



**Annual Report
2016**

AIDA ENGINEERING, LTD.

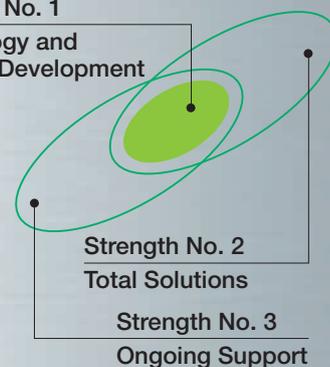
AIDA

Annual Report 2016

AIDA ENGINEERING is a comprehensive manufacturer of press forming systems that, since its founding nearly a century ago, in 1917, has been helping its customers maintain exceptional efficiency and quality in their manufacturing operations, and contributing to their efforts to save resources and energy. With a core of outstanding technological capabilities and product development expertise that have enabled the development of products such as the world's first servo press, we will use our strengths in proposing total solutions encompassing entire production lines, and in providing ongoing after-sales support, to establish a top brand trusted by customers all over the world.

Strength No. 1

Technology and
Product Development



Strength No. 2
Total Solutions

Strength No. 3
Ongoing Support



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Disclaimer Regarding Forward-Looking Statements

This annual report contains statements that address plans and future performance and are not statements of historical fact. These forward-looking statements are based on management's assumptions in light of information currently available. Risks, uncertainties and other factors may cause actual results and achievements to differ from those anticipated in these statements.

Period Covered

The period covered by this annual report is the fiscal year beginning on April 1, 2015 and ending on March 31, 2016. "Fiscal year 2016" is the fiscal year ending on March 31, 2016.

Cautionary Statements with Respect to Graphs and Financial Figures

The amounts presented in yen are rounded down to the nearest hundred millions or millions.

Strength No. 1 Technology and Product Development

Backed by Proprietary Technology, We Bring Innovation to Customers' Production Facilities

Market globalization, increasingly severe environmental and energy problems, and other rapidly developing changes with major impacts for society have resulted in challenges of growing complexity and diversity for production facilities. With high-value-added press series in small- to large-capacities, and for thick-plate forming, high-speed precision forming, and a broad range of other applications, our products deliver not only improvements in production efficiency and quality but also the ability to perform high-value-added forming and handle low-formability materials. We offer customers the best possible press lines for their needs.

The foundation for our ability to empower customers in these ways lies in the technological expertise and product development capabilities that created the world's first servo press, in 2002. Starting with the heart of a servo press, the servo motor, we develop the energy management systems unique to servo presses, synchronous controllers enabling optimized production, and all other technologies related to forming systems. In so doing, we bring innovation in many forms to our customers' manufacturing activities.



Integrated Twin Transfer Servo Press
DSF-T4-12500+12500



Progressive Servo Press
The DSF-P4-27000, among the
world's largest-capacity presses

Strength No. 2 Total Solutions

As a Forming Systems Builder, We Provide Total Support for Production Line Optimization



Solving increasingly sophisticated and diverse production issues requires not only the provision of presses but also the ability to view needs from the perspective of entire production lines, including presses. By proposing forming systems that include material feeders, automated transfer equipment, and other auxiliary equipment, as well as processing methods, around a core press, we provide customers with optimal solutions they can be satisfied with.



Combination Tandem Line
DSF-S4-10000 + SMX Series





Strength No. 3 Ongoing Support

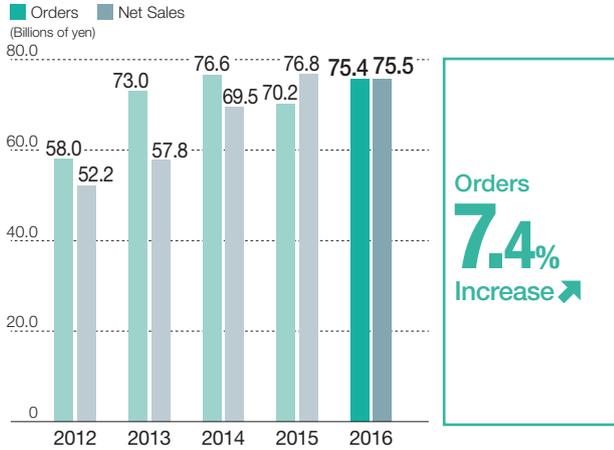
Ongoing Support for Customers' Production through After-sales Technical Support



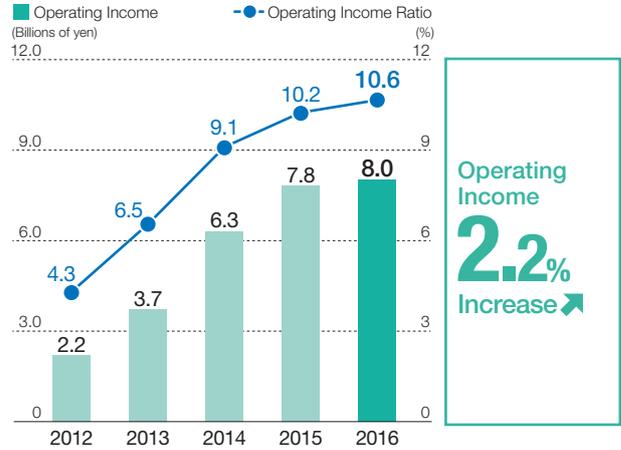
Presses and other AIDA products are expected to remain in service over the long term in customers' production facilities. AIDA, therefore, provides after-sales service through specialist service engineers stationed in locations throughout the world to enable customers, wherever they may be, to use our products with confidence. By not only providing various types of maintenance and spare parts but also performing preventive maintenance and recommending improvements and upgrades, we build long-term customer relationships on a foundation of trust.

In recent years, we have also devoted significant attention to converting existing mechanical presses into servo presses, which offer greater productivity, and to boosting system performance through modernization with the latest peripheral equipment. These retrofitting (modernization) services benefit customers by, for example, increasing the value of their existing facilities and reducing capital investment expenditures, thus contributing to greater business efficiency.

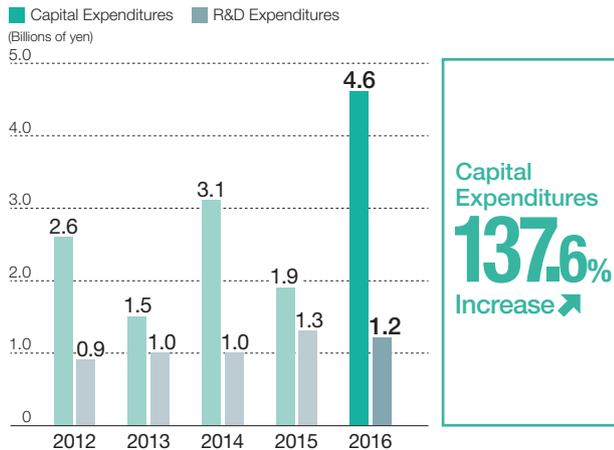
Sustainable Growth



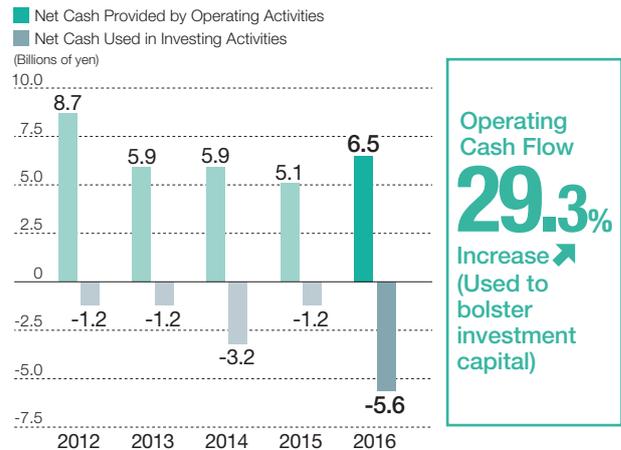
Higher Profitability



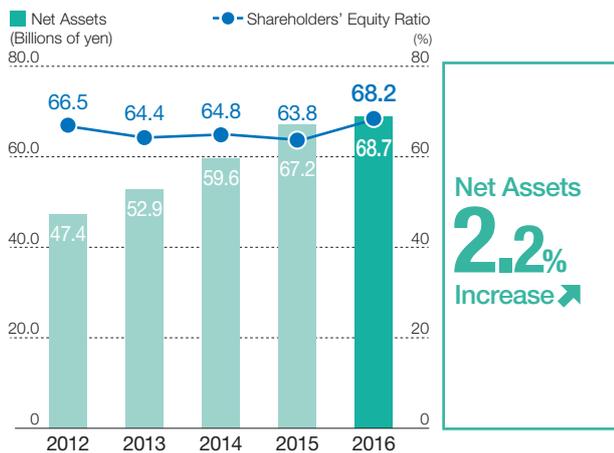
Investing for the Future



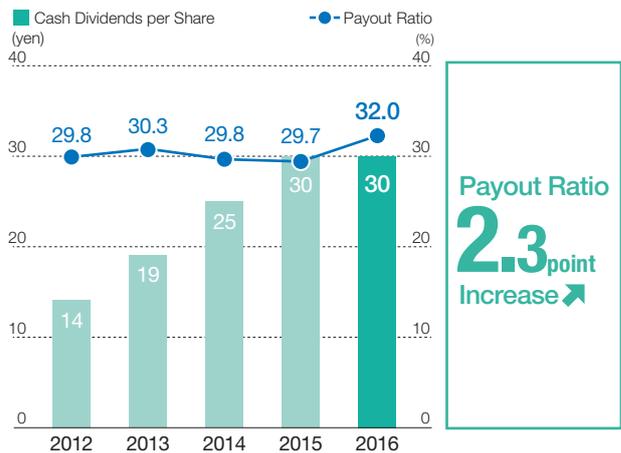
Generation of Cash Flow



Robust Financial Base



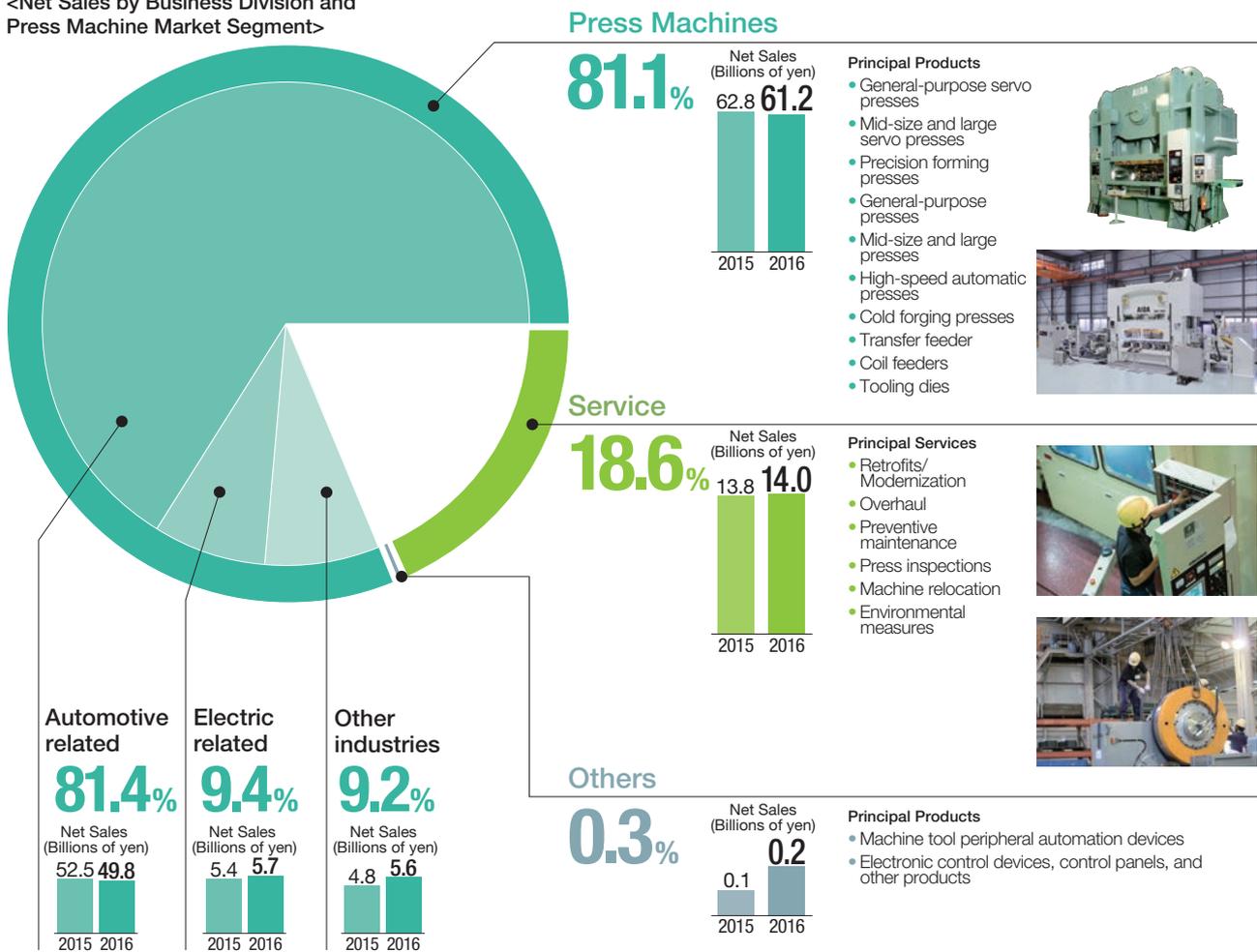
Shareholder Returns



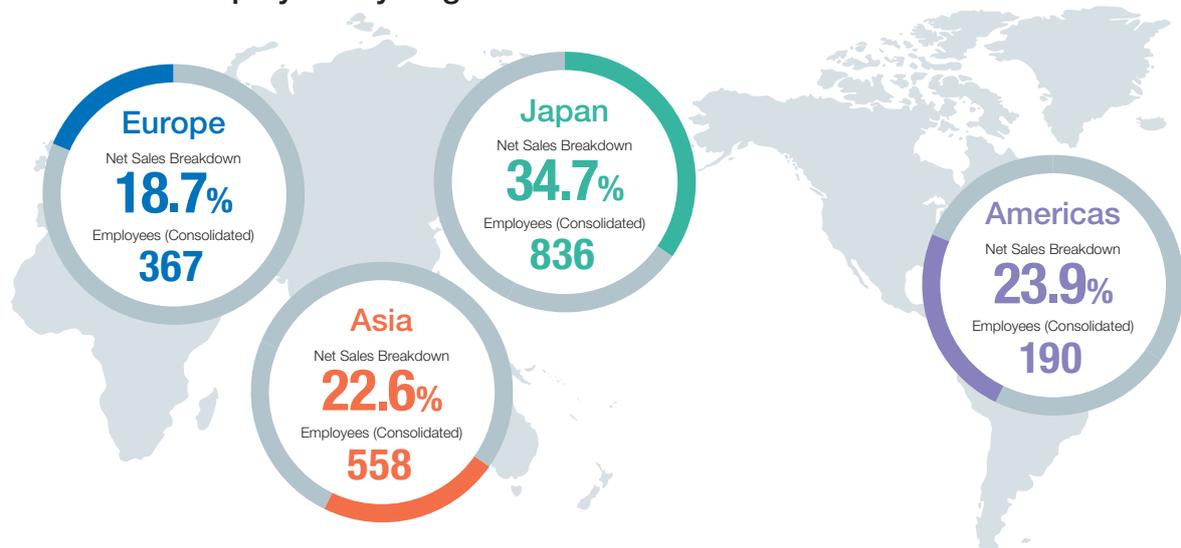
AIDA's Businesses

AIDA's press machine business consists of the manufacturing and sales of press machines and automated auxiliary equipment. Automobile-related industries account for over 80% of net sales in our press machine business. After-sales services comprise another important business division for AIDA.

<Net Sales by Business Division and Press Machine Market Segment>



Net Sales and Employees by Region



Building a Foundation for Growth for the Next Generation as We Approach our 100th Anniversary in March 2017

Kimikazu Aida
President & CEO



1 Fiscal Year Review

Record Operating and Ordinary Income despite Lower Sales

For the fiscal year ended March 31, 2016, market conditions were consistently difficult. Declines of 12.3% year on year in forming machinery export orders, and 6.4% in domestic orders, resulted in ¥146.0 billion in total order value*. With that as a backdrop for the second year of the Mid-Term Management Plan, the AIDA Group steadfastly worked to implement the plan's basic policies and strategies.

Group companies worked together to expand the customer base on a global scale and, having success in gaining high-value orders for large servo tandem lines, servo transfer presses, and other products, saw their efforts rewarded with a significant overall contribution (by value) to order intake.

By geographic region, sales in the Americas declined with lower demand from Japanese companies operating there, while a record high was recorded in Asia, where sales were mainly to automotive-related industries. For the fiscal year, consolidated net sales came to ¥75.5 billion (down 1.8% year

on year), only slightly lower than in the previous fiscal year.

Improving the operating income ratio is a key concern and significant progress was achieved on that front. For the fiscal year, consolidated operating income came to ¥8.0 billion (up 2.2% year on year), marking a sixth consecutive year of increases and a record high that also means we have achieved our Mid-Term Management Plan target in this regard. This success came about through lower costs from Group-wide globally optimized procurement of components and raw materials, an improved product mix, and greater production efficiency. Higher operating income led to an increase in ordinary income, which reached ¥8.3 billion (up 1.9% year on year) — also a record high. Profit attributable to owners of parent came to ¥5.7 billion (down 6.8%) because of the impact of the previous fiscal year's extraordinary gain of ¥423 million in gain on insurance income, a higher effective tax rate, and other factors.

*Based on data from the Japan Forming Machinery Association.

2

Mid-Term Management Plan Basic Strategy 1—Develop Market and Customer Base

Gaining High-Value Orders and New Customers Around the World

Guided by the vision statement of our Mid-Term Management Plan, which reads, “As a cutting-edge corporation that supports manufacturing, we will further develop and pursue environmentally friendly and energy-saving products,” we have been working to achieve net sales of at least ¥80.0 billion and operating income of at least ¥8.0 billion (with an operating income ratio of at least 10.0%) by the close of the fiscal year ending March 31, 2017, the final fiscal year in the plan*. One of the basic policies for achieving these targets is to “Establish AIDA as a Top Brand in the Global Marketplace.”

During the fiscal year ended March 31, 2016, we focused on two areas in particular — increasing the sales of servo presses, which are coming into greater demand because of the growing use of aluminum and high tensile strength steel in automobiles, and strengthening our sales system. We also built a system for swiftly and accurately responding to the

needs of customers pursuing business on a global scale. This was accomplished by centralizing the management of global market information in the International Sales Team that was newly created during the fiscal year. And we believe the system has made positive contributions to receive new orders for three large servo tandem lines, which are built around AIDA’s proprietary direct-drive servo presses. Two of the lines will go to an automobile manufacturer in the UK and one to a manufacturer in the same industry in Japan. The total value of these three orders is ¥12.0 billion.

Considering other orders, including ones for servo transfer presses from multiple mega-suppliers working with major automobile manufacturers in the US and Europe, meaningful progress was achieved in winning new customers in Japan and abroad.

*Management plan revisions were announced on August 9, 2016. Information regarding them is presented on pages 11–12.

3

Mid-Term Management Plan Basic Strategy 2—Strengthen Fundamentals

Further Strength the Production System to Enhance Market Competitiveness

Another basic policy included in the Mid-Term Management Plan is to “Put in Place a Solid Corporate Foundation That Will Enable Even Further Business Expansion.” Strengthening competitiveness in terms of manufacturing period and cost is required to gain more large orders on a global scale. Therefore, we must not only increase the production capacities of our plants throughout the world but also further enhance the robustness of our global co-manufacturing system (where the production of a single press is divided among multiple plants) by leveraging the strengths of each manufacturing plant. To achieve these system-strengthening objectives, the AIDA Group is planning to undertake ¥5.0 billion in capital investments in the fiscal year ending March 31, 2017, the final fiscal year covered by the current Mid-Term Management Plan.

During the fiscal year ended March 31, 2016, the US plant was improved through floor-space expansion and the upgrading and addition of large machining centers. A second round of capital investment is planned for completion in the fiscal year ending March 31, 2017, when the size of the Chinese plant will be doubled. At that point, our manufacturing floor space will have increased by about 20%

globally compared to what it was at the beginning of the current Mid-Term Management Plan.

Together with these expansions in our production capacity, we are also making investments to achieve even greater sophistication in our production functions and to increase productivity. To begin with, we are equipping all of our plants with welding, machining, and assembly capabilities and bringing the manufacture of main structural components in-house to retain value-added content that has been flowing to subcontractors. Furthermore, by installing horizontal boring machining centers in our Japanese, Italian, and US plants with identical specifications that can utilize the same machining programs we are able to promote uniform quality and standardized production processes throughout the Group. Through such initiatives we are gradually achieving our goal of creating a global co-manufacturing system managed by our headquarters in Japan.

By steadily investing in these kinds of production capacity expansions and production function and productivity enhancements, we will create a manufacturing framework that can thrive within a highly competitive global market.

4 Opportunities for Future Growth

Tapping Demand Arising from Stricter Vehicle Emissions Regulations

Vehicle emission regulations are tightening all over the world, creating a golden opportunity for the AIDA Group. The automotive-related industries, which account for approximately 80% of the Group's sales, are accelerating their adoption of aluminum and high tensile strength steels to achieve lighter-weight products, and this has resulted in rapidly growing demand for servo presses, which are ideally suited to forming these materials.

