

FY2016 Second Quarter Consolidated Financial Results [Japanese Standard]

November 10, 2015

Stock exchange: Tokyo (First Section)

Listed company name: Aida Engineering, Ltd.
 Code: 6118 (URL <http://www.aida.co.jp>)
 Representative: Kimikazu Aida, President
 Contact: Ken Masuda, Director of the Board, Managing Executive Officer, Division Manager, General Administration Division Tel: +81-42-772-5231
 Scheduled date of filing quarterly securities report: November 10, 2015
 Scheduled beginning date of dividend payment: —
 Preparation of Second quarter presentation materials: Yes
 Holding of Second quarter results briefing: Yes (For institutional investors and analysts)

(Figures are rounded down to the nearest million yen)

1. Consolidated Results for the six months of the fiscal year ending March 31, 2016 (April 1, 2015 to September 30, 2015)

(1) Consolidated Financial Results

(Percentages represent change compared to the previous period)

	Net Sales		Operating Income		Ordinary Profit		Profit Attributable to Owners of Parent Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2015	37,468	9.7	4,233	16.6	5,055	33.6	3,386	23.6
Six months ended September 30, 2014	34,163	7.2	3,630	16.1	3,784	9.0	2,739	(10.3)

Note: Comprehensive Income FY2016 2Q 1,863 Million yen (-57.7%), FY2015 2Q 4,400 Million yen (7.1%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2015	54.94	54.78
Six months ended September 30, 2014	44.59	44.40

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2015	105,864	67,186	63.3	1,087.06
As of March 31, 2015	105,126	67,254	63.8	1,088.96

Reference: Shareholders' Equity FY2016 2Q 67,041 Million yen, FY2015 67,104 Million yen

2. Cash Dividends

	Cash Dividends per Share				
	1Q End	2Q End	3Q End	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2015	-	-	-	30.00	30.00
Fiscal 2016	-	-	-	-	-
Fiscal 2016 (forecast)	-	-	-	30.00	30.00

Note: Revision of dividend forecast for this period: None

3. Forecast of Consolidated Results for the year ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(Percentages represent change compared to the previous period)

	Net Sales		Operating Income		Ordinary Profit		Profit Attributable to Owners of Parent Company		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2016	78,000	1.4	7,900	0.5	8,700	6.0	6,000	(3.3)	97.31

Note: Revision of forecast of consolidated results: Yes

4. Other

(1) Changes among significant subsidiaries during the period : None

Note: This refers to addition and deletion in specific subsidiaries with changes in the scope of consolidation during the period.

(2) Adoption of special accounting treatment for quarter financial report : None

Note: This refers to whether these above were used for preparing quarterly consolidated financial statements.

(3) Changes in accounting principles, estimates, and retrospective restatement

1. Changes due to revisions of accounting standards : Yes

2. Changes other than "1" : None

3. Change in accounting estimates : None

4. Retrospective restatement : None

(4) Number of shares outstanding (Common stock)

1. Common stock (Treasury stock included)	<u>FY2016 2Q</u> : 73,647,321 shares,	<u>FY2015</u> : 73,647,321 shares
---	---------------------------------------	-----------------------------------

2. Treasury Stock	<u>FY2016 2Q</u> : 11,974,983 shares,	<u>FY2015</u> : 12,024,268 shares
-------------------	---------------------------------------	-----------------------------------

3. Average number of shares outstanding	<u>FY2016 2Q</u> : 61,646,723 shares,	<u>FY2015 2Q</u> : 62,424,074 shares
---	---------------------------------------	--------------------------------------

Status of execution of the quarterly review process of financial statements:

Review procedures under the Financial Instruments and Exchange Act, had been completed at the time of disclosure of this report.

Statement for proper use of business forecast and other special remarks:

The above forecasts and those presented in appended material are based on the information presently available. Actual results may differ from these forecasts due to changes in various factors.

TABLE OF CONTENTS

1. Consolidated Financial Statements	
(1) Consolidated balance sheets.....	2
(2) Consolidated statements of income.....	4
Consolidated statements of comprehensive income.....	5
(3) Consolidated statements of cash flows.....	6
(4) Going concern assumption.....	7
(5) Notes regarding remarkable fluctuation in shareholder's equity.....	7
(6) Segment information.....	7
2. Supplementary Information	
Status of orders	8

