

## Consolidated Financial Results for the 2nd Quarter of the Fiscal Year Ended March 31, 2019 [Japanese Standard]

November 13, 2018

Stock exchange: Tokyo (First Section)

Listed company name: Aida Engineering, Ltd.  
 Stock code: 6118 (URL <http://www.aida.co.jp>)  
 Representative: Kimikazu Aida, Chairman & President (CEO)  
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 Scheduled date of filing quarterly securities report: November 13, 2018  
 Scheduled beginning date of dividend payment: —  
 Preparation of supplemental explanatory materials: Yes  
 Holding of quarterly financial results briefing: Yes (for analysts and institutional investors)

(Figures are rounded down to the nearest million yen)

## 1. Consolidated Results for 2nd Quarter of the Fiscal Year Ended March 31, 2019 (April 1, 2018 to September 30, 2018)

## (1) Consolidated Financial Results

(Percentages represent change compared to the previous period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2018	40,311	23.1	2,334	(18.9)	2,651	(6.5)	1,735	(11.0)
Six months ended September 30, 2017	32,734	3.0	2,876	(13.5)	2,834	(21.0)	1,950	(24.9)

Note: Comprehensive income Six months ended September 30, 2018 2,096 million yen (Δ 46.6)%  
 Six months ended September 30, 2017 3,922 million yen ( — )%

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2018	28.13	28.06
Six months ended September 30, 2017	31.61	31.54

## (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, 2018	115,903	76,058	65.0	1,220.87
As of March 31, 2018	116,108	75,924	64.8	1,219.02

Reference: Shareholders' equity As of September 30, 2018 75,342 million yen  
 As of March 31, 2018 75,210 million yen

## 2. Cash Dividends

	Cash dividends per share				
	1Q End	2Q End	3Q End	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2018	—	—	—	30.00	30.00
Year ended March 31, 2019	—	—	—	—	—
Year ended March 31, 2019 (forecast)	—	—	—	30.00	30.00

Note: Revision of dividend forecast for this period: None

## 3. Forecasts of Consolidated Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Percentages represent change compared to the previous period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year ended March 31, 2019	78,000	5.6	6,250	(1.0)	6,600	11.3	4,900	2.4	79.41

Note: Revision of forecasts of consolidated results: Yes

4. Others

(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: Yes

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

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1. Changes in accounting policies due to revisions of accounting standards: None

2. Changes in accounting policies other than "1": None

3. Changes in accounting estimates: None

4. Retrospective restatement: None

(4) Number of shares outstanding (Common stock)

1. Common stock (Treasury stock included)

As of September 30, 2018 73,647,321 shares

As of March 31, 2018 73,647,321 shares

2. Treasury Stock

As of September 30, 2018 11,934,887 shares

As of March 31, 2018 11,950,279 shares

3. Average number of shares outstanding

Six months ended September 30, 2018 61,703,410 shares

Six months ended September 30, 2017 61,694,475 shares

This financial results falls outside the scope of audit procedures.

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.

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## 1. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash on hand and at banks	33,163	31,527
Notes and accounts receivable - trade	22,444	23,273
Electronically recorded monetary claims - operating	2,485	1,344
Finished goods	2,312	3,130
Work in process	11,038	11,831
Raw materials and supplies	4,014	4,135
Other current assets	3,158	3,137
Allowance for doubtful accounts	(226)	(227)
Total current assets	78,390	78,154
Fixed assets		
Property, plant and equipment		
Buildings and structures	24,664	25,103
Accumulated depreciation	(16,106)	(16,367)
Buildings and structures, net	8,558	8,735
Machinery and vehicles	16,326	16,840
Accumulated depreciation	(9,579)	(10,080)
Machinery and vehicles, net	6,746	6,760
Land	7,140	7,080
Construction in progress	362	624
Other fixed assets	3,535	3,531
Accumulated depreciation	(2,894)	(2,933)
Other fixed assets, net	641	598
Total property, plant and equipment	23,449	23,799
Intangible assets	927	847
Investments and other assets		
Investment securities	8,734	9,063
Insurance reserve fund	2,943	2,392
Net defined benefit assets	795	811
Deferred tax assets	708	666
Other assets	195	201
Allowance for doubtful accounts	(36)	(32)
Total investments and other assets	13,340	13,102
Total fixed assets	37,718	37,748
Total assets	116,108	115,903