Growing consumer adoption of electric vehicles (EVs) and plug-in hybrid vehicles (PHVs) is another factor playing in the company's favor. For example, in the state of California in the US, zero emission vehicle (ZEV) regulations requiring the sale of vehicles with no emissions will be expanded to cover all automobile manufacturers — the six major as well as smaller manufacturers — in 2018. What this means is that ZEVs — basically, EVs and PHVs — will have to comprise a certain percentage of the total vehicle sales for every manufacturer. Manufacturers, therefore, are having to make more of the high-speed, high-precision motor cores that go into EVs and PHVs, and this is translating into growing demand for the AIDA Group's high-speed precision forming presses.

To ensure our ability to respond to this demand, we will

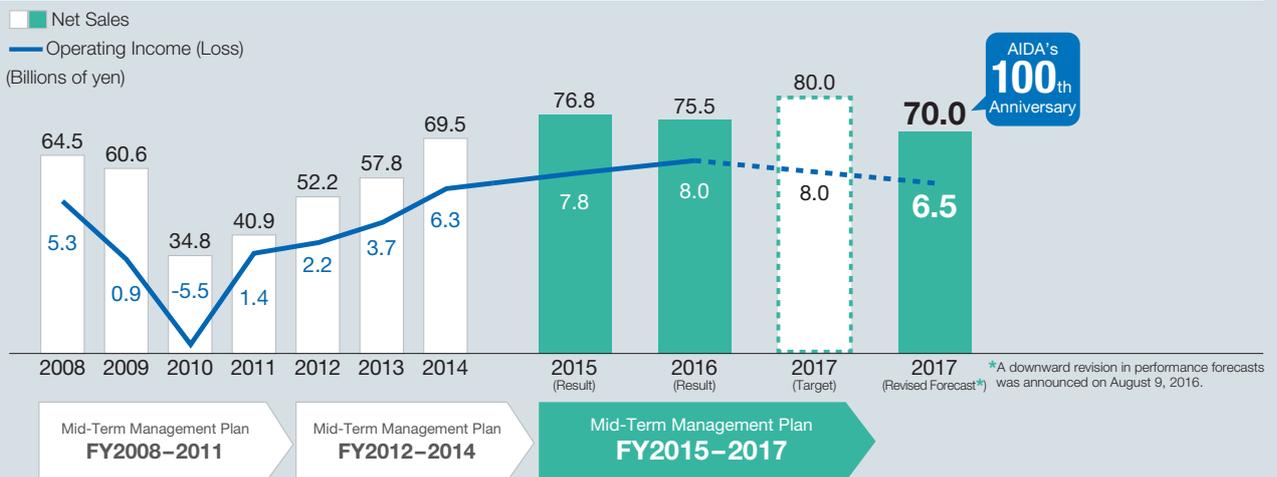
expand our production systems and continue to pursue R&D activities aimed at further improving our products.

When engaging in R&D activities, it is important to not only seek immediate results but to also make judgments based on a long-term view of future growth. As the general manager of the Research and Development Headquarters, I am personally responsible for leading our R&D activities. The AIDA Group's servo presses enjoy solid market support, but we must undertake the development of motors that are even more efficient to take servo presses to their next stage of evolution.

With the growing popularity of high tensile strength steels and other new materials, hot stamping has garnered attention as a forming alternative, but this approach entails significant productivity and environmental hurdles. In response, the AIDA Group has begun to search for ways to further refine its advanced servo technology to develop a cold-stamping press that delivers greater precision than a hot-stamping press does.

Our R&D expenditures, at ¥1.2 billion for the fiscal year ended March 31, 2016, were basically unchanged from the previous year. For the fiscal year ending March 31, 2017, we plan to increase R&D expenditures to ¥1.5 billion.

The Mid-Term Management Plan (Years Ended March 31, FY2015–2017) and Performance Forecasts



5 Message to Shareholders

A Promise to Continue Rising to Challenges Over Our Next 100 Years

In March 2017, the AIDA Group will celebrate the 100th anniversary of its founding. We have been able to remain in business over the 100 years since 1917 thanks to the support of our stakeholders.

Among our stakeholders, shareholders have been a special source of support and I would like to take this opportunity to express our heartfelt thanks on behalf of the entire AIDA Group. Returns to shareholders are one of our top management priorities and we have continuously paid returns with the goal of achieving a consolidated dividend payout ratio of 30.0%. For the fiscal year ended March 31, 2016, we paid an ordinary dividend of ¥30 per share, which equates to a consolidated dividend payout ratio of 32.0%.

Turning to performance for the fiscal year ending March 31, 2017, we were expecting to achieve the quantitative targets set forth in the Mid-Term Management Plan. Changes, however, have been necessitated by several factors. Among these are the failure of a major order to be booked as anticipated, delivery timing changes delaying the recording of sales for existing orders until the following fiscal year,

and yen appreciation lowering the yen-based value of overseas orders. As a result of factors such as these, we have revised our performance forecasts for the fiscal year ending March 31, 2017 downward to net sales of ¥70.0 billion, operating income of ¥6.5 billion, ordinary income of ¥6.6 billion, and profit attributable to owners of parent of ¥4.6 billion (announced on August 9, 2016).

Regarding dividends, to express appreciation for the support we have received up to the present, we are planning, as previously announced, to pay a 100th anniversary commemorative dividend of ¥10 per share, bringing the total dividend for the year to ¥40 per share, which translates into a consolidated dividend payout ratio 53.6%.

With all of our employees working as a unified team, the AIDA Group will continue to vigorously rise to challenges in order to become a corporation with an even greater global reputation in our next 100 years.

We look forward to the continued support and understanding of all of our stakeholders.

August 2016



Kimikazu Aida
President & CEO

Vision

As a cutting-edge corporation that supports manufacturing, we will further develop and pursue environmentally friendly and energy-saving products.

Basic Policies

Enhance foundation for further growth looking ahead to AIDA's 100th anniversary

Put in Place a Solid Corporate Foundation That Will Enable Even Further Business Expansion

Establish AIDA as a Top Brand in the Global Marketplace

Pursue New Forming Technologies

Basic Strategies

Develop Market and Customer Base

- Enhance technical marketing (optimize sales engineering function)
- Diversify and expand marketing channels

Strengthen Products

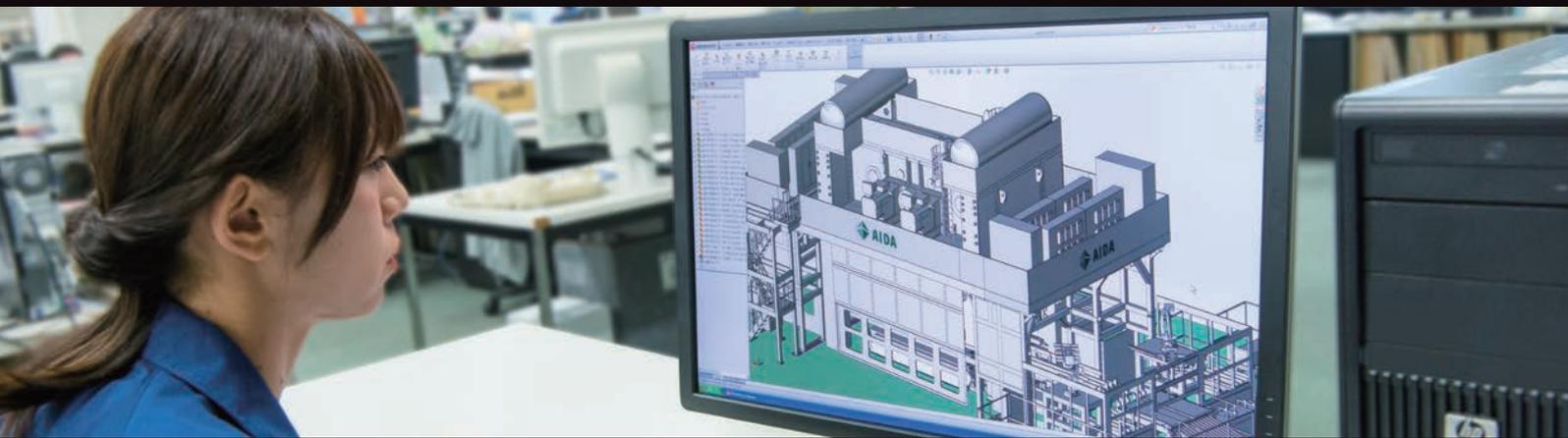
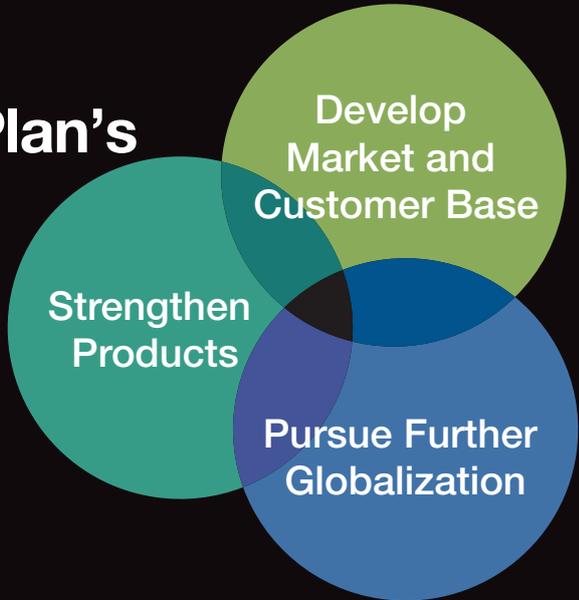
- Upgrade and expand AIDA core products
- Further expansion of servo technologies
- Take on the challenge of new materials and new forming systems

Pursue Further Globalization

- Establish a global network system
- Develop a global production system
- Develop global human resources

Progress in Implementing the Mid-Term Management Plan's Basic Strategies

Under the three-year Mid-Term Management Plan we began to implement in the fiscal year ended March 31, 2015, the basic policy we are to implement is stated as, "Enhance foundation for further growth looking ahead to AIDA's 100th anniversary." Under this basic policy, AIDA is drawing on all of the Group's resources to pursue three basic strategies given in the plan as, "Develop Market and Customer Base," "Strengthen Products," and "Pursue Further Globalization." During the fiscal year ended March 31, 2016, the second year covered by the plan, progress was achieved on various fronts. The Special Feature section of this report explains the aims of our basic strategies, provides progress reports on each, and discusses outlooks for the future.



Expand the Customer Base by Enhancing the Sales Engineering Function and Diversifying Marketing Channels

Enhancing the Sales Engineering Function

Expanding the customer base, from which our earnings ultimately derive, is critical for achieving sustainable growth. In our Mid-Term Management Plan, therefore, we have put the highest priority among our basic strategies on gaining the trust of more customers across a wider market. The key to success in implementing that strategy is a sales engineering function that can accurately identify challenges customers are facing in their manufacturing facilities and provide optimal solutions through communications that are both detailed and backed by technical expertise.

Led by the International Sales Team established in October 2015, we are sharing customer needs and examples of problem solutions among our sales offices worldwide. At the same time, we are enhancing our sales engineering function to respond to the sophisticated demands of our customers.

Focusing on Developing New Sales Channels

Enhancing the sales engineering function means not only expanding the customer base but also developing business in areas we have not previously focused on despite strong demand. Approximately half of our customer base is comprised of Japanese manufacturers of automobiles and automobile parts. However, in emerging markets where demand continues to rise, it is not Japanese manufacturers but US and European manufacturers that are most actively undertaking capital investments. We, therefore, aim to diversify our marketing channels, and ultimately increase our business performance, through concerted efforts to add US and European manufacturers to our customer base.

Other measures we are taking to significantly expand our customer base include strengthening used machine sales, which we see as a significant new business opportunity.

Message from The Director

Under a New Corporate Framework – The Servo Strategy as the Key for Strengthening Sales to US and European Manufacturers

At present, AIDA's customer base is roughly evenly split between Japanese and non-Japanese companies. Marketing activities, therefore, require a global perspective. It is not enough, however, to simply think of our market as "global." Needs, challenges, marketing aims, competitive conditions, and many other factors differ by region, so there is no "one-size-fits-all" marketing approach for the global market. What is needed is a way to exercise the Group's capabilities for the unique needs of marketing organizations in each region of the world.

The International Sales Team has been organized to enhance information gathering and analysis functions for each market and to function as a "control tower," coordinating and supporting regional marketing activities. The overall aim of establishing the International Sales Team is to improve the quality and efficiency of marketing activities and accelerate the pace of new orders by having sales managers, who are in charge of sales promotion, and project managers, who oversee technical support and



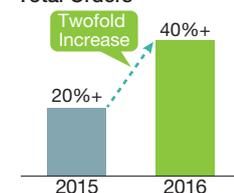
Tsukasa Kitano
Director, Executive Officer
Division Manager,
Sales Headquarters

schedule control, work in close cooperation.

Under this framework, we are focusing in particular on US and European projects with high degrees of complexity. There is a strong need for servo presses in these markets and customers demand not only exacting performance but also outstanding overall capabilities encompassing quality assurance and after-sales service. In the fiscal year ended March 31, 2016, we won orders for several press lines from US, French, German, and other automotive-related suppliers, and it is expected that these will lead to even more orders from suppliers in these markets.

Making the most of our overall capabilities, we aim to build our brand power in markets across the globe.

Value of Servo Press Orders as a Percent of Total Orders





Strengthen Products

Enhance Key Products to Expand Business Opportunities

Establishing a Top Global Brand—The Evolution of Large Servo Tandem Lines

AIDA developed the world's first direct-drive servo press and won global acclaim for its outstanding performance. Since then, we have moved on to offer large servo tandem lines, recording orders for three, worth more than ¥12.0 billion, in the fiscal year ended March 31, 2016. These most recent orders bring to 13 the total number of large servo tandem lines that have been ordered from us since the first was booked in the fiscal year ended March 31, 2010. Our servo tandem lines, which already offer the world's highest levels of productivity and forming capability, will continue to evolve to deliver even greater value going forward.

<Servo Tandem Line Orders by Region>



Servo Presses with Outstanding Forming Capability—Expanding the Product Line-up

Offering servo press series ranging from general-purpose presses, to mid-size and large presses, and peripheral equipment, we can provide customers the optimal press lines for their needs.

One example is our compact high-speed servo tandem line. Comprised of multiple compact servo presses arranged in a side-by-side configuration and paired with our own high-speed transfer feeder, our compact high-speed servo tandem line delivers performance equal to that of a large-size transfer press.

Eliminating eccentric loads makes it possible to deliver high-precision quality and stable production with less electricity consumption. Low height of the presses themselves, in comparison with large presses, and the fact that no pits are required mean lower investment in plant and equipment. And flexibility to split or add press lines means adaptability to production requirements.

Given the advantage of lower capital investment, customers are choosing our compact high-speed servo tandem lines for installation in their overseas plants.

Compact High-Speed Servo Tandem Lines



Maximizing the Potential of Presses — Peripheral Equipment and IoT

With servo technology enabling high-precision movement control, servo presses offer clear benefits in terms of productivity and forming capability. Integrating these machines together with transfer feeder and other peripheral equipment under synchronized control, however, results in even greater benefits. We offer total forming systems that, with servo presses at the core and peripheral equipment to work alongside, maximize benefits for customers.

In addition, tapping the benefits of IoT, we offer the AiCARE proprietary system for collecting and processing data from presses and other equipment, and communicating valuable information to customers. The AiCARE system works with our products and with existing equipment by other manufacturers to enable globally centralized operations management for higher quality, greater operational efficiency, and preventive maintenance.



Peripheral equipment for handling aluminum metalforming
AIDA's destack feeder for non-magnetic materials uses an "edge pickup" and "specialized air blow" effect to feed aluminum materials, which cannot be separated magnetically.

Providing High Added Value in Our Service Operations — Strengthening the Retrofitting Business

With regular maintenance, our press machines remain in service over the long term. The provision of regular inspections, repairs, and other services, therefore, is an important business for AIDA.

In recent years, we have paid particular attention to delivering even higher added value in our service business. Adding to maintenance and repair services in which we respond to customer requests, we are now proactively approaching customers to encourage them to retrofit (modernize) existing presses to equip them with servo motors and implement preventive maintenance. And we are confident that this provision of even higher added value will result in greater customer satisfaction.

Customer Voice

With retrofitting to use a servo motor, the press we purchased 15 years ago is now giving us better quality and operating more efficiently.



Yasuteru Minemura
Representative Director
and President
Minemura Kanagata Co., Ltd.

Minemura Kanagata Co., Ltd. makes a wide variety of small and large press dies for everything from gas appliances to automobile parts. Producing high-quality products requires not only high-quality dies but also a high-performance press. To be able to ensure quality under the same conditions in which our products are used by customers, we purchased an AIDA press to test and refine our dies. We have never experienced any major breakdown of our AIDA press since we purchased it 15 years ago. However, since more and more customers are using servo presses these days, we asked AIDA ENGINEERING to retrofit our mechanical press, a 250-ton NCS-2500, with a servo motor drive.

Converting to a servo drive resulted in quieter operation, which made it easier to detect sounds emitted by dies under development. Furthermore, the ability to adjust the forming speed of the servo press eliminates concerns that high-speed forming could cause dies to overheat. Retrofitting has also enabled us to serve our customers more comprehensively. Because we can now repeatedly test our dies with the same type of press our customers use, we are able to provide them with recommendations on press motion settings and other valuable information.

With "Integrity" as our motto, and the indispensable assistance of AIDA ENGINEERING, we are committed to making the dies that are critical to our customers' high-volume stamping operations.



NCS-2500 press
converted to use a
servo motor drive

Aiming to Establish a Top Global Brand on Strengthened Business Fundamentals

Sales and Service Organization Structures — Making the Most of a Network Spanning 19 Countries

Automotive-related industries — AIDA's mainstay market — continue to expand production on a global basis and vertical mass production and sales are proliferating as new car models are introduced in many countries. To serve the needs of the global manufacturing endeavors of customers, we are operating direct sales and service bases in 35 cities across 19 countries, providing meticulous support including press installation, after-sales service and everything in between.

In addition, the International Sales Team, spanning borders and centralizing information, carries out sales activities focused on providing a tailored response to every customer headquarters and manufacturing facility.

Production System — Global Five-Pole Optimized Production

As customers' production activities globalize, the cross-border supply of products is growing. To flexibly provide each market with optimal products and services, AIDA has established production facilities in Japan, China, Malaysia, the US, and Italy, and, with collaboration among these facilities, has created a globally optimized production system.

The current Mid-Term Management Plan calls for expansion of the Italian, US, and Chinese plants to be completed in the fiscal years ended March 2015, 2016, and 2017, respectively. The completion of all three expansion projects will expand the AIDA Group's overall production plant floor space by approximately 20%.

In addition, to bring the manufacture of main press structural components in-house and expand the co-manufacturing system, we have introduced four units of large-scale machining centers in Japan, one in the US, and two in Italy,



and plan to add one more unit each in Japan and Italy, and two in China, during the fiscal year ending March 31, 2017.

We are reducing procurement, shipping, and other costs, and achieving shorter lead times, by manufacturing in locations close to where demand is, and promoting group-wide standardization of software, jigs, and other resources by using the same machining centers throughout our global operations.



Plant under construction in China (Nantong)
Scheduled for completion in November 2016



Large machining center installed in the expanded US plant

Developing Global Human Resources — Propagating AIDA DNA Globally

We believe that our people are our greatest management resource and strive to develop human resources who individually possess high degrees of expertise. Our corporate culture is one that welcomes talented human resources regardless of their country of origin, nationality, gender, age, needs concerning style of employment, or disability.

As companies expand their businesses overseas and globalize their operations, we must be able to provide the same level of outstanding technology and quality to customers across the globe. To achieve this, we dispatch instructors from Japan to transfer technology to employees in overseas locations. But we also bring employees hired overseas to Japan for training and then send them back to their home countries as a way of globally propagating and firmly transplanting AIDA DNA representing the very essence of who we are.



Corporate Governance

Enhancing the Global Management System and Corporate Governance for Ongoing Increases in Corporate Value

Basic Concepts on Corporate Governance

The Company sees its greatest management priorities as increasing corporate value by having each of the Group companies achieve sustainable and stable growth, in line with the corporate philosophy and management vision shared throughout the Group. Toward that end, it is working to maintain organic connections among the five manufacturing locations, led by Japan, and sales and service locations throughout the world, and to ensure that properly functioning management, and supporting corporate governance, systems are in place to enable the optimal exercise of each individual location's functions.

Governance Structure

Directors, the Board of Directors, Operating Officers and the Management Council

The Company's management structure comprises operating officers, six of whom concurrently serve as directors, and two outside directors, both of whom are independent directors as defined by the Tokyo Stock Exchange. The Board of Directors functions as the decision-making body for important matters mandated by law and as a supervisory body for the execution of business operations. The Company has also adopted an operating officer system as a means of expediting management decision-making and clarifying lines of authority and responsibility. The Management Council—comprising the directors, the statutory auditors, the operating officers and other officers—discusses manage-

ment policies and issues, and strives to achieve a unified management purpose and swift execution of business operations. Outside directors attend Board of Directors, Management Council, and other important meetings to develop a clear understanding of the current status of business operations at the Company and Group companies, and provide valuable advice and recommendations on the Company's management, from an objective perspective.