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash on hand and at banks	22,868	19,460
Notes and accounts receivable, trade	22,585	25,312
Electronically recorded monetary claims-operating	242	188
Short-term securities	7,200	7,200
Finished goods	2,504	3,499
Work in process	9,318	9,593
Raw materials and supplies	2,705	2,687
Deferred income assets	1,434	1,087
Other current assets	5,824	4,766
Allowance for doubtful accounts	(69)	(81)
Total current assets	74,614	73,714
Fixed assets		
Property, plant and equipment		
Buildings and structures	21,850	21,685
Accumulated depreciation	(14,161)	(14,246)
Buildings and structures - Net	7,688	7,439
Machinery and vehicles	11,108	13,267
Accumulated depreciation	(6,807)	(7,007)
Machinery and vehicles - Net	4,300	6,259
Land	5,102	5,084
Construction in progress	1,524	1,743
Other	2,767	2,784
Accumulated depreciation	(2,149)	(2,141)
Other - Net	617	643
Total property, plant and equipment	19,233	21,169
Intangible assets	1,121	1,078
Investments and other assets		
Investment securities	5,804	5,609
Insurance reserve fund	3,488	3,343
Net defined benefit assets	519	575
Deferred income taxes	162	176
Other assets	208	301
Allowance for doubtful accounts	(27)	(104)
Total investments and other assets	10,156	9,902
Total fixed assets	30,511	32,150
Total assets	105,126	105,864

(Millions of Yen)

	As of March 31, 2015	As of September 30, 2015
Liabilities		
Current liabilities		
Accounts payable, trade	9,930	8,591
Electronically recorded obligations-operating	2,769	2,601
Short-term loans payable	391	1,902
Current portion of long-term loans payable	500	500
Non-trade payables	1,212	2,661
Income taxes payable	1,182	1,035
Advances from customers on contracts	10,799	10,758
Accrued warranty costs	1,479	1,212
Accrued bonuses for employees	1,096	949
Accrued bonuses for directors	58	67
Provision for loss on orders received	80	116
Special suspense account for reduction entry	1,224	1,224
Other current liabilities	2,604	2,445
Total current liabilities	33,328	34,066
Long-term liabilities		
Long-term loans payable	1,000	1,000
Long-term accounts payable	424	509
Deferred income tax	2,441	2,432
Accrued stocks payment for employees	200	218
Net defined benefit liabilities	102	105
Other long-term liabilities	373	344
Total long-term liabilities	4,543	4,611
Total liabilities	37,871	38,678
Net assets		
Shareholders' equity		
Common stock	7,831	7,831
Additional paid-in capital	12,415	12,416
Retained earnings	44,951	46,387
Treasury stock	(5,188)	(5,166)
Total shareholders' equity	60,008	61,468
Accumulated other comprehensive income		
Net unrealized gains (losses) on other securities	3,056	2,847
Deferred hedge gains (losses)	(211)	(47)
Foreign currency translation adjustments	3,754	2,292
Remeasurements of defined benefit plans	496	480
Total accumulated other comprehensive income	7,096	5,573
Stock options	149	145
Total net assets	67,254	67,186
Total liabilities and net assets	105,126	105,864

(2) Consolidated Statements of Income

(Millions of Yen)

	Six month ended September 30, 2014	Six months ended September 30, 2015
Net sales	34,163	37,468
Cost of sales	26,316	28,475
Gross profit	7,847	8,993
Selling, general and administrative expenses	4,216	4,759
Operating income	3,630	4,233
Non-operating income		
Interest income	46	46
Dividend income	59	79
Gain from redemption at maturity of endowment insurance	28	28
Foreign exchange gain	21	679
Other non-operating income	58	40
Total non-operating income	213	875
Non-operating expense		
Interest expense	17	18
Other non-operating expenses	41	34
Total non-operating expense	59	53
Ordinary profit	3,784	5,055
Extraordinary gain		
Gain on sale of fixed assets	1	3
Gain on insurance income	172	—
Total extraordinary gain	173	3
Extraordinary loss		
Loss on sale of fixed assets	0	2
Loss on disposal of fixed assets	38	2
Total extraordinary loss	38	5
Income before income taxes	3,919	5,054
Current	1,125	1,190
Deferred	55	477
Income taxes	1,180	1,667
Net income	2,739	3,386
Profit attributable to owners of parents	2,739	3,386

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Six month ended September 30, 2014	Six months ended September 30, 2015
Net income	2,739	3,386
Other comprehensive income		
Net unrealized gains (losses) on other securities	250	(208)
Deferred hedge gains (losses)	51	163
Foreign currency translation adjustments	1,361	(1,461)
Remeasurements of defined benefit plans	(2)	(16)
Total other comprehensive income	1,661	(1,523)
Comprehensive income	4,400	1,863
Comprehensive income attributable to shareholders of Aida Engineering	4,400	1,863

