



AIDA

Annual Report 2017

Year ended March 31, 2017

AIDA ENGINEERING, LTD.

Offering Comprehensive Press Forming Solutions, AIDA Supports Technical Innovation in Manufacturing

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.

AIDA

1959 New factory constructed in Sagami-hara City in Kanagawa Prefecture. Active expansion and capital investments would result in the present headquarters and headquarters plant.

1956 Introduced the first 200-ton high-speed automatic press to be made in Japan, an event that marked the beginning of AIDA's rapid development as a modern press manufacturer.



First press manufactured in Japan, a 200-ton high-speed automatic press

1917 Yoikei Aida founded AIDA Ironworks in Honjo, Tokyo, and the company became a trailblazer in the manufacture of presses in Japan.



Yoikei Aida, founder of the company that would come to be known as AIDA ENGINEERING, LTD.

2017 AIDA celebrates the 100th anniversary of its founding.

2008 Announced a 2,300-ton large servo press for making automobile body panels.



World's fastest servo press line (at the time of introduction) for automobile body panels

2002 Introduced the world's first direct-drive servo press. This press was equipped with a servo motor developed by AIDA.



Direct servo former with servo motor direct drive system

1972- Established a subsidiary in the United States, marking a formal start of overseas business for the Company. At present, the Company has established a five-pole production system, and operates sales and service locations in 19 countries throughout the world.

1970 Company name is changed to AIDA ENGINEERING, LTD. Listing of the Company's shares is upgraded to the Tokyo Stock Exchange First Section.

1968 Completed development of the first industrial robot to be made in Japan. The "Autohand" drew attention for its revolutionary technology.



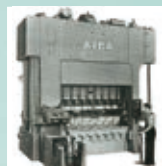
The "Autohand," the first industrial robot to be made in Japan

1967 Completed the development of a 2,500-ton transfer press. Among the world's largest-capacity presses at the time, this product established AIDA as a global leader in press technology.



A 2,500-ton transfer press, one of the world's largest-capacity presses when it was introduced

1960 Introduced the first 100-ton transfer press to be made in Japan, opening the door to the era of transfer presses in Japan's forming-machinery industry.



First 100-ton transfer press to be made in Japan

Contents

AIDA's Strengths	3	Corporate Officers	19	Consolidated Segment Information	30
Overview of AIDA	5	CSR Initiatives	21	Financial Statements	31
To Our Stakeholders	7	At a Glance	23	Stock Information	60
The New Mid-Term Management Plan	12	Consolidated Financial Summary	25	Corporate Data/History	61
Feature: AIDA Supporting the Evolution of Automobiles	13	Management's Discussion and Analysis of Business Results and Financial Position	27	Operating Bases	62
Corporate Governance	17				

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 that began on April 1, 2016 and ended on March 31, 2017. "Fiscal year 2017" is the fiscal year ended on March 31, 2017.

Cautionary Statements with Respect to Graphs and Financial Figures

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

AIDA's Strengths

Partnering with Customers Over the Long Term,
We Make Optimal Production Lines a Reality



Strength No. **1**

▶ Technology and Product Development

As a Pioneer and Specialist in Press Forming Systems

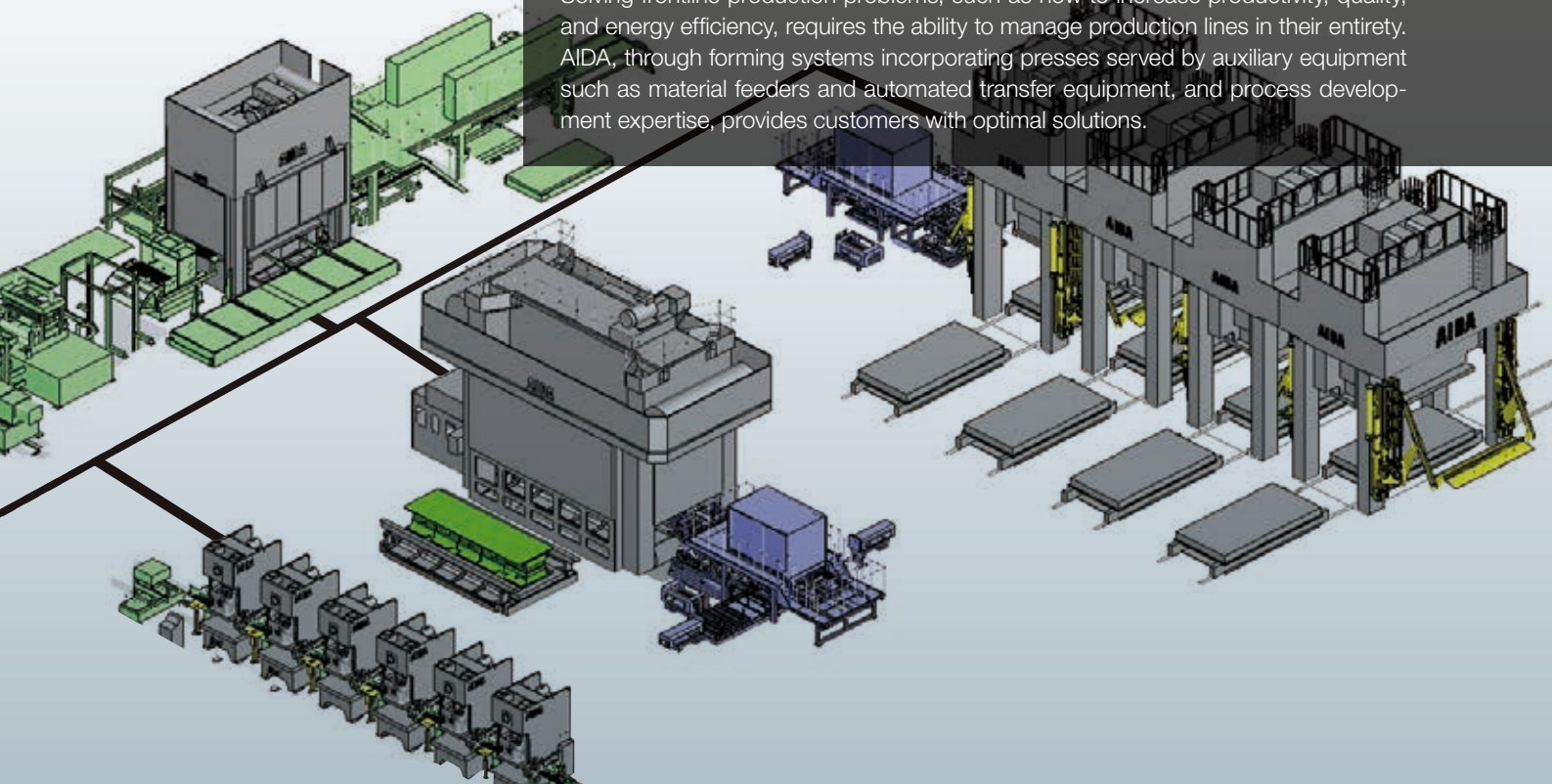
Beginning with a knuckle-joint press in 1933, AIDA has led the way as the developer of numerous “made-in-Japan” presses. With recent achievements such as our creation in 2002 of the world’s first direct-drive servo press—a revolution for press forming systems—and the introduction of one of the world’s largest-capacity servo presses (at the time) in 2008, we have continued to be a pioneer in the evolution of press forming systems. Leveraging the technology and product development expertise we have developed over the years, and a product line second to none, we help customers optimize their manufacturing operations.

Strength No. 2

Comprehensive Solutions

As a Forming Systems Builder Optimizing Production Lines

Solving frontline production problems, such as how to increase productivity, quality, and energy efficiency, requires the ability to manage production lines in their entirety. AIDA, through forming systems incorporating presses served by auxiliary equipment such as material feeders and automated transfer equipment, and process development expertise, provides customers with optimal solutions.

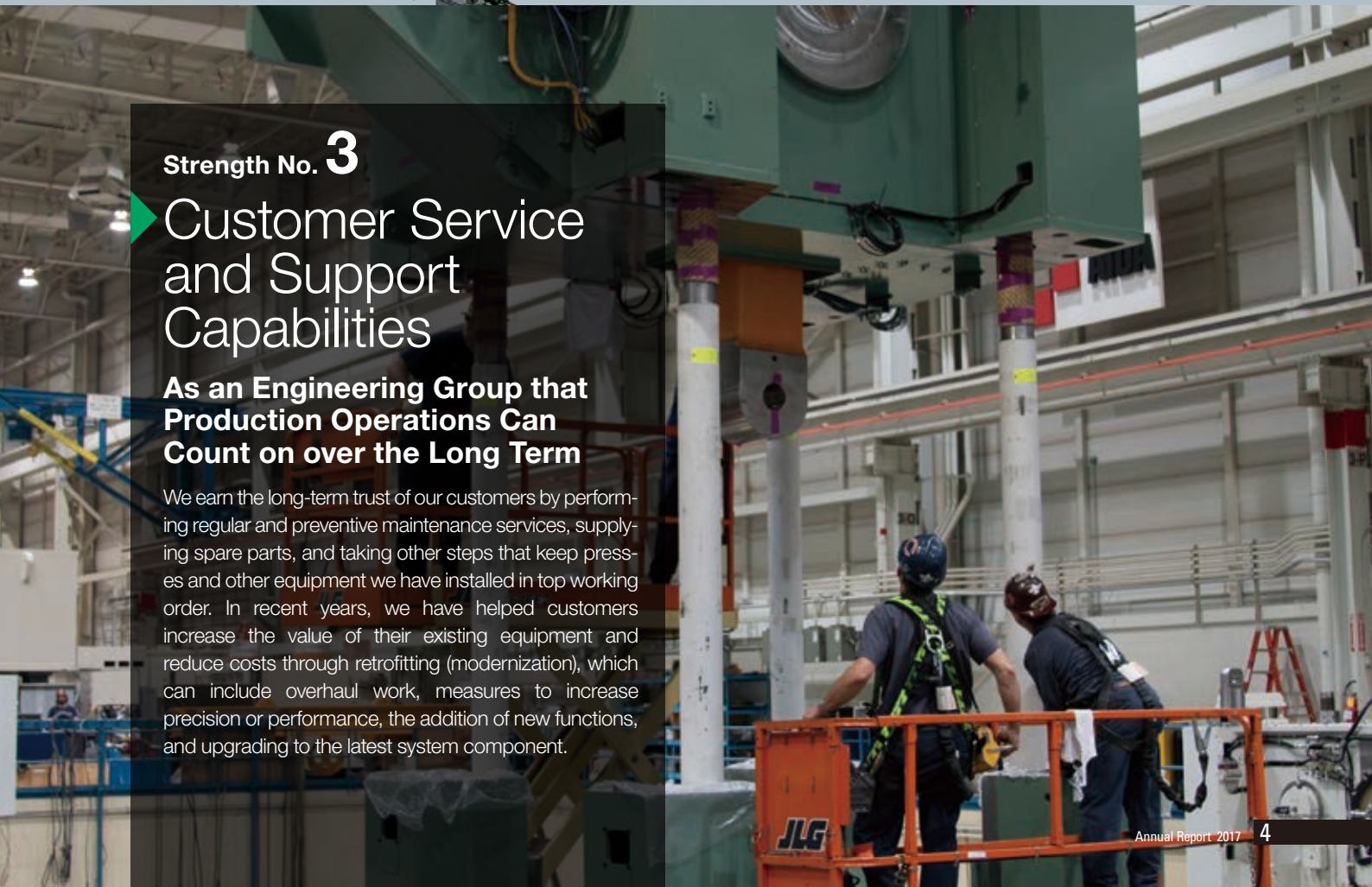


Strength No. 3

Customer Service and Support Capabilities

As an Engineering Group that Production Operations Can Count on over the Long Term

We earn the long-term trust of our customers by performing regular and preventive maintenance services, supplying spare parts, and taking other steps that keep presses and other equipment we have installed in top working order. In recent years, we have helped customers increase the value of their existing equipment and reduce costs through retrofitting (modernization), which can include overhaul work, measures to increase precision or performance, the addition of new functions, and upgrading to the latest system component.



Overview of AIDA

- Production facilities
- Global sales and service network
- Technology center



AIDA PRESS MACHINERY SYSTEMS CO., LTD.

CHINA
Site area 67,960m²
Building area 30,004m²



AIDA S.r.l.

ITALY
Site area 54,855m²
Building area 24,170m²

Europe

China

Japan

Asia

AIDA's Businesses

As a Specialist in Presses, AIDA Leads the Forming Machinery Industry

Press Machines

Principal Products

- General-purpose servo presses
- Mid-size and large servo presses
- Precision forming presses
- General-purpose presses
- Mid-size and large presses
- High-speed automatic presses
- Cold forging presses

Factory Automation (FA)

Principal Products

- Piling systems
- Material feeders
 - Coil feeders
 - Destack feeders
- Conveyance machines
 - Conveyance robots
 - Sub-transfer feeders
 - Die changing devices

Service

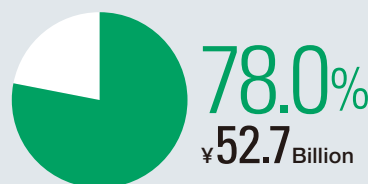
Principal Services

- Retrofits/Modernization
- Overhaul
- Preventive maintenance
- Press inspections
- Machine relocation



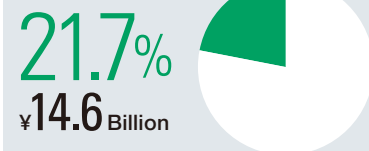
Sales of Press Machines and Factory Automation (FA)

(Fiscal year ended March 31, 2017)



Sales of Services

(Fiscal year ended March 31, 2017)



*The sales figure given above does not include "Other Sales" of ¥100 million, 0.2% of total sales.



AIDA ENGINEERING, LTD.

JAPAN
 Site area 170,872m²
 Building area 82,324m²



AIDA ENGINEERING (M) SDN. BHD.
 AIDA MANUFACTURING (ASIA) SDN. BHD.

MALAYSIA
 Site area 72,843m²
 Building area 28,345m²



AIDA AMERICA CORP.

U.S.A.
 Site area 171,858m²
 Building area 16,750m²

North
 America

Global Network

Making the Most of AIDA's Global Five-Pole Network to Enhance Our Brand Power

Meticulous Sales and Service Organization

Automotive-related industries, our primary market, continue to add production capacity and expand the vertical startup approach in which new automobile models are produced and sold in volume simultaneously in multiple countries. To serve the global manufacturing needs of these customers, we have established our own sales and service locations in 35 cities located in 19 countries, and, starting with the installation of presses, respond with meticulous attention to customer needs, going beyond standard after-sales support.

Furthermore, our International Sales Teams collaborate across national and regional borders to ensure information integrity for sales operations that focus intently on serving the needs of the customer's headquarters and local manufacturing plants.



Optimal Global Production System

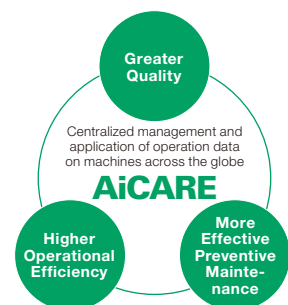
Our customers pursue production activities on a global basis. It is necessary, therefore, for us to be able to supply products across national and regional boundaries. Having established a five-pole production system with manufacturing facilities in Japan, China, Malaysia, the U.S., and Italy, we are able to link our production activities across multiple manufacturing facilities for globally optimized production. By locating production close to demand, we have succeeded in cutting procurement and shipping costs, and reducing production lead times. Furthermore, because we use machining centers of the same specifications throughout our global operations, we are able to apply the same software and jigs in all of these locations, and ensure stable quality regardless of plant location. To remain a trusted partner for customers, we will continue to augment our production infrastructure in anticipation of future business expansion.



Value-Added Creation through Forming Systems and IoT

Servo presses are capable of highly precise motion control and can increase productivity and formability when synchronized with transfer feeders and other peripheral equipment. Proposals for optimizing entire forming systems built around servo presses will maximize benefits for customers.

IoT, too, is playing a role in the form of our proprietary "AiCARE" system for collecting data from presses and other machines and using it to provide each customer with customized information. Because it can be used with installed machines made by other companies and can use remote control to centrally manage machines, AiCARE will result in improvements not only in quality and capacity utilization but also in areas such as preventive maintenance.



Under the Newly Launched Mid-Term Management Plan, We will Continue to Take on New Challenges in AIDA's Second Century

Kimikazu Aida
President & CEO



Q How would you assess your business results for the fiscal year ended March 31, 2017?

A Though various factors such as a strengthening yen and a temporary drop in orders led to lower sales and profits, since the second half of the last fiscal year we have been seeing a steady recovery.

For the forming-machinery industry as a whole, the fiscal year just ended saw an increase in orders received both in Japan and overseas, with growth of 5.8% year on year, to ¥154.5 billion*. For the AIDA Group, however, order intake fell 17.0%, to ¥62.6 billion, mainly because we did not get a large tandem line order we had expected at the beginning of the fiscal year. Nevertheless, with a steady flow of orders for small- and mid-size presses, transfer presses, and other products, the value of orders received began trending upward in the second half.

