AIDA

AIDA

Annual Report 2019

Year ended March 31, 2019

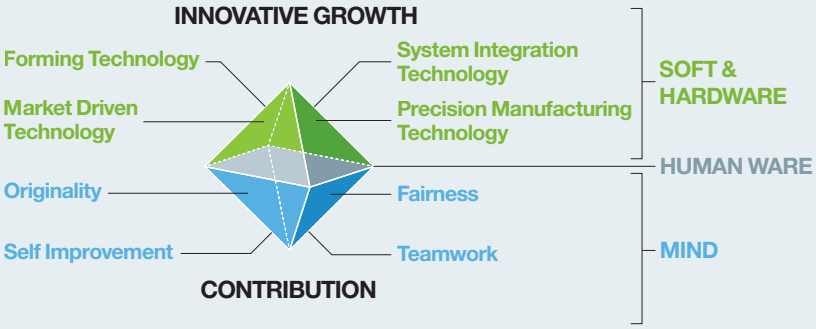
AIDA ENGINEERING, LTD.

Corporate Philosophy

AIDA'S VISION

AIDA will grow as a forming systems builder and continue its contribution to people and community.

AIDA OCTAHEDRON PHILOSOPHY



An octahedron, stably balanced in each direction, represents the corporate vision of the AIDA Group.
The upper pyramid represents the future of the company: software/hardware technological innovations that achieve customer satisfaction.
The lower pyramid represents the human wisdom and drive that supports these future innovations.
These two pyramids are connected by human resources, showing that we contribute to and are devoted to people and community.

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Editorial Policy

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.

Cautionary Statements with Respect to Graphs and Financial Figures
The amounts presented in yen are rounded down to the nearest hundred millions or millions.



Feature

AIDA's Comprehensive Ability to Respond to Revolutionary Changes Occurring in Automotive-Related Industries

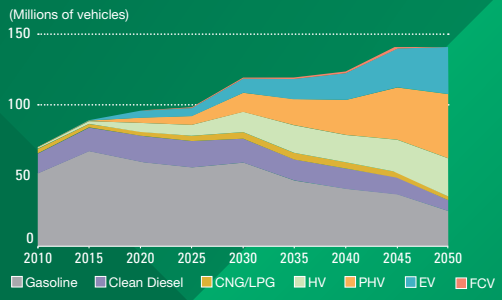
AIDA is helping customers meet the requirements of a once-in-a-century sea change in the automotive industry.

In recent years, automotive-related industries have been accelerating the transition to electric vehicles (EVs), plug-in hybrid electric vehicles (PHVs), and fuel cell vehicles (FCVs), while also breaking new ground in making vehicles lighter. These advances are among the CASE* initiatives that are propelling major changes in the automotive industry. Meanwhile, in their production facilities, companies are incorporating greater degrees of automation and robot usage to achieve greater productivity, and working to further reduce the environmental impact of production processes.

AIDA offers customers innovative manufacturing solutions built around press forming systems.

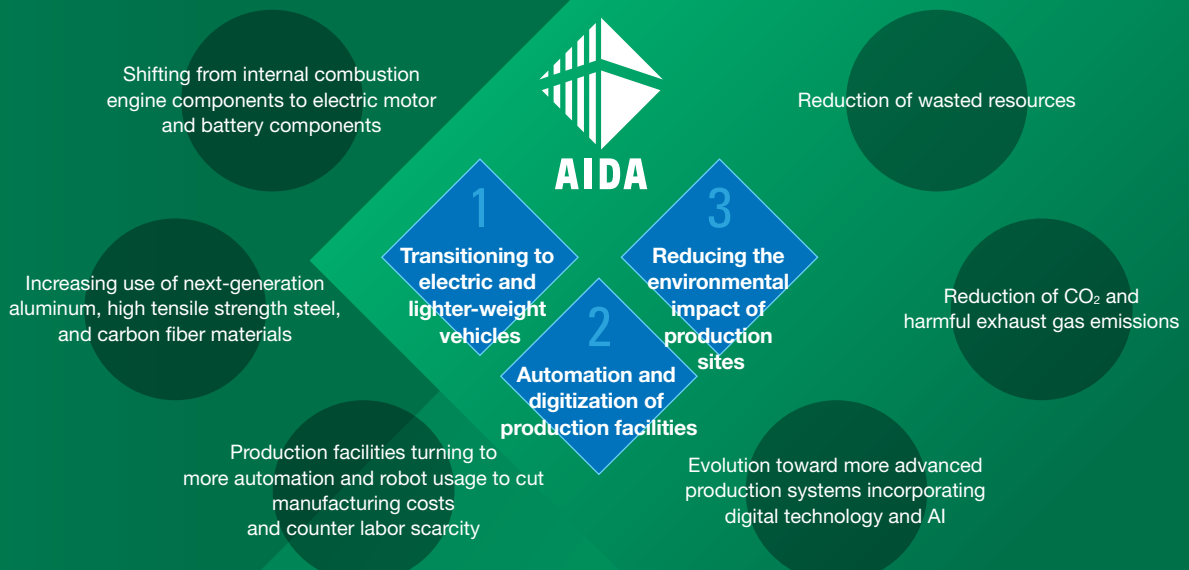
* CASE is an acronym for "Connected-Autonomous-Shared-Electric," which describes the direction of the major changes taking place in the automotive industry.

Prospection of number of vehicle purchases in the world



Reference materials:Ministry of Economy, Trade and Industry/ IEA (Energy Technology Perspectives) 2017

AIDA's Comprehensive Ability to Respond to Revolutionary Changes Occurring in Automotive-Related Industries



1 Transitioning to electric and lighter-weight vehicles

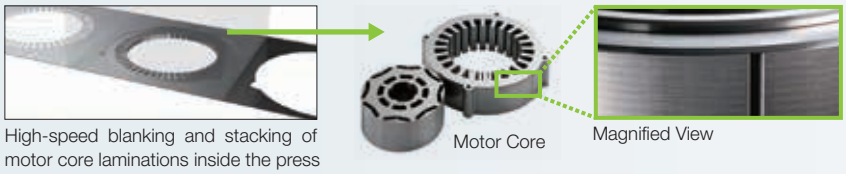
Demand for high-precision drive motor cores is skyrocketing as automobiles transition to electric powertrains, and AIDA makes their production possible.

AIDA's high-speed presses used for forming the motor cores of electric vehicles offer world-class performance.

In 1997, the world's first mass-produced hybrid electric vehicle (HEV) was introduced in Japan. To enable high-quality, reliable production of HEV motors, in 2002 AIDA introduced the MSP* Series of presses with a proprietary high-rigidity, multiple-suspension design. Since then we have continued to expand this series to meet customer requirements. We now offer a broad line of products including a 4000kN capacity press, a press with a wide 3700 mm bed to accommodate large dies, and other types of high-speed presses not available from any other manufacturer.

As the use of electric vehicles (EVs) has spread throughout the world, motor manufacturers have adopted designs with ever-thinner lamination sheets to increase motor performance. AIDA's MSP Series high-speed presses can accommodate various lamination methodologies and offer both precision forming and fast production. The MSP Series has won high praise from customers not only in Japan but also in Europe, the U.S., and other parts of Asia.

MSP-3000-370 High-Speed Precision Press (Wide Bed Type)



High-speed blanking and stacking of motor core laminations inside the press

***MSP** = Multi-Suspension Press
Our high-end series of larger high-speed presses is equipped with more suspension points to drive the slide, achieving an even higher level of ultra-precision forming. We are registering this as a trademark in 37 countries around the world, including in Asia, Africa, Europe, and the Americas. Registration is currently pending in 11 countries.

The No. 1 Assembly Line at the expanded Tsukui No. 3 Factory

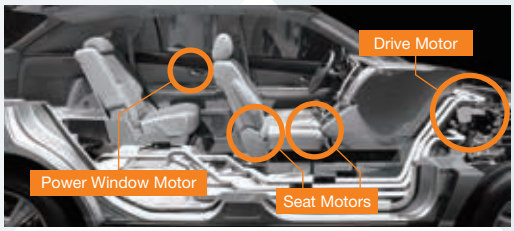
We have built up our production capacity for high-speed presses used to stamp motor cores.

Stricter exhaust gas regulations in Europe, and the implementation of Zero Emission Vehicle (ZEV) regulations in the U.S. and New Energy Vehicle (NEV) regulations in China, have led to the formation of a large number of venture companies aiming to develop new types of vehicles. This development in turn has greatly accelerated the move toward electrically powered vehicles on a global basis.

Responding to the dramatic rise in demand for EV motors, AIDA has expanded the assembly space at its Tsukui Factory, which is located in Kanagawa Prefecture and is its main facility for manufacturing high-speed presses. We have also constructed a new assembly pit to increase the production of large-capacity, wide-bed presses, and we have added two 5-axis machining centers to enhance our production capacity. All of these steps are contributing to greater logistical efficiency from the receipt of materials for large-sized components to machining and assembly.

Over 250 motors in a single vehicle! Motors are used nearly everywhere in a modern automobile.

The rising level of amenities and performance built into automotive designs has led to the increased use of motors to perform motions such as opening and closing windows and adjusting seats. In addition, the transition to electric drive motors has led to the use of large numbers of small motors in internal combustion engines, electronic power steering (EPS), steering-by-wire, automatic braking, and other systems. Indeed, a single luxury vehicle is now equipped with over 250 electric motors. Given the expectation that demand will grow for high-performance motors going forward, we anticipate an ever-increasing demand for our high-speed presses.

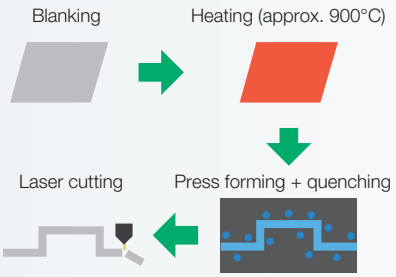


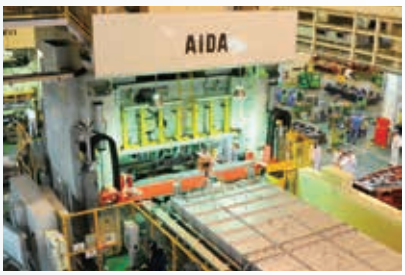
AIDA makes it possible to reduce vehicle weight by using high-strength steel and aluminum materials.

The usage of servo presses for hot stamping is on the rise.

Even as manufacturers make vehicle body components lighter to increase fuel economy and continue the transition to electric vehicles, they are also having to meet demands for improved safety and handling. Achieving these goals has led to growing demand for hot stamping*, a forming approach capable of producing high-strength vehicle body components. In the past, hot stamping was primarily performed using hydraulic presses, but now manufacturers are shifting to servo presses that deliver better productivity and forming precision.

*Hot stamping is a forming methodology in which a steel sheet is heated in a furnace and then simultaneously formed and quenched in the die. Rapid cooling serves to increase the hardness of the formed steel by at least a factor of two. The quenching time differs depending on the die and the material being formed, but the material is generally held in the die for 5–10 seconds.





