

Summary Report on the Consolidated Results for the Six Months Ended September 30, 2016

AMADA HOLDINGS CO., LTD.

Listed on the First Section of the TSE

Stock Code: 6113

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

Representative: Tsutomu Isobe, President

Contact: Hidekazu Kudo, Corporate Officer and Senior Executive General Manager of Financial HQ. TEL: +81-463-96-1111

Planned filing of the quarterly financial statements: November 11, 2016

Date of scheduled payment of dividends: December 6, 2016

Quarterly earnings supplementary explanatory documents: Yes

Quarterly earnings presentation: Yes (for investment analysts and institutional investors)

(Amounts less than one million yen are truncated.)

1. Consolidated Business Performance for the Six Months Ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

(1) Operating Results

Percentages indicate year-on-year increase (decrease).

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2016	125,442	(12.7)	13,916	(26.4)	12,905	(36.6)	8,596	(38.1)
Six months ended September 30, 2015	143,654	10.9	18,919	102.7	20,365	76.9	13,877	123.1

(Note) : Comprehensive income: Six months ended September 30, 2016: ¥(13,419) million (---%)
Six months ended September 30, 2015: ¥12,535 million (375.6%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2016	23.53	23.51
Six months ended September 30, 2015	37.47	37.43

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	512,496	398,062	77.1
As of March 31, 2016	565,266	419,380	73.6

(Reference) Total shareholders' equity: As of September 30, 2016: ¥395,316 million
As of March 31, 2016: ¥416,181 million

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	—	16.00	—	20.00	36.00
Fiscal year ending March 31, 2017	—	24.00			
Fiscal year ending March 31, 2017 (Forecast)			—	18.00	42.00

(Notes): Revision to dividend forecasts most recently announced: None

Breakdown of dividends at the end of the second quarter of the fiscal year ending March 31, 2017 :

Ordinary dividend: ¥18.00 70th anniversary commemorative dividend: ¥6.00

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year increase (decrease).

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending March 31, 2017	270,000	(11.2)	30,000	(29.5)	30,000	(30.5)

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending March 31, 2017	20,000	(27.1)	54.73

(Note): Revision to consolidated forecasts most recently announced: Yes

4. Other Items

1. Changes in the scope of consolidation for significant subsidiaries during the six months: None
2. Application of special accounting practices in the preparation of the consolidated financial statements: None
3. Changes in accounting policies, changes in accounting estimates and retrospective restatements:
 - 1) Changes in accounting policies in accordance with revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatements: None
4. Number of shares issued and outstanding (common stock)
 - 1) Number of shares of common stock outstanding at end of period, including treasury shares

As of September 30, 2016	378,115,217 shares
As of March 31, 2016	378,115,217 shares
 - 2) Number of shares of treasury shares at end of period

As of September 30, 2016	12,710,668 shares
As of March 31, 2016	12,776,953 shares
 - 3) Average number of shares outstanding for each period

Six months ended September 30, 2016	365,376,567 shares
Six months ended September 30, 2015	370,373,494 shares

Indication regarding the status of quarterly review procedures

At the time of disclosure of this quarterly summary report of consolidated results, the quarterly review procedures for the quarterly financial statements pursuant to the Financial Instruments and Exchange Law were still in progress.

Explanation regarding the appropriate use of forecasts of business results

The above forecasts of future performance are based on information available to the Company at the present time and are subject to potential risks and uncertainty. Accordingly, actual results may differ significantly from any expressed future performance herein due to various factors.

Consolidated Financial Statements
Consolidated Balance Sheets

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

		(millions of yen, amounts less than one million yen are indicated)	
Period		As of March 31, 2016	As of September 30, 2016
Item		Amount	Amount
(Assets)			
Current assets:			
Cash and deposits		79,434	79,027
Notes and accounts receivable - trade		137,839	114,239
Lease investment assets		13,781	13,717
Securities		51,751	22,428
Merchandise and finished goods		54,194	54,557
Work in process		8,364	8,268
Raw materials and supplies		15,358	13,670
Other		13,925	14,531
Allowance for doubtful accounts		(2,301)	(2,017)
Total current assets		372,347	318,423
Non-current assets:			
Property, plant and equipment:			
Buildings and structures, net		57,599	53,374
Other, net		67,134	69,223
Total property, plant and equipment		124,733	122,598
Intangible assets:			
Goodwill		1,601	1,429
Other		4,928	6,430
Total intangible assets		6,529	7,860
Investments and other assets:			
Investment securities		49,187	51,362
Net defined benefit asset		121	115
Other		12,656	12,460
Allowance for doubtful accounts		(310)	(323)
Total investments and other assets		61,654	63,614
Total non-current assets		192,918	194,073
Total assets		565,266	512,496