Net sales declined 10.6% year on year, to ¥67.5 billion, as a stronger yen reduced sales on a yen-conversion basis and as automotive-related orders for presses fell in Japan and other parts of Asia. The loss of the large tandem line order mentioned above along with other factors led to disappointing first-half sales that are reflected in the final results for the fiscal year, but with order intake starting to trend upward in the second half, we are seeing a steady recovery in net sales. As for earnings, lower sales and a strong yen led to operating income of ¥6.6 billion, down 17.7%, ordinary income of ¥6.7 billion, down 19.0%, and profit attributable to owners of parent of ¥4.9 billion, down 13.8%.

Looking at the results of our business divisions, though press sales fell 13.9% year on year, customer service sales rose 4.3%, due to strong demand for retrofit (modernization) solutions for existing machines.

On a regional basis, net sales and operating income declined significantly in Japan and Asia. However, our sales performance in the Americas remained solid on a local currency basis and operating income surpassed the results of the previous fiscal year. In Europe, sales on a local currency basis has continued to be solid, supported in part by revenue booked for large projects based on the percentage of completion. With the added benefits from factors such as more robust cost management and reductions in fixed expenses, the operating loss was greatly reduced compared to the prior fiscal year. [→ pp.25-27](#)

*Based on data from the Japan Forming Machinery Association

Q What are the basic policies set forth in the new Mid-Term Management Plan?

A A focus on growth fields and high-profit fields in order to change our profit structure, and securing stable earnings over the medium to long term.

In line with the slogan from our previous Mid-Term Management Plan – “Enhance Foundation for Further Growth Looking Ahead to AIDA’s 100th Anniversary” – the AIDA Group increased its investments in capital equipment, human resources development, and R&D. Under our new Mid-Term Management Plan (covering the fiscal years ending March 31, 2018 to March 31, 2020) and its theme of “New Challenges for the AIDA’s Next Century,” we are working to further strengthen our existing growth infrastructure and to move ahead with investment strategies for growth fields while bearing in mind the issues that came to light during the previous Mid-Term Management Plan.

In terms of specific targets, we have set a medium- to long-term sales target of ¥100.0 billion, with targets of ¥80.0 billion in net sales (a record high) and ¥8.0 billion in operating income to be achieved by the end of the three years covered by our new Mid-Term Management Plan.

Achieving these targets will require us to focus on growth fields and high-profit fields, and to change our profit structure. Therefore, we have decided to clearly position factory automation (FA) (which had previously been included in the press machine division) as a separate core business division, and we will strive to increase the percentage of total net sales coming from it and from our high-profit customer service business. Our new slogan, “AIDA Plan 523,” denotes our target of eventually having our press, FA, and customer service businesses contributing to our overall sales in a 5:2:3 ratio. [→ p.12](#)

Q What are your thoughts regarding environmental awareness—which is the underlying premise of the new Mid-Term Management Plan—and AIDA’s strengths and challenges?

A We will further enhance the strengths we have developed and vigorously make the most of our business opportunities.

■ Environmental Awareness

The automobile industry is the AIDA Group’s principal market, and we expect moderate growth in the automobile market over the medium to long term, with this being led by emerging economies as growth in advanced economies continues to soften. At the same time, we believe there will be a global growth trend towards the adoption of electric vehicles and lighter-weight vehicles. In addition, we are seeing rapidly growing demand for production equipment automation and robotization, and we see this as a significant business opportunity for AIDA.

On the other hand, the earnings environment is extremely challenging. Customers are negotiating hard for lower prices, there is competition from not only Japanese but also European, American, and emerging economy press manufacturers, and the price of steel plate and other raw materials is rising rapidly.

■ AIDA’s Strengths and Challenges

Throughout its long history, the AIDA Group has focused on developing its strengths in areas such as technology, production, sales, and customer service that other companies cannot match.

For example, in terms of technological strengths, first and foremost AIDA leveraged its know-how to independently develop servo presses, and in addition we have comprehensive engineering capabilities that also include press peripheral equipment. We also have a wide array of products. However, we also recognize that we have issues to address when it comes to accommodating major users in Europe and technical capabilities related to controls and automation for these users.

On the manufacturing front, we have built an optimized global manufacturing network consisting of five manufacturing locations in Japan, China, Malaysia, the US, and Italy. This allows us to manufacture

products close to our customers. In addition, we are able to leverage our global co-manufacturing system, in which the major units of a single press are manufactured at separate locations and assembled at the customer's location. This is another strength not found in our competitors.

Another major advantage AIDA enjoys is the sales and customer service offices we have in 19 countries.

During our previous Mid-Term Management Plan, we devoted significant resources to enhancing these strengths. However, solidly responding to the global, dynamic business endeavors of our customers is an issue that remains to be addressed. As we move forward to implement our new Mid-Term Management Plan, we are committed to firmly seizing business opportunities by overcoming issues we have discovered in the past and by further developing our strengths.

Q What are some of the specific steps that will be taken to achieve the targets included in the new Mid-Term Management Plan?

A Six core strategies will be aggressively pursued in order to achieve ongoing growth.

AIDA will implement the following six core strategies included in the new Mid-Term Management Plan.

Develop Markets & Customers

The international sales team will be strengthened and technical marketing capabilities will be further enhanced to expand our business with mega suppliers and other global customers.

Our development efforts will focus on markets in Europe and in emerging economies. Meeting European specifications is particularly important because our European customers are actively engaged in emerging economies. Our European Technology Center began operations in August 2016 and it will be leveraged to further enhance our capabilities to serve European customers.



AIDA EUROPE GmbH was established in Weingarten, a major German manufacturing center, as our European Technology Center.

Improve Product Competitiveness

In order to further improve the competitiveness of our flagship servo press products, we will make a concerted effort to increase the power and efficiency of our servo motors while at the same time also making them more compact. In addition, with the increasing demand for equipment that can form new materials such as ultra high tensile strength steel, aluminum, and carbon fiber in order to achieve lighter-weight automobiles, AIDA will invest significant resources in the development of forming systems for these new materials that will take advantage of our servo technology.

Strengthen Strategic Business Segments

As previously mentioned, under the new Mid-Term Management Plan, factory automation (FA) and customer service are positioned as strategic business segments and management resources will be allocated to them on a prioritized basis in order to change the earnings structure and achieve profit growth over the medium to long term.

With regard to factory automation, we will strengthen our ability to develop press-related automation in order to respond to increasing customer demand for production equipment automation that boosts productivity.

As for our customer service operations, an ever-increasing number of presses in the field makes our post-installation customer service activities even more important. Accordingly, our efforts will



focus on responding to customer requirements by strengthening our retrofit (modernization) business (such as converting existing mechanical presses to servo presses and updating peripheral systems) and our preventive maintenance business.

A destack feeder—an automated high-speed feeder that continuously supplies blanks one by one to a press

Further Sophistication of Our Global Business Structure

During the previous Mid-Term Management Plan, we expanded our production facilities in Italy, the US, and China, thereby increasing our overall global production floorspace by 20%. Under the new Mid-Term Management Plan, this production infrastructure will be used to further develop our global co-manufacturing system.

These efforts will begin with increased in-house manufacturing in order to retain more of the value-added content that had previously been outsourced. This will be accomplished by increasing the utilization of new equipment that has been installed up through the last fiscal year. Next, in order to further enhance optimized production on a global basis, we will strengthen our management of production capacities at each production facility in order to further reduce lead times and costs. In addition, this global collaborative approach will be expanded beyond our manufacturing departments to also include our engineering departments.

To strengthen global governance, we will proceed with the implementation of a global ERP system,



and we will put in place global standardized workflows for our order intake, engineering, production, and cost management processes.

The China (Nantong) production facility that has been expanded to be a production hub for large presses for customers in Europe, the US, and Asia

Human Resource Development

AIDA will undertake human resource development at the global level by actively transferring headquarters personnel in Japan to overseas facilities and bringing overseas personnel to the headquarters for long-term OJT and other training. At the same time, as part of our efforts to strengthen strategic business segments, we will be engaged in medium- to long-term human resource development.

Establish a Strong Foundation for Future Growth

AIDA will vigorously move forward with strategic investments to implement the strategies described above. In addition to servo system development, factory automation product development, development of forming systems for new materials, and other R&D areas, funds will also be allocated to growth investments in capital equipment, to streamlining initiatives that will internalize more production and improve productivity, and to investments in new forward-looking business operations. Our projected target for R&D investments is 2% of net sales, and for capital investments is 5% of net sales.

Q What is your outlook for the fiscal year ending March 31, 2018 and your policy regarding shareholder returns?

A We will work to achieve higher sales and earnings through steady order intake. And we will continue to pay stable dividends to our shareholders.

The AIDA Group continues to face a challenging business environment due to factors such as intense global competition and high raw material costs. Nevertheless, we aim to achieve higher sales and earnings by steadily implementing the measures outlined in our new Mid-Term Management Plan.

We expect the solid sales performance that began in the second half to continue throughout the coming fiscal year and based on this we are anticipating net sales of ¥72.0 billion, up 6.6% year on year. Regarding earnings, we anticipate that factors such as rising raw material costs and the taking of strategic orders will lead to lower gross margins, but higher sales and productivity will enable us to achieve operating income of ¥7.0 billion, up 5.8%, and net income of ¥5.0 billion, up 0.3%.

As for returns to shareholders, as specified in our new Mid-Term Management Plan, “Our basic policy is to continue to provide stable dividends to stockholders by aiming to maintain a consolidated dividend payout ratio of 30% or higher while at the same time assuring a stable management foundation and maintaining our reserves for investments for future growth.” In other words, our aim is to balance the goals of maintaining sufficient reserves to overcome economic fluctuations, of setting funds aside for growth investments that include capital equipment and new operations, and of paying stable dividends to shareholders. Based on this policy, we are planning to pay dividends of ¥30 per share (a consolidated dividend payout ratio of 37.0%) for the fiscal year ending March 31, 2018.

In March 2017 we celebrated the 100th anniversary of our founding, and we are committed to rising to the “New Challenges for the AIDA's Next Century.” We look forward to the ongoing support and understanding of our stakeholders as we enter our second century of operation.

August 2017



Kimikazu Aida
President & CEO

The New Mid-Term Management Plan

Years Ending March 2018–2020

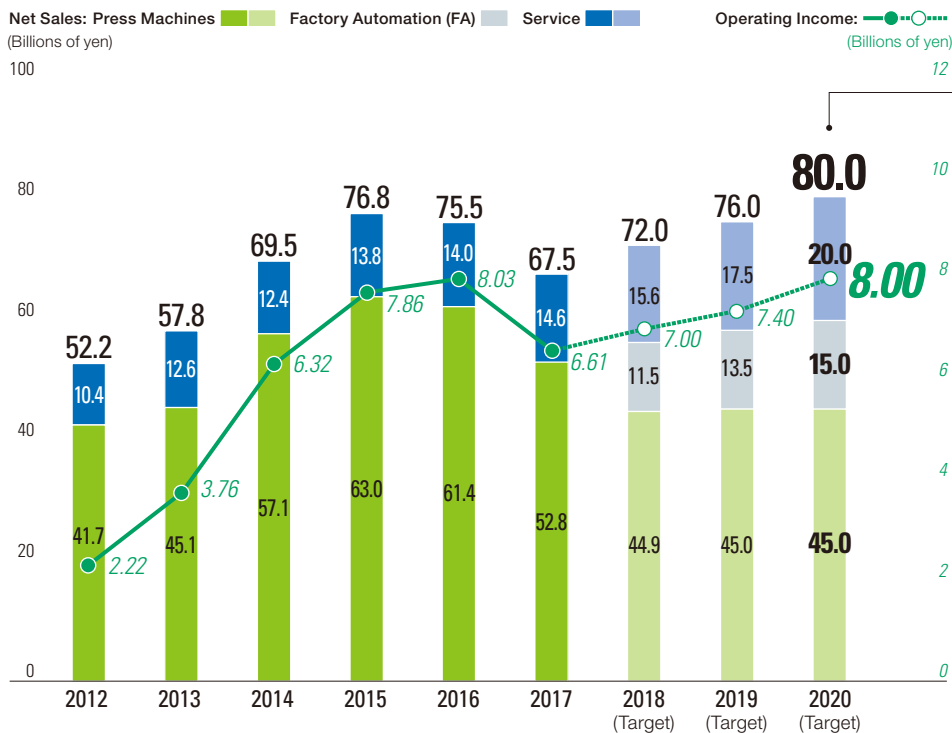
New Challenges for the AIDA's Next Century

Vision

As a leading global company, we will contribute to protect the environment, reduce energy consumption and develop technologies.

Performance Targets

“The AIDA PLAN 523”



3/2020

Net Sales
¥80.0 billion
 With a basic policy of “Stable Growth,” aim for new highs in net sales.

Operating Income
¥8.0 billion
 Aim for stable operating profits of 10% or higher.

Long-term sales target

Net Sales
¥100 billion
 Ratio by business segment:
 ■ Press Machines = 5
 ■ Factory Automation (FA) = 2
 ■ Service = 3

II

“The AIDA PLAN 523”

3/2012–3/2014

Achieve Sustainable Growth as a Global Company

3/2015–3/2017

Enhance Foundation for Further Growth While Looking Ahead to AIDA's 100th Anniversary

3/2018–3/2020

New Challenges for the AIDA's Next Century

Basic Strategies

Develop Markets & Customers

- Develop Global Customers (Appeal of the AIDA Brand)
- Technical Marketing

Improve Product Competitiveness

- Promote Servo Presses
- Press Standardization
- New Materials

Strengthen Strategic Business Segments

- Factory Automation
- Service

Sophistication of Our Global Business Structure

- Global Co-Manufacturing
- Global Governance

Human Resource Development

- Global Human Resource Development
- Strategic Personnel Rotation

Strengthen Our Foundation for Growth

- Bolster R&D
- Investment

Automotive Components

HV/EV Motor Cores



High-Speed Automatic Presses

Motor Cases



General-Purpose Presses

Steering Components



Precision Forming Presses

Feature AIDA Supporting the Evolution of Automobiles

AIDA's presses are used to manufacture body, frame, and other parts and components making up an automobile. With society placing greater and greater demands on automobiles to be friendlier to the environment, safer, more sophisticated in design, and so on, AIDA is responding to the diverse needs of automotive-related industries and contributing to the evolution of automobiles by breaking new ground in technical sophistication for its presses and other manufacturing technologies.



Automotive Components

Transmission Components



Transfer Presses

Seat Components

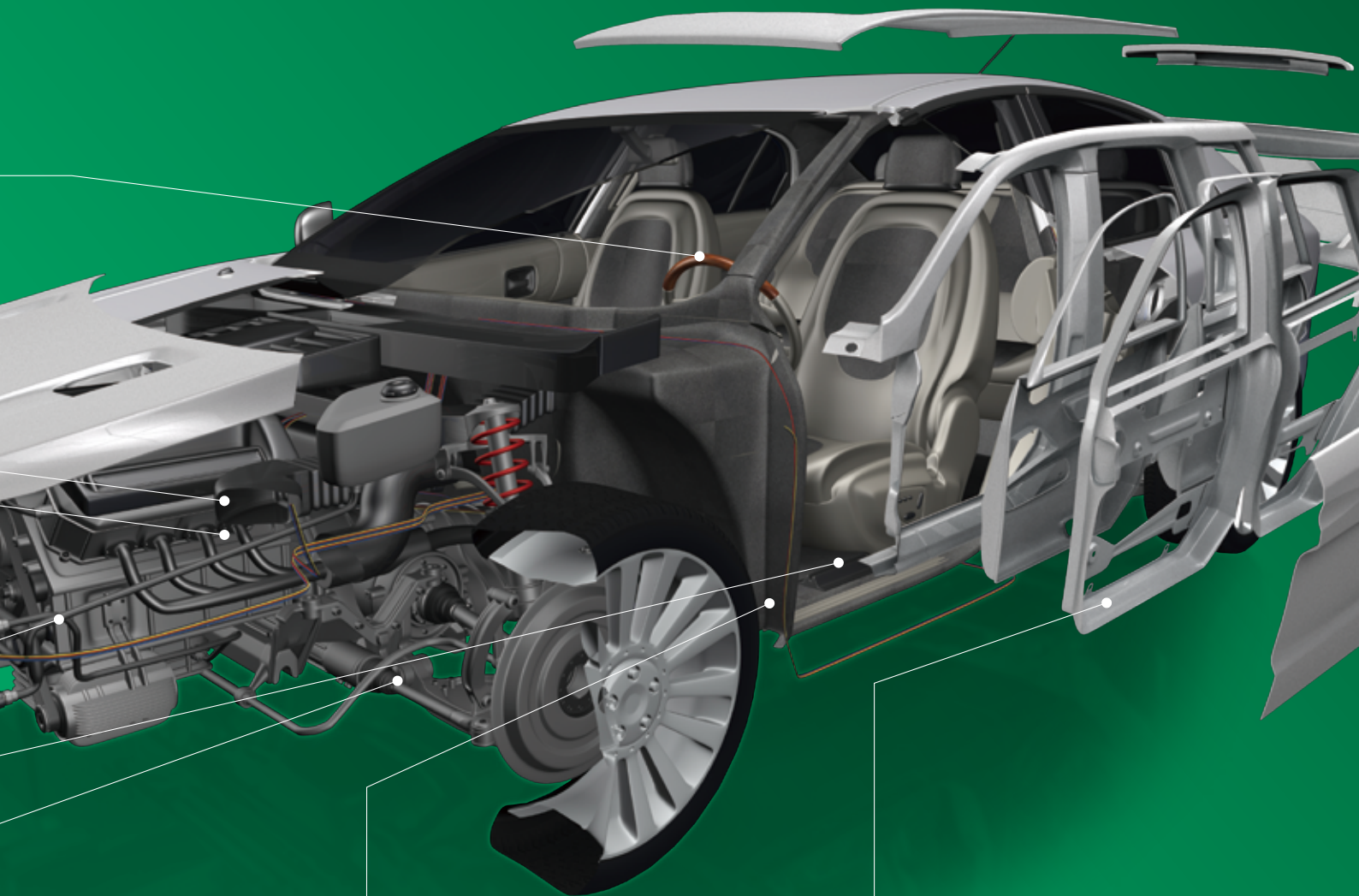


Progressive Die Presses

Suspension Components



Cold Forging Presses



Automotive Frame

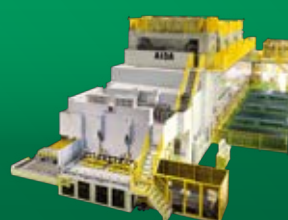
Automotive Frame Components



Transfer Presses

Automotive Body

Outer Panels



Servo Tandem Lines

Automotive Bodies

Efforts to increase fuel economy are driving automotive manufacturers to reduce the weight of automobile bodies, and AIDA is offering comprehensive forming systems for aluminum.

