

(English Translation)

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(Securities Code: 6113)

June 7, 2016

To our shareholders:

Tsutomu Isobe

President (Representative Director)

AMADA HOLDINGS CO., LTD.

200, Ishida, Isehara-shi, Kanagawa, Japan

**Notice of Convocation of the 78th Ordinary General Meeting of Shareholders**

This is to inform you that the 78th Ordinary General Meeting of Shareholders of AMADA HOLDINGS CO., LTD. will be held as follows.

As shareholder who is unable to attend the meeting may exercise his or her voting rights by either of the following manners, please exercise your voting rights, upon examination of the enclosed referential statements, not later than 5:15 p.m. on June 27, 2016 (Monday).

[Exercise of voting rights by mail]

Please send back the enclosed voting ballot to AMADA HOLDINGS LTD., with due entries thereon indicating assent or dissent with respect to each agenda so that such voting ballot reaches AMADA HOLDINGS CO., LTD. by the above deadline.

[Exercise of voting rights via the Internet]

Please exercise your voting rights via the Internet, with due entries thereon indicating assent or dissent with respect to each agenda, by the above deadline.

1. Date: June 28, 2016 (Tuesday) at 10:00 a.m.
2. Place: At the head office of AMADA HOLDINGS CO., LTD. located at 200, Ishida, Isehara-shi, Kanagawa (246 Hall at Forum 246)

3. Agenda:

- Matters to be Reported:
- (1) Report on the Business Report, the Consolidated Financial Statements, and Reports by the Independent Auditors and the Audit & Supervisory Board regarding the Results of the Audit of the Consolidated Financial Statements for the 78th Fiscal Term (from April 1, 2015 through March 31, 2016)
  - (2) Report on the Non-consolidated Financial Statements for the 78th Fiscal Term (from April 1, 2015 through March 31, 2016)

Matters to be Resolved:

- |              |  |
|--------------|--|
| First Item:  | Distribution of retained earnings                              |
| Second Item: | Election of seven (7) Directors                                |
| Third Item:  | Election of one (1) Alternate Audit & Supervisory Board Member |
| Fourth Item: | Payment of bonuses to Directors                                |

## Information on Exercising Voting Rights

(1) Exercising voting rights by proxy

If you are unable to attend the general meeting of shareholders in person, you may appoint another shareholder (one person) who has voting rights as your proxy to attend the meeting. Please note that a document certifying the power of proxy must be submitted for such attendance.

(2) If you exercise your voting rights redundantly via mail and the Internet, the votes cast via the Internet shall be treated as valid.

(3) If you exercise your voting rights multiple times via the Internet, only the last vote cast shall be treated as valid.

(4) Also, if you exercise voting rights redundantly by using a PC, a smart phone and a mobile phone, only the last vote cast shall be treated as valid.

\* Of documents that should be provided when sending this Notice of Convocation, “Notes to the Non-consolidated Financial Statements” and “Notes to the Consolidated Financial Statements” are posted on our website (Japanese: <http://www.amadaholdings.co.jp/ir/> ;English: <http://www.amadaholdings.co.jp/en/ir/>) in accordance with laws and regulations and Article 15 of the Company’s Articles of Incorporation, and not included in the documents sent together with this Notice of Convocation. Those “Notes to the Non-consolidated Financial Statements” and “Notes to the Consolidated Financial Statements” are part of the Non-consolidated Financial Statements and the Consolidated Financial Statements audited by the Audit & Supervisory Board Members for the preparation of their audit report and by the Accounting Auditor for the preparation of its audit report.

\* Any amendments to the referential statements for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements or Consolidated Financial Statements will be posted on the “IR Information” page (Japanese: <http://www.amadaholdings.co.jp/ir/> ;English: <http://www.amadaholdings.co.jp/en/ir/>) of the website of AMADA HOLDINGS CO., LTD.

## Items of Business and References

### First Item:

### Distribution of retained earnings

The Company's shareholder return policy is to properly distribute profits to shareholders on a continuous basis while maintaining retained earnings in preparation for future business expansion, targeting a payout ratio of 50% for the distribution of retained earnings.

Pursuant to the above policy, for the current dividends, the management proposes to pay the annual dividend of 36 yen per share, 10 yen increase from the previous term to pay a year-end dividend of twenty (20) yen per share for the Fiscal Term, having already paid 16 yen as an interim dividend.

Matters concerning the year-end cash dividend:

(1) Kind of property:

Monetary distribution

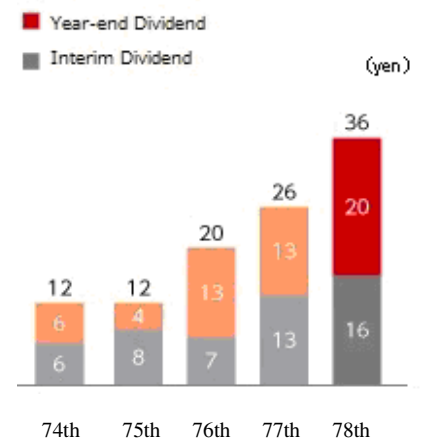
(2) Matters concerning the allocation of properties to be distributed to shareholders and the total amounts thereof:

JPY20 per common share

JPY7,306,765,280 in total

(3) Effective date of distribution of retained earnings:

June 29, 2016



**Second Item:****Election of seven (7) Directors**

As the term of office for all eight (8) Directors will expire at the close of this general meeting of shareholders, the election of seven (7) Directors is proposed, with the aim of reducing the number of Directors by one (1) in order to expedite management decision-making in the Board of Directors. For the purposes of improving the transparency of management and further strengthening the corporate governance structure, the number of Outside Directors will be increased by one (1) to propose a three-Outside Director system.

The candidates for the Directors are as follows:

Candidate Ref No.	Name		Board meeting attendance rate	Current position and responsibility in the Company
1	Mitsuo Okamoto	Re-election	100% (9/9 meetings)	Chairman of the Board & CEO
2	Tsutomu Isobe	Re-election	100% (9/9 meetings)	President Senior Executive General Manager of Corporate Management HQ
3	Atsushige Abe	Re-election	100% (9/9 meetings)	Senior Managing Director In charge of Global Human Resources Dept.
4	Yasuhiro Kawashita	Re-election	100% (7/7 meetings)	Director Senior Executive General Manager of Overseas Business HQ In charge of Product Planning Dept.
5	Michiyoshi Mazuka	New Outside Independent	—	
6	Toshitake Chino	Re-election Outside Independent	100% (9/9 meetings)	Outside Director
7	Hidekazu Miyoshi	Re-election Outside Independent	100% (9/9 meetings)	Outside Director

Note: Mr. Yasuhiro Kawashita's attendance ratio at the Board of Directors meetings applies only to those held after his appointment on June 26, 2015.

Candidate  
Ref No.

1

Mitsuo Okamoto

Date of Birth  
June 13, 1943 (73 years old)

Re-  
election



No. of Shares of AMADA  
HOLDINGS CO., LTD.  
Held (shares)

119,338 shares

Participation in meetings of  
the Board of Directors

100% (9/9 meetings)

#### Profile, position and responsibility in the Company

March 1972	Joined the Company	April 2000	President and
April 1978	Transferred to Sonoike Mfg. Co., Ltd. (later merged to become the current Company)	June 2003	Representative Director of this company
October 1988	General Manager of Odawara Plant of this company	June 2009	President of the Company CEO of the Company (incumbent)
June 1997	Director of this company	April 2015	Chairman of the Board (incumbent)
June 1999	Managing Director of this company		

#### Important concurrent positions

- Chairman and Representative Director, AMADA MACHINE TOOLS CO., LTD.
- Chairman and Representative Director, AMADA MIYACHI CO., LTD.
- Chairman and Director, AMADA EUROPE S.A. (France)
- Chairman and Representative Director, The Amada Foundation

#### Reasons for nomination as a candidate for Director

Mr. Mitsuo Okamoto is making overall management decisions and overseeing business execution appropriately as the Chairman of the Board and CEO of the Company. He also has in-depth management knowledge and strong leadership, and has led the Company to grow over a long period of time. Based on these factors, we have nominated Mr. Okamoto as a candidate for Director, having determined that he is an appropriate candidate capable of contributing to sustainable growth of the Company's corporate value.

#### Notes

1. There are no special interests between Mr. Mitsuo Okamoto and the Company.
2. Age is as of the conclusion of this General Meeting of Shareholders.

Candidate  
Ref No.

2

Tsutomu Isobe

Date of Birth  
May 19, 1961 (55 years old)

Re-  
election



No. of Shares of AMADA  
HOLDINGS CO., LTD.  
Held (shares)

50,000 shares

Participation in meetings of  
the Board of Directors

100% (9/9 meetings)

Profile, position and responsibility in the Company

December 1985	Joined Amada Metreco Co., Ltd. (later merged to become the current Company)	April 2010	Senior Executive General Manager of Corporate Management HQ
April 2000	Joined the Company upon the merger	June 2010	Managing Director
April 2003	General Manager of Corporate Secretariat Office	April 2013	Senior Managing Director
June 2007	Director	April 2015	Senior Executive General Manager of Financial HQ President (incumbent)
		October 2015	Senior Executive General Manager of Corporate Management HQ (incumbent)

Important concurrent positions

- President and Representative Director, AMADA CO., LTD.

Reasons for nomination as a candidate for Director

Mr. Tsutomu Isobe is making overall management decisions and overseeing business execution appropriately as the President of the Company. He also has in-depth knowledge in corporate management, which he acquired through many years of service in control divisions, as well as management skills as the President. Based on these factors, we have nominated Mr. Isobe as a candidate for Director, having determined that he is an appropriate candidate capable of contributing to sustainable growth of the Company's corporate value.

Notes

1. There are no special interests between Mr. Tsutomu Isobe and the Company.
2. Age is as of the conclusion of this General Meeting of Shareholders.

Candidate  
Ref No.

3

Atsushige Abe

Date of Birth  
February 17, 1962 (54 years old)

Re-  
election



No. of Shares of AMADA  
HOLDINGS CO., LTD.  
Held (shares)

30,000 shares

Participation in meetings of  
the Board of Directors

100% (9/9 meetings)

Profile, position and responsibility in the Company

April 1985	Joined Amada Metreco Co., Ltd. (later merged to become the current Company)	April 2011	Senior Executive General Manager of Human Resources & General Affairs HQ
April 2000	Joined the Company upon the merger	June 2012	Managing Director
April 2001	General Manager of Tooling Manufacturing Dept. of the Company	April 2015	Senior Managing Director (incumbent)
April 2006	General Manager of Human Resources Division		Senior Executive General Manager of Corporate Management HQ
June 2009	Director	May 2015	Senior Executive General Manager of Financial HQ
		October 2015	In charge of Global Human Resources Dept. (incumbent)

Important concurrent positions

- President, AMADA ENGINEERING CO., LTD.

Reasons for nomination as a candidate for Director

Mr. Atsushige Abe is appropriately performing his duties as Director mainly in charge of control divisions. In addition to his many years of experience in a broad range of corporate functions, covering corporate and global human resources management, Mr. Abe also has experience in the management of development and manufacturing to provide with well-balanced knowledge in the operational management of our Company. Based on these factors, we have nominated Mr. Abe as a candidate for Director, having determined that he is an appropriate candidate capable of contributing to sustainable growth of the Company's corporate value.

Notes

1. There are no special interests between Mr. Atsushige Abe and the Company.
2. Age is as of the conclusion of this General Meeting of Shareholders.



Candidate  
Ref No.

4

Yasuhiro Kawashita

Date of Birth  
April 6, 1958 (58 years old)

Re-  
election



No. of Shares of AMADA  
HOLDINGS CO., LTD.  
Held (shares)

24,719 shares

Participation in meetings of  
the Board of Director

100% (7/7 meetings)

\* The participation covers only the Board of Directors meetings held after his appointment on June 26, 2015.

Profile, position and responsibility in the Company

October 1982	Joined Sonoike Mfg. Co., Ltd. (later merged to become the current Company)	April 2012	Seconded to AMADA GmbH (Germany) President of AMADA GmbH
October 2003	President of U.S. Sonoike Co., Inc.(current Amada North America Inc.) (U.S.)	January 2015	Senior Executive General Manager of Overseas Business HQ of the Company (incumbent)
October 2007	Executive General Manager of Demonstrative Processing Div. of the Company	June 2015	Director of the Company (incumbent)
June 2009	Corporate Officer of the Company	April 2016	In charge of Product Planning Dept. (incumbent)

Major concurrent positions

- President, AMADA OOO (Russia)

Reasons for nomination as a candidate for Director

Mr. Yasuhiro Kawashita has been properly fulfilling his duties as a Director in charge of overseas business. In his long years of engagement with the overseas division, he has leadership experience in manufacturing and management of the overseas subsidiaries, as well as the engineering of our Company with a depth insight into global business and production. Accordingly, we have nominated Mr. Kawashita as a candidate for Director, having determined that he is an appropriate candidate capable of contributing to enhance our Company's sustainable corporate value.

Notes

1. There are no special interests between Mr. Yasuhiro Kawashita and the Company.
2. Age is as of the conclusion of this General Meeting of Shareholders.



