

(English Translation)

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(Securities Code: 6113)

June 7, 2017

To our shareholders:

Tsutomu Isobe

President (Representative Director)

AMADA HOLDINGS CO., LTD.

200, Ishida, Isehara-shi, Kanagawa, Japan

Notice of Convocation of the 79th Ordinary General Meeting of Shareholders

This is to inform you that the 79th 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, 2017 (Tuesday).

[Exercise of voting rights by mail]

Please send back the enclosed voting ballot to AMADA HOLDINGS CO., 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, 2017 (Wednesday) 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 79th Fiscal Term (from April 1, 2016 through March 31, 2017)
 - (2) Report on the Non-consolidated Financial Statements for the 79th Fiscal Term (from April 1, 2016 through March 31, 2017)

Matters to be Resolved:

- First Item: Distribution of retained earnings
- Second Item: Election of eight (8) Directors
- Third Item: Election of two (2) Audit & Supervisory Board Members
- Fourth Item: Election of one (1) Alternate Audit & Supervisory Board Member
- Fifth 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 42 yen per share, a 6 yen increase from the previous term to pay a year-end dividend of 18 yen per share for the Fiscal Term, having already paid 24 yen as an interim dividend.

Matters concerning the year-end cash dividend:

(1) Kind of property:

Monetary distribution

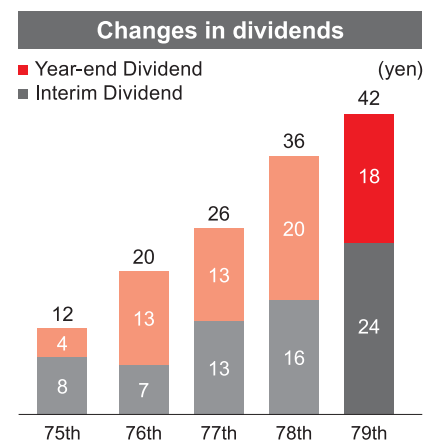
(2) Matters concerning the allocation of properties to be distributed to shareholders and the total amounts thereof:

JPY18 per common share

JPY6,581,760,696 in total

(3) Effective date of distribution of retained earnings:

June 29, 2017



Second Item:**Election of eight (8) Directors**

As the term of office for all seven (7) Directors will expire at the conclusion of this General Meeting of Shareholders, the election of eight (8) Directors is proposed, with the aim of increasing the number of Directors by one (1) in order to strengthen the supervisory functions of the Board of Directors and establish a robust management structure.

The candidates for the Directors are as follows:

Candidate Ref No.	Name		Board meeting attendance rate	Current position and responsibility in the Company or position in other companies, etc.
1	Mitsuo Okamoto	Re-election	100% (8/8 meetings)	Chairman of the Board & CEO
2	Tsutomu Isobe	Re-election	100% (8/8 meetings)	President Senior Executive General Manager of Corporate Management HQ
3	Atsushige Abe	Re-election	100% (8/8 meetings)	Senior Managing Director in charge of Human Resources Management President, AMADA ENGINEERING CO., LTD.
4	Kotaro Shibata	New	—	President and Representative Director, AMADA CO., LTD.
5	Hidekazu Kudo	New	—	Corporate Officer Senior Executive General Manager of Financial HQ
6	Michiyoshi Mazuka	Re-election Outside Independent	100% (7/7 meetings)	Outside Director
7	Toshitake Chino	Re-election Outside Independent	100% (8/8 meetings)	Outside Director
8	Hidekazu Miyoshi	Re-election Outside Independent	100% (8/8 meetings)	Outside Director

Note: Mr. Michiyoshi Mazuka's attendance ratio at the Board of Directors meetings applies only to those held after his appointment on June 28, 2016.

Candidate
Ref No.

1

Mitsuo Okamoto

Date of Birth
June 13, 1943 (74 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% (8/8 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 June 2009	Representative Director of this company President of the Company President and CEO of the Company
October 1988	General Manager of Odawara Plant of this company	April 2015	Chairman of the Board and CEO (incumbent)
June 1997	Director of this company		
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.

Candidate
Ref. No.

2

Tsutomu Isobe

Date of Birth
May 19, 1961 (56 years old)

Re-
election



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

61,000 shares

Participation in meetings of
the Board of Directors

100% (8/8 meetings)

Profile, position and responsibility in the Company

December 1985	Joined Amada Metreco Co., Ltd. (later merged to become the current Company)	June 2010	Director and Managing Director
April 2000	Joined the Company upon the merger		Senior Executive General Manager of Corporate Management HQ
April 2003	General Manager of Corporate Secretariat Office	April 2013	Director and Senior Managing Director
June 2007	Director		Senior Executive General Manager of Corporate Management HQ; Senior Executive General Manager of Financial HQ
June 2009	Executive General Manager of Corporate Planning Div. Director and Corporate Officer	April 2015	President of the Company; President and Representative Director, AMADA CO., LTD.
	Senior Executive General Manager of Corporate Planning HQ	October 2015	President; Senior Executive General Manager of Corporate Management HQ (incumbent)

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.

Candidate
Ref No.

3

Atsushige Abe

Date of Birth
February 17, 1962 (55 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% (8/8 meetings)

Profile, position and responsibility in the Company

April 1985	Joined Amada Metreco Co., Ltd. (later merged to become the current Company)	June 2012	Director and Managing Director
April 2000	Joined the Company upon the merger		Senior Executive General Manager of Human Resources & General Affairs HQ
April 2001	General Manager of Tooling Manufacturing Dept. of the Company	April 2015	Senior Managing Director
April 2006	General Manager of Human Resources Division		Senior Executive General Manager of Corporate Management HQ
April 2007	Executive General Manager of Human Resources & General Affairs Div.	October 2015	Senior Managing Director
June 2009	Director and Corporate Officer		Senior Executive General Manager of Financial HQ; in charge of Global Human Resources Dept.
	Executive General Manager of Human Resources & General Affairs Div.	October 2015	President of AMADA ENGINEERING CO., LTD. (incumbent)
		April 2017	Senior Managing Director in charge of Human Resources Management of the Company (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.

Candidate
Ref. No.

4

Kotaro Shibata

Date of Birth

January 7, 1953 (64 years old)

New



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

25,000 shares

Profile, position and responsibility in the Company

January 1980	Joined the Company	April 2013	Managing Director managing Sales
October 2001	General Manager of Punching Business Dept.	April 2015	Vice President and Director of AMADA CO., LTD.
June 2009	Corporate Officer Executive General Manager of Sales Management Div.	April 2017	President and Representative Director of AMADA CO., LTD. (incumbent)
June 2010	Director and Corporate Officer Deputy Senior Executive General Manager of Sales Management HQ		
June 2012	Director and Managing Director Deputy Senior Executive General Manager of Engineering Business HQ		

Major concurrent positions

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

Reasons for nomination as a candidate for Director

Mr. Kotaro Shibata is appropriately performing his duties as president of a sales subsidiary of the Company group. In addition to his long years of experience supervising the sales division, he has broad knowledge and experience as represented by his development of markets in Asia, such as in China and the ASEAN region. Based on these factors, we have nominated Mr. Shibata 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.

Candidate
Ref No.

5

Hidekazu Kudo

Date of Birth

March 18, 1964 (53 years old)

New



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

10,000 shares

Profile, position and responsibility in the Company

June 1988	Joined Sony Corporation	October 2013	Vice President (CFO) of Sony Korea Corporation
April 2007	Executive General Manager of Entertainment & Media Planning Administration Dept., Management Planning Div. of this company	November 2015	Joined the Company Deputy Senior Executive General Manager of Financial HQ
May 2008	AMEA Region CFO of Sony Electronics Asia Pacific Pte Ltd.	April 2016	Corporate Officer Senior Executive General Manager of Financial HQ (incumbent)

Reasons for nomination as a candidate for Director

Mr. Hidekazu Kudo is appropriately performing his duties as a Senior Executive General Manager managing the finance and accounting of the Company. His long years of engagement with administrative divisions include the position of CFO of an overseas subsidiary at his previous post, giving him broad knowledge regarding global corporate management. Based on these factors, we have nominated Mr. Kudo 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.

Candidate
Ref No.

6

Michiyoshi Mazuka

Date of Birth

October 17, 1943 (73 years old)

Re- election	Outside	Independ- ent
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No. of Shares of AMADA
HOLDINGS CO., LTD.
Held (shares)

0 shares

Number of years in office

1 year

Participation in meetings of
the Board of Directors

100% (7/7 meetings)

* Applies only to the
Board of Directors
meetings held after his
appointment on June 28,
2016.