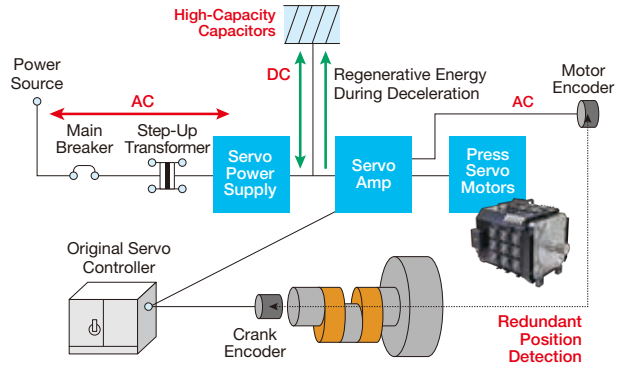
As emission control becomes stricter throughout the world, the use of aluminum materials is growing as a way to reduce the weight of automobile bodies. Automobiles, however, must offer design aesthetics that are pleasing to customers, and aluminum poses complex difficulties when it comes to forming. Servo presses, though, make it possible to overcome these difficulties. First developed by AIDA, servo presses offer the ability to finely control press motion and forming speed, and can be used to efficiently process aluminum body materials with complex designs. Servo presses also help to reduce the environmental footprint of automobile manufacturing processes through the outstanding energy efficiency that results from the use of high-capacity capacitors and regenerative electric power*. By offering servo presses together with peripheral equipment as forming systems, featuring benefits such as minimized loss-time achieved through synchronized control of servo presses and transfer feeders, we are helping customers achieve greater production efficiency.

*The electrical power generated by a motor acting as a generator when its rotation is reversed for deceleration



Large servo tandem line with a destack feeder unique to AIDA, installed at a joint venture manufacturing plant of a major British-Chinese automobile manufacturer

Highly Energy Efficient AIDA Servo Press Drive System



Development of an Aluminum Blank Destack Feeder attached to Presses

Aluminum, in contrast with steel, is not magnetic, so traditional blank feeders, which employ magnetism to separate blanks, cannot be used to handle them. That is why AIDA developed a blank feeder that uses air pressure to separate aluminum blanks. In the US and Europe, the use of aluminum for not only body panels but also frame components is taking hold rapidly, and our technology developed specifically to handle aluminum is supporting the manufacturing activity of our customers.



Aluminum blanks being transferred by the destack feeder

Automotive Frames

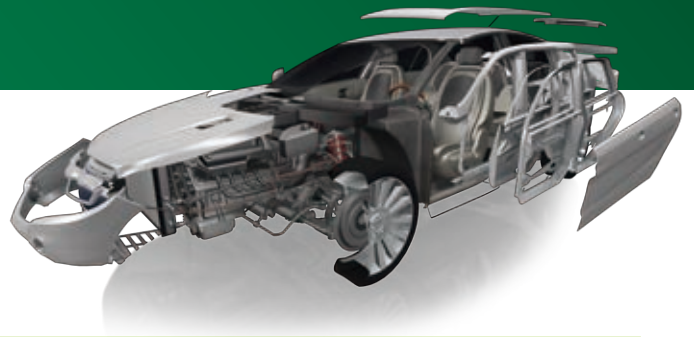
AIDA is contributing to greater safety by developing new technologies for increased high tensile strength steel applications.

The kind of material used for automobile frames greatly affects impact safety. High tensile strength steel is increasingly being used as material for automobile frames because of its advantages in saving weight and increasing safety. However, because of its hardness, high tensile strength steel is also difficult and time-consuming to process, is prone to tearing and returning to its shape before forming, and is costly in terms of wear and tear on presses and dies. Forming high tensile strength steel, therefore, has been done by heating the steel, to soften it for forming, and quenching with water after pressing. This approach, known as hot stamping, requires large heating and cooling facilities, and causes the surface of the processed steel to oxidize, so there is a need for improvement upon its low production efficiency. The servo press, developed by AIDA, uses a unique low-speed, high-torque motor and optimal motion control to eliminate tearing

and the tendency of high tensile strength steel to return to its original shape. Eliminating the need for heating and cooling, the servo press also offers greater forming efficiency and space saving. Manufacturers of high tensile strength steel are striving to make this material even stronger, and we will work with them to develop a new forming technology to handle the improved steels.



Servo transfer press for forming high tensile strength steel



Automotive Components

High-precision, high-value-added AIDA presses underpin world-class manufacturing.

Presses are used to form not only body and frame components but also a wide range of engine, drivetrain, steering, transmission, underbody, and other parts. For all of these parts, advances in materials, and safety requirements, have meant needs for even greater precision and strength.

AIDA's UL Series of precision forming presses enable the forming of high-precision, high-value-added parts, previously regarded as impractical with traditional forming approaches. UL Series presses are often used to form engine and transmission components critical to the basic functioning of automobiles, and to make items such as parts for seats and seatbelts, which must meet high safety standards.

Large, super-precise dies are needed to produce motor

cores for the high-performance motors used in electric and hybrid vehicles, and AIDA's MSP Series of high-speed, precision presses, with wide bed areas for handling various types of laminates, is among the world's leaders in this field.

In recent years, AIDA has also been promoting its compact high-speed servo tandem line, a series of small servo presses and robots that together can equal the production capacity of a large transfer press. Compact high-speed servo tandem lines have been particularly outstanding in producing automatic transmission, brake, seat, and other types of small parts. AIDA is contributing to the evolution of manufacturing by providing production systems responding to the desires of automotive-related industries.



High-precision processing made possible by the UL Series precision forming press



Motor core produced with an MSP Series high-speed, precision press

Enlarged view:
blanking and stacking of laminations



Topic

PMX Series Progressive Die Presses Adding Greater Value to Automobile Parts

AIDA pioneered the development of high-precision, high-productivity progressive die presses and has been marketing the Progmax Press (PMX Series) for over 30 years. More recently, there has been a trend toward greater added value, through the use of large dies and high tensile strength steel materials, particularly in the manufacture of automobile seat-related parts, and we have seen rising demand for large PMX presses, which are well-suited for forming these parts. During the fiscal year ended March 31, 2017, we received an order for a PMX 2 Point Press (1,600-ton capacity, 4,500×1,800mm die area) and a straightener feeder from one of Japan's largest precision press die manufacturers. The PMX 2 Point Press is among the largest-capacity presses in the world, and we delivered it together with the straightener feeder, which is capable of handling high tensile strength steel. Going forward, we will continue to provide comprehensive support for production lines responding to the demands of the times.



PMX-L2-16000 press capable of working with large dies and processing higher tensile strength steel parts for automobiles

Corporate Governance

We are 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, five 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 management policies and issues, and strives to

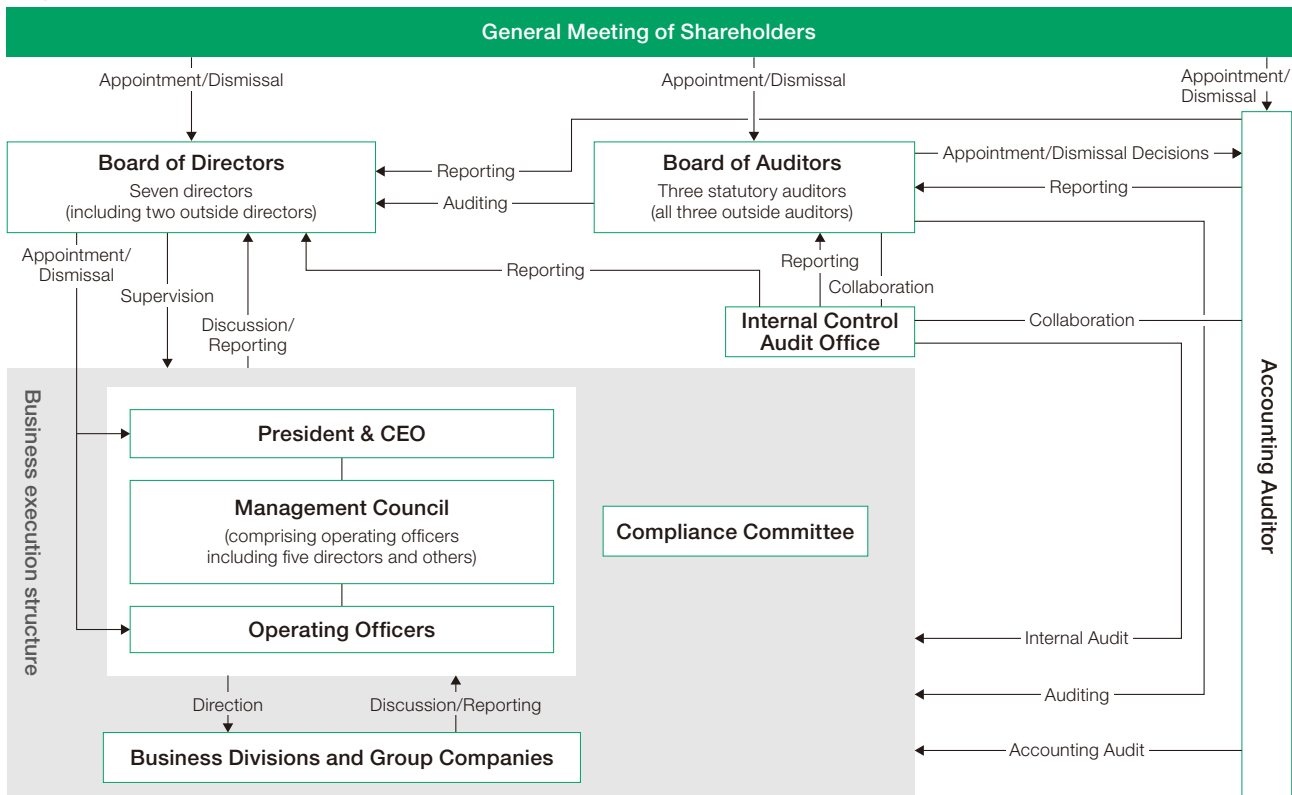
achieve a unified management purpose and swift execution of business operations. Outside directors attend Board of Directors, Management Council, and other important meetings to develop a clear understanding of the current status of business operations at the Company and Group companies, and provide 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, 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.

Drawing on staff from the Internal Control Audit Office and the Finance & Accounting Department, and other general administration areas, the Company has created a system for supporting audits carried out by the statutory auditors.

Corporate Governance Structure (As of June 20, 2017)



Remuneration for Directors and Statutory Auditors

In the fiscal year ended March 31, 2017, remuneration for the Company's directors and statutory auditors was as follows:

(Millions of yen)

Category	Number of people	Basic remuneration	Stock options	Bonus	Total amount
Directors (excluding outside directors)	7	135	16	91	243
Outside directors	2	17	–	–	17
Statutory auditors (all outside)	3	25	–	–	25

Note: The amounts shown above for basic and other remuneration include amounts attributable to one director who resigned from his position following the conclusion of the General Meeting of Shareholders held on June 28, 2016 and one director who resigned from his position following the conclusion of the General Meeting of Shareholders held on June 19, 2017.

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 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>

Corporate Officers

As of June 20, 2017

Board of Directors



Kimikazu Aida

President and Chief Executive Officer (CEO)

- 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)



Naoyoshi Nakanishi

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

- 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)
- 2017 Chairman, ACCESS, LTD. (current position)



Yap Teck Meng

Director, Managing Executive Officer

- 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)
- 2013 Director (current position)
- 2014 Managing Executive Officer (current position)
Chairman, AIDA ENGINEERING CHINA CO., LTD. (current position)
- 2015 Chairman, AIDA ENGINEERING (M) SDN. BHD. (current position)
Chairman, AIDA PRESS MACHINERY SYSTEMS CO., LTD. (current position)



Toshihiko Suzuki

Director, Managing Executive Officer

- 2011 Joined AIDA ENGINEERING, LTD.
- 2015 Division Manager, Engineering Headquarters (current position)
Director (current position)
- 2017 Managing Executive Officer (current position)
Division Manager, Sales Headquarters (current position)



Ken Masuda

Director, Executive Officer

- 1991 Joined AIDA ENGINEERING, LTD.
- 2013 Director (current position)
- 2016 Division Manager, Customer Service Headquarters (current position)
- 2017 Executive Officer (current position)



Kimio Oiso

Outside Director (Independent)

- 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)



Hirofumi Gomi*

Outside Director (Independent)

- 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 Auditor, Miroku Jyoho Service Co., Ltd.
- 2014 Advisor, NISHIMURA & ASAHI (current position)
- 2015 Senior Advisor, THE BOSTON CONSULTING GROUP (current position)
Director, AIDA ENGINEERING, LTD. (current position)
- 2016 Director, Infoteria Corporation (current position)
Director, Miroku Jyoho Service Co., Ltd. (current position)

*Appointed a Director of SBI Holdings, Inc. on June 29, 2017

Statutory Auditors



Shigeo Matsumoto

Outside Standing Statutory Auditor (Independent)

- 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)



Hiroshi Kanai

Outside Statutory Auditor (Independent)

- 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.
- 2017 Chairman, The Dai-ichi Frontier Life Insurance Co., Ltd. (current position)



Shigeru Makinouchi

Outside Statutory Auditor (Independent)

- 1979 Admission as an attorney-at-law
Head of Makinouchi Ageishi Law Office (current position)
- 2001 Practicing-Attorney-Professor for Civil Advocacy, Legal Training and Research Institute, Supreme Court of Japan
- 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 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, 2017, he attended all 11 meetings of the Board of Directors.

Hirofumi Gomi

Hirofumi Gomi was appointed to the position of Outside Director in June 2012 based on the expectation that the wealth of experience and high-level expertise he has acquired handling matters concerning financial administration as the former commissioner of Japan's Financial Services Agency, and in other government positions, 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. In the fiscal year ended March 31, 2017, he attended all 11 meetings of the Board of Directors.

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, and meets with the independent auditor to understand current conditions at AIDA ENGINEERING and AIDA Group companies. Based on what he learns, he freely expresses his opinions to the Company's management. In the fiscal year ended March 31, 2017, he attended all 11 meetings of the Board of Directors and all 9 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 corporate executive 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, 2017, he attended 8 of 11 meetings of the Board of Directors and 8 of 9 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, 2017, he attended all 11 meetings of the Board of Directors and all 9 meetings of the Board of Auditors.

Message from an Outside Director

Now considered a key aspect of growth strategy, corporate governance has become a focus of investor attention. Corporate governance is organizational management undertaken, in accordance with management strategy, to sustainably enhance corporate value. It requires proper understanding of what should be done, and what should not be done, to increase, or prevent the loss of, corporate value.

Effective governance requires that an organization function amid open communication and responsive checks and balances. In AIDA's case, the Management Council and Board of Directors do not exist simply as formalities; they are venues for active discussions and sharing of information, and provide competent leadership for achieving ongoing growth for the company.

Outsiders play a critical role in helping to ensure the company has an effective Board of Directors. Their presence, not simply as members of the board but as contributors of outside perspectives strengthen governance by helping the board to recognize when something viewed as acceptable from an inside perspective is not acceptable from an outside perspective. AIDA, one of the earliest companies to establish an outside officer system, now has a Board of Directors in which two of the seven members are outsiders and a Board of Auditors in which all three members are outsiders. The outside members of both of these organs bring to their duties records of achievement in fields such as finance, where expert risk management is essential, and the law.

As a former Ministry of Finance official who dealt with the financial crisis that led to dysfunctional corporate governance following the collapse of Japan's bubble economy, I am applying my experience in that regard to fulfilling my duties as an outside director to help AIDA achieve sound growth over the long term.