No. of Shares of AMADA  
HOLDINGS CO., LTD.  
Held (shares)

0 shares

Profile, position and responsibility in the Company

April 1968	Joined Fujitsu FACOM Co., Ltd.	October 2009	Member of the Executive Nomination Committee and Compensation Committee of this company
April 1971	Joined Fujitsu Limited		
June 2001	Director of Fujitsu Limited		
June 2008	Chairman and Representative Director of this company	April 2010	Chairman and Representative Director of this company
September 2009	Chairman, President and Representative Director of this company	June 2012	Chairman and Director of this company
		June 2014	Senior Executive Advisor and Director of this company (incumbent)

Reasons for nomination as a candidate for Outside Director

Mr. Michiyoshi Mazuka, who held management posts at a global company and also served as a member of various advisory committees, possesses not only expertise as a business manager but also deep insight on corporate governance. Therefore, we have nominated Mr. Mazuka as a candidate for Outside Director, having determined that he is an appropriate candidate capable of providing beneficial advice to the management of the Company based on his experience and knowledge.

Reasons for sufficient independence as an Outside Director

1. Mr. Michiyoshi Mazuka and all of his family members (including family members within two degrees of kinship, the same shall apply hereinafter) have never received any economic benefits, such as the Company group's (the Company and its affiliated companies, the same shall apply hereinafter) remuneration, consideration for services or transactions, stock options, etc., in the past.
2. Mr. Michiyoshi Mazuka and all of his family members have never assumed any executive roles (including non-business executors) at the Company group in the past.
3. There are transactions between our Company Group and Fujitsu Limited and its consolidated subsidiaries where Mr. Michiyoshi Mazuka currently serves as Director and Advisor; However, the transactions amount to less than 1% of the consolidated sales of both companies.
4. Mr. Michiyoshi Mazuka is to resign as a director of Fujitsu Limited on June 27, 2016.
5. Fujitsu Limited is not a shareholder of the Company.

Notes

1. Mr. Michiyoshi Mazuka is a candidate for Outside Director
2. There are no special interests between Mr. Michiyoshi Mazuka and the Company.
3. If Mr. Michiyoshi Mazuka assumes the office of Director, the Company will, pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, enter into an agreement with him to limit his liability for damages, as prescribed in Article 423, Paragraph 1 of the same Act, to the minimum liability amount as prescribed in Article 425, Paragraph 1 of the same Act.
4. If the election of Mr. Michiyoshi Mazuka is approved, he will become an Independent Officer under the regulation of the Tokyo Stock Exchange, Inc.
5. Age is as of the conclusion of this General Meeting of Shareholders.



No. of Shares of AMADA  
HOLDINGS CO., LTD.  
Held (shares)

0 shares

Participation in meetings of  
the Board of Directors

100% (9/9 meetings)

#### Profile, position and responsibility in the Company

April 1971	Joined Nikkan Kogyo Shimbun Ltd.	November 2010	Retired as President and Representative Director
April 1995	General Manager of Economics Department, Editing Bureau	March 2011	Senior Advisor Retired as Senior Advisor of Nikkan Kogyo Shimbun Ltd.
June 2002	Director		
June 2003	President and Representative Director	June 2014	Outside Director of the Company (incumbent)

#### Reasons for nomination as a candidate for Outside Director

Mr. Toshitake Chino has expertise and experience as editor and company manager at Nikkan Kogyo Shimbun Ltd., a general information-management institution in industrial society, with newspapers being its core medium. Therefore, we have nominated Mr. Chino as a candidate for Outside Director, having determined that he is an appropriate candidate capable of providing beneficial advice to the management of the Company based on his experience and knowledge.

#### Reasons for sufficient independence as an Outside Director

1. Mr. Toshitake Chino and all of his family members (including family members within two degrees of kinship, the same shall apply hereinafter) have never received any economic benefits, such as the Company group's (the Company and its affiliated companies, the same shall apply hereinafter) remuneration, consideration for services or transactions, stock options, etc., in the past.
2. Mr. Toshitake Chino and all of his family members have never assumed any executive roles (including non-business executors) at the Company group in the past.
3. Transactions have taken place, such as payment of advertisement fees from the Company group, with Nikkan Kogyo Shimbun Ltd., where Mr. Toshitake Chino served as Representative Director and President; however, the transaction amounts were small, and only constituted less than one (1) percent of its sales or the Company's consolidated sales.
4. Mr. Toshitake Chino retired from Nikkan Kogyo Shimbun Ltd. more than five (5) years ago, and presently does not assume any positions at such company.
5. Nikkan Kogyo Shimbun Ltd. is not a shareholder of the Company.

#### Notes

1. Mr. Toshitake Chino is a candidate for Outside Director.
2. There are no special interests between Mr. Toshitake Chino and the Company.
3. Mr. Toshitake Chino is an incumbent Outside Director, and has served as Outside Director for two (2) years.
4. According to the provisions of Paragraph 1, Article 427 of the Companies Act, our Company and Mr. Chino have entered into an agreement to limit the liability pursuant to Paragraph 1, Article 423 of the said Act to the minimum liability stipulated in Paragraph 1, Article 425 of the said Act. On condition that his reelection is approved, the Company plans to renew the agreements with him.
5. Mr. Toshitake Chino is an Independent Officer under the regulation of Tokyo Stock Exchange, Inc. and Mr. Chino, if reelected, will continue to serve as Independent Officer.
6. Age is as of the conclusion of this General Meeting of Shareholders.



No. of Shares of AMADA  
HOLDINGS CO., LTD.  
Held (shares)

9,033 shares

Participation in meetings of  
the Board of Directors

100% (9/9 meetings)

#### Profile, position and responsibility in the Company

April 1974	Joined Miyoshi International Patent Office	April 2004	Chairman of Miyoshi & Miyoshi (Patent Office) (incumbent)
April 1978	Registered as patent attorney (current)	April 2015	Outside Director of the Company (incumbent)
April 1989	President of Miyoshi & Miyoshi (Patent Office)		

#### Major concurrent positions

- Chairman, Miyoshi & Miyoshi (Patent Office)
- Representative Director, Miyoshi Industrial Property Rights Research Center K.K.

#### Reasons for nomination as a candidate for Outside Director

Mr. Hidekazu Miyoshi has expertise in intellectual property rights, which he acquired through many years of service as a patent attorney, and experience as a business manager of a patent office. Therefore, we have nominated him as a candidate for Outside Director, having determined that he is an appropriate candidate capable of providing beneficial advice to the Company's management based on his knowledge and experience.

#### Reasons for sufficient independence as an Outside Director

1. Mr. Hidekazu Miyoshi and all of his family members (including family members within two degrees of kinship, the same shall apply hereinafter) have never received any economic benefits, such as the Company group's (the Company and its affiliated companies, the same shall apply hereinafter) remuneration, consideration for services or transactions, stock options, etc., in the past.
2. Mr. Hidekazu Miyoshi and all of his family members have never assumed any executive roles (including non-business executors) at the Company group in the past.
3. Transactions have occurred, such as payment of fees for patent applications, etc. and various research services related to intellectual property rights, with Miyoshi & Miyoshi, where Mr. Hidekazu Miyoshi serves as Chairman, and with the affiliated companies thereof, where Mr. Miyoshi serves as the Representative Director; however, the transaction amounts were small, and only constituted less than one (1) percent of the consolidated sales of the Company. They were also less than two (2) percent of sales of Miyoshi & Miyoshi and the affiliated companies thereof.
4. Miyoshi & Miyoshi and the affiliated companies thereof are not shareholders of the Company.

#### Notes

1. Mr. Hidekazu Miyoshi is a candidate for Outside Director.
2. Mr. Hidekazu Miyoshi is an incumbent Outside Director, and has served as Outside Director for one (1) year and three (3) months.
3. According to the provisions of Paragraph 1, Article 427 of the Companies Act, our Company and Mr. Miyoshi have entered into an agreement to limit the liability pursuant to Paragraph 1, Article 423 of the said Act to the minimum liability stipulated in Paragraph 1, Article 425 of the said Act. On condition that his reelection is approved, the Company plans to renew the agreements with him.
4. Mr. Hidekazu Miyoshi is an Independent Officer under the regulation of the Tokyo Stock Exchange, Inc. and Mr. Miyoshi, if reelected, will continue to serve as Independent Officer.
5. Age is as of the conclusion of this General Meeting of Shareholders.

### Third Item

### Election of one (1) Alternate Audit & Supervisory Board Member

To prepare for the case where the number of Audit & Supervisory Board Members of the Company falls short of such number as is required by law or regulation, the election of one (1) Alternate Audit & Supervisory Board Member is proposed.

The assumption of office as Alternate Audit & Supervisory Board Member by Mr. Makoto Murata, the candidate, is subject to the condition that there be a deficiency in the number of Audit & Supervisory Board Members required by law or regulation. His term of office shall expire when the term of office of the retiring Audit & Supervisory Board Member would have otherwise expired. This resolution shall be effective until the opening of the next ordinary general meeting of shareholders.

With respect to this item of business, the consent of the Audit & Supervisory Board has been obtained.

The candidate for Alternate Audit & Supervisory Board Member is as follows:

Makoto Murata	<b>Date of Birth</b> August 17, 1947 (68 years old)	<div>Outside</div> <div>Independent</div>
<b>No. of Shares of AMADA HOLDINGS CO., LTD. Held (shares)</b> 0 shares		
Profile, position and responsibility in the Company		
October 1975	Assistant of Faculty of Electro-Communications, The University of Electro-Communications	April 1991 Associate Professor of Faculty of Electro-Communications
May 1989	Lecturer of Faculty of Electro-Communications	April 2001 Professor of Faculty of Electro-Communications
		March 2012 Retired from the University
Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member		
Mr. Makoto Murata, who has many years of experience serving as a professor at The University of Electro-Communications, possesses in-depth and particular knowledge of mechanical engineering and sophisticated insight as an educator. Therefore, although Mr. Murata has never been directly involved in the management of a company, we have nominated him as a candidate for Alternate Outside Audit & Supervisory Board Member, having determined that he is an appropriate candidate capable of providing beneficial advice to the Company's management and its audit system based on his experience and knowledge.		
Reasons for sufficient independence as an Outside Audit & Supervisory Board Member		
<ol style="list-style-type: none"> <li>1. Mr. Makoto Murata and all of his family members (including family members within two degrees of kinship, the same shall apply hereinafter) have never received any economic benefits, such as the Company group's (the Company and its affiliated companies, the same shall apply hereinafter) remuneration, consideration for services or transactions, or stock options, in the past.</li> <li>2. Mr. Makoto Murata and all of his family members have never assumed any executive roles (including non-business executors) of the Company group in the past.</li> </ol>		
Notes		
<ol style="list-style-type: none"> <li>1. Mr. Makoto Murata is a fill-in candidate for Outside Audit &amp; Supervisory Board Member.</li> <li>2. There are no special interests between Mr. Makoto Murata and the Company.</li> <li>3. If Mr. Makoto Murata assumes the office of Outside Audit &amp; Supervisory Board Member, the Company will, pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, enter into an agreement with Mr. Murata to limit his liability for damages, as prescribed in Article 423, Paragraph 1 of the same Act, to the minimum liability amount as prescribed in Article 425, Paragraph 1 of the same Act.</li> <li>4. Mr. Makoto Murata will be notified as an Independent Officer stipulated by the regulation of the Tokyo Stock Exchange, Inc., if Mr. Murata assumes the office of Outside Audit &amp; Supervisory Board Member.</li> <li>5. Age is as of the conclusion of this General Meeting of Shareholders.</li> </ol>		

## (Reference) Independence Standards for Outside Officers

### AMADA HOLDINGS CO., LTD.

Amada Holdings Co., Ltd. (hereinafter referred to as “the Company”) shall set independence standards as below for the purpose of defining standards of independence and consider outside directors and outside audit and supervisory board members (hereinafter referred to as “outside officers”) as having sufficient independence from the Company if an outside officer meets all of the below criteria.

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

Enacted on December 18, 2015

#### Fourth Item

#### Payment of bonuses to Directors

In consideration of the business results for the fiscal term and other factors, the management proposes the payment of bonuses to six (6) Directors, excluding Outside Directors, incumbent as of the end of the fiscal term, totaling 191,000,000 yen. We request that specific amounts to be paid to individual Directors, payment timing, methods and other details be determined by resolution of the Board of Directors.

##### (Reference)

Our Directors' remuneration comprises fixed basic remuneration; bonuses, which fluctuate depending on improvements and achievements of the performance based on sales, profits and ROE for the term; and stock options reflecting the stock price.

As a basic policy, bonuses are determined based on consolidated profit in each fiscal year through a prescribed procedure by which the total amount of bonuses is approved annually by the General Meeting of Shareholders and the allocation is calculated, according to the weight of responsibilities assigned to each title and the contribution to business performance, and resolved by the Board of Directors.

## 1. Matters Concerning the State of the Company Group

### (1) Business Progress and Results

#### ◆ Overview

In the world economy during the fiscal year under review, a decelerating trend in the Chinese economy became evident and the growth of other emerging economies also slowed down. Meanwhile, the European economies saw a gradual recovery and the U.S. economy remained strong. The Japanese economy was on a gradual recovery trend throughout the fiscal year on the back of an increase in capital investments and improved corporate earnings.


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

Amid these circumstances, the Company group strived to provide various manufacturing solutions in the field of metal processing by continuously working on technological innovations from the standpoint of the creative industry for the manufacturing industry under its management philosophy of "Growing Together with Our Customers."

The Company group shifted to a holding company structure on April 1, 2015 for the purpose of clarifying the roles and responsibility of each operating company, aiming for speedier management and increased revenue via the pursuit of business profits, by separating management from execution.