Comparing Hydraulic and Servo Presses

Characteristic	Hydraulic press	Servo press
Productivity	▲ Low	◉ High
Bottom dead center precision	▲ Poor	● Determined mechanically
Maintaining forming pressure	◉ Easy	◉ Possible
Motion changes	▲ Difficult	◉ Freely programmable
Fire risk	▲ Present	● Low
Integration with peripheral devices	● Alternating operation	◉ Full synchronization

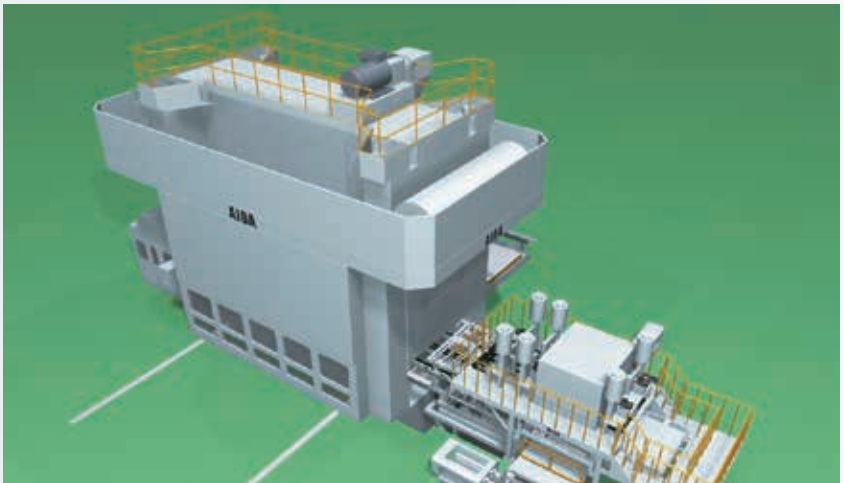
AIDA is independently developing its own high-capacity, low-speed, high-torque water-cooled servo motors.

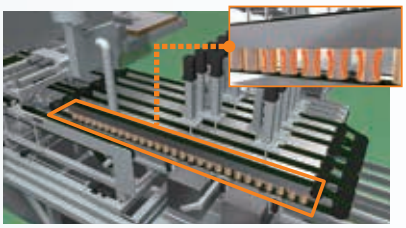
Maintaining forming pressure while material cools in the die requires an enormous amount of energy, and the rated capacity of conventional air-cooled servo motors may not be up to the task. AIDA equips its servo presses with its independently developed high-capacity, low-speed, high-torque water-cooled servo motors to enable high-precision forming while enhancing productivity.

A8870E-LC water-cooled servo motor

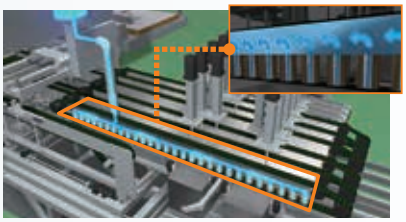
AIDA offers destackers that can handle both aluminum and steel.

Efforts to reduce vehicle weight have led to a rising demand for aluminum components. However, because aluminum is not magnetic it cannot be formed using a conventional press line where magnets are used to convey steel materials. To solve this problem, AIDA recommends modifications to conventional steel-only press lines to enable them to handle both steel and aluminum materials.





Uses magnets when conveying steel materials



Uses vacuum pressure when conveying aluminum materials

2 Automation and Digitization of Production Facilities

As a forming systems builder, we optimize entire production lines.

We leverage cutting-edge forming technologies to offer comprehensive solutions for difficult-to-form materials.

Manufacturers are increasingly automating and digitizing production facilities to lower costs and address the problem of labor scarcity. They are also striving to evolve these systems from conventional computer-controlled automation systems to a more advanced level defined by production site digitization and by AI-supported problem-solving and customization, in line with the Industry 4.0 concept of the fourth industrial revolution.

As a forming systems builder, AIDA offers not only press machines but solutions for automating and digitizing entire production lines, including material feeding and conveying.

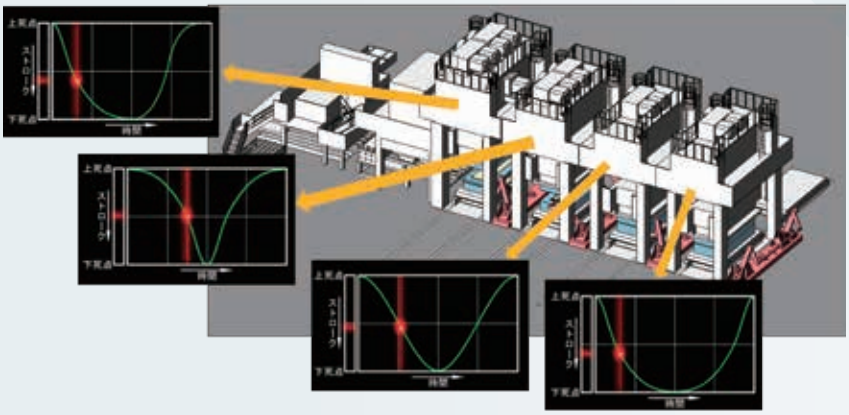
DSF-T4-30000 Servo Transfer Press

We are using digital data and IoT systems to further the computerization and data visualization of our forming systems.

In the past, the servo transfer press motion had to be visually checked and manually adjusted to ensure that the slide would not interfere with transfer equipment. To eliminate this, AIDA developed the AIDA Digital Motion System (ADMS), which uses computer-based controls to automatically set optimal motions. ADMS optimizes production processes for high tensile strength steels and other difficult-to-form materials and reduces material loss.

We also equip our presses with AiCARE, our proprietary IoT system (p. 21). AiCARE gathers press operation and quality-related data and uses it to provide visual feedback that can be used for preventive maintenance and for more advanced management of quality and production.

Utilizing the development capabilities of REJ Co., Ltd., which we acquired in the fiscal year ended March 31, 2018, we aim to build advanced control systems that can maximize the performance of press machines and peripheral equipment.



Even when the forming motion for each press is different, high productivity is achieved by the optimal synchronization of the entire line at the fastest transfer speed.

AIDA offers a broad range of automation equipment for both small general-purpose presses and large press lines.

A compact high-speed servo tandem line designed for small spaces and high productivity

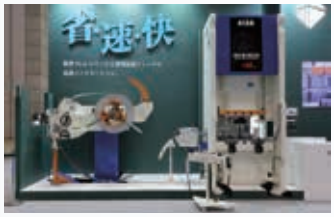
◆ DSF-N1 + NC-AH III high-speed conveyor robot

Presses and robots are used in one-to-one pairs. This line can be freely used in combination with material feeders by adjusting the feed pitch and the transfer direction. And despite their small footprint, they equal or exceed the productivity of transfer presses. Compared to large presses, installation costs are 20–30% lower, delivery is at least 50% shorter, and the high costs of transfer dies are avoided entirely.

High-speed coil feeder line L-30T + F30 III (S) for high-performance operation

◆ Uncoiler-Straightener L-30T + High-speed feeder F30 III (S)

Combining the high speed of a coil feeder with the small footprint of a straightener feeder, this uncoiler-straightener can be used for high-speed pendulum motion applications. Its productivity is equal to that of a large line, and it features world-class speed when it comes to small-footprint lines.



D-MAT automated transfer system even enables the stable transfer of workpieces with complex shapes.

This automated transfer system moves workpieces between the presses in a tandem press line. With this system, the positioning of a workpiece when it is loaded into a die can be different from its positioning when it is removed from the die. This automated system, therefore, can reliably transfer even workpieces with complex shapes while allowing greater freedom in setting the transfer conditions.

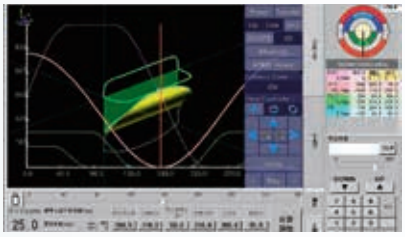
D-MAT Automated Transfer System

Two arms are used to transfer the workpiece

Automatic optimal motion-setting device that makes the most of the power of a servo press

This servo transfer press incorporates a conveyor to move workpieces to the next manufacturing process. AIDA has developed a device that automatically sets the optimal motion of the transfer so it can smoothly track and synchronize with the motion of a servo press. This capability enables high productivity even when forming high-strength steels and using forming motions for complex shapes that are susceptible to cracking.

DSF-T4-35000 Servo Transfer Press



The AIDA Digital Motion System (ADMS) for automatically setting optimal motions

Aiming for Even Greater Added Value through Synergies with REJ

REJ (formerly Reliance Electric Limited) was acquired by AIDA in the fiscal year ended March 31, 2018. Until that time, it had been engaged mainly in the development, manufacturing, and sales of drive control systems used in a wide range of applications, including the forming of ferrous and nonferrous metals, processing of automobile components, manufacturing of paper and cardboard, and operation of amusement park attractions.

Following its acquisition by AIDA, REJ embarked on a new path as a comprehensive engineering company working at the intersection of machinery and electricity.

As a forming systems builder, AIDA will make the most of synergies with REJ and its excellent automatic control and IoT technologies, and service capabilities, to achieve even greater added value in our products.

3 Reducing the Environmental Impact of Production Facilities

AIDA helps customers lower their environmental impact through continuous technical advancements that conserve resources and energy.

We help to lower environmental impact through press metalforming.

Press metalforming is environmentally friendly because it results in relatively little material loss and scrap and enables mass production, which is more efficient than machining and other metal-cutting methodologies. AIDA developed the world's first direct-drive servo press, making it possible to form metal with fewer steps, less noise and vibration, and lower resource and energy consumption. In fact, the environmental benefits of our Direct Servo Former Series have been recognized by the Japan Forming Machinery Association, which has certified six of these presses as environmentally friendly "MF Eco Machines."

Servo presses can be used for the high-precision forming of newly developed high tensile strength steels and aluminum materials that help make automobiles more fuel-efficient. Offering such forming systems thus helps to lower the overall impact of society on the environment. In recent years, AIDA has been striving to achieve further environmental benefits by using environmentally friendly water-cooled motors on large servo presses.

DSF-N2-1600 Direct Servo Former Certified as an "MF Eco Machine"

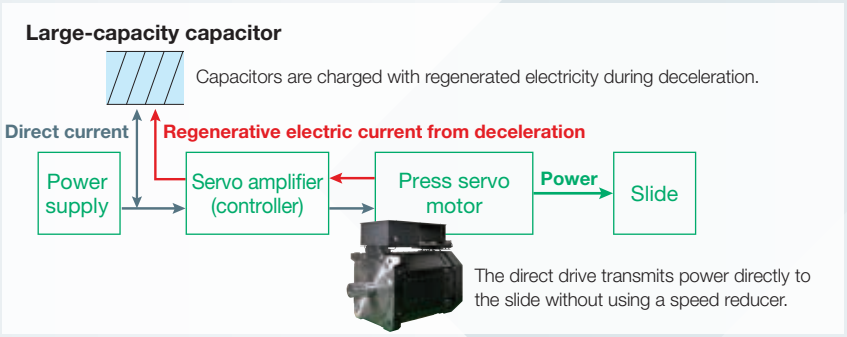
Regenerative electric power systems in servo presses enable energy-saving and environmentally friendly metalforming.