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

		(millions of yen; amounts less than one million yen are truncated.)	
Period		As of March 31, 2016	As of September 30, 2016
Item		Amount	Amount
(Liabilities)			
Current liabilities:			
Notes and accounts payable - trade		18,359	14,709
Electronically recorded obligations - operating		17,561	18,730
Short-term loans payable		25,797	13,205
Income taxes payable		9,583	3,645
Provision for bonuses		3,727	3,610
Provision for directors' bonuses		347	207
Deferred profit on installment sales		13,923	13,509
Other		28,622	22,706
Total current liabilities		117,923	90,325
Non-current liabilities:			
Long-term loans payable		7,743	5,498
Provision for directors' retirement benefits		61	63
Net defined benefit liability		11,936	10,765
Other		8,221	7,780
Total non-current liabilities		27,962	24,108
Total liabilities		145,885	114,434
(Net assets)			
Shareholders' equity:			
Capital stock		54,768	54,768
Capital surplus		163,199	163,199
Retained earnings		217,253	218,030
Treasury shares		(12,139)	(12,076)
Total shareholders' equity		423,081	423,921
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities		(891)	(1,919)
Deferred gains or losses on hedges		128	65
Revaluation reserve for land		(9,221)	(9,221)
Foreign currency translation adjustment		6,385	(14,614)
Remeasurements of defined benefit plans		(3,301)	(2,914)
Total accumulated other comprehensive income		(6,899)	(28,604)
Subscription rights to shares		73	65
Non-controlling interests		3,125	2,679
Total net assets		419,380	398,062
Total liabilities and net assets		565,266	512,496

Consolidated Statements of Income

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

Item	Period	Six months ended September 30, 2015	Six months ended September 30, 2016
		Amount	Amount
Net sales		143,654	125,442
Cost of sales		78,615	68,425
Gross profit		65,039	57,017
Selling, general and administrative expenses:			
Sales commission		3,216	2,931
Packing and transportation expenses		4,356	3,815
Salaries and allowances		13,706	12,550
Other		25,512	24,243
Total selling, general and administrative expenses		46,791	43,541
Carryback of deferred profit on installment sales and finance lease sales		2,738	2,710
Deferred unrealized profit on installment sales and finance lease sales		2,067	2,270
Operating income		18,919	13,916
Non-operating income:			
Interest income		977	831
Dividend income		325	337
Foreign exchange gains		77	—
Other		533	911
Total non-operating income		1,913	2,080
Non-operating expenses:			
Interest expenses		130	90
Foreign exchange losses		—	2,638
Other		337	362
Total non-operating expenses		467	3,091
Ordinary income		20,365	12,905
Extraordinary income:			
Gain on sales of non-current assets		59	75
Gain on sales of investment securities		—	4
Subsidy income		1,280	—
Total extraordinary income		1,339	79
Extraordinary losses:			
Loss on sales of non-current assets		13	24
Loss on retirement of non-current assets		20	293
Other		6	—
Total extraordinary losses		40	317
Income before income taxes		21,664	12,667
Income taxes - current		7,579	3,537
Income taxes - deferred		11	383
Total income taxes		7,591	3,920
Profit		14,072	8,746
Profit attributable to non-controlling interests		195	149
Profit attributable to owners of parent		13,877	8,596

Statements of Comprehensive Income

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

Item	Period	Six months ended September 30, 2015	Six months ended September 30, 2016
	Amount	Amount	Amount
Profit		14,072	8,746
Other comprehensive income			
Valuation difference on available-for-sale securities		(998)	(1,020)
Deferred gains or losses on hedges		40	(63)
Foreign currency translation adjustment		(536)	(21,284)
Remeasurements of defined benefit plans, net of tax		30	383
Share of other comprehensive income of entities accounted for using equity method		(72)	(181)
Total other comprehensive income		(1,537)	(22,165)
Comprehensive income		12,535	(13,419)
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent		12,229	(13,108)
Comprehensive income attributable to non-controlling interests		306	(311)

Notes Regarding Assumption of Going Concern

No events to be noted for this purpose.

Notes Regarding Significant Change in Shareholders' Equity

No events to be noted for this purpose.