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

Regarding profit and loss, operating income, ordinary income and profit attributable to owners of parent increased, respectively, to 42,526 million yen (up 53.6% YoY), 43,157 million yen (up 29.7% YoY) and 27,425 million yen (up 48.9% YoY), driven by an increase in sales and the effect of the yen's depreciation.

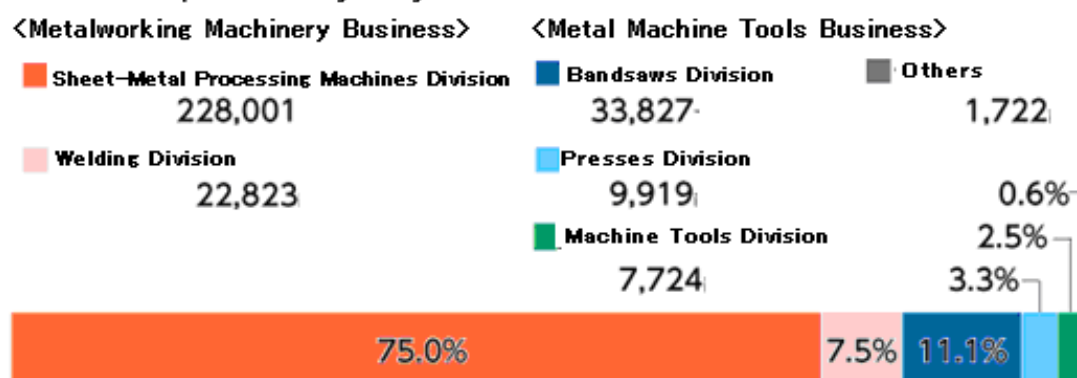
<b>Net Sales</b>	<b>Ordinary Income</b>
304,018 million yen up 6.1% YoY 	43,157 million yen up 29.7% YoY 
<b>Operating Income</b>	<b>Profit Attributable to Owners of Parent</b>
42,526 million yen up 53.6% YoY 	27,425 million yen up 48.9% YoY 
<b>The average exchange rate during the period</b>	USD 121.05yen      EUR 134.32yen



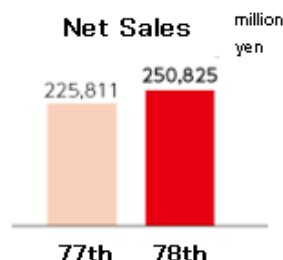
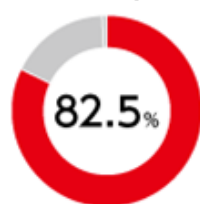
### ◆ Operational Overview by Major Business

Net sales by major business are as indicated below. The Metalworking Machinery Business's sales increased by 11.1% year-on-year while those of the Metal Machine Tools Business decreased by 13.4% year-on-year.

### Sales Composition by Major Business (million yen)



### Sales Composition



### Metalworking Machinery Business

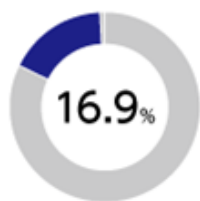
This Business consists of the Sheet-Metal Processing Machines Division that provides laser machines, punch presses, press brakes and other products for the sheet-metal market, and the Welding Division that provides products such as precise laser equipment and resistance welder equipment. The principal operating companies of the Sheet-Metal Processing Machines Division are AMADA CO., LTD. and AMADA ENGINEERING CO., LTD., and that of the Welding Division is AMADA MIYACHI CO., LTD.

Key measures taken during the fiscal year under review are as follows.

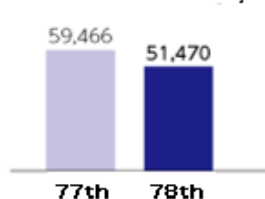
- 1) Sales expansion of our strategic product, Fiber Laser
- 2) Launched a new product for automated bending robots
- 3) Strengthening after-sales business leveraging IoT
- 4) Strengthening laser business by capital investment in Lumentum Holdings Inc. (U.S.)
- 5) Establishment and promotion of renewal of overseas technical centers as bases for consulting sales
- 6) Release of new products for fine welding and processing equipment using direct diode lasers (DDL) and Fiber Laser

As a result, sales of the metal processing machinery business increased by 11.1% year-on-year to 250.825 billion yen.

### Sales Composition



### Net Sales



### Metal Machine Tools Business

This Business consists of the Bandsaws Division that provides metal-cutting bandsaws and other products for the cutting market, the Presses Division that provides mechanical presses and other products for the press market, and the Machine Tools Division that provides grinders and other metal machine tool products. The Metal Machine Tools Business is principally operated by AMADA MACHINE TOOLS CO., LTD.

Major initiatives implemented during the fiscal year under review are as follows.

- 1) Active presentations at trade fairs across the globe
- 2) The Band Saw Division enhanced the product line-up for carbide tipped blades
- 3) The Press Division expanded sales channels in the molding market in cooperation with the Machine Tool Division
- 4) The Machine Tool Division expanded sales channels by focusing on grinders

Net sales of the Metal Machine Tools Business decreased by 13.4% year-on-year to 51,470 million yen mainly due to the assignment of the lathe business to the group of DMG Mori Co., Ltd. on April 1, 2015.

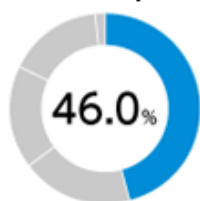
### ◆ Operational Overview by Region

Net sales by region increased by 7.5% and 4.9%, respectively, in Japan and overseas.

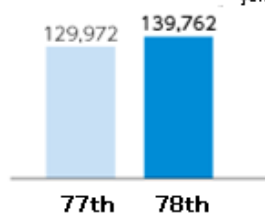
Overseas net sales by major region increased by 17.3% in North America and by 0.9% in Europe, and slightly increased in Asia.

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

### Sales Composition



### Net Sales



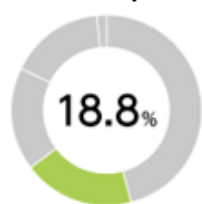
### Japan

The Japanese market was firm throughout the fiscal year under review, benefitting from growth in demand, which was boosted by energy saving subsidies, as well as the move to bring production back to Japan with the yen's depreciation.

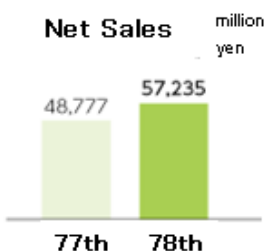
During the fiscal year under review, targeted sales expansion of Fiber Laser and automation products was met by a strong demand for industrial machinery, transport equipment, switchboards, control panels, etc.

As a result, net sales in Japan increased by 7.5% year-on-year to 139,762 million yen.

#### Sales Composition



#### Net Sales



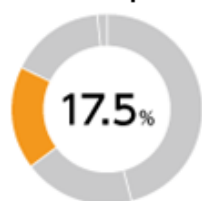
### North America

The U.S. economy sustained its recovery and the capital investment was restored, despite concerns about an impact from normalization of its monetary policy.

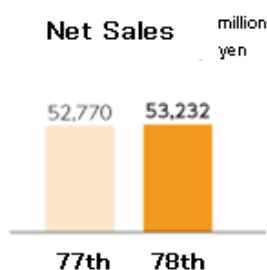
During the fiscal year under review, the business for industrial medical equipment, construction machinery, and transportation equipment continued to be strong and showed an upward trend also in Canadian and Mexican markets.

As a result, net sales in North America increased by 17.3% year-on-year to 57,235 million yen.

#### Sales Composition



#### Net Sales



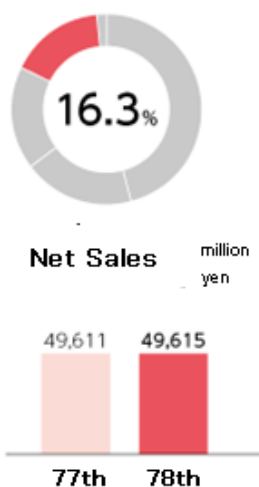
### Europe

The European economy is gradually recovering.

During the fiscal year under review, industrial medical equipment, communications equipment, and electrical and electronic equipment showed steady growth. By region, the UK market stayed strong and France and Eastern Europe showed signs of recovery. In addition, there was the grand opening of a new technical center in Barcelona, which boosted demand in the Spanish market.

As a result, net sales in Europe increased by 0.9 % year-on-year to 53,232 million yen.

### Sales Composition



### Asia

Key countries in Asia showed signs of recovery in domestic demand, apart from China where the economy gradually slowed down.

During the fiscal year under review, the Chinese market saw sluggish demand for industrial construction machinery, kitchen equipment, elevators, and such like. However, demand in the Indian and South Korean markets showed signs of recovery.

As a result, net sales in Asia slightly increased year-on-year to 49,615 million yen.

### (2) Capital Investment

During the fiscal year under review, the Company group invested 7,597 million yen in property, plant and equipment.

In addition, expenditure for acquiring software for internal use and other intangible assets was 2,441 billion yen.

Key capital investments were as follows.

1. Construction of a new technical center (as a sales base) in Thailand.
2. Acquisition of land and repairing buildings for the expansion of plants in France.
3. Development of the global management infrastructure system A-Gbit.

(A-Gbit: Amada Global Business Infrastructure for Transformation)

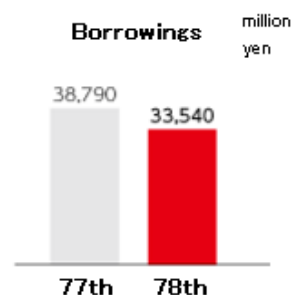
The combined total of capital investment in property, plant and equipment and expenses for intangible assets was 10,039 million yen.



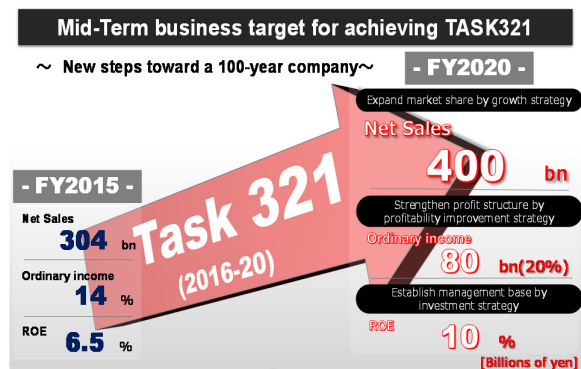
### (3) Fund Procurement

During the fiscal year under review, the necessary funds were mainly allocated from own funds, but some consolidated subsidiaries raised the necessary funds by borrowing from financial institutions.

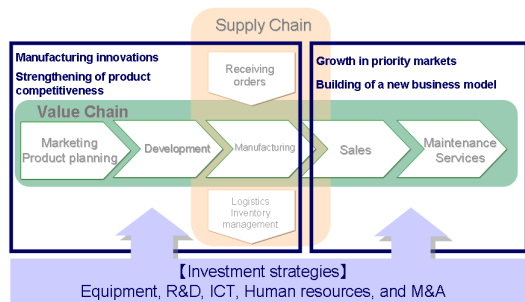
As a result, borrowings outstanding at the end of current fiscal year decreased by 5,249million yen from the end of the previous fiscal year to 33,540 million yen.



#### (4) Challenges to face



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



The Company Group is celebrating its 70th anniversary in September this year, and also formulating a new Mid-term Management Plan covering up to FY2020, called Task321. This is a reform initiative seeking a vision for the next ten years with a view to the centenary of our incorporation.

Task321 aims to achieve the following three goals.

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

In the process of accomplishing Task321, our Company will strive to 1) execute the growth strategy focusing on expansion of market share in priority markets and development of new business models, 2) establish a robust profit structure by reforming seamless production between development and manufacturing and 3) enhance capital productivity by reforming the balance sheets.

In addition, initiatives for strengthening a corporate governance structure, and environmental and CSR activities will be taken.

Specific measures are as follows.