Ordinarily, the larger the servo press capacity, the larger the servo motor and power supply capacity need to be to operate it. However, AIDA's servo presses are equipped with power storage control systems that use capacitors to store regenerated electric power*. The ability to use the electricity from these capacitors to power the servo motors for metalforming operations reduces momentary peak power spikes and enables the use of lower-capacity factory power sources.

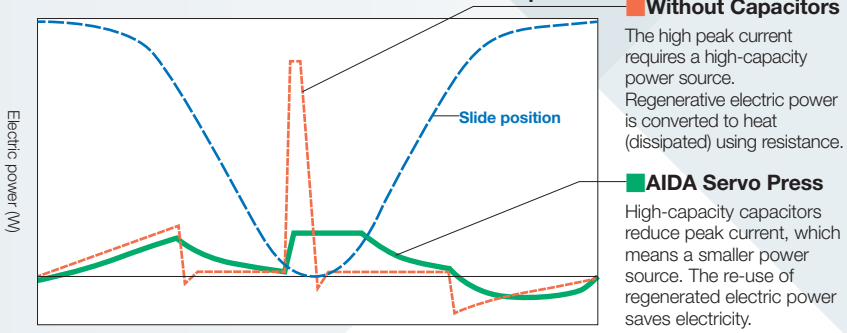
Because the forming speed and motion of a servo press can be adjusted to correspond to the material being formed, energy is saved and greater production efficiencies are achieved. Furthermore, with a servo press, the speed of the slide can be slowed just before the upper and lower dies come into contact, producing a 'soft touch' that reduces noise and vibration. This is beneficial for both the dies and the environment.

*The electric power that results when a decelerating motor functions as a generator.

The Highly Energy-Efficient AIDA Servo Press Drive System



Electric Power Demand—An AIDA Press vs. The Competition



Pursuing resource and energy conservation through net-shape forming with our precision forming UL Series

Net-shape forming is a forming method that results in a final "net" shape requiring no post-forming machining or grinding. The closer a forming process gets to the net shape, the lower the requirements become for materials and other resources. This includes electricity, as less is needed if there are fewer processes. AIDA's UL Series precision forming presses are characterized by high rigidity, outstanding dynamic accuracy, and precision so high that they are described as "being more accurate than the die." Together these traits make net-shape forming possible.

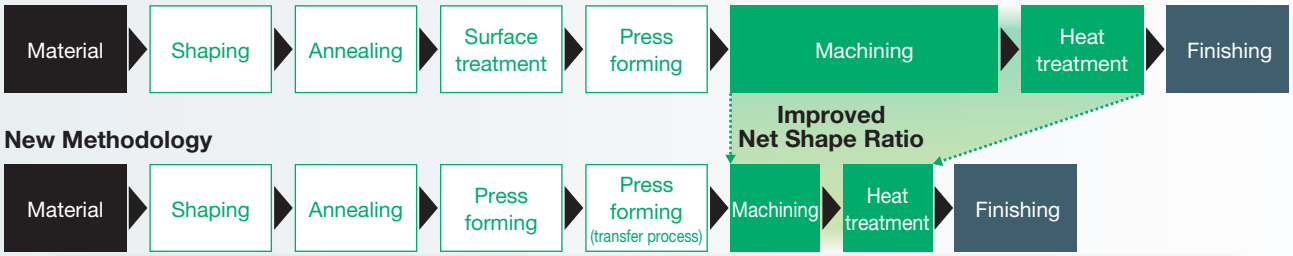
For its 2018–2019 MF Technical Grand Prizes, the Japan Forming Machinery Association named the "Net-Shape Forming of a Sprocket Using a Press" application* a winner of its Technical Grand Prize. The UL Series press that performed the precision forming for that application enables the production of shapes previously unachievable with a press. It also reduces the environmental impact and improves the working environment by increasing the material yield by about 20%, by producing less sludge and heavy metal-contaminated wastewater, and by requiring less electricity and die lube.

*Joint entry with SUGIMURA SEIKO Co., Ltd.

UL-6000


Crank sprocket for an automobile engine

Past process



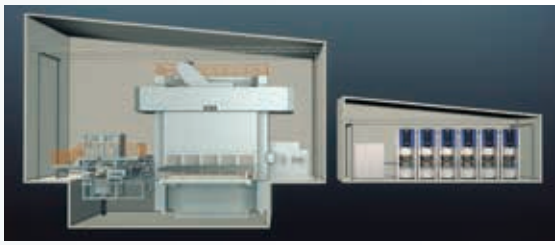
New Methodology

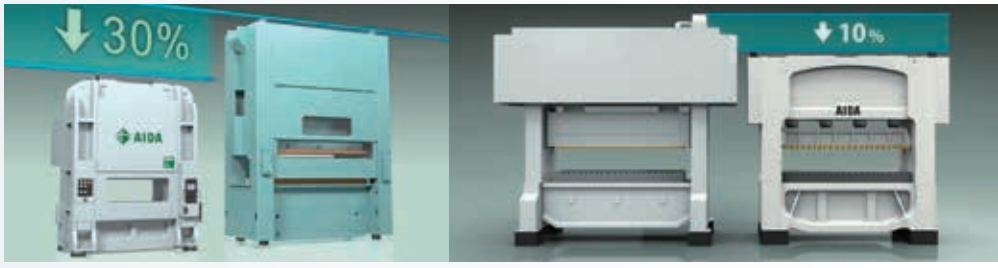
Material usage: 20% DOWN | Sludge and heavy metal-contaminated wastewater DOWN | Electricity usage DOWN | Die lube usage DOWN

Reducing Environmental Impact through Smaller-Scale Factories

Thin high-tensile strength steels are in high demand for automobile body panels because they improve fuel efficiency and collision safety. However, forming high-tensile strength steels requires greater force than is needed for other materials. This means higher-capacity presses must be used, but the introduction of larger presses will also necessitate factory expansions.

AIDA therefore recommends compact high-speed servo tandem lines composed of small-capacity presses equipped with robot transfers. This configuration avoids the need for a large factory building while also reducing the need for air-conditioning, lighting, and other equipment, thereby reducing the environmental impact of the customer's factory. AIDA presses are 10–30% smaller than rival presses and excel in helping customers operate in smaller factories with less peripheral equipment.

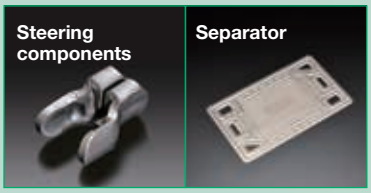

A Large Transfer Press and a Compact High-Speed Servo Tandem Line (Right)



Height Compared to Conventional Equipment UL Series (Left), MSP Series (Right)

The wide variety of AIDA press series being used to manufacture next-generation automobiles

1 Steering components,etc.



Precision Forming Presses

UL Series

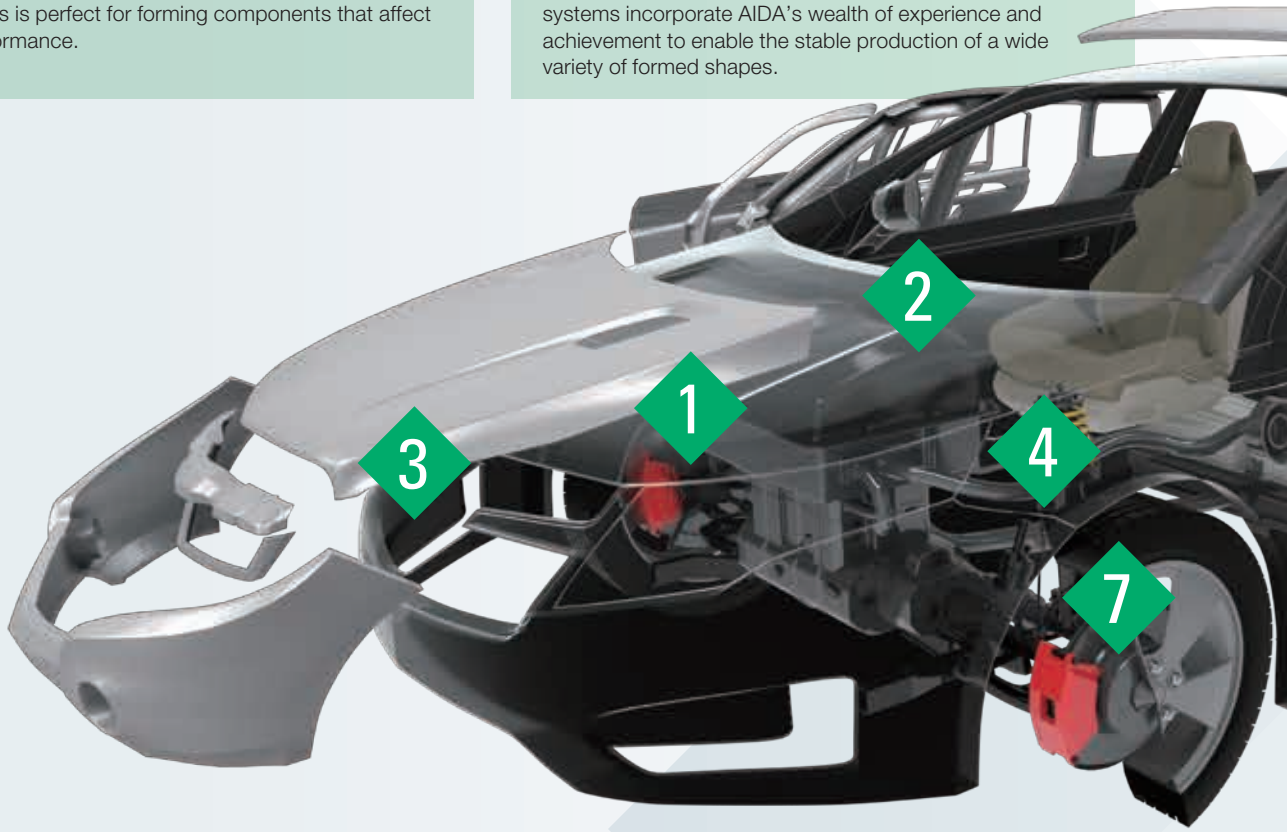
Created to be “forming machines more precise than a die,” the UL Series is perfect for forming components that affect vehicle performance.

2 Motor cases

Direct Servo Formers

DSF-N2 Series

Boasting excellent reliability, these servo transfer forming systems incorporate AIDA’s wealth of experience and achievement to enable the stable production of a wide variety of formed shapes.



