\$ 40,734</b>	<b>\$2,345</b>	<b>\$4,027,004</b>	<b>\$24,711</b>	<b>\$4,051,715</b>	

See notes to consolidated financial statements.

## Consolidated Statement of Cash Flows

Amada Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2014

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2014	2013	2012	2014
<b>Operating activities:</b>				
Income before income taxes and minority interests	¥ 21,810	¥ 7,015	¥ 10,210	\$ 211,915
Adjustments for:				
Income taxes paid	(4,548)	(1,729)	(2,205)	(44,194)
Depreciation and amortization	8,604	7,657	7,711	83,604
(Gain) loss on sales of fixed assets	(1,111)	22	130	(10,799)
(Gain) loss on sales of investment securities	(282)	(78)	686	(2,741)
Loss on impairment of investment securities			7	
Equity in earnings of unconsolidated subsidiaries and associated companies	(189)	(78)	(137)	(1,845)
Changes in assets and liabilities, net of effects				
(Increase) decrease in receivables, net of deferred profit on installment sales	(9,646)	993	(11,616)	(93,727)
(Increase) decrease in investments in lease	(1,413)	(2,089)	296	(13,736)
Decrease (increase) in inventories	7,824	(2,971)	(19,665)	76,020
(Decrease) increase in payables	(1,504)	(3,540)	3,203	(14,615)
Decrease in liabilities for employees' retirement benefits	(2,029)	(1,842)	(1,136)	(19,717)
Other—net	8,467	20	19,971	82,271
Total adjustments	4,170	(3,636)	(2,753)	40,519
Net cash provided by operating activities	25,980	3,379	7,457	252,434
<b>Investing activities:</b>				
Proceeds from sales and redemption of marketable securities	5,751	9,531	7,355	55,886
Purchases of marketable securities	(2,500)		(1,299)	(24,290)
Proceeds from sales of property, plant and equipment	1,047	465	393	10,175
Purchases of property, plant and equipment	(8,422)	(10,203)	(12,747)	(81,835)
Purchases of intangible assets	(1,049)	(1,401)	(987)	(10,194)
Proceeds from sales and redemption of investment securities	11,139	5,189	6,531	108,237
Purchases of investment securities	(14,994)	(9,884)	(11,454)	(145,694)
Payment for purchase of consolidated subsidiaries stock from minority interests	(1,289)	(17)		(12,530)
Payment for purchase of newly consolidated subsidiaries, net of cash acquired	(242)	(7,512)		(2,356)
Purchase of long-term time deposits		(1,767)	(1,382)	
Other—net	2,937	(266)	189	28,544
Net cash used in investing activities	(7,622)	(15,867)	(13,401)	(74,058)
<b>Financing activities:</b>				
Net increase in short-term bank loans	9,766	4,053	4,457	94,896
Proceeds from long-term debt	1,047	1,897		10,174
Repayment of long-term debt	(4,069)	(1,258)	(1,742)	(39,540)
Proceeds from exercise of stock option	443			4,308
Cash dividends paid	(4,203)	(5,340)	(4,208)	(40,845)
Other—net	(623)	(126)	(131)	(6,061)
Net cash provided by (used in) financing activities	2,360	(775)	(1,625)	22,932
<b>Foreign currency translation adjustments on cash and cash equivalents</b>	<b>3,970</b>	<b>2,682</b>	<b>(1,269)</b>	<b>38,581</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>24,689</b>	<b>(10,580)</b>	<b>(8,838)</b>	<b>239,889</b>
<b>Cash and cash equivalents increased by merger with unconsolidated subsidiaries</b>			220	
<b>Cash and cash equivalents, beginning of year</b>	<b>63,847</b>	<b>74,428</b>	<b>83,046</b>	<b>620,362</b>
<b>Cash and cash equivalents, end of year</b>	<b>¥ 88,537</b>	<b>¥ 63,847</b>	<b>¥ 74,428</b>	<b>\$ 860,251</b>
<b>Additional information:</b>				
Assets acquired and liabilities assumed in purchase of newly consolidated subsidiaries:				
Assets acquired	¥ 210	¥ 19,554		\$ 2,046
Liabilities assumed	(178)	(9,590)		(1,736)
Cash paid for the capital	242	7,512		2,356
Goodwill	205	1,548		2,000
Foreign currency translation adjustments	5			48
Minority interests		(866)		

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

Amada Co., Ltd. and Consolidated Subsidiaries

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of presentation of consolidated financial statements

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

The consolidated financial statements include the accounts of Amada Co., Ltd. (the "Company") and its significant subsidiaries (together, the "Group").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. Certain reclassifications and rearrangements have been made in the 2013 and 2012 consolidated financial statements in order for them to conform to the classifications and presentations used in 2014.

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 ¥102.92 to US\$1, the approximate rate of exchange at March 31, 2014. 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, 2014, include the accounts of the Company and its 73 (70 in 2013 and 51 in 2012) significant subsidiaries.

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

Investments in eight (eight in 2013 and seven in 2012) unconsolidated subsidiaries and three (three in 2013 and two in 2012) associated companies are accounted for by the equity method.

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

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is being amortized over a period from 5 to 20 years.

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

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

In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes that the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or 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 directly recorded in equity; 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; and e) exclusion of minority interests from net income, if contained in net income.

### d) Business Combination

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

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling-of-interests method of accounting is no longer allowed. (2) The previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs (IPR&D) acquired in the business

combination are capitalized as intangible assets. (3) The previous accounting standard provided for bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

#### **e) Cash equivalents**

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

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

#### **f) Allowance for doubtful accounts**

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

#### **g) Inventories**

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

#### **h) Marketable and investment securities**

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

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

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

#### **i) Property, plant and equipment**

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

Estimated useful lives are as follows:

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

#### **j) Long-lived assets**

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

#### **k) Land revaluation**

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

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

As of March 31, 2014, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥7,497 million (\$72,849 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 8).

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 shall be treated as reclassification adjustments (see Note 2.ab).
- (c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014. As a result, asset for retirement benefits of ¥5 million (\$54 thousand) and liability for retirement benefits of ¥6,655 million (\$64,668 thousand) were recorded as of March 31, 2014, and accumulated other comprehensive income for the year ended March 31, 2014, increased by ¥241 million (\$2,345 thousand).

#### **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, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

#### **r) Sales recognition**

Domestic sales of machines are recognized upon customer inspection and approval.

Profit arising from installment sales is deferred and amortized over the contracted collection periods.

#### **s) Foreign currency transactions**

All current and non-current monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

#### **t) Foreign currency financial statements**

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

in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rates.

#### **u) Research and development costs**

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

#### **v) Income taxes**

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

#### **w) Appropriations of retained earnings**

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

#### **x) Leases**

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions.