Profile, position and responsibility in the Company

April 1968	Joined Fujitsu FACOM Co., Ltd.	April 2010	Chairman and Representative Director of this company
April 1971	Joined Fujitsu Limited		
June 2001	Director of Fujitsu Limited	June 2012	Chairman and Director of this company
June 2008	Chairman and Representative Director of this company	June 2014	Senior Executive Advisor and Director of this company
September 2009	Chairman, President and Representative Director of this company	June 2015	Outside Director of NIPPON CONCRETE INDUSTRIES CO., LTD. (incumbent)
October 2009	Member of the Executive Nomination Committee and Compensation Committee of this company	June 2016	Senior Executive Advisor of Fujitsu Limited (incumbent)
		June 2016	Outside Director of the Company (incumbent)

Major concurrent positions

- Outside Director, NIPPON CONCRETE INDUSTRIES CO., LTD.

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 the second degree 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 Advisor; however, the transactions amount to less than 1% of the consolidated sales of both companies.
4. Fujitsu Limited is not a shareholder of the Company.

Candidate
Ref No.

7

Toshitake Chino

Date of Birth

October 17, 1946 (70 years old)

Re- election	Outside	Independ- ent
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No. of Shares of AMADA
HOLDINGS CO., LTD.
Held (shares)

0 shares

Number of years in office

3 years

Participation in meetings of
the Board of Directors

100% (8/8 meetings)

Profile, position and responsibility in the Company

April 1971	Joined Nikkan Kogyo Shimbun Ltd.	March 2011	Retired as Senior Advisor of this company
April 1995	General Manager of Economics Department, Editing Bureau of this company	April 2011	Specially-appointed Professor of The University of Electro-Communications (incumbent)
June 2002	Director of this company	June 2014	Outside Director of the Company (incumbent)
June 2003	President and Representative Director of this company	April 2017	Director of Social Welfare Organization Saiseikai Imperial Gift Foundation, Inc. (incumbent)
November 2010	Retired as President and Representative Director Senior Advisor of this company		

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 the second degree 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 1% 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.

Candidate
Ref No.

8

Hidekazu Miyoshi

Date of Birth
July 17, 1950 (66 years old)

Re- election	Outside	Independ- ent
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No. of Shares of AMADA
HOLDINGS CO., LTD.
Held (shares)

9,033 shares

Number of years in office
2 years and 3 months

Participation in meetings of
the Board of Directors

100% (8/8 meetings)

Profile, position and responsibility in the Company

April 1974	Joined Miyoshi International Patent Office	August 1999	Representative Director of Miyoshi Industrial Property Rights Research Center K.K. (incumbent)
April 1978	Registered as patent attorney (current)		
April 1989	President of Miyoshi & Miyoshi (Patent Office)	April 2004	Chairman of Miyoshi & Miyoshi (Patent Office) (incumbent)
		April 2015	Outside Director of the Company (incumbent)

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 Mr. Miyoshi 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 the second degree 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 1% of the consolidated sales of the Company. They were also approximately 2% 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. There are no special interests between each of Messrs. Mitsuo Okamoto, Tsutomu Isobe, Atsushige Abe, Kotaro Shibata, Hidekazu Kudo, Michiyoshi Mazuka and Toshitake Chino and the Company.
2. Messrs. Michiyoshi Mazuka, Toshitake Chino and Hidekazu Miyoshi are candidates for Outside Director.
3. According to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company and each of Messrs. Michiyoshi Mazuka, Toshitake Chino and Hidekazu Miyoshi have entered into an agreement to limit the liability pursuant to Article 423, Paragraph 1 of the said Act to the minimum liability stipulated in Article 425, Paragraph 1 of the said Act. On condition that their reelection is approved, the Company plans to renew the agreements with them.
4. Messrs. Michiyoshi Mazuka, Toshitake Chino and Hidekazu Miyoshi are Independent Officers under the regulation of Tokyo Stock Exchange, Inc. and they, if reelected, will continue to serve as Independent Officers.
5. Fujitsu Limited, where candidate for Outside Director Mr. Michiyoshi Mazuka served as Director until June 2016, received a cease and desist order and surcharge payment order from the Fair Trade Commission in July 2016, after being found to have violated the Antimonopoly Act in regard to transactions related to equipment for electric power security communication ordered by Tokyo Electric Power Company. In addition, in February 2017, the Fair Trade Commission also recognized that Fujitsu Limited had violated the Antimonopoly Act in regard to transactions related to apparatuses for hybrid optical communication and transmission path ordered by CHUBU Electric Power Co., Inc. In this case, Fujitsu Limited applied to the Fair Trade Commission for the application of the surcharge exemption system, and as this application was approved and as well as for other reasons, Fujitsu Limited received neither a cease and desist order nor a surcharge payment order.
Furthermore, the above administrative penalties and recognition of violations refer to business activities during the period when Mr. Mazuka was in office as a Director, but he had no direct involvement in either case, and adequately fulfilled his responsibilities, including enhancing initiatives relating to compliance with laws and regulations and endeavoring to prevent reoccurrence after these cases were recognized.
6. Age of each candidate is as of the conclusion of this General Meeting of Shareholders.

Third Item:**Election of two (2) Audit & Supervisory Board Members**

As Kiyoshi Takeo and Masanori Saito will resign at the conclusion of this General Meeting of Shareholders, the election of two (2) Audit & Supervisory Board Members is proposed.

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

The candidates for the Directors are as follows:

Candidate Ref No.	Name		Audit & Supervisory Board meeting attendance rate	Board meeting attendance rate	Current position in the Company
1	Katsuhide Ito	New	—	—	Advisor
2	Seiji Nishiura	New	Outside	Independent	—

Candidate
Ref No.

1

Katsuhide Ito

Date of Birth
April 26, 1955 (62 years old)

New



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

11,000 shares

Profile, position and responsibility in the Company

April 1981	Joined the Company	April 2015	Senior Managing Director
April 2007	General Manager of Intellectual Property Dept.		Senior Executive General Manager of Sheet Metal Development HQ, AMADA ENGINEERING CO., LTD.
April 2009	Executive General Manager of Technical Administration Div.	April 2016	Corporate Officer Senior Executive General Manager of Technical Administration HQ of the Company;
June 2010	Corporate Officer Deputy Senior Executive General Manager of Sheet Metal Solution Development & Manufacturing HQ		Senior Managing Director of AMADA ENGINEERING CO., LTD
June 2013	Director and Corporate Officer Senior Executive General Manager of Sheet Metal Development HQ	April 2017	Advisor of the Company (incumbent)

Reasons for nomination as a candidate for Audit & Supervisory Board Member

In his long years of engagement with the business in development division, Mr. Katsuhide Ito has assumed key positions at a development and manufacturing subsidiary of the Company group and possesses broad knowledge in technological development and overall management. Therefore, we have nominated Mr. Ito as a candidate for Audit & Supervisory Board Member, having determined that he is an appropriate candidate capable of providing audit in an objective and fair manner.



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

0 shares

Profile, position and responsibility in the Company

April 1971	Joined Fukuoka Regional Taxation Bureau	July 2012	District Director of Kamakura Tax Office
July 2003	Special Examiner of First Large Enterprise Examination Dept. of Osaka Regional Taxation Bureau	July 2013	Resigned as District Director of this office
July 2005	Deputy District Director of Atsugi Tax Office	August 2013	Registered as a tax accountant (current)
July 2008	Chief Examiner of Third Large Enterprise Examination Dept. of Tokyo Regional Taxation Bureau	August 2013	Head of Nishiura Tax Accountant Office (incumbent)

Major concurrent positions

- Head, Nishiura Tax Accountant Office

Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member

Mr. Seiji Nishiura, who served as district director of tax offices, etc., is well-versed in corporate taxation as a tax accountant and possesses high-level professional expertise in finance and accounting. Therefore, although Mr. Nishiura has never been directly involved in the management of a company, we have nominated him as a candidate for 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

1. Mr. Seiji Nishiura and all of his family members (including family members within the second degree 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. Seiji Nishiura and all of his family members have never assumed any executive roles (including non-business executors) at the Company group in the past.
3. The Company group does not have transaction relationships with Nishiura Tax Accountant Office, where Mr. Seiji Nishiura currently serves as Head.
4. Nishiura Tax Accountant Office is not a shareholder of the Company.

(Notes)

1. There are no special interests between each of Messrs. Katsuhide Ito and Seiji Nishiura and the Company.
2. Mr. Seiji Nishiura is a candidate for Outside Audit & Supervisory Board Member.
3. If Mr. Seiji Nishiura assumes the office of Outside Audit & 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. Nishiura 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. Mr. Seiji Nishiura will be notified as an Independent Officer stipulated by the regulation of Tokyo Stock Exchange, Inc., if Mr. Nishiura assumes the office of Outside Audit & Supervisory Board Member.
5. Age of each candidate is as of the conclusion of this General Meeting of Shareholders.

