

Summary Report on the Consolidated Results for the Six Months Ended September 30, 2017

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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Date of scheduled payment of dividends: December 5, 2017

Quarterly earnings supplementary explanatory documents: Yes

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

(Amounts less than one million yen are truncated.)

1. Consolidated Business Performance for the Six Months Ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

(1) Operating Results

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2017	134,084	6.9	15,105	8.5	17,079	32.3	12,076	40.5
Six months ended September 30, 2016	125,442	(12.7)	13,916	(26.4)	12,905	(36.6)	8,596	(38.1)

Note: Comprehensive income: Six months ended September 30, 2017: ¥18,323 million (- %)
Six months ended September 30, 2016: ¥(13,419) million (- %)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2017	33.02	33.01
Six months ended September 30, 2016	23.53	23.51

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	550,853	431,534	77.8
As of March 31, 2017	533,433	419,970	78.1

Reference: Total shareholders' equity: As of September 30, 2017: ¥428,458 million
As of March 31, 2017: ¥416,796 million

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	—	24.00	—	18.00	42.00
Fiscal year ending March 31, 2018	—	20.00			
Fiscal year ending March 31, 2018 (Forecast)			—	22.00	42.00

Note: Revision to dividend forecasts most recently announced: Yes

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending March 31, 2018	295,000	5.8	37,000	12.0	40,000	16.6

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending March 31, 2018	29,000	12.0	79.28

Notes: Revision to consolidated forecasts most recently announced: Yes

Basic earnings per share is calculated based on the average number of outstanding shares as of September 30, 2017 (excluding treasury stock).

4. Other Items

1. Changes in the scope of consolidation for significant subsidiaries during the six months: None
2. Application of special accounting practices in the preparation of the consolidated financial statements: None
3. Changes in accounting policies, changes in accounting estimates and retrospective restatements:
 - 1) Changes in accounting policies in accordance with revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: Yes
 - 3) Changes in accounting estimates: Yes
 - 4) Retrospective restatements: None
4. Number of shares issued and outstanding (common stock)
 - 1) Number of shares of common stock outstanding at end of period, including treasury shares
 - As of September 30, 2017 378,115,217 shares
 - As of March 31, 2017 378,115,217 shares
 - 2) Number of shares of treasury shares at end of period
 - As of September 30, 2017 12,303,217 shares
 - As of March 31, 2017 12,461,845 shares
 - 3) Average number of shares outstanding for each period
 - Six months ended September 30, 2017 365,753,312 shares
 - Six months ended September 30, 2016 365,376,567 shares

This quarterly summary report of consolidated financial results are outside the scope of quarterly review.

Explanation regarding the appropriate use of forecasts of business results

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

Consolidated Financial Statements
Consolidated Balance Sheets

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

Item	Period	As of March 31, 2017	As of September 30, 2017
		Amount	Amount
(Assets)			
Current assets:			
Cash and deposits		75,503	74,083
Notes and accounts receivable - trade		127,202	124,617
Lease investment assets		14,254	14,109
Securities		30,527	21,329
Merchandise and finished goods		50,767	55,580
Work in process		7,397	9,818
Raw materials and supplies		12,527	13,301
Other		15,694	18,010
Allowance for doubtful accounts		(1,966)	(2,020)
Total current assets		331,909	328,829
Non-current assets:			
Property, plant and equipment:			
Buildings and structures, net		56,294	60,828
Other, net		75,714	77,362
Total property, plant and equipment		132,009	138,191
Intangible assets:			
Goodwill		1,153	1,016
Other		7,837	9,689
Total intangible assets		8,990	10,705
Investments and other assets:			
Investment securities		51,137	64,007
Net defined benefit asset		135	130
Other		9,541	9,254
Allowance for doubtful accounts		(290)	(265)
Total investments and other assets		60,523	73,126
Total non-current assets		201,523	222,024
Total assets		533,433	550,853