Hirofumi Gomi

Outside Director (Independent)



CSR Initiatives

As a guide for reducing our environmental impact, we have established the AIDA's Environmental Policy. We also devote significant efforts to meeting the expectations of our customers by pursuing cutting-edge R&D and ensuring the quality and safety of our products and services.

Environmental Management

AIDA has established targets for reducing its environmental impact, in line with the AIDA's 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 leading global company, we will strive to protect the environment, reduce energy consumption and develop technologies." That is the vision statement we have put forth in our new 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>

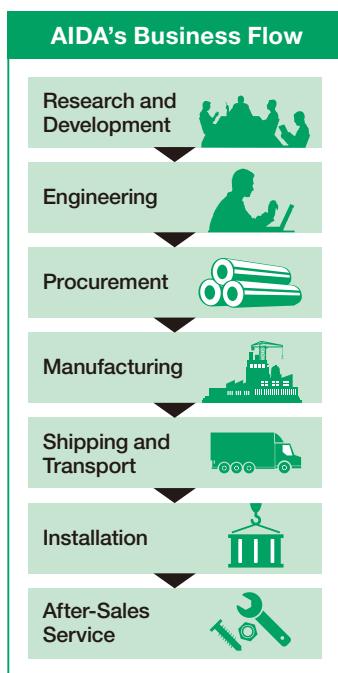
Environmental Objectives and Targets

Environmental objectives	Targets for the year ended March 31, 2017	Results for the year ended March 31, 2017
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: 1,700 tons or less Industrial waste recycling ratio: 86% or higher 	<ul style="list-style-type: none"> Total emissions: 1,281 tons Industrial waste recycling rate: 89%; target achieved
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): 28.0 tons CO₂/¥100 million (production volume) or lower 	<ul style="list-style-type: none"> Total energy usage (crude oil equivalent): 3,973 kL; target achieved CO₂ emissions: 32.7 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"> Eliminated large isolation transformers by adapting noise-reduction measures Achieved size and weight reductions for servo motors and other components Achieved net shape forming of thick plate

*Emissions: Total emissions of general waste and industrial waste

Material Balance

Inputs (for the year ended March 31, 2017*)	
Energy	
Total Energy Inputs (in terms of crude oil)	3,973 kL
Electricity	13 million kWh
Heavy Oil	0 kL
Kerosene	3 kL
City Gas	1,075 kNm ³
LPG	4,632 m ³
Gasoline	0 kL
Diesel	0 kL
Water	32 km ³
Raw Materials	
Steel Materials	14,315 t
Nonferrous Metals	240 t
Castings	5,985 t
Forgings	1,055 t
Paper	26 t
Chemicals	66 t



Outputs (for the year ended March 31, 2017*)	
Products	
Air Emissions	
CO ₂	7,885 t-CO ₂
Exhaust Gases (NOx)	4,284 kg
Exhaust Gases (SOx)	0 kg
Exhaust Gases (Soot)	35 kg
Wastewater Emissions	
Discharge (Total)	129 km ³
Waste	
General Waste	81 t
Industrial Waste	1,200 t
Recycled Amount	
• General Waste	35 t
• Industrial Waste	1,072 t

*The Environmental impact of AIDA production processes for the year ended March 31, 2017 (All figures are rounded)
Scope of Analysis: AIDA ENGINEERING, LTD. (Sagami Plant, Tsukui Plant, and Shimokuzawa Plant)

External Evaluations of Environmental Protection Activities

In January 2017, AIDA ENGINEERING, LTD. was selected as a winner in the Kanagawa Smart Energy Plan Category of The 2016 Kanagawa Global Environment Awards, sponsored by Kanagawa Prefecture and the Kanagawa Global Environment Protection Promotion Committee. These awards are presented to groups and individuals engaged in outstanding environmental protection activities that are consistent with prefectural ordinances and other guidelines. In its selection for this recognition, AIDA was cited for its adoption of renewable energy through energy management applying gas cogeneration systems and for the effectiveness of its initiatives in energy efficiency and other areas.

Overview of Initiatives

At our headquarters plant, in Sagami-hara City, we have installed a CGS (a cogeneration system providing heat and electric power) together with a Genelink system (a water heating and cooling system fueled by hot wastewater from the CGS). By combining these systems with existing CGSs and other systems, we have succeeded in slashing our total energy cost and smoothing our electricity demand.

In addition, applying electricity generated by CGS and solar power systems, we developed an emergency power system for our headquarters plant. The system allows the plant to function temporarily without external power supplies during times of emergency and protects primary servers when access to regular power sources has been interrupted.



CGS facility (left) and The 2016 Kanagawa Global Environment Award certificate

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 Finite Element Method (FEM) 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 ensure safety within customer manufacturing environments, we develop and introduce safety equipment, and provide safety training at the customer site when we install a press and at other times when necessary.

R&D and Intellectual Property

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 engineering, manufacturing, 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.

To bolster our global patent activities, we have positioned the Intellectual Property Office under the Global Operation Promotion Office. The Intellectual Property Office centrally manages intellectual property of AIDA Group companies in Japan and abroad. 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.

Social Contribution Activities

Sagami-hara City, where AIDA's headquarters is located, has a program in which it enlists the assistance of companies to provide local junior high school students with opportunities to visit businesses and develop a sense of what it means to work. As part of its efforts to support the development of future generations of workers, AIDA participates in that program by inviting students on a tour of its manufacturing plant. We also accept tour requests from high schools and universities throughout Japan.

During the fiscal year ended March 31, 2017, a total of 65 junior high school, high school, and university students participated in our plant tours. On each occasion, we explained what AIDA does, discussed finished products made with AIDA presses, and led students on a tour through our manufacturing facilities. Our overall aim was to communicate our social roles and responsibilities, and the significance of manufacturing.

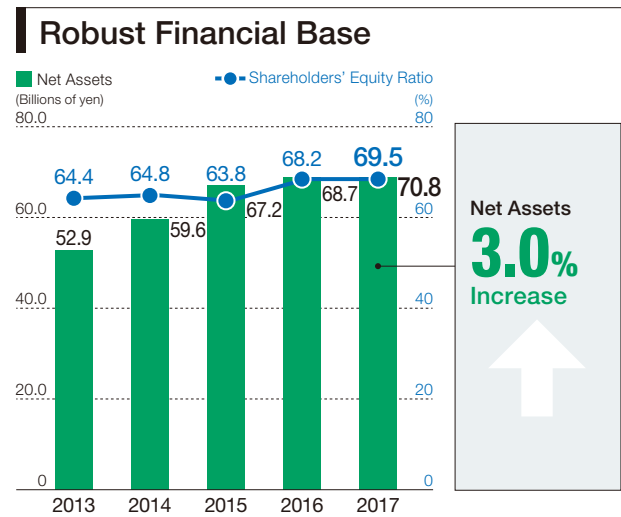
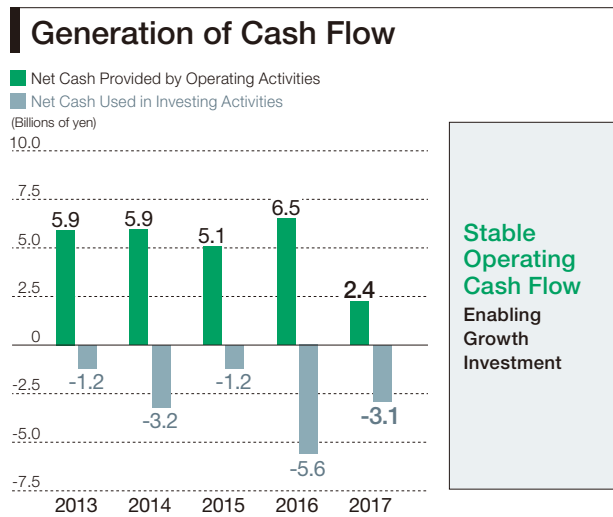
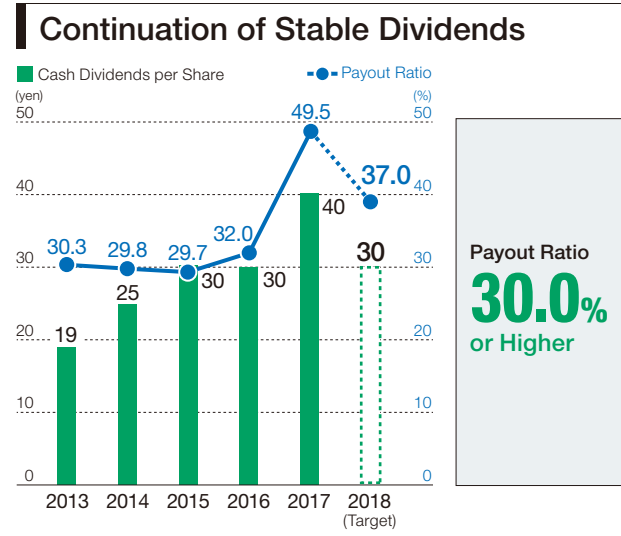
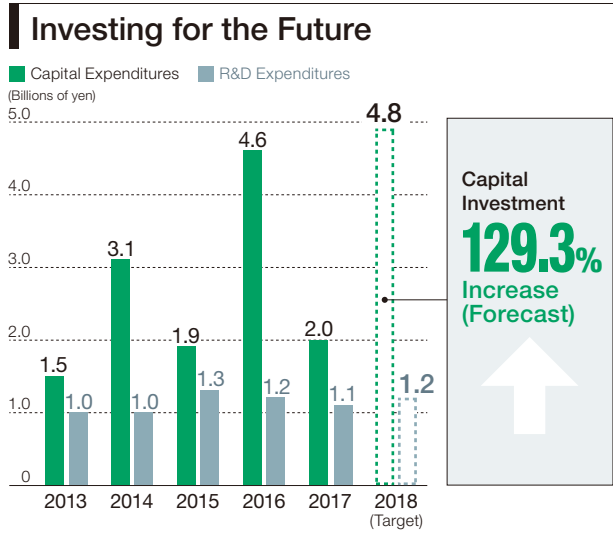
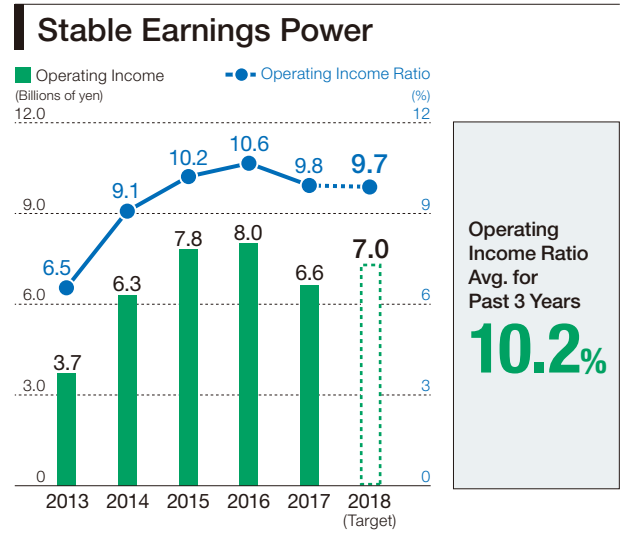
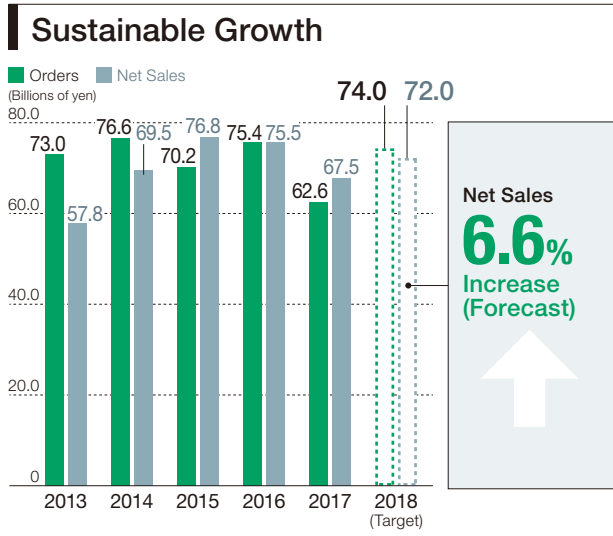
As a company that has the resources to do so, AIDA will continue to undertake various activities aimed at building good relationships with local communities.



Students on a plant tour

At a Glance

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



Net Sales by Business Division and Press Machine Market Segment

Net Sales
2nd in Net Sales Worldwide

AIDA is a globally recognized brand in the field of press forming systems, and in the automotive-related, consumer electronics and electric machinery industries in particular. With customers throughout the world, we are now the second-largest press manufacturer by sales.

Press Product Series
Capacities Ranging from 35 to 4,000 Tons

As a forming systems builder with development capabilities that allow us to respond to all manner of customer needs, we offer a wide variety of product series, from small, general-purpose machines to large, special-purpose machines.

Press Machines

78.0%

Net Sales (Billions of yen)



Automotive related

76.3%

Net Sales (Billions of yen)



Electric related

8.8%

Net Sales (Billions of yen)



Others

14.9%

Net Sales (Billions of yen)



Service

21.7%

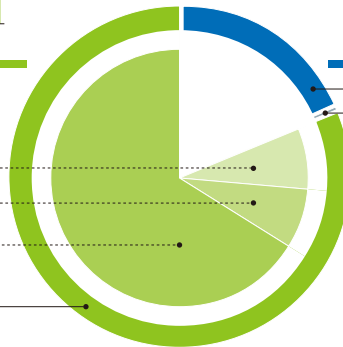
Net Sales (Billions of yen)



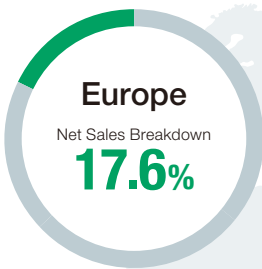
Others

0.2%

Net Sales (Billions of yen)



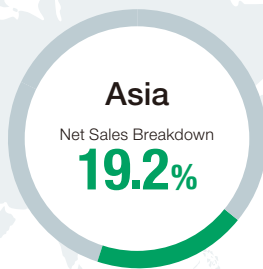
Net Sales and Employees by Geographic Segment



Net Sales (Billions of yen)



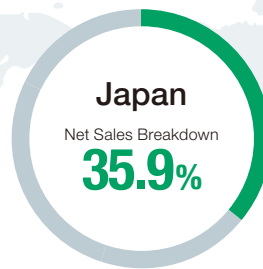
Employees



Net Sales (Billions of yen)



Employees



Net Sales (Billions of yen)



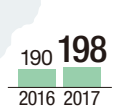
Employees



Net Sales (Billions of yen)



Employees



Consolidated Financial Summary

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

	2008	2009	2010	2011
Orders, Net sales, and Income (Loss)				
Orders	¥ 65,785	¥ 40,883	¥ 33,403	¥ 47,924
Net sales	64,513	60,675	34,898	40,989
Cost of sales	49,023	50,148	32,313	33,343
Selling, general and administrative expenses	10,124	9,571	8,114	6,180
Operating income (loss)	5,365	955	(5,529)	1,466
Income (loss) before income taxes	5,411	145	(8,945)	1,098
Income taxes	1,825	(664)	3,144	(134)
Net income (loss) attributable to owners of parent	3,585	810	(12,090)	1,232
Profitability Ratio				
Operating income ratio	8.3%	1.6%	(15.8)%	3.6%
Total Assets, Total Shareholders' Equity and Interest-bearing Debt				
Total assets	¥ 85,036	¥ 74,796	¥ 63,867	¥ 67,342
Total shareholders' equity	61,326	57,869	45,706	45,221
Total interest-bearing debt	1,500	500	1,124	1,500
Shareholders' equity ratio	72.1%	77.3%	71.5%	67.0%
Capital Expenditures, Depreciation and Amortization and R&D Expenditures				
Capital expenditures	¥ 4,771	¥ 3,248	¥ 578	¥ 689
Depreciation and amortization	2,333	2,728	2,684	1,403
R&D expenditures	1,658	1,567	1,203	1,079
Return Indicators				
Return on equity (ROE)	5.7%	1.4%	(23.4)%	2.7%
Return on assets (ROA)	4.1%	1.0%	(17.4)%	1.9%
Cash Flows				
Net cash provided by (used in) operating activities	¥ (1,103)	¥ 2,475	¥ 4,857	¥ (2,359)
Net cash provided by (used in) investing activities	(0)	3,985	(294)	(1,253)
Free cash flow	(1,103)	6,460	4,562	(3,613)
Net cash provided by (used in) financing activities	(2,162)	(3,599)	309	(1,029)
Cash and cash equivalents at the end of year	7,420	9,859	14,580	9,569
	2008	2009	2010	2011
Per Share Data				
Net income (basic)	¥ 50.27	¥ 12.41	¥ (189.36)	¥ 19.51
Cash dividends	15.00	5.00	5.00	6.00
Shareholders' equity	911.28	905.90	715.08	745.27
Stock Information (at Year-End)				
Stock price	¥ 626	¥ 278	¥ 390	¥ 374
Market capitalization (millions of yen)	49,546	22,002	30,867	29,601
Number of shares issued (shares)	79,147,321	79,147,321	79,147,321	79,147,321
Other Data				
Number of employees	1,610	1,629	1,507	1,478

