

Consolidated Financial Results for the Six Months Ended September 30, 2018 (IFRS)

AMADA HOLDINGS CO., LTD.

Listed on the First Section of the TSE

Stock Code: 6113

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

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Scheduled date to file quarterly securities report: November 14, 2018

Scheduled date to commence dividend payments: December 5, 2018

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results briefing: Yes (for investment analysts and institutional investors)

(Amounts less than one million yen are truncated.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

(1) Operating Results (Cumulative)

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

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2018	154,584	12.9	20,343	14.2	23,299	16.7	16,404	20.0	16,246	20.1
Six months ended September 30, 2017	136,909	—	17,819	—	19,969	—	13,672	—	13,523	—

Note: Comprehensive income: Six months ended September 30, 2018: ¥18,924 million (3.1%)
Six months ended September 30, 2017: ¥19,526 million ---%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2018	44.41	44.41
Six months ended September 30, 2017	36.97	36.96

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%
As of September 30, 2018	563,995	448,424	444,770	78.9
As of March 31, 2018	556,104	437,707	434,091	78.1

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	—	20.00	—	22.00	42.00
Fiscal year ending March 31, 2019	—	21.00			
Fiscal year ending March 31, 2019 (Forecast)			—	23.00	44.00

Notes: Revision to dividend forecasts most recently announced: Yes

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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

	Revenue		Operating profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2019	330,000	9.4	43,000	8.2	31,000	14.4	84.74

Note: Revision to consolidated financial forecasts most recently announced: Yes

Percentages of year-on-year increase (decrease) is calculated using the actual figures for the fiscal year ended March 31, 2018, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

4. Other Items

(1) Changes in the scope of consolidation for significant subsidiaries during the six months ended September 30, 2018: None

(Changes in specified subsidiaries resulting in change in the scope of consolidation)

(2) Changes in accounting policies and changes in accounting estimates:

1) Changes in accounting policies required by IFRS: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

(3) Number of shares issued (common stock)

1) Number of shares issued at end of period (including treasury shares)

As of September 30, 2018 378,115,217 shares

As of March 31, 2018 378,115,217 shares

2) Number of treasury shares at end of period

As of September 30, 2018 12,307,354 shares

As of March 31, 2018 12,305,750 shares

3) Average number of shares during period

Six months ended September 30, 2018 365,808,545 shares

Six months ended September 30, 2017 365,753,312 shares

*** These quarterly consolidated financial results are outside the scope of the quarterly review procedures by a certified public accountant or an auditing firm.**

*** Explanation regarding the appropriate use of financial results forecast and other special notes**

(Adoption of IFRS)

The Group has adopted IFRS from the three months ended June 30, 2018. Comparative financial figures for the previous corresponding period and the previous fiscal year are also presented in conformity with IFRS.

(Notes on forward-looking statements)

The consolidated financial forecasts mentioned in this document and other forward-looking statements are based on information available to and on certain reasonable assumptions by the Company as of today. Accordingly, actual results may differ significantly from the forecasts herein due to various factors.

Condensed Quarterly Consolidated Financial Statements and Primary Notes
Condensed Quarterly Consolidated Statement of Financial Position

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

Item	Period	As of April 1, 2017 (Date of transition to IFRS)	As of March 31, 2018	As of September 30, 2018
(Assets)				
Current assets:				
Cash and cash equivalents		91,746	80,464	68,424
Trade and other receivables		135,928	141,774	142,351
Inventories		75,755	82,109	93,478
Other financial assets		17,111	19,584	19,608
Other current assets		5,739	8,355	7,717
Total current assets		326,281	332,289	331,580
Non-current assets:				
Property, plant and equipment		118,448	126,008	129,729
Goodwill		950	967	3,102
Intangible assets		7,288	9,287	10,177
Investments accounted for using equity method		1,423	1,598	1,617
Other financial assets		52,777	63,297	67,440
Deferred tax assets		12,674	13,380	11,234
Other non-current assets		13,422	9,275	9,112
Total non-current assets		206,985	223,814	232,414
Total assets		533,267	556,104	563,995