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities:		
Income before income taxes	3,919	5,054
Depreciation and amortization	808	960
Increase (decrease) in allowance for doubtful accounts	(23)	87
Increase (decrease) in accrued warranty costs, net	1	(283)
Increase (decrease) in accrued bonuses for employees, net	(198)	(147)
Increase (decrease) in accrued bonuses for directors, net	1	8
Increase (decrease) in provision for loss on orders received, net	(146)	32
Increase (decrease) in net defined benefit liabilities	0	(0)
(Increase) decrease in net defined benefit assets	(44)	(47)
Increase (decrease) in accrued stock payments, net	20	17
Interest and dividend income	(105)	(126)
Interest expense	17	18
(Gain) loss on sale of property, plant and equipment	(1)	(0)
Loss on disposal of fixed assets	38	2
(Increase) decrease in accounts receivable, trade	3,909	(2,921)
(Increase) decrease in inventories	(1,774)	(1,315)
Increase (decrease) in accounts payable, trade	90	(893)
(Increase) decrease in other assets	527	693
Increase (decrease) in other liabilities	(288)	193
Other, net	(144)	253
Sub-total	6,607	1,586
Interest and dividends received	105	124
Interest paid	(17)	(14)
Income taxes paid	(802)	(1,411)
Net cash provided by (used in) operating activities	5,893	285
Cash flows from investing activities:		
Payments for deposits of funds into time deposits	—	(600)
Proceeds for withdrawal of time deposit	110	98
Proceeds from sales of investment in short-term investments	200	—
Payments for purchase of property, plant and equipment	(797)	(1,599)
Proceeds from sale of property, plant and equipment	3	24
Payments for purchase of intangible assets	(51)	(78)
Payments of purchase of investment securities	—	(100)
Other, net	1	0
Net cash provided by (used in) investing activities	(533)	(2,254)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans	277	1,477
Payments for finance lease obligations	(7)	(7)
Payments for purchase of treasury stock	(0)	(1)
Proceeds from sale of treasury stock	7	0
Cash dividends paid	(1,614)	(1,943)
Net cash provided by (used in) financing activities	(1,336)	(474)
Effect of exchange rate changes on cash and cash equivalents	1,157	(1,429)
Net increase (decrease) in cash and cash equivalents	5,180	(3,872)
Cash and cash equivalents at the beginning of the year	26,038	29,958
Cash and cash equivalents at the end of period	31,218	26,085

(4) Notes to going concern assumption

None

(5) Notes regarding remarkable fluctuation in shareholders' equity

None

(6) Segment Information

Six month ended September 30, 2014

	Japan	Asia	Americas	Europe	Sub Total	Reconciliation (*1)	Consolidated Statements of Income(*2)
Sales							
Sales to external customers	10,373	7,373	11,003	5,411	34,163	—	34,163
Inter-segment sales	10,856	863	360	1,492	13,573	(13,573)	—
Total sales	21,230	8,237	11,364	6,904	47,736	(13,573)	34,163
Segment income	2,434	552	791	68	3,847	(216)	3,630

Note:

1. Reconciliation of sales (loss) refers to elimination among inter-segment transactions.

Adjustments of segment income arose from elimination among inter-segment transactions.

2. Segment income is adjusted to operating income of consolidated statements of income.

Six month ended September 30, 2015

	Japan	Asia	Americas	Europe	Sub Total	Reconciliation (*1)	Consolidated Statements of Income(*2)
Sales							
Sales to external customers	12,457	9,127	9,528	6,355	37,468	—	37,468
Inter-segment sales	9,823	2,144	415	383	12,767	(12,767)	—
Total sales	22,281	11,271	9,943	6,738	50,235	(12,767)	37,468
Segment income or loss	2,216	1,313	772	(191)	4,110	122	4,233

Note:

1. Reconciliation of sales (loss) refers to elimination among inter-segment transactions.

Adjustments of segment income or loss arose from elimination among inter-segment transactions.

2. Segment income or loss is adjusted to operating income of consolidated statements of income.

2. Supplementary Information

Status of Orders

Orders Receipt and Backlog

Six months ended September 30, 2015

(Millions of Yen)

	Order Intake		Backlog	
	Amount	Year to year comparison (%)	Amount	Year to year comparison (%)
Japan	16,406	85.2	20,732	12.8
Asia	10,768	(9.7)	14,740	1.8
Americas	9,829	(23.6)	12,184	(35.3)
Europe	6,433	71.8	10,246	1.1
Total	43,437	16.1	57,903	(6.3)

Note:

1. Inter-segment transactions have been eliminated.
2. Amounts above do not include consumption tax.