##### **Lessee**

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

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

##### **Lessor**

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information was disclosed in the note to the lessor's financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee should be recognized as lease receivables,

and all finance leases that deem not to transfer ownership of the leased property to the lessee should be recognized as investments in lease.

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

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

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

#### **y) Derivatives**

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

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

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

#### **z) Per share information**

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

Diluted net income per share 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.



Diluted net income per share in 2013 and 2012 is not presented as the effect of including potential common shares is anti-dilutive.

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

#### **aa) Accounting changes and error corrections**

In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied following revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

#### **ab) New accounting pronouncements**

##### **Accounting Standard for Retirement Benefits**

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

Major changes are as follows:

##### (a) Treatment in the consolidated balance sheet

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

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

##### (b) Treatment in the consolidated statement of income and the consolidated statement of comprehensive income

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

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

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

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company applied the revised accounting standard for (a) and (b) above effective March 31, 2014, and expects to apply (c) above from April 1, 2014, and the effects of applying the revised accounting standard for (c) is to decrease retained earnings by ¥2,791 million (\$27,124 thousand).

## 2 NOTES AND ACCOUNTS RECEIVABLE

Sales on an installment basis consisted of 5%, 7%, 7% of consolidated net sales for the years ended March 31, 2014, 2013 and 2012, respectively.

Annual maturities of notes—trade at March 31, 2014, and related amortization of deferred profit on installment sales were as follows:

	Millions of yen		Thousands of U.S. dollars	
	Receivables	Deferred profit on installment sales	Receivables	Deferred profit on installment sales
<b>Total notes receivable (Years ending March 31):</b>				
2015	¥ 21,382	¥ 4,189	\$ 207,759	\$ 40,702
2016	8,524	3,440	82,823	33,432
2017	6,441	2,774	62,591	26,962
2018	4,406	2,117	42,819	20,576
2019	2,693	1,507	26,174	14,652
2020 and thereafter	2,053	1,385	19,952	13,462
Subtotal	45,502	15,416	442,120	149,788
Add—accounts receivable	95,835		931,162	
Total notes and accounts receivable	¥141,338	¥15,416	\$1,373,282	\$149,788

## 3 SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2014 and 2013, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>Current:</b>			
Government and corporate bonds	¥10,541	¥ 5,470	\$102,426
Trust fund investments and other	8,397	7,919	81,590
Total	¥18,939	¥13,390	\$184,017
<b>Non-current:</b>			
Marketable equity securities	¥ 3,590	¥ 4,829	\$ 34,883
Government and corporate bonds	23,276	21,714	226,165
Trust fund investments and other	19,570	21,178	190,149
Total	¥46,437	¥47,723	\$451,198

The carrying amounts and aggregate fair values of the securities classified as available-for-sale securities at March 31, 2014 and 2013, were as follows:

March 31, 2014	Millions of yen			
	Cost	Unrealized gains	Unrealized losses	Fair value
<b>Available-for-sale:</b>				
Equity securities	¥ 2,624	¥1,136	¥ 170	¥ 3,590
Government and corporate bonds	34,265	135	582	33,818
Trust fund investments and other	21,012	439	1,675	19,775
Total	¥57,902	¥1,710	¥2,428	¥57,184

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

March 31, 2014	Thousands of U.S. dollars			
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale:				
Equity securities	\$ 25,500	\$11,043	\$ 1,661	\$ 34,883
Government and corporate bonds	332,934	1,314	5,656	328,591
Trust fund investments and other	204,160	4,266	16,278	192,148
Total	\$562,595	\$16,623	\$23,595	\$555,623

The information for available-for-sale securities which were sold during the year ended March 31, 2014 and 2013, was as follows:

March 31, 2014	Millions of yen		
	Proceeds	Realized gains	Realized loss
Available-for-sale:			
Equity securities	¥1,593	¥431	
Government and corporate bonds	2,058	122	¥ 2
Trust fund investments and other	5,573	216	485
Total	¥9,224	¥770	¥488

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

March 31, 2014	Thousands of U.S. dollars		
	Proceeds	Realized gains	Realized loss
Available-for-sale:			
Equity securities	\$15,479	\$4,190	
Government and corporate bonds	19,999	1,187	\$ 28
Trust fund investments and other	54,150	2,107	4,715
Total	\$89,629	\$7,485	\$4,744

## 4 INVENTORIES

Inventories at March 31, 2014 and 2013, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Merchandise and finished products	¥59,667	¥60,133	\$579,744
Work in process	8,814	7,540	85,640
Raw materials and parts	16,085	15,950	156,292
Total	¥84,566	¥83,624	\$821,676

## 5 LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2014, 2013 and 2012.

### For 2014

As a result, the Group recognized an impairment loss of ¥83 million (\$810 thousand) as other expense for the unused assets due to the continuous fall in land price, 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 from inheritance tax law.

### For 2013

As a result, the Group recognized an impairment loss of ¥109 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, 2013. The recoverable amount of unused assets was measured at its net selling price as determined by inheritance tax law.

### For 2012

As a result, the Group recognized an impairment loss of ¥390 million as other expense for the group of assets held for rent and unused assets, due to the continuous fall in land prices and a change in the intended use of assets held for rent, and the carrying amount of the relevant asset was written down to the recoverable amount for the year ended March 31, 2012.

The recoverable amount of assets held for rent was measured at its value in use and the discount rate used for computation of the present value of future cash flow was 1.032%. The recoverable amount of unused assets was measured at its net selling price as determined by inheritance tax law.

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

Short-term bank loans at March 31, 2014 and 2013, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Interest rates ranging from 0.45% to 7.60% at March 31, 2014, and from 0.60% to 4.64% at March 31, 2013	<b>¥29,875</b>	¥16,204	<b>\$290,275</b>

Long-term debt at March 31, 2014 and 2013, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Loans from banks, 0.33% to 5.50% (0.60% to 4.64% in 2013), due serially to 2023:			
Collateralized	<b>¥ 555</b>		<b>\$ 5,400</b>
Unsecured	<b>2,781</b>	¥ 5,445	<b>27,022</b>
Obligations under finance leases	<b>639</b>	542	<b>6,214</b>
Bonds payable		400	
Total	<b>3,976</b>	6,387	<b>38,638</b>
Less-current portion	<b>(377)</b>	(2,445)	<b>(3,663)</b>
Long-term debt, less current portion	<b>¥3,599</b>	¥ 3,942	<b>\$34,974</b>

The annual maturities of long-term debt, at March 31, 2014, were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 1)
2015	¥ 377	\$ 3,663
2016	1,341	13,033
2017	236	2,296
2018	700	6,808
2019	646	6,282
2020 and thereafter	674	6,554
Total	¥3,976	\$38,638

The carrying amounts of assets pledged as collateral for short-term bank loans of ¥290 million (\$2,825 thousand) and the above collateralized long-term debt of ¥706 million (\$6,863 thousand) at March 31, 2014, were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Notes and accounts receivable	¥121	\$ 1,176
Merchandise and finished products	100	972
Land	493	4,798
Buildings and structures	1,085	10,548

The companies pledge a deposit of ¥7 million (\$69 thousand) as collateral for customers' bank loans.

