

(English Translation)

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(Securities Code: 6113)

June 6, 2018

To our shareholders:

Tsutomu Isobe

President (Representative Director)

AMADA HOLDINGS CO., LTD.

200, Ishida, Isehara-shi, Kanagawa, Japan

**Notice of Convocation of the 80th Ordinary General Meeting of Shareholders**

This is to inform you that the 80th 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 26, 2018 (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 27, 2018 (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 80th Fiscal Term (from April 1, 2017 through March 31, 2018)
  - (2) Report on the Non-consolidated Financial Statements for the 80th Fiscal Term (from April 1, 2017 through March 31, 2018)

Matters to be Resolved:

- |              |  |
|--------------|--|
| First Item:  | Distribution of retained earnings                              |
| Second Item: | Election of eight (8) Directors                                |
| Third Item:  | Election of one (1) Alternate Audit & Supervisory Board Member |
| Fourth Item: | Payment of bonuses to Directors                                |

## Information on Exercising Voting Rights

(1) Exercising voting rights by proxy

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

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

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

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

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

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

## Items of Business and References

### First Item:

### Distribution of retained earnings

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

Pursuant to the above policy, for the current dividends, the management proposes to pay the annual dividend of 42 yen per share, the same amount as in the previous term to pay a year-end dividend of 22 yen per share for the Fiscal Term, having already paid 20 yen as an interim dividend.

Matters concerning the year-end cash dividend:

(1) Kind of property:

Monetary distribution

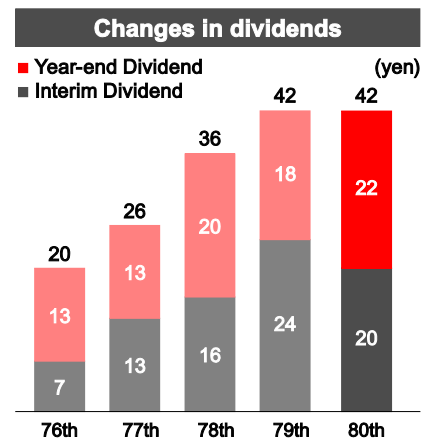
(2) Matters concerning the allocation of properties to be distributed to shareholders and the total amounts thereof:

JPY22 per common share

JPY8,047,808,274 in total

(3) Effective date of distribution of retained earnings:

June 28, 2018



Note: The interim dividend for the 79th Term includes a commemorative dividend of 6 yen for the 70th anniversary.

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

As the term of office for all eight (8) Directors will expire at the conclusion of this General Meeting of Shareholders, the election of eight (8) Directors is proposed.

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% (7/7 meetings)	Chairman of the Board & CEO
2	Tsutomu Isobe	Re-election	100% (7/7 meetings)	President President and Representative Director, AMADA CO., LTD.
3	Kotaro Shibata	Re-election	100% (6/6 meetings)	Senior Managing Director Senior Corporate Officer Assistant to President Chairman and President, AMADA (CHINA) CO., LTD.
4	Hidekazu Kudo	Re-election	100% (6/6 meetings)	Director Executive General Manager of Financial Div.
5	Kazuhiko Miwa	New	—	Corporate Officer Executive General Manager of Corporate Management Div.
6	Michiyoshi Mazuka	Re-election Outside Independent	100% (7/7 meetings)	Outside Director
7	Toshitake Chino	Re-election Outside Independent	100% (7/7 meetings)	Outside Director
8	Hidekazu Miyoshi	Re-election Outside Independent	100% (7/7 meetings)	Outside Director

Note: The attendance ratios of Mr. Kotaro Shibata and Mr. Hidekazu Kudo at the Board of Directors meetings apply only to those held after their appointment on June 28, 2017.

Candidate  
Ref No.

1

Mitsuo Okamoto

Date of Birth  
June 13, 1943 (75 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% (7/7 meetings)

Profile, position and responsibility in the Company

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

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.
- 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 (57 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% (7/7 meetings)

Profile, position and responsibility in the Company

December 1985	Joined Amada Metreco Co., Ltd. (later merged to become the current Company)	April 2013	Director and Senior Managing Director Senior Executive General Manager of Corporate Management HQ; Senior Executive General Manager of Financial HQ
April 2000	Joined the Company upon the merger		
April 2003	General Manager of Corporate Secretariat Office		
June 2007	Director Executive General Manager of Corporate Planning Div.	April 2015	President of the Company; President and Representative Director, AMADA CO., LTD.
June 2009	Director and Corporate Officer Senior Executive General Manager of Corporate Planning HQ	October 2015	President; Senior Executive General Manager of Corporate Management HQ
June 2010	Director and Managing Director Senior Executive General Manager of Corporate Management HQ	April 2018	President of the Company; President and Representative Director, AMADA CO., LTD. (incumbent)

Important concurrent positions

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

Reasons for nomination as a candidate for Director

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

Candidate  
Ref No.

3

Kotaro Shibata

Date of Birth

January 7, 1953 (65 years old)

Re-  
election



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

25,000 shares

Participation in meetings of  
the Board of Directors

100% (6/6 meetings)

\* Applies only to the  
Board of Directors  
meetings held after his  
appointment on June 28,  
2017.

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

January 1980	Joined the Company	April 2013	Managing Director
October 2001	General Manager of Punching Business Dept.	April 2015	managing Sales
June 2009	Corporate Officer	April 2017	Vice President and Director of AMADA CO., LTD.
June 2010	Executive General Manager of Sales Management Div. Director and Corporate Officer	June 2017	President and Representative Director of AMADA CO., LTD.
June 2012	Deputy Senior Executive General Manager of Sales Management HQ Director and Managing Director	April 2018	Senior Managing Director, the Company
	Deputy Senior Executive General Manager of Engineering Business HQ		Senior Managing Director Senior Corporate Officer Assistant to President Chairman and President, AMADA (CHINA) CO., LTD. (incumbent)

#### Important concurrent positions

- Chairman and President, AMADA (CHINA) CO., LTD.

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

Mr. Kotaro Shibata is appropriately performing his duties as an assistant to the President and as the head of the company that manages Group companies in China. 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.

4

Hidekazu Kudo

Date of Birth  
March 18, 1964 (54 years old)

Re-  
election



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

10,000 shares

Participation in meetings of  
the Board of Directors

100% (6/6 meetings)

\* Applies only to the  
Board of Directors  
meetings held after his  
appointment on June 28,  
2017.

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
		June 2017	Director Senior Executive General Manager of Financial HQ
		April 2018	Director Executive General Manager of Financial Div. (incumbent)

Reasons for nomination as a candidate for Director

Mr. Hidekazu Kudo is appropriately performing his duties as an 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.