Note: 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
2012	2013	2014	2015	2016	2017	2016 vs 2017	
¥ 58,021	¥ 73,033	¥ 76,670	¥ 70,256	¥ 75,474	¥ 62,655	(17.0)	
52,240	57,812	69,594	76,897	75,529	67,547	(10.6)	
42,589	46,393	54,617	59,650	57,544	51,761	(10.0)	
7,424	7,657	8,656	9,383	9,947	9,168	(7.8)	
2,225	3,760	6,320	7,863	8,037	6,617	(17.7)	
2,927	4,019	6,584	8,543	8,329	6,754	(18.9)	
79	211	1,456	2,337	2,546	1,769	(30.5)	
2,847	3,808	5,127	6,205	5,782	4,985	(13.8)	
4.3%	6.5%	9.1%	10.2%	10.6%	9.8%	-	
¥ 71,300	¥ 82,118	¥ 91,830	¥ 105,126	¥ 100,609	¥ 101,683	1.1	
47,476	52,990	59,655	67,254	68,758	70,834	3.0	
2,048	1,500	2,491	1,891	4,663	4,470	(4.1)	
66.5%	64.4%	64.8%	63.8%	68.2%	69.5%	-	
¥ 2,667	¥ 1,555	¥ 3,117	¥ 1,958	¥ 4,654	¥ 2,093	(55.0)	
1,378	1,362	1,548	1,712	1,995	1,961	(1.7)	
909	1,008	1,076	1,345	1,237	1,197	(3.2)	
6.2%	7.6%	9.1%	9.8%	8.5%	7.2%	-	
4.1%	5.0%	5.9%	6.3%	5.6%	4.9%	-	
¥ 8,749	¥ 5,938	¥ 5,978	¥ 5,100	¥ 6,596	¥ 2,400	(63.6)	
(1,231)	(1,277)	(3,254)	(1,237)	(5,655)	(3,118)	-	
7,517	4,660	2,723	3,863	941	(718)	-	
35	(1,446)	26	(2,077)	915	(1,954)	-	
17,129	22,281	26,038	29,958	29,524	25,572	(13.4)	
						Yen	% change
2012	2013	2014	2015	2016	2017	2016 vs 2017	
¥ 46.97	¥ 62.74	¥ 83.95	¥ 100.99	¥ 93.78	¥ 80.82	(13.8)	
14.00	19.00	25.00	30.00	30.00	40.00	33.3	
781.58	868.33	969.35	1,088.96	1,112.51	1,145.74	3.0	
¥ 476	¥ 756	¥ 982	¥ 1,380	¥ 978	¥ 988	1.0	
37,674	59,835	77,722	101,633	72,027	72,763	1.0	
79,147,321	79,147,321	79,147,321	73,647,321	73,647,321	73,647,321	-	
1,566	1,647	1,728	1,818	1,951	1,950	(0.1)	

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

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

Orders, Sales, and Earnings

During the fiscal year ended March 31, 2017, the global economy made steady progress on the road to recovery as advanced economies experienced solid growth and emerging economies showed signs of improvement thanks to factors that included recovery of resource prices. In Japan, economic performance reflected a modest recovery, helped by growing exports and improving consumer sentiment. Going forward, recovery of the global economy is expected to continue; however, uncertainty is persistent due to mounting protectionist pressures, growing geopolitical risks, and other factors.

In the forming-machinery industry, increases in orders were recorded at both the global level and in Japan, where orders rose 5.8% year on year, to ¥154.5 billion, based on data from the Japan Forming Machinery Association.

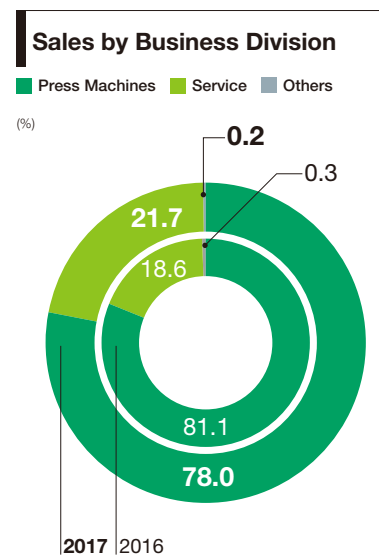
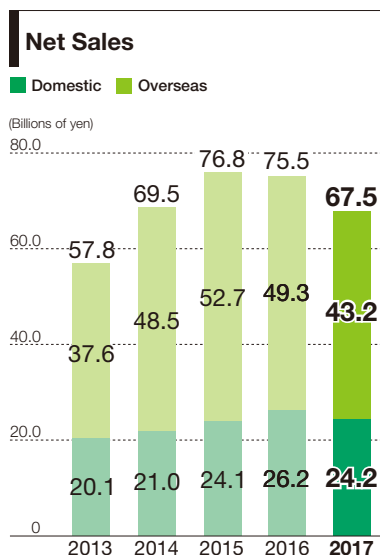
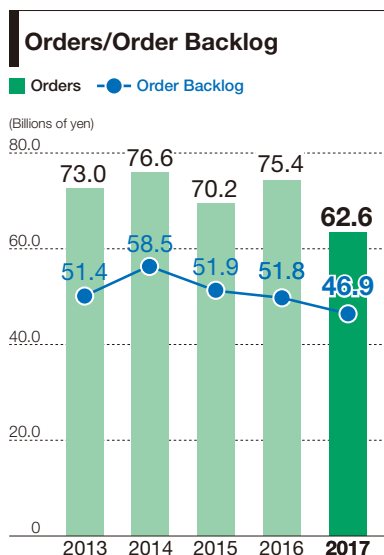
Under conditions such as those described above, the AIDA Group worked to implement its Mid-Term Management Plan covering the fiscal years ended March 31, 2015–2017. Guided by the vision statement “As a cutting-edge corporation that supports manufacturing, we will further develop and pursue environmentally friendly and energy-saving products,” we endeavored to strengthen our business infrastructure and increase our earnings by implementing the three basic policies 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 ended March 31, 2017, we focused on strengthening human resources, adding production capacity, and enhancing other aspects of our business infrastructure, while also focusing attention on garnering

orders by globally linking the sales activities of Group companies.

Despite these efforts, order intake for the fiscal year declined 17.0%, compared to the previous fiscal year, to ¥62.6 billion, due to the loss of specific major orders and other factors. The order backlog fell 9.4%, to ¥46.9 billion. Net sales were ¥67.5 billion, down 10.6%, due to yen appreciation when booking overseas sales on a yen-conversion basis and also due to the effects of declining press machine sales to automotive-related industries in Japan and Asia. Given the combined impacts of lower sales and yen appreciation, we recorded operating income of ¥6.6 billion (down 17.7%), ordinary income of ¥6.7 billion (down 19.0%), and net income attributable to owners of parent of ¥4.9 billion (down 13.8%).

As for profit distribution, our basic policy is to maintain a stable dividend, with a consolidated dividend payout ratio of 30% or higher, while also providing for the stability of our business infrastructure and maintaining internal reserves for future growth investments. For the fiscal year ended March 31, 2017, we set the per-share dividend at ¥40, including an ordinary dividend of ¥30 and a commemorative dividend of ¥10 to mark the 100th anniversary of our founding, which we celebrated in March 2017.



Result by Business Divisions and Geographic Segments

Business Divisions

Press Machines

Factors such as a lack of orders for large tandem lines resulted in order intake of ¥48.7 billion, a 20.0% decline compared to the previous fiscal year. Net sales were ¥52.7 billion, down 13.9%, due to the effects of yen appreciation and lower sales to automotive-related manufacturers in Japan and Asia.

Service

Order intake ended the year at ¥13.5 billion, down 5.0%. Nevertheless, the modernization/retrofitting business and other segments were robust, and net sales were ¥14.6 billion, up 4.3%.

Others

Order intake was ¥309 million, up 27.9%, while net sales ended the year at ¥160 million, down 28.0%.

Asia

Weak sales to automotive-related industries resulted in net sales of ¥15.2 billion, down 27.3%, which, together with other factors, restricted segment profit to ¥1.5 billion, down 34.5%.

Americas

On a local-currency basis, net sales rose compared to the prior fiscal year. On a yen-conversion basis, however, net sales fell 1.3%, to ¥18.7 billion. Segment profit, on the other hand, rose 12.8%, to ¥1.4 billion, as a result of reductions in cost of sales and selling, general and administrative expenses.

Europe

Due to yen appreciation and fewer sales of mid-size and large presses to automotive-related industries, net sales declined 16.9%, to ¥12.3 billion. However, lower cost of sales and selling, general and administrative expenses allowed for a lower segment loss of ¥65 million, a ¥425 million improvement from the previous fiscal year.

Geographic Segments

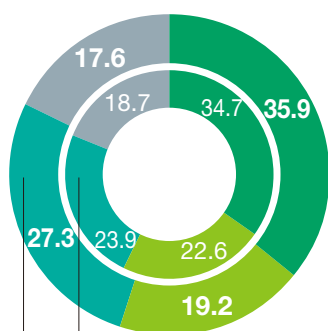
Japan

Due to lower sales of press machines to automotive-related industries, net sales were ¥41.1 billion, down 6.5% compared to the previous fiscal year, and segment profit, held back by this decline, totaled ¥3.5 billion, down 29.1%.

Sales by Geographic Segment (to External Customers)

■ Japan ■ Asia ■ Americas ■ Europe

(%)



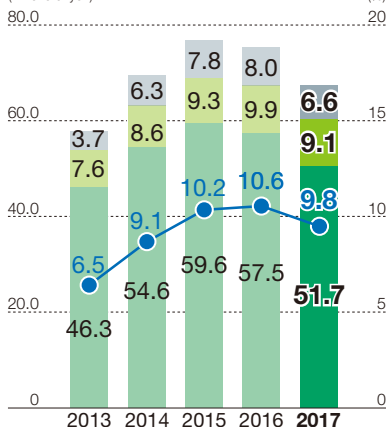
2017 2016

Cost and Expenses/Operating Income/Operating Income Ratio

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

(Billions of yen)

(%)



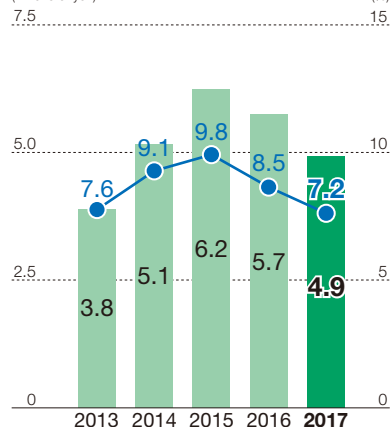
Net Income Attributable to Owners of Parent/ROE

■ Net Income Attributable to Owners of Parent

● ROE

(Billions of yen)

(%)



Financial Position

As of March 31, 2017, assets increased by ¥1.0 billion compared to the previous fiscal year end, to ¥101.6 billion. Primary factors for this result include a decrease of ¥3.2 billion in cash on hand and at banks, and short-term securities; a ¥3.3 billion increase in notes and accounts receivable-trade, and electronically recorded monetary claims-operating; a ¥1.0 billion increase in investment securities resulting from a rise in share prices; and a ¥1.1 billion decrease in the insurance reserve fund.

Liabilities decreased ¥1.0 billion compared to the previous fiscal year end, to ¥30.8 billion. This decrease was primarily due to a decrease of ¥500 million in income taxes after the payment of taxes and other adjustments.

Net assets increased ¥2.0 billion compared to the previous fiscal year end, to ¥70.8 billion. This increase was primarily due to a ¥3.0 billion increase in retained earnings and a ¥1.5 billion decrease in foreign currency translation adjustments. As a result, our shareholders' equity ratio at the end of the consolidated fiscal year was 69.5%.

Cash Flow

Cash and cash equivalents as of March 31, 2017 decreased ¥3.9 billion from the previous fiscal year end, to ¥25.5 billion.

Net cash provided by operating activities was ¥2.4 billion, compared with net cash provided by operating activities of ¥6.5 billion in the previous fiscal year. Major inflows included income before income taxes of ¥6.7 billion, and depreciation and amortization of ¥1.9 billion. Major outflows included an increase in accounts receivable-trade of ¥3.4 billion, and income tax payments of ¥1.9 billion.

Net cash used in investing activities was ¥3.1 billion,

compared with net cash used in investing activities of ¥5.6 billion in the previous fiscal year. Major outflows included payments for purchase of tangible and intangible assets of ¥2.4 billion.

Net cash used in financing activities was ¥1.9 billion, compared with net cash provided financing activities of ¥915 million in the previous fiscal year. Major outflows included cash dividend payments of ¥1.9 billion.

Capital Expenditures

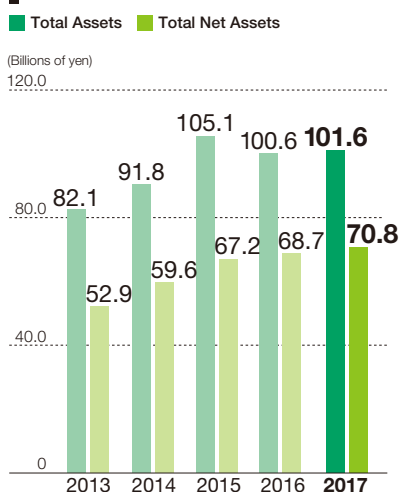
In the fiscal year under review, the Company recorded capital expenditures totaling ¥2.0 billion. Principal expenditures included the following items.

1. Installation of large machining centers to strengthen production functions in China and Italy.
2. Expansion of existing plants, and enhancement of auxiliary functions at existing plants, to promote greater in-house manufacturing and production streamlining in Japan.
3. Consolidation and establishment of new offices to improve sales and service activities in China.

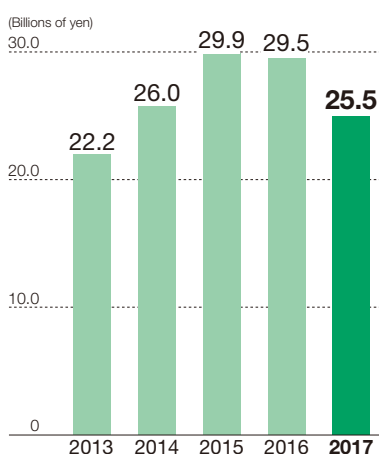
Research and Development

R&D investments for the fiscal year totaled ¥1.1 billion. These funds went toward the development of new and core technologies, such as servo motor systems for presses, forming systems for handling lighter-weight products, and IoT-related technologies. Funds were also used to strengthen core product offerings through the development of products such as a hot-stamping servo press and a new general-purpose straightside servo press.