Fourth 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	Date of Birth August 17, 1947 (69 years old)	<div>Outside</div> <div>Independent</div>	
No. of Shares of AMADA HOLDINGS CO., LTD. Held (shares) 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"> 1. Mr. Makoto Murata and all of his family members (including family members within the second degree 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. 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. 			

(Notes)

1. Mr. Makoto Murata is a fill-in candidate for Outside Audit & Supervisory Board Member.
2. There are no special interests between Mr. Makoto Murata and the Company.
3. If Mr. Makoto Murata assumes the office of Outside Audit & 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.
4. Mr. Makoto Murata will be notified as an Independent Officer stipulated by the regulation of Tokyo Stock Exchange, Inc., if Mr. Murata assumes the office of Outside Audit & Supervisory Board Member.
5. Age is as of the conclusion of this General Meeting of Shareholders.

(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

Fifth 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 four (4) Directors, excluding Outside Directors, incumbent as of the end of the fiscal term, totaling 160,000,000 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.

(Appendix)

Business Report
(April 1, 2016 to March 31, 2017)

1. Matters Concerning the State of the Company Group





(1) Business Progress and Results

◆ Overview

As an integrated company of metalworking machinery, the Company group presented the optimal solutions to contribute to the “monozukuri” (manufacturing) of customers globally, based on the Sheet-Metal Processing Machines Division, the Welding Division, the Bandsaws Division, the Presses Division and the Machine Tools Division and has endeavored to strengthen product appeal and cost competitiveness to prevail in an intense competitive environment.

Regarding the consolidated operating results for the fiscal year under review, net sales were 278,840 million yen (down 8.3% YoY). Net sales in Japan were 131,203 million yen (down 6.1% YoY) due to reactionary decline of an increase in demand stimulated by energy saving subsidies provided in the previous fiscal year. Despite concerns surrounding the uncertainty of policies by new administration in the U.S. and the economic impact on Europe as a whole of the U.K.’s decision to withdraw from the European Union, net sales overseas showed signs of recovery due to recovery in capital investments and increase in personal consumption. However, overall net sales overseas were 147,637 million yen (down 10.1% YoY) due to the stronger yen compared with the previous fiscal year.

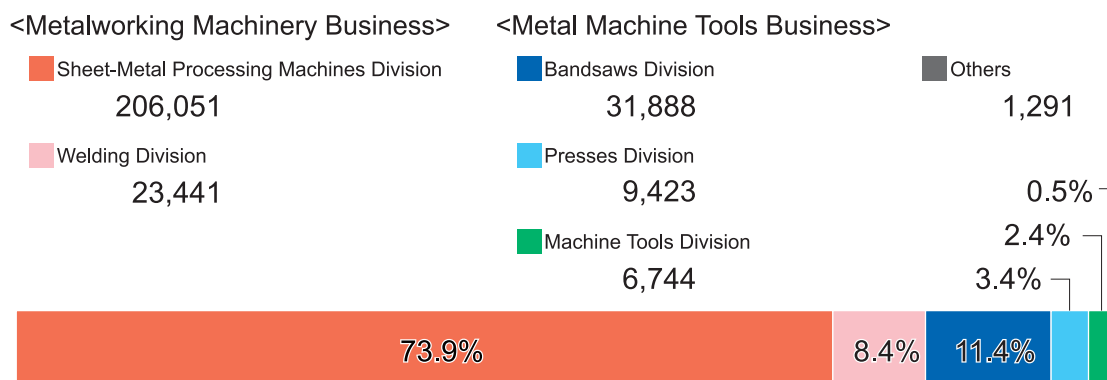
Regarding profit and loss, the Company improved selling prices by introducing new products and cut costs by streamlining manufacturing. However, operating income, ordinary income and profit attributable to owners of parent decreased, respectively, to 33,030 million yen (down 22.3% YoY), 34,307 million yen (down 20.5% YoY) and 25,894 million yen (down 5.6% YoY) due to a decrease in sales in Japan and deteriorated profitability as a result of yen appreciation.

Net Sales	Ordinary Income
278,840 million yen <small>down 8.3% YoY</small> 	34,307 million yen <small>down 20.5% YoY</small> 
Operating Income	Profit Attributable to Owners of Parent
33,030 million yen <small>down 22.3% YoY</small> 	25,894 million yen <small>down 5.6% YoY</small> 
The average exchange rate during the period	USD 108.42 yen EUR 118.84 yen

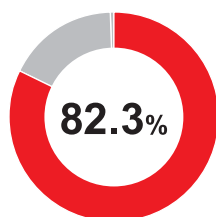
◆ Operational Overview by Major Business

Net sales by major business are as indicated below. The Metalworking Machinery Business's sales decreased by 8.5% year on year while those of the Metal Machine Tools Business decreased by 6.6% year on year.

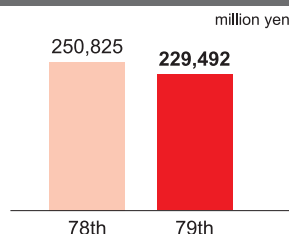
Sales Composition by Major Business (million yen)



Sales Composition



Net Sales



Metalworking Machinery Business

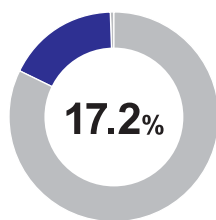
Net sales in the Metalworking Machinery Business were 229,492 million yen (down 8.5% YoY). In the Sheet-Metal Processing Machines Division, sales of our mainstay fiber laser products and automated bending products that meet rapidly increasing labor-saving needs, expanded in Asia, Europe and the U.S. However, due to reactionary decline of an increase in demand stimulated by energy saving subsidies in Japan, net sales decreased to 206,051 million yen (down 9.6% YoY).

Meanwhile, in the Welding Division, sales of laser welder equipment for automotive and communications equipment expanded, resulting in net sales of 23,441 million yen (up 2.7% YoY).

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

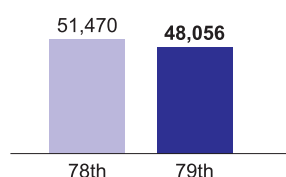
- 1) Launched new products to expand sales of fiber laser, our strategic business (the ACIES-AJ series, ML-6811C/ML-6810C)
- 2) Expanded sales of automated bending products designed to meet labor-saving needs
- 3) Proposed manufacturing innovation with V-factory/Smart Factory, leveraging IoT technologies
- 4) Establishment of overseas technical centers as bases for consulting sales (Thailand and Taiwan)
- 5) Promoted the ASEAN integration strategy with the establishment of AMADA ASIA PACIFIC CO., LTD., a regional headquarters in ASEAN
- 6) Active participation in trade shows in and out of Japan (JIMTOF, EuroBLECH, Fabtech, CeBIT, etc.)
- 7) Promoted cost reduction by strengthening alliance with a U.S.-based laser oscillator manufacturer

Sales Composition



Net Sales

million yen



Metal Machine Tools Business

Net sales in the Metal Machine Tools Business were 48,056 million yen (down 6.6% YoY). Despite recovery of domestic sales in grinder products for industrial machinery and electrical and electric equipment and expanded sales of stamping presses in China, sales declined due to sluggish sales in Asia and unfavorable impact of foreign exchange rates due to the yen appreciation.

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

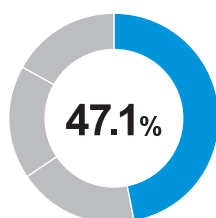
- 1) Launched “HPSAW-310,” a new bandsaw product which is twice as productive as carbide round bandsaws
- 2) Expanded line-up of carbide tipped blades (the AXCELA series)
- 3) Proposed high value-added molding and high-precision machining with Digital AC Servo Press the SDE series “GORIKI”
- 4) Active participation in trade shows in and out of Japan (JIMTOF, INTERMOLD, IMTS, MWCS, etc.)
- 5) Strengthened sales and improved effectiveness in business operation by integrating Sheet-Metal Processing Machines with the Welding Division, through integration of subsidiaries in Thailand

◆ Operational Overview by Region

Net sales by region decreased by 6.1% and 10.1%, respectively, in Japan and overseas. The overseas sales ratio was 52.9% compared to 54.0% in the previous fiscal year.

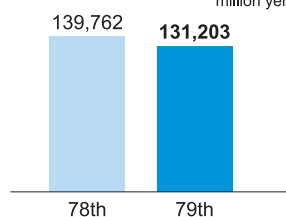
Status of operation by major region is as follows.

Sales Composition



Net Sales

million yen

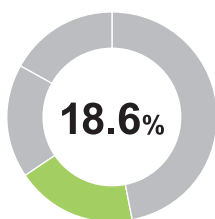


Japan

In Japan, the economy moved toward a moderate recovery backed by improvements in employment and income conditions, however, exchange rates and stock markets were unstable due mainly to the U.K.’s decision to withdraw from the European Union and the result of the presidential election in the U.S.