Segment Information

I. Six months ended September 30, 2015 (from April 1, 2015 to September 30, 2015)

Sales and income or loss by reportable segment

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

	Reportable segment			Other (Note 1)	Total	Reconciliations	Consolidated (Note 2)
	Metalworking Machinery	Metal Machine Tools	Total				
Sales							
(1) External customers	117,657	25,082	142,740	914	143,654	—	143,654
(2) Intersegment sales or transfers	27	18	45	—	45	(45)	—
Total	117,685	25,100	142,786	914	143,700	(45)	143,654
Segment profit	14,949	3,902	18,852	66	18,919	—	18,919

Notes:

1. The “Other” classification refers to businesses not included within reportable segments. It principally comprises real estate leasing and automobile leasing.
2. Segment profit is adjusted from the operating income presented in the Consolidated Statement of Income for the quarter under review.

II. Six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

1. Sales and income or loss by reportable segment

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

	Reportable segment			Other (Note 1)	Total	Reconciliations	Consolidated (Note 2)
	Metalworking Machinery	Metal Machine Tools	Total				
Sales							
(1) External customers	102,495	22,302	124,798	644	125,442	—	125,442
(2) Intersegment sales or transfers	2	15	18	—	18	(18)	—
Total	102,498	22,318	124,816	644	125,461	(18)	125,442
Segment profit	10,325	3,398	13,724	192	13,916	—	13,916

Notes:

1. The “Other” classification refers to businesses not included within reportable segments. It principally comprises real estate leasing and automobile leasing.
 2. Segment profit is adjusted from the operating income presented in the Consolidated Statement of Income for the quarter under review.
2. Matters regarding changes to reportable segments
- As stated in the “Changes in accounting policies,” the Company and its consolidated subsidiaries, in accordance with the revision of the Corporation Tax Act, changed the depreciation method from the declining-balance method to the straight-line method for facilities attached to buildings and structures acquired on or after April 1, 2016. Due to the above change, the Company also changed the depreciation method for reportable segments in the same manner.
- The impact of this change to segment profit for the six months ended September 30, 2016 is immaterial.

Supplementary Information

Status of Orders and Sales (Consolidated)

1. Orders Received

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

Business Segments	Period	Six months ended September 30, 2015				Six months ended September 30, 2016			
		Orders received		Balance of outstanding orders		Orders received		Balance of outstanding orders	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Metalworking Machinery Business		127,617	81.9	50,130	85.6	109,288	82.0	48,598	86.9
Sheet-Metal Processing Machines Division		115,748	74.3	46,050	78.6	97,377	73.1	44,010	78.7
Welding Division		11,868	7.6	4,080	7.0	11,910	8.9	4,588	8.2
Metal Machine Tools Business		27,280	17.5	8,419	14.4	23,385	17.5	7,320	13.1
Bandsaws Division		18,265	11.7	3,821	6.5	15,366	11.5	3,077	5.5
Presses Division		5,282	3.4	2,705	4.6	4,518	3.4	2,312	4.1
Machine Tools Division		3,733	2.4	1,893	3.3	3,501	2.6	1,930	3.5
Others		917	0.6	8	0.0	640	0.5	2	0.0
Total		155,815	100.0	58,558	100.0	133,314	100.0	55,921	100.0

2. Sales Results

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

Business Segments	Period	Six months ended September 30, 2015		Six months ended September 30, 2016	
		Amount	Ratio	Amount	Ratio
Metalworking Machinery Business		117,657	81.9	102,495	81.7
Sheet-Metal Processing Machines Division		106,527	74.2	91,356	72.8
Welding Division		11,129	7.7	11,139	8.9
Metal Machine Tools Business		25,082	17.5	22,302	17.8
Bandsaws Division		16,624	11.6	15,081	12.0
Presses Division		4,642	3.2	4,074	3.3
Machine Tools Division		3,816	2.7	3,147	2.5
Others		914	0.6	644	0.5
Total		143,654	100.0	125,442	100.0

Note: For "Status of Orders and Sales," amounts exclude consumption tax.

Status of Sales to Customers by Geographic Region

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

Regions	Period	Six months ended September 30, 2015		Six months ended September 30, 2016	
		Amount	Ratio	Amount	Ratio
Japan		64,225	44.7	59,410	47.4
Overseas		79,429	55.3	66,031	52.6
North America		25,179	17.5	21,798	17.4
Europe		26,702	18.6	21,948	17.5
Asia		25,438	17.7	20,823	16.6
Other regions		2,109	1.5	1,461	1.1
Total		143,654	100.0	125,442	100.0

Note: This table presents sales to customers in each geographic region by the Amada Group.