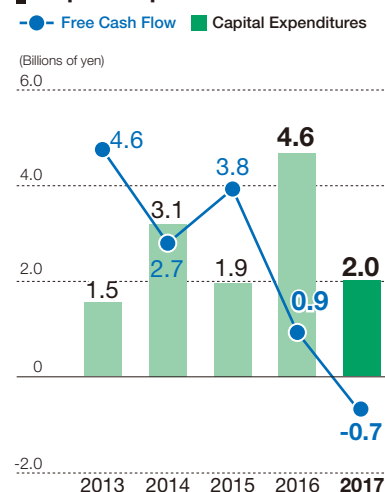
Total Assets/Total Net Assets



Cash and Cash Equivalents at the End of the Year



Free Cash Flow/ Capital Expenditures



Consolidated Segment Information

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

	Millions of yen					% change
	2013	2014	2015	2016	2017	
Business Division:						
Net sales						
Press machines	¥ 44,969	¥ 56,963	¥ 62,893	¥ 61,234	¥ 52,711	(13.9)
Service	12,619	12,439	13,803	14,072	14,674	4.3
Others	223	191	199	222	160	(28.0)
Consolidated	¥ 57,812	¥ 69,594	¥ 76,897	¥ 75,529	¥ 67,547	(10.6)
Geographic Segment:						
Net sales						
Japan	¥ 39,714	¥ 39,679	¥ 45,994	¥ 44,041	¥ 41,176	(6.5)
Asia	17,482	19,954	18,858	20,989	15,259	(27.3)
Americas	11,924	17,397	24,699	19,008	18,752	(1.3)
Europe	11,822	16,418	14,948	14,853	12,337	(16.9)
Reconciliation	(23,131)	(23,855)	(27,604)	(23,363)	(19,979)	-
Consolidated	¥ 57,812	¥ 69,594	¥ 76,897	¥ 75,529	¥ 67,547	(10.6)
Operating income (loss)						
Japan	¥ 2,074	¥ 4,181	¥ 4,765	¥ 4,967	¥ 3,521	(29.1)
Asia	1,462	1,585	1,478	2,321	1,519	(34.5)
Americas	493	902	1,587	1,327	1,496	12.8
Europe	(49)	(717)	78	(490)	(65)	-
Reconciliation	(219)	368	(45)	(88)	144	-
Consolidated	¥ 3,760	¥ 6,320	¥ 7,863	¥ 8,037	¥ 6,617	(17.7)

Quarterly Information

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

	Millions of yen					% change
	2013	2014	2015	2016	2017	
Net Sales						
1st Quarter	¥ 12,064	¥ 14,960	¥ 17,168	¥ 17,857	¥ 15,338	(14.1)
2nd Quarter	14,638	16,913	16,994	19,611	16,429	(16.2)
3rd Quarter	14,569	17,930	21,950	19,393	15,881	(18.1)
4th Quarter	16,541	19,789	20,782	18,668	19,897	6.6
Consolidated	¥ 57,812	¥ 69,594	¥ 76,897	¥ 75,529	¥ 67,547	(10.6)
Operating Income (Loss)						
1st Quarter	¥ 854	¥ 1,522	¥ 1,815	¥ 2,097	¥ 1,266	(39.6)
2nd Quarter	1,215	1,603	1,814	2,135	2,059	(3.6)
3rd Quarter	989	1,667	2,535	2,221	1,205	(45.7)
4th Quarter	702	1,526	1,696	1,582	2,086	31.8
Consolidated	¥ 3,760	¥ 6,320	¥ 7,863	¥ 8,037	¥ 6,617	(17.7)

Consolidated Balance Sheets

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
As of March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2017	2016	2017
Assets			
Current assets			
Cash on hand and at banks (Note 4)	¥ 24,491	¥ 22,529	\$ 218,284
Notes and accounts receivable – trade	23,233	20,105	207,076
Electronically recorded monetary claims – operating	657	397	5,862
Short-term securities (Notes 4 and 7)	2,000	7,200	17,825
Inventories (Note 5)	14,026	13,430	125,010
Advance payments – trade	997	1,034	8,886
Deferred tax assets (Note 14)	857	1,049	7,640
Accounts receivable – other	1,276	1,348	11,377
Consumption taxes receivable	1,497	1,040	13,349
Other current assets	1,119	953	9,977
Allowance for doubtful accounts	(202)	(186)	(1,804)
Total current assets	69,955	68,903	623,485
Fixed assets			
Property, plant and equipment			
Buildings and structures	21,756	21,650	193,906
Accumulated depreciation	(14,241)	(14,061)	(126,926)
Buildings and structures, net	7,515	7,589	66,979
Machinery and vehicles	14,785	14,096	131,781
Accumulated depreciation	(8,276)	(7,492)	(73,769)
Machinery and vehicles, net	6,508	6,604	58,011
Land	5,053	5,062	45,036
Construction in progress	1,151	779	10,259
Other fixed assets	2,861	2,798	25,500
Accumulated depreciation	(2,273)	(2,177)	(20,266)
Other fixed assets, net	587	620	5,233
Total property, plant and equipment	20,815	20,656	185,520
Intangible assets	845	984	7,533
Investments and other assets			
Investment securities (Note 7)	6,824	5,802	60,825
Insurance reserve fund	2,192	3,390	19,538
Net defined benefit assets (Note 10)	630	435	5,618
Deferred taxes assets (Note 14)	247	155	2,209
Other assets	195	308	1,743
Allowance for doubtful accounts	(23)	(26)	(205)
Total investments and other assets	10,067	10,064	89,730
Total fixed assets	31,728	31,705	282,784
Total assets	¥ 101,683	¥ 100,609	\$ 906,270

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)
	2017	2016	2017
Current liabilities			
Accounts payable–trade	¥ 6,353	¥ 6,882	\$ 56,630
Electronically recorded monetary obligations – operating	2,457	1,828	21,900
Short-term loans payable (Note 9)	2,970	3,163	26,475
Accounts payable – other	854	1,070	7,611
Income taxes payable	708	1,235	6,312
Accrued expenses	1,072	1,431	9,554
Advances received	8,085	7,738	72,061
Accrued warranty costs	700	1,081	6,240
Accrued bonuses for employees	1,040	1,117	9,270
Accrued bonuses for directors	53	60	479
Provision for loss on orders received (Note 5)	166	161	1,487
Special suspense account for reduction entry	–	126	–
Other current liabilities	1,055	1,041	9,409
Total current liabilities	25,518	26,940	227,433
Long-term liabilities			
Long-term loans payable (Note 9)	1,500	1,500	13,368
Long-term accounts payable – other	581	496	5,180
Deferred taxes liabilities (Note 14)	2,543	2,261	22,667
Accrued stock payments for employees	278	238	2,478
Net defined benefit liabilities (Note 10)	108	99	968
Other long-term liabilities	319	314	2,845
Total long-term liabilities	5,330	4,911	47,509
Total liabilities	30,848	31,851	274,943
Net assets			
Shareholders' equity			
Common stock	7,831	7,831	69,795
Authorized: 188,149,000 shares in 2017 and 2016			
Issued: 73,647,321 shares in 2017 and 2016			
Additional paid-in capital	12,420	12,416	110,696
Retained earnings	51,817	48,783	461,827
Treasury stock (Note 11)	(5,158)	(5,166)	(45,980)
(11,955,096 shares in 2017)			
(11,973,276 shares in 2016)			
Total shareholders' equity	66,909	63,864	596,338
Accumulated other comprehensive income			
Net unrealized gains on other securities	3,761	3,043	33,524
Deferred hedge gains (losses)	(75)	159	(676)
Foreign currency translation adjustments	(301)	1,211	(2,687)
Retirement benefit plan adjustments	390	333	3,478
Total accumulated other comprehensive income	3,774	4,748	33,638
Stock options (Note 20)	151	145	1,349
Total net assets	70,834	68,758	631,326
Total liabilities and net assets	¥ 101,683	¥ 100,609	\$ 906,270

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, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2017	2016	2017
Net income	¥ 4,985	¥ 5,782	\$ 44,434
Other comprehensive income (Note 18)			
Net unrealized gains (losses) on other securities	717	(12)	6,397
Deferred hedge gains (losses)	(235)	371	(2,102)
Foreign currency translation adjustments	(1,512)	(2,543)	(13,484)
Retirement benefit plan adjustments	56	(163)	507
Total other comprehensive income (loss)	(974)	(2,348)	(8,682)
Comprehensive income	4,011	3,434	35,752
Comprehensive income attributable to owners of parent	¥ 4,011	¥ 3,434	\$ 35,752

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, 2017 and 2016

	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	Retirement benefit plans adjustments	Total accumulated other comprehensive income (loss)	Stock options	Total net assets
Balance at 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)
Net income 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 and April 1, 2016	73,647	7,831	12,416	48,783	(5,166)	63,864	3,043	159	1,211	333	4,748	145	68,758
Cash dividends	-	-	-	(1,951)	-	(1,951)	-	-	-	-	-	-	(1,951)
Net income attributable to owners of parent	-	-	-	4,985	-	4,985	-	-	-	-	-	-	4,985
Purchase of treasury stock	-	-	-	-	(0)	(0)	-	-	-	-	-	-	(0)
Disposal of treasury stock	-	-	3	-	8	11	-	-	-	-	-	-	11
Net changes of items other than shareholders' equity during the year	-	-	-	-	-	-	717	(235)	(1,512)	56	(974)	6	(968)
Balance at March 31, 2017	73,647	¥7,831	¥12,420	¥51,817	¥(5,158)	¥66,909	¥3,761	¥(75)	¥(301)	¥390	¥3,774	¥151	¥70,834

	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	Retirement benefit plans adjustments	Total accumulated other comprehensive income (loss)	Stock options	Total net assets
Balance at April 1, 2016	73,647	69,795	110,665	434,789	(46,047)	569,202	27,127	1,426	10,797	2,970	42,321	1,295	612,819
Cash dividends	-	-	-	(17,396)	-	(17,396)	-	-	-	-	-	-	(17,396)
Net income attributable to owners of parent	-	-	-	44,434	-	44,434	-	-	-	-	-	-	44,434
Purchase of treasury stock	-	-	-	-	(8)	(8)	-	-	-	-	-	-	(8)
Disposal of treasury stock	-	-	30	-	76	106	-	-	-	-	-	-	106
Net changes of items other than shareholders' equity during the year	-	-	-	-	-	-	6,397	(2,102)	(13,484)	507	(8,682)	54	(8,628)
Balance at March 31, 2017	73,647	\$ 69,795	\$ 110,696	\$ 461,827	\$ (45,980)	\$ 596,338	\$ 33,524	\$ (676)	\$ (2,687)	\$ 3,478	\$ 33,638	\$ 1,349	\$ 631,326

The accompanying notes are an 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 (24 subsidiaries in 2017 and 23 subsidiaries in 2016). Significant consolidated subsidiaries as of March 31, 2017 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. Cost of securities sold is determined by the moving average method.

Other securities without fair market value are stated at cost 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. The finance leases transactions are capitalized to recognize leased assets for financial accounting purpose. All other lease transactions are accounted for as operating leases and relating payments are charged to the consolidated statements of income as incurred.

Leased assets under finance lease transactions that 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.

(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 ¥223 million (U.S.\$1,992 thousand) and ¥406 million for the years ended March 31, 2017 and 2016, 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) 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.

Notes to Consolidated Financial Statements

(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, 2017 are ¥971 million (U.S.\$ 8,656 thousand) and 3,384,000 shares, respectively.

Adoption of the "Implementation Guidance on Recoverability of Deferred Tax Assets"

The Companies have adopted the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26) from the fiscal year ended March 31, 2017.

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 ¥112.20 = U.S.\$1, the approximate rate of exchange as of March 31, 2017, has been used for the purpose of such transla-

tion. 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, 2017 and 2016 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
	2017	2016	2017
Cash on hand and at banks	¥ 24,491	¥ 22,529	\$ 218,284
Add: Securities with maturities of three months or less	2,000	7,200	17,825
Less: Time deposits with maturities of more than three months	(918)	(205)	(8,188)
Cash and cash equivalents	¥ 25,572	¥ 29,524	\$ 227,921

5 INVENTORIES

"Inventories" on the consolidated balance sheets as of March 31, 2017 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Finished goods	¥ 1,647	¥ 1,473	\$ 14,682
Work in process	9,416	9,332	83,925
Raw materials	2,962	2,624	26,403
Inventories	¥ 14,026	¥ 13,430	\$ 125,010

Inventories as of March 31, 2017 and 2016 were offset by a corresponding provision for loss on orders received. A breakdown of the offset amounts as of March 31, 2017 and 2016 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Work in process	¥ 21	¥ 58	\$ 190
Total	¥ 21	¥ 58	\$ 190

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, 2017 were ¥122 million (U.S. \$1,088 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.

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 financial institutions 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.

(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 factors 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.

Notes to Consolidated Financial Statements

Information regarding fair value of financial instruments

Carrying value of financial instruments on the consolidated balance sheets and fair value as of March 31, 2017 and 2016 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, 2017

	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	¥ 24,491	¥ 24,491	¥ -	\$ 218,284	\$ 218,284	\$ -
(2) Notes and accounts receivable – trade and electronically recorded monetary claims – operating	23,891	23,891	-	212,938	212,938	-
(3) Short-term securities	2,000	2,000	-	17,825	17,825	-
(4) Accounts receivable – other	1,276	1,276	-	11,377	11,377	-
(5) Investment securities Other securities	6,711	6,711	-	59,817	59,817	-
Total assets	58,371	58,371	-	520,243	520,243	-
(1) Accounts payable – trade and electronically recorded monetary obligations – operating	8,811	8,811	-	78,530	78,530	-
(2) Accounts payable – other	854	854	-	7,611	7,611	-
(3) Short-term loans payable	2,970	2,970	(0)	26,475	26,475	(0)
(4) Long-term loans payable	1,500	1,505	5	13,368	13,421	52
Total liabilities	14,135	14,141	5	125,986	126,039	52
Derivative transactions which are not subject to hedge accounting*	(167)	(167)	-	(1,495)	(1,495)	-
Derivative transactions which are subject to hedge accounting*	¥ 76	¥ 76	¥ -	\$ 683	\$ 683	\$ -

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

As of March 31, 2016

	Millions of yen		
	Carrying value	Fair value	Difference
(1) Cash on hand and at banks	¥ 22,529	¥ 22,529	¥ -
(2) Notes and accounts receivable – trade and electronically recorded monetary claims – operating	20,503	20,503	-
(3) Short-term securities	7,200	7,200	-
(4) Accounts receivable – other	1,348	1,348	-
(5) Investment securities			
Other securities	5,689	5,689	-
Total assets	57,271	57,271	-
(1) Accounts payable – trade and electronically recorded monetary obligations – operating	8,711	8,711	-
(2) Accounts payable – other	1,070	1,070	-
(3) Short-term loans payable	3,163	3,163	-
(4) Long-term loans payable	1,500	1,518	18
Total liabilities	14,445	14,464	18
Derivative transactions which are not subject to hedge accounting*	147	147	-
Derivative transactions which are subject to hedge accounting*	¥ 282	¥ 282	¥ -

*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 these are settled in the short term, carrying value approximates fair value. Therefore, carrying value is used as 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. Therefore, carrying value is used as fair value.

(3) Short-term securities

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

(4) Accounts receivable – other

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

(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. Therefore, carrying value is used as fair value.

(2) Accounts payable – other

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

(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, 2017

Types of securities	Carrying value	
	Millions of yen	Thousands of U.S. dollars
Unlisted stocks	¥113	\$1,007
Total	¥113	\$1,007

As of March 31, 2016

Types of securities	Carrying value
	Millions of yen
Unlisted stocks	¥113
Total	¥113

Items above do not have market value and their 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, 2017

	Millions of yen			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash at banks	¥24,466	¥ -	¥ -	¥ -
Notes and accounts receivable – trade and electronically recorded monetary claims – operating	23,891	-	-	-
Short-term securities (Negotiable deposits)	2,000	-	-	-
Accounts receivable – other	1,276	-	-	-
Total	¥ 51,634	¥ -	¥ -	¥ -

As of March 31, 2017

	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 banks	\$218,062	\$ -	\$ -	\$ -
Notes and accounts receivable – trade and electronically recorded monetary claims – operating	212,938	-	-	-
Short-term securities (Negotiable deposits)	17,825	-	-	-
Accounts receivable – other	11,377	-	-	-
Total	\$460,204	\$ -	\$ -	\$ -

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 banks	¥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	¥ -	¥ -	¥ -

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

As of March 31, 2017

	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	¥2,970	¥ -	¥ -	¥ -	¥ -
Long-term loans payable	-	500	500	500	-
Total	¥2,970	¥500	¥500	¥500	¥ -

As of March 31, 2017

	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	\$26,475	\$ -	\$ -	\$ -	\$ -
Long-term loans payable	-	4,456	4,456	4,456	-
Total	\$26,475	\$4,456	\$4,456	\$4,456	\$ -

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

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, 2017

Types of securities	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Carrying value	Unrealized gains	Acquisition cost	Carrying value	Unrealized gains
Carrying value exceeds acquisition cost:						
Stocks	¥ 1,343	¥ 6,711	¥ 5,367	\$ 11,978	\$ 59,817	\$ 47,839
Sub-total	1,343	6,711	5,367	11,978	59,817	47,839
Carrying value does not exceed acquisition cost:						
Stocks	-	-	-	-	-	-
Others	2,000	2,000	-	17,825	17,825	-
Sub-total	2,000	2,000	-	17,825	17,825	-
Total	¥ 3,343	¥ 8,711	¥ 5,367	\$ 29,803	\$ 77,643	\$ 47,839

As of March 31, 2016

Types of securities	Millions of yen		
	Acquisition cost	Carrying value	Unrealized gains (losses)
Carrying value exceeds acquisition cost:			
Stocks	¥ 1,073	¥ 5,432	¥ 4,358
Sub-total	1,073	5,432	4,358
Carrying value does not exceed acquisition cost:			
Stocks	270	256	(13)
Others	7,200	7,200	-
Sub-total	7,470	7,456	(13)
Total	¥ 8,543	¥ 12,889	¥ 4,345

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

For the year ended March 31, 2017

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

For the year ended March 31, 2016

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

8 DERIVATIVE FINANCIAL INSTRUMENTS

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, 2017 and 2016 is summarized in the following tables:

As of March 31, 2017

(1) Derivative transactions (hedge accounting not applied)

Currency-related transactions (non-market transactions)

	Millions of yen				Thousands of U.S. dollars			
	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	¥ 1,308	¥ -	¥ (61)	¥ (61)	\$ 11,662	\$ -	\$ (546)	\$ (546)
EUR	3,026	-	21	21	26,974	-	194	194
CNY	69	-	(3)	(3)	622	-	(26)	(26)
Buy -								
USD	739	-	(8)	(8)	6,586	-	(77)	(77)
JPY	2,152	-	(116)	(116)	19,180	-	(1,038)	(1,038)
Total	¥ 7,295	¥ -	¥(167)	¥(167)	\$ 65,026	\$ -	\$ (1,495)	\$ (1,495)

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)

	Main hedged item	Millions of yen			Main hedged item	Thousands of U.S. dollars		
		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		¥ 4,222	¥ 798	¥(109)		\$ 37,637	\$ 7,115	\$ (976)
EUR		3,305	347	166		29,462	3,100	1,484
JPY	Expected foreign currency transactions	132	1	1	Expected foreign currency transactions	1,176	13	12
CNY		2,022	475	17		18,022	4,238	160
Buy -								
USD		58	-	(0)		517	-	(1)
EUR		230	-	(3)		2,054	-	(28)
JPY		373	-	3		3,328	-	27
GBP		124	-	1		1,109	-	13
CAD		72	-	(0)		646	-	(8)
Total		¥ 10,541	¥ 1,623	¥ 76		\$ 93,955	\$ 14,468	\$ 683

