

Consolidated Financial Results for the 2nd Quarter of the Fiscal Year Ended March 31, 2018 [Japanese Standard]

November 14, 2017

Stock exchange: Tokyo (First Section)

Listed company name: Aida Engineering, Ltd.

Stock code: 6118 (URL <http://www.aida.co.jp>)

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Scheduled date of filing quarterly securities report: November 14, 2017

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, 2018 (April 1, 2017 to September 30, 2017)

(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, 2017	32,734	3.0	2,876	(13.5)	2,834	(21.0)	1,950	(24.9)
Six months ended September 30, 2016	31,768	(15.2)	3,325	(21.4)	3,587	(29.0)	2,596	(23.3)

Note: Comprehensive income Six months ended September 30, 2017 3,922 million yen (-%)
Six months ended September 30, 2016 231 million yen (-87.6%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended September 30, 2017	31.61		31.54	
Six months ended September 30, 2016	42.10		42.02	

(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, 2017	109,597		72,153		65.7		1,167.09	
As of March 31, 2017	101,683		70,834		69.5		1,145.74	

Reference: Shareholders' equity As of September 30, 2017 72,005 million yen
As of March 31, 2017 70,683 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, 2017	-	-	-	40.00	40.00
Year ended March 31, 2018	-	-	-	-	-
Year ended March 31, 2018 (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, 2018 (April 1, 2017 to March 31, 2018)

(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, 2018	72,000	6.6	7,000	5.8	7,100	4.8	5,000	0.3		81.04

Note: Revision of forecasts of consolidated results: None

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": Yes

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, 2017 73,647,321 shares

As of March 31, 2017 73,647,321 shares

2. Treasury Stock

As of September 30, 2017 11,951,009 shares

As of March 31, 2017 11,955,096 shares

3. Average number of shares outstanding

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

Six months ended September 30, 2016 61,682,742 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, 2017	As of September 30, 2017
Assets		
Current assets		
Cash on hand and at banks	24,491	29,954
Notes and accounts receivable - trade	23,233	23,606
Electronically recorded monetary claims - operating	657	1,050
Short-term securities	2,000	—
Finished goods	1,647	2,608
Work in process	9,416	10,574
Raw materials and supplies	2,962	3,664
Deferred tax assets	857	992
Other current assets	4,890	3,820
Allowance for doubtful accounts	(202)	(230)
Total current assets	69,955	76,040
Fixed assets		
Property, plant and equipment		
Buildings and structures	21,756	22,866
Accumulated depreciation	(14,241)	(14,598)
Buildings and structures, net	7,515	8,268
Machinery and vehicles	14,785	15,969
Accumulated depreciation	(8,276)	(8,974)
Machinery and vehicles, net	6,508	6,995
Land	5,053	5,079
Construction in progress	1,151	424
Other fixed assets	2,861	3,050
Accumulated depreciation	(2,273)	(2,435)
Other fixed assets, net	587	614
Total property, plant and equipment	20,815	21,382
Intangible assets	845	811
Investments and other assets		
Investment securities	6,824	8,034
Insurance reserve fund	2,192	2,243
Net defined benefit assets	630	686
Deferred tax assets	247	237
Other assets	195	182
Allowance for doubtful accounts	(23)	(22)
Total investments and other assets	10,067	11,362
Total fixed assets	31,728	33,557
Total assets	101,683	109,597

(Millions of Yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	6,353	7,419
Electronically recorded monetary obligations - operating	2,457	3,361
Short-term loans payable	2,970	3,293
Accounts payable - other	854	953
Income taxes payable	708	926
Advances received	8,085	11,163
Accrued warranty costs	700	724
Accrued bonuses for employees	1,040	997
Accrued bonuses for directors	53	49
Provision for loss on orders received	166	134
Other current liabilities	2,127	2,512
Total current liabilities	25,518	31,538
Long-term liabilities		
Long-term loans payable	1,500	1,500
Long-term accounts payable - other	581	707
Deferred tax liabilities	2,543	2,915
Accrued stock payments for employees	278	296
Net defined benefit liabilities	108	122
Other long-term liabilities	319	364
Total long-term liabilities	5,330	5,905
Total liabilities	30,848	37,443
Net assets		
Shareholders' equity		
Common stock	7,831	7,831
Additional paid-in capital	12,420	12,421
Retained earnings	51,817	51,164
Treasury stock	(5,158)	(5,157)
Total shareholders' equity	66,909	66,258
Accumulated other comprehensive income		
Net unrealized gains on other securities	3,761	4,607
Deferred hedge gains (losses)	(75)	(198)
Foreign currency translation adjustments	(301)	948
Retirement benefit plan adjustments	390	389
Total accumulated other comprehensive income	3,774	5,746
Stock options	151	148
Total net assets	70,834	72,153
Total liabilities and net assets	101,683	109,597