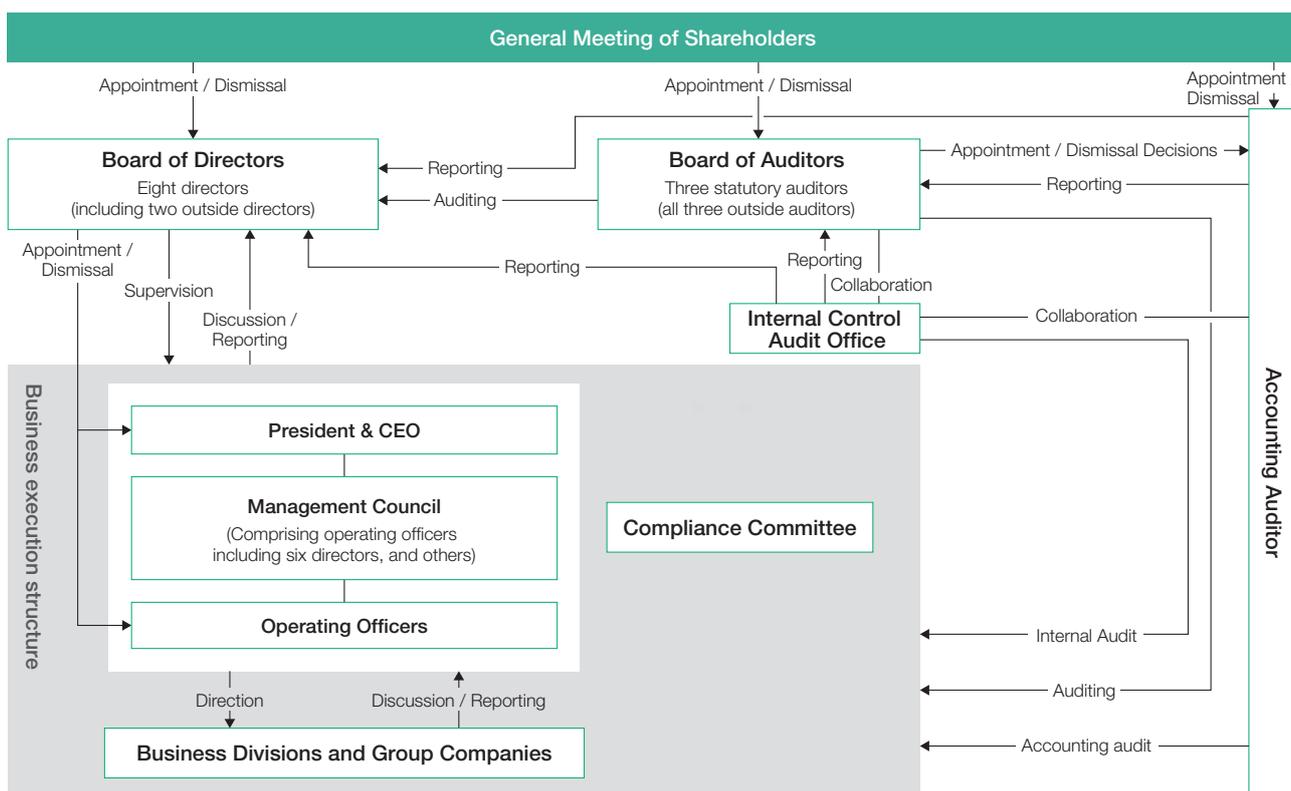
Statutory Auditors and the Board of Auditors

The Company appoints three statutory auditors, all of whom are outside auditors and independent officers as defined by the Tokyo Stock Exchange. The statutory auditors attend Board of Directors, Management Council, and other important meetings, in accordance with the audit plan, to oversee the performance of duties by Directors and ask questions and express opinions to help ensure the legality and reasonableness of decision-making by the Board of Directors and other bodies. Statutory auditors also receive reports from the accounting auditor and the Internal Control Audit Office, hear business reports, inspect important documents, and carry out on-site inspections of the operations and assets of each division of the Company in their effort to develop a clear understanding of, and oversee, business operations.

Remuneration for Directors and Statutory Auditors

In the fiscal year ended March 31, 2016, remuneration for the Company's directors and statutory auditors was as follows:

Corporate Governance Structure (As of June 29, 2016)



(Millions of yen)

Category	Number of people	Basic remuneration	Stock options	Bonus	Total amount
Directors (excluding outside directors)	9	139	19	115	274
Outside directors	2	15	—	—	15
Statutory auditors (all outside)	3	25	—	—	25

*The amounts shown above for basic and other remuneration include amounts attributable to two directors who resigned from their positions as of the end of the General Meeting of Shareholders held on June 25, 2015, and one director who resigned from his position as of the General Meeting of Shareholders held on June 28, 2016.

Compliance and Internal Control System

To ensure legal compliance and high ethical standards in the conduct of its business, the Company has formulated the AIDA Group Action Guidelines. The Company has distributed relevant language versions of the guidelines to not only domestic but also overseas Group companies and is working for full awareness of them.

The Company has also established the Compliance Committee to strengthen its internal control system. In addition, the Internal Control Audit Office, which has two specialists on staff, conducts training programs related to the AIDA Group Action Guidelines and performs audits of their implementation status and other aspects.

Furthermore, the Company strives to ensure the reliability of its financial reports in accordance with the Financial Instruments and Exchange Act by conducting reviews of the status of Group-wide control systems and control activities.

Compliance Framework

Based on the AIDA Group Action Guidelines, the Internal Control Audit Office identifies compliance violations through the audit process, whistleblowing and other means and reports any violations to the chair of the Compliance Committee. The chair of the Compliance Committee convenes the committee after discussing the seriousness of the violation with the officer in charge and directs the department concerned to take countermeasures.

Compliance Training

The Internal Control Audit Office runs lectures on the Company's corporate philosophy, the AIDA Group Action Guidelines and the AIDA Group Compliance Hotline System* for new employees joining the Company each year to promote understanding of these topics throughout our workforce. In addition, the Internal Control Audit Office runs visiting lectures at Group companies in and outside of Japan. The Internal Control Audit Office also seeks to instill in employees a clear understanding of compliance by, for instance, reviewing matters including examples of wrongdoing at other companies.

*AIDA Group Compliance Hotline System

A system for reporting compliance violations or possible violations when they are discovered—including legal infringements and improper conduct—to a reporting hotline in order to reinforce the AIDA Group's compliance management efforts.

Risk Management System

Risks related to the execution of management strategies are analyzed, and appropriate countermeasures are considered by the relevant business units with exposure to that risk. These matters are then discussed as needed by the Board of Directors and the Management Council. Inherent risks in daily operations are usually handled by the respective business units, but depending on the nature of the risk we have also established a dynamic risk management structure to respond to such risks. This includes committees for health and safety, product liability, export administration, risk assessment promotion, and other cross-functional committees, as well as project teams assembled to address specific risks.

Information Security Initiatives

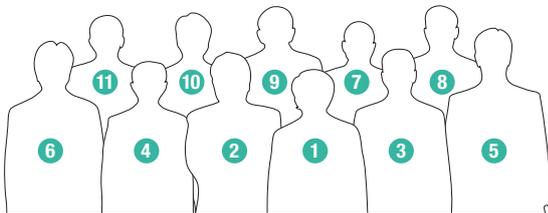
Information leaks and infringements of intellectual property rights concerning the technology and know-how of the Company, which boasts advanced technical capabilities, could shake the foundation of its management.

The Company, therefore, has formulated Company Secrets Management Regulations and the AIDA Information Network System Management Regulations, which it manages and operates as systems for preventing information leaks by blocking the outflow of information from inside the Company. The Company manages the software used in its business and monitors and restricts Internet access. The Company monitors its PCs, having adopted software to manage viruses and unauthorized access. Furthermore, the Company has put in place controls on remote access to in-house systems from overseas Group companies.

The Company restricts access by its employees to drawing data that falls within the scope of confidential information as a practical initiative to protect technical information. Moreover, when such information is to be disclosed to a third party, the Company will conclude a confidentiality agreement with the party to whom it is disclosed. The Company has developed information security measures whereby drawing data is encrypted so that it cannot be retrieved by an external device even if the data is leaked. In addition, the Company makes proactive efforts to obtain patents both in Japan and overseas in order to protect its intellectual property rights.

As outlined above, the Company provides lateral support for the promotion of its business strategy through rigorous information security measures and protection of its technical information and intellectual property rights.

Details on corporate governance and the status of the Company's implementation of Japan's Corporate Governance Code are provided in the Corporate Governance Report.
<http://www.aida.co.jp/en/ir/management/governance.html>



- 1 Kimikazu Aida 2 Naoyoshi Nakanishi 3 Yap Teck Meng
- 4 Ken Masuda 5 Tsukasa Kitano 6 Toshihiko Suzuki
- 7 Kimio Oiso 8 Hirofumi Gomi 9 Shigeo Matsumoto
- 10 Hiroshi Kanai 11 Shigeru Makinouchi

Board of Directors

President and Chief Executive Officer (CEO) 1

Kimikazu Aida

1976 Joined AIDA ENGINEERING, LTD.
 1989 Representative Director (current position)
 1992 President (current position)
 2001 Chief Executive Officer (CEO) (current position)
 2011 Division Manager, Research and Development Headquarters (current position)
 2012 Chairman, AIDA AMERICA CORP. (current position)
 Chairman, AIDA S.r.l. (current position)

Director, Executive Vice President and Chief Operating Officer (COO) 2

Naoyoshi Nakanishi

1970 Joined AIDA ENGINEERING, LTD.
 2001 Director (current position)
 2010 Chief Operating Officer (COO) (current position)
 2011 Executive Vice President (current position)
 2014 General Manager, Global Operation Promotion Office (current position)

Director, Managing Executive Officer 3

Yap Teck Meng

1996 Joined AIDA MANUFACTURING (MALAYSIA) SDN. BHD. (currently AIDA ENGINEERING (M) SDN. BHD.)
 2011 Chairman and Managing Director, AIDA GREATER ASIA PTE. LTD. (current position)
 2014 Director, Managing Executive Officer, AIDA ENGINEERING, LTD. (current position)
 Chairman, AIDA ENGINEERING CHINA CO., LTD. (current position)
 2015 Chairman and Managing Director, AIDA ENGINEERING (M) SDN. BHD. (current position)
 Chairman, AIDA PRESS MACHINERY SYSTEMS CO., LTD. (current position)

Director, Managing Executive Officer

4

Ken Masuda

1991 Joined AIDA ENGINEERING, LTD.
2013 Director (current position)
2014 Division Manager, General Administration
Headquarters
2015 Managing Executive Officer (current
position)
2016 Division Manager, Customer Service
Headquarters (current position)

Director, Executive Officer

5

Tsukasa Kitano

1989 Joined AIDA ENGINEERING, LTD.
2013 Executive Officer (current position)
2015 Division Manager, Sales Headquarters
(current position)
Director (current position)

Director, Executive Officer

6

Toshihiko Suzuki

2011 Joined AIDA ENGINEERING, LTD.
2015 Division Manager, Engineering Headquar-
ters (current position)
Director, Executive Officer (current
position)
Managing Director, ACCESS LTD. (current
position)

Outside Director
(Independent)

7

Kimio Oiso

2000 Statutory Auditor, The Dai-ichi Mutual Life
Insurance Company (currently Dai-ichi Life
Insurance Company, Ltd.)
2007 Representative Director and Senior
Executive Officer, The Dai-ichi Mutual Life
Insurance Company
2008 Statutory Auditor, AIDA ENGINEERING,
LTD.
2010 President, The Cardiovascular Institute
2012 Director, AIDA ENGINEERING, LTD.
(current position)

Outside Director
(Independent)

8

Hirofumi Gomi

1972 Joined the Ministry of Finance
2000 Secretary-General, Executive Bureau,
Securities and Exchange Surveillance
Commission, Financial Services Agency
2001 Director-General, Inspection Bureau of
Financial Services Agency
2002 Director-General, Supervisory Bureau of
Financial Services Agency
2004 Commissioner, Financial Services Agency
2009 Visiting Professor, Aoyama Gakuin
University (current position)
2011 Outside Auditor, Miroku Jyoho Service
Co., Ltd.
2014 Advisor, NISHIMURA & ASAH I (current
position)
2015 Senior Advisor, THE BOSTON CONSULT-
ING GROUP (current position)
Director, AIDA ENGINEERING, LTD.
(current position)
2016 Director, Infoteria Corporation (current
position)
Director, Miroku Jyoho Service Co., Ltd.
(current position)

Statutory Auditors

Outside Standing Statutory Auditor
(Independent)

9

Shigeo Matsumoto

2001 Standing Auditor, The Fuji Bank, Ltd.
(currently Mizuho Bank, Ltd.)
2002 Standing Statutory Auditor, Mizuho
Corporate Bank, Ltd. (currently Mizuho
Bank, Ltd.)
Standing Statutory Auditor, Fuji Research
Institute Corporation
2004 Standing Statutory Auditor, Mizuho
Information & Research Institute, Inc.
2010 Standing Statutory Auditor, AIDA
ENGINEERING, LTD. (current position)

Outside Statutory Auditor
(Independent)

10

Hiroshi Kanai

2011 Director and Managing Executive Officer,
The Dai-ichi Life Insurance Company, Ltd.
2012 Statutory Auditor, AIDA ENGINEERING,
LTD. (current position)
2014 Director, Senior Managing Executive
Officer, The Dai-ichi Life Insurance
Company, Ltd.
2015 President, The Dai-ichi Frontier Life
Insurance Co., Ltd. (current position)

Outside Statutory Auditor
(Independent)

11

Shigeru Makinouchi

1979 Admission as an attorney-at-law
Head of Makinouchi Ageishi Law Office
(current position)
2013 Statutory Auditor, AIDA ENGINEERING,
LTD. (current position)

Rational for Appointment and Summary of Activities

Outside Directors

Kimio Oiso

Kimio Oiso was appointed to the position of Outside Director in June 2012 based on the expectation that the wealth of experience and sophisticated insight he has as a former corporate executive in the life insurance industry would enable him to contribute advice and recommendations from an objective perspective to help ensure the reasonableness and propriety of decision-making by the Board of Directors. In the fiscal year ended March 31, 2016, he attended all 12 meetings of the Board of Directors.

Hirofumi Gomi

Hirofumi Gomi was appointed to the position of Outside Director in June 2015 based on the expectation that the wealth of experience and high-level expertise he has acquired handling matters concerning fiscal policy at Japan's Ministry of Finance and as the former head of the country's Supervisory Bureau (the current Financial Services Agency) would enable him to provide the Company with advice and recommendations from an objective perspective to help ensure the reasonableness and propriety of decision-making by the Board of Directors. He attended all 10 meetings of the Board of Directors held after he assumed his position as an Outside Director, during the fiscal year ended March 31, 2016.

Outside Statutory Auditors

Shigeo Matsumoto

Shigeo Matsumoto was appointed to the position of Outside Statutory Auditor in June 2010 based on the expectation that his wealth of financial and management experience and sophisticated insight would enable him to ask questions and express opinions from an objective perspective to help ensure the legality and reasonableness of decision-making by the Board of Directors. As the Standing Statutory Auditor, he regularly communicates with the Representative Director, speaks with managers at all levels, meets with the independent auditor and others, and personally visits the Company's overseas locations to understand current conditions throughout the AIDA Group. Based on what he learns, he freely expresses his opinions to the Company's management. In the fiscal year ended March 31, 2016, he attended all 12 meetings of the Board of Directors and all 10 meetings of the Board of Auditors.

Hiroshi Kanai

Hiroshi Kanai was appointed to the position of Outside Statutory Auditor in June 2012 based on the expectation that the wealth of experience and sophisticated insight he has as a former corporate executive in the life insurance industry would enable him to ask questions and express opinions from an objective perspective to help ensure the legality and reasonableness of decision-making by the Board of Directors. In the fiscal year ended March 31, 2016, he attended 11 of 12 meetings of the Board of Directors and 9 of 10 meetings of the Board of Auditors.

Shigeru Makinouchi

Shigeru Makinouchi was appointed to the position of Outside Statutory Auditor in June 2013 based on the expectation that the wealth of experience and sophisticated, specialized knowledge he has as an attorney-at-law would enable him to ask questions and express opinions from an objective perspective to help ensure the legality and reasonableness of decision-making by the Board of Directors. In the fiscal year ended March 31, 2016, he attended all 12 meetings of the Board of Directors and all 10 meetings of the Board of Auditors.

Message from an Outside Statutory Auditor

AIDA ENGINEERING was among the first Japanese companies to adopt governance that incorporated multiple outside officers. As of June 30, 2016, two of its eight directors and all three of its statutory auditors are outside officers.

In principle, outside officers attend Board of Directors meetings, which are convened once a month, and use their experience and knowledge to support the executive decision-making of the President and Chief Executive Officer, the Executive Vice President and Chief Operating Officer, and other managing directors by expressing their opinions about business reports and business plans. To ascertain current conditions throughout the Group, outside officers attend Group-wide business plan meetings held twice a year, with participation by top managers from all AIDA Group companies, including overseas subsidiaries. They also attend Management Council meetings, which are convened twice a month in principle. Furthermore, to promote

information-sharing and to foster understanding among outside officers — for example, by listening to reports by standing statutory auditors on current conditions — meetings of a liaison group consisting of all outside officers are convened as needed. In these and other ways, AIDA's outside officers bring their understanding of actual conditions to the oversight of business activities and express their opinions with the aim of making continuing contributions to the dynamic and constructive development of the business.

As an outside statutory auditor who is also an experienced attorney-at-law, I seek clear, concise and comprehensive explanations of report and agenda items, and strive to determine whether there are sufficient rationale for positions taken. Taking this perspective as I perform my duties, I intend to do everything I can as an auditor to contribute to the continuing robust development of the AIDA Group.



Shigeru Makinouchi

Outside Statutory Auditor
(Independent)

Intellectual Property

As a forming systems builder, we are developing high-value-added technology and products, while also closely managing our intellectual property, to support growth-oriented business strategies.

Basic Concepts and Systems

The AIDA Group Action Guidelines call for the provision of premium, high-quality products and services, and the creation and application of intellectual property, based on recognition of the importance of confidential information and intellectual property. Toward that end, therefore, we devote significant efforts to strategic R&D and the creation and management of intellectual property.

Under the leadership of our Research and Development Headquarters, and with key contributions by the technology, production, and other relevant departments, we are vigorously advancing R&D activities. Focusing on areas such as the environment and safety, which have significance for society at large, we specify R&D themes based on management and business strategy, and then pursue results that will lead to greater competitiveness for individual products and overall business expansion.

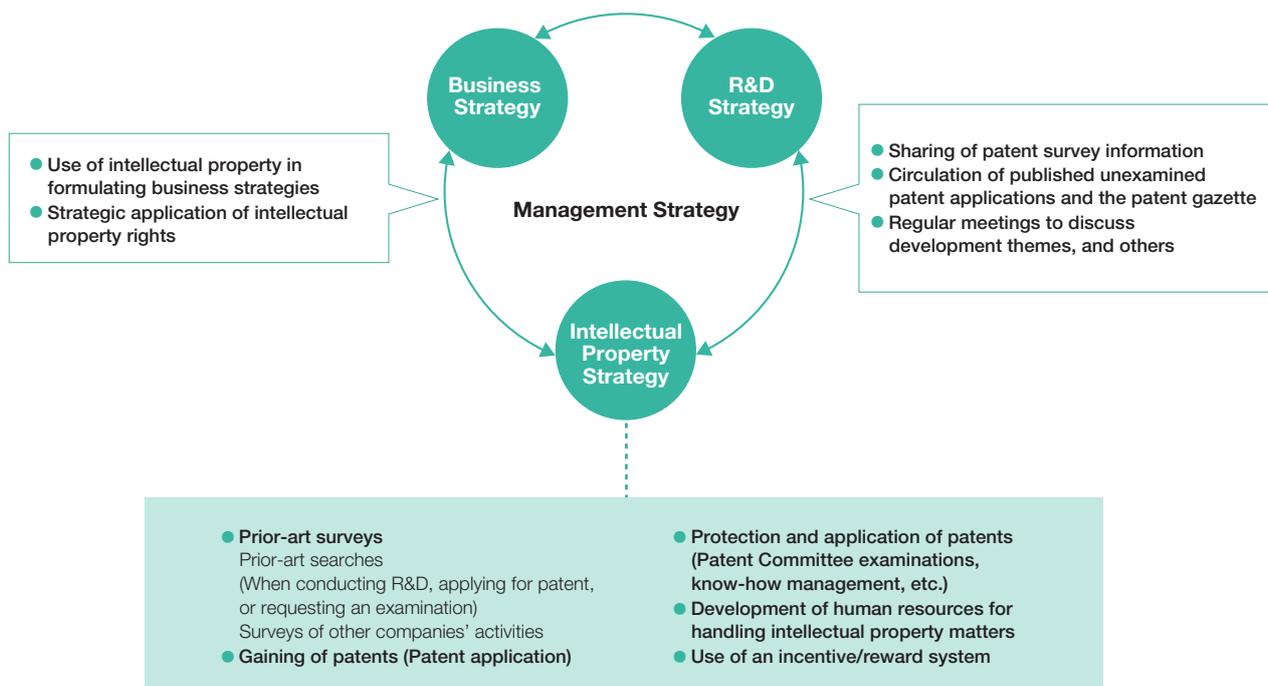
In addition, we have established our Intellectual Property Office below the Research and Development Headquarters to centrally manage the global application of intellectual property developed by AIDA facilities in Japan and overseas. The office becomes involved in the R&D activities of the Research and Development Headquarters early on and pursues intellectual property strategies in close cooperation with development staff members.