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

As of March 31, 2016

(1) Derivative transactions (hedge accounting not applied)

Currency-related transactions (non-market transactions)

	Millions of yen			
	Contract value		Fair value	Unrealized gain (loss)
	Contract value total	Over 1 year		
Forward exchange transactions:				
Sell -				
USD	¥ 190	¥ 71	¥ 12	¥ 12
EUR	2,551	500	105	105
CNY	547	-	30	30
Buy -				
USD	21	-	(1)	(1)
Total	¥ 3,310	¥ 571	¥ 147	¥ 147

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)

	Main hedged item	Millions of yen		
		Contract value		Fair value
		Contract value total	Over 1 year	
Forward exchange transactions:				
Sell -				
USD		¥ 3,166	¥ 433	¥ 128
EUR		2,619	2,040	79
JPY	Expected foreign currency transactions	263	21	(12)
CNY		1,545	875	85
Buy -				
USD		331	-	(7)
EUR		260	26	3
JPY		622	2	5
GBP		143	-	(0)
Total		¥ 8,953	¥ 3,400	¥ 282

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

Notes to Consolidated Financial Statements

9 LOANS PAYABLE

Short-term loans payable as of March 31, 2017 consisted of the following:

	Millions of yen	Weighted average interest rate	Repayment dates	Thousands of U.S. dollars
Short-term loans payable	¥2,970	0.85%	September 28 and 29, 2017	\$26,475

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

	Millions of yen	Weighted average interest rate	Repayment dates
Short-term loans payable	¥3,163	0.84%	September 28 and 30, 2016

Long-term loans payable as of March 31, 2017 consisted of the following:

	Millions of yen	Weighted average interest rate	Repayment dates	Thousands of U.S. dollars
Long-term loans payable	¥1,500	0.74%	March 29, 2019, March 19 and December 15, 2020	\$13,368

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

	Millions of yen	Weighted average interest rate	Repayment dates
Long-term loans payable	¥1,500	0.74%	March 29, 2019, March 19 and December 15, 2020

Repayment schedules for long-term loans payable as of March 31, 2017 are as follows:

As of March 31

	Millions of yen	Thousands of U.S. dollars
2019	¥500	\$4,456
2020	500	4,456
2021	500	4,456
2022	-	-

10 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, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Balance at the beginning of the year	¥3,637	¥3,755	\$ 32,416
(1) Service cost	165	158	1,476
(2) Interest cost	23	33	209
(3) Actuarial gain and loss	(13)	5	(117)
(4) Retirement benefits paid	(113)	(313)	(1,013)
(5) Others	13	(3)	117
Balance at the end of the year	¥3,712	¥3,637	\$ 33,088

The changes in plan assets during the years ended March 31, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Plan assets at the beginning of the year	¥3,972	¥4,171	\$ 35,405
(1) Expected return on plan assets	79	83	708
(2) Actuarial gain and loss	72	(192)	644
(3) Contributions by the Company	216	213	1,930
(4) Retirement benefits paid	(106)	(303)	(949)
Plan assets at the end of the year	¥4,234	¥3,972	\$ 37,738

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2017 and 2016 for the Companies' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
(1) Funded retirement benefit obligation	¥3,603	¥3,537	\$ 32,120
(2) Plan assets at fair value	(4,234)	(3,972)	(37,738)
(3) Unfunded retirement benefit obligation	108	99	968
(4) Net amount of liabilities and assets for retirement benefits in the consolidated balance sheet	(521)	(335)	(4,650)
(5) Net defined benefit liabilities	108	99	968
(6) Net defined benefit assets	(630)	(435)	(5,618)
(7) Net amount of liabilities and assets for retirement benefits in the consolidated balance sheet	¥ (521)	¥ (335)	\$ (4,650)

Notes to Consolidated Financial Statements

The components of retirement benefit expenses for the years ended March 31, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
(1) Service cost	¥ 165	¥ 163	\$ 1,476
(2) Interest cost	23	33	209
(3) Expected return on plan assets	(79)	(83)	(708)
(4) Amortization of actuarial gain and loss	(1)	(65)	(17)
Retirement benefit expenses	¥ 107	¥ 48	\$ 960

The component of retirement benefit plan adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2017 and 2016 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Actuarial gain and loss	¥ 83	¥ (260)	\$ 744
Total	¥ 83	¥ (260)	\$ 744

The component of retirement benefit plan adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2017 and 2016 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Unrecognized actuarial loss	¥ (566)	¥ (483)	\$ (5,051)
Total	¥ (566)	¥ (483)	\$ (5,051)

The fair value of plan assets by major category, as a percentage of total plan assets, as of March 31, 2017 and 2016 is as follows:

	2017	2016
(1) Bonds	26.6%	27.9%
(2) Stocks	30.9%	31.0%
(3) Cash on hand and at banks	3.7%	1.7%
(4) General accounts	26.9%	27.3%
(5) Others	11.9%	12.1%
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, 2017 and 2016 are as follows:

	2017	2016
(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, 2017 and 2016 were ¥176 million (\$1,577 thousand) and ¥176 million, respectively.

11 NET ASSETS

Information regarding changes in net assets during the years ended March 31, 2017 and 2016 was as follows:

(1) Shares issued and outstanding / Treasury stock

During the year ended March 31, 2017

Types of shares	Number of shares at April 1, 2016	Increase	Decrease	Number of shares at March 31, 2017
Shares issued:				
Common stock	73,647,321	-	-	73,647,321
Treasury stock:				
Common stock (Remarks 1, 2 and 3)	11,973,276	1,020	19,200	11,955,096

Remarks: 1. Increase due to purchase of shares of less than standard unit 1,020

2. Details of the decrease are as follows:

 Decrease due to the grant of shares from ESOP trust 4,200

 Decrease due to exercising share subscription rights 15,000

3. The number of shares of treasury stock held by the Trust Account E as of April 1, 2016 and March 31, 2017 includes 3,388,200 shares and 3,384,000 shares, respectively.

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 held by the Trust Account E as of April 1, 2015 and March 31, 2016 includes 3,395,600 shares and 3,388,200 shares, respectively.

(2) Share subscription rights

During the year ended March 31, 2017

Company	Description	Type of shares issued	Number of shares at April 1, 2016	Increase	Decrease	Number of shares at March 31, 2017	Millions of yen	Thousands of U.S. dollars
							Balance at March 31, 2017	Balance at March 31, 2017
Parent company	Share subscription rights as stock options	-	-	-	-	-	¥151	\$1,349
	Total	-	-	-	-	-	¥151	\$1,349

Notes to Consolidated Financial Statements

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
							Balance at March 31, 2016
Parent company	Share subscription rights as stock options	-	-	-	-	-	¥145
	Total	-	-	-	-	-	¥145

12 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The significant components of selling, general and administrative expenses for the years ended March 31, 2017 and 2016:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Salaries and wages	¥2,237	¥2,461	\$19,942
Bonuses	371	453	3,311
Provision for accrued bonuses for employees	424	449	3,780
Retirement benefit expenses	65	43	583
Welfare expenses	550	610	4,906
Commission expenses	294	403	2,625
Advertising and promotion expenses	113	154	1,014
Traveling expenses	542	583	4,838
Communication expenses	96	97	858
Rental expenses	264	257	2,359
Insurance expenses	252	260	2,253
Depreciation expenses	531	537	4,734
Taxation and other public dues	406	331	3,625
Compensation fee	533	467	4,752

13 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, 2017 and 2016 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Selling, general and administrative expenses	¥ 956	¥1,040	\$ 8,529
Cost of sales	240	196	2,139
Total	¥ 1,197	¥1,237	\$ 10,668

14 INCOME TAXES

The applicable statutory tax rates in Japan were approximately 30.8% and 33.0% as of March 31, 2017 and 2016, respectively.

(1) Reconciliations of the differences between the effective income tax rates and statutory income tax rates for the years ended March 31, 2017 and 2016 are as follows:

	2017	2016
Statutory income tax rates	30.8%	33.0%
Non-deductible expenses (entertainment expenses and others) for tax purposes	2.3	2.0
Dividend income	(0.1)	(0.1)
Dividends from overseas subsidiaries	0.3	0.2
Inhabitant taxes per capita	0.2	0.2
Difference of tax rates applied to overseas subsidiaries	(1.3)	(0.7)
Tax credit	(4.6)	(4.3)
Changes in valuation allowance	(1.9)	(1.9)
Effect of tax rate reduction	0.0	0.1
Others	0.4	2.0
Effective income tax rates	26.2%	30.6%

(2) The major components of deferred tax assets and liabilities as of March 31, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Deferred tax assets:			
Loss on write-down of inventories	¥ 589	¥ 590	\$ 5,254
Accrued warranty costs	206	335	1,836
Accrued bonuses for employees	237	261	2,118
Depreciation expense	866	863	7,723
Unrealized loss on golf club membership	22	23	200
Long-term accounts payable - other	76	76	682
Tax losses carried forward	870	1,060	7,760
Others	623	439	5,556
Subtotal deferred tax assets	3,493	3,652	31,132
Less: Valuation allowance	(2,178)	(2,309)	(19,417)
Total deferred tax assets	1,314	1,342	11,715
Deferred tax liabilities:			
Undistributed subsidiaries' earnings	(374)	(364)	(3,333)
Reserve for reduction entry of replaced property	(461)	(467)	(4,116)
Net defined benefit assets	(197)	(158)	(1,760)
Unrealized gains on other securities	(1,606)	(1,301)	(14,317)
Others	(112)	(106)	(1,005)
Total deferred tax liabilities	(2,752)	(2,399)	(24,532)
Net deferred tax assets (liabilities)	¥ (1,438)	¥ (1,056)	\$ (12,817)

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

The "Act for Partial Revision of the Consumption Tax" and the "Act for Partial Revision of the Local Tax Act etc." were enacted by the Japanese Diet on November 18, 2016. As a result, the effective statutory corporate tax rate to calculate deferred tax assets and deferred tax liabilities was changed. The effect of these changes on the consolidated financial statements was immaterial.

Notes to Consolidated Financial Statements

15 LEASES

Description of finance leases is omitted due to its insignificance as of March 31, 2017 and 2016.

The following is a summary of future minimum payments under operating leases, as of March 31, 2017 and 2016:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Operating leases:			
Due within 1 year	¥ 59	¥ 71	\$ 532
Thereafter	24	40	220
Total	¥ 84	¥ 112	\$ 752

16 RELATED PARTY TRANSACTIONS

There were no material transactions between AIDA and its related companies and individuals for the years ended March 31, 2017 and 2016.

17 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, 2017 and 2016 are as follows:

	Yen		U.S. dollars
	2017	2016	2017
Net assets per share*1	¥1,145.74	¥1,112.51	\$10.21
Net income - Basic*2	80.82	93.78	0.72
- Diluted*2	80.65	93.54	0.71

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

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Total net assets on consolidated balance sheets	¥70,834	¥68,758	\$631,326
Total net assets attributable to shares of common stock	70,683	68,613	629,977
Main differences: Stock options	151	145	1,349
Number of shares outstanding (thousands of shares)	73,647	73,647	-
Number of treasury stock (thousands of shares)	11,955	11,973	-
Number of shares used for computing net assets per share (thousands of shares)	61,692	61,674	-

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

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Net income	¥ 4,985	¥ 5,782	\$44,434
Net income attributable to shares of common stock	4,985	5,782	44,434
Average number of shares outstanding during the years (thousands of shares)	61,686	61,660	-
Potential increase in common stock for the diluted income calculation (thousands of shares)	129	159	-

18 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, 2017 and 2016:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Net unrealized gains (losses) on securities:			
Amount arising during the year	¥ 1,025	¥ (110)	\$ 9,136
Reclassification adjustments for gains and losses included in net income	-	-	-
Amount before tax effect	1,025	(110)	9,136
Tax effect	(307)	98	(2,739)
Net unrealized gains (losses) on securities	717	(12)	6,397
Deferred hedge gains (losses):			
Amount arising during the year	(157)	105	(1,406)
Reclassification adjustments for gains and losses included in net income	(182)	438	(1,627)
Amount before tax effect	(340)	544	(3,033)
Tax effect	104	(172)	930
Deferred hedge gains (losses)	(235)	371	(2,102)
Foreign currency translation adjustments:			
Amount arising during the year	(1,512)	(2,543)	(13,484)
Retirement benefit plans adjustments:			
Amount arising during the year	87	(194)	778
Reclassification adjustments for gains and losses included in net income	(3)	(66)	(33)
Amount before tax effect	83	(260)	744
Tax effect	(26)	97	(237)
Retirement benefit plans adjustments	56	(163)	507
Total other comprehensive income (loss)	¥ (974)	¥ (2,348)	\$ (8,682)

19 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.

Notes to Consolidated Financial Statements

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

As of and for the year ended March 31, 2017

	Millions of yen					
	Japan	Asia	Americas	Europe	Adjustments*1	Consolidated*2
Sales to third parties	¥ 24,249	¥ 12,966	¥ 18,466	¥ 11,865	¥ -	¥ 67,547
Inter-segment sales	16,927	2,293	286	472	(19,979)	-
Total sales	41,176	15,259	18,752	12,337	(19,979)	67,547
Segment profit or loss	3,521	1,519	1,496	(65)	144	6,617
Segment assets	72,499	21,444	10,401	15,698	(18,360)	101,683
Depreciation	1,070	458	179	256	(2)	1,961
Increase in property, plant, equipment and intangible assets	¥ 612	¥ 840	¥ 202	¥ 457	¥ (19)	¥ 2,093

As of and for the year ended March 31, 2017

	Thousands of U.S. dollars					
	Japan	Asia	Americas	Europe	Adjustments*1	Consolidated*2
Sales to third parties	\$ 216,126	\$ 115,565	\$ 164,582	\$ 105,750	\$ -	\$ 602,025
Inter-segment sales	150,867	20,437	2,555	4,206	(178,067)	-
Total sales	366,993	136,003	167,138	109,957	(178,067)	602,025
Segment profit or loss	31,385	13,543	13,341	(580)	1,286	58,975
Segment assets	646,161	191,130	92,702	139,915	(163,639)	906,270
Depreciation	9,538	4,083	1,600	2,285	(23)	17,484
Increase in property, plant, equipment and intangible assets	\$ 5,459	\$ 7,493	\$ 1,802	\$ 4,077	\$ (172)	\$ 18,659

As of and for the year ended March 31, 2016

	Millions of yen					
	Japan	Asia	Americas	Europe	Adjustments*1	Consolidated*2
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

*1 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.

Adjustments of depreciation and increase in property, plant, equipment and intangible assets represent elimination of inter-segment transactions.

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

(Related information)

1. Products and service

For the year ended March 31, 2017

	Millions of yen			
	Press machines	Service	Others	Total
Sales to third parties	¥52,711	¥14,674	¥160	¥67,547

	Thousands of U.S. dollars			
	Press machines	Service	Others	Total
Sales to third parties	\$469,803	\$130,791	\$1,429	\$602,025

For the year ended March 31, 2016

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

2. Geographical information

(1) Sales

For the year ended March 31, 2017

Millions of yen						Thousands of U.S. dollars					
Japan	Asia	Americas	Europe	Others	Total	Japan	Asia	Americas	Europe	Others	Total
¥24,339	¥13,350	¥18,796	¥10,839	¥220	¥67,547	\$216,933	\$118,992	\$167,524	\$96,608	\$1,966	\$602,025

For the year ended March 31, 2016

Millions of yen					
Japan	Asia	Americas	Europe	Others	Total
¥25,373	¥18,041	¥19,633	¥12,035	¥446	¥75,529

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, 2017

Millions of yen					Thousands of U.S. dollars				
Japan	Asia	Americas	Europe	Total	Japan	Asia	Americas	Europe	Total
¥11,131	¥4,591	¥2,152	¥2,939	¥20,815	\$99,212	\$40,924	\$19,183	\$26,200	\$185,520

As of March 31, 2016

Millions of yen				
Japan	Asia	Americas	Europe	Total
¥11,537	¥3,772	¥2,124	¥3,222	¥20,656

(Reportable segment information for impairment loss of fixed assets)

There is no impairment loss of fixed assets for the year ended March 31, 2017. Information is omitted due to its insignificance for the year ended March 31, 2016.

(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, 2017 and 2016.

(Reportable segment information for gain of negative goodwill)

There is no gain of negative goodwill recorded for the years ended March 31, 2017 and 2016.