## 7 DEPOSITS RECEIVED

Deposits received are collateralized by investments in lease for real estate having a book value of ¥1,006 million (\$9,776 thousand), of which ¥398 million (\$3,873 thousand) was secured as debt at March 31, 2014.

## 8 RETIREMENT AND PENSION PLANS

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

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

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

### Year ended March 31, 2014

(1) The changes in defined benefit obligation for the year ended March 31, 2014, were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Balance at beginning of year	¥49,094	\$477,017
Current service cost	1,656	16,098
Interest cost	948	9,216
Actuarial (gains) losses	(2,515)	(24,439)
Benefits paid	(1,602)	(15,572)
Past service cost		
Others	(24)	(236)
Balance at end of year	¥47,557	\$462,084

(2) The changes in plan assets for the year ended March 31, 2014, were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Balance at beginning of year	¥36,374	\$353,428
Expected return on plan assets	900	8,753
Actuarial (gains) losses	2,061	20,033
Contributions from the employer	3,314	32,203
Benefits paid	(1,748)	(16,986)
Others	3	37
Balance at end of year	¥40,907	\$397,470

(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 (Note 1)
Funded defined benefit obligation	¥ 46,339	\$ 450,250
Plan assets	(40,907)	(397,470)
	5,432	52,780
Unfunded defined benefit obligation	1,217	11,833
Net liability (asset) arising from defined benefit obligation	¥ 6,650	\$ 64,613

	Millions of yen	Thousands of U.S. dollars (Note 1)
Liability for retirement benefits	¥6,655	\$64,668
Asset for retirement benefits	(5)	(54)
Net liability (asset) arising from defined benefit obligation	¥6,650	\$64,613

(4) The components of net periodic benefit costs for the year ended March 31, 2014, were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Service cost	¥1,699	\$16,511
Interest cost	924	8,981
Expected return on plan assets	(876)	(8,518)
Recognized actuarial (gains) losses	28	281
Amortization of prior service cost	(868)	(8,442)
Others	211	2,050
Net periodic benefit costs	¥1,118	\$10,864

(5) Accumulated other comprehensive income on defined retirement benefit plans as of March 31, 2014

	Millions of yen	Thousands of U.S. dollars (Note 1)
Unrecognized prior service cost	¥ 95	\$ 923
Unrecognized actuarial (gains) losses	(572)	(5,557)
Total	¥(476)	\$(4,634)

(6) Plan assets

a. Components of plan assets

Plan assets consisted of the following:	
Debt investments	32%
Equity investments	24%
Assets insurance (general account)	24%
Cash and cash equivalents	1%
Others	19%
Total	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.

(7) Assumptions used for the year ended March 31, 2014, were set forth as follows:

Discount rate	2.0%
Expected rate of return on plan assets	2.5%

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

	Millions of yen
Year ended March 31, 2013	2013
Projected benefit obligation	¥ 48,094
Fair value of plan assets	(35,839)
Unrecognized prior service cost	831
Unrecognized actuarial gain	(3,839)
Net liability	9,246
Prepaid pension cost	(130)
Liability for employees' retirement benefits	¥ 9,377

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

	Millions of yen	
	2013	2012
Service cost	¥ 1,602	¥ 1,389
Interest cost	861	962
Expected return on plan assets	(689)	(640)
Amortization of prior service cost	(1,141)	(1,140)
Recognized actuarial loss	709	1,349
Net periodic benefit costs	¥ 1,342	¥ 1,920

Assumptions used for the year ended March 31, 2013, are set forth as follows:

	2013
Discount rate	2.0%
Expected rate of return on plan assets	2.5%
Amortization period of prior service cost	10 years
Recognition period of actuarial gain/loss	10 years

## 9 INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 38.0%, 38.0% and 40.6% for the years ended March 31, 2014, 2013 and 2012, respectively.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2014 and 2013, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>Deferred tax assets:</b>			
Allowance for doubtful accounts	¥ 631	¥ 600	\$ 6,136
Tax loss carryforwards	4,153	2,995	40,359
Inventories—intercompany profits and write-downs	4,217	3,245	40,979
Provisions for bonus payment	1,104	1,001	10,732
Deferred profit on installment sales	73	101	717
Investment securities	55	103	539
Research and development costs	3,992	3,468	38,795
Liability for employees' retirement benefits	2,144	3,226	20,835
Loss on impairment of long-lived assets	995	1,023	9,675
Property, plant and equipment—intercompany profits and depreciation expenses	817	992	7,941
Land revaluation difference	3,782	3,879	36,749
Unrealized loss on available-for-sale securities	261	1,289	2,541
Other	1,924	1,209	18,697
Less—valuation allowance	(8,895)	(7,175)	(86,428)
Total	15,260	15,961	148,272
<b>Deferred tax liabilities:</b>			
Property, plant and equipment—special reserve	(788)	(842)	(7,663)
Other	(2,104)	(1,236)	(20,452)
Total	(2,893)	(2,079)	(28,116)
<b>Net deferred tax assets</b>	<b>¥12,366</b>	<b>¥13,881</b>	<b>\$120,156</b>
<b>Deferred tax liabilities:</b>			
Depreciation	¥ (163)	¥ (382)	\$ (1,586)
Land revaluation difference	(555)	(579)	(5,401)
Other	(514)	(416)	(5,000)
Total	(1,233)	(1,377)	(11,988)
<b>Deferred tax assets:</b>			
Other	4	261	43
Total	4	261	43
<b>Net deferred tax liabilities</b>	<b>¥ (1,229)</b>	<b>¥ (1,116)</b>	<b>\$ (11,944)</b>



For the years ended March 31, 2014 and 2012, 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:

	2014	2012
Normal effective statutory tax rate	<b>38.0%</b>	40.6%
Increase (decrease) in tax rate resulting from:		
Expenses not deductible for income tax purposes	<b>1.4</b>	0.7
Non-taxable dividend income	<b>(3.6)</b>	(12.3)
Inhabitants' tax—per capita levy	<b>0.5</b>	0.9
Change in valuation allowance	<b>3.5</b>	0.2
Temporary differences that are not recognized as deferred tax assets	<b>(2.5)</b>	3.8
Elimination of intercompany dividend income	<b>3.9</b>	13.0
Lower income tax rates applicable to income in certain foreign countries	<b>(2.0)</b>	(5.1)
Effect of tax rate reduction	<b>1.6</b>	9.0
Other—net	<b>2.1</b>	1.4
<b>Actual effective tax rate</b>	<b>42.9%</b>	52.2%

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

New tax reform laws enacted in 2014 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2014, from approximately 38.0% to 35.6%. The effect of this change was to decrease deferred tax assets in the consolidated balance sheet as of March 31, 2014, by ¥349 million (\$3,397 thousand) and to increase income taxes—deferred in the consolidated statement of income for the year then ended by ¥350 million (\$3,404 thousand).