(Millions of Yen)

	As of March 31, 2018	As of September 30, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	7,374	7,501
Electronically recorded monetary obligations - operating	4,600	5,658
Short-term loans payable	2,611	2,643
Current portion of long-term loans payable	500	500
Accounts payable - other	1,065	1,468
Income taxes payable	1,156	859
Advances received	11,745	9,710
Accrued warranty costs	717	654
Accrued bonuses for employees	1,214	1,098
Accrued bonuses for directors	52	44
Provision for loss on orders received	105	119
Other current liabilities	2,055	2,432
<b>Total current liabilities</b>	<b>33,198</b>	<b>32,690</b>
<b>Long-term liabilities</b>		
Long-term loans payable	1,000	1,000
Long-term accounts payable - other	820	833
Deferred tax liabilities	3,039	3,168
Accrued stock payments	344	392
Net defined benefit liabilities	1,461	1,447
Other long-term liabilities	319	311
<b>Total long-term liabilities</b>	<b>6,985</b>	<b>7,153</b>
<b>Total liabilities</b>	<b>40,184</b>	<b>39,844</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	7,831	7,831
Additional paid-in capital	12,486	12,489
Retained earnings	54,000	53,781
Treasury stock	(5,222)	(5,215)
<b>Total shareholders' equity</b>	<b>69,095</b>	<b>68,887</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized gains on other securities	4,930	5,158
Deferred hedge gains (losses)	26	(73)
Foreign currency translation adjustments	734	969
Retirement benefit plan adjustments	423	400
<b>Total accumulated other comprehensive income</b>	<b>6,114</b>	<b>6,455</b>
<b>Stock options</b>	<b>148</b>	<b>139</b>
<b>Non-controlling interests</b>	<b>566</b>	<b>576</b>
<b>Total net assets</b>	<b>75,924</b>	<b>76,058</b>
<b>Total liabilities and net assets</b>	<b>116,108</b>	<b>115,903</b>

## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statements of Income

(Millions of Yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	32,734	40,311
Cost of sales	25,353	33,214
Gross profit	7,381	7,097
Selling, general and administrative expenses	4,504	4,762
Operating income	2,876	2,334
Non-operating income		
Interest income	38	51
Dividend income	74	103
Gain from redemption at maturity of endowment insurance	28	12
Insurance premiums refunded cancellation	—	166
Other non-operating income	88	64
Total non-operating income	229	398
Non-operating expense		
Interest expenses	23	17
Foreign exchange loss	208	20
Other non-operating expenses	39	43
Total non-operating expenses	271	81
Ordinary income	2,834	2,651
Extraordinary gain		
Gain on sales of fixed assets	1	20
Other extraordinary gain	0	—
Total extraordinary gain	1	20
Extraordinary loss		
Loss on sales of fixed assets	—	0
Loss on disposal of fixed assets	4	161
Other extraordinary loss	—	4
Total extraordinary loss	4	166
Income before income taxes	2,832	2,505
Income taxes	881	749
Net income	1,950	1,756
Net income attributable to non-controlling interests	—	20
Net income attributable to owners of parent	1,950	1,735

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net income	1,950	1,756
Other comprehensive income		
Net unrealized gains on other securities	845	227
Deferred hedge gains (losses)	(122)	(99)
Foreign currency translation adjustments	1,250	234
Retirement benefit plan adjustments	(0)	(22)
Total other comprehensive income	1,972	340
Comprehensive income	3,922	2,096
Comprehensive income attributable to owners of parent	3,922	2,075
Comprehensive income attributable to non-controlling interests	—	20