##### 1) Execution of growth strategy

- Expansion of laser business by strengthening product competitiveness of Fiber Laser
- Promotion of automation business by utilizing robot and software technologies
- Strengthening manufacturing proposal on V-factory/Smart Factory leveraging IoT
- Development of new markets, including the new material field, based on accumulated know-how

##### 2) Establishment of robust profit structure

- Enhancement of cost reduction and profitability by conducting production reform towards integration of development and manufacturing
- Promotion of procurement reform through in-house production of key components, restructuring of suppliers, etc.
- Enhancement of design efficiency and quality stability via progress in module development
- Improvement of selling prices by making high-value-added engineering proposals

### 3) Improvement on the capital productivity

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

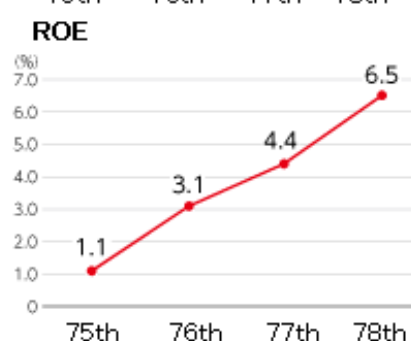
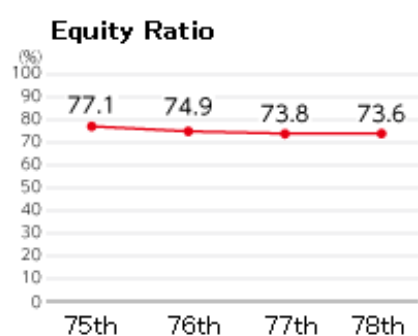
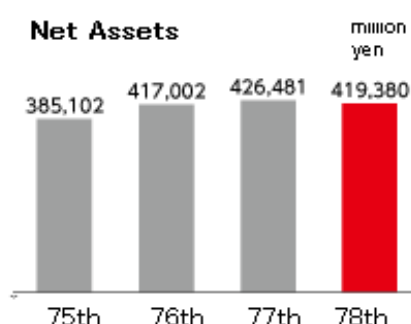
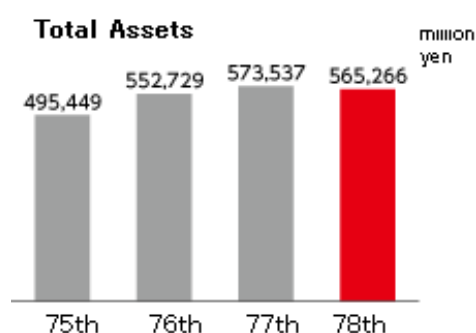
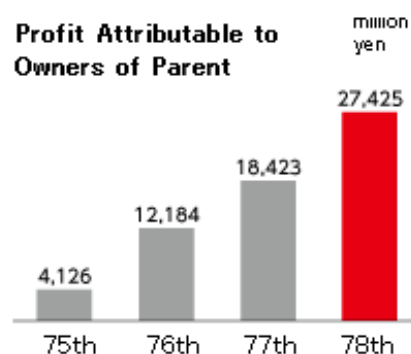
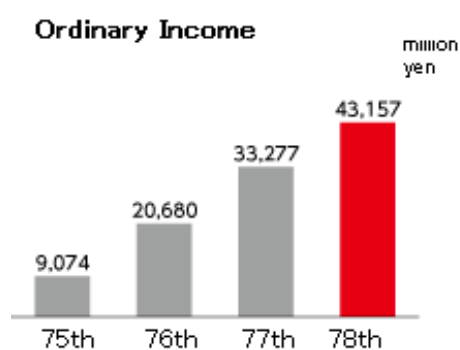
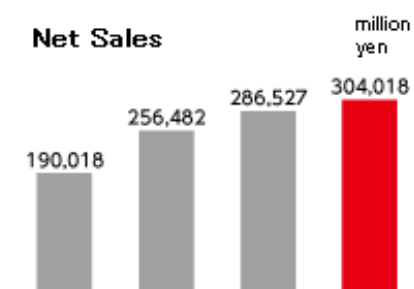
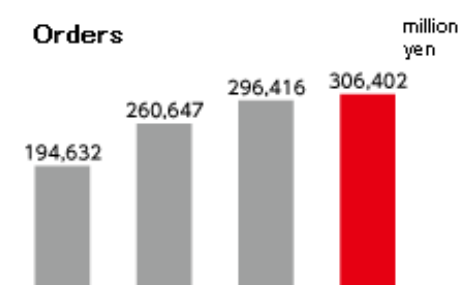
The Company group will strive to establish its position as the world No. 1 manufacturer of metalworking machines by steadily promoting and implementing the initiatives described above. We would greatly appreciate the continued support of our shareholders.

\* SCM (supply chain management) is a management technique that reviews the flow from raw material suppliers to the final consumers in an integrated manner to realize an efficient and optimal process as a whole.

### (5) Changes in Operating Results and Financial Position

Fiscal year		75th (From April 1, 2012 to March 31, 2013)	76th (From April 1, 2013 to March 31, 2014)	77th (From April 1, 2014 to March 31, 2015)	78th (current term) (From April 1, 2015 to March 31, 2016)
Classification					
Orders	Million yen	194,632	260,647	296,416	306,402
Net sales	Million yen	190,018	256,482	286,527	304,018
Ordinary income	Million yen	9,074	20,680	33,277	43,157
Profit attributable to owners of parent	Million yen	4,126	12,184	18,423	27,425
Profit per share	Yen	10.81	31.89	49.18	74.56
Total assets	Million yen	495,449	552,729	573,537	565,266
Net assets	Million yen	385,102	417,002	426,481	419,380
Net assets per share	Yen	1,000.66	1,083.49	1,133.51	1,139.17
Equity ratio	%	77.1	74.9	73.8	73.6
Rate of return on equity (ROE)	%	1.1	3.1	4.4	6.5

Note: Profit per share and net assets per share are respectively calculated based on the average total number of shares issued during each fiscal year and the total number of shares issued as of the end of each fiscal year (both excluding treasury shares).



## (6) Major Subsidiaries (as of March 31, 2016)

## 1) Major Subsidiaries

Company Name	Capital	Percentage of Voting Rights Held (*1)	Major Activities
AMADA CO., LTD. (*2)	Million yen 5,000	100.00	Sale of sheet metal processing machines
AMADA ENGINEERING CO., LTD. (*2)	Million yen 490	100.00	Development and manufacture of sheet metal processing machines
AMADA MIYACHI CO., LTD.	Million yen 1,606	100.00	Manufacture and sale of laser equipment and resistance welding equipment
AMADA MACHINE TOOLS CO., LTD. (*2)	Million yen 400	100.00	Development, manufacture and sale of metal cutting machines, stamping presses, and machine tools
AMADA AUTOMATION SYSTEMS CO., LTD.	Million yen 80	100.00	Manufacture of peripheral equipment of sheet metal processing machines
AMADA TOOL PRECISION CO., LTD.	Million yen 400	100.00	Manufacture of punches and dies
AMADA TECHNICAL SERVICE CO., LTD.	Million yen 100	100.00	Service of sheet metal processing machines
AMADA NORTH AMERICA, INC. (U.S.)	Thousand USD 83,450	100.00	Management control of North American subsidiaries (holding company)
AMADA AMERICA, INC. (U.S)	Thousand USD 59,000	* 100.00	Sale of sheet metal processing machines in North American markets and manufacture of sheet metal processing machines
AMADA MACHINE TOOLS AMERICA, INC. (U.S.)	Thousand USD 4,220	* 100.00	Sale of metal cutting machines and machine tools in North America
AMADA CANADA LTD. (Canada)	Thousand CAD 3,000	100.00	Sale of sheet metal processing machines in Canada
AMADA de MEXICO, S. de R.L. de C.V. (Mexico)	Thousand peso 2,000	* 100.00	Sale of sheet metal processing machines in Mexico
AMADA UNITED KINGDOM LTD. (U.K.)	Thousand pounds 2,606	100.00	Sale of sheet metal processing machines in U.K.
AMADA GmbH (Germany)	Thousand euros 6,474	* 100.00	Sale of sheet metal processing machines in Germany
AMADA MACHINE TOOLS EUROPE GmbH (Germany)	Thousand euro 6,000	* 100.00	Sale of metal cutting machines and machine tools in Europe
AMADA EUROPE S.A. (France)	Thousand euros 26,462	100.00	Manufacture of sheet metal processing machines
AMADA S.A. (France)	Thousand euros 8,677	* 100.00	Sale of sheet metal processing machines in France
AMADA ITALIA S.r.l. (Italy)	Thousand euros 21,136	* 100.00	Sale of sheet metal processing machines in Italy
AMADA AUSTRIA GmbH (Austria)	Thousand euros 16,206	100.00	Manufacture of band saw blades, dies
AMADA SWEDEN AB (Sweden)	Thousand kronor 500	* 100.00	Sale of sheet metal processing machines in Sweden
AMADA OOO (Russia)	Thousand rubles 7,300	* 100.00	Sale of sheet metal processing machines in Russia
AMADA MAKINA TEKNOLOJİ SANAYİ VE TİCARET LTD. STİ. (Turkey)	Thousand lira 6,000	100.00	Sale of sheet metal processing machines in Turkey
AMADA (CHINA) CO., LTD. (China)	Million yen 3,000	100.00	Management of local subsidiaries in China
AMADA HONG KONG CO., LTD. (China)	Million yen 712	* 96.00	Sale of sheet metal processing machines in China



Company Name	Capital	Percentage of Voting Rights Held (*1)	Major Activities
BEIJING AMADA MACHINE & TOOLING CO., LTD. (China)	Thousand USD 800	* 100.00	Sale of sheet metal processing machines in China
AMADA INTERNATIONAL INDUSTRY & TRADING (SHANGHAI) CO., LTD. (China)	Thousand USD 500	* 100.00	Sale of sheet metal processing machines in China
AMADA SHANGHAI MACHINE TECH CO., LTD. (China)	Million yen 4,094	* 100.00	Manufacture of sheet metal processing machines
AMADA INTERNATIONAL TRADING (SHENZHEN) CO., LTD. (China)	Thousand USD 300	* 100.00	Sale of sheet metal processing machines in China
AMADA LIANYUNGANG MACHINERY CO., LTD. (China)	Million yen 796	* 100.00	Manufacture of band saw blades
AMADA TAIWAN INC. (Taiwan)	Thousand NT dollars 82,670	* 75.00	Sale of sheet metal processing machines in Taiwan
AMADA KOREA CO., LTD. (Korea)	Million won 14,200	100.00	Sale of sheet metal processing machines in Korea
AMADA SINGAPORE (1989) PTE LTD. (Singapore)	Thousand SGD 400	100.00	Sale of sheet metal processing machines in ASEAN countries
AMADA (THAILAND) CO., LTD. (Thailand)	Thousand bahts 356,000	100.00	Sale of sheet metal processing machines in Thailand
AMADA MACHINE TOOLS (THAILAND) CO., LTD. (Thailand)	Thousand bahts 120,000	* 100.00	Sale of metal cutting machines and machine tools in ASEAN countries
AMADA (MALAYSIA) SDN. BHD. (Malaysia)	Thousand ringgits 1,000	100.00	Sale of sheet metal processing machines in Malaysia
AMADA VIETNAM CO., LTD. (Vietnam)	Million donga 8,500	100.00	Sale of sheet metal processing machines in Vietnam
AMADA (INDIA) PVT. LTD. (India)	Thousand rupees 87,210	100.00	Sale of sheet metal processing machines in India
AMADA OCEANIA PTY LTD. (Australia)	Thousand AUD 450	100.00	Sale of sheet metal processing machines in Oceania
AMADA DO BRASIL LTDA. (Brazil)	Thousand reals 35,600	100.00	Sale of sheet metal processing machines Brazil

(\*1) The percentages marked with an asterisk (\*) include investments by subsidiaries.

(\*2) The Company was reorganized into a holding company structure on April 1, 2015. By way of absorption-type split, the business of metal sheet processing machines sale and service was transferred to AMADA CO., LTD., the business of metal sheet machines development and production to AMADA ENGINEERING CO., LTD., and the business of stamping presses and the business of cutting blade development and production to AMADA MACHINE TOOLS CO., LTD.

- 2) Specified wholly-owned subsidiary  
Not applicable.

(7) Main Businesses (As of March 31, 2016)

The Company group is engaged primarily in the development, manufacture, sale, lease, and service of metalworking machines and metal machines, as well as other businesses incidental to these. It also operates other businesses such as the real estate leasing business.

Main business items by business and division are as follows.

1) Metalworking Machinery Business

Division		Main business items
Sheet-Metal Processing Machines Division	Machines	Laser machines, NC turret punch presses, punch and laser combination machines, press brakes, bending robots, shearing, sheet-metal processing system lines
	Software, FA equipment	Factory automation (FA) computers and software
	Services	Repair, maintenance, inspection
	Consumables	Various dies for punch presses, press brakes and other equipment
Welding Division		Precise Laser equipment and resistance welder equipment Repair, maintenance, inspection

2) Metal Machine Tools Business

Bandsaws Division	Metal-cutting bandsaws, structural steel cutting machines, drill presses, metal-cutting blades Repair, maintenance, inspection
Presses Division	Mechanical presses Repair, maintenance, inspection
Machine Tools Division	Grinders Repair, maintenance, inspection

3) Other

Real estate leasing such as shopping centers, automobile leasing, etc.