Intellectual Property Creation and Management

In pursuing R&D activities, it is critical to avoid infringing the intellectual property rights of others and to secure intellectual property rights in the fruits of our own R&D efforts. At AIDA, the Intellectual Property Office leads efforts to review patents and other domestic and overseas intellectual property information to extract and analyze information related to our own R&D themes and technologies. Furthermore, through regular communication with development departments, the office supports the discovery and creation of inventions that may be patentable. The Intellectual Property Office appropriately and efficiently advances R&D and strives to translate R&D results into greater competitiveness and business performance.

As a mechanism for continuing the activity discussed above at a high level, meetings of our Patent Committee are convened on a regular basis. The committee, which is comprised of development, technology, and engineering experts representing individual departments and representatives of the Intellectual Property Office, engages in detailed discussions of our inventions and development results and formulates recommendations to streamline the process of obtaining patents and promote their proper maintenance and application.

<Trilateral Intellectual Property Strategy Paralleling the Group's Business Direction>



The Company has established a policy and plan for protecting the environment and strives to lessen its environmental impact and make social contributions that are also good for the environment. We also devote significant efforts to living up to the trust of our customers by ensuring the quality and safety of our products and services, and to looking after the health and development of our employees.

Environmental Management

AIDA has established targets for reducing its environmental impact, in line with the AIDA Environmental Policy, and is implementing various types of measures to achieve them. The Environmental Management Organization, which is chaired by the Environmental Project Director and includes members appointed by each of the Company's departments to handle environmental matters, takes the lead in advancing environmental preservation activities.

"As a cutting-edge corporation that supports manufacturing, we will further develop and pursue environmentally friendly and energy-saving products." That is the vision statement we have put forth in our Mid-Term Management Plan and we are committed to fulfilling it by contributing to customers' environmental initiatives through the development of products with outstanding performance from both environmental and energy-saving perspectives.

AIDA's Environmental Policy (excerpted)

Recognizing that protecting the earth's environment is one of the most important goals shared by all mankind, as AIDA Engineering, Ltd., rises to the challenge of attaining "a harmony between people and technology" that creates a people-friendly environment as it pursues original technologies in the metalforming field, it will establish and implement a workplace environment where environmental protections will be incorporated into the engineering, manufacturing, and sales activities for its presses, automation equipment, and auxiliary equipment.

Environmental Policy

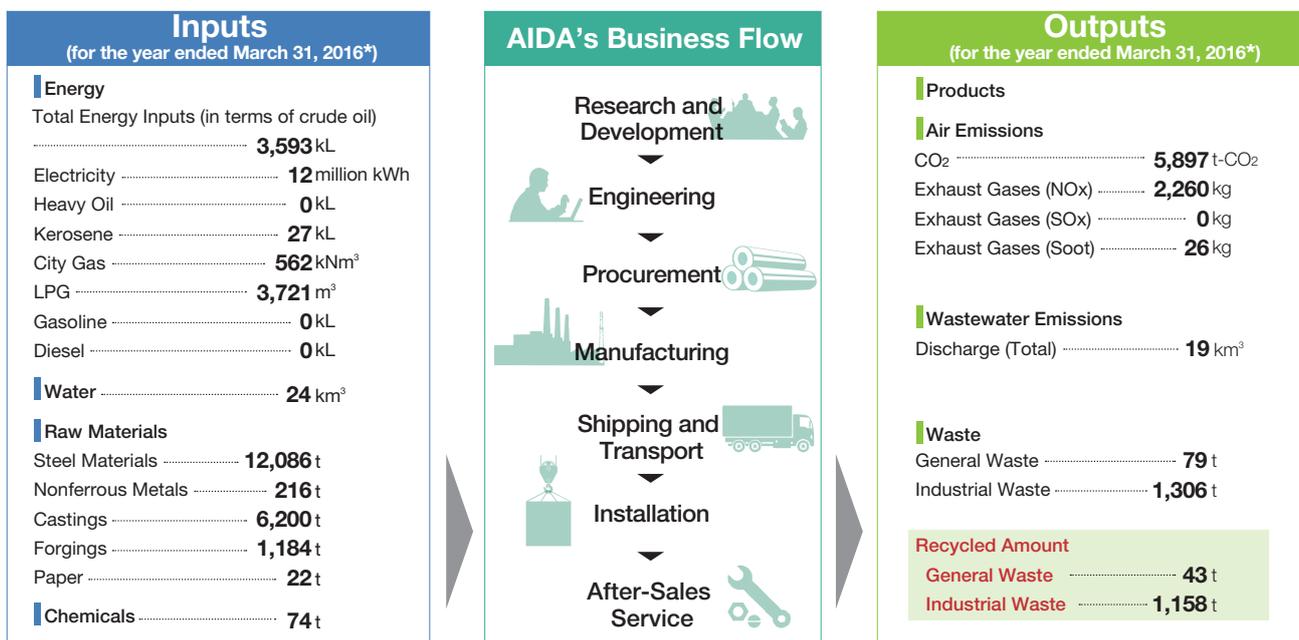
<http://www.aida.co.jp/en/company/csr/index.html>

Environmental Objectives and Targets

Environmental Objectives: Three-year targets, spanning the years ended March 31, 2014–2016	Year Ended March 31, 2016 Actuals
Maintain compliance with laws and ordinances (air, water, noise, etc.) <ul style="list-style-type: none"> Examine how to keep process and auxiliary equipment values within regulatory limits, and further reduce them 	<ul style="list-style-type: none"> Results of maintenance inspections on processes and auxiliary equipment: Good Results of efforts to maintain performance within specified limits: No problems encountered
Promote the recycling of waste materials and prevent further waste generation Efforts to recycle and reuse <ul style="list-style-type: none"> Emissions* target: 1,350 tons or less Industrial waste recycling ratio: 93% or higher 	<ul style="list-style-type: none"> Total emissions: 1,386 tons Industrial waste recycling rate: 89%
Promote energy conservation <ul style="list-style-type: none"> Total energy usage (crude oil equivalent): 4,500 kL or below CO₂ emissions (unit conversion coefficient): 24.14 tons CO₂/¥100 million (production volume) or lower 	<ul style="list-style-type: none"> Total energy usage (crude oil equivalent): 3,593 kL; target achieved CO₂ emissions: 24.5 tons CO₂/¥100 million (production volume)
Improve environmental protection initiatives <ul style="list-style-type: none"> Feedback about environmental-related product requirements Introduction of eco-conscious processes and auxiliary equipment Efforts to enact measures to reduce environmental impact 	<ul style="list-style-type: none"> Green material procurement and recordkeeping: Good Promoted environmentally friendly retrofitting services Tracked reductions in initial customer claims for product oil leaks
Develop environmentally friendly products <ul style="list-style-type: none"> Examine products in terms of energy-saving, resource conservation, toxic chemical avoidance measures, vibration/noise measures, recyclability, and controlling the amount of emissions and the usage of environmentally harmful substances 	<ul style="list-style-type: none"> Promoted cuts in peak-time commercial electricity usage, and switched from induction synchronous motors Changed lubricating oils and bearing materials Optimized servo motor cooling methods

*Emissions: Total emissions of general waste and industrial waste

Material Balance



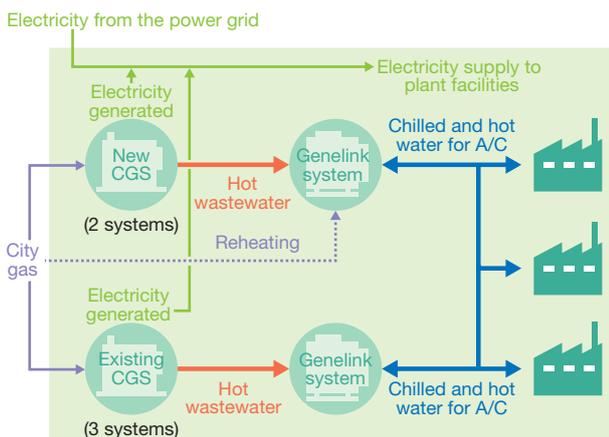
*The Environmental impact of AIDA production processes for the year ended March 31, 2016 (All figures are rounded)
Scope of Analysis: AIDA Engineering (Sagami Plant, Tsukui Plant, and Shimokuzawa Plant)

Energy Management Using High-Efficiency CGS-and Genelink Systems

In February 2016, we installed a new high-efficiency CGS system (a cogeneration system providing heat and electric power) and a new Genelink system (a water heating and cooling system fueled by hot wastewater from the CGS system) at our headquarters plant. Together, these systems generate electricity and effectively leverage hot wastewater to generate cold and hot water, which is used to maintain a comfortable environment inside the plant. Adjusting the temperature of the water circulating in the system to match air-conditioning loads produces additional operating efficiencies.

As a new initiative, we have implemented an energy management scheme combining these new systems with previously existing systems in order to efficiently share electric power and cold and hot water among multiple buildings at the plant site. By doing this, we are expecting to reduce our energy consumption by 23.9%.

Energy and Air Conditioning Overview



Installation of an Emergency Solar Power System

As one measure for continuing operations in the event of a power failure due to a natural disaster or some other cause, we introduced a solar power generation and storage system at our Head Office and Sagami Plant in March 2015.

In the past, the Company had relied on ordinary gas generators to provide electricity during power outages. A major disaster, however, could bring down the power grid and damage gas pipelines. To prepare for such a contingency, we decided to incorporate redundant countermeasures by adding a solar power generation and storage system. This system would enable operation of the Company's primary server for a period of time, enabling emergency measures to be implemented throughout our global operations.



Solar panels (left) and power storage equipment (right)

Quality and Safety of Products and Service

To provide customers with the superior quality they expect, AIDA practices strict quality control in every production process. Our engineering department uses the Finite Element Method on software to perform structural analysis on major structural components to visually identify risks, and our manufacturing and inspection departments conduct exacting checks to ensure strict compliance with applicable standards. Once products have been delivered and installed, our sales departments ask customers to complete surveys, the results of which are then provided as customer evaluation-and-request feedback within the Company, and are used to further increase customer satisfaction.

To promote safety within customer manufacturing environments, we continuously work to develop and incorporate safety equipment. Furthermore, when we install a press—and at other times when necessary—we also provide safety training at the customer site to help ensure that they do everything necessary to use our equipment safely.



Using a three-dimensional measuring device

Employee Safety and Health

Every month, the Health and Safety Committee meets to discuss actions needed to ensure comprehensive safety education within the Company. Safety patrols are regularly conducted in offices and plants, and workplace facilities and conditions are improved on an ongoing basis to maintain high-quality work environments. Reports on unsafe conditions identified by employees are disseminated to the entire Company, work procedures are reviewed, and improvements are made when necessary to prevent accidents and enhance safety awareness. To monitor and promote good physical and mental health among employees, industrial physicians and others cooperate to provide individual employees with health management guidance tailored to seasonal and environmental conditions.

Encouraging Employees to Enhance Skills

AIDA has initiatives in place for providing financial awards to employees who pass technical skill examinations and obtain national professional qualifications, or who come up with an invention or development idea.

Among our 794 employees, including officers and retired retirees, 470 employees have passed a skill examination to obtain a professional qualification (as of March 31, 2016). In recognition of the effectiveness of our award systems, AIDA was named a fiscal 2015 winner of an award presented by the Minister of Health, Labour and Welfare for professional skill development.

Consolidated Financial Summary

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
Years ended March 31

	2007	2008	2009	2010
Orders, Net Sales, and Income (Loss)				
Orders	¥ 67,434	¥ 65,785	¥ 40,883	¥ 33,403
Net sales	62,120	64,513	60,675	34,898
Cost of sales	47,180	49,023	50,148	32,313
Selling, general and administrative expenses	9,776	10,124	9,571	8,114
Operating income (loss)	5,164	5,365	955	(5,529)
Income (loss) before income taxes	4,809	5,411	145	(8,945)
Income taxes	1,755	1,825	(664)	3,144
Profit attribute to owners of parent (loss)	3,053	3,585	810	(12,090)
Profitability Ratio				
Operating income ratio	8.3%	8.3%	1.6%	(15.8)%
Total Assets, Total Shareholders' Equity and Interest-bearing Debt				
Total assets	¥ 90,076	¥ 85,036	¥ 74,796	¥ 63,867
Total shareholders' equity	64,138	61,326	57,869	45,706
Total interest-bearing debt	–	1,500	500	1,124
Shareholders' equity ratio	71.2%	72.1%	77.3%	71.5%
Capital Expenditures, Depreciation and Amortization and R&D Expenditures				
Capital expenditures	¥ 3,087	¥ 4,771	¥ 3,248	¥ 578
Depreciation and amortization	1,894	2,333	2,728	2,684
R&D expenditures	1,433	1,658	1,567	1,203
Return Indicators				
Return on equity (ROE)	4.9%	5.7%	1.4%	(23.4)%
Return on assets (ROA)	3.5%	4.1%	1.0%	(17.4)%
Cash Flows				
Net cash provided by (used in) operating activities	¥ 4,054	¥ (1,103)	¥ 2,475	¥ 4,857
Net cash provided by (used in) investing activities	(1,275)	(0)	3,985	(294)
Free cash flow	2,779	(1,103)	6,460	4,562
Net cash provided by (used in) financing activities	(1,609)	(2,162)	(3,599)	309
Cash and cash equivalents at the end of year	11,475	7,420	9,859	14,580
	2007	2008	2009	2010
Per Share Data				
Net income (basic)	¥ 42.67	¥ 50.27	¥ 12.41	¥ (189.36)
Cash dividends	13.00	15.00	5.00	5.00
Shareholders' equity	893.19	911.28	905.90	715.08
Stock Information (at Year-End)				
Stock price	¥ 828	¥ 626	¥ 278	¥ 390
Market capitalization (millions of yen)	65,533	49,546	22,002	30,867
Number of shares issued (shares)	79,147,321	79,147,321	79,147,321	79,147,321
Other Data				
Number of employees	1,539	1,610	1,629	1,507

*Amounts presented from the year ended March 31, 2012 were retrospectively adjusted to reflect the changes in accounting policies of the Japanese employee stock ownership plan (J-ESOP).

						Millions of yen	% change
2011	2012	2013	2014	2015	2016	2015 vs 2016	
¥ 47,924	¥ 58,021	¥ 73,033	¥ 76,670	¥ 70,256	¥ 75,474	7.4	
40,989	52,240	57,812	69,594	76,897	75,529	(1.8)	
33,343	42,589	46,393	54,617	59,650	57,544	(3.5)	
6,180	7,424	7,657	8,656	9,383	9,947	6.0	
1,466	2,225	3,760	6,320	7,863	8,037	2.2	
1,098	2,927	4,019	6,584	8,543	8,329	(2.5)	
(134)	79	211	1,456	2,337	2,546	8.9	
1,232	2,847	3,808	5,127	6,205	5,782	(6.8)	
3.6%	4.3%	6.5%	9.1%	10.2%	10.6%	-	
¥ 67,342	¥ 71,300	¥ 82,118	¥ 91,830	¥ 105,126	¥ 100,609	(4.3)	
45,221	47,476	52,990	59,655	67,254	68,758	2.2	
1,500	2,048	1,500	2,491	1,891	4,663	146.6	
67.0%	66.5%	64.4%	64.8%	63.8%	68.2%	-	
¥ 689	¥ 2,667	¥ 1,555	¥ 3,117	¥ 1,958	¥ 4,654	137.6	
1,403	1,378	1,362	1,548	1,712	1,995	16.6	
1,079	909	1,008	1,076	1,345	1,237	(8.0)	
2.7%	6.2%	7.6%	9.1%	9.8%	8.5%	-	
1.9%	4.1%	5.0%	5.9%	6.3%	5.6%	-	
¥ (2,359)	¥ 8,749	¥ 5,938	¥ 5,978	¥ 5,100	¥ 6,596	29.3	
(1,253)	(1,231)	(1,277)	(3,254)	(1,237)	(5,655)	-	
(3,613)	7,517	4,660	2,723	3,863	941	(75.6)	
(1,029)	35	(1,446)	26	(2,077)	915	-	
9,569	17,129	22,281	26,038	29,958	29,524	(1.5)	
						Yen	% change
2011	2012	2013	2014	2015	2016	2015 vs 2016	
¥ 19.51	¥ 46.97	¥ 62.74	¥ 83.95	¥ 100.99	¥ 93.78	(7.1)	
6.00	14.00	19.00	25.00	30.00	30.00	0.0	
745.27	781.58	868.33	969.35	1,088.96	1,112.51	2.2	
¥ 374	¥ 476	¥ 756	¥ 982	¥ 1,380	¥ 978	(29.1)	
29,601	37,674	59,835	77,722	101,633	72,027	(29.1)	
79,147,321	79,147,321	79,147,321	79,147,321	73,647,321	73,647,321	-	
1,478	1,566	1,647	1,728	1,818	1,951	7.3	

Management's Discussion and Analysis of Business Results and Financial Position

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
Years ended March 31

Orders and Sales

Global economic conditions through the first half of the fiscal year ending March 31, 2016, the fiscal year under review, were characterized by an overall mild recovery led by the US and other advanced economies, even as lackluster conditions continued in the Chinese and other emerging economies. In the second half, signs of sluggishness appeared even among advanced economies, stoking concerns about the possibility of an economic downturn. The Japanese economy, meanwhile, continued to recover at a mild pace. However, with deceleration among overseas economies beginning to blunt Japanese business performance, and factors such as an appreciating yen and weak personal consumption, economic uncertainty was on the rise through the end of the fiscal year.

Japan's forming-machinery industry suffered a 12.3% year-on-year decline in export orders and, as a result, saw orders for the fiscal year fall 6.4% to ¥146.0 billion (based on data from the Japan Forming Machinery Association).

With conditions such as those described above, the AIDA Group is now working to implement its Mid-Term Management Plan covering the fiscal years ended March 31, 2015–2017. Guided by the vision statement, which reads, "As a cutting-edge corporation that supports manufacturing, we will further develop and pursue environmentally friendly and energy-saving products," we are endeavoring to strengthen our business infrastructure and increase our earnings by implementing the three basic policies given in the plan. Specifically, "Put in place a solid corporate foundation that will enable even further business expansion," "Establish AIDA as a top brand in the global marketplace," and "Pursue new forming technologies." During the fiscal year, we continued to strengthen our R&D and overseas production systems, while also working to globally link the sales activities

of Group companies and expand our customer base.

As a result of these activities, order intake for the fiscal year came to ¥75.4 billion (up 7.4% compared to the previous fiscal year), with significant contributions from growth in Japan and Europe. After accounting for the effects of yen appreciation through the second half of the fiscal year, however, the order backlog on a yen-conversion basis finished the year at ¥51.8 billion (down 0.1%). Net sales, with an increase in Asia offsetting a decrease in the Americas, came to ¥75.5 billion (down 1.8%).

Result by Business Divisions and Geographic Segments

Business Divisions

Press Machines

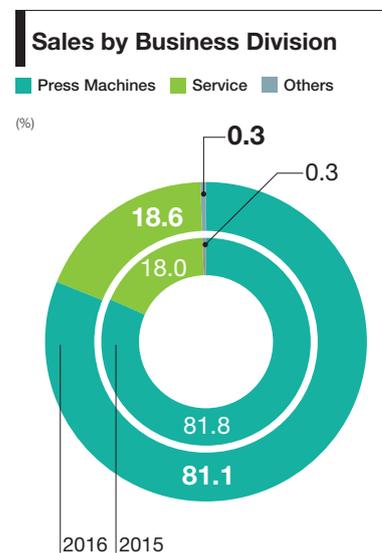
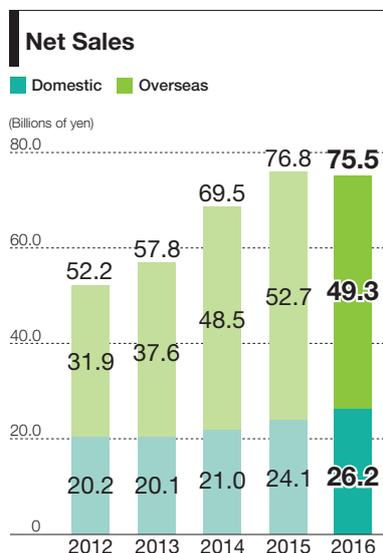
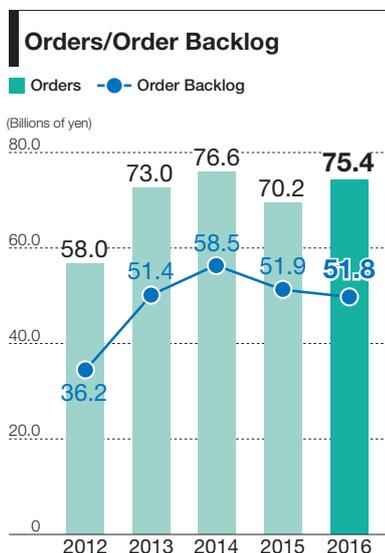
Orders for multiple lines, mainly large servo tandem lines, brought order intake for the fiscal year to ¥60.9 billion, an 8.2% increase compared to the previous fiscal year. Net sales, however, finished the year at ¥61.2 billion, down 2.6%, mainly because of a downturn in turnover in the Americas.

Service

Brisk demand for modernization (retrofitting) and other factors drove a 4.1% increase in order intake compared to the previous fiscal year to ¥14.2 billion, and net sales increased 2.0% to ¥14.0 billion.

Other Business

Orders increased 32.3% compared to the previous fiscal year to ¥242 million and net sales increased 11.6% to ¥222 million.



Geographic Segments

Japan

With greater sales of high-speed precision machines and general-purpose presses more than offsetting a decline in global sales of mid-size and large presses to primarily the automotive-related industries, net sales came to ¥44.0 billion, down 4.2% compared to the previous consolidated fiscal year. The segment profit, on the other hand, rose 4.3% to ¥4.9 billion with help from a decline in costs related to mid-size and large presses and an improvement in the product mix.