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

Item	Period	As of April 1, 2017 (Date of transition to IFRS)	As of March 31, 2018	As of September 30, 2018
(Liabilities and Equity)				
Liabilities				
Current liabilities:				
Trade and other payables		50,171	53,164	52,854
Borrowings		15,150	9,897	14,775
Income taxes payable		2,413	7,784	5,170
Other financial liabilities		1,521	1,343	1,551
Provisions		971	1,476	1,445
Other current liabilities		20,115	23,490	20,402
Total current liabilities		90,345	97,156	96,199
Non-current liabilities:				
Borrowings		3,706	5,703	6,226
Other financial liabilities		3,514	2,890	2,821
Deferred tax liabilities		1,940	2,179	203
Retirement benefit liability		6,508	5,171	4,669
Provisions		6	6	6
Other non-current liabilities		5,545	5,289	5,443
Total non-current liabilities		21,222	21,240	19,371
Total liabilities		111,567	118,396	115,570
Equity				
Share capital		54,768	54,768	54,768
Capital surplus		163,235	163,217	163,217
Retained earnings		210,921	224,850	233,049
Treasury shares		(11,841)	(11,695)	(11,697)
Other components of equity		1,079	2,950	5,432
Total equity attributable to owners of parent		418,163	434,091	444,770
Non-controlling interests		3,536	3,615	3,654
Total equity		421,699	437,707	448,424
Total liabilities and equity		533,267	556,104	563,995

Condensed Quarterly Consolidated Statement of Profit or Loss

Six months ended September 30, 2017 and 2018

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

Period		
Item	Six months ended September 30, 2017	Six months ended September 30, 2018
Revenue	136,909	154,584
Cost of sales	(75,412)	(86,327)
Gross profit	61,497	68,257
Selling, general and administrative expenses	(43,952)	(48,240)
Other income	624	797
Other expenses	(349)	(470)
Operating profit	17,819	20,343
Finance income	2,698	3,518
Finance costs	(639)	(730)
Share of profit of investments accounted for using equity method	90	166
Profit before tax	19,969	23,299
Income tax expense	(6,296)	(6,894)
Profit	13,672	16,404
Profit attributable to:		
Owners of parent	13,523	16,246
Non-controlling interests	149	157
Profit	13,672	16,404
Earnings per share		
Basic earnings per share	36.97	44.41
Diluted earnings per share	36.96	44.41

Condensed Quarterly Consolidated Statement of Comprehensive Income

Six months ended September 30, 2017 and 2018

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

Period		
Item	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	13,672	16,404
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Equity financial assets measured at fair value through other comprehensive income	44	17
Total of items	44	17
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	5,719	2,512
Debt financial assets measured at fair value through other comprehensive income	3	(17)
Share of other comprehensive income of investments accounted for using equity method	87	7
Total of items	5,809	2,502
Total other comprehensive income	5,854	2,520
Comprehensive income	19,526	18,924
Comprehensive income attributable to:		
Owners of parent	19,327	18,728
Non-controlling interests	198	196
Comprehensive income	19,526	18,924