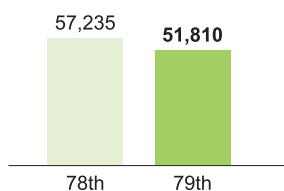
Under such circumstances, the Company group experienced improved performance in the Machine Tools Division for industrial machinery and electrical and electronic equipment. Performance in the Bandsaws Division and Welding Division was generally on par with the previous fiscal year. On the other hand, sales in our mainstay Sheet-Metal Processing Machines Division dropped due to reactionary decline of an increase in demand stimulated by energy saving subsidies provided in the previous fiscal year, resulting in net sales of 131,203 million yen (down 6.1% YoY).

Sales Composition



Net Sales

million yen

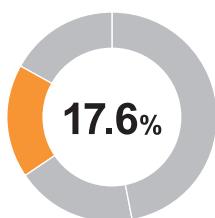


North America

In North America, despite some hesitancy with regard to the U.S. presidential election, etc., the economy was steady due to improvement in employment and income conditions.

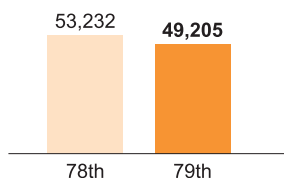
Under such circumstances, despite an increase in sales on a local currency basis driven by steady performance in the U.S. and the recovery in Canada, net sales in North America were 51,810 million yen (down 9.5% YoY) due to the impact of yen appreciation.

Sales Composition



Net Sales

million yen

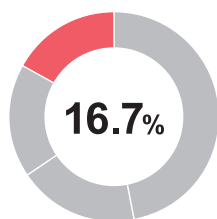


Europe

In Europe, the economy moved toward a moderate recovery, despite a slowdown in the U.K. caused by its decision to withdraw from the European Union.

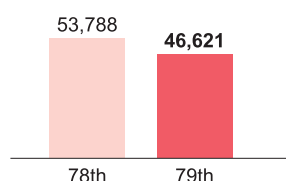
Under such circumstances, despite the slowdown in the U.K., the Company group saw increased sales on a local currency basis due to steady performance in Germany and Italy. Net sales in Europe were 49,205 million yen (down 7.6% YoY) due to the impact of yen appreciation.

Sales Composition



Net Sales

million yen



Asia and other regions

In Asia and other regions, there were signs of bottoming out in China driven by various government policies. However, the economy remained sluggish in resource countries.

Under such circumstances, the Company group saw expansion in India and the ASEAN region in line with establishment of a new technical center in Thailand. Net sales in Asia and other regions were 46,621 million yen (down 13.3% YoY) due to slow recovery in resource countries in South America and the Middle East, etc.

(2) Capital Investment

During the fiscal year under review, the Company group invested 19,574 million yen in property, plant and equipment.

In addition, expenditure for acquiring software for internal use and other intangible assets was 3,992 million yen.

Key capital investments were as follows.

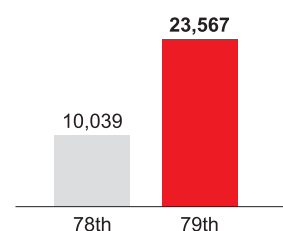
1. Construction of a tooling plant for punching machines at Toki Works.
2. Renovation of buildings and disaster-mitigation works as a BCP measure at Isehara Works.
3. Development of the global management infrastructure system A-Gbit.

(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 23,567 million yen.

Capital Investment

million yen



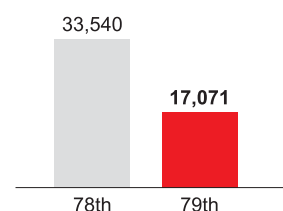
(3) Fund Procurement

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 the fiscal year under review decreased by 16,469 million yen from the end of the previous fiscal year to 17,071 million yen.

Borrowings

million yen



(4) Challenges to face

◆ Basic policy of company management

Based on five Management Philosophies, “Growing Together with Our Customers,” “Contribute to the international community through our business,” “Develop human resources who pursue creative and challenging activities,” “Conduct sound corporate activities based on high ethics and fairness,” and “Take good care of people and the earth environment,” the Company group will respond promptly and accurately to changes in market conditions and rapid diversifying needs of our customers. Through strategic and effective use of management resources in and out of the Company, it will also provide optimal solutions to each of its business fields including metalworking machinery and metal machine tools, as well as related software, information network system and technical services, aiming for promotion of long-term growth, creation of a socially-contributing company and sustainable enhancement of corporate value.

◆ Medium- to long-term company management strategy and challenges to face

The Company group celebrated its 70th anniversary in September 2016, and formulated the Medium Term Management Plan “Task321” covering from FY2016 to FY2020. This is a reform initiative envisioning the Company in the next decade and 100 years beyond.

Task321 aims to achieve the following three goals.

- Expansion of net sales by 30% (400 billion yen in FY2020)
- Increase of recurring ordinary income ratio by 20% (80 billion yen in FY2020)
- ROE at 10%

Toward achieving the Task321, the Company will strive to 1) make proactive strategic investments, 2) expand the sales network and enhance product appeal, 3) implement growth strategies through the development of new business models, 4) further enhance profitability and efficiency by promoting the manufacturing innovation in which integrating development and manufacturing, and 5) building a supply chain management (SCM*) system that utilizes the IoT, and 6) enhance capital productivity by reforming the balance sheets.

In addition, the Company will implement initiatives for strengthening a corporate governance structure and environmental and CSR activities.

Specific measures are as follows.

1) Execution of growth strategy (Expansion of net sales by 30%)

- Expansion of laser business by strengthening product appeal of fiber laser, which is tailored toward energy-saving and high-precision machining
- Promotion of automation business by utilizing robot and software technologies, in response to demand for energy-saving products
- Strengthening manufacturing proposal on V-factory/Smart Factory leveraging IoT technology
- Development of new markets including the new material field, based on accumulated know-how, M&As and alliance

2) Establishment of robust profit structure (Ordinary income ratio of 20%)

- Pursuing QCD by the manufacturing innovation which integrates development and manufacturing
- Realizing high-quality manufacturing on a global scale by building an IoT manufacturing system
- Enhancing quality and efficiency of services through preventative and predictive maintenance utilizing big data analysis
- Implementing a differentiation strategy by making high-value-added engineering

proposals utilizing consulting sales bases

- 3) Enhancement of corporate value through improving the capital productivity (ROE at 10%)
 - Reduction of lead-time through local production and optimization of inventory assets by building regional SCM structures
 - Liquidation of accounts receivable by restructuring commercial credit business
 - Consolidation and sale of non-core assets, including leasing and securities, based on profitability evaluation
- 4) Proactive ESG initiatives
 - Product planning and creation of an environment-friendly production structure based on “AMADA GREEN ACTION”
 - Aim to be a company that is indispensable for society, through activities that contribute to society in a wide range of areas, such as local communities, culture, education and sports
 - Development of corporate governance structure for sound corporate activities based upon high ethical standards and fairness

The Company group will strive to further enhance its corporate value by achieving Medium Term Management Plan Task321, and aim to establish its position as the leading manufacturer of metalworking machines by steadily promoting and implementing the initiatives described above.

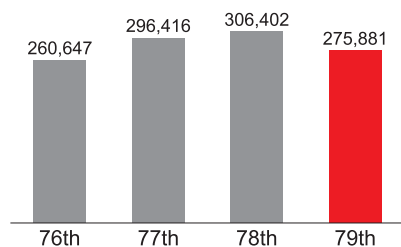
* SCM (supply chain management) is a management technique that reviews the flow from raw material suppliers to the final consumers in an integrated manner to realize an efficient and optimal process as a whole.

(5) Changes in Operating Results and Financial Position

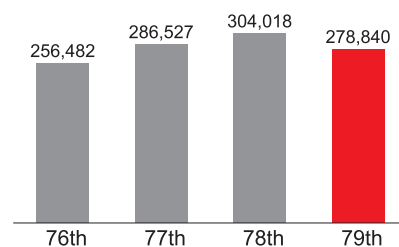
Fiscal year Classification		76th (From April 1, 2013 to March 31, 2014)	77th (From April 1, 2014 to March 31, 2015)	78th (From April 1, 2015 to March 31, 2016)	79th (current term) (From April 1, 2016 to March 31, 2017)
Orders	Million yen	260,647	296,416	306,402	275,881
Net sales	Million yen	256,482	286,527	304,018	278,840
Ordinary income	Million yen	20,680	33,277	43,157	34,307
Profit attributable to owners of parent	Million yen	12,184	18,423	27,425	25,894
Profit per share	Yen	31.89	49.18	74.56	70.85
Total assets	Million yen	552,729	573,537	565,266	533,433
Net assets	Million yen	417,002	426,481	419,380	419,970
Net assets per share	Yen	1,083.49	1,133.51	1,139.17	1,139.87
Equity ratio	%	74.9	73.8	73.6	78.1
Rate of return on equity (ROE)	%	3.1	4.4	6.5	6.2

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).