5

Kazuhiko Miwa

Date of Birth

March 10, 1963 (55 years old)

New



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

10,000 shares

Profile, position and responsibility in the Company

April 1986	Joined Dai-Ichi Kangyo Bank (current Mizuho Bank, Ltd.)	March 2006	Senior Credit Officer of Overseas Credit Department, Mizuho Corporate Bank, Ltd.
February 2004	Councilor of IR Department, Mizuho Financial Group, Inc.	November 2011	Deputy General Manager of Marketing Department No. 15, Mizuho Corporate Bank, Ltd.
January 2006	Councilor of Overseas Credit Department, Mizuho Corporate Bank, Ltd. (current Mizuho Bank, Ltd.)	January 2016	Joined the Company General Manager of Corporate Planning Dept.
		April 2016	General Manager of President Office
		April 2018	Corporate Officer Executive General Manager of Corporate Management Div. (incumbent)

Reasons for nomination as a candidate for Director

Mr. Kazuhiko Miwa is appropriately performing his duties as an Executive General Manager managing the corporate planning, Group companies management and legal affairs of the Company. He was engaged in operations related to international finance at his previous post, giving him broad experience and knowledge regarding global corporate management, and finance and accounting. Based on these factors, we have nominated Mr. Miwa 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 (74 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

2 years

Participation in meetings of  
the Board of Directors

100% (7/7 meetings)

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

April 1968	Joined Fujitsu FACOM Co., Ltd.	June 2012	Chairman and Director of this company
April 1971	Joined Fujitsu Limited		
June 2001	Director of Fujitsu Limited	June 2014	Senior Executive Advisor and Director of this company
June 2008	Chairman and Representative Director of this company	June 2015	Outside Director of NIPPON CONCRETE INDUSTRIES CO., LTD. (incumbent)
September 2009	Chairman, President and Representative Director of this company		
October 2009	Member of the Executive Nomination Committee and Compensation Committee of this company	June 2016	Senior Executive Advisor of Fujitsu Limited
		June 2016	Outside Director of the Company (incumbent)
April 2010	Chairman and Representative Director of this company	April 2018	Senior Advisor of Fujitsu Limited (incumbent)

#### Important concurrent positions

- Outside Director, NIPPON CONCRETE INDUSTRIES CO., LTD.
- Outside Director, TSUKISHIMA KIKAI CO., LTD. (scheduled to be appointed in June 2018)

#### 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 Senior 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 (71 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

4 years

Participation in meetings of  
the Board of Directors

100% (7/7 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 as Senior Advisor of Nikkan Kogyo Shimbun Ltd. more than five (5) years ago.
5. Nikkan Kogyo Shimbun Ltd. is not a shareholder of the Company.

Candidate  
Ref No.

8

Hidekazu Miyoshi

Date of Birth  
July 17, 1950 (67 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  
3 years and 3 months

Participation in meetings of  
the Board of Directors

100% (7/7 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)

#### Important 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, Kotaro Shibata, Hidekazu Kudo, Kazuhiko Miwa, 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 one (1) Alternate Audit & Supervisory Board Member

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

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

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

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

Makoto Murata	<b>Date of Birth</b> August 17, 1947 (70 years old)	<div>Outside</div> <div>Independent</div>	
<b>No. of Shares of AMADA HOLDINGS CO., LTD. Held (shares)</b> 0 shares		<b>Profile, position and responsibility in the Company</b>	
October 1975		Assistant of Faculty of Electro-Communications, The University of Electro-Communications	April 1991 Associate Professor of Faculty of Electro-Communications April 2001 Professor of Faculty of Electro-Communications
May 1989		Lecturer of Faculty of Electro-Communications	March 2012 Retired from the University
<b>Reasons for nomination as a candidate for Outside Audit &amp; Supervisory Board Member</b>			
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.			
<b>Reasons for sufficient independence as an Outside Audit &amp; Supervisory Board Member</b>			
<ol style="list-style-type: none"> <li>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.</li> <li>2. Mr. Makoto Murata and all of his family members have never assumed any executive roles (including non-business executors) of the Company group in the past.</li> </ol>			

#### (Notes)

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



#### Fourth Item

#### Payment of bonuses to Directors

In consideration of the business results for the fiscal term and other factors, the management proposes the payment of bonuses to five (5) Directors, excluding Outside Directors, incumbent as of the end of the fiscal term, totaling 211,000,000 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, 2017 to March 31, 2018)**

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





**(1) Business Progress and Results**

**◆ Overview**

The Company group formulated the Medium Term Management Plan “Task321” as a new step toward envisioning the Company in the next 100 years. Toward achieving the Task321, the Company is striving to 1) make proactive strategic investments, 2) expand the sales network, 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. In addition, through enhancing capital productivity by reforming the balance sheets, the Company is working to boost growth potential, profitability and capital efficiency.

Regarding the consolidated operating results for the fiscal year under review, orders were 322,482 million yen (up 16.9 % YoY) and net sales were 300,655 million yen (up 7.8% YoY), both exceeding the results of the previous fiscal year, with record-high orders. In Japan, although orders increased on the back of robust expansion in capital investments, net sales were 130,662 million yen (down 0.4% YoY) due to a partial decline in net sales resulting from changes in accounting treatment, and prolonged lead-time required for larger, automated production equipment to accommodate increasing automation needs, and due to tight components supply. Overseas, in North America, as the U.S. economy steadily expanded with favorable capital investments, sales grew favorably in the Sheet-Metal Processing Machines Division and the Bandsaws Division. In Europe, sales expanded significantly as a result of product development according to needs such as energy-saving and labor-saving against a backdrop of moderate economic expansion in the Euro zone. In Asia, high economic growth continued in India and China, and sales in the Welding Division and the Bandsaws Division expanded. In line with the aforementioned global economic expansion, sales were favorable in each Division, and resulted in overall net sales overseas of a record-high 169,993 million yen (up 15.1% YoY).

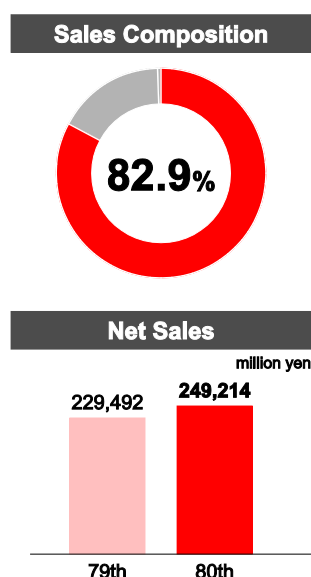
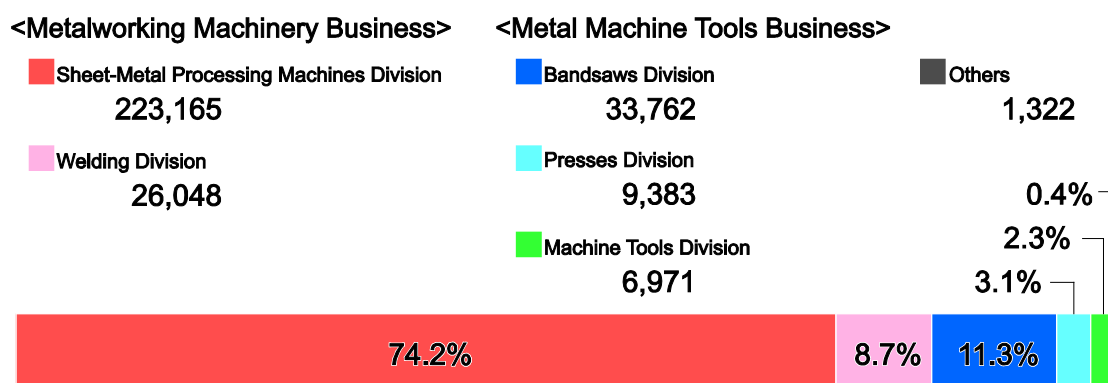
Regarding profit and loss, partly due to our efforts to cut costs by streamlining manufacturing and the weaker yen compared with the previous fiscal year, operating income, ordinary income and profit attributable to owners of parent increased, respectively, to 37,965 million yen (up 14.9% YoY), 40,616 million yen (up 18.4% YoY) and 29,856 million yen (up 15.3% YoY), and profit attributable to owners of parent marked a record high amount.