Condensed Quarterly Consolidated Statement of Changes in Equity

Six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

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

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

	Equity attributable to owners of parent									Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity				Total		
					Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share of other comprehensive income of investments accounted for using equity method	Total			
Balance at April 1, 2017	54,768	163,235	210,921	(11,841)	1,079	—	—	1,079	418,163	3,536	421,699
Profit			13,523					—	13,523	149	13,672
Other comprehensive income					47	5,669	87	5,804	5,804	49	5,854
Comprehensive income	—	—	13,523	—	47	5,669	87	5,804	19,327	198	19,526
Dividends			(6,581)					—	(6,581)	(138)	(6,719)
Purchase of treasury shares				(3)				—	(3)		(3)
Disposal of treasury shares (including through the exercise of share options)		(18)	(37)	153				—	97		97
Change in ownership interest of parent due to transactions with non-controlling interests								—	—	(114)	(114)
Transfer from other components of equity to retained earnings			398		(398)			(398)	—		—
Total transactions with owners	—	(18)	(6,220)	149	(398)	—	—	(398)	(6,487)	(252)	(6,739)
Balance at September 30, 2017	54,768	163,217	218,224	(11,691)	728	5,669	87	6,485	431,004	3,482	434,486

	Equity attributable to owners of parent									Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity				Total		
					Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share of other comprehensive income of investments accounted for using equity method	Total			
Balance at April 1, 2018	54,768	163,217	224,850	(11,695)	529	2,351	70	2,950	434,091	3,615	437,707
Profit			16,246					—	16,246	157	16,404
Other comprehensive income					0	2,473	7	2,481	2,481	38	2,520
Comprehensive income	—	—	16,246	—	0	2,473	7	2,481	18,728	196	18,924
Dividends			(8,047)					—	(8,047)	(158)	(8,206)
Purchase of treasury shares				(2)				—	(2)		(2)
Disposal of treasury shares (including through the exercise of share options)		0		0				—	0		0
Change in ownership interest of parent due to transactions with non-controlling interests								—	—		—
Transfer from other components of equity to retained earnings								—	—		—
Total transactions with owners	—	0	(8,047)	(1)	—	—	—	—	(8,049)	(158)	(8,207)
Balance at September 30, 2018	54,768	163,217	233,049	(11,697)	529	4,824	77	5,432	444,770	3,654	448,424

Condensed Quarterly Consolidated Statement of Cash Flows

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

Item	Period	
	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before tax	19,969	23,299
Depreciation and amortization	4,560	5,986
Finance income and finance costs	(2,059)	(2,788)
Share of profit of investments accounted for using equity method	(90)	(166)
Gain on sale of fixed assets	98	164
Decrease (increase) in inventories	(6,748)	(9,036)
Decrease (increase) in trade and other receivables	4,150	2,118
Increase (decrease) in trade and other payables	1,749	145
Increase (decrease) in retirement benefit liability	(427)	(547)
Increase (decrease) in provisions	570	(65)
Other	1,767	(3,602)
Subtotal	23,542	15,506
Interest received	836	508
Dividends received	277	191
Interest paid	(56)	(49)
Income taxes paid	(4,195)	(7,953)
Net cash provided by (used in) operating activities	20,404	8,203
Cash flows from investing activities		
Net decrease (increase) in time deposits	(3,259)	(139)
Purchase of securities	(1,209)	(1,000)
Proceeds from sale of marketable securities	5,624	3,600
Purchase of investment securities	(16,047)	(5,803)
Proceeds from sale of investment securities	637	801
Purchase of property, plant and equipment	(8,241)	(8,534)
Proceeds from sale of property, plant and equipment	96	237
Purchase of intangible assets	(2,538)	(2,083)
Payments from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(3,371)
Other	(111)	8
Net cash provided by (used in) investing activities	(25,048)	(16,284)
Cash flows from financing activities		
Proceeds from short-term borrowings	3,130	—
Repayments of short-term borrowings	(3,179)	(308)
Net increase (decrease) in short-term borrowings	(1,954)	3,517
Proceeds from long-term borrowings	—	1,144
Repayments of long-term borrowings	(50)	(119)
Proceeds from exercise of employee share options	97	—
Repayments of lease obligations	(156)	(57)
Payments for purchase of treasury shares	(3)	(2)
Dividends paid	(6,571)	(8,033)
Dividends paid to non-controlling interests	(213)	(158)
Other	0	0
Net cash provided by (used in) financing activities	(8,900)	(4,015)
Effect of exchange rate changes on cash and cash equivalents	1,145	56
Net increase (decrease) in cash and cash equivalents	(12,399)	(12,040)
Cash and cash equivalents at beginning of period	91,746	80,464
Cash and cash equivalents at end of period	79,347	68,424

Notes on Going Concern Assumption

Not applicable.