Asia

Increases in sales (based on the percentage of completion method) of mid-size and large presses to the automotive-related industries and in exports of general-purpose presses to other regions helped to bring net sales to ¥20.9 billion, an increase of 11.3% compared to the previous fiscal year. The segment profit came to ¥2.3 billion, an increase of 57.0%, thanks to higher sales and lower costs.

Americas

Due to lower net sales (based on the percentage of completion method) for mid-size and large presses being delivered to automotive-related industries, segment net sales decreased 23.0% compared to the previous fiscal year to ¥19.0 billion. The segment profit finished the year at ¥1.3 billion, down 16.4%.

Europe

Increases in sales (based on the percentage of completion method) of mid-size and large presses to the automotive-related industries drove net sales up 2.2% compared to the

previous consolidated fiscal year, on a local-currency basis. Given the effects of yen appreciation, however, net sales fell 0.6% on a yen-conversion basis to ¥14.8 billion. The segment profit came to a negative ¥490 million, compared to a positive ¥78 million for the previous fiscal year, because of a worsening of the cost ratio.

Earnings

The majority of our net sales come from built-to-order mid-size and large presses for automotive-related industries, and, in order to meet the growing requirements for lighter, safer, and more contoured vehicles, we are funneling resources towards technological innovations and product development that further improve accuracy and quality in our presses incorporating servo technology and in our peripheral systems. The AIDA Group has been promoting more robust global co-manufacturing and higher internalized production, and the production efficiency improvements and cost savings that have resulted have offset costs of technological innovations for its mid-size and large presses.

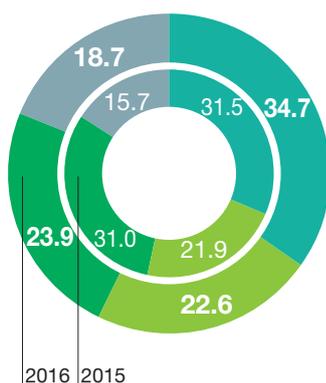
Gross profit for the fiscal year ended March 31, 2016 came to ¥17.9 billion, an increase of 4.3%, with help from lower costs and a cheaper yen. Reflecting factors discussed above, record highs were recorded for both operating income, which ended the year at ¥8.0 billion, up 2.2%, and ordinary income, which totaled ¥8.3 billion, up 1.9%. Profit attributable to owners of parent came to ¥5.7 billion, down 6.8%, due to factors including an extraordinary gain recorded for the previous fiscal year.

Based on such favorable financial results and the basic profit distribution policy established in the Mid-Term Management Plan, the per-share dividend was set at ¥30.

Sales by Geographic Segment (to External Customers)

■ Japan ■ Asia ■ Americas ■ Europe

(%)

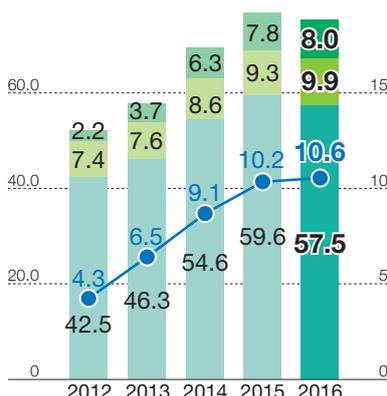


Cost and Expenses/Operating Income/Operating Income Ratio

■ Cost of Sales ■ Selling, General and Administrative Expenses ■ Operating Income ● Operating Income Ratio

(Billions of yen)

(%)



Profit Attributable to Owners of Parent

■ Profit Attributable to Owners of Parent ● ROE

(Billions of yen)

(%)



Financial Position

Assets as of March 31, 2016 decreased ¥4.5 billion compared to the previous fiscal year-end to ¥100.6 billion. Primary factors for this decrease include a ¥2.3 billion decrease in notes and accounts receivable-trade, and electronically recorded monetary claims-operating, a ¥1.0 billion decrease in inventories, a ¥987 million decrease in consumption taxes receivable, and a ¥1.4 billion increase in property, plant and equipment.

Liabilities decreased ¥6.0 billion compared to the previous fiscal year end to ¥31.8 billion. This decrease was primarily due to a decrease of ¥3.9 billion in accounts payable-trade and electronically recorded monetary obligations-operating, an increase of ¥2.7 billion in loans payable, a decrease of ¥3.0 billion in advances received, and a decrease of ¥1.0 billion in special suspense account for reduction entries.

Net assets increased ¥1.5 billion compared to the previous fiscal year end to ¥68.7 billion. This increase was primarily due to an increase in retained earnings of ¥3.8 billion and a decrease in foreign currency translation adjustments of ¥2.5 billion. As a result, our shareholders' equity ratio at the end of the consolidated fiscal year was 68.2%.

Cash Flow

Cash and cash equivalents as of March 31, 2016 decreased ¥434 million from the previous fiscal year end to ¥29.5 billion.

Net cash provided by operating activities was ¥6.5 billion, compared with net cash provided by operating activities of ¥5.1 billion in the previous fiscal year. Major inflows included income before income taxes of ¥8.3 billion, and depreciation and amortization of ¥1.9 billion. Major outflows included a decrease in accounts payable-trade of ¥2.7 billion, an increase in accounts receivable-trade of ¥1.1 billion, and income tax payments of ¥2.2 billion.

Net cash used in investing activities was ¥5.6 billion, compared with net cash used in investing activities of ¥1.2 billion in the previous fiscal year. Major outflows included the payment for the purchase of intangible assets of ¥5.4 billion.

Net cash provided by financing activities was ¥915 million, compared with net cash used in financing activities of ¥2.0 billion in the previous fiscal year. Major inflows included a net increase in short-term loans of ¥2.8 billion. Major outflows included cash dividend payments of ¥1.9 billion.

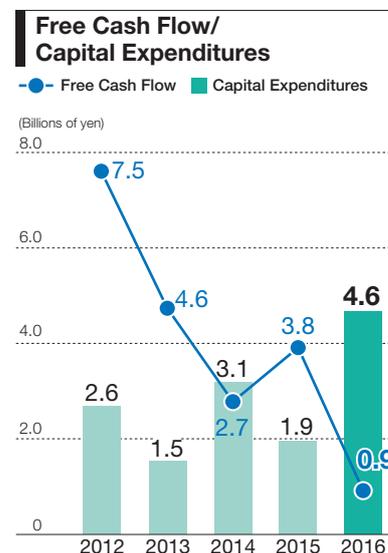
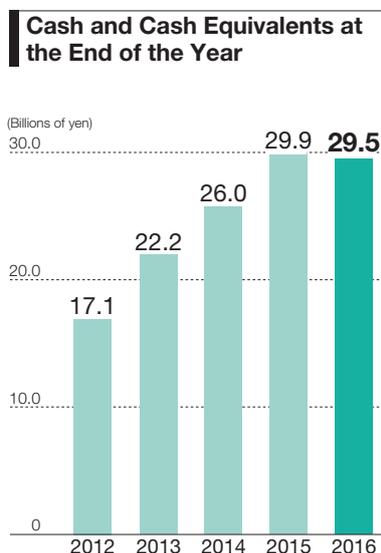
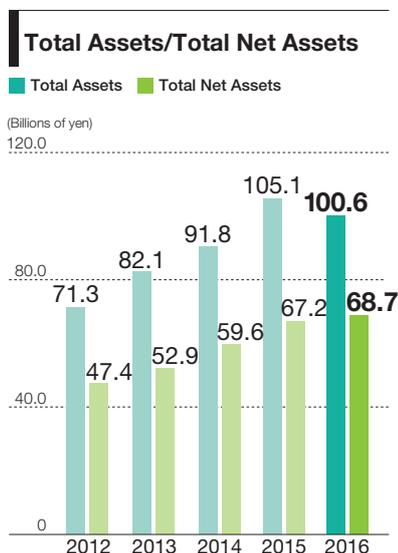
Capital Expenditures

In the fiscal year under review, the Company recorded capital expenditures totaling ¥4.6 billion. Principal expenditures included the following items.

1. Installation of large machining centers in the Japanese and US plants to increase production and strengthen co-manufacturing.
2. Expansion of the US plant by approximately 3,000 m² and enhancement of the plant's auxiliary functions to increase its production capacity.
3. Installation of a gas-fired power generating facility to ensure a comfortable working environment and reduce costs at the Sagami Factory.

Research and Development

During the fiscal year ended March 31, 2016, we invested a total of ¥1.2 billion in R&D. Examples of the ways in which this money was used include development of one of the world's largest large-capacity transfer servo presses, methodologies for achieving higher-efficiency and higher-capacity servo motors and drive control systems, and production technologies for handling the types of materials manufacturers are adopting in order to achieve lighter-weight products. Among these latter technologies are a production system for the high-precision forming of aluminum alloys and a cold-stamping press system suited for high-strength steels.



Risks with the potential to significantly influence investment decisions are presented below. Forward-looking statements included in this section are the conclusions of the AIDA Group as of June 2016.

International Business Activities and Overseas Operations

The AIDA Group conducts manufacturing and sales activities in various regions throughout the world, including Japan, the Americas, Europe and Asia. These overseas business operations involve inherent risk factors, including (1) unanticipated changes in policies, laws and regulations, (2) substantial and abrupt changes in foreign exchange rates, and (3) terrorism, epidemics, war and other causes of social upheaval. The situation in local areas may have a material impact on the operating results and financial position of the Group.

Product Quality Assurance

The AIDA Group manufactures a range of products in factories located in countries around the world in accordance with internal quality control standards that comply with the laws and regulations of those countries. However, there is no guarantee that all products will be completely free of defects, or will not be subject to a future recall. Further, although the Company has product liability insurance, there is no guarantee that this insurance will be sufficient to cover the entire final amount of damages incurred. It is also not certain that the Group will be able to continue to obtain product liability insurance under acceptable terms. Should the Company's products be found to have defects that lead to a large-scale recall or a product liability claim, this could lead to substantial expenses, or negatively affect the reputation of the Group. This may result in decreased sales, and may have a material impact on the operating results and financial position of the Group.

Fluctuation in the Purchase Price of Raw Materials

The AIDA Group's products are made primarily of steel. Drastic fluctuations in the price of raw materials may have a material impact on the operating results and financial position of the Group.

Heavy Dependence on a Particular Industry (The Automotive Industry)

The AIDA Group derives three-fourths of its product sales from the automotive industry. Trends in the business conditions and capital expenditures of the automotive industry may have a material impact on the business, operating results and financial position of the Group.

Effects of Competition

The forming machinery that comprises the main products of the AIDA Group is subject to competition in global markets from other companies in terms of quality, price, delivery terms and service. Should competition for sales intensify as a result of excessive supply or a sharp decline in demand in the industry, this may have a material impact on the operating results and financial position of the Group.

Retirement Benefit Obligations and Expenses

The AIDA Group calculates employee retirement benefit obligations and expenses based on assumptions determined through computation of discount rates and other numerical factors. Should actual results vary from these assumptions, or should there be a change in the assumptions, the effects will be amortized over future accounting periods, and the expenses recognized and obligations recorded in future accounting periods. This may have a material impact on the operating results and financial position of the Group.

Effects of Earthquakes and Other Natural Disasters

AIDA ENGINEERING's main factory is located in the north-west region of Kanagawa Prefecture in the southern area of the Kanto Plain, where a major earthquake is predicted to occur at some point in the future. Should a major earthquake or other natural disaster occur in this area, this may have a material impact on the production operations and operating results of the Group.

Consolidated Segment Information

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
Years ended March 31

	Millions of yen					% change 2015 vs 2016
	2012	2013	2014	2015	2016	
Business Division:						
Net sales						
Press Machines	¥ 41,574	¥ 44,969	¥ 56,963	¥ 62,893	¥ 61,234	(2.6)
Service	10,483	12,619	12,439	13,803	14,072	2.0
Others	181	223	191	199	222	11.6
Consolidated	¥ 52,240	¥ 57,812	¥ 69,594	¥ 76,897	¥ 75,529	(1.8)
Geographic Segment:						
Net sales						
Japan	¥ 34,577	¥ 39,714	¥ 39,679	¥ 45,994	¥ 44,041	(4.2)
Asia	13,490	17,482	19,954	18,858	20,989	11.3
Americas	9,434	11,924	17,397	24,699	19,008	(23.0)
Europe	12,959	11,822	16,418	14,948	14,853	(0.6)
Reconciliation	(18,222)	(23,131)	(23,855)	(27,604)	(23,363)	-
Consolidated	¥ 52,240	¥ 57,812	¥ 69,594	¥ 76,897	¥ 75,529	(1.8)
Operating Income (Loss)						
Japan	¥ 1,299	¥ 2,074	¥ 4,181	¥ 4,765	¥ 4,967	4.3
Asia	880	1,462	1,585	1,478	2,321	57.0
Americas	352	493	902	1,587	1,327	(16.4)
Europe	(405)	(49)	(717)	78	(490)	-
Reconciliation	99	(219)	368	(45)	(88)	-
Consolidated	¥ 2,225	¥ 3,760	¥ 6,320	¥ 7,863	¥ 8,037	2.2

Quarterly Information

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
Years ended March 31

	Millions of yen					% change 2015 vs 2016
	2012	2013	2014	2015	2016	
Net Sales						
1st Quarter	¥ 12,961	¥ 12,064	¥ 14,960	¥ 17,168	¥ 17,857	4.0
2nd Quarter	13,924	14,638	16,913	16,994	19,611	15.4
3rd Quarter	11,844	14,569	17,930	21,950	19,393	(11.7)
4th Quarter	13,510	16,541	19,789	20,782	18,668	(10.2)
Consolidated	¥ 52,240	¥ 57,812	¥ 69,594	¥ 76,897	¥ 75,529	(1.8)
Operating Income (Loss)						
1st Quarter	¥ 603	¥ 854	¥ 1,522	¥ 1,815	¥ 2,097	15.5
2nd Quarter	511	1,215	1,603	1,814	2,135	17.7
3rd Quarter	712	989	1,667	2,535	2,221	(12.4)
4th Quarter	398	702	1,526	1,696	1,582	(6.7)
Consolidated	¥ 2,225	¥ 3,760	¥ 6,320	¥ 7,863	¥ 8,037	2.2

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Consolidated Balance Sheets

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
As of March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Assets			
Current assets			
Cash on hand and at banks (Note 4)	¥ 22,529	¥ 22,868	\$ 199,928
Notes and accounts receivable - trade	20,105	22,585	178,418
Electronically recorded monetary claims - operating	397	242	3,531
Short-term securities (Notes 4, 6 and 7)	7,200	7,200	63,892
Inventories (Note 5)	13,430	14,528	119,182
Advance payments - trade	1,034	1,818	9,180
Deferred tax assets (Note 15)	1,049	1,434	9,312
Accounts receivable - other	1,348	1,189	11,966
Consumption taxes receivable	1,040	2,028	9,234
Other current assets	953	788	8,457
Allowance for doubtful accounts	(186)	(69)	(1,658)
Total current assets	68,903	74,614	611,445
Fixed assets			
Property, plant and equipment			
Buildings and structures	21,650	21,850	192,126
Accumulated depreciation	(14,061)	(14,161)	(124,776)
Buildings and structures, net	7,589	7,688	67,350
Machinery and vehicles	14,096	11,108	125,093
Accumulated depreciation	(7,492)	(6,807)	(66,485)
Machinery and vehicles, net	6,604	4,300	58,608
Land	5,062	5,102	44,923
Construction in progress	779	1,524	6,915
Other fixed assets	2,798	2,767	24,834
Accumulated depreciation	(2,177)	(2,149)	(19,324)
Other fixed assets, net	620	617	5,509
Total property, plant and equipment	20,656	19,233	183,307
Intangible assets	984	1,121	8,738
Investments and other assets			
Investment securities (Note 7)	5,802	5,804	51,487
Insurance reserve fund	3,390	3,488	30,086
Net defined benefit assets (Note 11)	435	519	3,860
Deferred taxes assets (Note 15)	155	162	1,380
Other assets	308	208	2,734
Allowance for doubtful accounts	(26)	(27)	(239)
Total investments and other assets	10,064	10,156	89,310
Total fixed assets	31,705	30,511	281,355
Total assets	¥ 100,609	¥ 105,126	\$ 892,801

The accompanying notes are an integral part of these financial statements.

Liabilities and net assets	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Current liabilities			
Accounts payable - trade	¥ 6,882	¥ 9,930	\$ 61,078
Electronically recorded monetary obligations - operating	1,828	2,769	16,223
Short-term loans payable (Note 9)	3,163	391	28,074
Current portion of long-term loans payable (Note 9)	—	500	—
Non-trade payables	1,070	1,212	9,502
Income taxes payable	1,235	1,182	10,966
Accrued expenses	1,431	1,244	12,705
Advances received	7,738	10,799	68,669
Accrued warranty costs	1,081	1,479	9,594
Accrued bonuses for employees	1,117	1,096	9,916
Accrued bonuses for directors	60	58	540
Provision for loss on orders received (Note 5)	161	80	1,431
Special suspense account for reduction entry (Note 10)	126	1,224	1,119
Other current liabilities	1,041	1,359	9,243
Total current liabilities	26,940	33,328	239,066
Long-term liabilities			
Long-term loans payable (Note 9)	1,500	1,000	13,310
Long-term accounts payable - other	496	424	4,407
Deferred taxes liabilities (Note 15)	2,261	2,441	20,068
Accrued stock payments for employees	238	200	2,119
Net defined benefit liabilities (Note 11)	99	102	884
Other long-term liabilities	314	373	2,788
Total long-term liabilities	4,911	4,543	43,579
Total liabilities	31,851	37,871	282,646
Net assets			
Shareholders' equity			
Common stock	7,831	7,831	69,491
Authorized: 188,149,000 shares in 2016 and 2015			
Issued: 73,647,321 shares in 2016 and 2015			
Additional paid-in capital	12,416	12,415	110,184
Retained earnings	48,783	44,951	432,898
Treasury stock (Note 12)	(5,166)	(5,188)	(45,847)
(11,973,276 shares in 2016)			
(12,024,268 shares in 2015)			
Total shareholders' equity	63,864	60,008	566,727
Accumulated other comprehensive income			
Net unrealized gains on other securities	3,043	3,056	27,009
Deferred hedge gains (losses)	159	(211)	1,419
Foreign currency translation adjustments	1,211	3,754	10,750
Remeasurements of defined benefit plans	333	496	2,957
Total accumulated other comprehensive income	4,748	7,096	42,137
Stock options (Note 21)	145	149	1,289
Total net assets	68,758	67,254	610,154
Total liabilities and net assets	¥ 100,609	¥ 105,126	\$ 892,801

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Income

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
For the years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Net sales	¥ 75,529	¥ 76,897	\$ 670,245
Cost of sales (Notes 2(12), 5 and 14)	57,544	59,650	510,648
Gross profit	17,985	17,246	159,597
Selling, general and administrative expenses (Notes 13, 14 and 21)	9,947	9,383	88,276
Operating income	8,037	7,863	71,320
Interest income	86	115	770
Dividend income	119	92	1,059
Foreign exchange gain	192	298	1,706
Gain from redemption at maturity of endowment insurance	28	28	256
Other non-operating income	90	104	800
Total non-operating income	517	639	4,593
Interest expenses	48	40	428
Taxes and dues	30	32	273
Other non-operating expenses	110	220	982
Total non-operating expenses	189	293	1,684
Ordinary income	8,364	8,208	74,229
Gain on sales of fixed assets	10	4	95
Gain on insurance income	-	423	-
Total extraordinary gain	10	427	95
Loss on sales of fixed assets	3	0	26
Loss on disposal of fixed assets	37	91	336
Other extraordinary loss	5	1	49
Total extraordinary loss	46	93	413
Income before income taxes	8,329	8,543	73,912
Current taxes	2,213	2,111	19,642
Deferred taxes	332	226	2,953
Income taxes (Note 15)	2,546	2,337	22,596
Net income	5,782	6,205	51,315
Profit attributable to owners of parent	¥ 5,782	¥ 6,205	\$ 51,315

	Yen		U.S. dollars
	2016	2015	2016
Per share			
Net income - Basic (Note 18)	¥ 93.78	¥ 100.99	\$ 0.83
- Diluted (Note 18)	93.54	100.52	0.83
Cash dividends (Note 22)	30.00	30.00	0.27

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Comprehensive Income

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
For the years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Net income	¥ 5,782	¥ 6,205	\$ 51,315
Other comprehensive income (Note 19)			
Net unrealized gains (losses) on other securities	(12)	526	(110)
Deferred hedge gains	371	8	3,293
Foreign currency translation adjustments	(2,543)	2,387	(22,567)
Remeasurements of defined benefit plans	(163)	280	(1,452)
Total other comprehensive income (loss)	(2,348)	3,202	(20,836)
Comprehensive income	¥ 3,434	¥ 9,407	\$ 30,478
Comprehensive income attributable to owners of parent	¥ 3,434	¥ 9,407	\$ 30,478

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Net Assets

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
For the years ended March 31, 2016 and 2015