(8) Main Business Offices and Plants (As of March 31, 2016)

1) Domestic

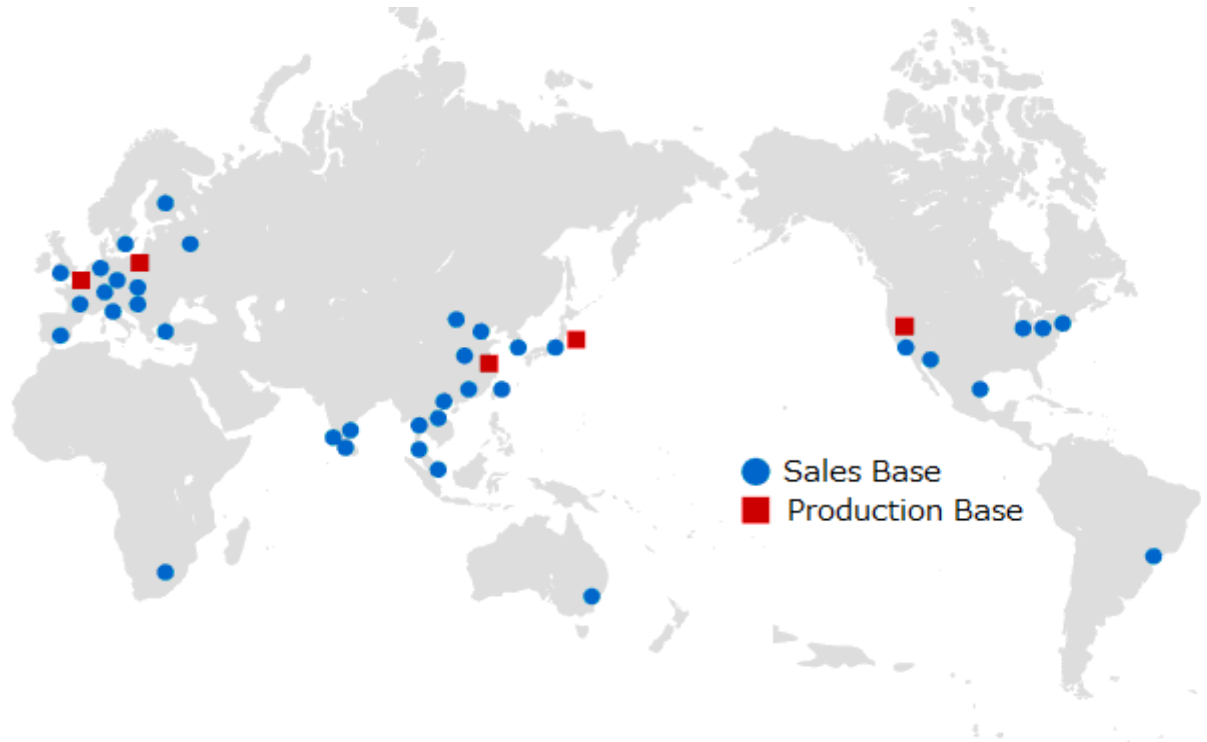
Head Office, core functions	Isehara Works of the Company Group (Kanagawa)	
Development and manufacturing bases	AMADA ENGINEERING CO., LTD. (Fujinomiya Works) (*1) AMADA MACHINE TOOLS CO., LTD. (Ono Plant) (Hyogo) AMADA MIYACHI CO., LTD. (Noda Plant) (Chiba) AMADA MACHINE TOOLS CO., LTD. (Toki Works) (Gifu) (*2) AMADA AUTOMATION SYSTEMS CO., LTD. (Fukushima Plant) (Fukushima) AMADA TOOL PRECISION CO., LTD., (Isehara Plant) (Kanagawa)	
Sales and service bases	Sheet-metal, welding	AMADA CO., LTD. Solution Center (Kanagawa) (*3) AMADA CO., LTD. Kansai Technical Center (Osaka) AMADA CO., LTD. sales bases (6 branches, 21 sales offices) AMADA CO., LTD. technical service bases (48 service centers) AMADA MIYACHI CO., LTD. sales bases (5 sales offices)
	Bandsaws, presses, machine tools	AMADA MACHINE TOOLS CO., LTD. Bandsaws sales and service bases (35 sales offices) AMADA MACHINE TOOLS CO., LTD. Presses sales and service bases (21 sales offices, 36 service centers) AMADA MACHINE TOOLS CO., LTD. Machine tools sales and service bases (3 sales offices, 14 service centers)

- (\*1) In addition to development and production bases, parts centers (bases for providing parts) are also included.  
(\*2) In addition to development and production bases, technical centers (sales and service bases) are also included.  
(\*3) This includes the East Japan Technical Center.

## 2) Overseas

Regional headquarters	North America	AMADA NORTH AMERICA, INC. (U.S.)
	Asia	AMADA (CHINA) CO., LTD. (China) AMADA ASIA PTE LTD. (Singapore)
Sales and service bases	North America	AMADA AMERICA, INC (U.S.) AMADA MACHINE TOOLS AMERICA, INC. (U.S.) AMADA CANADA LTD. (Canada) AMADA de MEXICO, S. de R.L. de C.V. (Mexico)
	Europe	AMADA UNITED KINGDOM LTD. (U.K.) AMADA GmbH (Germany) AMADA MACHINE TOOLS EUROPE GmbH (Germany) AMADA S.A. (France) AMADA ITALIA S.r.l. (Italy) AMADA SWISS GmbH (Switzerland) AMADA SWEDEN AB (Sweden) AMADA SP. Z O. O. (Poland) AMADA OOO (Russia) AMADA MAKINA TEKNOLOJI SANAYI VE TICARET LTD. STI. (Turkey)
	Asia	AMADA HONG KONG CO., LTD. (China) BEIJING AMADA MACHINE & TOOLING CO., LTD. (China) AMADA INTERNATIONAL INDUSTRY & TRADING (SHANGHAI) CO., LTD. (China) AMADA INTERNATIONAL TRADING (SHENZHEN) CO., LTD. (China) AMADA TAIWAN INC. (Taiwan) AMADA KOREA CO., LTD. (South Korea) AMADA SINGAPORE (1989) PTE LTD. (Singapore) AMADA (THAILAND) CO., LTD. (Thailand) AMADA MACHINE TOOLS (THAILAND) CO., LTD. (Thailand) AMADA (MALAYSIA) SDN. BHD. (Malaysia) AMADA VIETNAM CO., LTD. (Vietnam) AMADA (INDIA) PVT. LTD. (India)
	Other regions	AMADA OCEANIA PTY LTD. (Australia) AMADA DO BRASIL LTDA. (Brazil)
Manufacturing bases	North America	AMADA AMERICA, INC. Brea Factory (U.S.) AMADA TOOL AMERICA, INC. (U.S.)
	Europe	AMADA EUROPE S.A. (France) AMADA AUSTRIA GmbH (Austria)
	Asia	AMADA LIANYUNGANG MACHINERY CO., LTD. (China) AMADA SHANGHAI MACHINE TECH CO., LTD. (China)

(1)



#### Solution Centers



Haan (Germany)



Isehara (Japan)



Schaumburg (U.S.)

Solution Centers are places where we make our proposals for solving customers' issues. They have an exhibition function for tours to observe various products, and a function for conducting experimental processing to identify customers' issues and propose solutions and testing the proposed solutions in practice.

(9) Employees (As of March 31, 2016)

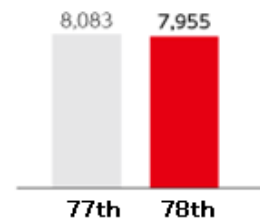
1) The Company Group

Number of employees	Change from the end of previous fiscal year
7,955	Down 128

2) The Company

Number of employees	Change from the end of previous fiscal year
201	Down 2,432
Average age	Average service years
46.5	21.1

Number of Employees

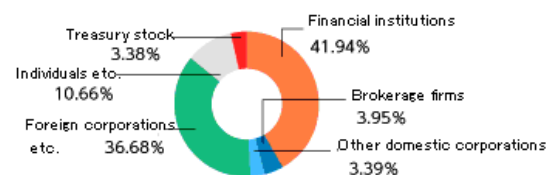


(Note) The 2,432 decrease in the number of the Company's employees from the end of previous fiscal year is due to the transfer of employees in development, manufacturing, sales and service functions to consolidated subsidiaries, in association with the reorganization of the Company into a holding company structure on April 1, 2015.

2. Shares of the Company (As of March 31, 2016)

- (1) Total Number of Shares Authorized 550,000,000  
 (2) Total Number of Shares Issued 378,115,217  
 (including 12,776,953 treasury shares)  
 (3) Total Number of Shareholders 35,410

Distribution of shareholding by type of shareholder



(4) Major Shareholders

Name of shareholder	Number of shares owned	Ratio of shareholding (*)
	Thousand shares	%
Japan Trustee Services Bank, Ltd. (Trust accounts)	55,415	15.17
The Master Trust Bank of Japan, Ltd. (Trust accounts)	28,029	7.67
Trust & Custody Services Bank, Ltd. (Trust accounts)	18,317	5.01
Mizuho Bank, Ltd.	15,000	4.11
BNP PARIBAS SEC SERVICES LUXEMBOURG/JASDEC/ABERDEEN GLOBAL CLIENT ASSETS	10,607	2.90
The AMADA FOUNDATION	9,936	2.72
THE BANK OF NEW YORK 133972	7,532	2.06
Nippon Life Insurance Company	6,035	1.65
The Joyo Bank, Ltd.	5,756	1.58
The Nomura Trust and Banking Co., Ltd. (Trust account)	5,289	1.45

(\*) The number of treasury shares (12,776,953 shares) is excluded from the calculation of the shareholding ratio.

(5) Other Important Matters Concerning Shares

1) Acquisition of Treasury Shares

In order to restrict an increase in net assets and improve capital efficiency, the Company resolved at its Board of Directors' meeting held on May 13, 2015 to purchase treasury shares in accordance with the provisions of Article 156 of the Companies Act, which apply with the relevant replacement of terms under Article 165, Paragraph 3 of the Act.

Based on that resolution, the Company acquired 8,386 thousand shares of treasury stock (ratio to the total number of shares outstanding: 2.17%) via market purchases on the Tokyo Stock Exchange between July 1 and August 31, 2015, at a total amount of 9,999 million yen.

2) Retirement of Treasury Shares

In accordance with the provisions of Article 178 of the Companies Act, the Company resolved at its Board of Directors' meeting held on November 12, 2015 to retire 8,386 thousand shares of treasury stock (ratio to the total number of shares outstanding: 2.17%), and retired them on November 30, 2015.

### 3. Share Subscription Rights

Status of subscription rights to shares as of the end of the current business year

The Second series of subscription rights (issued on August 31, 2010)

1) Number of subscription rights:

638

2) Class and number of shares that are subject to the share subscription rights:

638,000 shares of common stock of the Company (1,000 shares per share subscription right)

3) Amount of assets to be contributed upon exercise of the share acquisition rights

605 yen per share

4) Period during which share acquisition rights may be exercised

From September 1, 2012 up to August 5, 2020

5) Total number of share acquisition rights held by Directors and other officers by category

Category	Number of rights	Number of right holders
Directors	66	3
Audit & Supervisory Board Members	2	1

Notes:

1. No share acquisition rights are held by outside officers.

2. Share acquisition rights held by the Audit & Supervisory Board Member are those granted while he held the office of Director.

#### 4. Directors and Audit & Supervisory Board Members

##### (1) Name of Directors and Audit & Supervisory Board Members (As of March 31, 2016)

Title	Name	Responsibility, principal occupation (Major concurrent positions)
Chairman of the Board & CEO	Mitsuo Okamoto	Chief Executive Officer (CEO) (Chairman and Representative Director, AMADA MACHINE TOOLS CO., LTD.) (Chairman of the Board, AMADA MIYACHI CO., LTD.) (Chairman and Director, AMADA EUROPE S.A. (France)) (Chairman and Representative Director, The Amada Foundation)
President	Tsutomu Isobe	Senior Executive General Manager of Corporate Management HQ (President, AMADA CO., LTD.)
Senior Managing Director	Atsushige Abe	Senior Executive General Manager of Financial HQ., In charge of Global Human Resources Dept. (President, AMADA ENGINEERING CO., LTD.)
Director	Koji Yamamoto	(Senior Executive General Manager of Asia and ASEAN HQ, AMADA CO., LTD.)
Director	Kazuo Nakamura	(President and Representative Director of AMADA AUTOMATION SYSTEMS CO., LTD.)
Director	Yasuhiro Kawashita	Senior Executive General Manager of Overseas Business HQ (President of AMADA OOO, Russia)
Outside Director	Toshitake Chino	
Outside Director	Hidekazu Miyoshi	Patent attorney (Chairman, Miyoshi & Miyoshi, Patent Office) (Representative Director, Miyoshi Industrial Property Rights Research Center Co., Ltd.)
Full-time Audit & Supervisory Board Member	Takaya Shigeta	
Full-time Audit & Supervisory Board Member	Kiyoshi Takeo	
Outside Audit & Supervisory Board Member	Masanori Saito	Tax accountant
Outside Audit & Supervisory Board Member	Akira Takenouchi	Lawyer

##### Notes:

1. Mr. Yasuhiro Kawashita was newly elected as Director at the 77th Ordinary General Meeting of Shareholders held on June 26, 2015 and assumed office.
2. Mr. Takaya Shigeta, a Full-time Audit & Supervisory Board Member, not only has many years of experience in our Company's Finance Division, but has also served as Director and General Manager of Finance Department and he has in-depth knowledge in finance and accounting.
3. Mr. Masanori Saito, an Outside Audit & Supervisory Board Member, is a certified tax accountant and he has in-depth knowledge in finance and accounting.
4. Director Toshitake Chino and Hidekazu Miyoshi are both Outside Directors as prescribed in Article 2, Item 15 of the Companies Act. Also, the Company has notified to the Tokyo Stock Exchange that the Company has designated Messrs. Chino and Miyoshi as Outside Officers as prescribed in the regulations of the Exchange.
5. Audit & Supervisory Board Member Masanori Saito and Akira Takenouchi are both Outside Audit & Supervisory Board Members as prescribed in Article 2, Item 16 of the Companies Act. Also, the Company has notified the Tokyo Stock Exchange that the Company has designated Messrs. Saito and Takenouchi as Outside Officers as prescribed in the regulations of the Exchange.

##### (2) Outline of Agreements for limitation of Liability

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Outside Directors and Outside Audit & Supervisory Board Members to limit their liability for damages, as prescribed in Article 423, Paragraph 1 of the same Act. Liability limits based on this Agreement shall be the minimum liability stipulated in Paragraph 1, Article 425 of the same Act.

(3) Amounts of Compensation, etc. for Directors and Audit & Supervisory Board Members

Category	Number of persons	Amount of payment
Directors (Outside)	9 (2)	352 million yen (14 million yen)
Audit & Supervisory Board Members (Outside)	4 (2)	33 million yen (9 million yen)
Total	13	386 million yen

Note: The amount of compensation, etc. for Directors includes the expected director bonus of 191 million yen, which is a resolution item of the 78th Ordinary General Meeting of Shareholders.