3 Radiator components

Direct Servo Formers

DSF-N1-A Series

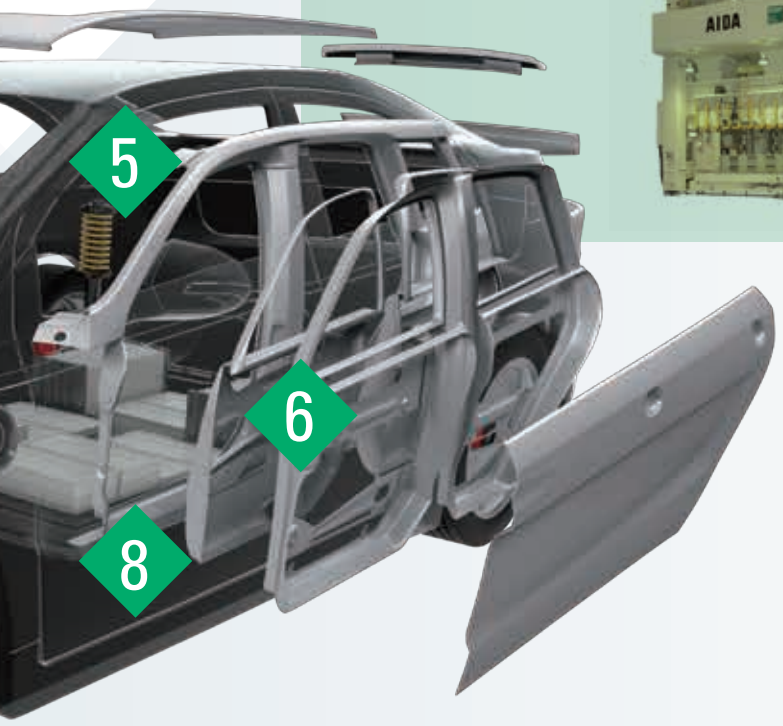
Our servo presses are equipped with AIDA’s independently developed low-speed, high-torque servo motors that are connected directly to the driveshaft in a ‘direct drive’ configuration, which enables high-precision, high value-added forming.

4 NEV motor cores

High-Speed Precision Presses

MSP Series

The MSP Series of high-speed, high-precision presses use multiple suspensions to control slide deflection and tilting, and are therefore a critical contributor to the production of NEV motor cores.



5 Body frame components

Direct Servo Formers

DSF-T Series

We have revamped the large frame design and our manufacturing processes in order to accommodate the forming of high-strength materials and to achieve high-precision forming and high durability, enabling the forming of automotive body panels and transmission components.

Hot Stamping Press

DSF-S Series

Equipped with a high-torque water-cooled servo motor, its high energy and stable bottom dead center accuracy enables improved hot stamping productivity.

6 Side panels

Servo Tandem Lines

DSF-S Series

AIDA takes pride in its large servo tandem lines, which deliver the highest production speeds in the world, are capable of draw-forming even highly contoured shapes, and incorporate energy-saving features that only a servo press can provide.

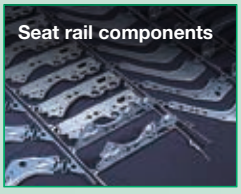
7 Suspension components

Cold Forging Presses

FMX Series

With their highly rigid frames, these presses make it possible to perform multiple cold forging forming processes with superior quality.

8 Seat rail components



Direct Servo Formers

DSF-P Series

This progressive servo press system is equipped with a high-performance automatic calculation system, and delivers excellent productivity and stable high-precision forming.

More than Just Automobiles—
As a top brand in press forming systems, we are a key contributor to the manufacturing of products essential for daily life.

AIDA ENGINEERING's technologies are used to make a wide variety of everyday products. When it comes to making huge volumes of products with identical shapes, nothing outperforms high-productivity, resource-and energy-efficient press metal forming. Our press technology makes our daily lives richer, more convenient, and more comfortable, and we remain steadfast in our commitment to continuing R&D toward that end.

1 Kitchen-Related Items

General-purpose servo press

Range hoods, gas stoves,
rice cooker components, etc.

2 Coins

Cold forging press

Bullion coins, commemorative medals, etc.

3 Televisions

Two-point
general-purpose press

Monitor mounting frame

4 Washing Machines

Transfer press

Washing machine components
(various types of motor cases, brackets, etc.)

5 Smartphones and Tablets

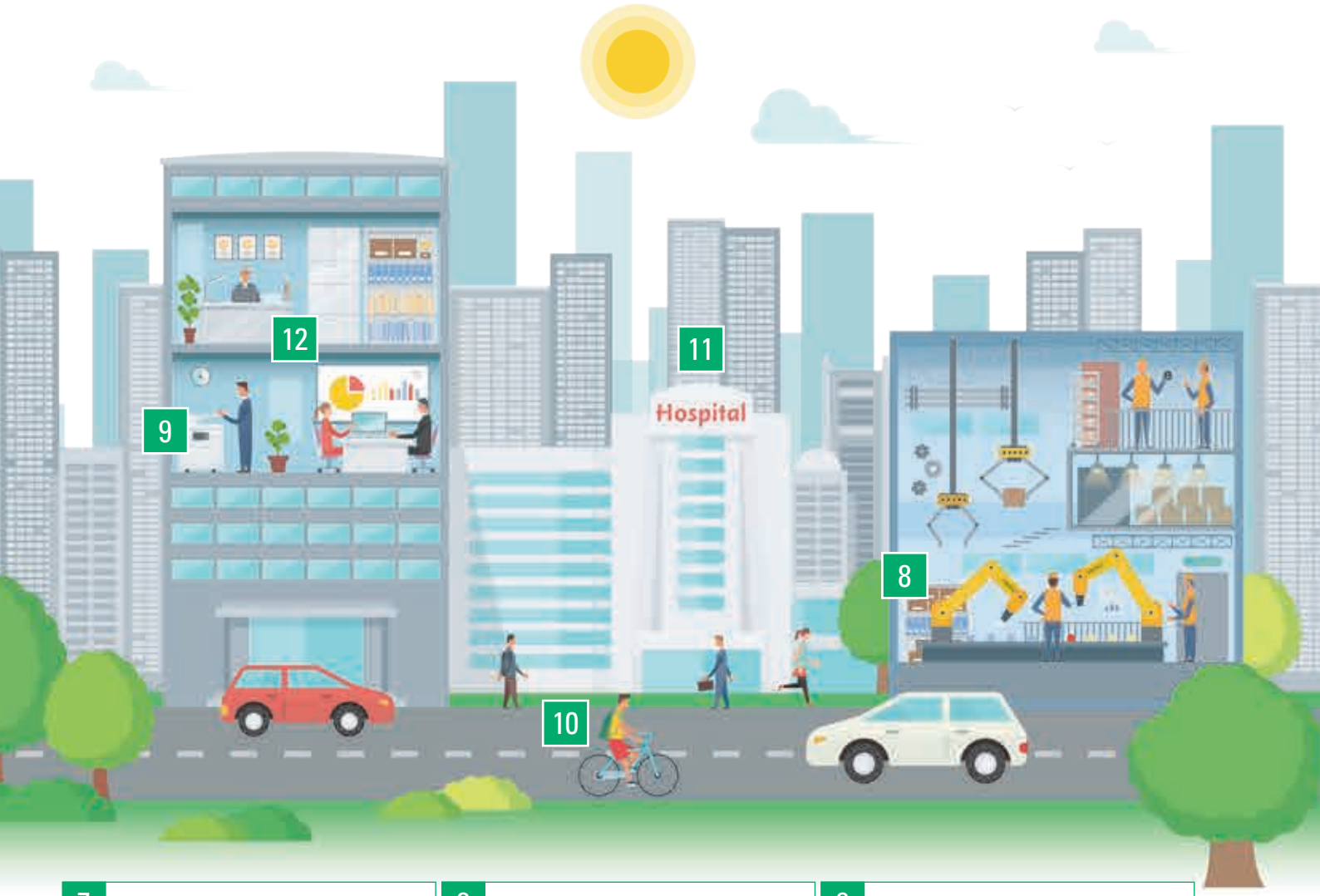
General-purpose
servo press

Smartphone frames, personal computer chassis,
USB sockets, etc.

6 Eyeglasses

General-purpose
servo press

Eyeglass frames



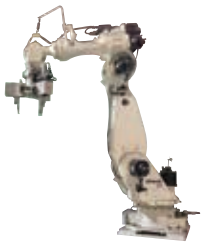
7 Construction Materials

Progressive press

Coupling hardware

8 Robots

Progressive press



Covers, connectors, etc.

9 Printers

General-purpose servo press

Printer internal components

10 Bicycles

Cold forging press

Pedals, hubs,
brakes and other bicycle components

11 Medical Equipment Components

General-purpose servo press

Dental elevator handles, catheters, etc.