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

Item	Period	As of March 31, 2017	As of September 30, 2017
		Amount	Amount
(Liabilities)			
Current liabilities:			
Notes and accounts payable - trade		16,722	17,207
Electronically recorded obligations - operating		19,232	20,735
Short-term loans payable		13,705	11,720
Income taxes payable		3,620	4,601
Provision for bonuses		3,503	3,493
Provision for directors' bonuses		275	197
Deferred profit on installment sales		13,731	13,093
Other		25,949	32,469
Total current liabilities		96,743	103,519
Non-current liabilities:			
Long-term loans payable		3,366	3,382
Provision for directors' retirement benefits		78	84
Net defined benefit liability		5,274	4,491
Other		8,001	7,842
Total non-current liabilities		16,719	15,800
Total liabilities		113,462	119,319
(Net assets)			
Shareholders' equity:			
Capital stock		54,768	54,768
Capital surplus		163,199	163,199
Retained earnings		226,500	231,958
Treasury shares		(11,841)	(11,691)
Total shareholders' equity		432,626	438,234
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities		(552)	(539)
Deferred gains or losses on hedges		(114)	(125)
Revaluation reserve for land		(9,221)	(9,221)
Foreign currency translation adjustment		(4,847)	905
Remeasurements of defined benefit plans		(1,093)	(794)
Total accumulated other comprehensive income		(15,829)	(9,775)
Subscription rights to shares		36	2
Non-controlling interests		3,137	3,073
Total net assets		419,970	431,534
Total liabilities and net assets		533,433	550,853

Consolidated Statements of Income

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

Item	Period	Six months ended September 30, 2016	Six months ended September 30, 2017
		Amount	Amount
Net sales		125,442	134,084
Cost of sales		68,425	75,020
Gross profit		57,017	59,064
Selling, general and administrative expenses:			
Sales commission		2,931	2,840
Packing and transportation expenses		3,815	3,964
Salaries and allowances		12,550	12,662
Other		24,243	25,174
Total selling, general and administrative expenses		43,541	44,641
Reversal of unrealized profit on installment sales		2,710	2,640
Deferred unrealized profit on installment sales and finance lease sales		2,270	1,956
Operating income		13,916	15,105
Non-operating income:			
Interest income		831	809
Dividend income		337	301
Foreign exchange gains		—	648
Other		911	703
Total non-operating income		2,080	2,462
Non-operating expenses:			
Interest expenses		90	49
Foreign exchange losses		2,638	—
Loss on valuation of derivatives		—	221
Other		362	216
Total non-operating expenses		3,091	488
Ordinary income		12,905	17,079
Extraordinary income:			
Gain on sales of non-current assets		75	21
Gain on sales of investment securities		4	582
Other		—	15
Total extraordinary income		79	619
Extraordinary losses:			
Loss on sales of non-current assets		24	6
Loss on retirement of non-current assets		293	125
Other		—	1
Total extraordinary losses		317	133
Income before income taxes		12,667	17,565
Income taxes - current		3,537	5,181
Income taxes - deferred		383	168
Total income taxes		3,920	5,350
Profit		8,746	12,214
Profit attributable to non-controlling interests		149	137
Profit attributable to owners of parent		8,596	12,076

Statements of Comprehensive Income

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

Item	Period	Six months ended September 30, 2016	Six months ended September 30, 2017
		Amount	Amount
Profit		8,746	12,214
Other comprehensive income			
Valuation difference on available-for-sale securities		(1,020)	14
Deferred gains or losses on hedges		(63)	(10)
Foreign currency translation adjustment		(21,284)	5,701
Remeasurements of defined benefit plans, net of tax		383	296
Share of other comprehensive income of entities accounted for using equity method		(181)	107
Total other comprehensive income		(22,165)	6,108
Comprehensive income		(13,419)	18,323
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent		(13,108)	18,131
Comprehensive income attributable to non-controlling interests		(311)	192

Notes Regarding Assumption of Going Concern

No events to be noted for this purpose.

Notes Regarding Significant Change in Shareholders' Equity

No events to be noted for this purpose.