<b>Net Sales</b>	<b>Ordinary Income</b>
300,655 million yen up 7.8% YoY 	40,616 million yen up 18.4% YoY 
<b>Operating Income</b>	<b>Profit Attributable to Owners of Parent</b>
37,965 million yen up 14.9% YoY 	29,856 million yen up 15.3% YoY 
<b>The average exchange rate during the period</b>	USD 110.86 yen    EUR 129.70 yen

## ◆ Operational Overview by Major Business

Net sales by major business are as indicated below. The Metalworking Machinery Business's sales increased by 8.6% year on year while those of the Metal Machine Tools Business increased by 4.3% year on year.

## Sales Composition by Major Business (million yen)



## Metalworking Machinery Business

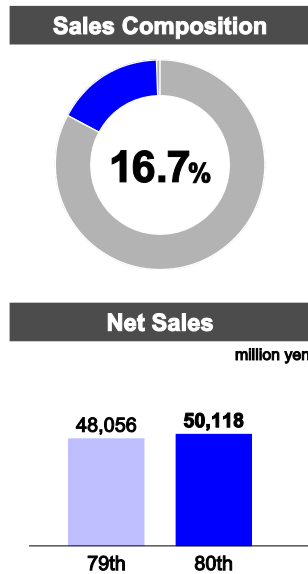
In the Metalworking Machinery Business, orders were 265,309 million yen (up 16.3% YoY) and net sales were 249,214 million yen (up 8.6% YoY), both increased from the previous fiscal year. In the Sheet Metal Processing Machines Division, net sales increased to 223,165 million yen (up 8.3% YoY) as sales of fiber laser products, that allow high-speed cutting with lower energy consumption compared with the conventional CO2 laser products, expanded mainly overseas and automated bending products that meet rapidly increasing labor-saving needs expanded in Japan, Europe and the U.S. In the Welding Division, sales for electric vehicle-related use in China and for medical equipment-related use mainly in Europe and the U.S. were favorable, resulting in net sales of 26,048 million yen (up 11.1% YoY). Operating income was 29,218 million yen (up 16.8% YoY), as a result of efforts to cut costs by streamlining manufacturing such as promotion of cost reduction on fiber laser products.

Key measures taken in the Metalworking Machinery Business during the fiscal year under review are as follows.

- 1) Increased power output of fiber laser oscillators through upgrades, and promoted cost reduction
- 2) Launched fiber laser welder equipment with built-in function to precisely control the heat quantity of machined areas
- 3) Conducted monitoring trial service aimed at full-fledged development of "IoT Product" that provides information to support machine operation using IoT technologies, and "V-factory" to provide "IoT Support," a service to verify added values and support stable operation
- 4) Renovated and opened Industrial site in Charleville-Mézières (France) with enhanced production capability, promoted optimization of product supply system with use of adjacent SCM

Center newly established

- 5) Commenced operation of a cutting-edge unmanned tooling plant for punching machines using IoT technologies at Toki Works in Gifu to enhance production capability and reduce delivery time
- 6) Active participation in trade shows in and out of Japan, including the first participation in CEATEC JAPAN 2017, to increase the brand recognition and demonstrate IoT promotion
- 7) Opened a technical center in Poland and promoted experimental processing and proposal-model marketing in East Europe



### Metal Machine Tools Business

In the Metal Machine Tools Business, orders were 55,851 million yen (up 20.3% YoY) and net sales were 50,118 million yen (up 4.3% YoY), both increased from the previous fiscal year. In the Bandsaws Division, partly due to the effect of new products, sales of bandsaw machines expanded primarily overseas. In the Presses Division, sales increased in China where automotive-related capital investment was favorable, while sales in Japan were sluggish. In the Machine Tools Division, sales of our mainstay profile grinders for precision molds and special tools were firm outside Japan. Operating income was 8,329 million yen (up 9.5% YoY).

Major initiatives implemented in the Metal Machine Tools Business during the fiscal year under review are as follows.

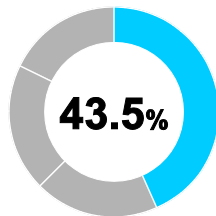
- 1) Expanded sales of laser cutting and processing machines for steel material and steel frame processing industries
- 2) Acquired SANWA DAIYA KOUHAN CORPORATION and established AMADA SANWA DAIYA CO., LTD. Expanded into the processing market of new materials such as silica glass, ceramics, and carbon, etc.
- 3) Participation in trade shows in and out of Japan (MF-Tokyo2017, MECT2017, EMO2017, METALEX2017, etc.)
- 4) Proposed flexible production through tandem operation whereby middle-sized pressing machines are substituted for large pressing machines

#### ◆ Operational Overview by Region

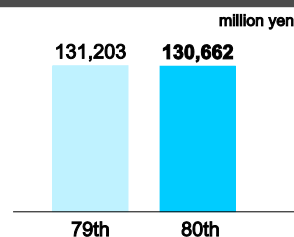
Net sales by region decreased by 0.4% in Japan and increased by 15.1% overseas. The overseas sales ratio was 56.5% compared to 52.9% in the previous fiscal year.

Status of operation by major region is as follows.

##### Sales Composition



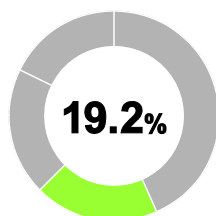
##### Net Sales



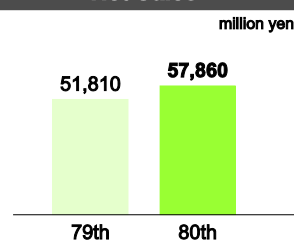
#### Japan

Orders were robust at each Division and sales for electrical and electronic equipment such as OA devices and communications equipment, and for general machinery such as semiconductor manufacturing equipment and industrial machinery expanded. However, due to prolonged lead-time required for larger, automated production equipment and due to tight components supply, net sales were 130,662 million yen (down 0.4% YoY).