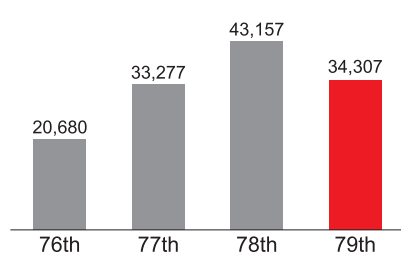
Orders million yen



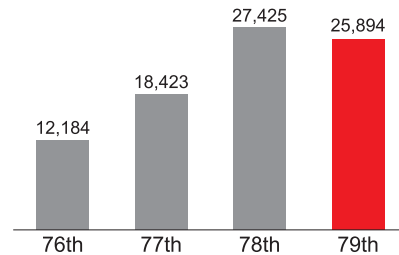
Net Sales million yen



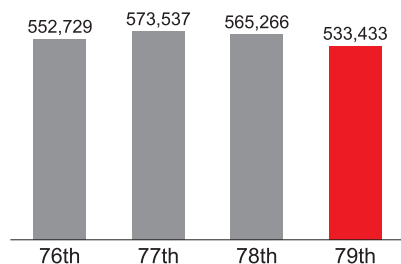
Ordinary Income million yen



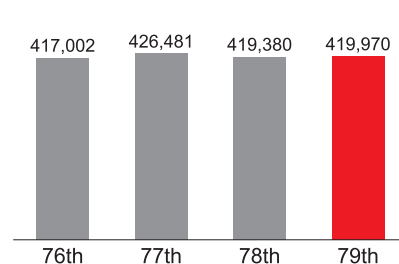
Profit Attributable to Owners of Parent million yen



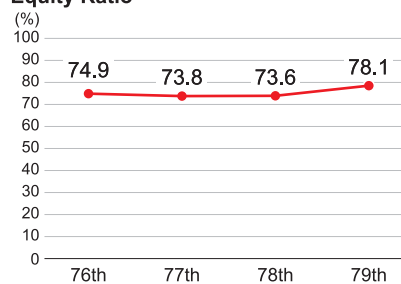
Total Assets million yen



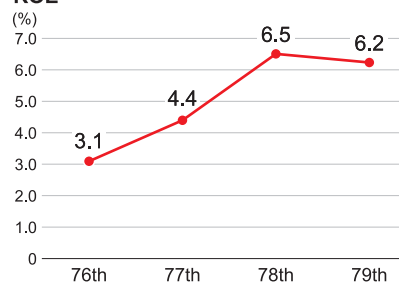
Nest Assets million yen



Equity Ratio



ROE



(6) Major Subsidiaries (as of March 31, 2017)

1) Major Subsidiaries

Company Name	Capital	Percentage of Voting Rights Held	Major Activities
AMADA CO., LTD.	Million yen 5,000	% 100.00	Sale of sheet metal processing products
AMADA ENGINEERING CO., LTD.	Million yen 490	100.00	Development and manufacture of sheet metal processing products
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.	Million yen 400	100.00	Development, manufacture and sale of metal cutting, stamping presses, and machine tools
AMADA AUTOMATION SYSTEMS CO., LTD.	Million yen 80	100.00	Manufacture of peripheral equipment of sheet metal processing products
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 products
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 products in North American markets and manufacture of sheet metal processing products
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 products in Canada
AMADA de MEXICO, S. de R.L. de C.V. (Mexico)	Thousand peso 2,000	* 100.00	Sale of sheet metal processing products in Mexico
AMADA UNITED KINGDOM LTD. (U.K.)	Thousand pounds 2,606	100.00	Sale of sheet metal processing products in U.K.
AMADA GmbH (Germany)	Thousand euros 6,474	* 100.00	Sale of sheet metal processing products in Germany
AMADA MACHINE TOOLS EUROPE GmbH (Germany)	Thousand euros 6,000	* 100.00	Sale of metal cutting machines and machine tools in Europe
AMADA EUROPE S.A. (France)	Thousand euros 28,491	100.00	Management of local subsidiaries in Europe Manufacture of sheet metal processing products
AMADA S.A. (France)	Thousand euros 8,677	* 100.00	Sale of sheet metal processing products in France
AMADA ITALIA S.r.l. (Italy)	Thousand euros 21,136	* 100.00	Sale of sheet metal processing products 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 products in Sweden
AMADA OOO (Russia)	Thousand rubles 7,300	* 100.00	Sale of sheet metal processing products in Russia
AMADA MAKINA TEKNOLOJİ SANAYİ VE TİCARET LTD. STİ. (Turkey)	Thousand lira 6,000	100.00	Sale of sheet metal processing products 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 products in China

Company Name	Capital	Percentage of Voting Rights Held	Major Activities
BEIJING AMADA MACHINE & TOOLING CO., LTD. (China)	Thousand USD 800	* 100.00	Sale of sheet metal processing products in China
AMADA INTERNATIONAL INDUSTRY & TRADING (SHANGHAI) CO., LTD. (China)	Thousand USD 500	* 100.00	Sale of sheet metal processing products in China
AMADA SHANGHAI MACHINE TECH CO., LTD. (China)	Million yen 4,094	* 100.00	Manufacture of sheet metal processing products
AMADA INTERNATIONAL TRADING (SHENZHEN) CO., LTD. (China)	Thousand USD 300	* 100.00	Sale of sheet metal processing products in China
AMADA LIANYUNGANG MACHINERY CO., LTD. (China)	Million yen 796	* 100.00	Manufacture of band saw blades
AMADA LIANYUNGANG MACHINE TOOL CO., LTD. (China)	Thousand USD 5,880	* 100.00	Manufacture of band saw blades
AMADA TAIWAN INC. (Taiwan)	Thousand NT dollars 82,670	* 75.00	Sale of sheet metal processing products in Taiwan
AMADA KOREA CO., LTD. (Korea)	Million won 14,200	* 100.00	Sale of sheet metal processing products in Korea
AMADA ASIA PACIFIC CO., LTD. (Thailand)	Thousand bahts 517,638	* 100.00	Management of local subsidiaries in ASEAN countries
AMADA (THAILAND) CO., LTD. (Thailand)	Thousand bahts 476,000	* 100.00	Sale of sheet metal processing products in Thailand
AMADA SINGAPORE (1989) PTE LTD. (Singapore)	Thousand SGD 400	* 100.00	Sale of sheet metal processing products in ASEAN countries
AMADA (MALAYSIA) SDN. BHD. (Malaysia)	Thousand ringgits 1,000	* 100.00	Sale of sheet metal processing products in Malaysia
AMADA VIETNAM CO., LTD. (Vietnam)	Million dong 8,500	* 100.00	Sale of sheet metal processing products in Vietnam
AMADA (INDIA) PVT. LTD. (India)	Thousand rupees 87,210	* 100.00	Sale of sheet metal processing products in India
AMADA OCEANIA PTY LTD. (Australia)	Thousand AUD 6,450	* 100.00	Sale of sheet metal processing products in Oceania
AMADA DO BRASIL LTDA. (Brazil)	Thousand reals 35,600	* 100.00	Sale of sheet metal processing products in Brazil

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

2) Specified wholly-owned subsidiary

Not applicable.

(7) Main Businesses (As of March 31, 2017)

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, 2017)