## (3) Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities:		
Income before income taxes	2,832	2,505
Depreciation and amortization	983	1,060
Increase (decrease) in allowance for doubtful accounts	18	(13)
Increase (decrease) in accrued warranty costs, net	(4)	(74)
Increase (decrease) in accrued bonuses for employees, net	(48)	(126)
Increase (decrease) in accrued bonuses for directors, net	(4)	(8)
Increase (decrease) in provision for loss on orders received,	(42)	11
Increase (decrease) in net defined benefit liabilities	3	(16)
(Increase) decrease in net defined benefit assets	(58)	(45)
Increase (decrease) in accrued stock payments, net	18	47
Interest and dividend income	(113)	(154)
Interest expense	23	17
(Gain) loss on sales of fixed assets	(1)	(19)
Loss on disposal of fixed assets	4	161
(Increase) decrease in accounts receivable - trade	3,603	(1,395)
(Increase) decrease in inventories	(2,456)	(1,276)
Increase (decrease) in accounts payable - trade	1,304	959
(Increase) decrease in other assets	898	168
Increase (decrease) in other liabilities	246	217
Other, net	(486)	29
Sub-total	6,721	2,047
Interest and dividend income received	113	154
Interest expenses paid	(25)	(17)
Income taxes paid	(679)	(930)
Net cash provided by operating activities	6,129	1,254
Cash flows from investing activities:		
Payments into time deposits	(1,514)	(28)
Proceeds from withdrawal of time deposits	1,327	798
Payments for purchase of property, plant and equipment	(907)	(969)
Proceeds from sales of property, plant and equipment	1	122
Payments for purchase of intangible assets	(39)	(25)
Other, net	0	0
Net cash used in investing activities	(1,130)	(103)
Cash flows from financing activities:		
Payments for finance lease obligations	(1)	—
Payments for purchase of treasury stock	(1)	(0)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(2,596)	(1,951)
Dividends paid to non-controlling interests	—	(10)
Net cash used in financing activities	(2,598)	(1,961)
Effect of exchange rate changes on cash and cash equivalents	866	(112)
Net increase (decrease) increase in cash and cash equivalents	3,266	(924)
Cash and cash equivalents at the beginning of the year	25,572	31,721
Cash and cash equivalents at the end of the year	28,838	30,797



(4) Notes to Going Concern Assumption

None

(5) Notes Regarding Remarkable Fluctuation in Shareholders' Equity

None

(6) Segment Information

Six months ended September 30, 2017

(Millions of Yen)

	Japan	China	Asia	Americas	Europe	Sub total	Adjustments (*1)	Consolidated statements of income(*2)
Sales								
Sales to third parties	12,374	3,875	1,931	9,124	5,428	32,734	—	32,734
Inter-segment sales	8,426	215	2,174	216	527	11,560	(11,560)	—
Total sales	20,801	4,091	4,106	9,340	5,956	44,295	(11,560)	32,734
Segment profit	1,383	115	855	699	64	3,118	(241)	2,876

Note:

1. Adjustments of sales represent elimination of inter-segment transactions.  
Adjustments of segment profit refer to inter-segment transaction eliminations.
2. Segment profit is adjusted to operating income of consolidated statements of income.

Six months ended September 30, 2018

(Millions of Yen)

	Japan	China	Asia	Americas	Europe	Sub total	Adjustments (*1)	Consolidated statements of income(*2)
Sales								
Sales to third parties	16,767	5,611	2,316	8,368	7,248	40,311	—	40,311
Inter-segment sales	9,073	422	2,298	179	193	12,167	(12,167)	—
Total sales	25,840	6,033	4,615	8,547	7,442	52,479	(12,167)	40,311
Segment profit or loss	1,029	312	555	367	(41)	2,223	110	2,334

Note:

1. Adjustments of sales represent elimination of inter-segment transactions.  
Adjustments of segment profit or loss refer to inter-segment transaction eliminations.
2. Segment profit or loss is adjusted to operating income of consolidated statements of income.

Changes in the reportable segment classification method

Effective from the 1st quarter of the fiscal year ended March 31, 2019, the reportable segment classification method has been revised in line with the internal control of group companies.

The business in China and Hong Kong, which was previously included in the Asia segment, is now included in the China segment (new segment).

Accordingly the Asia segment includes the business in Asia excluding Japan, China and Hong Kong.

The segment information for the previous period has been restated in line with the new method of classification.

## 2. Supplementary Information

### Status of Orders

Six months ended September 30, 2018

(Millions of Yen)

	Orders		Order backlog	
	Amount	Comparison with the previous period (%)	Amount	Comparison with the end of previous year (%)
Japan	21,117	25.8	28,771	17.8
China	5,547	(26.6)	10,524	(0.6)
Asia	3,090	37.5	3,185	32.1
Americas	7,210	(30.6)	10,043	(10.3)
Europe	7,116	2.2	10,565	(1.2)
Total	44,081	0.3	63,090	6.4

Note:

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