At March 31, 2014, the Company and certain subsidiaries had tax loss carryforwards aggregating approximately ¥12,243 million (\$118,957 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, 2023, and thereafter.

## 10 EQUITY

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

### a) Dividends

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

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

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

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

### c) Treasury stock and treasury stock acquisition rights

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

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

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

## 11 STOCK OPTIONS

The stock options outstanding as of March 31, 2014, were as follows:

### (The Company)

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

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

### (MIYACHI CORPORATION)

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

The above company's trade name was changed from MIYACHI CORPORATION to AMADA MIYACHI CO., LTD. on April 1, 2014.

The stock option activity is as follows:

	The Company	MIYACHI CORPORATION		
	2010 Stock Option	2007 Stock Option	2008 Stock Option	2011 Stock Option
<b>For the year ended March 31, 2012</b>				
<b>Non-vested</b>				
March 31, 2011—Outstanding	2,486,000			
Granted				
Canceled	(25,000)			
Vested				
March 31, 2012—Outstanding	2,461,000			
<b>Vested</b>				
March 31, 2011—Outstanding				
Vested				
Exercised				
Canceled				
March 31, 2012—Outstanding				
<b>For the year ended March 31, 2013</b>				
<b>Non-vested</b>				
March 31, 2012—Outstanding	2,461,000			
Granted				
Canceled	(8,000)			
Vested	(2,453,000)			
March 31, 2013—Outstanding				
<b>Vested</b>				
March 31, 2012—Outstanding				
Vested	2,453,000			
Exercised				
Canceled				
March 31, 2013—Outstanding	2,453,000	91,200	18,500	9,600
<b>For the year ended March 31, 2014</b>				
<b>Non-vested</b>				
March 31, 2013—Outstanding				
Granted				
Canceled				
Vested				
March 31, 2014—Outstanding				
<b>Vested</b>				
March 31, 2013—Outstanding	2,453,000	91,200	18,500	9,600
Vested				
Exercised	(733,000)			
Canceled		(91,200)	(18,500)	(9,600)
March 31, 2014—Outstanding	1,720,000			
Exercise price	¥605	¥2,360	¥2,109	¥560
Average stock price at exercise	799	862	652	237
Fair value price at grant date				

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

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

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

Other income (expenses)—other, net, for the years ended March 31, 2014, 2013 and 2012, consisted of the following:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2014	2013	2012	2014
Commissions earned	¥ 132	¥ 98	¥ 108	\$ 1,291
Gain on sales of fixed assets	1,161	26	24	11,282
Loss on sales of fixed assets	(49)	(48)	(155)	(483)
Loss on disposal of fixed assets	(329)	(171)	(47)	(3,204)
Gain on sales of investment securities	770	200		7,485
Loss on sales of investment securities	(488)	(122)	(686)	(4,744)
Loss on impairment of investment securities			(7)	
Amortization of negative goodwill		264	264	
Loss on liquidated subsidiaries and associates			(124)	
Loss on impairment of long-lived assets	(83)	(109)	(390)	(810)
Amortization of goodwill		(1,369)		
Subsidy income from prefecture for new plant construction			507	
Other	522	46	607	5,076
Total	¥1,635	¥(1,185)	¥ 100	\$15,894

## 13 RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥9,048 million (\$87,922 thousand), ¥7,491 million and ¥7,022 million for the years ended March 31, 2014, 2013 and 2012, respectively.

## 14 LEASES

### a) Lessee

The Companies lease certain equipment and other assets.

The minimum rental commitments under non-cancelable operating leases at March 31, 2014 and 2013, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>Operating leases:</b>			
Due within one year	¥ 406	¥ 433	\$ 3,945
Due after one year	882	918	8,575
Total	¥1,288	¥1,352	\$12,520

### b) Lessor

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

Information on investments in lease of finance leases that deem not to transfer ownership of the leased property to the lessee for the year ended March 31, 2014 and 2013, was as follows.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>I. Current assets</b>			
Gross lease receivables	¥13,766	¥12,496	\$133,761
Unguaranteed residual value	565	472	5,491
Unearned interest income	(1,554)	(1,435)	(15,102)
Investments in lease	¥12,777	¥11,534	\$124,149
Gross lease receivables	¥676	¥ 676	\$ 6,571
Unearned interest income	(169)	(182)	(1,651)
Other current assets (Investments in lease for real estate)	¥506	¥ 493	\$ 4,919
<b>II. Investments and other assets</b>			
Gross lease receivables	¥ 4,476	¥ 5,153	\$ 43,497
Unearned interest income	(1,030)	(1,200)	(10,012)
Other assets (Investments in lease for real estate)	¥ 3,446	¥ 3,952	\$ 33,484

Maturities of investments in lease for finance leases that deem not to transfer ownership of the leased property to the lessee at March 31, 2014, were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 1)
<b>I. Investments in lease</b>		
2015	¥ 3,776	\$ 36,691
2016	2,950	28,667
2017	2,307	22,422
2018	1,831	17,791
2019	1,472	14,303
2020 and thereafter	1,429	13,885
Total	¥13,766	\$133,761
<b>II. Other assets (Investments in lease for real estate)</b>		
2015	¥676	\$6,571
2016	676	6,571
2017	676	6,571
2018	558	5,428
2019	381	3,711
2020 and thereafter	2,183	21,215
Total	¥ 5,153	\$ 50,068

The minimum rental commitments under non-cancelable operating leases at March 31, 2014 and 2013, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>Operating leases:</b>			
Due within one year	¥ 534	¥ 506	\$ 5,188
Due after one year	3,839	3,746	37,301
Total	¥4,373	¥4,253	\$42,490

## 15 CONTINGENT LIABILITIES

At March 31, 2014 and 2013, the Companies had the following contingent liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
Customers' (53 companies in 2014 and 62 companies in 2013) bank loans	¥ 878	¥ 814	\$ 8,537
Customers' (116 companies in 2014 and 74 companies in 2013) finance lease payables	2,866	1,634	27,854
Travel agency ticket payables	49	50	476

**Policy for financial instruments**

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

**Nature and extent of risks arising from financial instruments**

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

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

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

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

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

**Risk management for financial instruments****Credit risk management**

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

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

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

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

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

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

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

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

**Liquidity risk management**

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

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

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

The carrying amounts, fair values and unrealized gain (loss) of financial instruments at March 31, 2014 and 2013, were as follows:

March 31, 2014	Millions of yen		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 88,537	¥ 88,537	
Notes and accounts receivable	139,486	139,405	¥ (80)
Investments in lease	12,587	12,239	(347)
Short-term investments and investment securities	65,203	65,203	
Total	¥305,814	¥305,386	¥(428)
Notes and accounts payable	¥ 20,230	¥ 20,230	
Short-term bank loans and current portion of long-term debt	30,015	30,015	
Long-term debt	3,196	3,255	¥ 59
Deposits received	1,915	1,747	(168)
Total	¥ 55,358	¥ 55,248	¥(109)

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

March 31, 2014	Thousands of U.S. dollars		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	\$ 860,251	\$ 860,251	
Notes and accounts receivable	1,355,286	1,354,503	\$ (782)
Investments in lease	122,301	118,924	(3,377)
Short-term investments and investment securities	633,538	633,538	
Total	\$2,971,378	\$2,967,218	\$(4,160)
Notes and accounts payable	\$ 196,563	\$ 196,563	
Short-term bank loans and current portion of long-term debt	291,636	291,636	
Long-term debt	31,062	31,636	\$ 573
Deposits received	18,615	16,977	(1,637)
Total	\$ 537,877	\$ 536,813	\$(1,064)

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



### Cash and cash equivalents

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

### Notes and accounts receivable and investments in lease

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

### Short-term investments and investment securities

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

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

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

### Long-term debt

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

### Deposits received

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

### Derivatives

Fair value information for derivatives is included in Note 17.

Financial instruments whose fair value cannot be reliably determined as of March 31, 2014 and 2013, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	2014
<b>Short-term investments and investment securities:</b>			
<b>Available-for-sale:</b>			
Investments in equity instruments that do not have a quoted market price in an active market	¥ 166	¥ 228	\$ 1,614
<b>Investments in subsidiaries and associated companies:</b>			
Investments in unconsolidated subsidiaries	2,482	2,556	24,120
Investments in associated companies:	1,137	522	11,050
<b>Deposits received:</b>			
Money on deposits from golf club members	1,308	1,360	12,716

Maturity analysis for financial assets and securities with contractual maturities at March 31, 2014, 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	¥ 88,626			
Notes and accounts receivable	92,060	¥45,453	¥3,864	
Short-term investments and investment securities:				
Available-for-sale:				
Government and corporate bonds	7,237	12,006	2,028	¥4,454
Trust fund investments and other	30,268	6,434	2,697	
Total	¥218,194	¥63,894	¥8,590	¥4,454

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	\$ 861,124			
Notes and accounts receivable	894,490	\$441,635	\$37,551	
Short-term investments and investment securities:				
Available-for-sale:				
Government and corporate bonds	70,324	116,660	19,705	\$43,282
Trust fund investments and other	294,095	62,519	26,211	
<b>Total</b>	<b>\$2,120,035</b>	<b>\$620,815</b>	<b>\$83,468</b>	<b>\$43,282</b>

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

## 17 DERIVATIVES

The Group enters into derivatives, including foreign exchange forward contracts, NDF and currency options, to hedge foreign exchange risk associated with notes and accounts receivable and payable denominated in foreign currencies. The Group also enters into interest-rate swap contracts and interest-rate swaption contracts to manage its interest-rate exposures for certain liabilities. It is the Group's policy to use derivatives only for the purpose of reducing market risks associated with assets and liabilities. The Group does not hold or issue derivatives for trading purposes.

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

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

Derivative transactions to which hedge accounting is not applied at March 31, 2014 and 2013:

Millions of yen

At March 31, 2014	2014			
	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
<b>Non-deliverable forward:</b>				
Selling KRW	¥354		¥(11)	¥(11)

Millions of yen

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

Thousands of U.S. dollars

At March 31, 2014	2014			
	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
<b>Non-deliverable forward:</b>				
Selling KRW	\$3,447		\$(110)	\$(110)

Derivative transactions to which hedge accounting is applied at March 31, 2014 and 2013:

		Millions of yen		
		2014		
At March 31, 2014	Hedged item	Contract amount	Contract amount due after one year	Fair value
<b>Foreign currency forward contracts:</b>				
Selling USD	Receivables and other	¥6,875		¥(45)
EUR	Receivables and other	3,610		(81)
GBP	Receivables and other	505		(5)
AUD	Receivables and other	282		(5)
CAD	Receivables and other	156		2
THB	Receivables and other	396		(7)
CNY	Receivables and other	1,409		33
SGD	Receivables and other	103		(28)

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

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

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

		Thousands of U.S. dollars		
		2014		
At March 31, 2014	Hedged item	Contract amount	Contract amount due after one year	Fair value
<b>Foreign currency forward contracts:</b>				
Selling USD	Receivables and other	\$66,806		\$(441)
EUR	Receivables and other	35,076		(791)
GBP	Receivables and other	4,910		(48)
AUD	Receivables and other	2,748		(50)
CAD	Receivables and other	1,520		28
THB	Receivables and other	3,856		(69)
CNY	Receivables and other	13,699		328
SGD	Receivables and other	1,002		(277)

## 18 COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2014 and 2013, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
<b>Unrealized gain (loss) on available-for-sale securities:</b>			
Gains arising during the year	¥ 3,264	¥ 4,595	\$ 31,715
Reclassification adjustments to profit or loss	(305)	(55)	(2,970)
Amount before income tax effect	2,958	4,540	28,744
Income tax effect	(1,038)	(1,431)	(10,086)
Total	¥ 1,920	¥ 3,108	\$ 18,658
<b>Deferred gain (loss) on derivatives under hedge accounting:</b>			
Gains arising during the year	¥ 1,266	¥ (733)	\$ 12,307
Amount before income tax effect	1,266	(733)	12,307
Income tax effect	(484)	278	(4,703)
Total	¥782	¥ (454)	\$ 7,603
<b>Land revaluation surplus:</b>			
Income tax effect			
Total			
<b>Foreign currency translation adjustments:</b>			
Adjustments arising during the year	¥21,182	¥10,690	\$205,818
Reclassification adjustments to profit or loss			
Amount before income tax effect	21,182	10,690	205,818
Income tax effect			
Total	¥21,182	¥10,690	\$205,818
<b>Share of other comprehensive income in associates:</b>			
Gains arising during the year	¥ 158	¥ 56	\$ 1,537
Total	¥ 158	¥ 56	\$ 1,537
<b>Total other comprehensive income</b>	<b>¥24,044</b>	<b>¥13,401</b>	<b>\$233,618</b>

## 19 NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2014, 2013 and 2012, is as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net income	Weighted average shares	EPS	EPS
<b>For the year ended March 31, 2014:</b>				
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
<b>For the year ended March 31, 2013:</b>				
Basic EPS				
Net income available to common shareholders	¥ 4,126	381,784	¥ 10.81	\$0.11
Diluted EPS is not disclosed because it is anti-dilutive.				
<b>For the year ended March 31, 2012:</b>				
Basic EPS				
Net income available to common shareholders	¥ 4,643	381,831	¥ 12.16	\$0.14
Diluted EPS is not disclosed because it is anti-dilutive.				