1) Domestic

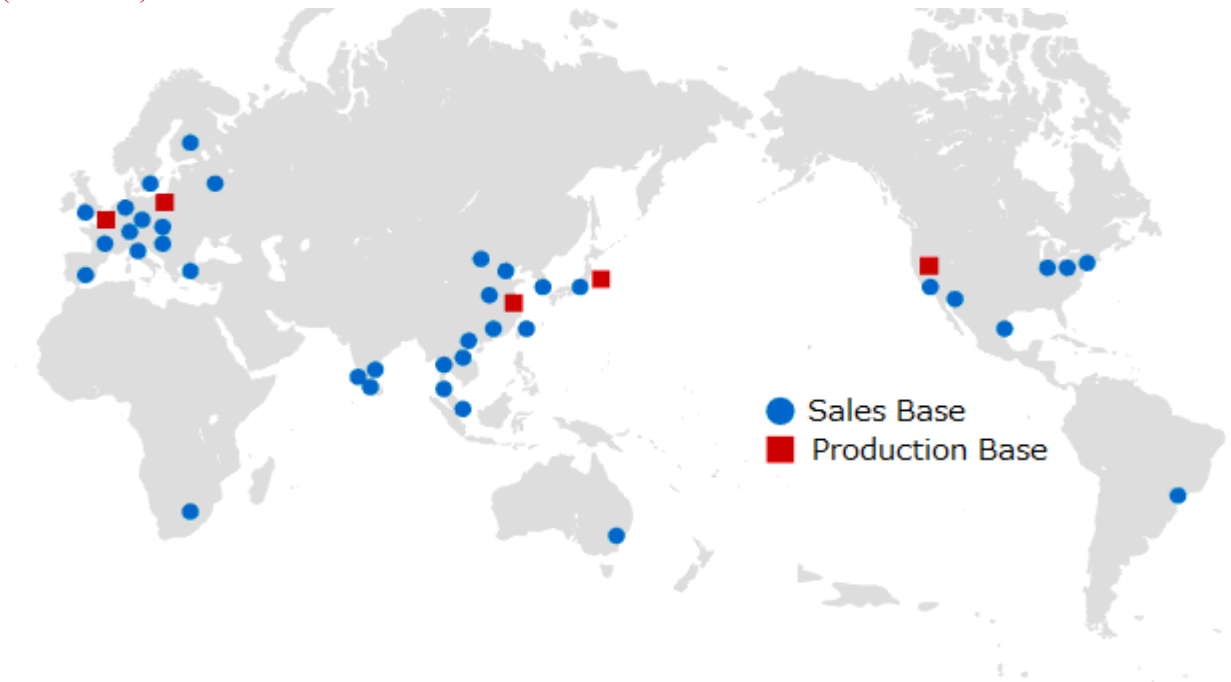
Head Office, core functions	Isehara Works of the Company Group (Kanagawa)	
Development and manufacturing bases	AMADA ENGINEERING CO., LTD. (Fujinomiya Works) (*1) AMADA MACHINE TOOLS CO., LTD. (Ono Plant) (Hyogo) AMADA MIYACHI CO., LTD. (Noda Plant) (Chiba) AMADA MACHINE TOOLS CO., LTD. (Toki Works) (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.)
	Europe	AMADA EUROPE S.A. (France)
	Asia	AMADA (CHINA) CO., LTD. (China) AMADA ASIA PACIFIC CO., LTD. (Thailand)
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. (Korea) AMADA SINGAPORE (1989) PTE LTD. (Singapore) AMADA (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. Industrial site in Charleville-Mézières, etc. (France) AMADA AUSTRIA GmbH (Austria)
	Asia	AMADA LIANYUNGANG MACHINERY CO., LTD. (China) AMADA LIANYUNGANG MACHINE TOOL CO., LTD. (China) AMADA SHANGHAI MACHINE TECH CO., LTD. (China)

(Reference) Global Networks



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, 2017)

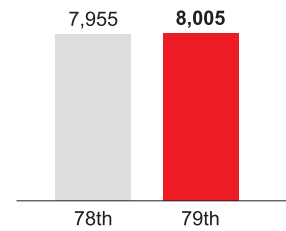
1) The Company Group

Number of employees	Change from the end of previous fiscal year
8,005	Up 50

2) The Company

Number of employees	Change from the end of previous fiscal year
241	Up 40
Average age	Average service years
46.0	19.7

Number of Employees

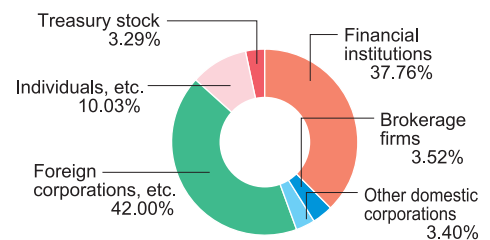


(Note) The 40 increase in the number of the Company's employees from the end of previous fiscal year is due to transfers from group subsidiaries following an organizational change.

2. Shares of the Company (As of March 31, 2017)

- (1) Total Number of Shares Authorized 550,000,000
 (2) Total Number of Shares Issued 378,115,217
 (including 12,461,845 treasury shares)
 (3) Total Number of Shareholders 31,469

Distribution of shareholdship by type of shareholder



(4) Major Shareholders

Name of shareholder	Number of shares owned	Ratio of shareholding (*)
Japan Trustee Services Bank, Ltd. (Trust accounts)	Thousand shares 45,633	% 12.48
The Master Trust Bank of Japan, Ltd. (Trust accounts)	30,366	8.30
Trust & Custody Services Bank, Ltd. (Trust accounts)	12,654	3.46
Mizuho Bank, Ltd.	10,500	2.87
The AMADA FOUNDATION	9,936	2.72
THE BANK OF NEW YORK 133972	8,419	2.30
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	8,210	2.25
BNP PARIBAS SEC SERVICES LUXEMBOURG/JASDEC/ABERDEEN GLOBAL CLIENT ASSETS	6,662	1.82
Nippon Life Insurance Company	6,034	1.65
STATE STREET BANK AND TRUST COMPANY 505225	5,997	1.64

(*) The number of treasury shares (12,461,845 shares) is excluded from the calculation of the shareholding ratio.

(5) Other Important Matters Concerning Shares

Not applicable.

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:

318

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

318,000 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	24	1
Audit & Supervisory Board Members	—	—

Note: No share acquisition rights are held by outside officers.

4. Directors and Audit & Supervisory Board Members

(1) Name of Directors and Audit & Supervisory Board Members (As of March 31, 2017)

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 and Representative Director, 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	In charge of Global Human Resources Dept. (President, AMADA ENGINEERING CO., LTD.)
Director	Yasuhiro Kawashita	Senior Executive General Manager of Overseas Business HQ (President of AMADA OOO, Russia)
Outside Director	Michiyoshi Mazuka	(Outside Director of NIPPON CONCRETE INDUSTRIES CO., LTD.)
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 (Head, Saito Masanori Certified Public Tax Accountant Office)
Outside Audit & Supervisory Board Member	Akira Takenouchi	Lawyer (Makoto Tsuji Law Office)

Notes:

1. Mr. Michiyoshi Mazuka was newly elected as Director at the 78th Ordinary General Meeting of Shareholders held on June 28, 2016 and assumed office.
2. Directors Mr. Koji Yamamoto and Mr. Kazuo Nakamura resigned at the conclusion of the 78th Ordinary General Meeting of Shareholders held on June 28, 2016 due to the expiration of their terms of office.
3. 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.
4. Mr. Masanori Saito, an Outside Audit & Supervisory Board Member, is a certified tax accountant and he has in-depth knowledge in finance and accounting.
5. Director Michiyoshi Mazuka, Toshitake Chino and Hidekazu Miyoshi are Outside Directors as prescribed in Article 2, Item 15 of the Companies Act. Also, the Company has notified to Tokyo Stock Exchange, Inc. that the Company has designated Messrs. Mazuka, Chino and Miyoshi as Outside Officers as prescribed in the regulations of the Exchange.
6. 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 Tokyo Stock Exchange, Inc. 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 Article 425, Paragraph 1 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 (3)	305 million yen (19 million yen)
Audit & Supervisory Board Members (Outside)	4 (2)	33 million yen (9 million yen)
Total	13	339 million yen

Note: The amount of compensation, etc. for Directors includes the expected director bonus of 160 million yen, which is a resolution item of the 79th Ordinary General Meeting of Shareholders.

(4) Matters Concerning Outside Officers

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

Category	Name	Name of other organizations	Positions held in other organizations	Relationships between those organizations and the Company
Director	Michiyoshi Mazuka	NIPPON CONCRETE INDUSTRIES CO., LTD.	Outside Director	There is no special relationship.
	Toshitake Chino	—	—	—
	Hidekazu Miyoshi	Miyoshi & Miyoshi (Patent Office)	Chairman	The Company has transaction relationships with the companies. (Note)
		Miyoshi Industrial Property Rights Research Center K.K.	Representative Director	
Audit & Supervisory Board Member	Masanori Saito	Saito Masanori Certified Public Tax Accountant Office	Director	There is no special relationship.
	Akira Takenouchi	Makoto Tsuji Law Office	—	There is no special relationship.

Note: 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 Miyoshi Industrial Property Rights Research Center K.K., where Mr. Miyoshi serves as the Representative Director; however, the transaction amounts were small, and only constituted less than 1% of the consolidated sales of the Company group. They were also approximately 2% of sales of Miyoshi & Miyoshi and the affiliated companies thereof.

2) Major activities during the current business year

Category	Name	Major activities
Director	Michiyoshi Mazuka	Attended all 7 Board of Directors meetings held during the current fiscal year and expressed his opinions based on his professional expertise as former business manager at a global company as well as experience of serving as a member of various advisory committees related to corporate governance.
	Toshitake Chino	Attended all 8 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	Attended all 8 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.
Audit & Supervisory Board Member	Masanori Saito	Attended all 8 Board of Directors meetings and all 8 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	Attended all 8 Board of Directors meetings and all 8 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: Number of Mr. Michiyoshi Mazuka's attendance at the Board of Directors meetings applies only to those held after his appointment on June 28, 2016.

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

132 million yen

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

182 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 Article 2, Paragraph 1 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.