	Millions of yen												
	Number of shares of common stock issued (Thousands)	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on other securities	Deferred hedge gains (losses)	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Stock options	Total net assets
Balance at April 1, 2014	79,147	7,831	12,498	43,288	(7,978)	55,639	2,529	(219)	1,367	216	3,894	121	59,655
Cumulative effects of changes in accounting policies	-	-	-	(365)	-	(365)	-	-	-	-	-	-	(365)
Restated balance at April 1, 2014	-	7,831	12,498	42,922	(7,978)	55,274	2,529	(219)	1,367	216	3,894	121	59,290
Cash dividends	-	-	-	(1,620)	-	(1,620)	-	-	-	-	-	-	(1,620)
Profit attributable to owners of parent	-	-	-	6,205	-	6,205	-	-	-	-	-	-	6,205
Purchase of treasury stock	-	-	-	-	(1)	(1)	-	-	-	-	-	-	(1)
Disposal of treasury stock	-	-	49	-	101	150	-	-	-	-	-	-	150
Retirement of treasury stock	(5,500)	-	(132)	(2,556)	2,689	-	-	-	-	-	-	-	-
Net changes of items other than shareholders' equity during the year	-	-	-	-	-	-	526	8	2,387	280	3,202	28	3,230
Balance at March 31 and April 1, 2015	73,647	7,831	12,415	44,951	(5,188)	60,008	3,056	(211)	3,754	496	7,096	149	67,254
Cash dividends	-	-	-	(1,950)	-	(1,950)	-	-	-	-	-	-	(1,950)
Profit attributable to owners of parent	-	-	-	5,782	-	5,782	-	-	-	-	-	-	5,782
Purchase of treasury stock	-	-	-	-	(1)	(1)	-	-	-	-	-	-	(1)
Disposal of treasury stock	-	-	1	-	24	25	-	-	-	-	-	-	25
Net changes of items other than shareholders' equity during the year	-	-	-	-	-	-	(12)	371	(2,543)	(163)	(2,348)	(4)	(2,352)
Balance at March 31, 2016	73,647	¥ 7,831	¥ 12,416	¥ 48,783	¥ (5,166)	¥ 63,864	¥ 3,043	¥ 159	¥ 1,211	¥ 333	¥ 4,748	¥ 145	¥ 68,758

	Thousands of U.S. dollars (Note 3)												
	Number of shares of common stock issued (Thousands)	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on other securities	Deferred hedge gains (losses)	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Stock options	Total net assets
Balance at April 1, 2015	73,647	69,491	110,170	398,892	(46,045)	532,508	27,120	(1,873)	33,317	4,410	62,974	1,329	596,812
Cash dividends	-	-	-	(17,309)	-	(17,309)	-	-	-	-	-	-	(17,309)
Profit attributable to owners of parent	-	-	-	51,315	-	51,315	-	-	-	-	-	-	51,315
Purchase of treasury stock	-	-	-	-	(15)	(15)	-	-	-	-	-	-	(15)
Disposal of treasury stock	-	-	14	-	213	228	-	-	-	-	-	-	228
Net changes of items other than shareholders' equity during the year	-	-	-	-	-	-	(110)	3,293	(22,567)	(1,452)	(20,836)	(39)	(20,876)
Balance at March 31, 2016	73,647	\$ 69,491	\$ 110,184	\$ 432,898	\$ (45,847)	\$ 566,727	\$ 27,009	\$ 1,419	\$ 10,750	\$ 2,957	\$ 42,137	\$ 1,289	\$ 610,154

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
For the years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Cash flows from operating activities:			
Income before income taxes	¥ 8,329	¥ 8,543	\$ 73,912
Adjustments for:			
Depreciation and amortization	1,995	1,712	17,710
(Gain) loss on sales of fixed assets	(7)	(3)	(69)
Loss on disposal of fixed assets	37	91	336
Increase (decrease) in allowance for doubtful accounts	126	(45)	1,122
Increase (decrease) in accrued bonuses for employees, net	40	(18)	358
Increase (decrease) in accrued bonuses for directors, net	2	4	18
Increase (decrease) in accrued warranty costs, net	(372)	60	(3,302)
Increase (decrease) in net defined benefit liabilities	(1)	(2)	(10)
(Increase) decrease in net defined benefit assets	102	(446)	913
Increase (decrease) in accrued stock payments, net	37	48	336
Increase (decrease) in provision for loss on orders received, net	83	(234)	739
Interest and dividend income	(206)	(208)	(1,830)
Interest expenses	48	40	428
(Increase) decrease in accounts receivable - trade	(1,133)	(1,673)	(10,059)
(Increase) decrease in inventories	668	(3,021)	5,936
Increase (decrease) in accounts payable - trade	(2,744)	1,098	(24,352)
(Increase) decrease in other assets	666	60	5,914
Increase (decrease) in other liabilities	940	727	8,347
Other, net	91	172	813
Sub-total	8,706	6,904	77,264
Interest and dividend income received	204	208	1,814
Interest expenses paid	(50)	(39)	(444)
Income taxes paid	(2,264)	(1,972)	(20,096)
Net cash provided by operating activities	6,596	5,100	58,538
Cash flows from investing activities:			
Payments for purchase of property, plant and equipment	(5,384)	(1,881)	(47,781)
Proceeds from sales of property, plant and equipment	45	28	407
Payments for purchase of intangible assets	(109)	(114)	(975)
Proceeds from sales of investment in short-term securities	-	200	-
Payments for purchase of investment securities	(102)	-	(913)
Proceeds from sales of investment securities	-	13	-
Payments for deposits of funds into time deposits	(813)	(654)	(7,216)
Proceeds from withdrawal of time deposits	708	1,118	6,284
Other, net	1	52	11
Net cash used in investing activities	(5,655)	(1,237)	(50,183)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	2,871	(602)	25,485
Payments for finance lease obligations	(9)	(8)	(88)
Proceeds from sales of treasury stock	0	150	0
Payments for purchase of treasury stock	(1)	(1)	(15)
Cash dividends paid	(1,945)	(1,616)	(17,262)
Net cash provided by (used in) financing activities	915	(2,077)	8,120
Effect of exchange rate changes on cash and cash equivalents	(2,291)	2,134	(20,330)
Net (decrease) increase in cash and cash equivalents	(434)	3,920	(3,855)
Cash and cash equivalents at the beginning of the year	29,958	26,038	265,850
Cash and cash equivalents at the end of the year (Note 4)	¥ 29,524	¥ 29,958	\$ 261,994

The accompanying notes are integral part of these financial statements

Notes to Consolidated Financial Statements

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries

1 BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of AIDA ENGINEERING, LTD. ("AIDA") and its consolidated subsidiaries (collectively, "the Companies") have been prepared based on the financial statements of AIDA and its consolidated subsidiaries and the consolidated financial statements filed with the Director of the Kanto Finance Bureau in Japan in accordance with the Financial Instruments and Exchange Act.

The accounting records of the Companies are maintained in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan, and in conformity with accounting principles and practices generally accepted in Japan, which

are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards (IFRS).

Items presented in the consolidated financial statements filed with the Director of the Kanto Finance Bureau in Japan have been reclassified and / or recapitulated and certain notes are added for the convenience of readers outside Japan.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

The amounts presented in millions of yen are truncated after millions and thousands of U.S. dollars after thousands.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Principles of consolidation

All subsidiaries have been consolidated (23 subsidiaries in 2016 and 21 subsidiaries in 2015). Significant consolidated subsidiaries as of March 31, 2016 are as follows:

- Domestic subsidiaries:

ACCESS LTD.

- Overseas subsidiaries:

ASIA

AIDA GREATER ASIA PTE. LTD.

AIDA ENGINEERING (M) SDN. BHD.

AIDA HONG KONG, LTD.

AIDA ENGINEERING CHINA CO., LTD.

AIDA PRESS MACHINERY SYSTEMS CO., LTD.

AMERICAS

AIDA AMERICA CORP.

EUROPE

AIDA S.r.l.

(Remarks)

All consolidated subsidiaries are exclusively owned by AIDA or its subsidiaries.

All significant inter-company transactions, balances and unrealized inter-company profits are eliminated on consolidation.

For consolidation purposes, the financial statements of those subsidiaries whose fiscal year end date is December 31 have been included in consolidation on the basis of a full year provisional closing of accounts as of March 31.

(2) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits able to be withdrawn on demand and short-term highly liquid investments with an original maturity of three months or less and which represent a minor risk of fluctuations in value.

(3) Inventories

Finished goods and work in process are principally stated at the lower of cost and net realizable value determined by using the specific identification method. Raw materials are principally stated at the lower of cost and net realizable value determined by using the first-in first-out (FIFO) method.

(4) Financial instruments

Japanese accounting standards for financial instruments, which cover accounting treatments for short-term securities, investment securities, derivative financial instruments and hedge accounting, have been applied.

(a) Investment securities

Other securities with fair market value are reported at such fair market value at the balance sheet date, and the related unrealized gains or losses, net of applicable tax effects thereon, are reported in a separate component of net assets. Other securities without fair market value are stated at cost.

Cost of securities sold is determined by the moving average method.

(b) Derivative financial instruments

All derivatives are recognized as either assets or liabilities at fair value, and changes in fair value are charged to current income for the period in which they arise, except for derivatives that are designated as "hedging instruments" (see below (c) Hedge accounting).

(c) Hedge accounting

Gains or losses arising from changes in fair value of the derivatives designated as "hedging instruments" are deferred as deferred hedge gains and losses in net assets and charged to income in the period during which the gains and losses on the underlying hedged transactions are recognized.

The derivatives designated as hedging instruments by the Companies are forward foreign exchange contracts.

(5) Property, plant and equipment

Property, plant and equipment, including significant renewals and improvements, are carried at cost. Maintenance and repairs including minor renewals and improvements are charged to consolidated statement of income as incurred. Depreciation of property, plant and equipment in the Companies is mainly calculated by applying the straight-line method, over the estimated useful lives of the respective assets as follows:

Buildings and structures: 2 to 50 years

Machinery and vehicles: 2 to 9 years

(6) Intangible assets

Intangible assets including capitalized software costs are carried at cost less accumulated amortization. Capitalized software costs are amortized under the straight-line method over the estimated useful life of 5 years.

(7) Leases

Non-cancellable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases. All other lease transactions are accounted for as operating leases and relating payments are charged to consolidated statement of income as incurred.

Leased assets under finance lease transactions which do not transfer the ownership to the lessee are depreciated using the straight-line method on the assumption that the useful life is equal to the lease term and the residual value is equal to zero. For leases with a residual value guarantee, the contracted residual value is considered to be the residual value for financial accounting purposes.

(8) Allowance for doubtful accounts

The allowance for doubtful accounts is provided based on the estimated uncollectible amounts for doubtful receivables in addition to the general provision for normal receivables computed by applying the rate computed based on past credit loss experience.

(9) Accrued warranty costs

Accrued warranty costs are provided in the amount of estimated future warranty costs to be incurred in the period covered by warranty contract.

(10) Accrued bonuses for employees

Accrued bonuses for employees are provided based on the estimated amounts expected to be paid to employees after the year end.

(11) Accrued bonuses for directors

Accrued bonuses for directors are provided based on the estimated amounts expected to be paid to directors after the year end.

(12) Provision for loss on orders received

Provision for loss on orders received is provided based on the estimated future losses related to order contracts at the end of the fiscal year.

Provision for loss on orders received included in cost of sales amounted to ¥406 million (U.S.\$3,603 thousand) and ¥68 million for the years ended March 31, 2016 and 2015, respectively.

(13) Accrued stock payments for employees

Accrued stock payments are provided in the amount of estimated future payments of treasury stock or money for employees based on predetermined regulations for awarding stock.

(14) Accounting method for retirement benefits

(a) Attribution of expected retirement benefit payments

In calculating retirement benefit obligations, the benefit formula method is used to allocate the expected retirement benefit payments up to the fiscal year ended March 31.

(b) Actuarial gains and losses and prior service cost

Actuarial gains and losses are being amortized by the straight-line method over certain periods (principally 10 years, but 5 years for certain domestic subsidiaries), which are within the average remaining years of service of the employees at the time the amounts are recognized in each fiscal year, starting from the year following the respective fiscal year of occurrence.

Prior service cost is expensed in the period of occurrence.

(15) Research and development costs

Research and development costs are expensed as incurred.

(16) Recognition of material sales and cost of sales

The percentage of completion method (cost-comparison method using primarily estimates of construction progress) is applied for the construction contracts of which the percentage of completion can be reliably estimated. The completed-contract method is applied for other construction contracts.

(17) Consolidated taxation system

AIDA and its domestic subsidiaries adopt the consolidated taxation system.

(18) Changes in accounting policy

Application of the Accounting Standard for Business Combinations

From the fiscal year ended March 31, 2016, the Companies adopted "Revised Accounting Standard for Business Combinations" (Accounting Standards Board of Japan ("ASBJ") Statement No. 21), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22) and "Revised Accounting Standard for Business Divestitures" (ASBJ State-

ment No.7). As a result, under these revised accounting standards, the presentation of net income has been changed to profit attributable to owners of parent.

(19) Accounting standards issued but not yet effective Implementation Guidance on Recoverability of Deferred Tax Assets

On March 28, 2016, the ASBJ issued "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26).

(a) Overview

Regarding the treatment of the recoverability of deferred tax assets, a review was conducted following the framework of the Japanese Institute of Certified Public Accountants Audit Committee Report No. 66 "Audit Treatment on Determining the Recoverability of Deferred Tax Assets," whereby companies are categorized into five categories and deferred tax assets are calculated based on each of these categories.

–Treatment of companies that do not satisfy any of the category requirements for (Category 1) through (Category 5)

–Category requirements for (Category 2) and (Category 3)

–Treatment related to future deductible temporary differences which cannot be scheduled in companies that qualify as (Category 2)

–Treatment related to the reasonable estimable period of future pre-adjusted taxable income in companies that qualify as (Category 3)

–Treatment in cases that companies that satisfy the category requirements for (Category 4) but qualify as (Category 2) or (Category 3)

(b) Scheduled date of adoption

The Companies expect to adopt the revised implementation guidance from the beginning of the fiscal year ending March 31, 2017.

(c) Impact of adopting revised implementation guidance

The Companies are currently evaluating the effect of adopting this revised implementation guidance on its consolidated financial statements.

(20) Additional information

Employee stock ownership plan (ESOP) trust

Since December 2010, AIDA and its domestic subsidiaries have operated an ESOP trust as an employee incentive plan with the aim of improving long-term corporate value.

(a) Transaction summary

In this transaction, employees are granted points as a form of bonus payment, and they will receive AIDA's shares depending on the number of accumulated points when they retire.

(b) Company's own stock in the trust

The Company's own stock in the trust is recorded in treasury stock under net assets based on the book value in the trust. The book value and the number of shares of treasury stock as of March 31, 2016 are ¥972 million (U.S.\$ 8,629 thousand) and 3,388,200 shares, respectively.

3 U.S. DOLLAR AMOUNTS

The U.S. dollar amounts stated in the consolidated financial statements are included solely for convenience of readers outside Japan. The rate of ¥112.69 = U.S.\$1, the approximate rate of exchange as of March 31, 2016, has been used for the purpose of such translation.

Those translations should not be construed as representations that the Japanese yen amounts actually represent, or have been or could be converted into U.S. dollars at that rate.

4 SUPPLEMENTARY CASH FLOW INFORMATION: CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of March 31, 2016 and 2015 are reconciled to cash on hand and at banks reported in the consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Cash on hand and at banks	¥ 22,529	¥ 22,868	\$ 199,928
Add: Securities with maturities of three months or less	7,200	7,200	63,892
Less: Time deposits with maturities of more than three months	(205)	(110)	(1,826)
Cash and cash equivalents	¥ 29,524	¥ 29,958	\$ 261,994

5 INVENTORIES

“Inventories” on the consolidated balance sheets as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Finished goods	¥ 1,473	¥ 2,504	\$ 13,071
Work in process	9,332	9,318	82,816
Raw materials	2,624	2,705	23,293
Inventories	¥ 13,430	¥ 14,528	\$ 119,182

Inventories as of March 31, 2016 and 2015, were offset by a corresponding provision for loss on orders received of ¥58 million (U.S.\$517 thousand) and ¥22 million, respectively.

A breakdown of the offset amounts as of March 31, 2016 is as follows:

Work in process: ¥58 million (U.S.\$517 thousand)

Losses recognized and charged to cost of sales as a result of devaluation of inventories for the year ended March 31, 2016 were ¥112 million (U.S. \$997 thousand).

Gains recognized and credited to cost of sales as a result of reversal of loss on devaluation of inventories for the year ended March 31, 2015 were ¥107 million.

6 FINANCIAL INSTRUMENTS

Status of Financial Instruments

(1) Policy for financial instruments

Fund management is restricted to short-term deposits at banks; financing activities of the Companies are mainly through bank loans. Derivatives are not used for speculative transactions, but are used in order to hedge the risks described in a later section.

(2) Types of financial instruments and related risk

Operating receivables (notes and accounts receivable - trade, electronically recorded monetary claims - operating and accounts receivable - other) are exposed to the customer credit risks. In order to hedge foreign exchange risks on operating receivables from global business activities, the Companies use exchange contracts.

As for short-term securities, the credit risk of negotiable deposits is significantly minimized as these investments are limited to financial institutions with high credit ratings.

Operating payables (accounts payable - trade and electronically recorded monetary obligations - operating) are to be settled within 6 months, and partly include foreign exchange risks on import of raw materials from overseas; however, these amounts are within the range of operating receivables in the same currency.

The main purpose of debts is for funding capital investment and research and development. The repayment period for these debts is within 5 years at most.

Investment securities mainly consist of stocks, which are

exposed to price fluctuation risk.

Derivatives include forward contracts to hedge transactions subject to foreign exchange fluctuation risk caused by operating receivables and payables denominated in foreign currencies.

(3) Risk management for financial instruments

(3-1). Management of credit risk (risk of contractual default)

In order to manage operating receivables, our sales and service departments (including those in consolidated subsidiaries) monitor account balances and payment schedules periodically, based on the Companies' accounts receivable policies, which also help to identify the financial risks in initial stages.

To minimize counterparty risks, derivative transactions are conducted only with banks with a high credit profile.

At the balance sheet date, the carrying value of financial assets represents the maximum credit risk born by the Companies.

(3-2). Market risk management

The Companies use exchange contracts in order to avoid foreign exchange fluctuation risk on operating receivables and payables denominated in foreign currencies.

Based on internal rules and policies about derivative transactions, the Companies hedge foreign exchange fluctuation risk in a certain range.

Risk management of investment securities is conducted by inspecting market value and financial conditions of issuers, periodically.

Notes to Consolidated Financial Statements

(4) Supplementary information on the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market value, if available. Fair value is reasonably estimated if the market value is not available. Since various assumptions and fac-

tors are reflected in estimating the fair value, different assumptions and factors could result in different fair value. In addition, the notional amounts of derivatives in Note 8, Derivative Financial Instruments, are not necessarily indicative of the actual market risk involved in derivative transactions.

Information Regarding Fair Value of Financial Instruments

Carrying value of financial instruments on the consolidated balance sheets and fair value as of March 31, 2016 and 2015 are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value (see Remark 2 below).

As of March 31, 2016

	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
(1) Cash on hand and at banks	¥ 22,529	¥ 22,529	¥ -	\$ 199,928	\$ 199,928	\$ -
(2) Notes and accounts receivable - trade and electronically recorded monetary claims - operating	20,503	20,503	-	181,950	181,950	-
(3) Short-term securities	7,200	7,200	-	63,892	63,892	-
(4) Accounts receivable - other	1,348	1,348	-	11,966	11,966	-
(5) Investment securities						
Other securities	5,689	5,689	-	50,484	50,484	-
Total assets	57,271	57,271	-	508,221	508,211	-
(1) Accounts payable - trade and electronically recorded monetary obligations - operating	8,711	8,711	-	77,302	77,302	-
(2) Non-trade payables	1,070	1,070	-	9,502	9,502	-
(3) Short-term loans payable	3,163	3,163	-	28,074	28,074	-
(4) Long-term loans payable	1,500	1,518	18	13,310	13,476	166
Total liabilities	14,445	14,464	18	128,190	128,356	166
Derivative transactions which are not subject to hedge accounting*	147	147	-	1,307	1,307	-
Derivative transactions which are subject to hedge accounting*	282	282	-	2,508	2,508	-

As of March 31, 2015

	Millions of yen		
	Carrying value	Fair value	Difference
(1) Cash on hand and at banks	¥ 22,868	¥ 22,868	¥ -
(2) Notes and accounts receivable - trade and electronically recorded monetary claims - operating	22,827	22,827	-
(3) Short-term securities	7,200	7,200	-
(4) Accounts receivable - other	1,189	1,189	-
(5) Investment securities			
Other securities	5,693	5,693	-
Total assets	59,779	59,779	-
(1) Accounts payable - trade and electronically recorded monetary obligations - operating	12,699	12,699	-
(2) Non-trade payables	1,212	1,212	-
(3) Short-term loans payable	391	391	0
(4) Long-term loans payable	1,500	1,505	5
Total liabilities	15,802	15,808	5
Derivative transactions which are not subject to hedge accounting*	(94)	(94)	-
Derivative transactions which are subject to hedge accounting*	(419)	(419)	-

* The value of assets and liabilities arising from derivatives is shown at net value, and with the amount in parentheses representing net liability position.

Remark 1: Computing method of fair value for financial instruments and information regarding securities and derivative transactions

Assets

(1) Cash on hand and at banks

As bank deposits are settled in the short term, carrying value approximates fair value.

(2) Notes and accounts receivable - trade and electronically recorded monetary claims - operating

As these are settled in the short term, fair value and carrying value of these items are almost the same.

(3) Short-term securities

As these are settled in the short term, fair value and carrying value of these items are almost the same.

(4) Accounts receivable - other

As these are settled in the short term, fair value and carrying value of these items are almost the same.

(5) Investment securities

The fair value of stocks is based on quoted market prices. The information on securities is shown in Note 7.