##### Sales Composition



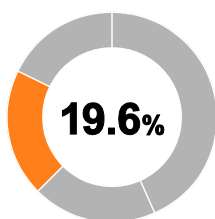
##### Net Sales



#### North America

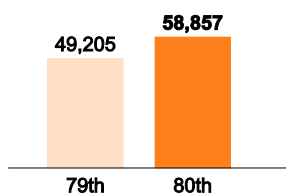
In the U.S., in line with favorable capital investments, sales for construction-related use including kitchen instrument and air-conditioning equipment, and for general machinery were favorable. In Canada, sales were also favorable mainly for precision equipment-related such as electrical and electronic equipment and for construction-related use, resulting in net sales in North America of 57,860 million yen (up 11.7% YoY).

#### Sales Composition



#### Net Sales

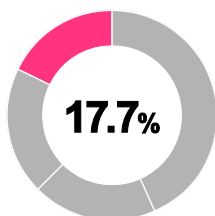
million yen



### Europe

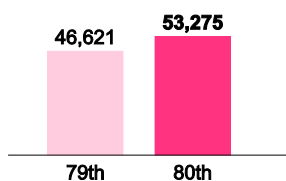
Sales for construction-related use were favorable, centering on kitchen instrument in Germany, and mainly sash and doors in France. In Italy, sales were favorable for general machinery such as agricultural machines, and for precision equipment. Furthermore, establishment of a technical center in Poland restored the sales in emerging markets including East Europe and Russia, and net sales in Europe were 58,857 million yen (up 19.6% YoY).

#### Sales Composition



#### Net Sales

million yen



### Asia and other regions

In China, sales increased for electrical and electronic equipment in Shanghai and Shenzhen areas, while in Korea, sales expanded mainly for general machinery such as semiconductor manufacturing equipment. Also, in India, sales were favorable centering on general machinery such as switchboard and construction machinery, while in Brazil and other resource exporting countries, sales headed toward recovery. As a result, net sales in Asia and other regions were 53,275 million yen (up 14.3% YoY).

## (2) Capital Investment

During the fiscal year under review, the Company group invested 15,113 million yen in property, plant and equipment.

In addition, expenditure for acquiring software for internal use and other intangible assets was 4,306 million yen.

Key capital investments were as follows.

1. Establishment of technical center (sales base) in Korea.
2. Renewal and introduction of tooling manufacturing facilities at Isehara Works.
3. Renovation of buildings and construction of disaster-prevention facilities at Isehara Works.

The combined total of capital investment in property, plant and equipment and expenses for intangible assets was 19,419 million yen.

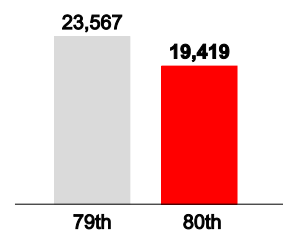
## (3) Fund Procurement

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 3,665 million yen from the end of the previous fiscal year to 13,406 million yen.

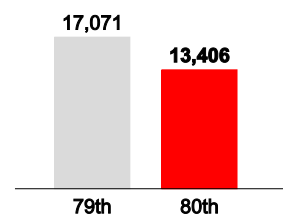
### Capital Investment

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” from FY2016. 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% (vs. FY2015; 400 billion yen)
- Increase of recurring ordinary income ratio by 20% (80 billion yen)
- 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
  - Promotion of “work style reform” to fundamentally review the operational procedure and establishment of a personnel system for promoting the advancement of women

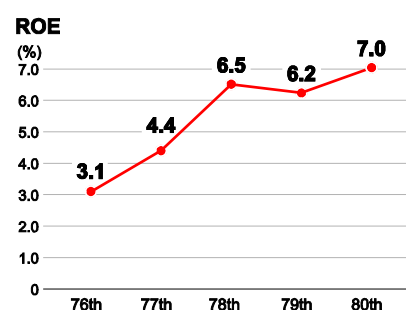
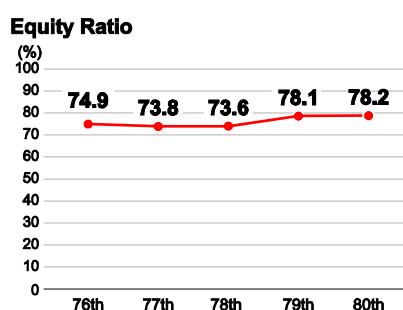
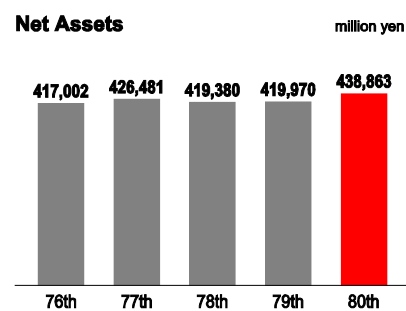
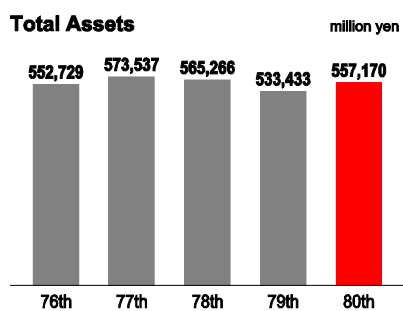
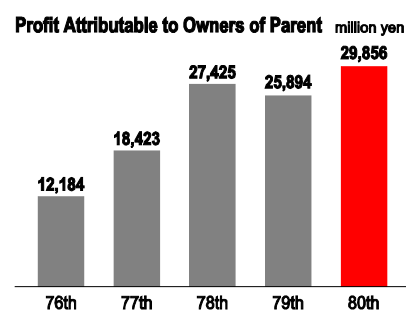
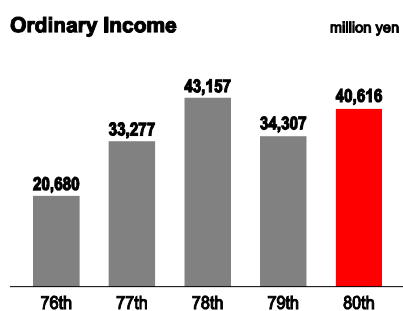
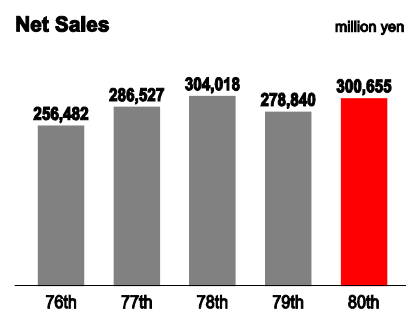
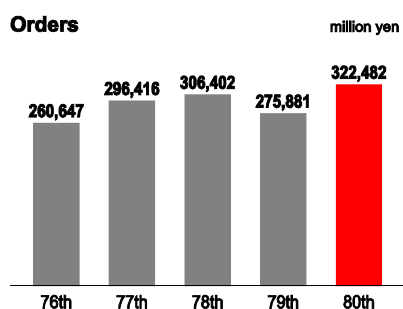
The Company group will strive to further enhance its corporate value by achieving Medium Term Management Plan Task321, and aim to establish its position as the leading manufacturer of metalworking machines by steadily promoting and implementing the initiatives described above.