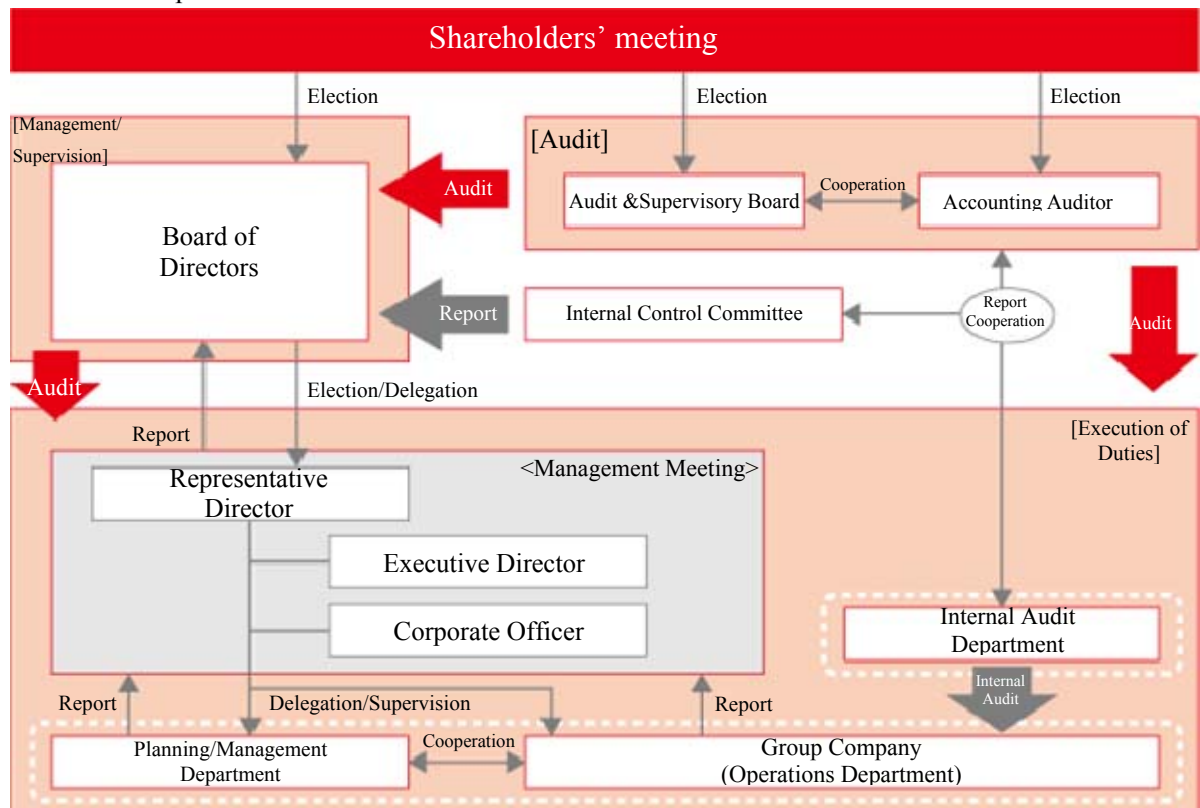
6. Corporate Governance Structure

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

Based on the above basic policies regarding the development of frameworks, the Company implements the following measures.

 - 1) Measures related to compliance

The Internal Control Committee was established in 2009, and its 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 acting as

contact points. Whistleblowers and persons aiding an investigation are protected by the “Internal Reporting Rules” to ensure they are not subject to unfavorable treatment on the grounds of such report. In the fiscal year under review, the Company conducted activities such as newly establishing a portal website for promoting compliance education.

2) Measures related to 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 eight times in the business year under review. In addition, three 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) Measures related to risk management

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 during the risk event. Individual risks are managed and controlled by Expert Committees, such as the Health and Safety Committee, BCP Committee, Export Control Center, and Environment Promotion Committee.

In addition, in the fiscal year under review, the Company established the Risk Management Subcommittee within the Internal Control Committee, determined policies relating to important risks at the Group level, such as those pertaining to personnel, property, money, and information, and developed a framework for taking countermeasures.

4) Measures related to 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” to improve operational efficiency and optimization. A department in charge of each Group company is determined, and the head of the department shall be in charge of its management, and actively perform the role of guiding 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. In the fiscal year under review, the Company established persons responsible for internal controls in each Group company, and created a framework for developing a system of internal controls at each company through coordination with the Internal Control Committee.

5) Measures related to audit by 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.

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, 2017)	(Reference) Previous fiscal year (As of March 31, 2016)	Item	Current fiscal year (As of March 31, 2017)	(Reference) Previous fiscal year (As of March 31, 2016)
(Assets)			(Liabilities)		
Current assets			Current liabilities		
Cash and deposits	75,503	79,434	Notes and accounts payable - trade	16,722	18,359
Notes and accounts receivable - trade	127,202	137,839	Electronically recorded obligations - operating	19,232	17,561
Lease investment assets	14,254	13,781	Short-term loans payable	13,705	25,797
Securities	30,527	51,751	Lease obligations	218	269
Merchandise and finished goods	50,767	54,194	Income taxes payable	3,620	9,583
Work in process	7,397	8,364	Deferred tax liabilities	8	284
Raw materials and supplies	12,527	15,358	Provision for bonuses	3,503	3,727
Deferred tax assets	8,329	7,505	Provision for directors' bonuses	275	347
Other	7,365	6,419	Unrealized income on installment sales	13,731	13,923
Allowance for doubtful accounts	(1,966)	(2,301)	Other	25,722	28,068
Total current assets	331,909	372,347	Total current liabilities	96,743	117,923
Non-current assets			Non-current liabilities		
Property, plant and equipment			Long-term loans payable	3,366	7,743
Buildings and structures	56,294	57,599	Lease obligations	163	302
Machinery, equipment and vehicles	9,813	10,852	Deferred tax liabilities	199	432
Tools, furniture and fixtures	3,625	3,514	Deferred tax liabilities for land revaluation	473	473
Assets for rent	10,971	10,875	Provision for directors' retirement benefits	78	61
Land	40,106	40,157	Net defined benefit liability	5,274	11,936
Leased assets	176	224	Long-term guarantee deposited	3,012	3,071
Construction in progress	11,020	1,509	Other	4,152	3,942
Total property, plant and equipment	132,009	124,733	Total non-current liabilities	16,719	27,962
Intangible assets			Total Liabilities	113,462	145,885
Goodwill	1,153	1,601	(Net Assets)		
Software	6,877	4,044	Shareholders' equity		
Leased assets	—	4	Capital stock	54,768	54,768
Other	959	879	Capital surplus	163,199	163,199
Total intangible assets	8,990	6,529	Retained earnings	226,500	217,253
Investments and other assets			Treasury shares	(11,841)	(12,139)
Investment securities	51,137	49,187	Total shareholders' equity	432,626	423,081
Long-term loans receivable	47	85	Accumulated other comprehensive income		
Deferred tax assets	5,965	7,488	Valuation difference on available-for-sale securities	(552)	(891)
Net defined benefit asset	135	121	Deferred gains or losses on hedges	(114)	128
Other	3,527	5,081	Revaluation reserve for land	(9,221)	(9,221)
Allowance for doubtful accounts	(290)	(310)	Foreign currency translation adjustment	(4,847)	6,385
Total investments and other assets	60,523	61,654	Remeasurements of defined benefit plans	(1,093)	(3,301)
Total non-current assets	201,523	192,918	Total accumulated other comprehensive income	(15,829)	(6,899)
Total Assets	533,433	565,266	Subscription rights to shares	36	73
			Non-controlling interests	3,137	3,125
			Total Net Assets	419,970	419,380
			Total Liabilities and Net Assets	533,433	565,266

(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, 2016 to March 31, 2017)	(Reference) Previous fiscal year (From April 1, 2015 to March 31, 2016)
Net sales	278,840	304,018
Cost of sales	155,916	167,813
Gross profit	122,923	136,204
Selling, general and administrative expenses	89,993	94,726
Carryback of deferred income on installment sales and finance lease sales	5,197	5,055
Deferred unrealized income on installment sales and finance lease sales	5,097	4,007
Operating income	33,030	42,526
Non-operating income	3,652	3,547
Interest income	1,617	1,874
Dividend income	627	640
Commission fee	1	34
Gain on sales of investment securities	163	—
Share of profit of entities accounted for using equity method	347	154
Gain on valuation of derivatives	—	39
Other	894	802
Non-operating expenses	2,375	2,916
Interest expenses	166	286
Loss on sales of investment securities	145	—
Loss on valuation of derivatives	16	—
Foreign exchange losses	1,625	2,084
Other	420	545
Ordinary income	34,307	43,157
Extraordinary income	2,612	1,355
Gain on sales of non-current assets	128	75
Gain on sales of investment securities	4	—
Gain on revision of retirement benefit plan	2,479	—
Subsidy income	—	1,280
Extraordinary losses	700	1,401
Loss on sales of non-current assets	29	131
Loss on retirement of non-current assets	393	244
Impairment loss	277	528
Loss on liquidation of subsidiaries and associates	—	83
Other	0	414
Income before income taxes	36,219	43,112
Income taxes - current	10,686	14,833
Income taxes - deferred	(631)	470
Total income taxes	10,055	15,303
Profit	26,163	27,808
Profit attributable to non-controlling interests	269	383
Profit attributable to owners of parent	25,894	27,425