Liabilities

(1) Accounts payable - trade and electronically recorded monetary obligations - operating
As these are settled in the short term, fair value and carrying value of these items are almost the same.

(2) Non-trade payables

As these are settled in the short term, fair value and carrying value of these items are almost the same.

(3) Short-term loans payable

Fair value is computed by discounting the nominal amount using an interest rate which is assumed to be applied for a new borrowing with the same conditions.

(4) Long-term loans payable

Fair value is computed by discounting the nominal amount using an interest rate which is assumed to be applied for a new borrowing with the same conditions.

Derivative Transactions

Computing method of fair value and information of derivative transactions are shown in Note 8.

Remark 2: Financial instruments for which it is extremely difficult to determine the fair value

As of March 31, 2016

Types of securities	Carrying value	
	Millions of yen	Thousands of U.S. dollars
Unlisted stocks	¥113	\$1,002
Total	¥113	\$1,002

As of March 31, 2015

Types of securities	Carrying value
	Millions of yen
Unlisted stocks	¥110
Total	¥110

Items above do not have market value, and the fair value is extremely difficult to determine. Therefore, the amounts above are not included in assets (5) Investment securities.

Notes to Consolidated Financial Statements

Remark 3: The redemption schedule for monetary claims or securities with maturities subsequent was as follows.

As of March 31, 2016

	Millions of yen			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash at bank	¥22,499	-	-	-
Notes and accounts receivable - trade and electronically recorded monetary claims - operating	20,503	-	-	-
Short-term securities (Negotiable deposits)	7,200	-	-	-
Accounts receivable - other	1,348	-	-	-
Total	¥ 51,551	-	-	-

As of March 31, 2016

	Thousands of U.S. dollars			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash at bank	\$199,655	-	-	-
Notes and accounts receivable - trade and electronically recorded monetary claims - operating	181,950	-	-	-
Short-term securities (Negotiable deposits)	63,892	-	-	-
Accounts receivable - other	11,966	-	-	-
Total	\$457,464	-	-	-

As of March 31, 2015

	Millions of yen			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash at bank	¥22,829	-	-	-
Notes and accounts receivable - trade and electronically recorded monetary claims - operating	22,827	-	-	-
Short-term securities (Negotiable deposits)	7,200	-	-	-
Accounts receivable - other	1,189	-	-	-
Total	¥54,045	-	-	-

Remark 4: The redemption schedule for loans payable was as follows.

As of March 31, 2016

	Millions of yen				
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years
Short-term loans payable	¥3,163	-	-	-	-
Long-term loans payable	-	-	500	500	500
Total	¥3,163	-	¥500	¥500	¥500

As of March 31, 2016

	Thousands of U.S. dollars				
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years
Short-term loans payable	\$28,074	-	-	-	-
Long-term loans payable	-	-	4,436	4,436	4,436
Total	\$28,074	-	\$4,436	\$4,436	\$4,436

As of March 31, 2015

	Millions of yen				
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years
Short-term loans payable	¥391	-	-	-	-
Long-term loans payable	500	-	-	500	500
Total	¥891	-	-	¥500	¥500

7 SHORT-TERM SECURITIES AND INVESTMENT SECURITIES

(1) The acquisition cost and carrying value of other securities with market values were as follows:

As of March 31, 2016

Types of securities	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Carrying value	Unrealized gains (losses)	Acquisition cost	Carrying value	Unrealized gains (losses)
Carrying value exceeds acquisition cost:						
Stocks	¥ 1,073	¥ 5,432	¥ 4,358	\$ 9,526	\$ 48,204	\$ 38,678
Sub- total	1,073	5,432	4,358	9,526	48,204	38,678
Carrying value does not exceed acquisition cost:						
Stocks	270	256	(13)	2,399	2,279	(119)
Others	7,200	7,200	-	63,892	63,892	-
Sub- total	7,470	7,456	(13)	66,291	66,171	(119)
Total	¥ 8,543	¥ 12,889	¥ 4,345	\$ 75,818	\$ 114,376	\$ 38,558

As of March 31, 2015

Types of securities	Millions of yen		
	Acquisition cost	Carrying value	Unrealized gains (losses)
Carrying value exceeds acquisition cost:			
Stocks	¥ 1,242	¥ 5,693	¥ 4,450
Sub-total	1,242	5,693	4,450
Carrying value does not exceed acquisition cost:			
Stocks	0	0	(0)
Others	7,200	7,200	-
Sub-total	7,200	7,200	(0)
Total	¥ 8,443	¥ 12,893	¥ 4,450

(2) Sales of securities classified as other securities and aggregate gain or loss were as follows:

For the year ended March 31, 2016

There were no sales of securities classified as other securities for the year.

For the year ended March 31, 2015

There were no sales of securities classified as other securities for the year.

8 DERIVATIVE FINANCIAL INSTRUMENTS

The Companies use forward exchange contracts and currency options as derivative financial instruments primarily to reduce exposure to adverse fluctuations in foreign currency exchange rates. The Companies do not enter into derivative financial transactions for trading or speculative purposes.

The Companies enter into forward exchange contracts and currency options to hedge market risks relating to possible future

changes in foreign exchange rates for foreign-currency denominated trading accounts. These contracts reduce the overall exposure to exchange fluctuations by effectively fixing the transaction costs. Counterparty risk relating to derivative instruments is relatively low as all counterparties are limited to creditworthy financial institutions. The Companies have internal rules and policies related to derivative transactions.

Notes to Consolidated Financial Statements

Fair value information on the derivatives outstanding as of March 31, 2016 and 2015 is summarized in the following tables:

As of March 31, 2016

(1) Derivative transactions (hedge accounting not applied)

Currency-related transactions

	Millions of yen				Thousands of U.S. dollars			
	2016				2016			
	Contract value		Fair value	Unrealized gain (loss)	Contract value		Fair value	Unrealized gain (loss)
Contract value total	Over 1 year	Contract value total			Over 1 year			
Forward exchange transactions:								
Sell -								
USD (JPY Buy)	¥ 190	¥ 71	¥ 12	¥ 12	\$ 1,689	\$ 634	\$ 109	\$ 109
EUR (JPY Buy)	2,551	500	105	105	22,637	4,440	936	936
CNY (JPY Buy)	547	-	30	30	4,860	-	270	270
Buy -								
USD (EUR Sell)	21	-	(1)	(1)	187	-	(9)	(9)
Total	¥ 3,310	¥ 571	¥ 147	¥ 147	\$ 29,375	\$ 5,075	\$ 1,307	\$ 1,307

Remark: Calculation of fair value is based on information provided by financial institutions.

(2) Derivative transactions (hedge accounting applied)

Currency-related transactions

Deferred hedge accounting method

	Millions of yen				Thousands of U.S. dollars			
	Main hedged item	2016			Main hedged item	2016		
		Contract value		Fair value		Contract value		Fair value
	Contract value total	Over 1 year			Contract value total	Over 1 year		
Forward exchange transactions:								
Sell -								
USD (JPY and EUR Buy)		¥ 3,166	¥ 433	¥ 128		\$ 28,098	\$ 3,845	\$ 1,138
EUR (JPY and USD Buy)		2,619	2,040	79		23,249	18,110	706
JPY (USD Buy)	Expected foreign currency transactions	263	21	(12)	Expected foreign currency transactions	2,339	190	(110)
CNY (JPY Buy)		1,545	875	85		13,715	7,769	762
Buy -								
USD (JPY and EUR Sell)		331	-	(7)		2,939	-	(64)
EUR (JPY and USD Sell)		260	26	3		2,308	237	28
JPY (USD, CAD and EUR Sell)		622	2	5		5,521	20	50
GBP (JPY and EUR Sell)		143	-	(0)		1,276	-	(2)
Total		¥ 8,952	¥ 3,400	¥ 282		\$ 79,447	\$ 30,173	\$ 2,509

Remark: Calculation of fair value is based on information provided by financial institutions.

As of March 31, 2015

(1) Derivative transactions (hedge accounting not applied)

Currency-related transactions

	Millions of yen			
	2015			
	Contract value		Fair value	Unrealized gain (loss)
Contract value total	Over 1 year			
Forward exchange transactions:				
Sell -				
USD (JPY Buy)	¥ 1,152	¥ -	¥ (172)	¥ (172)
EUR (JPY Buy)	1,090	-	115	115
Currency options				
Sell -				
-Call/Put-				
USD	829	-	-	-
Option premium	(35)	-	(37)	(1)
EUR	45	-	-	-
Option premium	(0)	-	(0)	(0)
Buy -				
-Call/Put -				
USD	29	-	-	-
Option premium	0	-	0	0
EUR	45	-	-	-
Option premium	0	-	0	(0)
Total	¥ 3,193	¥ -	¥ (57)	¥ (57)
Option premium	(35)	-	(36)	(1)

Remark: Calculation of fair value is based on information provided by financial institutions.

Notes to Consolidated Financial Statements

(2) Derivative transactions (hedge accounting applied)

Currency-related transactions

Deferred hedge accounting method

	Main hedged item	Millions of yen		Fair value
		2015		
		Contract value total	Over 1 year	
Forward exchange transactions:				
Sell -				
	USD (JPY and EUR Buy)	¥ 4,128	¥ 653	¥ (464)
	EUR (JPY and USD Buy)	1,939	154	33
	JPY (USD Buy)	170	9	8
Buy -				
	USD (JPY and EUR Sell)	341	25	35
	EUR (USD Sell)	169	-	(29)
	JPY (USD Sell)	137	-	(1)
	GBP (EUR Sell)	161	-	(1)
Currency options				
Sell -				
-Call-				
	EUR	7	-	-
	Option premium	(0)	-	(0)
Buy -				
-Put-				
	USD	770	-	-
	Option premium	42	-	0
	EUR	7	-	-
	Option premium	0	-	0
	Total	¥ 7,832	¥ 842	¥ (419)
	Option premium	42	-	(0)

Remark: Calculation of fair value is based on information provided by financial institutions.

9 LOANS PAYABLE

Short-term loans payable as of March 31, 2016 consisted of the following:

	Millions of yen		Repayment term	Thousands of U.S. dollars
	Amount	Weighted average interest rate		Amount
Short-term loans payable	¥3,163	0.84%	September 28 and 30, 2016	\$28,074

Short-term loans payable as of March 31, 2015 consisted of the following:

	Millions of yen		Repayment term
	Amount	Weighted average interest rate	
Short-term loans payable	¥391	0.89%	September 28, 2015

Long-term loans payable as of March 31, 2016 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	Amount	Weighted average interest rate	Repayment term	Amount
Long-term loans payable	¥1,500	0.74%	March 29, 2019, March 19 and December 15, 2020	\$13,310

Long-term loans payable as of March 31, 2015 consisted of the following:

	Millions of yen		Repayment term
	Amount	Weighted average interest rate	
Current portion of long-term loans payable	¥ 500	1.55%	December 15, 2015
Long-term loans payable	1,000	0.79%	March 29, 2019 and March 19, 2020

Repayment schedules for long-term loans payable as of March 31, 2016 are as follows:

As of March 31

	Millions of yen	Thousands of U.S. dollars
2018	-	-
2019	¥500	\$4,436
2020	500	4,436
2021	500	4,436

10 SPECIAL SUSPENSE ACCOUNT FOR REDUCTION ENTRY

The special suspense account for reduction entry totaled ¥126 million (U.S.\$1,119 thousand) and ¥1,224 million as of March 31, 2016 and 2015, respectively, based on the estimated future amount of the reduction entry for the fixed assets.

11 RETIREMENT BENEFITS FOR EMPLOYEES

AIDA and its domestic consolidated subsidiaries have a cash balance plan as a defined benefit pension plan and a defined contribution pension plan.

Certain overseas consolidated subsidiaries have a defined benefit pension plan and a defined contribution pension plan.

(1) Defined benefit pension plan

The changes in the retirement benefit obligation during the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Balance at the beginning of the year	¥3,755	¥3,353	\$33,326
Cumulative effects of changes in accounting policies	-	569	-
Restated balance	3,755	3,922	33,326
(1) Service cost	158	161	1,410
(2) Interest cost	33	37	297
(3) Actuarial gain and loss	5	(86)	47
(4) Retirement benefits paid	(313)	(270)	(2,779)
(5) Other	(3)	(9)	(27)
Balance at the end of the year	¥3,637	¥3,755	\$32,275

Notes to Consolidated Financial Statements

The changes in plan assets during the years ended March 31, 2016 and 2015 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Plan assets at the beginning of the year	¥4,171	¥3,821	\$ 37,017
(1) Expected return on plan assets	83	76	740
(2) Actuarial gain and loss	(192)	327	(1,707)
(3) Contributions by the Company	213	210	1,894
(4) Retirement benefits paid	(303)	(264)	(2,693)
Plan assets at the end of the year	¥3,972	¥4,171	\$ 35,251

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2016 and 2015 for the Companies' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
(1) Funded retirement benefit obligation	¥3,537	¥3,652	\$ 31,391
(2) Plan assets at fair value	(3,972)	(4,171)	(35,251)
(3) Unfunded retirement benefit obligation	(435)	(518)	(3,860)
(4) Net amount of liabilities and assets for retirement benefits in the consolidated balance sheet	99	102	884
(5) Net defined benefit liabilities	(335)	(415)	(2,976)
(6) Net defined benefit assets	99	102	884
(7) Net amount of liabilities and assets for retirement benefits in the consolidated balance sheet	¥ (335)	¥ (415)	\$ (2,976)

The components of retirement benefit expenses for the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
(1) Service cost	¥ 163	¥ 161	\$ 1,447
(2) Interest cost	33	38	300
(3) Expected return on plan assets	(83)	(76)	(740)
(4) Amortization of actuarial gain and loss	(65)	(5)	(577)
Retirement benefit expenses	¥ 48	¥ 117	\$ 429

The component of rereasurements of defined benefit plans included in other comprehensive income (before tax effect) for the years ended March 31, 2016 and 2015 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Actuarial gain and loss	¥ (260)	407	\$ (2,315)
Total	¥ (260)	407	\$ (2,315)

The component of rereasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2016 and 2015 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unrecognized actuarial loss	¥ (483)	¥ (745)	\$ (4,287)
Total	¥ (483)	¥ (745)	\$ (4,287)

The fair value of plan assets by major category, as a percentage of total plan assets, as of March 31, 2016 and 2015 is as follows:

	2016	2015
(1) Bonds	27.9%	27.5%
(2) Stocks	31.0%	31.5%
(3) Cash on hand and at banks	1.7%	1.1%
(4) General accounts	27.3%	26.4%
(5) Others	12.1%	13.5%
Total	100.0%	100.0%

The expected return on assets has been estimated based on the anticipated allocation to each asset class the expected long-term returns on assets held in each category.

The actuarial assumptions used in the calculation of liabilities for retirement benefits as of March 31, 2016 and 2015 are as follows:

	2016	2015
(1) Discount rate	Mainly 0.7%	Mainly 0.7%
(2) Expected rate of return on plan assets	Mainly 2.0%	Mainly 2.0%
(3) Expected rate of salary increase	Mainly 3.2%	Mainly 3.2%

(2) Defined contribution pension plan

The contributions to the defined contribution plan of the Companies for the years ended March 31, 2016 and 2015 were ¥176 million (\$1,561 thousand) and ¥164 million, respectively.

12 NET ASSETS

Information regarding changes in net assets during the years ended March 31, 2016 and 2015 was as follows:

(1) Shares issued and outstanding / Treasury stock

During the year ended March 31, 2016

Types of shares	Number of shares at April 1, 2015	Increase	Decrease	Number of shares at March 31, 2016
Shares issued:				
Common stock	73,647,321	-	-	73,647,321
Treasury stock:				
Common stock (Remarks 1, 2 and 3)	12,024,268	1,408	52,400	11,973,276

Remarks: 1. Increase due to purchase of shares of less than standard unit 1,408

2. Details of the decrease are as follows:

Decrease due to the grant of shares from ESOP trust 7,400

Decrease due to exercising share subscription rights 45,000

3. The number of shares of treasury stock includes 3,388,200 shares held by the Trust Account E as of March 31, 2016.

During the year ended March 31, 2015

Types of shares	Number of shares at April 1, 2014	Increase	Decrease	Number of shares at March 31, 2015
Shares issued:				
Common stock (Remarks 1)	79,147,321	-	5,500,000	73,647,321
Treasury stock:				
Common stock (Remarks 2, 3 and 4)	17,730,640	1,716	5,708,088	12,024,268

Remarks: 1. Decrease due to retirement of treasury stock 5,500,000

2. Increase due to purchase of shares of less than standard unit 1,716

3. Details of the decrease are as follows:

Decrease due to sale of shares less than standard unit 88

Decrease due to retirement of treasury stock 5,500,000

Decrease due to exercising share subscription rights 208,000

4. The number of shares of treasury stock includes 3,395,600 shares held by the Trust Account E as of March 31, 2015.

Notes to Consolidated Financial Statements

(2) Share subscription rights

During the year ended March 31, 2016

Company	Description	Type of shares issued	Number of shares at April 1, 2015	Increase	Decrease	Number of shares at March 31, 2016	Millions of yen	Thousands of U.S. dollars
							Balance at March 31, 2016	Balance at March 31, 2016
Parent company	Share subscription rights as stock							
	options	-	-	-	-	-	145	1,289
	Total	-	-	-	-	-	145	1,289

During the year ended March 31, 2015

Company	Description	Type of shares issued	Number of shares at April 1, 2014	Increase	Decrease	Number of shares at March 31, 2015	Millions of yen
							Balance at March 31, 2015
Parent company	Share subscription rights as stock						
	options	-	-	-	-	-	149
	Total	-	-	-	-	-	149

13 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The significant components of selling, general and administrative expenses for the years ended March 31, 2016 and 2015:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Salaries and wages	¥2,461	¥2,679	\$21,839
Bonuses	453	371	4,020
Provision for accrued bonuses for employees	449	401	3,993
Retirement benefit expenses	43	56	383
Welfare expenses	610	612	5,413
Commission expenses	403	344	3,582
Advertising and promotion expenses	154	209	1,371
Traveling expenses	583	526	5,175
Communication expenses	97	112	864
Rental expenses	257	246	2,286
Insurance expenses	260	274	2,309
Depreciation expenses	537	422	4,773
Taxation and other public dues	331	298	2,941
Compensation fee	467	391	4,148

14 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in "Cost of sales" and "Selling, general and administrative expenses" for the years ended March 31, 2016 and 2015 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Selling, general and administrative expenses	¥ 1,040	¥1,156	\$ 9,230
Cost of sales	196	189	1,747
Total	¥ 1,237	¥1,345	\$ 10,977

Notes to Consolidated Financial Statements

15 INCOME TAXES

The applicable statutory tax rates in Japan were approximately 33.0% and 35.6% as of March 31, 2016 and 2015, respectively.

(1) Reconciliations of the differences between the effective income tax rates and statutory income tax rates for the years ended March 31, 2016 and 2015 are as follows:

	2016	2015
Statutory income tax rates	33.0%	35.6%
Non-deductible expenses (entertainment expenses and others) for tax purposes	2.0	1.8
Dividend income	(0.1)	(0.2)
Dividends from overseas subsidiaries	0.2	0.4
Inhabitant taxes per capita	0.2	0.2
Difference of tax rates applied to overseas subsidiaries	(0.7)	(1.8)
Tax credit	(4.3)	(3.4)
Changes in valuation allowance	(1.9)	(8.1)
Effect of tax rate reduction	0.1	0.3
Others	2.0	2.6
Effective income tax rates	30.6%	27.4%

(2) The major components of deferred tax assets and liabilities as of March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Deferred tax assets:			
Loss on write-down of inventories	¥ 590	¥ 555	\$ 5,237
Accrued warranty costs	335	475	2,981
Accrued bonuses for employees	261	280	2,321
Depreciation expense	863	1,146	7,664
Unrealized loss on golf club membership	23	25	212
Long-term payables	76	80	677
Tax losses carried forward	1,060	1,136	9,412
Others	439	825	3,900
Subtotal deferred tax assets	3,652	4,526	32,408
Less: Valuation allowance	(2,309)	(2,777)	(20,492)
Total deferred tax assets	1,342	1,748	11,915
Deferred tax liabilities:			
Undistributed subsidiaries' earnings	(364)	(392)	(3,238)
Reserve for reduction entry of replaced property	(467)	(500)	(4,147)
Net defined benefit assets	(158)	(248)	(1,406)
Unrealized gains on other securities	(1,301)	(1,394)	(11,550)
Others	(106)	(110)	(947)
Total deferred tax liabilities	(2,399)	(2,647)	(21,290)
Net deferred tax assets (liabilities)	¥ (1,056)	¥ (898)	\$ (9,375)

(3) Revision of the amount of deferred tax assets and deferred tax liabilities due to change in corporation tax rate:

The "Act to partially revise the Income Tax Act and Others" (Act No.15 of 2016) and the "Act to partially revise the Local Tax Act and Others" (Act No.13 of 2016) were enacted on March 31, 2016. As a result, the effective statutory corporate tax rate to calculate deferred tax assets and deferred tax liabilities was changed from 32.3% to 30.7% for the temporary differences expected to be realized or settled during the period from April 1, 2016 to March 31, 2018 and thereafter to 30.5%. The effect of these changes had no material impact on the consolidated financial statements for the year ended March 31, 2016.

16 LEASES

Description of finance leases is omitted due to its insignificance as of ended March 31, 2016 and 2015.