\* 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 (From April 1, 2016 to March 31, 2017)	80th (current term) (From April 1, 2017 to March 31, 2018)
Orders	Million yen	260,647	296,416	306,402	275,881	322,482
Net sales	Million yen	256,482	286,527	304,018	278,840	300,655
Ordinary income	Million yen	20,680	33,277	43,157	34,307	40,616
Profit attributable to owners of parent	Million yen	12,184	18,423	27,425	25,894	29,856
Profit per share	Yen	31.89	49.18	74.56	70.85	81.62
Total assets	Million yen	552,729	573,537	565,266	533,433	557,170
Net assets	Million yen	417,002	426,481	419,380	419,970	438,863
Net assets per share	Yen	1,083.49	1,133.51	1,139.17	1,139.87	1,190.97
Equity ratio	%	74.9	73.8	73.6	78.1	78.2
Rate of return on equity (ROE)	%	3.1	4.4	6.5	6.2	7.0

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



## (6) Major Subsidiaries (as of March 31, 2018)

## 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 SANWA DAIYA CO., LTD.	Million yen 50	* 100.00	Development, manufacture and sale of cutting machines
AMADA NORTH AMERICA, INC. (U.S.)	Thousand USD 83,450	100.00	Management control of North American subsidiaries (holding company)
AMADA AMERICA, INC. (U.S.)	Thousand USD 59,000	* 100.00	Sale of sheet metal processing 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 9,494	* 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 SP. Z O. O. (Poland)	Thousand zloty 5,000	* 100.00	Sale of sheet metal processing products in Poland
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 22,200	100.00	Sale of sheet metal processing products in Korea
AMADA ASIA PACIFIC CO., LTD. (Thailand)	Thousand bahts 550,850	* 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, 2018)

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, 2018)

1) Domestic

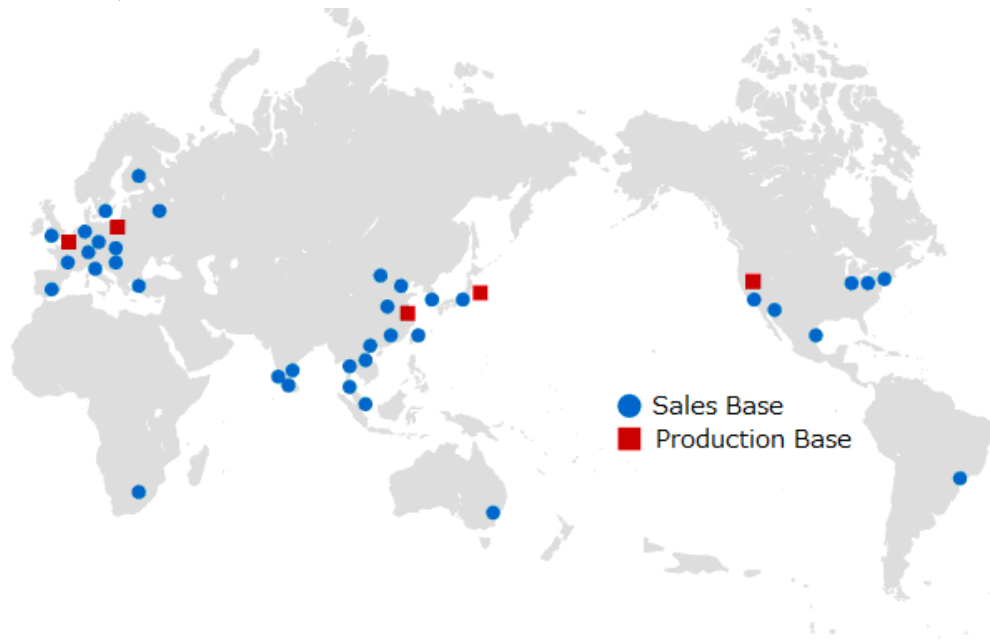
Head Office, core functions	Isehara Works of the Company Group (Kanagawa)	
Development and manufacturing bases	AMADA ENGINEERING CO., LTD. (Fujinomiya Works) (Shizuoka) (*1), Toki Plant (Gifu) AMADA MACHINE TOOLS CO., LTD. (Ono Plant) (Hyogo) AMADA MIYACHI CO., LTD. (Noda Plant) (Chiba) AMADA MACHINE TOOLS CO., LTD. (Toki Works) (Gifu) (*2) AMADA AUTOMATION SYSTEMS CO., LTD. (Fukushima Plant) (Fukushima) AMADA TOOL PRECISION CO., LTD., (Isehara Plant) (Kanagawa), Toki Plant (Gifu)	
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 (6 sales offices)
	Bandsaws, presses, machine tools	AMADA MACHINE TOOLS CO., LTD. Bandsaws sales and service bases (21 sales offices, 39 service centers) 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 (15 sales offices, 16 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, 2018)

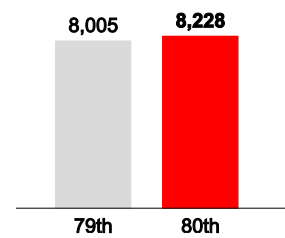
1) The Company Group

Number of employees	Change from the end of previous fiscal year
8,228	Up 223

2) The Company

Number of employees	Change from the end of previous fiscal year
179	Down 62
Average age	Average service years
45.0	18.4

Number of Employees

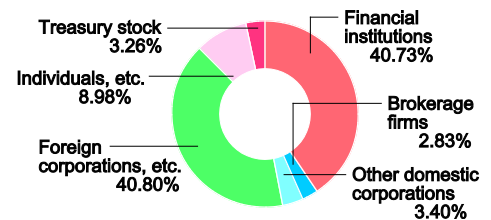


(Note) The 62 decrease in the number of the Company's employees from the end of previous fiscal year is due to transfers to group subsidiaries following an organizational change.

2. Shares of the Company (As of March 31, 2018)

- (1) Total Number of Shares Authorized 550,000,000  
 (2) Total Number of Shares Issued 378,115,217  
 (including 12,305,750 treasury shares)  
 (3) Total Number of Shareholders 31,994

Distribution of shareholdship by type of shareholder



(4) Major Shareholders

Name of shareholder	Number of shares owned	Ratio of shareholding (*)
	Thousand shares	%
Japan Trustee Services Bank, Ltd. (Trust accounts)	58,627	16.03
The Master Trust Bank of Japan, Ltd. (Trust accounts)	36,241	9.91
BNP PARIBAS SEC SERVICES LUXEMBOURG/JASDEC/ABERDEEN GLOBAL CLIENT ASSETS	13,332	3.64
Trust & Custody Services Bank, Ltd. (Trust accounts)	12,198	3.33
The AMADA FOUNDATION	9,936	2.72
Mizuho Bank, Ltd.	7,500	2.05
THE BANK OF NEW YORK 133972	6,472	1.77
STATE STREET BANK WEST CLIENT - TREATY 505234	6,063	1.66
Nippon Life Insurance Company	6,046	1.65
The Joyo Bank, Ltd.	5,756	1.57