## 20 SEGMENT INFORMATION

### For the year ended March 31, 2014, 2013 and 2012

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

Effective April 1, 2013, the Group changed the treatment of golf course management business and other facilities used as training and reception facilities for customers of Metalworking Machinery and Metal Machine Tools businesses because the Group is expanding use of those facilities for sales promotion by capital participation in MIYACHI CORPORATION (currently AMADA MIYACHI CO., LTD.).

As a result of this change, the golf course management business was reclassified from "Others" to "Metalworking Machinery" and "Metal Machine Tools" businesses based on the rational allocation method, and assets of golf course management business and other facilities are included in the 'Reconciliations' because of the difficulty of rational allocation.

The segment information for the year ended March 31, 2013 and 2012 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						
	2014						
	Reportable segment			Others	Total	Reconciliations	Consolidated
Metalworking Machinery	Metal Machine Tools	Total					
<b>Sales:</b>							
Sales to external customers	¥210,721	¥44,517	¥255,238	¥ 1,244	¥256,482		¥256,482
Intersegment sales or transfers	63	26	89		89	¥ (89)	
Total	210,784	44,543	255,328	1,244	256,572	(89)	256,482
Segment profit	12,790	3,028	15,819	405	16,225		16,225
Segment assets	362,190	62,222	424,412	14,753	439,166	113,563	552,729
<b>Other:</b>							
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

	Millions of yen						
	2013						
	Reportable segment			Others	Total	Reconciliations	Consolidated
Metalworking Machinery	Metal Machine Tools	Total					
<b>Sales:</b>							
Sales to external customers	¥150,196	¥38,646	¥188,842	¥1,175	¥190,018		¥190,018
Intersegment sales or transfers	53	15	68		68	¥ (68)	
Total	150,249	38,662	188,911	1,175	190,087	(68)	190,018
Segment profit	3,334	1,222	4,557	67	4,625		4,625
Segment assets	325,985	56,494	382,479	15,267	397,747	97,701	495,449
<b>Other:</b>							
Depreciation	5,803	1,851	7,655	2	7,657		7,657
Investments in unconsolidated subsidiaries and associated companies accounted for by the equity method	3,021	25	3,047		3,047		3,047
Increase in property, plant and equipment and intangible assets	¥ 9,597	¥ 1,065	¥ 10,663		¥ 10,663	¥ 35	¥ 10,698

	Millions of yen						
	2012						
	Reportable segment			Others	Total	Reconciliations	Consolidated
Metalworking Machinery	Metal Machine Tools	Total					
<b>Sales:</b>							
Sales to external customers	¥144,321	¥40,032	¥184,353	¥ 1,185	¥185,539		¥185,539
Intersegment sales or transfers	41	12	53		53	¥ (53)	
Total	144,362	40,044	184,407	1,185	185,592	(53)	185,539
Segment profit	5,854	2,806	8,660	487	9,148		9,148
Segment assets	289,336	58,713	348,050	15,785	363,835	106,000	469,836
<b>Other:</b>							
Depreciation	5,860	1,841	7,702	8	7,711		7,711
Investments in unconsolidated subsidiaries and associated companies accounted for by the equity method	2,700	21	2,721		2,721		2,721
Increase in property, plant and equipment and intangible assets	¥ 6,031	¥ 6,836	¥ 12,867		¥ 12,867	¥ 4	¥ 12,872

	Thousands of U.S. dollars						
	2014						
	Reportable segment			Others	Total	Reconciliations	Consolidated
Metalworking Machinery	Metal Machine Tools	Total					
<b>Sales:</b>							
Sales to external customers	\$2,047,427	\$432,545	\$2,479,972	\$ 12,088	\$2,492,061		\$2,492,061
Intersegment sales or transfers	616	254	870		870	\$ (870)	
Total	2,048,043	432,799	2,480,842	12,088	2,492,931	(870)	2,492,061
Segment profit	124,278	29,429	153,708	3,942	157,651		157,651
Segment assets	3,519,145	604,571	4,123,717	143,348	4,267,065	1,103,410	5,370,476
<b>Other:</b>							
Depreciation	64,419	19,121	83,541	62	83,604		83,604
Investments in unconsolidated subsidiaries and associated companies accounted for by the equity method	35,032	398	35,431		35,431		35,431
Increase in property, plant and equipment and intangible assets	\$ 97,748	\$ 10,249	\$ 107,998		\$ 107,998	\$ 466	\$ 108,465

1. Others are included 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 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 ¥113,563 million (\$1,103,410 thousand), ¥97,701 million and ¥106,000 million for the years ended March 31, 2014, 2013 and 2012, 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 ¥48 million (\$466 thousand), ¥35 million and ¥4 million for the years ended March 31, 2014, 2013 and 2012, 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						
2014						
	Metalworking Machinery		Metal Machine Tools		Others	Total
	Sheet-Metal Processing Machines Division	Presses Division	Bandsaws Division	Machine Tools Division		
Sales to external customers	<b>¥202,899</b>	<b>¥7,822</b>	<b>¥30,725</b>	<b>¥13,792</b>	<b>¥1,244</b>	<b>¥256,482</b>

Millions of yen						
2013						
	Metalworking Machinery		Metal Machine Tools		Others	Total
	Sheet-Metal Processing Machines Division	Presses Division	Bandsaws Division	Machine Tools Division		
Sales to external customers	¥143,221	¥6,974	¥26,225	¥12,420	¥1,175	¥190,018

Thousands of U.S. dollars						
2014						
	Metalworking Machinery		Metal Machine Tools		Others	Total
	Sheet-Metal Processing Machines Division	Presses Division	Bandsaws Division	Machine Tools Division		
Sales to external customers	<b>\$1,971,426</b>	<b>\$76,000</b>	<b>\$298,536</b>	<b>\$134,009</b>	<b>\$12,088</b>	<b>\$2,492,061</b>

## 2. Information about geographical areas

### (1) Sales

Millions of yen					
2014					
Japan	North America	Europe	Asia	Others	Total
<b>¥119,907</b>	<b>¥44,299</b>	<b>¥44,140</b>	<b>¥43,367</b>	<b>¥4,768</b>	<b>¥256,482</b>

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

Thousands of U.S. dollars					
2014					
Japan	North America	Europe	Asia	Others	Total
<b>\$1,165,050</b>	<b>\$430,424</b>	<b>\$428,882</b>	<b>\$421,375</b>	<b>\$46,327</b>	<b>\$2,492,061</b>