(4) Matters Concerning Outside Officers

1) Important concurrent positions held in other organizations as operating officers and relationships between those organizations and the Company

Transactions have occurred, such as payment of fees for patent applications and various research services related to intellectual property rights, with Miyoshi & Miyoshi (Patent Office), where Mr. Hidekazu Miyoshi serves as Chairman, and with the affiliated companies thereof, where Mr. Miyoshi serves as the Representative Director (hereinafter referred to as the “Patent Office”); however, the transaction amounts were small, and only constituted less than one (1) percent of the consolidated sales of the Company group. They were also less than two (2) percent of sales of Miyoshi & Miyoshi and the affiliated companies thereof.

Audit & Supervisory Board Member Masanori Saito as a tax accountant opened Saito Masanori Certified Public Tax Accountant Office. The Company does not have transaction relationships with the Office.

2) Major activities

Name	Position	Major activities
Toshitake Chino	Outside Director	Attended all 9 Board of Directors meetings held during the current fiscal year and expressed his opinions based on his expertise and experience as former editor and business manager at a newspaper company.
Hidekazu Miyoshi	Outside Director	Attended all 9 Board of Directors meetings held during the current fiscal year and expressed his opinions based on his expertise and experience as a business manager and patent attorney.
Masanori Saito	Outside Audit & Supervisory Board Member	Attended all 9 Board of Directors meetings and all 9 Audit & Supervisory Board meetings held during the fiscal year, and expressed his opinions from his professional viewpoint as a certified tax accountant. In addition, conducted audits of business offices and reported to the Audit & Supervisory Board in accordance with audit policies determined by the Audit & Supervisory Board.
Akira Takenouchi	Outside Audit & Supervisory Board Member	Attended all 9 Board of Directors meetings and all 9 Audit & Supervisory Board meetings held during the fiscal year, and expressed his opinions from his professional viewpoint as a lawyer. In addition, conducted audits of business offices and reported to the Audit & Supervisory Board in accordance with audit policies determined by the Audit & Supervisory Board.

Note: Written resolutions of the Board of Directors are not included in the numbers.



## 5. Accounting Auditor

### (1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

### (2) Compensation and Other Property Benefits to the Accounting Auditor for the Current Business Year

#### 1) Compensation for audit activities under Article 2, Paragraph 1 of the Certified Public Accountants Act

134 million yen

#### 2) Total amount of cash and other property benefits to be paid by the Company and its subsidiaries

274 million yen

#### Notes:

1. The Audit & Supervisory Board has given consent under Article 399, Paragraph 1 of the Companies Act for compensation and other property benefits to the Accounting Auditor after reviewing changes in audit hours by audit item and amounts of compensation for audits as well as audit plans and performance in past years, and examining the adequacy of the audit hours and estimated amount of compensation for the current business year.
2. The amount of compensation for audits in 1) above includes compensation for audits performed under the Financial Instruments and Exchange Act because the audit agreement concluded between the Company and the Accounting Auditor does not distinguish between audits performed under the Companies Act and those performed under the Financial Instruments and Exchange Act.
3. Our Company entrusts and pays a consideration to Accounting Auditors for advice and guidance services regarding the International Financial Reporting Standards (IFRS) as business other than those prescribed in Paragraph 1, Article 2 of the Certified Public Accountants Act (non-audit services).
4. Important overseas consolidated subsidiaries of the Company were audited by the audit firms other than the Accounting Auditor of the Company.

### (3) Policy on Determining Dismissal, or Non-reappointment of Accounting Auditor

The Audit & Supervisory Board will determine the content of a proposal for the dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders if the dismissal or non-reappointment is considered necessary in such cases as that the Accounting Auditor is unable to perform its duties.

In addition, if any of the reasons provided for in Article 340, Paragraph 1 of the Companies Act is found to apply to the Accounting Auditor, the Audit & Supervisory Board will dismiss the Accounting Auditor based on the unanimous agreement of the Audit & Supervisory Board Members. In such case, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board will report the dismissal and the reasons therefor at the first General Meeting of Shareholders convened after the dismissal.

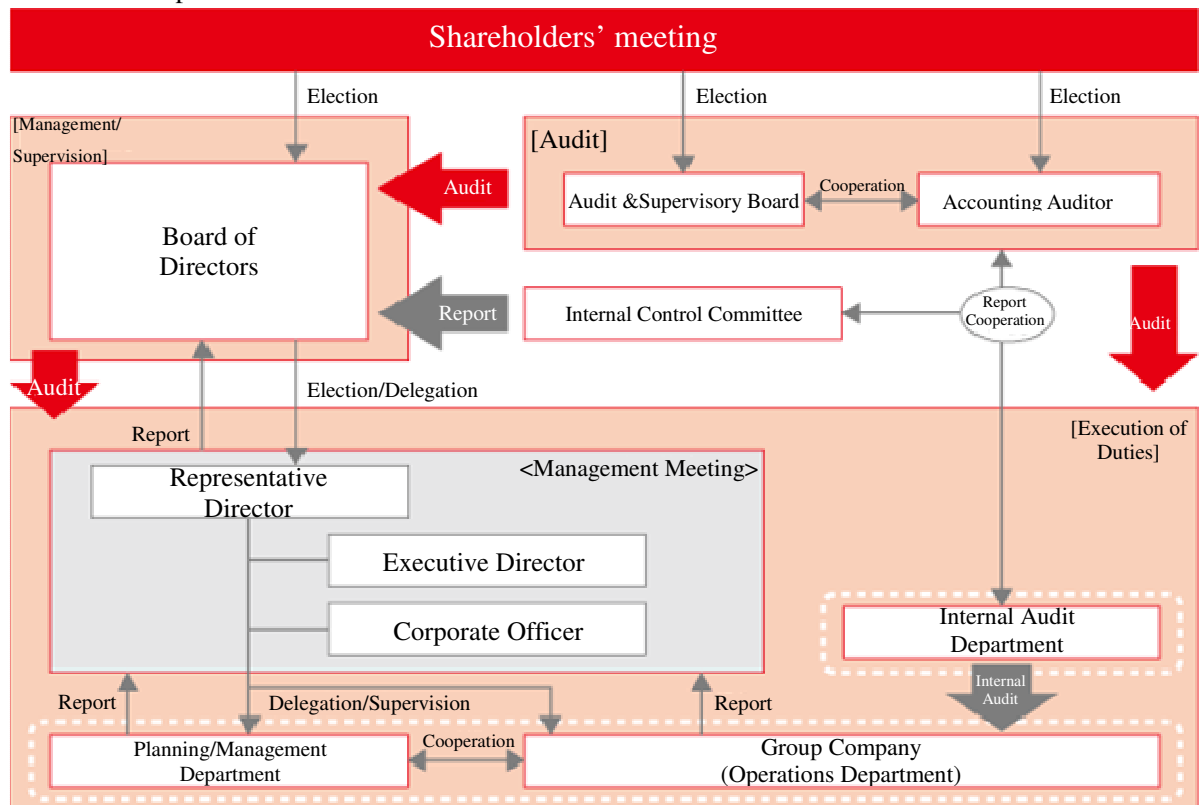
## 6. Corporate Governance Structure

### Basic Approach and Structure for Corporate Governance

Sound corporate activities based upon high ethical standards and fairness is a crucial part of our business; therefore, we will endeavor to strengthen corporate governance according to the principles stated below to ensure transparency and compliance across our management and operations as our fundamental objective:

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

### ■ Chart of Corporate Governance Structure



## 7. Frameworks for proper operations and the management of frameworks

### (1) Frameworks for proper operations

Regarding the development of frameworks to ensure proper operations, the Company has determined the following basic policies resolved by the Board of Directors.

- 1) Framework for compliance with laws, ordinances and the Articles of Incorporation in execution of duties by Directors and employees of the Company and the subsidiaries (referred to as the “Company Group” hereinafter)

Our Directors shall determine a basic compliance policy for the Company Group, to develop organizations and rules for its realization, and promote a compliance system by integrating activities of the Group companies. Furthermore, compliance education will be conducted, and the procedure to follow in the event of a violation shall be clarified and disseminated throughout the Group companies. Development and operation of the framework shall be audited by the Auditing Department of the Company Group.

In order to secure the reliability of financial reporting, an internal control reporting system shall be developed for effective and efficient operations and evaluation.

#### i) Norms shared in the Company Group

The “Amada Group Management Philosophy” and the “Amada Group Corporate Code of Conduct” shall be defined to ensure constant awareness of the need to comply with laws, ordinances and the Articles of Incorporation in our businesses, and they shall be thoroughly disseminated and supervised.

#### ii) Internal Control Committee

The Committee shall maintain and improve the internal control systems and develop the compliance framework.

- 2) Framework for retention and management of information regarding our Directors’ execution of duties

The minutes of important meetings, such as General Meeting of Shareholders, Board of Directors meetings and Expert Committee meetings, and other information concerning the execution of Directors’ duties shall be properly retained and managed and made available for browsing by Directors and Audit & Supervisory Board Members as needed in compliance with laws, ordinances, internal regulations and rules.

- 3) Rules and other systems for management of Company Group’s risk of loss

- i) The Company Group aims to have centralized control of risk information associated with fraud and compliance (with laws, ordinances and internal rules) and reporting of emergency situations without omission. To this end, the Internal Control Committee shall define rules on investigation, clarification and communication networks regarding fraud and risk information, and thoroughly disseminate the rules in the Group companies.

- ii) In the event of an emergency situation, our Company shall immediately have the Internal Control Committee Chairman report to the Board of Directors, President, and Audit & Supervisory Members, convene an emergency response meeting to develop a structure for resolving the situation.

- iii) For individual risk management, an officer or a head of division in charge of individual risks are appointed as the Committee members who will deliberate in the relevant Expert

- Committees and meeting bodies to manage the various risks.
- iv) The Auditing Department shall conduct internal audits of the Group companies on development and operation of the risk management framework.
- 4) Framework for ensuring the efficiency of the execution of duties by Company Group's Directors
- i) The Board of Directors shall determine and supervise the execution of duties concerning matters prescribed by laws, ordinances and the Articles of Incorporation and the important management matters based on the Regulations of the Board of Directors.
  - ii) In order to expedite a decision making process by selected members of the Board of Directors and enhance the performance by separating the executive body, a corporate officer system is adopted. The President shall instruct and convey the policies and decisions resolved by the Board of Directors, and Corporate Officers shall report on the progress in their execution of duties to the Board of Directors, President and Audit & Supervisory Members upon individual requests.
  - iii) The Executive Management Committee and Expert Committees shall discuss the important matters to be proposed to the Board of Directors in advance, support the decision making of the Board, and deliberate on the matters delegated by the Board.
- 5) Framework for reporting system on execution of duties by Directors, etc. of the Company Group and systems for proper execution of businesses
- i) The Company Group shall establish the "Amada Group Management Philosophy" and "Amada Group Corporate Code of Conduct" as the basic principles of the Group as a whole.
  - ii) The Company Group shall, based on the Regulations of the Board of Directors, seek approval or report to the Board of Directors on the important management matters, including the matters of subsidiaries, regularly receive reports on the business plan, etc. from the subsidiaries, and confirm the appropriateness of subsidiaries' operations.
  - iii) Regarding the management of the Group companies, a department and the person in charge shall be clarified to secure proper operation pursuant to the provisions of the "Rules on Administrative Authorities of Affiliates in Japan" and "Operations Management Rules for Overseas Affiliates."
  - iv) The Auditing Department shall conduct audits on the performance of business, compliance framework, etc. of departments and the Group companies, monitor and provide advice and recommendations for improvements, and report the result to the Board of Directors, President and the Internal Control Committee.
- 6) Matters concerning i) employees assisting the Audit & Supervisory Board Members, ii) independence of the said employee from Directors, and iii) effectiveness of instruction on the said employee
- i) When the Audit & Supervisory Board Members seek an employee as their assistant, such employee shall be assigned to ensure effective performance of their duties. Selection of the said employee shall be determined upon consultation between the Representative Director and the Audit & Supervisory Board Members.
  - ii) When the above employee is assigned to assist the Audit & Supervisory Board Members in their duties, any appointment or transfer of the said employee shall require the consent

of the Members and their opinions shall be fully considered in the personnel evaluation of the employee.

- iii) The Audit & Supervisory Board shall have a secretariat established, and it shall prepare, retain and manage the minutes.

7) Framework for reporting systems to the Audit & Supervisory Board Members by Directors and employees of the Company Group, including a ban on unfavorable treatment on whistleblowers

- i) Directors, Corporate Officers and employees (referred to as the “Corporate Officers and employees” hereinafter) shall immediately report to the Audit & Supervisory Board Members when there is any event that has a significant impact on the Company Group, or when there is a possibility of such event. Furthermore, Corporate Officers and employees shall report and provide the necessary information as requested by the Members.
- ii) The framework shall ensure that a Corporate Officer or employee who has reported an event to the Audit & Supervisory Board Members will not be treated unfavorably on the grounds of that report.

8) Matters concerning procedure for advance payment or reimbursement of costs incurred in the course of performing duties by Audit & Supervisory Board Members and policies on processing of costs or debts incurred by other duties of Members

The cost that the Audit & Supervisory Board Members require to perform their duties shall be budgeted according to the Audit Plan of the Members in advance and any emergency or ad hoc spending required in the course of audit, including an investigation, shall be prepaid or reimbursed.