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

Consolidated Statement of Changes in Equity

(From April 1, 2016 to March 31, 2017)

(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, 2016	54,768	163,199	217,253	(12,139)	423,081
Changes of items during period					
Dividends of surplus			(16,076)		(16,076)
Profit attributable to owners of parent			25,894		25,894
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares		(73)		304	230
Transfer of negative balance of other capital surplus		73	(73)		—
Effect of changes in accounting period of consolidated subsidiaries			(496)		(496)
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	—	9,247	297	9,545
Balance at March 31, 2017	54,768	163,199	226,500	(11,841)	432,626

	Accumulated other comprehensive income						Subscripti on rights to shares	Non- controllin g 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	Remeasure ments of defined benefit plans	Total accumulated other comprehens ive income			
Balance at April 1, 2016	(891)	128	(9,221)	6,385	(3,301)	(6,899)	73	3,125	419,380
Changes of items during period									
Dividends of surplus									(16,076)
Profit attributable to owners of parent									25,894
Purchase of treasury shares									(6)
Disposal of treasury shares							(36)		194
Transfer of negative balance of other capital surplus									—
Effect of changes in accounting period of consolidated subsidiaries									(496)
Net changes of items other than shareholders' equity	338	(243)	—	(11,233)	2,207	(8,930)	—	11	(8,918)
Total changes of items during period	338	(243)	—	(11,233)	2,207	(8,930)	(36)	11	589
Balance at March 31, 2017	(552)	(114)	(9,221)	(4,847)	(1,093)	(15,829)	36	3,137	419,970

Balance Sheet

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

Item	Current fiscal year (As of March 31, 2017)	(Reference) Previous fiscal year (As of March 31, 2016)	Item	Current fiscal year (As of March 31, 2017)	(Reference) Previous fiscal year (As of March 31, 2016)
(Assets)			(Liabilities)		
Current assets			Current liabilities		
Cash and deposits	29,678	30,704	Accounts payable - trade	5,808	5,239
Notes receivable - trade	1,256	1,094	Lease obligations	13	11
Accounts receivable - trade	23,204	22,276	Accounts payable - other	2,496	682
Securities	28,127	48,752	Accrued expenses	2,054	2,483
Merchandise	3,296	4,118	Income taxes payable	959	1,537
Prepaid expenses	78	31	Advances received	91	53
Deferred tax assets	376	366	Deposits received	29,188	35,886
Short-term loans receivable	3,162	148	Provision for bonuses	301	300
Accounts receivable - other	2,712	1,572	Provision for directors' bonuses	200	260
Other	797	922	Other	17	10
Allowance for doubtful accounts	(13)	(187)	Total current liabilities	41,131	46,466
Total current assets	92,677	109,800	Non-current liabilities		
Non-current assets			Lease obligations	29	32
Property, plant and equipment			Deferred tax liabilities for land revaluation	473	473
Buildings	29,944	29,781	Provision for retirement benefits	1,169	1,373
Structures	2,989	3,033	Provision for loss on business of subsidiaries and associates	871	425
Machinery and equipment	1,405	1,783	Asset retirement obligations	6	41
Vehicles	2	4	Long-term guarantee deposited	1,171	1,173
Tools, furniture and fixtures	971	1,003	Other	0	0
Assets for rent	9,991	9,993	Total non-current liabilities	3,722	3,519
Land	32,040	32,035	Total Liabilities	44,854	49,985
Leased assets	38	39	(Net Assets)		
Construction in progress	9,769	88	Shareholders' equity		
Total property, plant and equipment	87,153	77,762	Capital stock	54,768	54,768
Intangible assets			Capital surplus		
Goodwill	90	113	Legal capital surplus	163,199	163,199
Patent right	30	38	Total capital surplus	163,199	163,199
Software	6,872	3,704	Retained earnings		
Telephone subscription right	109	109	Legal retained earnings	9,126	9,126
Other	22	24	Other retained earnings		
Total intangible assets	7,125	3,991	Reserve for reduction entry of land	447	447
Investments and other assets			Reserve for reduction entry of depreciable assets	1,513	1,667
Investment securities	47,215	45,449	General reserve	111,852	111,852
Shares of subsidiaries and associates	97,106	96,642	Retained earnings brought forward	(2,060)	(2,878)
Investments in capital of subsidiaries and associates	20,046	20,046	Total retained earnings	120,880	120,215
Long-term loans receivable	1,906	2,274	Treasury shares	(11,841)	(12,139)
Long-term prepaid expenses	349	381	Total shareholders' equity	327,005	326,043
Deferred tax assets	6,605	6,338	Valuation and translation adjustments		
Long-term time deposits	—	1,000	Valuation difference on available-for-sale securities	(497)	(842)
Real estate lease investment assets	1,931	2,360	Revaluation reserve for land	(9,221)	(9,221)
Other	744	751	Total valuation and translation adjustments	(9,719)	(10,064)
Allowance for doubtful accounts	(623)	(620)	Subscription rights to shares	36	73
Allowance for investment loss	(62)	(141)	Total Net Assets	317,323	316,052
Total investments and other assets	175,221	174,483	Total Liabilities and Net Assets	362,177	366,037
Total non-current assets	269,500	256,237			
Total Assets	362,177	366,037			

(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, 2016 to March 31, 2017)	(Reference) Previous fiscal year (From April 1, 2015 to March 31, 2016)
Net sales	95,779	100,766
Cost of sales	65,080	68,111
Gross profit	30,699	32,655
Selling, general and administrative expenses	20,983	21,926
Operating income	9,716	10,728
Non-operating income	12,363	7,124
Interest income	207	217
Interest on securities	313	366
Dividend income	10,938	5,763
Gain on sales of investment securities	163	—
Commission fee	68	87
Gain on valuation of derivatives	—	39
Other	670	649
Non-operating expenses	2,025	1,119
Interest expenses	3	6
Loss on sales of investment securities	145	—
Loss on valuation of derivatives	13	—
Foreign exchange losses	1,355	1,053
Provision for loss on business of subsidiaries and associates	445	—
Other	62	60
Ordinary income	20,054	16,733
Extraordinary income	369	1,323
Gain on sales of non-current assets	6	2
Gain on sales of shares of subsidiaries and associates	—	41
Subsidy income	—	1,280
Gain on revision of retirement benefit plan	363	—
Extraordinary losses	474	2,294
Loss on sales of non-current assets	—	39
Loss on retirement of non-current assets	257	113
Impairment loss	157	88
Loss on valuation of shares of subsidiaries and associates	—	36
Loss on valuation of investments in capital of subsidiaries and associates	—	1,603
Loss on liquidation of subsidiaries and associates	58	—
Other	0	413
Income before income taxes	19,950	15,762
Income taxes – current	3,565	4,497
Income taxes – deferred	(430)	296
Total income taxes	3,135	4,794
Profit	16,815	10,968

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

Statement of Changes in Equity (From April 1, 2016 to March 31, 2017) (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, 2016	54,768	163,199	—	163,199	9,126	447	1,667	111,852
Changes of items during period								
Reversal of reserve for reduction entry of depreciable assets							(153)	
Dividends of surplus								
Profit								
Purchase of treasury shares								
Disposal of treasury shares			(73)	(73)				
Transfer of negative balance of other capital surplus			73	73				
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	—	—	—	(153)	—
Balance at March 31, 2017	54,768	163,199	—	163,199	9,126	447	1,513	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, 2016	(2,878)	120,215	(12,139)	326,043	(842)	(9,221)	(10,064)	73	316,052
Changes of items during period									
Reversal of reserve for reduction entry of depreciable assets	153	—		—					—
Dividends of surplus	(16,076)	(16,076)		(16,076)					(16,076)
Profit	16,815	16,815		16,815					16,815
Purchase of treasury shares		—	(6)	(6)					(6)
Disposal of treasury shares		—	304	230				(36)	194
Transfer of negative balance of other capital surplus	(73)	(73)		—					—
Net changes of items other than shareholders' equity					344	—	344	—	344
Total changes of items during period	818	664	297	962	344	—	344	(36)	1,271
Balance at March 31, 2017	(2,060)	120,880	(11,841)	327,005	(497)	(9,221)	(9,719)	36	317,323