The following is a summary of future minimum payments under operating leases, as of March 31, 2016 and 2015:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Operating leases:			
Due within 1 year	¥ 71	¥ 74	\$ 637
Thereafter	40	52	362
Total	112	127	999

17 RELATED PARTY TRANSACTIONS

There were no material transactions between AIDA and its related companies and individuals for the year ended March 31, 2016. Information is omitted due to its insignificance for the year ended March 31, 2015.

18 NET INCOME PER SHARE

Shares held by the Trust & Custody Services Bank, Ltd. (Trust Account E) are treated as treasury stock on the consolidated financial statements. As a result, those shares have been excluded from the number of shares to calculate "Average number of shares outstanding during the years" and "Number of shares used for computing net assets per share" shown below.

Calculation of net assets per share and net income per share as of and for the years ended March 31, 2016 and 2015 are as follows:

	Yen		U.S. dollars
	2016	2015	2016
Net assets per share*1	¥1,112.51	¥1,088.96	\$9.87
Net income - Basic*2	93.78	100.99	0.83
- Diluted*2	93.54	100.52	0.83

*1: Data used in the calculation of "Net assets per share" are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Total net assets on consolidated balance sheets	¥68,758	¥67,254	\$610,154
Total net assets attributable to shares of common stock	68,613	67,104	608,865
Main differences: Stock options	145	149	1,289
Number of shares outstanding (thousands of shares)	73,647	73,647	-
Number of treasury stock (thousands of shares)	11,973	12,024	-
Number of shares used for computing net assets per share (thousands of shares)	61,674	61,623	-

*2: Data used in the calculation of "Net income - Basic" and "Diluted" are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Net income	¥ 5,782	¥ 6,205	\$51,315
Net income attributable to shares of common stock	5,782	6,205	51,315
Average number of shares outstanding during the years (thousands of shares)	61,660	61,445	-
Potential increase in common stock for the diluted income calculation (thousands of shares)	159	290	-

Notes to Consolidated Financial Statements

19 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following table presents reclassification adjustments and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2016 and 2015:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Net unrealized gains (losses) on securities:			
Amount arising during the year	¥ (110)	¥ 585	\$ (983)
Reclassification adjustments for gains and losses included in net income	-	-	-
Amount before tax effect	(110)	585	(983)
Tax effect	98	(59)	872
Net unrealized gains (losses) on securities	(12)	526	(110)
Deferred hedge gains (losses):			
Amount arising during the year	105	(1,123)	938
Reclassification adjustments for gains and losses included in net income	438	1,076	3,888
Amount before tax effect	544	(47)	4,827
Tax effect	(172)	55	(1,534)
Deferred hedge gains (losses)	371	8	3,293
Foreign currency translation adjustments:			
Amount arising during the year	(2,543)	2,387	(22,567)
Remeasurements of defined benefit plans:			
Amount arising during the year	(194)	414	(1,728)
Reclassification adjustments for gains and losses included in net income	(66)	(7)	(587)
Amount before tax effect	(260)	407	(2,315)
Tax effect	97	(127)	863
Remeasurements of defined benefit plans	(163)	280	(1,452)
Total other comprehensive income (loss)	¥ (2,348)	¥ 3,202	\$ (20,836)

20 SEGMENT INFORMATION

(1) Overview of Reportable Segments

The reportable segments of the Companies are components for which discrete financial information is available and whose operating results are regularly reviewed by management to make decisions about resource allocation and to assess performance.

The Companies operate within a single business related to the manufacture and sale of press machines and their ancillary facilities, and auxiliary business such as services.

AIDA plays a key role for the domestic business.

As for the overseas business, each local company including Asia (China, Hong Kong, Singapore and Malaysia), Americas (U.S.A.) and Europe (Italy) plays an important role.

Each foreign subsidiary is a single business entity, planning

comprehensive business strategies for products and conducting business activities in each area. Accordingly, the Companies consist of geographic segments which have the fundamental function of manufacturing, sales and service.

Reportable segments are categorized into "Japan," "Asia," "Americas" and "Europe."

(2) Basis for calculating sales, profit or loss, assets, and other items by reportable segments

Accounting policies of the segments are substantially the same as those described in "Summary of Significant Accounting Policies."

Operating income is used as reportable segment income. Inter-segment sales and transfer prices are based on fair value.

(3) Information on sales, profit or loss, assets, and other items by reportable segments

As of and for the year ended March 31, 2016

	Millions of yen					Consolidated
	Japan	Asia	Americas	Europe	Adjustments	
Sales to third parties	¥ 26,216	¥ 17,096	¥ 18,065	¥ 14,151	¥ -	¥ 75,529
Inter-segment sales	17,825	3,892	943	702	(23,363)	-
Total sales	44,041	20,989	19,008	14,853	(23,363)	75,529
Segment profit or loss	4,967	2,321	1,327	(490)	(88)	8,037
Segment assets	70,839	24,154	10,611	14,230	(19,226)	100,609
Depreciation	1,052	501	191	252	(2)	1,995
Increase in property, plant, equipment and intangible assets	2,583	453	1,371	245	-	4,654

As of and for the year ended March 31, 2016

	Thousands of U.S. dollars					Consolidated
	Japan	Asia	Americas	Europe	Adjustments	
Sales to third parties	\$ 232,646	\$ 151,711	\$ 160,309	\$ 125,578	\$ -	\$ 670,245
Inter-segment sales	158,177	34,543	8,368	6,233	(207,322)	-
Total sales	390,824	186,254	168,677	131,811	(207,322)	\$ 670,245
Segment profit or loss	44,083	20,597	11,776	(4,353)	(783)	71,320
Segment assets	628,623	214,347	94,163	126,276	(170,609)	892,801
Depreciation	9,342	4,452	1,700	2,239	(23)	17,710
Increase in property, plant, equipment and intangible assets	22,929	4,022	12,171	2,180	-	41,303

As of and for the year ended March 31, 2015

	Millions of yen					Consolidated
	Japan	Asia	Americas	Europe	Adjustments	
Sales to third parties	¥ 24,185	¥ 16,812	¥ 23,804	¥ 12,094	¥ -	¥ 76,897
Inter-segment sales	21,809	2,045	894	2,854	(27,604)	-
Total sales	45,994	18,858	24,699	14,948	(27,604)	76,897
Segment profit or loss	4,765	1,478	1,587	78	(45)	7,863
Segment assets	70,358	25,363	13,966	14,096	(18,658)	105,126
Depreciation	885	467	112	250	(3)	1,712
Increase in property, plant, equipment and intangible assets	¥ 788	¥ 360	¥ 161	¥ 647	¥ -	¥ 1,958

* Adjustments of sales represent elimination of inter-segment transactions.

* Adjustments of segment profit or loss represent elimination of inter-segment transactions.

* Adjustments of segment assets represent elimination between inter-segment receivables and payables.

Notes to Consolidated Financial Statements

(Related Information)

1. Products and service

For the year ended March 31, 2016

	Millions of yen			Total
	Press machines	Service	Others	
Sales to third parties	¥61,234	¥14,072	¥222	¥75,529

	Thousands of U.S. dollars			Total
	Press machines	Service	Others	
Sales to third parties	\$543,386	\$124,882	\$1,976	\$670,245

For the year ended March 31, 2015

	Millions of yen			Total
	Press machines	Service	Others	
Sales to third parties	¥62,893	¥13,803	¥199	¥76,897

2. Geographical information

(1) Sales

For the year ended March 31, 2016

Millions of yen						Thousands of U.S. dollars					
Japan	Asia	Americas	Europe	Others	Total	Japan	Asia	Americas	Europe	Others	Total
¥25,373	¥18,041	¥19,633	¥12,035	¥446	¥75,529	\$225,157	\$160,101	\$174,222	\$106,804	\$3,958	\$670,245

For the year ended March 31, 2015

Millions of yen					
Japan	Asia	Americas	Europe	Others	Total
¥22,643	¥18,491	¥26,044	¥9,544	¥173	¥76,897

Remark: Sales are presented based on customer location, and they are classified by country and areas.

(2) Property, plant and equipment

As of March 31, 2016

Millions of yen					Thousands of U.S. dollars				
Japan	Asia	Americas	Europe	Total	Japan	Asia	Americas	Europe	Total
¥11,537	¥3,772	¥2,124	¥3,222	¥20,656	\$102,380	\$33,475	\$18,853	\$28,597	\$183,307

As of March 31, 2015

Millions of yen				
Japan	Asia	Americas	Europe	Total
¥10,851	¥4,160	¥1,224	¥2,997	¥19,233

(Reportable segment information for impairment loss of fixed assets)

Information is omitted due to its insignificance for the years ended March 31, 2016 and 2015.

(Reportable segment information for amortization and balance of goodwill)

There is no amortization or ending balance of goodwill recorded as of and for the years ended March 31, 2016 and 2015.

(Reportable segment information for gain of negative goodwill)

There is no gain of negative goodwill recorded for the years ended March 31, 2016 and 2015.

21 STOCK OPTIONS

The directors' remuneration amounts recorded in "Selling, general and administrative expenses" for the years ended March 31, 2016 and 2015 were ¥19 million (U.S.\$168 thousand) and ¥28 million, respectively.

The number of common shares to be granted for stock options is as follows:

Fiscal year	Grantees	Number of common shares granted (shares)	Grant date	Exercise price per share (yen)	Exercise periods
2007	Directors (4)	22,000	September 26, 2007	1	From September 27, 2007 to September 26, 2037
2008	Directors (6)	36,000	September 25, 2008	1	From September 26, 2008 to September 25, 2038
2009	Directors (6)	85,000	September 25, 2009	1	From September 26, 2009 to September 25, 2039
2010	Directors (6)	79,000	September 24, 2010	1	From September 25, 2010 to September 24, 2040
2011	Directors (7)	57,000	September 29, 2011	1	From September 30, 2011 to September 29, 2041
2012	Directors (6)	62,000	November 29, 2012	1	From November 30, 2012 to November 29, 2042
2013	Directors (6)	39,000	September 26, 2013	1	From September 27, 2013 to September 26, 2043
2014	Directors (6)	28,000	September 29, 2014	1	From September 30, 2014 to September 29, 2044
2015	Directors (6)	22,000	September 28, 2015	1	From September 29, 2015 to September 28, 2045

A summary of stock option activity is as follows:

Granted fiscal year	2007	2008	2009	2010	2011	2012	2013	2014	2015
Exercise price per share (yen)	1	1	1	1	1	1	1	1	1
Average stock price when exercised (yen)	-	1,342	1,342	1,342	1,342	1,342	1,342	1,342	-
Fair value per share when granted (yen)	-	407.00	254.49	264.50	348.40	546.89	833.12	1,011.25	-
Share subscription rights which are not yet vested									
Outstanding as of April 1, 2015 (shares)	-	-	-	-	-	-	-	-	-
Granted (shares)	-	-	-	-	-	-	-	-	22,000
Forfeited (shares)	-	-	-	-	-	-	-	-	-
Vested (shares)	-	-	-	-	-	-	-	-	22,000
Outstanding as of March 31, 2016 (shares)	-	-	-	-	-	-	-	-	-
Share subscription rights which have already been vested									
Outstanding as of April 1, 2015 (shares)	15,000	23,000	53,000	48,000	42,000	53,000	39,000	28,000	-
Vested (shares)	-	-	-	-	-	-	-	-	22,000
Exercised (shares)	-	2,000	6,000	7,000	7,000	11,000	7,000	5,000	-
Forfeited (shares)	-	-	-	-	-	-	-	-	-
Outstanding as of March 31, 2016 (shares)	15,000	21,000	47,000	41,000	35,000	42,000	32,000	23,000	22,000

The method for estimating the fair value of stock options granted for the year ended March 31, 2016 is as follows:

(a) Valuation method used: Black-Scholes model

(b) Principal assumptions

Volatility*1 38.79%

Projected remaining period*2 5 years

Projected dividend per share*3 ¥27.50 (U.S.\$0.24)

Risk-free interest rate..... 0.058%

*1 Computed based on share prices during a five-year period from September 29, 2010 to September 28, 2015.

*2 Estimated based on the past experience during the directors' term of office.

*3 Determined based on the average of the dividend amounts for the years ended March 31, 2014 and 2015.

22 SUBSEQUENT EVENT

On June 28, 2016, at the general meeting of shareholders, the following appropriation of retained earnings was approved:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥30.00 (U.S.\$0.26) per share)	¥1,951	\$17,309

The amount includes dividends of ¥101 million (U.S.\$901 thousand) on shares (3,388,200 shares as of March 31, 2016) held by the Trust Account E.



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Independent Auditor's Report

The Board of Directors
AIDA ENGINEERING, Ltd.

We have audited the accompanying consolidated financial statements of AIDA ENGINEERING, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2016, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of AIDA ENGINEERING, Ltd. and its consolidated subsidiaries as at March 31, 2016, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

Ernst & Young ShinNihon LLC

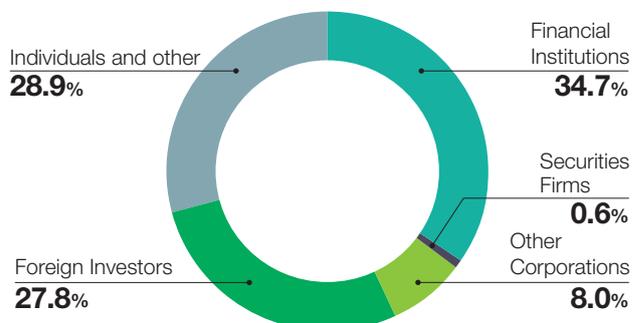
June 28, 2016
Tokyo, Japan

Stock Information

(As of March 31, 2016)

Securities Code	6118
Stock Listing	Tokyo Stock Exchange, 1st Section
Number of Shares Authorized	188,149,000
Number of Shares Issued	73,647,321
Number of Shares of Treasury Stock	11,973,276*
Number of Shares per Trading Unit	100 shares
Number of Shareholders	7,113
Shareholder Registry Administrator	Mizuho Trust & Banking Co., Ltd.

Breakdown of Issued Shares by Type of Shareholder

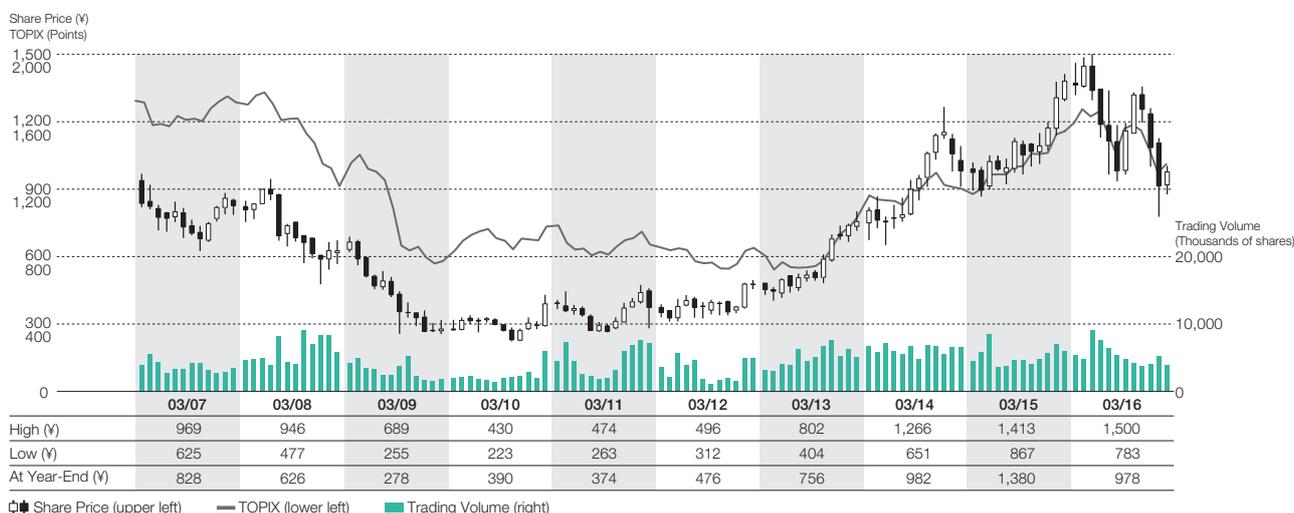


*Number of shares of treasury stock includes the 3,388,200 shares of treasury stock held by Trust & Custody Services Bank, Ltd. as part of Japanese employee stock ownership plan (J-ESOP).

Major Shareholders

	Number of Shares Held (thousands)	Percentage of Total Issued Shares (%)
The Dai-ichi Life Insurance Company, Ltd.	4,000	5.43
Trust & Custody Services Bank, Ltd. (Trust Account E)	3,388	4.60
Nippon Life Insurance Company	2,533	3.44
Meiji Yasuda Life Insurance Company	2,516	3.42
Japan Trustee Services Bank, Ltd. (Trust Account)	2,446	3.32
Mizuho Bank, Ltd.	2,179	2.96
STATE STREET BANK AND TRUST COMPANY	1,937	2.63
NORTHERN TRUST CO. (AVFC) RE 10PCT TREATY ACCOUNT	1,865	2.53
RBC ISB S/A DUB NON RESIDENT / TREATY RATE UCITS-CLIENTS ACCOUNT	1,800	2.44
STATE STREET BANK AND TRUST COMPANY 505001	1,433	1.95

Monthly Share Price Range and Trading Volume



■ Share Price (upper left) — TOPIX (lower left) ■ Trading Volume (right)

Corporate Data/History

(As of March 31, 2016)

Corporate Data

Company Name	AIDA ENGINEERING, LTD.
Founded	March 1917
Established	March 25, 1937
Capital	¥7,831 million
Fiscal Year-End	March 31
Number of Employees	727 (Consolidated: 1,951)
Head Office	2-10 Ohyama-cho, Midori Ward, Sagamihara City, Kanagawa Prefecture 252-5181, Japan TEL +81-42-772-5231 FAX +81-42-772-5263

WEBSITE

On its corporate website, AIDA offers a wealth of information, including timely disclosure of financial information for its shareholders and other investors, information on products and after-service support for customers, and information for those unfamiliar with the Company's operations.

www.aida.co.jp/en/

History

- 1917** AIDA Ironworks is founded in Honjo, Tokyo, by Yokei Aida.
- 1923** The factory is totally destroyed by the Great Kanto Earthquake, but rebuilt immediately.
- 1933** Introduced the first Japanese knuckle-joint press.
- 1937** Incorporated as a limited company with capital of ¥200,000.
- 1945** The factory is totally destroyed in an air raid, then rebuilt and operations are restarted two months later.
- 1955** Introduced the first 200-ton high-speed automatic press.
- 1959** New factory constructed in Sagamihara City in Kanagawa Prefecture (current headquarters).
- 1960** Introduced the first Japanese transfer press.
- 1962** Listed on the Tokyo Stock Exchange, 2nd Section.
- 1964** Headquarters and Kameido Factory are moved and integrated into the Sagamihara facility.
- 1967** Completed the development of a 2,500-ton transfer press (among the world's largest capacity presses at the time).
- 1968** Introduced "Autohand," the first Japanese industrial robot.
- 1970** Company name is changed to AIDA ENGINEERING, LTD.
- 1971** Promoted to the 1st Section of the Tokyo Stock Exchange.
- 1972** Established a subsidiary in the United States.
- 1974** Tsukui Factory is constructed (the current Tsukui Plant Division in Sagamihara City).
- 1985** Nominated as a marginable stock on the Tokyo Stock Exchange.
Established a subsidiary in Canada.
- 1989** Established a subsidiary in Singapore.
- 1992** ACCESS LTD. is established in Ishikawa Prefecture.
AIDA BUSINESS CORP. is established in Sagamihara City.
- 1993** Established a subsidiary in Hong Kong.
- 1995** Manufacturing bases are established in the United States and Malaysia.
A new facility is constructed in Hakusan City in Ishikawa Prefecture.
- 1997** Established a subsidiary in Thailand.
- 1999** Received ISO 9001 certification.
- 2001** Received ISO 14001 certification.
- 2002** Established subsidiaries in China and France.
Introduced the world's first direct-drive servo press (now called the Direct Servo Former).
- 2003** A manufacturing base is established in China.
Completed the development of the Precision Forming Press UL Series.
- 2004** Established a subsidiary in Germany.
Absorbed an Italian subsidiary, and established a manufacturing base.
- 2005** Established subsidiaries in Brazil and Indonesia.
- 2007** A new plant is constructed on land adjacent to the headquarters.
Established a subsidiary in India.
- 2008** Announced a newly developed of a 2,300-ton large servo press (among the world's largest capacity presses).
- 2009** Established a subsidiary in Mexico.
Completed the development of AIDA Ultimate PrecisionForming Press UL-D Series.
- 2010** Launched commercial marketing of large-capacity servo motors for servo presses developed and manufactured by AIDA.
Transferred Chinese production base to Nantong City and expanded base.
- 2011** Established subsidiaries in Vietnam and Morocco.
- 2012** Established a subsidiary in Russia.
- 2013** Segregation of production functions from AIDA ENGINEERING (M) SDN. BHD. to AIDA MANUFACTURING (ASIA) SDN. BHD.
- 2015** Established a subsidiary in the Philippines.
Completed the development of a 2,700-ton progressive servo press (among the world's largest capacity presses).

Operating Bases

(As of September 30, 2016)

■ Production facilities ● Global sales and service network

Overseas

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FAX (66)2136-3907 [Services Dept.],
(66)2136-3909 [Sales Dept.]

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Domestic

■ AIDA ENGINEERING, LTD.

● Oyama, Takasaki, Kanagawa, Hamamatsu, Chubu, Nagoya, Osaka, Chugoku/Shikoku, Fukuoka

■ ACCESS LTD.

● AIDA BUSINESS CORP.



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