9) Other frameworks for ensuring effective audit by the Audit & Supervisory Board Members

- i) The Audit & Supervisory Board may use the services of lawyers, certified public accountants, consultants or other outside advisors at their own discretion when deemed necessary for the audit.
- ii) The Audit & Supervisory Board Members shall receive an explanation about the content of the accounting audit conducted by Accounting Auditors and promote exchange of information.

(2) Overview of the management of frameworks for proper operations

1) Compliance

The Internal Control Committee was established on July 11, 2009, aiming to assess and uniformly control the compliance cases from company-wide and organizational perspectives and clarify the locus of responsibilities. The Committee carries out consultation and review to promote, improve and strengthen compliance, and the Internal Control Committee meetings are, in principle, regularly held twice a year. In addition, for the purpose of prevention and early detection of legal violation and fraud, the Hot Line has been established, and it connects a whistleblower to the Auditing Department and outside contracting companies through internal and external reporting lines, respectively. Whistleblowers are protected by the “Internal Reporting Rules” to ensure they are not subject to unfavorable treatment on the grounds of such report. The Hot Line is introduced in the compliance

training to promote its use.

## 2) Execution of duties by Directors

The Company resolves important matters and supervises the execution of duties by Directors at the Board of Directors meetings, which were held nine times in the business year under review. In addition, Outside Directors attend the Board of Directors meetings and other important meetings to offer their apt and candid opinions and are committed to monitoring and supervising the management.

## 3) Risk management framework

The Company strives to manage risks by preparing in normal times for prevention of risk events that have a significant impact on the management of the Company Group business and minimizing the damage by implementing proper measures during the risk event.

Individual risks are managed by Expert Committees, such as the Health and Safety Committee, BCP Committee, Export Control Center, Environment Promotion Committee, and Risk Management Division (secret information, ICT, labor relations, quality control, product liability, fund management, public relations), on a regular basis or as needed. Furthermore, to ensure proper management of business, the Internal Control Committee promotes optimal allocation of management resources and is working to standardize company-wide processes so that the contribution to the corporate earnings can be assessed and risks can be identified.

## 4) Framework for management of Group companies

The Group companies are managed pursuant to the “Rules on Administrative Authorities of Affiliates in Japan” and “Operations Management Rules for Overseas Affiliates,” which have been established to improve operational efficiency and have optimal management. A department in charge of each Group company is determined, and the head of the department shall be responsible for taking the initiative for its optimal and efficient management.

The Auditing Department checks the progress of development of the internal control systems of Group companies, is committed to early detection of any issues and prevention of losses, and provides recommendations and guidance on improvements.

## 5) Audit & Supervisory Board Members

The Audit & Supervisory Board Members worked to improve the efficiency of audits by attending the Board of Directors, Executive Management Committee, Internal Control Committee and other important meetings, conducting on-site audit on plants and laboratories of subsidiaries in Japan, browsing approval and other important documents, exchanging opinions with the Representative Director, receiving reports from Directors and employees and conducting interviews with employees on their operations.

Regarding the Accounting Auditor, reports on the Audit Plan were accepted, quarterly review and year-end audit results were reported, opinions were exchanged, and there was a consultation on the selection of an Accounting Auditor.

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Amounts and the number of shares shown in this business report are rounded down to the whole number of the unit of presentation.

## Consolidated Balance Sheet

(Millions of yen; amounts less than one million yen are truncated.)

Item	Current fiscal year (As of March 31, 2016)	(Reference) Previous fiscal year (As of March 31, 2015)	Item	Current fiscal year (As of March 31, 2016)	(Reference) Previous fiscal year (As of March 31, 2015)
<b>(Assets)</b>			<b>(Liabilities)</b>		
<b>Current assets</b>			<b>Current liabilities</b>		
Cash and deposits	79,434	80,203	Notes and accounts payable - trade	18,359	20,261
Notes and accounts receivable - trade	137,839	147,911	Electronically recorded obligations - operating	17,561	19,158
Lease investment assets	13,781	13,430	Short-term loans payable	25,797	32,903
Securities	51,751	33,739	Lease obligations	269	291
Merchandise and finished goods	54,194	66,876	Income taxes payable	9,583	6,485
Work in process	8,364	7,405	Deferred tax liabilities	284	339
Raw materials and supplies	15,358	15,827	Provision for bonuses	3,727	3,339
Deferred tax assets	7,505	7,344	Provision for directors' bonuses	347	219
Other	6,419	6,753	Unrealized income on installment sales	13,923	15,018
Allowance for doubtful accounts	(2,301)	(2,204)	Other	28,068	27,671
<b>Total current assets</b>	<b>372,347</b>	<b>377,286</b>	<b>Total current liabilities</b>	<b>117,923</b>	<b>125,687</b>
<b>Non-current assets</b>			<b>Non-current liabilities</b>		
Property, plant and equipment			Long-term loans payable	7,743	5,887
Buildings and structures	57,599	61,699	Lease obligations	302	468
Machinery, equipment and vehicles	10,852	11,820	Deferred tax liabilities	432	449
Tools, furniture and fixtures	3,514	3,932	Deferred tax liabilities for land revaluation	473	502
Assets for rent	10,875	10,795	Provision for directors' retirement benefits	61	35
Land	40,157	39,865	Net defined benefit liability	11,936	7,733
Leased assets	224	328	Long-term guarantee deposited	3,071	3,127
Construction in progress	1,509	1,070	Other	3,942	3,164
<b>Total property, plant and equipment</b>	<b>124,733</b>	<b>129,511</b>	<b>Total non-current liabilities</b>	<b>27,962</b>	<b>21,368</b>
<b>Intangible assets</b>			<b>Total Liabilities</b>	<b>145,885</b>	<b>147,055</b>
Goodwill	1,601	2,230	<b>(Net Assets)</b>		
Software	4,044	2,415	<b>Shareholders' equity</b>		
Leased assets	4	16	Capital stock	54,768	54,768
Other	879	951	Capital surplus	163,199	163,199
<b>Total intangible assets</b>	<b>6,529</b>	<b>5,613</b>	Retained earnings	217,253	208,449
<b>Investments and other assets</b>			Treasury shares	(12,139)	(10,337)
Investment securities	49,187	48,844	<b>Total shareholders' equity</b>	<b>423,081</b>	<b>416,079</b>
Long-term loans receivable	85	74	<b>Accumulated other comprehensive income</b>		
Deferred tax assets	7,488	5,596	Valuation difference on available-for-sale securities	(891)	1,155
Net defined benefit asset	121	131	Deferred gains or losses on hedges	128	75
Other	5,081	6,799	Revaluation reserve for land	(9,221)	(9,251)
Allowance for doubtful accounts	(310)	(320)	Foreign currency translation adjustment	6,385	14,206
<b>Total investments and other assets</b>	<b>61,654</b>	<b>61,126</b>	Remeasurements of defined benefit plans	(3,301)	1,054
<b>Total non-current assets</b>	<b>192,918</b>	<b>196,250</b>	<b>Total accumulated other comprehensive income</b>	<b>(6,899)</b>	<b>7,240</b>
<b>Total Assets</b>	<b>565,266</b>	<b>573,537</b>	Subscription rights to shares	73	104
			<b>Non-controlling interests</b>	<b>3,125</b>	<b>3,056</b>
			<b>Total Net Assets</b>	<b>419,380</b>	<b>426,481</b>
			<b>Total Liabilities and Net Assets</b>	<b>565,266</b>	<b>573,537</b>

(Note) Figures as of the previous fiscal year are provided for reference purposes only (not audited).

# Consolidated Statement of Income

(Millions of yen; amounts less than one million yen are truncated.)

Item	Current fiscal year (From April 1, 2015 to March 31, 2016)	(Reference) Previous fiscal year (From April 1, 2014 to March 31, 2015)
Net sales	304,018	286,527
Cost of sales	167,813	165,961
Gross profit	136,204	120,565
Selling, general and administrative expenses	94,726	93,246
Carryback of deferred income on installment sales and finance lease sales	5,055	5,061
Deferred unrealized income on installment sales and finance lease sales	4,007	4,685
Operating income	42,526	27,694
Non-operating income	3,547	6,380
Interest income	1,874	2,025
Dividend income	640	691
Commission fee	34	122
Gain on sales of investment securities	—	174
Share of profit of entities accounted for using equity method	154	181
Gain on valuation of derivatives	39	—
Foreign exchange gains	—	2,193
Other	802	993
Non-operating expenses	2,916	797
Interest expenses	286	288
Loss on sales of investment securities	—	162
Loss on valuation of derivatives	—	34
Foreign exchange losses	2,084	—
Other	545	311
Ordinary income	43,157	33,277
Extraordinary income	1,355	296
Gain on sales of non-current assets	75	165
Gain on sales of investment securities	—	106
Subsidy income	1,280	23
Other	—	1
Extraordinary losses	1,401	2,498
Loss on sales of non-current assets	131	45
Loss on retirement of non-current assets	244	66
Impairment loss	528	314
Loss on valuation of investment securities	—	18
Loss on liquidation of subsidiaries and associates	83	595
Loss on liquidation of business	—	1,106
Special retirement expenses	—	351
Other	414	—
Income before income taxes	43,112	31,075
Income taxes - current	14,833	12,167
Income taxes - deferred	470	117
Total income taxes	15,303	12,284
Profit	27,808	18,791
Profit attributable to non-controlling interests	383	367
Profit attributable to owners of parent	27,425	18,423

(Note) Figures for the previous fiscal year are provided for reference purposes only (not audited).



## Consolidated Statement of Changes in Equity

(From April 1, 2015 to March 31, 2016)

(Millions of yen; amounts less than one million yen are truncated.)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2015	54,768	163,199	208,449	(10,337)	416,079
Cumulative effects of changes in accounting policies					—
Restated balance	54,768	163,199	208,449	(10,337)	416,079
Changes of items during period					
Dividends of surplus			(10,698)		(10,698)
Profit attributable to owners of parent			27,425		27,425
Purchase of treasury shares				(10,051)	(10,051)
Disposal of treasury shares		(29)		282	252
Retirement of treasury shares		(7,968)		7,968	—
Transfer of negative balance of other capital surplus		7,997	(7,997)		—
Change in retained earnings due to mergers between consolidated and non-consolidated subsidiaries			74		74
Reversal of revaluation reserve for land					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	8,803	(1,801)	7,001
Balance at March 31, 2016	54,768	163,199	217,253	(12,139)	423,081

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2015	1,155	75	(9,251)	14,206	1,054	7,240	104	3,056	426,481
Cumulative effects of changes in accounting policies									—
Restated balance	1,155	75	(9,251)	14,206	1,054	7,240	104	3,056	426,481
Changes of items during period									
Dividends of surplus									(10,698)
Profit attributable to owners of parent									27,425
Purchase of treasury shares									(10,051)
Disposal of treasury shares							(31)		220
Retirement of treasury shares									—
Transfer of negative balance of other capital surplus									—
Change in retained earnings due to mergers between consolidated and non-consolidated subsidiaries									74
Reversal of revaluation reserve for land			29			29			29
Net changes of items other than shareholders' equity	(2,046)	53	—	(7,820)	(4,355)	(14,169)	-	68	(14,100)
Total changes of items during period	(2,046)	53	29	(7,820)	(4,355)	(14,139)	(31)	68	(7,100)
Balance at March 31, 2016	(891)	128	(9,221)	6,385	(3,301)	(6,899)	73	3,125	419,380

## Balance Sheet

(Millions of yen; amounts less than one million yen are truncated.)