Segment Information

Six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

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

	Metalworking Machinery	Metal Machine Tools	Other	Total	Reconciliations	Consolidated
Revenue						
Revenue from external customers	113,116	23,043	748	136,909	—	136,909
Intersegment revenue	3	13	—	16	(16)	—
Total	113,119	23,057	748	136,925	(16)	136,909
Segment profit	14,219	3,332	267	17,819	—	17,819
Finance income						2,698
Finance costs						(639)
Share of profit of investments accounted for using equity method						90
Profit before tax						19,969

Notes:

1. The “Other” classification refers to businesses not included within reportable segments. It principally comprises real estate leasing and automobile leasing.
2. Segment profit is adjusted from operating profit.

Six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

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

	Metalworking Machinery	Metal Machine Tools	Other	Total	Reconciliations	Consolidated
Revenue						
Revenue from external customers	127,273	26,770	541	154,584	—	154,584
Intersegment revenue	3	4	—	8	(8)	—
Total	127,277	26,774	541	154,593	(8)	154,584
Segment profit	16,300	3,828	214	20,343	—	20,343
Finance income						3,518
Finance costs						(730)
Share of profit of investments accounted for using equity method						166
Profit before tax						23,299

Notes:

1. The “Other” classification refers to businesses not included within reportable segments. It principally comprises real estate leasing and automobile leasing.
2. Segment profit is adjusted from operating profit.

Supplementary Information

Status of Orders Received and Sales (Consolidated)

1. Orders Received

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

Division \ Period	Six months ended September 30, 2017				Six months ended September 30, 2018			
	Orders received		Balance of outstanding orders		Orders received		Balance of outstanding orders	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Sheet Metal Division	114,493	73.3	58,206	81.0	117,805	72.0	65,935	77.0
Micro Welding Division	14,448	9.3	5,703	7.9	15,694	9.6	6,539	7.6
Cutting Division	16,696	10.7	3,143	4.4	19,695	12.0	5,843	6.8
Stamping Presses Division	5,278	3.4	2,349	3.2	5,611	3.4	3,506	4.1
Grinding Division	4,454	2.8	2,510	3.5	4,310	2.7	3,849	4.5
Others	751	0.5	7	0.0	537	0.3	—	—
Total	156,122	100.0	71,922	100.0	163,654	100.0	85,674	100.0

2. Sales Results

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

Division \ Period	Six months ended September 30, 2017		Six months ended September 30, 2018	
	Amount	Ratio	Amount	Ratio
Sheet Metal Division	100,095	73.1	112,512	72.8
Micro Welding Division	13,020	9.5	14,760	9.5
Cutting Division	15,825	11.6	18,362	11.9
Stamping Presses Division	4,303	3.1	4,927	3.2
Grinding Division	2,915	2.1	3,480	2.2
Others	748	0.6	541	0.4
Total	136,909	100.0	154,584	100.0

Note: For “Status of Orders Received and Sales,” amounts exclude consumption tax.

Status of Sales revenue to Customers by Geographic Region

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

Region \ Period	Six months ended September 30, 2017		Six months ended September 30, 2018		Percentage change
	Amount	Ratio	Amount	Ratio	
Japan	60,153	43.9	66,364	42.9	10.3
Overseas	76,755	56.1	88,220	57.1	14.9
North America	25,797	18.8	29,933	19.4	16.0
Europe	24,820	18.1	29,298	19.0	18.0
Asia and other regions	26,137	19.2	28,988	18.7	10.9
Total	136,909	100.0	154,584	100.0	12.9

Note: This table presents sales to customers by geographic region.