Segment Information

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

Sales and income or loss by reportable segment

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

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

Notes:

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

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

1. Sales and income or loss by reportable segment

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

	Reportable segment			Other (Note 1)	Total	Reconciliations	Consolidated (Note 2)
	Metalworking Machinery	Metal Machine Tools	Total				
Sales							
(1) External customers	110,520	22,874	133,394	689	134,084	—	134,084
(2) Intersegment sales or transfers	3	13	16	—	16	(16)	—
Total	110,523	22,887	133,411	689	134,100	(16)	134,084
Segment profit	11,334	3,563	14,897	208	15,105	—	15,105

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 to the operating income presented in the Consolidated Statement of Income for the quarter under review.

2. Matters regarding changes to reportable segments

(Change in inventory valuation method)

Domestic consolidated subsidiaries of the Company, which had mainly adopted the last purchase price method as the inventory valuation method for raw materials of machinery, changed the valuation method mainly to the first-in first-out method effective from the three months ended June 30, 2017.

This change is aimed at calculating periodic profit and loss more quickly and appropriately, taking advantage of the reconstruction of the accounting system.

Since the impact of this change is immaterial, the change has not been applied retroactively.

(Change in depreciation method for property, plant and equipment)

The Company, its domestic consolidated subsidiaries and some overseas consolidated subsidiaries changed the method of depreciation for property, plant and equipment (excluding leased assets) to the straight line method from the three months ended June 30, 2017, although the declining balance method had been previously used (however, the straight line method had been used for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 by the Company and its domestic consolidated subsidiaries).

This change was made after the depreciation method for property, plant and equipment had been reviewed again, with the investment plan under the Medium Term Management Plan as an opportunity. As a result of the review, stable operation over a long period is expected mainly based on the actual conditions of demand for products of the Company. Accordingly, the Company judged that adoption of the straight line method as the depreciation method for property, plant and equipment is reasonable from the viewpoint of cost allocation and better reflects the actual economic conditions, and thus it made the change.

As a result of this change, segment profit of the six months ended September 30, 2017 increased by ¥311 million in “Metalworking Machinery” and ¥57 million in “Metal Machine Tools” compared with figures calculated based on the previous method.

Supplementary Information

Status of Orders Received and Sales (Consolidated)

1. Orders Received

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

Divisions	Period	Six months ended September 30, 2016				Six months ended September 30, 2017			
		Orders received		Balance of outstanding orders		Orders received		Balance of outstanding orders	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
			%		%		%		%
Sheet-Metal Processing Machines Division		97,377	73.1	44,010	78.7	112,653	73.1	51,344	78.9
Welding Division		11,910	8.9	4,588	8.2	14,449	9.4	5,703	8.8
Bandsaws Division		15,366	11.5	3,077	5.5	16,605	10.8	3,143	4.8
Presses Division		4,518	3.4	2,312	4.1	5,223	3.4	2,349	3.6
Machine Tools Division		3,501	2.6	1,930	3.5	4,430	2.9	2,510	3.9
Others		640	0.5	2	0.0	692	0.4	7	0.0
Total		133,314	100.0	55,921	100.0	154,055	100.0	65,060	100.0

2. Sales Results

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

Divisions	Period	Six months ended September 30, 2016		Six months ended September 30, 2017	
		Amount	Ratio	Amount	Ratio
			%		%
Sheet-Metal Processing Machines Division		91,356	72.8	97,498	72.7
Welding Division		11,139	8.9	13,021	9.7
Bandsaws Division		15,081	12.0	15,734	11.7
Presses Division		4,074	3.3	4,247	3.2
Machine Tools Division		3,147	2.5	2,891	2.2
Others		644	0.5	689	0.5
Total		125,442	100.0	134,084	100.0

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

(Status of Sales to Customers by Geographic Region)

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

Regions	Period	Six months ended September 30, 2016		Six months ended September 30, 2017		Percentage change
		Amount	Ratio	Amount	Ratio	
			%		%	%
Japan		59,410	47.4	58,395	43.6	(1.7)
Overseas		66,031	52.6	75,689	56.4	14.6
[North America]		[21,798]	[17.4]	[24,936]	[18.6]	[14.4]
[Europe]		[21,948]	[17.5]	[24,916]	[18.6]	[13.5]
[Asia and other regions]		[22,285]	[17.7]	[25,836]	[19.2]	[15.9]
Total		125,442	100.0	134,084	100.0	6.9

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