12 Steel Office Furniture

Two-point general-purpose press

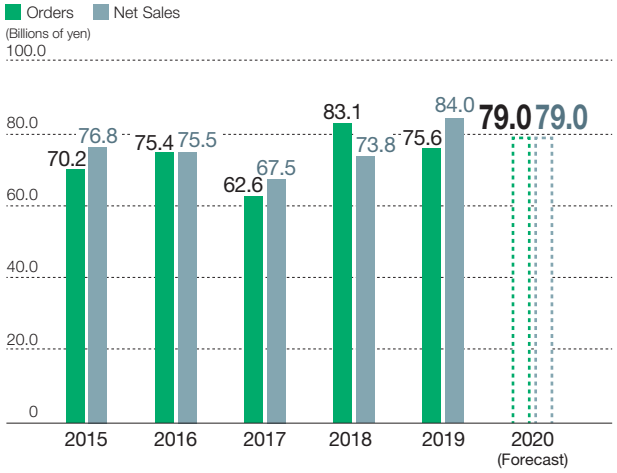
Various metal hardware

At a Glance

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

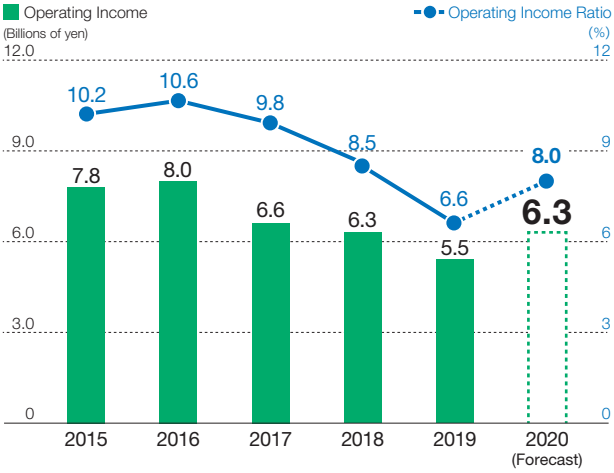
Orders/Net Sales

Record Earnings Achieved on Sustainable Growth



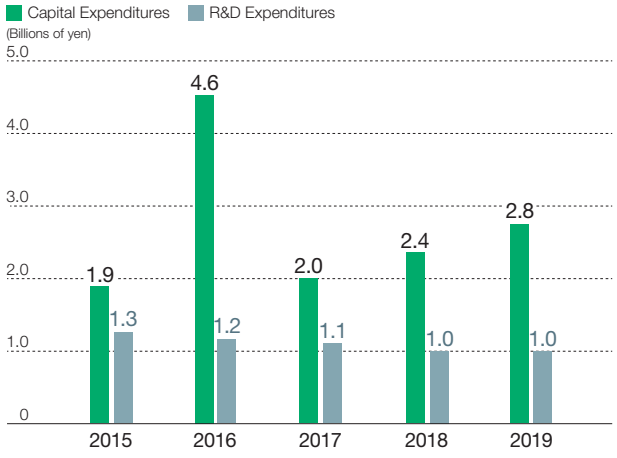
Operating Income/Operating Income Ratio

Aiming for an Operating Income Ratio of 10% or Higher



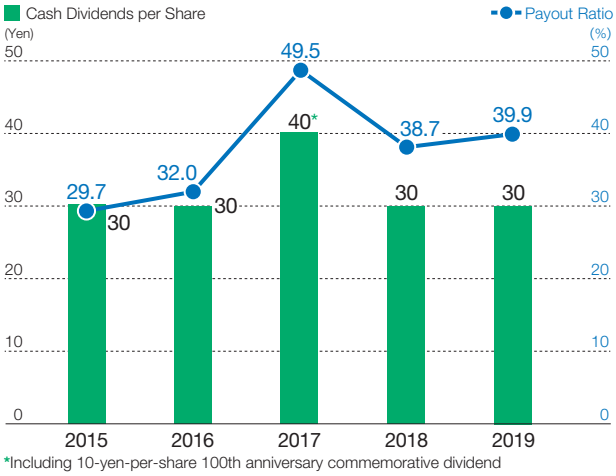
Capital Expenditures/R&D Expenditures

Continuing to Invest for Growth



Cash Dividends per Share/Payout Ratio

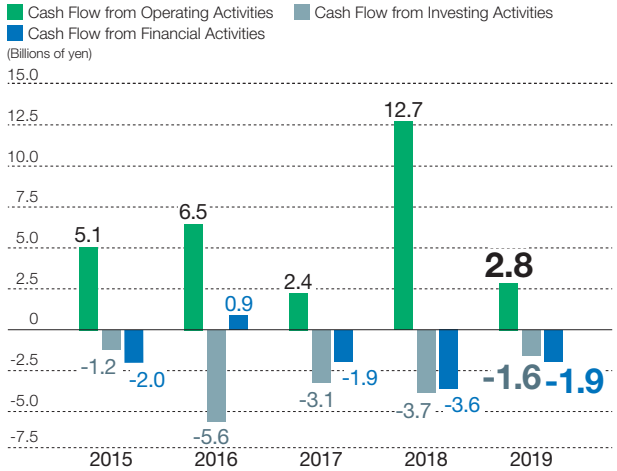
Sustaining a Stable Payout Ratio of 30% or Higher



*Including 10-yen-per-share 100th anniversary commemorative dividend

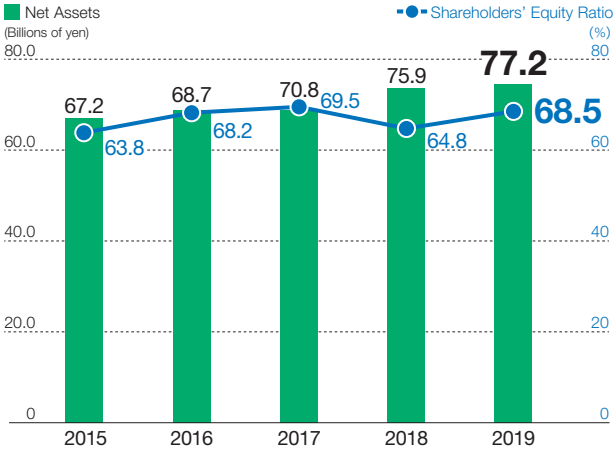
Cash Flow

Maintaining a CF Portfolio for Growth Investments



Net Assets/Shareholders' Equity Ratio

Standing on a Robust Financial Base



Net Sales

Ranked 2nd in the World

AIDA is a globally recognized brand in the field of press forming systems, especially in the automotive-related and electrical/electronics-related industries. With customers around the world, we are now the second-largest press manufacturer based on net sales.

Press Product Series

Capacities Ranging from 35 to 7,900 Tons*

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

*In the case of servo tandem lines

Principal Products and Services

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 presses
- Cold forging presses

Factory Automation (FA)

Principal Products

- Piling systems
- Material feeders
  - -Coil feeders
  - -Destack feeders, etc.
- Transfer Equipment
  - -Transfer robots
  - -Intermediate transfer feeders
  - -Die changers, etc.

Service

Principal Services

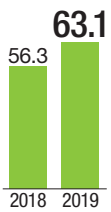
- Retrofits/Modernization
- Overhauls
- Preventive maintenance
- Press inspections
- Machine relocation

Net Sales by Business Segment and Press Machine Industry Segment

Press Machines

Ratio of Net Sales **75.1%**

Net Sales (Billions of yen)



Automotive-Related 80.5%

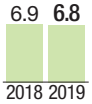
Net Sales (Billions of yen)

Electrical/Electronics-Related 8.8%

Net Sales (Billions of yen)

Other 10.8%

Net Sales (Billions of yen)



Service (Related to press machines)

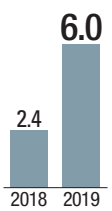
Ratio of Net Sales **17.7%**

Net Sales (Billions of yen)

Other

Ratio of Net Sales **7.2%**

Net Sales (Billions of yen)



Net Sales by Business Segment in "The AIDA PLAN 523" Mid-Term Management Plan (Year ended March 2019)

	Net Sales (Billions of yen)	Ratio
Press Machines	52.3	62.3%
Factory Automation (FA)	12.2	14.6%
Service	19.4	23.1%
Total	84.0	100.0%

While the business environment is becoming increasingly severe, we see a golden opportunity in the once-a-century revolutionary change in the automotive industry to build a new foundation for growth.

Kimikazu Aida Chairman & President (CEO)

Q Please provide an overview of consolidated results for the fiscal year ended March 31, 2019.

A Ongoing projects from orders booked in the prior year lifted net sales to a record high, but special factors resulted in a year-on-year decline in profits.

The year under review presented significant challenges, such as slower economic growth in both developed and developing countries, trade friction, and Brexit, which has clouded the outlook and has caused the AIDA Group's primary customers, particularly in the automotive industry, to take a cautious stance on capital investments.

In these conditions, AIDA Group orders declined 9.0% year on year to ¥75.6 billion in the fiscal year ended March 31, 2019, the second year of the medium-term management plan. Net sales rose 13.8% to a record-high ¥84.0 billion supported by increased sales of press machines for automotive applications from ongoing projects from the previous fiscal year and by the consolidation of REJ Co., Ltd.

Despite the increase in sales, operating profit declined 11.9% year on year to ¥5.5 billion owing to a higher cost-to-sales ratio from increased raw material and process outsourcing costs and a rise in expenses associated with meeting customer order with custom specifications. Although the foreign exchange gain (loss) improved, ordinary income fell 0.8% to ¥5.8 billion and net income (loss) attributable to owners of parent declined 3.2% to ¥4.6 billion.

Q What are the Company's strategies for growth?

A Steadily advance core strategies in pursuit of new business opportunities as the automotive industry transitions to electric vehicles, self-driving vehicles, and lighter vehicles.

The Group's earning environment has become severe. The sustained and active capital investments by the automotive industry—the Group's primary market—since the global financial crisis are starting to wane. This is leading to stiffer competition in our markets and lower profitability for presses with each passing year. In addition, costs for raw materials and outsourced processing are rapidly rising.

On the bright side, the automotive industry is undergoing a revolutionary transition to electric vehicles, self-driving vehicles, and lighter vehicles, which is presenting the Group with new business opportunities.

The medium-term management plan launched in the fiscal year ended March 31, 2018 set six core strategies: 1) Develop markets and customers; 2) Improve product competitiveness; 3) Strengthen strategic business segments; 4) Make our global business structure more dynamic; 5) Develop our human resources; and 6) Establish a strong foundation for future growth. Taking into account the changes in the business environment, we will emphasize the following strategies in the fiscal year ending in March 2020, the final year of the current management plan.

Develop markets and customers

The automotive industry is making more progress in the transition from gasoline-powered cars to electric vehicles (EVs), and new customers from previously unrelated fields are entering the market. For example, Future Mobility Corp, which ordered an AIDA servo tandem line in the fiscal year ended March 31, 2018, is a venture firm to offer the BYTON brand of EVs. The AIDA Group is eagerly monitoring the new trends among these manufacturers from different industries and is widening its net for potential customers in new fields.

Suppliers of auto parts have also started shifting their production to drive motors and batteries. We are strengthening our ability to propose projects to customers for their changing requirements and are promoting the unique features of our high value-added products, such as our high-speed presses used in the production of drive motors and our UL series of precision forming presses used to produce battery parts and separators.

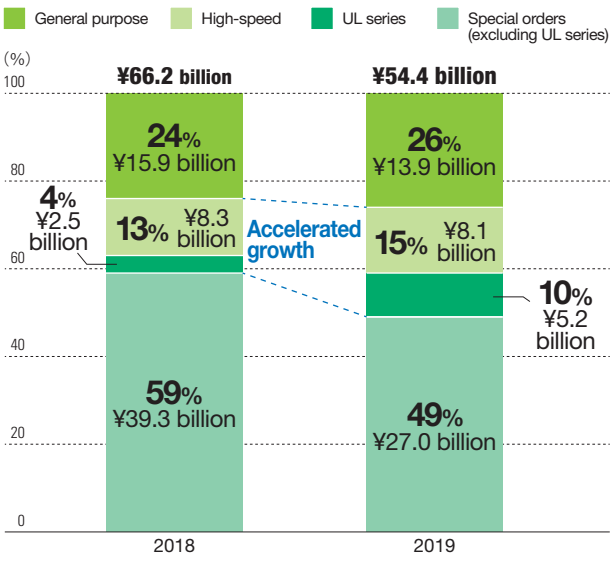
Improve product competitiveness

The transition to EVs is creating growing demand for our high-speed and precision presses, and we are seeking to boost the competitiveness of our presses by further improving precision and productivity. With the rising demand for lighter-weight vehicles, we are developing production systems using servo presses for aluminum alloy parts and press forming systems for ultra-high tensile strength materials.

In addition, as aluminum materials cannot be picked up and conveyed using magnetic conveyance systems, we are refining a high-speed suction-type transfer that we independently developed during the prior fiscal year to quickly bring it to market. We expect that these efforts to differentiate our products and enhance our competitiveness will boost our earning power.

Press Business Order Composition by Equipment Type

(Years ended March 31)



Strengthen strategic business segments

I believe one of the most effective ways to offset the declining profitability of press machines is to strengthen our high-margin service business.

The Group has installed a substantial number of press machines during these past 10 years of sustained growth, and we must continue to provide high quality aftermarket service for our equipment.

A major step to expand our modernization and overhaul businesses was achieved in September 2018 when the Nagoya Service Plant commenced operations. We are strengthening our cooperative partnerships with local suppliers to increase project orders.

We are planning to construct similar concept factories at other service centers to continue to expand the business. We are also strengthening our preventive maintenance by advancing 'visualization' for the replacement timing of parts and the use of IoT technology.

In the factory automation (FA) field, as mentioned above, we are focusing on developing aluminum conveyor systems, but we are also expanding development of automated products for other fields. In addition, by advancing the integration of REJ Co., Ltd., which became a subsidiary in fiscal year ended March 31, 2018, we will enhance our design capabilities for peripheral press equipment including modernization projects, production of control devices, and development of servo drivers.

Make our global business infrastructure more dynamic

We are responding to the increasing demand for high-speed and precision presses by expanding our manufacturing

capacity of related parts at our overseas production facilities. We have also been upgrading our ERP system to strengthen our worldwide business management system and are now planning to completely overhaul our project management system to increase work efficiencies and to bolster our project tracking capabilities for individual orders. In addition, we are continuing to strengthen the global collaboration system for our engineering departments, and at our overseas production facilities we are increasing the in house manufacturing ratios of components and improving factory utilization management.