(\*) The number of treasury shares (12,305,750 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:

19

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

19,000 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	19	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, 2018)

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.) (Chairman and Representative Director, The Amada Foundation)
President	Tsutomu Isobe	Senior Executive General Manager of Corporate Management HQ
Senior Managing Director	Kotaro Shibata	(President, AMADA CO., LTD.)
Senior Managing Director	Atsushige Abe	(President, AMADA ENGINEERING CO., LTD.) (President, AMADA EUROPE S.A.)
Director	Hidekazu Kudo	Senior Executive General Manager of Financial HQ
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	Katsuhide Ito	
Outside Audit & Supervisory Board Member	Akira Takenouchi	Lawyer (Makoto Tsuji Law Office)
Outside Audit & Supervisory Board Member	Seiji Nishiura	Tax accountant (Head, Nishiura Tax Accountant Office)

Notes:

1. Messrs. Kotaro Shibata and Hidekazu Kudo were newly elected as Directors and Messrs. Katsuhide Ito and Seiji Nishiura were newly elected as Audit & Supervisory Board Members at the 79th Ordinary General Meeting of Shareholders held on June 28, 2017 and assumed office.
2. Director Yasuhiro Kawashita retired at the conclusion of the 79th Ordinary General Meeting of Shareholders held on June 28, 2017 due to the expiration of his term of office.
3. Audit & Supervisory Board Members Kiyoshi Takeo and Masanori Saito retired by resignation at the conclusion of the 79th Ordinary General Meeting of Shareholders held on June 28, 2017.
4. 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.
5. Directors 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 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 Members Akira Takenouchi and Seiji Nishiura 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. Takenouchi and Nishiura 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)	359 million yen (21 million yen)
Audit & Supervisory Board Members (Outside)	6 (3)	34 million yen (9 million yen)
Total	15	393 million yen

Notes: 1. The amount of compensation, etc. for Directors includes the expected director bonus of 211 million yen, which is a resolution item of the 80th Ordinary General Meeting of Shareholders.

2. One Director and two Audit & Supervisory Board Members who retired during the fiscal year are included in the above table.

(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) Miyoshi Industrial Property Rights Research Center K.K.	Chairman Representative Director	The Company has transaction relationships with the companies. (Note)
Audit & Supervisory Board Member	Akira Takenouchi	Makoto Tsuji Law Office	—	There is no special relationship.
	Seiji Nishiura	Nishiura Tax Accountant Office	Head	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 7 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 7 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	Akira Takenouchi	Attended all 7 Board of Directors meetings and all 7 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.
	Seiji Nishiura	Attended all 6 Board of Directors meetings and all 6 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.

Note: Number of Mr. Seiji Nishiura's attendance at the Board of Directors meetings and Audit & Supervisory Board meetings applies only to those held after his appointment on June 28, 2017.

## 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

184 million yen

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

193 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.

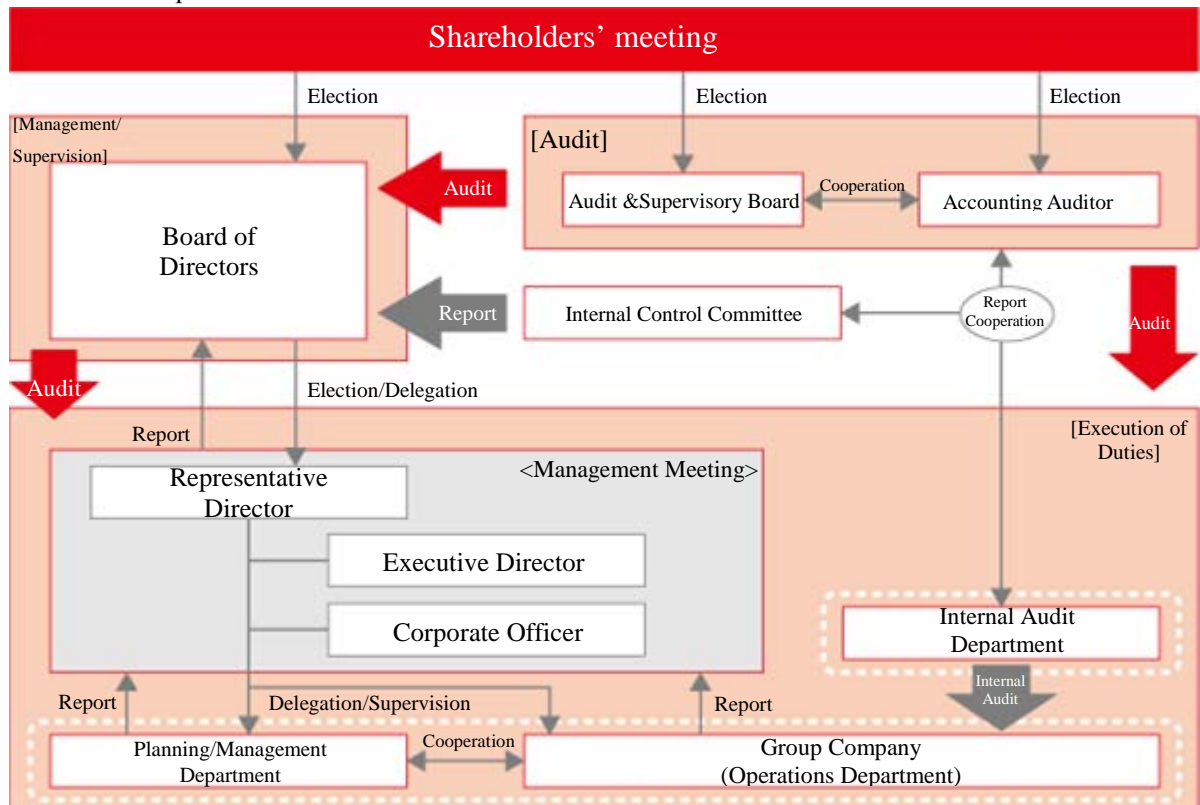
## 6. Corporate Governance Structure

### 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
 

For the purpose of maintaining and improving the internal control systems and developing the compliance framework, the Internal Control Committee was established, and its meetings are, in principle, regularly held twice a year. In addition, for the purpose of early detection and correction of legal violation and fraud, the whistle-blowing system

has been operated, which 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, for the purpose of increasing the effectiveness of whistle-blowing system, revisions were made to accept anonymous reporting and to expand the scope of system users to include overseas affiliates as well as employees of business partners. Furthermore, as a measure to promote compliance education, we commenced provision of online education that is available as needed.

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 seven 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, Export Control Center, and Environment Promotion Committee.

In addition, 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 takes 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 Internal Control Committee provided guidance on the development of the internal control systems of each company to the persons responsible for internal controls in each Group company.

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 head office and

branches and plants of subsidiaries in Japan and overseas, browsing approval and other important documents, exchanging opinions with the Representative Director, receiving reports from Directors and employees and conducting interviews on their operations.

Regarding the relation with Accounting Auditor, while monitoring independence and appropriateness of audits, 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 enhancement of effectiveness and efficiency of audits.