Notes to Consolidated Financial Statements

20 STOCK OPTIONS

The directors' remuneration amounts recorded in "Selling, general and administrative expenses" for the years ended March 31, 2017 and 2016 were ¥16 million (U.S.\$149 thousand) and ¥19 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
2016	Directors (5)	25,000	September 29, 2016	1	From September 30, 2016 to September 29, 2046

A summary of stock option activity is as follows:

Granted fiscal year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Exercise price per share (yen)	1	1	1	1	1	1	1	1	1	1
Average stock price when exercised (yen)	-	-	-	-	851	851	851	851	851	-
Fair value per share when granted (yen)	-	-	-	-	348.40	546.89	833.12	1,011.25	865.58	671.07
Share subscription rights which are not yet vested										
Outstanding as of April 1, 2016 (shares)	-	-	-	-	-	-	-	-	-	-
Granted (shares)	-	-	-	-	-	-	-	-	-	25,000
Forfeited (shares)	-	-	-	-	-	-	-	-	-	-
Vested (shares)	-	-	-	-	-	-	-	-	-	25,000
Outstanding as of March 31, 2017 (shares)	-	-	-	-	-	-	-	-	-	-
Share subscription rights which have already been vested										
Outstanding as of April 1, 2016 (shares)	15,000	21,000	47,000	41,000	35,000	42,000	32,000	23,000	22,000	-
Vested (shares)	-	-	-	-	-	-	-	-	-	25,000
Exercised (shares)	-	-	-	-	2,000	5,000	3,000	3,000	2,000	-
Forfeited (shares)	-	-	-	-	-	-	-	-	-	-
Outstanding as of March 31, 2017 (shares)	15,000	21,000	47,000	41,000	33,000	37,000	29,000	20,000	20,000	25,000

The method for estimating the fair value of stock options granted for the year ended March 31, 2017 is as follows:

(a) Valuation method used: Black-Scholes model

(b) Principal assumptions

Volatility*1	37.41%
Projected remaining period*2	5 years
Projected dividend per share*3	¥30.00 (U.S.\$0.26)
Risk-free interest rate	(0.239)%

*1 Computed based on share prices during a five-year period from September 30, 2011 to September 29, 2016.

*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, 2016 and 2015.

21 SUBSEQUENT EVENTS

(Introduction of Board Benefit Trust)

AIDA resolved at the Board of Directors' meeting held on May 12, 2017 to introduce a new share-based compensation plan, a "Board Benefit Trust (BBT)" (the "Plan") and the Plan was approved at the 82nd ordinary general meeting of shareholders held on June 19, 2017 (the "General Shareholders' Meeting").

(1) Background and purpose

AIDA's Board of Directors resolved to introduce the Plan, subject to the approval of shareholders at the General Shareholders' Meeting regarding executive compensation, for the purpose of raising awareness of contributing to the improvement of medium- to long-term business results and increasing corporate value by further clarifying the link between the compensation of directors (excluding outside directors; "Directors") and AIDA's share value, and by Directors sharing with shareholders not only the benefits of share price rises, but also the risks of share price declines. AIDA's Board of Directors submitted a proposal for the Plan to the General Shareholders' Meeting.

Separate from the amount of compensation for Directors of AIDA that was approved at the 66th Ordinary General Meeting of Shareholders held on June 28, 2001, and at the 72nd Ordinary General Meeting of Shareholders held on June 28, 2007, the shareholders authorized the amount of compensation and benefits paid to Directors in stock acquisition rights as stock options to be a maximum of ¥35 million per each year after the date of ordinary general shareholder's meeting for each fiscal year, and also approved the details of the said stock acquisition rights. As the Plan was approved at the General Shareholders' Meeting, AIDA discontinued authorized compensation for Directors concerning the share acquisition rights.

(2) Outline of the Plan

The Plan is a share-based compensation plan under which AIDA's shares are acquired through a trust (the trust established in accordance with the Plan, the "Trust") by using the funds contributed by AIDA. Directors will receive AIDA's shares as well as the amount of money equivalent to the market value of AIDA's shares (as at the date of the retirement of Directors together with AIDA's shares, the "AIDA Shares") through the Trust in accordance with the officer stock benefit rules formulated by AIDA. In principle, Directors will receive benefits, such as AIDA Shares, on their retirement.

(3) Overview of the Trust

1. Name: Board Benefit Trust (BBT)
2. Entrustor: AIDA
3. Trustee: Mizuho Trust & Banking Co., Ltd. (re-entrusted by: Asset Management Trust & Custody Services Bank, Ltd.)
4. Beneficiaries: Retired Directors who meet the beneficiary eligibility requirements provided in the officer stock benefit rules
5. Trust administrator: A third party with no conflict of interests with AIDA is to be selected
6. Types of trust: Money trust other than cash trusts (third-party benefit trust)
7. Date of conclusion of this trust agreement: September, 2017 (planned)
8. Date on which the funds are entrusted: September, 2017 (planned)
9. Period of the Trust: From September, 2017 (planned) until the Trust is terminated (No specific date has been set for the termination of the Trust; the Trust will continue as long as the Plan continues.)

(Appropriation of retained earnings)

On June 19, 2017, at the General Meeting of Shareholders, the following appropriation of retained earnings was approved:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥40.00 (U.S.\$0.35) per share)	¥2,603	\$23,200

The amount includes dividends of ¥135 million (U.S.\$1,206 thousand) on shares (3,384,000 shares as of March 31, 2017) held by the Trust Account E.



Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho, Chiyoda-ku
Tokyo 100-0011, Japan

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197
www.shinnihon.or.jp

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, 2017, 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, 2017, 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.

June 19, 2017
Tokyo, Japan

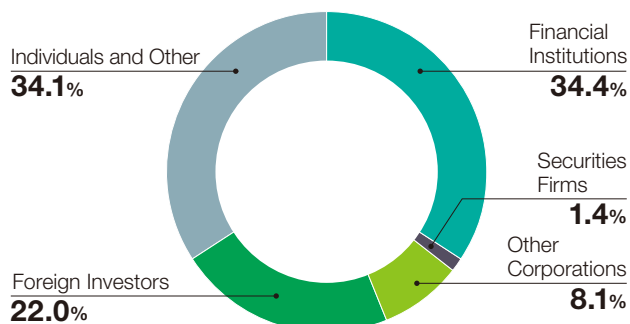
A member firm of Ernst & Young Global Limited

Stock Information

As of March 31, 2017

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	11,955,096*
Number of Shares per Trading Unit	100 shares
Number of Shareholders	10,042
Shareholder Registry Administrator	Mizuho Trust & Banking Co., Ltd.

Breakdown of Issued Shares by Type of Shareholder



*Number of shares of treasury stock includes the 3,384,000 shares of treasury stock held by Trust & Custody Services Bank, Ltd. as part of J-ESOP (Japanese employee stock ownership plan).

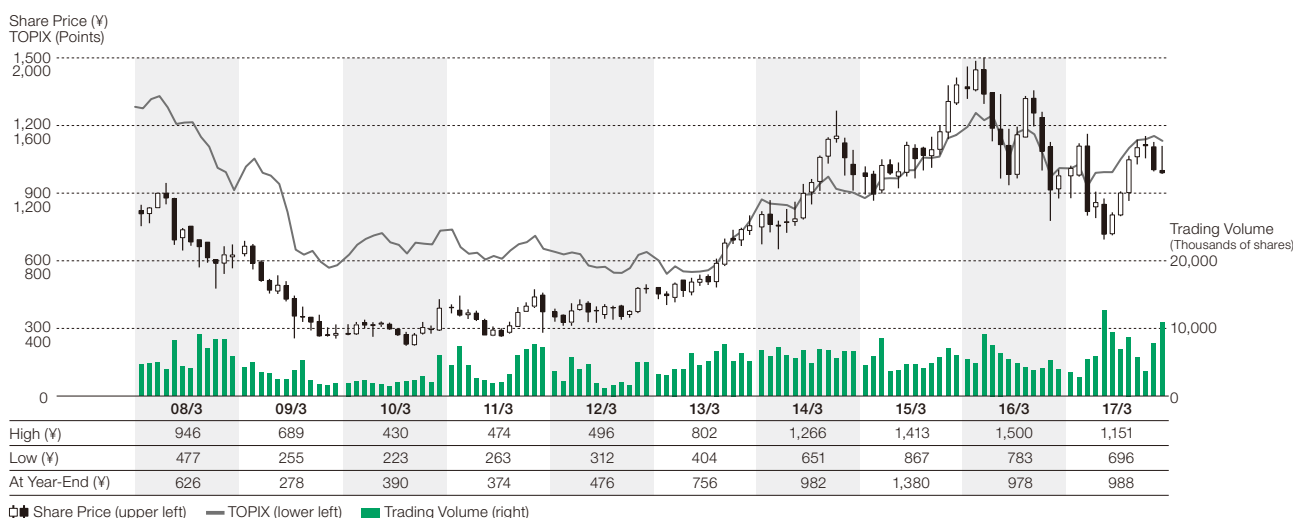
Major Shareholders (Top 10)*1

Name	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)*2	3,384	4.59
Nippon Life Insurance Company	2,533	3.44
Meiji Yasuda Life Insurance Company	2,516	3.42
Mizuho Bank, Ltd.	2,179	2.96
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,997	2.71
Japan Trustee Services Bank, Ltd. (Trust Account)	1,832	2.49
Kimikazu Aida	1,444	1.96
AIDA ENGINEERING Trading-Partner Shareholding Association	1,216	1.65
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,206	1.64

*1 Although the Company holds 8,571,096 shares of treasury stock, it is excluded from the major shareholders listed above.

*2 Shares shown as held by Trust & Custody Services Bank, Ltd. (Trust Account E) are being held in a re-entrustment related to a J-ESOP.

Monthly Share Price Range and Trading Volume



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

Corporate Data/History

As of March 31, 2017

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	730 (Consolidated: 1,950)
Head Office	2-10 Ohyama-cho, Midori Ward, Sagami-hara 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. http://www.aida.co.jp/en/

History

- 1917** AIDA Ironworks is founded in Honjo, Tokyo, 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.
- 1956** Introduced the first 200-ton high-speed automatic press.
- 1959** New factory constructed in Sagami-hara 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 Sagami-hara 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 Sagami-hara 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 Sagami-hara 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 (Shanghai) 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 (Shanghai).
Completed the development of the Precision Forming Press UL Series.
- 2004** Established a subsidiary in Germany (Kamen).
Absorbed an Italian company, 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 development 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 Precision Forming 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).
- 2016** Established a Technology Center in Germany (Weingarten).

Operating Bases

As of August 31, 2017

■ Production facilities ● Global sales and service network ● Technology center

Overseas

AMERICAS

■ AIDA AMERICA CORP. (U.S.A.)
7660 Center Point 70 Blvd., Dayton, Ohio
45424-6380, U. S. A.
TEL (1)937-237-2382
FAX (1)937-237-1995

● AIDA CANADA, INC. (CANADA)

131 Saunders Road, Unit 9 Barrie,
Ontario L4N 9A7, Canada
TEL (1)705-734-9692
FAX (1)705-734-9695

● AIDA ENGINEERING DE MEXICO,

S. DE R. L. DE C.V. (MEXICO)
Av. Hercules # 401-B, Nave Industrial #7,
Poligono Empresarial Santa Rosa, Santa Rosa
Jauregui, Queretaro. C.P. 76220, México
TEL (52)442-291-1320, (52)442-291-1321

● AIDA do BRASIL Comércio de Máquinas Ltda.
(BRAZIL)

Rua Mafalda Barnabé Soliani, 374
Distrito Industrial Vitória Martini, Indaiatuba (SP),
13347-610, Brazil
TEL (55)19-3500-4600

EUROPE

■ AIDA S.r.l. (ITALY)

Via Brescia, 26 25020 Pavone Mella (BS), Italy
TEL (39)030-9590111
FAX (39)030-9959377

● AIDA Germany GmbH (GERMANY)

Südfeld, 9d D-59174 Kamen, Germany
TEL (49)2307-43864-20
FAX (49)2307-43864-40

● AIDA EUROPE GmbH (GERMANY)

Josef-Eggler Strasse.8, 88250 Weingarten,
Germany

● AIDA S.r.l. UK BRANCH (U.K.)

City Road, Derby DE1 3RP, England
TEL (44)1332-648200
FAX (44)1332-648221

● AIDA S.r.l. CZECH BRANCH (CZECH)

Plzeňská 155/113, 150 00 Praha 5,
Czech Republic
TEL (420)255-739-320
FAX (420)255-739-315

● OOO AIDA (RUSSIA)

Frunze Street, 14B office 230, 445037 Togliatti,
Russia
TEL&FAX (7)8482 270376

AFRICA

● AIDA Maroc Sarl (MOROCCO)

Lot 81 Ilot C5, Zone Franche d' Exportation,
90 100, Tangier, Morocco
TEL (212)539-395-325
FAX (212)539-392-262

CHINA

● AIDA HONG KONG, LTD. (Hong Kong)

Unit 901-902, 9/F, 29 Austin Road. Tsimshatsui,
Kowloon, Hong Kong
TEL (852)2736-0118
FAX (852)2375-6581

■ AIDA PRESS MACHINERY SYSTEMS CO., LTD.
(Nantong)

No.409, Jimei Road, Chenqiao Street, Gangzha
District, Nantong, China
TEL (86)513-5100-6588
FAX (86)513-5100-6018

● AIDA ENGINEERING CHINA CO., LTD.
(Shanghai)

Room 101, No.1 building, 88 Yangxin road,
Pudong new Area, Shanghai, 200126, China
TEL (86)21-6510-2233
FAX (86)21-5046-3828

● AIDA ENGINEERING CHINA CO., LTD.

TIANJIN OFFICE (Tianjin)
#2-101, 20-1, Building W20, West District,
TAEA Business Park, No. 76, Huanhe North
Street, Tianjin Airport Economic Area, Tianjin,
300300, China
TEL (86)22-5828-5633
FAX (86)22-5828-5632

● AIDA ENGINEERING CHINA CO., LTD.

GUANGZHOU BRANCH (Guangzhou)
B2602, North Island Innovation Park, No.51
Xingang East Road, Haizhu District,
Guangzhou, 510330, China
TEL (86)20-8412-0256
FAX (86)20-8412-0291

● AIDA ENGINEERING CHINA CO., LTD.

CHONGQING OFFICE (Chongqing)
No.5-1, Zongda International Automotive City,
No.822 Konggang Avenue, Yubei District,
Chongqing, 401120, China
TEL & FAX (86)23-6748-0053

● AIDA ENGINEERING CHINA CO., LTD.

WUHAN OFFICE (Wuhan)
No. 36, Lihuyuan, Tianehu Villa, Dongfeng Road
No.111, Zhuankou Economic Development
Zone, Wuhan, 430058, China
TEL & FAX (86)27-8426-7599

ASIA

● AIDA GREATER ASIA PTE. LTD. (SINGAPORE)

No. 1, Bukit Batok Crescent, WCEGA Plaza
#02-60, Singapore 658064
TEL (65)6507 3555
FAX (65)6507 3553

■ AIDA ENGINEERING (M) SDN. BHD.
(MALAYSIA)

Plo 524, Jalan Keluli, 81700 Pasir Gudang,
Johor, Malaysia
TEL (60)7-251-6688
FAX (60)7-252-0688

● AIDA ENGINEERING (M) SDN. BHD.
Shah Alam Branch (MALAYSIA)

No. 31, Jalan Pendidik U1/31, Hicom Glenmarie
Industrial Park, 40150 Shah Alam, Selangor,
Malaysia
TEL (60)3-5569-2872
FAX (60)3-5569-2879

■ AIDA MANUFACTURING (ASIA) SDN. BHD.
(MALAYSIA)

Plo 524, Jalan Keluli, 81700 Pasir Gudang,
Johor, Malaysia
TEL (60)7-251-6688
FAX (60)7-252-0688

● AIDA (THAILAND) CO., LTD. (THAILAND)

19/19 Moo 6 Wat-Sriwarinroi Rd,
T.Srisajorrakeayai, A.Bangsaothong,
Samutprakarn 10570, Thailand
TEL (66)2136-3900
FAX (66)2136-3907 [Services Dept.],
(66)2136-3909 [Sales Dept.]

● PT. AIDA INDONESIA (INDONESIA)

Jl. Science Boulevard Blok A2 / 9 Kawasan
Industri Jababeka V Kel.Sertajaya Cikarang
Timur -Bekasi 17530, Indonesia
TEL (62)21-2962-6688
FAX (62)21-2962-6689

● AIDA INDIA PVT. LTD. (INDIA)

No.48, Ground Floor, DLF Star Tower, Silokhera,
Sector 30, Gurgaon 122001, Haryana, India
TEL (91)124-4716888
FAX (91)124-4716889

● AIDA VIETNAM CO., LTD. (VIETNAM)

Room 108, Industrial Park Center, Thang Long
Industrial Park, Kim Chung Commune, Dong
Anh District, Hanoi, Vietnam
TEL (84)4-3885-3388
FAX (84)4-3885-3399

● AIDA GREATER ASIA PHILIPPINES , INC.
(PHILIPPINES)

Unit 101B, Alpap II Bldg. Trade St. Cor.
Investment Drive, Madrigal Business Park, Ayala
Alabang, Muntinlupa City, Philippines
TEL (63)2-771-1561
FAX (63)2-771-1268

Domestic

■ AIDA ENGINEERING, LTD.

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

■ ACCESS, LTD.

● AIDA BUSINESS CORP.



AIDA ENGINEERING, LTD.

2-10 Ohyama-cho, Midori Ward, Sagami-hara City, Kanagawa Prefecture 252-5181, Japan
TEL +81-42-772-5231 FAX +81-42-772-5263

Printed in Japan