Develop our human resources

We are continuing to put extra effort into training overseas employees at our headquarters in Japan and boosting employee skills at our overseas production facilities. In the fiscal year ending in March 2020, we are focusing on providing on-the-job training at our headquarters in preparation for ramping up overseas production of high-speed and precision presses. The Company is also implementing various initiatives for workstyle reform, including strict control of overtime work, improving our health and safety measures, and refining our job ranking system.

Establish a strong foundation for future growth

We are engaged in various R&D activities specifically to fulfill the second core strategy of improving product competitiveness. We are also investing for growth, and in the fiscal year ended March 31, 2018, began expanding our manufacturing capacity for high-speed presses used to stamp drive motor parts. In January 2019, we completed the installation of new equipment at the Tsukui Factory. We are also installing an automated warehousing system and focusing on manpower development with the aims of raising productivity and increasing the factory production capacity by at least 50% in the fiscal year ending March 31, 2020. We are also expanding our Malaysia Plant to increase their production of high-speed presses, and this is expected to be completed during the fiscal year ending March 2020. The expanded capacity will enable us to increase our product supply to the Asia region.

Q **What is the business outlook and the shareholder return policy for the fiscal year ending March 31, 2020?**

A **We will continue to improve our business portfolio and product mix and further improve our profitability. We will also continue to strive to enhance shareholder returns.**

In the fiscal year ending March 2020, we expect the slower capital investment by the automotive industry to limit orders to ¥79.0 billion, a 4.4% increase over the previous year. We anticipate net sales declining 6.0% from the previous year's record high to ¥79.0 billion but expect operating profit to rise 14.2% to ¥6.3 billion as it benefits from the decrease in expenses from customer orders with custom specifications, an improved product mix, and improved profitability on press orders.

For the business segments in the AIDA Plan 523, we

The Mid-Term Management Plan Fiscal Years Ending March 2018–2020

Slogan

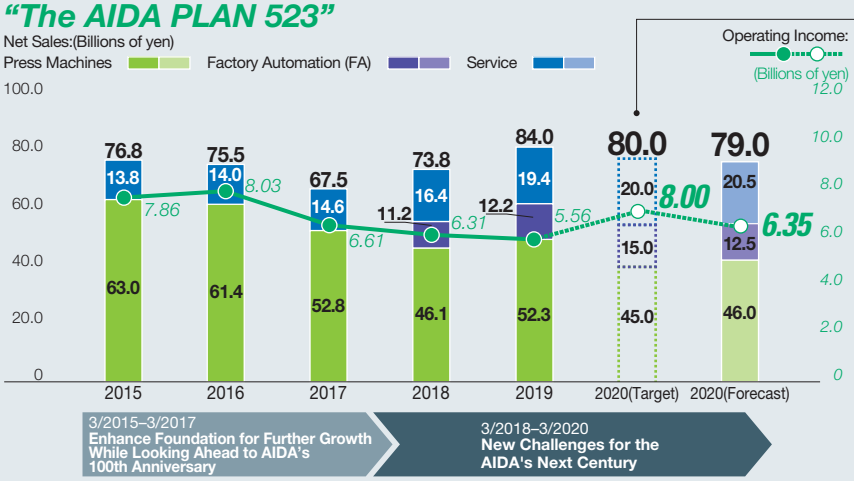
New Challenges for AIDA's Next Century

Vision

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

Performance Targets

"The AIDA PLAN 523"



Net Sales by Business Segment in "The AIDA PLAN 523" Mid-Term Management Plan

(Millions of yen)

	FY to March 2018		FY to March 2019		FY to March 2020 (Forecast)	
	Net Sales	Ratio	Net Sales	Ratio	Net Sales	Ratio
Press Machines	46,166	62.5%	52,361	62.3%	46,000	58.0%
Factory Automation (FA)	11,229	15.2%	12,258	14.6%	12,500	16.0%
Service	16,460	22.3%	19,462	23.1%	20,500	26.0%
Total	73,856	100.0%	84,082	100.0%	79,000	100.0%

forecast net sales of ¥46.0 billion in the press business, ¥12.5 billion in the factory automation business, and ¥20.5 billion in the Service business; resulting in a revenue composition ratio of 58:16:26,respectively. These results will mark steady progress strengthening our core businesses and achieving the AIDA Plan 523 target of a 5:2:3 sales ratio for the press, FA, and Service businesses, respectively.

We are still on the road for improving our product mix and improve our business portfolio. While it will be a major challenge to achieve the current medium-term management plan's target operating income ratio of 10% in the current fiscal year, we are continuing to steadily apply the plan's core strategies and are progessing toward reaching the target in a future fiscal year.

We are committed to the medium-term management plan's core policy for shareholder return of maintaining a consolidated dividend payout ratio of 30% or higher. In the fiscal year ended March 31, 2019, net income per share came in slightly below our original target, but we maintained the planned dividend of ¥30 per share (39.9% consolidated dividend payout ratio). We anticipate severe earnings conditions in the fiscal year ending March 2020, but intend to distribute a consistent dividend of ¥30 per share (39.8% consolidated dividend payout ratio).

We also provided additional shareholder return by retiring treasury stock in March 2019, and management decided to buy back and retire roughly ¥2.0 billion worth of shares in June 2019. We will continue seeking to enhance shareholder returns while maintaining a reserve to ensure a stable business foundation and funds for investment in future growth.

We believe the rapidly changing business conditions are opening up new opportunities for the Group. We are preparing to make the most of those opportunities by establishing a foundation for new growth and diligently pursuing our core strategies. We look forward to the continuing support and understanding of our stakeholders.

August 2019

Chairman & President (CEO)

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 **¥100.0** Billion

Ratio by business segment:

- Press Machines 5
- Factory Automation (FA) 2
- Service 3

II

"The AIDA PLAN 523"

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

The AIDA Group's Value Chain

We provide comprehensive support for our customers' value creation.

As a forming systems builder, we offer integrated value starting with press development and manufacturing and extending to after-sales service.

As a comprehensive manufacturer of press forming systems, we have established a top brand trusted by customers throughout the world.

AIDA introduced the world's very first direct-drive servo press. Working from a foundation of superior technology and product development capabilities best represented by that achievement, we offer comprehensive solutions for entire production lines and provide continuous support after delivery.

R&D

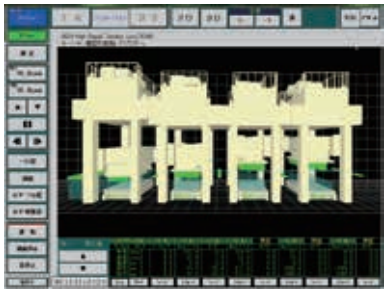
We bring innovation to customers' factories by developing high value-added products.

The AIDA Group's Research & Development Headquarters is leading continuous R&D initiatives that respond to the evolving needs of the times. The fundamental goals of these initiatives are to make core products more robust, to establish basic technologies, and to develop next-generation products.

Along these lines, we are researching methods for forming non-steel materials. Aluminum, for example, plays a critical role in efforts to create lighter-weight automobiles. In our research we are investigating new ways to use a servo press to form semi-solid aluminum material with a fine metallographic structure. We envision this work resulting in the ability to use thinner materials to form high-strength aluminum components with a very low defect rate, and believe greater design freedom and higher precision of formed shapes will result as well.

We are also focusing on simulation technologies that will further enhance productivity by optimizing synchronized controls for servo presses and transfer equipment, and moving forward with the development of products such as a new UL Series of large precision forming presses, high-speed articulated transfers, and large-capacity destack feeders for non-ferrous materials. Work is also progressing on new technologies in relation to motor systems for press machines, systems for forming lightweight materials, and IoT systems—all of which will lead to the further evolution of entire production lines. Through these efforts we aim to offer forming systems that precisely respond to customers' true needs.

Using AIDA's Synchronization Control System to perform 3D simulations of high-speed transfers



ADMS (AIDA Digital Motion System) User Screens

R&D | Design | Component fabrication | Assembly | Shipping and installation | System integration | Operational adjustments

Production (Machining, Assembly, and Installation)

We strive for only the best in manufacturing.

The outstanding quality of AIDA's press systems is the result of our refusal to settle for second-best.

One example is how we manufacture our press frames. Presses that are used to form high tensile strength steels are subject to extremely high loads due to the force needed to form these materials, which are stronger than conventional steels. Because of this, the press frame fabrication process includes several days of annealing*1 in order to eliminate residual stresses and strains in welded joints. In addition, we use a special process called "hammer-peening*2" to give welds greater fatigue strength.

Placing great weight on our customers' ability to use our presses over the long term, we are continuing our 100-plus years of history of offering products that dominate the industry in terms of rigidity, precision, and quality. This refusal to settle for second-best is a key factor underpinning our global production system.

A large-capacity annealing furnace for relieving residual stresses and strains

Hammer-peening a weld to increase its fatigue strength

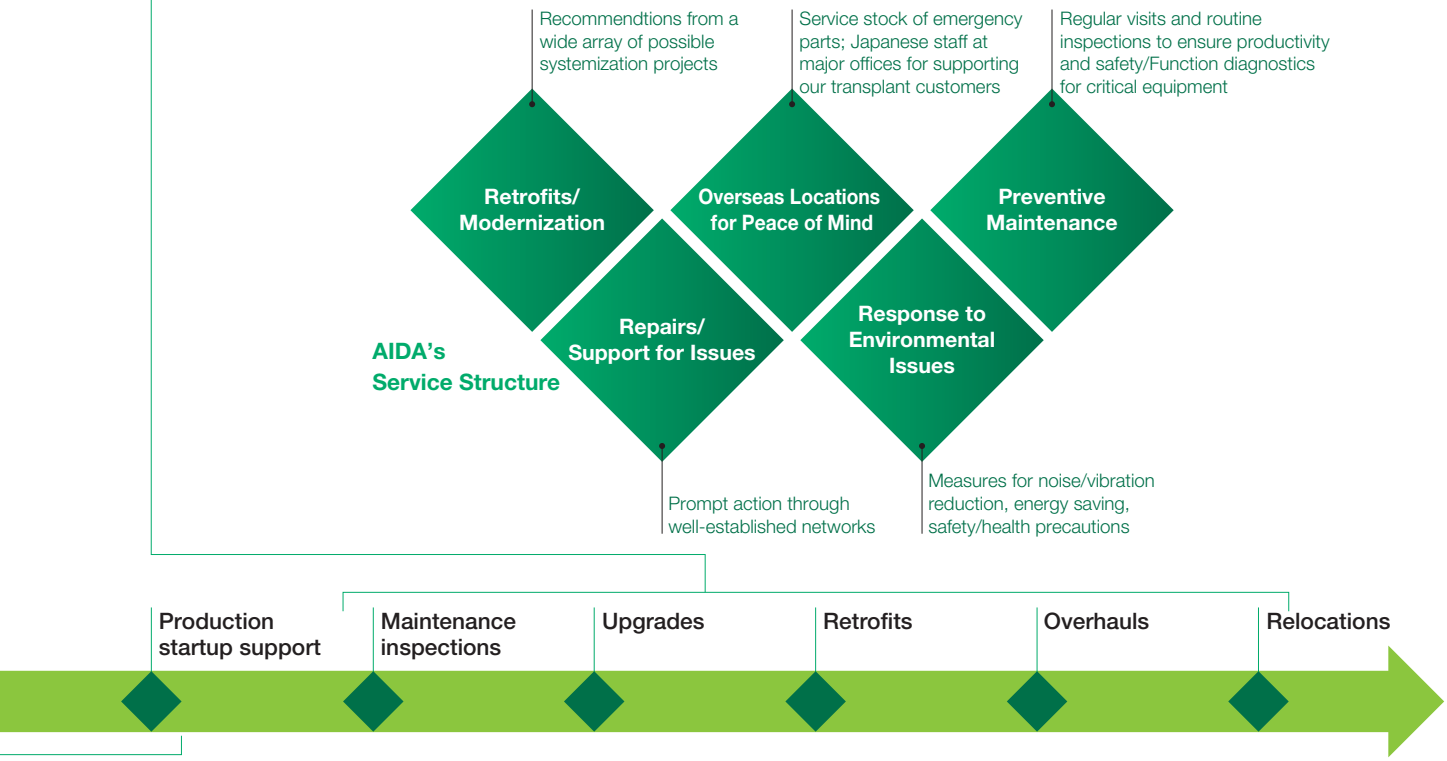
*1 A process that relieves internal strain, softens the structure, and makes the metallographic structure uniform.
*2 A technique for enhancing fatigue strength and other properties of welded metals by using a hammer or other device to pound and stretch the metal.