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

## Consolidated Balance Sheet

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

Item	Current fiscal year (As of March 31, 2018)	(Reference) Previous fiscal year (As of March 31, 2017)	Item	Current fiscal year (As of March 31, 2018)	(Reference) Previous fiscal year (As of March 31, 2017)
<b>(Assets)</b>			<b>(Liabilities)</b>		
<b>Current assets</b>			<b>Current liabilities</b>		
Cash and deposits	75,964	75,503	Notes and accounts payable - trade	19,162	16,722
Notes and accounts receivable - trade	134,095	127,202	Electronically recorded obligations - operating	18,081	19,232
Lease investment assets	10,612	14,254	Short-term loans payable	8,092	13,705
Securities	21,414	30,527	Lease obligations	127	218
Merchandise and finished goods	51,380	50,767	Income taxes payable	8,160	3,620
Work in process	10,015	7,397	Deferred tax liabilities	27	8
Raw materials and supplies	14,130	12,527	Provision for bonuses	3,656	3,503
Deferred tax assets	8,756	8,329	Provision for directors' bonuses	387	275
Other	13,788	7,365	Unrealized income on installment sales	11,911	13,731
Allowance for doubtful accounts	(1,937)	(1,966)	Other	32,853	25,722
<b>Total current assets</b>	<b>338,220</b>	<b>331,909</b>	<b>Total current liabilities</b>	<b>102,461</b>	<b>96,743</b>
<b>Non-current assets</b>			<b>Non-current liabilities</b>		
Property, plant and equipment			Long-term loans payable	5,313	3,366
Buildings and structures	62,746	56,294	Lease obligations	103	163
Machinery, equipment and vehicles	15,311	9,813	Deferred tax liabilities	341	199
Tools, furniture and fixtures	4,285	3,625	Deferred tax liabilities for land revaluation	473	473
Assets for rent	6,808	10,971	Provision for directors' retirement benefits	85	78
Land	41,379	40,106	Net defined benefit liability	3,309	5,274
Leased assets	126	176	Long-term guarantee deposited	2,589	3,012
Construction in progress	6,154	11,020	Other	3,629	4,152
<b>Total property, plant and equipment</b>	<b>136,813</b>	<b>132,009</b>	<b>Total non-current liabilities</b>	<b>15,845</b>	<b>16,719</b>
<b>Intangible assets</b>			<b>Total Liabilities</b>	<b>118,307</b>	<b>113,462</b>
Goodwill	884	1,153	<b>(Net Assets)</b>		
Software	8,876	6,877	<b>Shareholders' equity</b>		
Other	975	959	Capital stock	54,768	54,768
<b>Total intangible assets</b>	<b>10,736</b>	<b>8,990</b>	Capital surplus	163,199	163,199
<b>Investments and other assets</b>			Retained earnings	242,449	226,500
Investment securities	62,268	51,137	Treasury shares	(11,695)	(11,841)
Long-term loans receivable	30	47	<b>Total shareholders' equity</b>	<b>448,721</b>	<b>432,626</b>
Deferred tax assets	5,874	5,965	<b>Accumulated other comprehensive income</b>		
Net defined benefit asset	132	135	Valuation difference on available-for-sale securities	(1,146)	(552)
Other	3,369	3,527	Deferred gains or losses on hedges	104	(114)
Allowance for doubtful accounts	(274)	(290)	Revaluation reserve for land	(9,221)	(9,221)
<b>Total investments and other assets</b>	<b>71,399</b>	<b>60,523</b>	Foreign currency translation adjustment	(2,421)	(4,847)
<b>Total non-current assets</b>	<b>218,950</b>	<b>201,523</b>	Remeasurements of defined benefit plans	(366)	(1,093)
<b>Total Assets</b>	<b>557,170</b>	<b>533,433</b>	<b>Total accumulated other comprehensive income</b>	<b>(13,051)</b>	<b>(15,829)</b>
			Subscription rights to shares	2	36
			<b>Non-controlling interests</b>	<b>3,191</b>	<b>3,137</b>
			<b>Total Net Assets</b>	<b>438,863</b>	<b>419,970</b>
			<b>Total Liabilities and Net Assets</b>	<b>557,170</b>	<b>533,433</b>

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

## Consolidated Statement of Income

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

Item	Current fiscal year (From April 1, 2017 to March 31, 2018)	(Reference) Previous fiscal year (From April 1, 2016 to March 31, 2017)
Net sales	300,655	278,840
Cost of sales	169,871	155,916
Gross profit	130,783	122,923
Selling, general and administrative expenses	93,183	89,993
Carryback of deferred income on installment sales and finance lease sales	4,948	5,197
Deferred unrealized income on installment sales and finance lease sales	4,582	5,097
Operating income	37,965	33,030
Non-operating income	4,391	3,652
Interest income	1,631	1,617
Dividend income	586	627
Commission fee	25	1
Gain on sales of investment securities	848	163
Share of profit of entities accounted for using equity method	184	347
Other	1,115	894
Non-operating expenses	1,740	2,375
Interest expenses	95	166
Loss on sales of investment securities	600	145
Loss on valuation of derivatives	22	16
Foreign exchange losses	498	1,625
Other	523	420
Ordinary income	40,616	34,307
Extraordinary income	3,172	2,612
Gain on sales of non-current assets	732	128
Gain on sales of investment securities	816	4
Gain on revision of retirement benefit plan	—	2,479
Gain on transfer of receivables	1,607	—
Other	15	—
Extraordinary losses	517	700
Loss on sales of non-current assets	38	29
Loss on retirement of non-current assets	474	393
Impairment loss	—	277
Other	4	0
Income before income taxes	43,271	36,219
Income taxes - current	13,530	10,686
Income taxes - deferred	(429)	(631)
Total income taxes	13,100	10,055
Profit	30,170	26,163
Profit attributable to non-controlling interests	314	269
Profit attributable to owners of parent	29,856	25,894

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

## Consolidated Statement of Changes in Equity

(From April 1, 2017 to March 31, 2018)

(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, 2017	54,768	163,199	226,500	(11,841)	432,626
Changes of items during period					
Dividends of surplus			(13,898)		(13,898)
Profit attributable to owners of parent			29,856		29,856
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares		(37)		153	116
Change in ownership interest of parent due to transactions with non-controlling interests		27			27
Transfer of negative balance of other capital surplus		9	(9)		—
Forfeiture of share acquisition rights					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	15,948	146	16,095
Balance at March 31, 2018	54,768	163,199	242,449	(11,695)	448,721

	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, 2017	(552)	(114)	(9,221)	(4,847)	(1,093)	(15,829)	36	3,137	419,970
Changes of items during period									
Dividends of surplus									(13,898)
Profit attributable to owners of parent									29,856
Purchase of treasury shares									(6)
Disposal of treasury shares							(18)		97
Change in ownership interest of parent due to transactions with non-controlling interests									27
Transfer of negative balance of other capital surplus									—
Forfeiture of share acquisition rights							(15)		(15)
Net changes of items other than shareholders' equity	(593)	218	—	2,426	726	2,777	—	54	2,832
Total changes of items during period	(593)	218	—	2,426	726	2,777	(34)	54	18,892
Balance at March 31, 2018	(1,146)	104	(9,221)	(2,421)	(366)	(13,051)	2	3,191	438,863