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of Yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	31,768	32,734
Cost of sales	23,959	25,353
Gross profit	7,809	7,381
Selling, general and administrative expenses	4,483	4,504
Operating income	3,325	2,876
Non-operating income		
Interest income	31	38
Dividend income	75	74
Gain from redemption at maturity of endowment insurance	60	28
Insurance premiums refunded cancellation	117	—
Other non-operating income	45	88
Total non-operating income	330	229
Non-operating expense		
Interest expenses	21	23
Foreign exchange loss	15	208
Other non-operating expenses	31	39
Total non-operating expenses	68	271
Ordinary income	3,587	2,834
Extraordinary gain		
Gain on sales of fixed assets	2	1
Other extraordinary gain	—	0
Total extraordinary gain	2	1
Extraordinary loss		
Loss on sales of fixed assets	0	—
Loss on disposal of fixed assets	16	4
Total extraordinary loss	16	4
Income before income taxes	3,574	2,832
Income taxes	977	881
Net income	2,596	1,950
Net income attributable to owners of parent	2,596	1,950

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net income	2,596	1,950
Other comprehensive income		
Net unrealized gains on other securities	79	845
Deferred hedge gains (losses)	177	(122)
Foreign currency translation adjustments	(2,621)	1,250
Retirement benefit plan adjustments	(1)	(0)
Total other comprehensive income (loss)	(2,365)	1,972
Comprehensive income	231	3,922
Comprehensive income attributable to owners of parent	231	3,922

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities:		
Income before income taxes	3,574	2,832
Depreciation and amortization	979	983
Increase (decrease) in allowance for doubtful accounts	4	18
Increase (decrease) in accrued warranty costs, net	(52)	(4)
Increase (decrease) in accrued bonuses for employees, net	(85)	(48)
Increase (decrease) in accrued bonuses for directors, net	(9)	(4)
Increase (decrease) in provision for loss on orders received, net	(23)	(42)
Increase (decrease) in net defined benefit liabilities	21	3
(Increase) decrease in net defined benefit assets	(48)	(58)
Increase (decrease) in accrued stock payments, net	18	18
Interest and dividend income	(106)	(113)
Interest expense	21	23
(Gain) loss on sales of fixed assets	(2)	(1)
Loss on disposal of fixed assets	16	4
(Increase) decrease in accounts receivable - trade	(1,601)	3,603
(Increase) decrease in inventories	(933)	(2,456)
Increase (decrease) in accounts payable - trade	75	1,304
(Increase) decrease in other assets	942	898
Increase (decrease) in other liabilities	(803)	246
Other, net	420	(486)
Sub-total	2,406	6,721
Interest and dividend income received	105	113
Interest expenses paid	(22)	(25)
Income taxes paid	(854)	(679)
Net cash provided by operating activities	1,634	6,129
Cash flows from investing activities:		
Payments into time deposits	(1,093)	(1,514)
Proceeds from withdrawal of time deposits	188	1,327
Payments for purchase of property, plant and equipment	(1,276)	(907)
Proceeds from sales of property, plant and equipment	12	1
Payments for purchase of intangible assets	(27)	(39)
Other, net	0	0
Net cash used in investing activities	(2,196)	(1,130)
Cash flows from financing activities:		
Payments for finance lease obligations	(2)	(1)
Payments for purchase of treasury stock	(0)	(1)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(1,944)	(2,596)
Net cash used in financing activities	(1,947)	(2,598)
Effect of exchange rate changes on cash and cash equivalents	(1,816)	866
Net increase (decrease) in cash and cash equivalents	(4,324)	3,266
Cash and cash equivalents at the beginning of the year	29,524	25,572
Cash and cash equivalents at the end of the year	25,199	28,838

(4) Notes to Going Concern Assumption

None

(5) Notes regarding remarkable fluctuation in shareholders' equity

None

(6) Segment Information

Six months ended September 30, 2016

(Millions of Yen)

	Japan	Asia	Americas	Europe	Sub total	Adjustments (*1)	Consolidated statements of income(*2)
Sales							
Sales to third parties	10,849	6,215	8,536	6,167	31,768	—	31,768
Inter-segment sales	8,588	1,119	131	159	9,999	(9,999)	—
Total sales	19,438	7,334	8,668	6,326	41,767	(9,999)	31,768
Segment profit	1,795	662	709	126	3,293	31	3,325

Note:

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

Six months ended September 30, 2017

(Millions of Yen)

	Japan	Asia	Americas	Europe	Sub total	Adjustments (*1)	Consolidated statements of income(*2)
Sales							
Sales to third parties	12,374	5,807	9,133	5,419	32,734	—	32,734
Inter-segment sales	8,395	1,323	216	257	10,192	(10,192)	—
Total sales	20,770	7,131	9,349	5,676	42,927	(10,192)	32,734
Segment profit	1,448	801	679	17	2,946	(69)	2,876

Note:

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

2. Supplementary Information

Status of Orders

Six months ended September 30, 2017

(Millions of Yen)

	Orders		Order backlog	
	Amount	Comparison with the previous period (%)	Amount	Comparison with the end of previous year (%)
Japan	16,789	59.3	20,977	26.7
Asia	9,800	105.0	12,532	46.8
Americas	10,387	62.8	13,191	10.6
Europe	6,961	65.1	11,489	15.4
Total	43,939	69.5	58,191	23.8

Note:

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