### (2) Property, plant and equipment

Millions of yen				
2014				
Japan	North America	Europe	Others	Total
<b>¥88,149</b>	<b>¥13,228</b>	<b>¥15,112</b>	<b>¥9,804</b>	<b>¥126,294</b>

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

Thousands of U.S. dollars				
2014				
Japan	North America	Europe	Others	Total
<b>\$856,480</b>	<b>\$128,534</b>	<b>\$146,832</b>	<b>\$95,268</b>	<b>\$1,227,116</b>



Information related to impairment losses of assets is as follows:

	Millions of yen				
	2014				
	Reportable segment		Others	Elimination/Corporate	Total
Metalworking Machinery	Machine Tools				
Impairment losses of assets	<b>¥83</b>				<b>¥83</b>

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

	Thousands of U.S. dollars				
	2014				
	Reportable segment		Others	Elimination/Corporate	Total
Metalworking Machinery	Machine Tools				
Impairment losses of assets	<b>\$810</b>				<b>\$810</b>

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

	Millions of yen				
	2014				
	Reportable segment		Others	Elimination/Corporate	Total
Metalworking Machinery	Metal Machine Tools				
Amortization of goodwill	<b>¥ 611</b>	<b>¥123</b>			<b>¥ 735</b>
Goodwill at March 31, 2014	<b>3,071</b>	<b>142</b>			<b>3,213</b>

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

	Thousands of U.S. dollars				
	2014				
	Reportable segment		Others	Elimination/Corporate	Total
Metalworking Machinery	Metal Machine Tools				
Amortization of goodwill	<b>\$ 5,945</b>	<b>\$1,200</b>			<b>\$ 7,145</b>
Goodwill at March 31, 2014	<b>29,840</b>	<b>1,380</b>			<b>31,220</b>

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

## 21 SUBSEQUENT EVENTS

### I) Appropriations of retained earnings

The following appropriation of retained earnings at March 31, 2014, was approved by the shareholders at the Company's general shareholders' meeting held on June 27, 2014.

	Millions of yen	Thousands of U.S. dollars (Note 1)
Year-end cash dividends, ¥13.00 (\$0.12) per share	¥4,970	\$48,294

### II) Acquisition and retirement of treasury stock

The following acquisition and retirement of treasury stock were approved at the board of directors' meeting held on May 15, 2014.

#### 1. Acquisition of treasury stock

- |  |  |
|--|--|
| 1) Purpose for purchasing treasury stock | To improve capital efficiency by controlling the increase of net assets, and to activate flexible capital policy |
| 2) Type of shares to be purchased        | Common stock   |
| 3) Number of shares to be purchased      | Up to 14,000,000 shares  |
| 4) Amount of shares to be purchased      | Up to ¥10,000 million (\$97,162 thousand)  |
| 5) Procedure of purchase                 | Purchase on the stock market   |
| 6) Period of purchase                    | From May 16, 2014 to March 26, 2015  |

#### 2. Retirement of treasury stock

- |                                   |                   |
|-----------------------------------|-------------------|
| 1) Type of shares to be retired   | Common stock      |
| 2) Number of shares to be retired | 10,000,000 shares |
| 3) Date of retirement             | June 30, 2014     |

# Independent Auditor's Report

# Deloitte.

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

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of Amada Co., Ltd. and its consolidated subsidiaries as of March 31, 2014, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amada Co., Ltd. and its consolidated subsidiaries as of March 31, 2014, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### Convenience Translation

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

*Deloitte Touche Tohmatsu LLC*

June 27, 2014

Member of  
Deloitte Touche Tohmatsu Limited

# Investor Information

## Founded

September 10, 1946

## Incorporated

May 1, 1948

## Number of Shares of Common Stock

(As of September 30, 2014)

Authorized: 550,000,000 shares

Issued: 386,502,117 shares

## Number of Shareholders

(As of March 31, 2014)

30,196

## Major Shareholders

(As of March 31, 2014)

Shareholder	Shares owned (1,000 shares)	Percent (%)
Japan Trustee Services Bank, Ltd. (Trust accounts)	43,036	11.3
The Master Trust Bank of Japan, Ltd. (Trust accounts)	25,781	6.7
Mizuho Bank, Ltd.	15,000	3.9
Trust & Custody Services Bank, Ltd. (Trust accounts)	11,761	3.1
The Amada Foundation	9,936	2.6
BNP PARIBAS SEC SERVICES LUXEMBOURG/JASDEC/ABERDEEN GLOBAL CLIENT ASSETS	9,495	2.5
NORTHERN TRUST CO. (AVFC) SUB A/C BRITISH CLIENTS	7,467	2.0
Nippon Life Insurance Company	7,149	1.9
The Joyo Bank, Ltd.	5,756	1.5
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	5,121	1.3

Note: Ownership percentages have been calculated excluding treasury stock (14,160,711 shares).

## Stock Listing

Tokyo Stock Exchange, Inc., First Section

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

	2013				2014	
	1st	2nd	3rd	4th	1st	2nd
High	708	897	923	946	<b>961</b>	<b>1,143</b>
Low	534	566	647	810	<b>672</b>	<b>683</b>

## Ordinary General Meeting of Shareholders

June

## Shareholder Register Administrator

Mitsubishi UFJ Trust and Banking Corporation

4-5 Marunouchi, 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan

# The Amada Group

---

The Amada Group

# The Amada Group

(As of October 1, 2014)

## AMADA CO., LTD.

### Head Office

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

### Fujinomiya Works

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

### Toki Works

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

### Ono Plant

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

## PRINCIPAL DOMESTIC GROUP COMPANIES

### Amada Machine Tools Co., Ltd.\*

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

### Amada General Machine Co., Ltd.\*

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

### Amada Toyo Co., Ltd.\*

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

### Nicotec Co., Ltd.\*

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

### Amada Automation Systems Co., Ltd.\*

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

### Amada Tool Precision Co., Ltd.\*

200, Ishida, Isehara,  
Kanagawa 259-1196, Japan  
Phone: 81-463-91-8050  
*Major Activities:* Manufacture and sales of punches and dies

### Amada Lease Co., Ltd.\*

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

### Amada Butsuryu Co., Ltd.\*

200, Ishida, Isehara,  
Kanagawa 259-1196, Japan  
Phone: 81-463-96-3334  
*Major Activities:* Distribution service for Amada products, including import / export agency

### Amada Ailink Service Co., Ltd.\*

350, Ishida, Isehara,  
Kanagawa 259-1116, Japan  
Phone: 81-463-97-2800  
*Major Activities:* Information service and sales intermediation for metalworking machines and electric equipment through the Internet