## Balance Sheet

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

Item	Current fiscal year (As of March 31, 2018)	(Reference) Previous fiscal year (As of March 31, 2017)	Item	Current fiscal year (As of March 31, 2018)	(Reference) Previous fiscal year (As of March 31, 2017)
(Assets)			(Liabilities)		
Current assets			Current liabilities		
Cash and deposits	30,317	29,678	Accounts payable - trade	6,559	5,808
Notes receivable - trade	1,477	1,256	Lease obligations	14	13
Accounts receivable - trade	27,917	23,204	Accounts payable - other	2,484	2,496
Securities	21,414	28,127	Accrued expenses	2,103	2,054
Merchandise	3,969	3,296	Income taxes payable	2,593	959
Prepaid expenses	326	78	Advances received	150	91
Deferred tax assets	443	376	Deposits received	40,021	29,188
Short-term loans receivable	1,716	3,162	Provision for bonuses	176	301
Accounts receivable - other	2,976	2,712	Provision for directors' bonuses	290	200
Other	1,703	797	Other	256	17
Allowance for doubtful accounts	(105)	(13)	Total current liabilities	54,650	41,131
Total current assets	92,156	92,677	Non-current liabilities		
Non-current assets			Lease obligations	21	29
Property, plant and equipment			Deferred tax liabilities for land revaluation	473	473
Buildings	34,529	29,944	Provision for retirement benefits	1,425	1,169
Structures	4,437	2,989	Provision for loss on business of subsidiaries and associates	879	871
Machinery and equipment	6,943	1,405	Asset retirement obligations	6	6
Vehicles	1	2	Long-term guarantee deposited	764	1,171
Tools, furniture and fixtures	1,562	971	Other	0	0
Assets for rent	5,660	9,991	Total non-current liabilities	3,571	3,722
Land	32,119	32,040	Total Liabilities	58,222	44,854
Leased assets	32	38	(Net Assets)		
Construction in progress	4,577	9,769	Shareholders' equity		
Total property, plant and equipment	89,865	87,153	Capital stock	54,768	54,768
Intangible assets			Capital surplus		
Goodwill	68	90	Legal capital surplus	163,199	163,199
Patent right	22	30	Total capital surplus	163,199	163,199
Software	9,192	6,872	Retained earnings		
Telephone subscription right	109	109	Legal retained earnings	9,126	9,126
Other	20	22	Other retained earnings		
Total intangible assets	9,413	7,125	Reserve for reduction entry of land	445	447
Investments and other assets			Reserve for reduction entry of depreciable assets	1,389	1,513
Investment securities	58,233	47,215	General reserve	111,852	111,852
Shares of subsidiaries and associates	98,010	97,106	Retained earnings brought forward	2,393	(2,060)
Investments in capital of subsidiaries and associates	20,402	20,046	Total retained earnings	125,207	120,880
Long-term loans receivable	1,862	1,906	Treasury shares	(11,695)	(11,841)
Long-term prepaid expenses	326	349	Total shareholders' equity	331,479	327,005
Deferred tax assets	7,322	6,605	Valuation and translation adjustments		
Real estate lease investment assets	1,664	1,931	Valuation difference on available-for-sale securities	(1,141)	(497)
Other	744	744	Revaluation reserve for land	(9,221)	(9,221)
Allowance for doubtful accounts	(623)	(623)	Total valuation and translation adjustments	(10,363)	(9,719)
Allowance for investment loss	(35)	(62)	Subscription rights to shares	2	36
Total investments and other assets	187,905	175,221	Total Net Assets	321,118	317,323
Total non-current assets	287,184	269,500	Total Liabilities and Net Assets	379,340	362,177
Total Assets	379,340	362,177			

(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, 2017 to March 31, 2018)	(Reference) Previous fiscal year (From April 1, 2016 to March 31, 2017)
Net sales	99,024	95,779
Cost of sales	66,247	65,080
Gross profit	32,776	30,699
Selling, general and administrative expenses	23,206	20,983
Operating income	9,570	9,716
Non-operating income	12,566	12,363
Interest income	186	207
Interest on securities	298	313
Dividend income	10,770	10,938
Gain on sales of investment securities	848	163
Commission fee	36	68
Gain on valuation of derivatives	1	—
Other	425	670
Non-operating expenses	1,036	2,025
Interest expenses	3	3
Loss on sales of investment securities	554	145
Loss on valuation of derivatives	—	13
Foreign exchange losses	469	1,355
Provision for loss on business of subsidiaries and associates	8	445
Other	—	62
Ordinary income	21,100	20,054
Extraordinary income	1,523	369
Gain on sales of non-current assets	702	6
Gain on sales of investment securities	805	—
Gain on revision of retirement benefit plan	—	363
Other	15	—
Extraordinary losses	408	474
Loss on sales of non-current assets	22	—
Loss on retirement of non-current assets	382	257
Impairment loss	—	157
Loss on sales of investment securities	4	—
Loss on liquidation of subsidiaries and associates	—	58
Other	—	0
Income before income taxes	22,214	19,950
Income taxes – current	4,558	3,565
Income taxes – deferred	(606)	(430)
Total income taxes	3,952	3,135
Profit	18,262	16,815

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

**Statement of Changes in Equity** (From April 1, 2017 to March 31, 2018) (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, 2017	54,768	163,199	—	163,199	9,126	447	1,513	111,852
Changes of items during period								
Reversal of reserve for reduction entry of land						(1)		
Reversal of reserve for reduction entry of depreciable assets							(124)	
Dividends of surplus								
Profit								
Purchase of treasury shares								
Disposal of treasury shares			(37)	(37)				
Transfer of negative balance of other capital surplus			37	37				
Forfeiture of share acquisition rights								
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	—	—	(1)	(124)	—
Balance at March 31, 2018	54,768	163,199	—	163,199	9,126	445	1,389	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, 2017	(2,060)	120,880	(11,841)	327,005	(497)	(9,221)	(9,719)	36	317,323
Changes of items during period									
Reversal of reserve for reduction entry of land	1	—		—					—
Reversal of reserve for reduction entry of depreciable assets	124	—		—					—
Dividends of surplus	(13,898)	(13,898)		(13,898)					(13,898)
Profit	18,262	18,262		18,262					18,262
Purchase of treasury shares			(6)	(6)					(6)
Disposal of treasury shares			153	116				(18)	97
Transfer of negative balance of other capital surplus	(37)	(37)		—					—
Forfeiture of share acquisition rights								(15)	(15)
Net changes of items other than shareholders' equity					(644)		(644)		(644)
Total changes of items during period	4,453	4,327	146	4,473	(644)	—	(644)	(34)	3,795
Balance at March 31, 2018	2,393	125,207	(11,695)	331,479	(1,141)	(9,221)	(10,363)	2	321,118