Item	Current fiscal year (As of March 31, 2016)	(Reference) Previous fiscal year (As of March 31, 2015)	Item	Current fiscal year (As of March 31, 2016)	(Reference) Previous fiscal year (As of March 31, 2015)
<b>(Assets)</b>			<b>(Liabilities)</b>		
<b>Current assets</b>			<b>Current liabilities</b>		
Cash and deposits	30,704	27,089	Notes payable - trade	—	1,374
Notes receivable - trade	1,094	35,909	Accounts payable - trade	5,239	10,462
Accounts receivable - trade	22,276	60,660	Electronically recorded obligations - operating	—	19,261
Securities	48,752	31,406	Lease obligations	11	172
Merchandise	4,118	20,860	Accounts payable - other	682	4,420
Work in process	—	2,892	Accrued expenses	2,483	3,116
Raw materials and supplies	—	5,540	Income taxes payable	1,537	3,925
Advance payments - trade	—	161	Advances received	53	104
Prepaid expenses	31	91	Deposits received	35,886	118
Deferred tax assets	366	1,999	Provision for bonuses	300	2,239
Short-term loans receivable	148	132	Provision for directors' bonuses	260	194
Accounts receivable - other	1,572	11,391	Unrealized income on installment sales	—	15,000
Other	922	869	Notes payable - facilities	—	2
Allowance for doubtful accounts	(187)	(306)	Other	10	532
Total current assets	109,800	198,698	Total current liabilities	46,466	60,925
<b>Non-current assets</b>			<b>Non-current liabilities</b>		
Property, plant and equipment			Lease obligations	32	323
Buildings	29,781	31,680	Deferred tax liabilities for land revaluation	473	502
Structures	3,033	3,344	Provision for retirement benefits	1,373	7,187
Machinery and equipment	1,783	5,617	Provision for loss on business of subsidiaries and associates	425	420
Vehicles	4	13	Asset retirement obligations	41	40
Tools, furniture and fixtures	1,003	1,353	Long-term guarantee deposited	1,173	1,175
Assets for rent	9,993	10,008	Other	0	1,117
Land	32,035	31,132	Total non-current liabilities	3,519	10,768
Leased assets	39	429	<b>Total Liabilities</b>	<b>49,985</b>	<b>71,693</b>
Construction in progress	88	248	<b>(Net Assets)</b>		
Total property, plant and equipment	77,762	83,827	Shareholders' equity		
<b>Intangible assets</b>			Capital stock	54,768	54,768
Goodwill	113	136	Capital surplus		
Patent right	38	60	Legal capital surplus	163,199	163,199
Software	3,704	2,144	Total capital surplus	163,199	163,199
Leased assets	—	18	<b>Retained earnings</b>		
Telephone subscription right	109	109	Legal retained earnings	9,126	9,126
Other	24	27	Other retained earnings		
Total intangible assets	3,991	2,497	Reserve for reduction entry of land	447	435
<b>Investments and other assets</b>			Reserve for reduction entry of depreciable assets	1,667	990
Investment securities	45,449	45,189	General reserve	111,852	111,852
Shares of subsidiaries and associates	96,642	41,641	Retained earnings brought forward	(2,878)	9,696
Investments in capital of subsidiaries and associates	20,046	21,650	Total retained earnings	120,215	132,101
Long-term loans receivable	2,274	68	Treasury shares	(12,139)	(10,337)
Claims provable in bankruptcy, claims provable in rehabilitation and other	—	44	Total shareholders' equity	326,043	339,731
Long-term prepaid expenses	381	515	<b>Valuation and translation adjustments</b>		
Deferred tax assets	6,338	4,572	Valuation difference on available-for-sale securities	(842)	1,182
Long-term time deposits	1,000	2,000	Revaluation reserve for land	(9,221)	(9,251)
Real estate lease investment assets	2,360	2,891	Total valuation and translation adjustments	(10,064)	(8,069)
Other	751	976	Subscription rights to shares	73	104
Allowance for doubtful accounts	(620)	(662)	<b>Total Net Assets</b>	<b>316,052</b>	<b>331,766</b>
Allowance for investment loss	(141)	(449)	<b>Total Liabilities and Net Assets</b>	<b>366,037</b>	<b>403,460</b>
Total investments and other assets	174,483	118,437			
Total non-current assets	256,237	204,761			
<b>Total Assets</b>	<b>366,037</b>	<b>403,460</b>			

(Note) Figures as of the previous fiscal year are provided for reference purposes only (not audited).

# Statement of Income

(Millions of yen; amounts less than one million yen are truncated.)

Item	Current fiscal year (From April 1, 2015 to March 31, 2016)	(Reference) Previous fiscal year (From April, 2014 to March 31, 2015)
Net sales	100,766	158,165
Cost of sales	68,111	100,352
Gross profit	32,655	57,813
Selling, general and administrative expenses	21,926	41,094
Carryback of deferred income on installment sales	—	4,352
Deferred unrealized income on installment sales	—	4,071
Operating income	10,728	16,999
Non-operating income	7,124	10,186
Interest income	217	200
Interest on securities	366	552
Dividend income	5,763	5,636
Gain on sales of investment securities	—	174
Commission fee	87	1,338
Gain on valuation of derivatives	39	—
Foreign exchange gains	—	1,427
Other	649	856
Non-operating expenses	1,119	203
Interest expenses	6	0
Loss on sales of investment securities	—	162
Loss on valuation of derivatives	—	34
Foreign exchange losses	1,053	—
Other	60	6
Ordinary income	16,733	26,983
Extraordinary income	1,323	131
Gain on sales of non-current assets	2	3
Gain on sales of investment securities	—	103
Gain on sales of shares of subsidiaries and associates	41	—
Subsidy income	1,280	23
Other	—	1
Extraordinary losses	2,294	1,073
Loss on sales of non-current assets	39	—
Loss on retirement of non-current assets	113	30
Impairment loss	88	112
Loss on valuation of shares of subsidiaries and associates	36	916
Loss on valuation of investments in capital of subsidiaries and associates	1,603	—
Loss on valuation of investment securities	—	13
Other	413	—
Income before income taxes	15,762	26,040
Income taxes – current	4,497	8,015
Income taxes – deferred	296	263
Total income taxes	4,794	8,278
Profit	10,968	17,761

(Note) Figures for the previous fiscal year are provided for reference purposes only (not audited).

**Statement of Changes in Equity** (From April 1, 2015 to March 31, 2016) (Millions of yen; amounts less than one million yen are truncated.)

	Shareholders' equity							
	Capital stock	Capital surplus				Retained earnings		
		Legal capital surplus	Other capital surplus	Capital surplus Total	Legal retained earnings	Other retained earnings		
						Reserve for reduction entry of land	Reserve for reduction entry of depreciable assets	General reserve
Balance at April 1, 2015	54,768	163,199	—	163,199	9,126	435	990	111,852
Cumulative effects of changes in accounting policies								
Restated balance	54,768	163,199		163,199	9,126	435	990	111,852
Changes of items during period								
Increase by corporate division							(13)	
Change in reserve for reduction entry of depreciable assets due to change in tax rate							52	
Provision of reserve for reduction entry of depreciable assets							803	
Reversal of reserve for reduction entry of depreciable assets							(165)	
Change in reserve for reduction entry of land due to change in tax rate						12		
Dividends of surplus								
Profit								
Purchase of treasury shares								
Disposal of treasury shares			(42)	(42)				
Retirement of treasury shares			(7,968)	(7,968)				
Transfer of negative balance of other capital surplus			8,010	8,010				
Reversal of revaluation reserve for land								
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	—	—	12	676	—
Balance at March 31, 2016	54,768	163,199	—	163,199	9,126	447	1,667	111,852

	Shareholders' equity				Valuation and translation adjustments			Subscripti on rights to shares	Total net assets
	Retained earnings		Treasury shares	Shareholder s' equity Total	Valuation difference on available- for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
	Other retained earnings	Retained earnings Total							
	Retained earnings brought forward								
Balance at April 1, 2015	9,696	132,101	(10,337)	339,731	1,182	(9,251)	(8,069)	104	331,766
Cumulative effects of changes in accounting policies				—					—
Restated balance	9,696	132,101	(10,337)	339,731	1,182	(9,251)	(8,069)	104	331,766
Changes of items during period									
Decrease by corporate division	(4,131)	(4,145)		(4,145)					(4,145)
Change in reserve for reduction entry of depreciable assets due to change in tax rate	(52)	—		—					—
Provision of reserve for reduction entry of depreciable assets	(803)	—		—					—
Reversal of reserve for reduction entry of depreciable assets	165	—		—					—
Change in reserve for reduction entry of land due to change in tax rate	(12)	—		—					—
Dividends of surplus	(10,698)	(10,698)		(10,698)					(10,698)
Profit	10,968	10,968		10,968					10,968
Purchase of treasury shares		—	(10,010)	(10,010)					(10,010)
Disposal of treasury shares		—	240	198				(31)	166
Retirement of treasury shares		—	7,968	—					—
Transfer of negative balance of other capital surplus	(8,010)	(8,010)		—					—
Reversal of revaluation reserve for land		—		—		29	29		29
Net changes of items other than shareholders' equity					(2,024)	-	(2,024)	—	(2,024)
Total changes of items during period	(12,575)	(11,886)	(1,801)	(13,688)	(2,024)	29	(1,995)	(31)	(15,714)
Balance at March 31, 2016	(2,878)	120,215	(12,139)	326,043	(842)	(9,221)	(10,064)	73	316,052

## Accounting Audit Report regarding Consolidated Financial Statements

### Independent Auditor's Report

May 10, 2016

To the Board of Directors of  
AMADA HOLDINGS CO., LTD.

#### Deloitte Touche Tohmatsu LLC

Designated and Engagement Partner	Certified Public Accountant	Tetsuya Ishii [Seal]
Designated and Engagement Partner	Certified Public Accountant	Masato Shoji [Seal]

Pursuant to Article 444, Paragraph 4 of the Companies Act of Japan, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, and the notes to consolidated financial statements of AMADA HOLDINGS CO., LTD. (the "Company") applicable to the fiscal year from April 1, 2015 through March 31, 2016.

#### 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 designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an independent opinion on these consolidated financial statements based on our audits. We conducted our audits 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 our judgement, 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, we consider 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, while the objective of the financial statement audit is 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 financial position and results of operations of the corporate group consisting of the Company and its consolidated subsidiaries, applicable to the fiscal year under review, and in conformity with accounting principles generally accepted in Japan.

#### Interest

The independent auditor and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

## Accounting Audit Report regarding Non-Consolidated Financial Statements

### Independent Auditor's Report

May 10, 2016

To the Board of Directors of  
AMADA HOLDINGS CO., LTD.

#### Deloitte Touche Tohmatsu LLC

Designated and Engagement Partner	Certified Public Accountant	Tetsuya Ishii [Seal]
Designated and Engagement Partner	Certified Public Accountant	Masato Shoji [Seal]

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act of Japan, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in equity and the related notes, and the related supplementary schedules of AMADA HOLDINGS CO., LTD. (the "Company") applicable to the 78th business year from April 1, 2015 through March 31, 2016.

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

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

#### Auditor's Responsibility

Our responsibility is to express an independent opinion on these financial statements and the supplementary schedules based on our audits. We conducted our audits 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 financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and the supplemental schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is 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 financial statements and the supplemental schedules.

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 financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of the Company, applicable to the business year under review, and in conformity with accounting principles generally accepted in Japan.

#### Interest

The independent auditor and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

## Audit Report of the Audit & Supervisory Board

### Audit Report

The Audit & Supervisory Board has prepared the Audit Report upon deliberation based on audit reports submitted by the Audit & Supervisory Board Members and reports as follows on the execution of duties by Directors for the 78th business year (from April 1, 2015 to March 31, 2016).

#### 1. Methods and details of audits by Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board established the audit policies, division of duties and other matters, and received reports concerning the implementation and results of audits from each of the Audit & Supervisory Board Members as well as reports from the Directors and the Accounting Auditor concerning the execution of their duties, and requested explanations where necessary.
- (2) In conformity with the standards for audits by the Audit & Supervisory Board Members and in accordance with the audit policies, division of duties and other matters, as established by the Audit & Supervisory Board, each of the Audit & Supervisory Board Members worked to gather information and establish the audit environment by communicating with the Directors, the Internal Audit Department, employees and other individuals. In addition to these, each of the Audit & Supervisory Board Members conducted audits by the following methods.
  - 1) Each Audit & Supervisory Board Member attended meetings of the Board of Directors and other important meetings, requested reports from Directors, employees and others individuals concerning the execution of their duties as well as explanations where necessary, and examined important documents supporting decisions and other matters, and examined the status of operations and assets at the head office and main offices. For subsidiaries, each Audit & Supervisory Board Member communicated and exchanged information with their directors, audit & supervisory board members and other individuals, and received reports on business from the subsidiaries where necessary.
  - 2) With respect to Board of Directors' resolutions concerning the systems prescribed in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act as essential for ensuring that the execution of duties by the Directors described in the business report conforms with laws, regulations and the Company's Articles of Incorporation and for otherwise ensuring proper business operations by stock companies (internal control systems), as well as the design of the systems established based on the resolutions; each Audit & Supervisory Board Member regularly received reports from Directors, employees and other individuals about the establishment and operation of the systems, requested explanations where necessary and expressed their opinions.
  - 3) Each Audit & Supervisory Board Member monitored and validated whether the Accounting Auditor maintained an independent viewpoint and performed a proper audit, and received a report from the Accounting Auditor concerning its execution of duties, and requested explanations where necessary. Each Audit & Supervisory Board Member also received notification from the Accounting Auditor that "the systems for ensuring the fair execution of duties" (as described in the items of Article 131 of the Corporate Accounting Regulations) had been established in accordance with the Standards for Quality Control of Audits (Business Accounting Council, October 28, 2005), and requested explanations where necessary.

Based on the above methods, we examined the business report and the supplementary schedules, non-consolidated financial statements (the balance sheet, the statement of income, the statement of changes in equity and the related notes) and the supplementary schedules as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, and the notes to consolidated financial statements) for the business year under review.



2. Audit results

(1) Result of audit of the business report, etc.

- 1) The business report and the supplementary schedules fairly represent the status of the Company in accordance with laws and regulations and the Articles of Incorporation.
- 2) No misconduct or material violation of laws, regulations or the Articles of Incorporation was found with regard to the execution of duties by the Directors.
- 3) The content of resolutions by the Board of Directors regarding the internal control systems is appropriate. In addition, no matter was found on which to remark in regard to descriptions of the business report and the execution of duties by the Directors regarding the internal control systems.

(2) Results of audit of financial statements and the supplementary schedules

The methods and results of the audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC., are appropriate.

(3) Results of audit of consolidated financial statements

The methods and results of the audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC., are appropriate.

May 11, 2016

Audit & Supervisory Board, AMADA HOLDINGS CO., LTD.

Audit & Supervisory Board Member (Full-time)	Takaya Shigeta	[Seal]
Audit & Supervisory Board Member (Full-time)	Kiyoshi Takeo	[Seal]
Audit & Supervisory Board Member (Outside)	Masanori Saito	[Seal]
Audit & Supervisory Board Member (Outside)	Akira Takenouchi	[Seal]