Maintenance and Retrofitting

We support our customers' production facilities through continuous after-sales technical support.

AIDA has created a global Service network to enable customers worldwide to use our products with confidence over the long term. Our five global production facilities take the lead in maintaining an ample inventory of parts, and local staff provide rapid follow-up services not only for unexpected breakdowns and other situations where an immediate response is required but also for overseas relocations.

AIDA products are designed to be robust, so machines installed long ago can be retrofitted (p22) to enhance their capabilities and restore them to high performance levels. Retrofitting enhances the value of existing equipment and helps to lower costs.



Global Human Resource Development —Sharing AIDA's DNA Globally

AIDA views people as its greatest business resource and pursues manpower development with the aim of ensuring every employee has a high level of expertise. We have systems for providing financial rewards to employees who earn national qualifications for professional skills and for coming up with inventions or new development ideas. In addition, we have established a corporate culture in various countries and regions that is accepting of talented people regardless of their nationality, gender, age, differing employment styles, or disabilities.

Customers are expanding their overseas operations and moving forward with globalization, so AIDA must be able to consistently provide its outstanding technology and quality wherever customers require it. This means not only dispatching instructors from Japan to locations throughout the world in order to transfer AIDA's technology, but also bringing people hired overseas to Japan for education and training. Through global actions such as these, we are spreading the seeds of the 'AIDA DNA' developed over the 100-plus years of our existence.

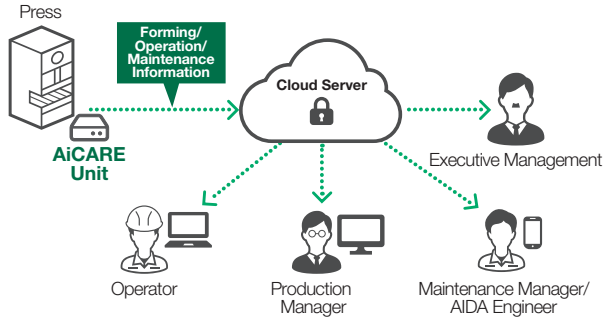
We aim to maximize customer satisfaction by leveraging our wealth of experience.

◆ Preventive Maintenance

Maintenance means inspecting equipment to ascertain its condition, and performing appropriate repair and replacement work to ensure it can operate as intended. We can prevent unexpected breakdowns by detecting signs of future problems and making adjustments and performing maintenance before they can develop into major issues.

Performing thorough maintenance instead of diagnosing a breakdown and replacing parts after it has occurred reduces production downtime and minimizes costs. It also makes it possible to keep factories running stably over long periods to enable the steady achievement of production plans. This in turn can boost the reputations of our customers and further solidify their relationships with their customers. We believe that encouraging customers to undertake preventive maintenance—which is critical to their operations—is one important obligation of a press manufacturer.

AIDA's Proprietary AiCARE IoT System



AIDA's "AiCARE" IoT system uses sensors installed on presses to monitor operating status, throughput, utilization time, operating temperature of various press components, error codes, and other indicators, and makes it possible to visually communicate the status of a press and analyze its condition. AiCARE keeps track of where parts are in their lifespan and sends email notices to maintenance supervisors when a part has reached the end of its service life. These kinds of AiCARE functions help customers more closely and flexibly manage their production.

◆ Press Inspections

Japanese government regulations require companies to perform specific self-directed safety inspections of their presses once a year. From a long-term perspective, however, it is also important to perform additional preventive maintenance checks.

In contrast with the mandatory regular self-directed safety inspections which are intended to confirm the proper operation of safety devices, the press maintenance checks performed by AIDA also comprehensively check the accuracy of the press and its overall condition. Leveraging our technical expertise as a press manufacturer and our wealth of knowledge and experience relating to accessory devices and forming methods (including peripheral technologies), we perform a wide range of checks that include the condition of individual parts, of electrical devices, and of pneumatic, hydraulic, and lubrication system devices and piping. Furthermore, we help customer maintenance personnel with preventive maintenance by drawing their attention to items that they should be looking at during daily inspections and by providing advice about key points when they are performing maintenance.

AIDA has created a new service system with expanded manufacturing functions at its Nagoya Service Plant.

In September 2018, we created a new service system at our Nagoya Service Plant that incorporates manufacturing functions. Under this new system, we can not only purchase, display, and sell used machines that can be retrofitted and overhauled—functions we could not perform at our conventional Service locations—but also convene seminars that cover maintenance and other topics.

In addition, with our new automated warehouse, we have expanded the range of service parts we keep on hand. We stock parts that our experience and past usage history tell us will be in high demand and select recommended parts based on the drawings of machines that have been in service for many years, so we can swiftly respond when customers need parts right away. This new service system will serve as the model for similar facilities we are planning to build in other locations to expand the functions of our service plants and strengthen our service operations.


Nagoya Service Plant


Automated Parts Warehouse

◆ Overhauls and Retrofits

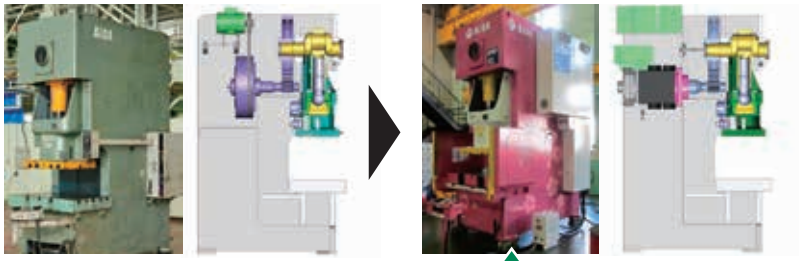
When a press has been in use over a long period, the clearances between the parts that transmit the drive and forming forces end up growing larger. This is because parts that are rotating, sliding, or rocking against mating parts are subject to wear and deformation to the point where the original precision fit is lost.

During an overhaul, worn or deformed parts can be reworked or replaced to restore this precision fit in order to extend the life of presses. AIDA also recommends retrofit projects to improve press accuracy and performance, to add new functions, and to modernize devices. Retrofits can make presses more productive by replacing obsolete electrical components with the latest versions.

The AIDA Group includes companies that develop, design, and manufacture material feeders, automated transfer equipment, and other automation devices, and its forming technology R&D department has amassed an abundance of specialized peripheral technology and know-how. We make the most of these resources by making optimal retrofit recommendations for not only presses but entire production systems.

Example1 Upgrading a transfer from a mechanical drive to a servo motor drive

This retrofit increased the maximum speed from 25 SPM (min^{-1}) to 30 SPM (min^{-1}), and reduced the die change time by 28%.



Example 2 Upgrading a press machine by replacing its mechanical (flywheel) drive with a low-speed, high-torque servo motor drive

This change makes it possible to freely program the slide speed and motion, and this not only improves productivity, formability, and die life but also saves electricity through the regenerative power function.

◆ Machine Relocations

AIDA has a wealth of experience when it comes to international equipment relocations. We have handled countless relocations of not only presses both large and small but also multi-unit robot lines, tandem lines, and other large-scale relocations. We can also swiftly handle complex customs compliance issues and procedures for complying with local standards. After equipment has been relocated, customers can take advantage of the comprehensive support we provide through our local affiliates and our five global manufacturing facilities.

As part of our relocation service, we perform meticulous maintenance when equipment is disassembled, exercise extreme care in protecting the operational precision of the presses while they are being moved, and provide assistance with the smooth startup of production once they have been relocated. This is the kind of comprehensive support package that only a press manufacturer can offer. By handling every aspect of a relocation, we can save customers the costs incurred by hiring multiple companies to handle the various relocation tasks.

AIDA handles marine transport and also customs paperwork.