### Amada Miyachi Co., Ltd.\*

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

## PRINCIPAL OVERSEAS GROUP COMPANIES

### NORTH AMERICA

#### Amada North America, Inc.\*

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

#### Amada America, Inc.\*

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

#### Amada Machine Tools America, Inc.\*

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

#### Amada Tool America, Inc.\*

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

#### Amada Canada Ltd.\*

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

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

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

### EUROPE

#### Amada Europe HQ S.A.S.\*

ZI Paris Nord II, 96, Avenue de la Pyramide,  
93290 Tremblay-en-France, France  
Phone: 33-1-4990-7638  
*Major Activities:* Coordination and management control of European Amada Group companies

#### Amada Europe S.A.\*

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

#### Amada S.A.\*

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

#### Amada Outillage S.A.\*

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

#### Amada GmbH\*

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

#### Amada Machine Tools Europe GmbH\*

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

#### Amada Advanced Technology GmbH\*

Bichlmannstr. 20, 84174 Eching, Germany  
Phone: 49-8709-2689-120  
*Major Activities:* Research and development of metalworking machines, mainly laser machines

#### Amada United Kingdom Ltd.\*

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

#### Amada Italia S.r.l.\*

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

#### Amada Engineering Europe S.p.A.\*

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

#### Amada Swiss GmbH\*

Daettlikonerstrasse 5, CH-8422 Pfungen, Switzerland  
Phone: 41-52-304-00-34  
*Major Activities:* Sales and after-sales service of Amada products for the Swiss market

#### Amada Austria GmbH\*

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

#### Amada Sweden AB\*

Borgens Gata 16-18,  
SE-441 39 Alingsås, Sweden  
Phone: 46-322-20-9900  
*Major Activities:* Sales and after-sales service of Amada products for the Swedish market

#### Amada Denmark A/S\*

Erhvervsbyvej 4, 8700 Horsens, Denmark  
Phone: 45-7563-1400  
*Major Activities:* Sales and after-sales service of Amada products for the Danish market

#### Amada Norway AS\*

Myrveien 12, N-1430 As, Norway  
Phone: 47-6497-3100  
*Major Activities:* Sales and after-sales service of Amada products for the Norwegian market

#### Ab LKI Kälđman Oy\*\*

Svartnäshagavägen 7 FIN-68910 Bennäs, Finland  
Phone: 358-20-7009-000  
*Major Activities:* Manufacture, sales, and after-sales service of peripheral equipment for sheet-metal processing machines

#### Amada Sp. z.o.o.\*

ul.Prof.M. Życzkowskiego 14, 31-864 Kraków Poland  
Phone: 48-123793185  
*Major Activities:* Sales and after-sales service of Amada products for the Poland market

#### Amada OOO\*

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

#### Amada Makina Teknoloji Sanayi Ve Ticaret Ltd. Sti.\*

İkitelli Organize Sanayi Bolgesi Haseyad kooperatifi,  
Turgut Ozal cad., No: 116,  
34670 İkitelli İstanbul-Türkiye  
Phone: 90-212-549-1070  
*Major Activities:* Sales and after-sales service of Amada products mainly for the Turkish market

## ASIA

### Amada (China) Co., Ltd.\*

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

*Major Activities:* Holding company of Chinese subsidiaries and management control

### Amada Hong Kong Co., Ltd.\*

Unit 1101-2, 11/F, Austin Tower,  
22-26 Austin Ave., Jordan, Kowloon,  
Hong Kong, S.A.R., People's Republic of China  
Phone: 852-2868-9186

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

### Beijing Amada Machine & Tooling Co., Ltd.\*

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

*Major Activities:* Manufacture and sales of punches and dies for punch presses and sales and after-sales service of Amada products for the Chinese market

### Amada International Industry & Trading (Shanghai) Co., Ltd.\*

No. 89 Zhuoqing Road,  
Qingpu District, Shanghai,  
People's Republic of China  
Phone: 86-21-6212-1111

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

### Amada Shanghai Machine Tech Co., Ltd.\*

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

*Major Activities:* Manufacture, sales, and after-sales service of metalworking machines and punches and dies for punch presses for the Chinese market

### Amada International Trading (Shenzhen) Co., Ltd.\*

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

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

### Amada Lianyungang Machinery Co., Ltd.\*

No. 21 Zhenxing Road, Songtiao,  
Lianyungang Eco. & Tech.,  
Development Zone,  
Jiangsu, People's Republic of China  
Phone: 86-518-8515-1111

*Major Activities:* Manufacture, sales, and after-sales service of bandsaw machines and blades for the Chinese market

### Amada Lianyungang Machine 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, sales, and after-sales service of bandsaw machines and blades for the Chinese market

### Amada Lianyungang Machine Tech Co., Ltd.\*\*

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

*Major Activities:* Manufacture of bandsaw machines

### Amada Taiwan Inc.\*

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

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

### Amada Korea Co., Ltd.\*

821, Dongchun-Dong, Yeonsu-gu,  
Incheon, Republic of Korea  
Phone: 82-32-821-6010

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

### Amada Asia Pte Ltd.\*

12, Tannery Road, #03-07 HB Centre 1,  
Singapore 347722  
Phone: 65-6743-3244

*Major Activities:* Coordination and management control of ASEAN Amada Group companies

### Amada Singapore (1989) Pte Ltd.\*

12, Tannery Road, #05-01/02 HB Centre 1,  
Singapore 347722  
Phone: 65-6743-6334

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

### Amada (Thailand) Co., Ltd.\*

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

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

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

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

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

### Amada (Malaysia) Sdn. Bhd.\*

No. 20, Jalan Pendaftar, U1/54,  
Temasya Industrial Park Section U1,  
Glenmarie, 40150 Shah Alam,  
Selangor Darul Ehsan, Malaysia  
Phone: 60-3-5569-6233

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

### Amada Vietnam Co., Ltd.\*

469 Ha Huy Tap Road, Yen Vien, Gia Lam,  
Ha Noi, Vietnam  
Phone: 84-4-6261-4583

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

### Amada (India) Pvt. Ltd.\*

No. 60, KIADB Bengaluru Aerospace Park,  
Singhalli Villege, Budigere Post,  
Bangalore North Taluk – 562 129, India  
Phone: 91-80-3255-7939

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

### Amada Soft (India) Pvt. Ltd.\*

IITM Research Park, 2nd Floor,  
Block No. 6, Plot No. 2, Rajiv Gandhi Salai,  
Taramani, Chennai, PIN-600113, India  
Phone: 91-44-6663-0300

*Major Activities:* Research and development of software for machine tools and sheet-metalworking machines

## OTHER AREAS

### Amada Oceania Pty Ltd.\*

Unit 7, 16 Lexington Drive, Bella Vista,  
NSW 2153, Australia  
Phone: 61-2-8887-1100

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

### Amada do Brasil Ltda.\*

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

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

\* Subsidiary

\*\* Affiliate





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



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

---

## **AMADA CO., LTD.**

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