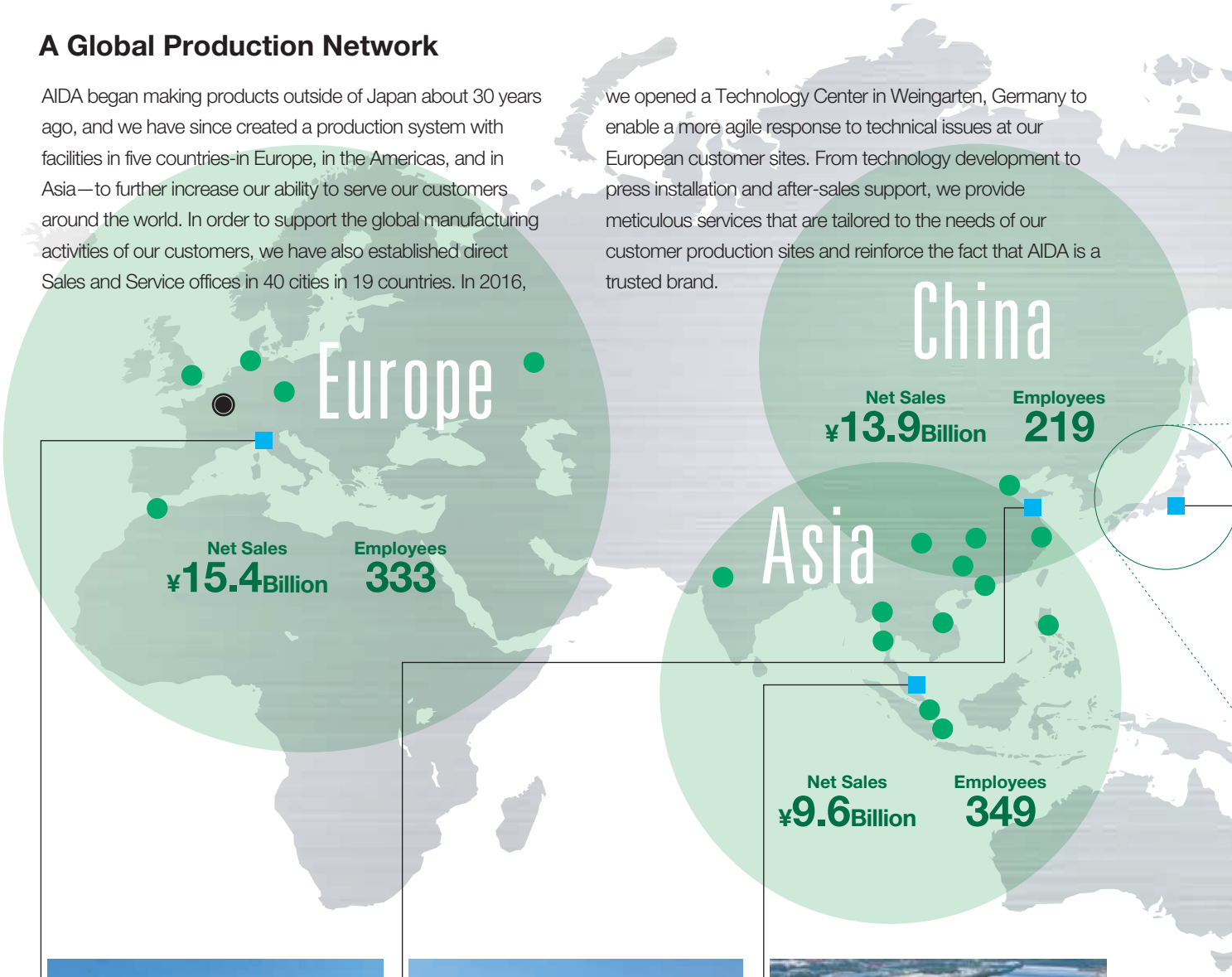
Local transportation

Onsite installation work. AIDA also continues to provide after-sales services after equipment is relocated.

We are continuing to expand our Sales and Service network and to optimize the production systems at our five global manufacturing facilities.

A Global Production Network

AIDA began making products outside of Japan about 30 years ago, and we have since created a production system with facilities in five countries-in Europe, in the Americas, and in Asia—to further increase our ability to serve our customers around the world. In order to support the global manufacturing activities of our customers, we have also established direct Sales and Service offices in 40 cities in 19 countries. In 2016, we opened a Technology Center in Weingarten, Germany to enable a more agile response to technical issues at our European customer sites. From technology development to press installation and after-sales support, we provide meticulous services that are tailored to the needs of our customer production sites and reinforce the fact that AIDA is a trusted brand.



AIDA S.r.l.

AIDA PRESS MACHINERY SYSTEMS CO., LTD.

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

ITALY
Site area:55,000m² Building area:24,000m²

CHINA
Site area:67,000m² Building area:30,000m²

MALAYSIA
Site area:72,000m² Building area:29,000m²

* Net sales are prior to the elimination of transactions between business segments.
* Figures for both site and building areas have been rounded down to the nearest thousand m².

AIDA ENGINEERING, LTD.

JAPAN

Site area：182,000m² Building area：82,000m²

ACCESS, LTD.

Leveraging its material feeding, conveyance, and moving technologies to provide customers with optimized automation systems for their production processes.

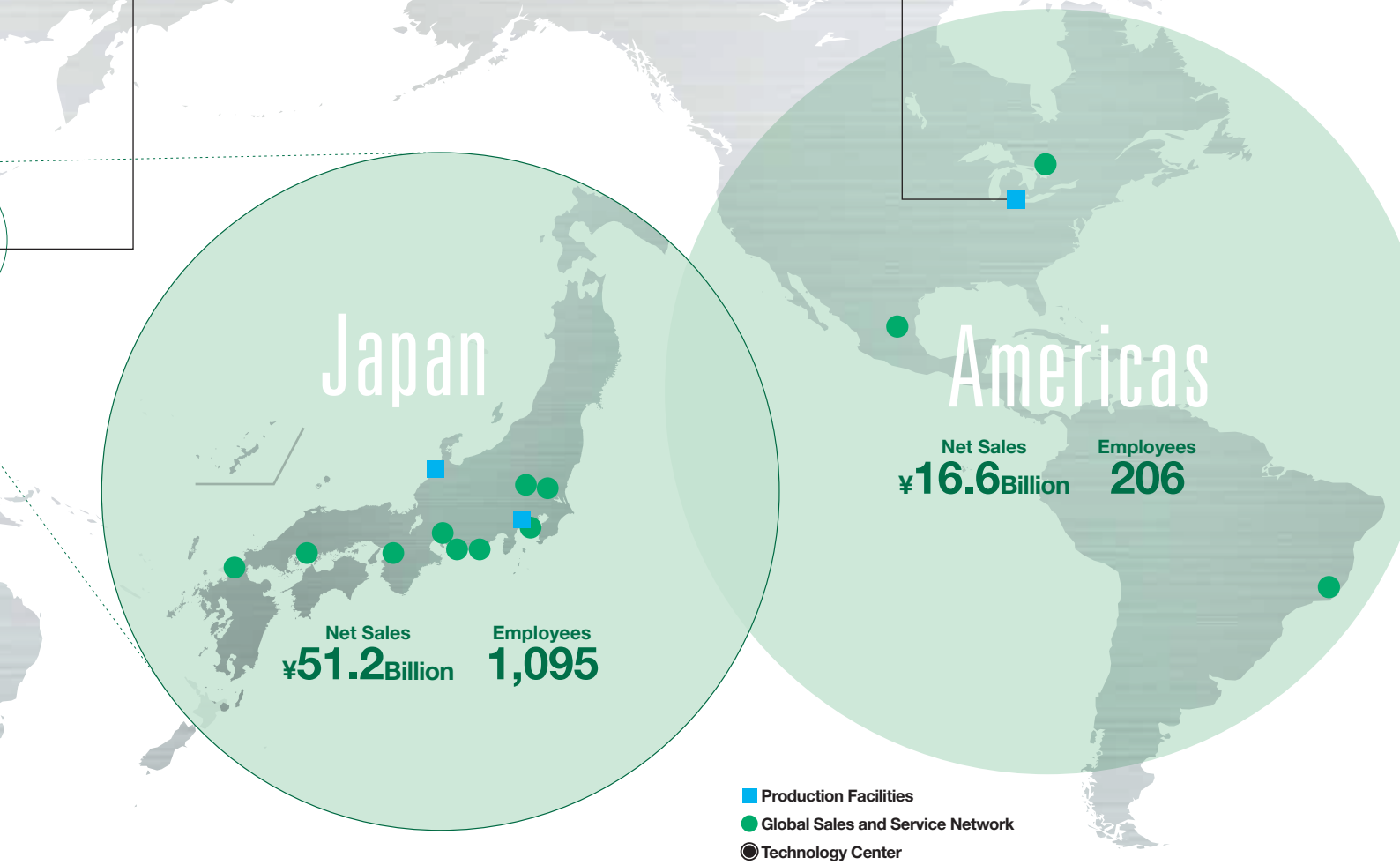
R E J Co., Ltd.

Using superior controls technology to provide system drive solutions for a wide array of automation products targeting the automotive industry and other industries.

AIDA AMERICA CORP.

U.S.A.

Site area：155,000m² Building area：16,000m²



Linking Global Production Facilites to Achieve Optimized Local Production

Borderless manufacturing is continuing to expand, and customers who require our products are extending their operations to locations throughout the world. Optimizing global production by making products close to where they are needed has enormous advantages, such as reducing procurement and shipping costs and cutting production lead times. AIDA's production facilities in Japan, China, Malaysia, the United States, and Italy are tightly linked and engage in co-manufacturing. In addition, we have installed production equipment at our overseas locations that have the same specifications as our equipment in Japan, thereby enabling us to share and standardize machining programs and fixtures on a global basis. Furthermore, since our local Group companies handle everything from installation to comprehensive operational tests, we are supporting our customers' stable, high-utilization production.

Corporate Governance

AIDA enhances 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 three outside directors, all 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, and one of whom is a standing statutory auditor. 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.

By providing staff from the Internal Control Audit Office, the Finance & Accounting Department and other general administration areas, the Company supports audits carried out by the statutory auditors.

Remuneration for Directors and Statutory Auditors

In the fiscal year ended March 31, 2019, remuneration for the Company's directors and statutory auditors was as follows:

Officer Category	No.	Total Remuneration by Type (Millions of yen)				Total (Millions of yen)
		Monetary Remuneration			Stock compensation	
		Basic remuneration	Performance-based remuneration	Subtotal		
Directors (excluding outside directors)	6	130	86	216	33	249
Outside directors	2	17	–	17	–	17
Statutory auditors (all outside)	3	27	–	27	–	27

Note: The remuneration figures shown above include amounts paid to a director who stepped down as of the end of the 83rd General Shareholders' Meeting held on June 27, 2018.

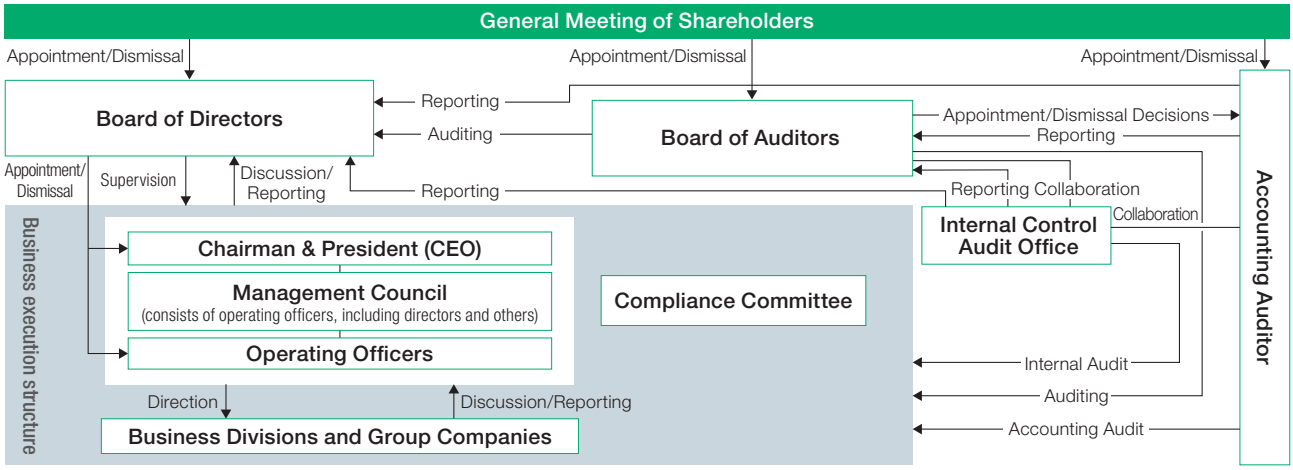
Enhancing the Effectiveness of the Board of Directors

The Company's Board of Directors undertakes evaluations once a year through self-evaluations by all directors, including outside directors and statutory auditors.

The Board of Directors is trying to improve overall effectiveness by resolving issues identified through self-evaluations.

During the fiscal year ended March 31, 2019, improvements were made for issues identified through self-evaluation conducted in the previous fiscal year, and overall effectiveness of the Board of Directors was confirmed.

Corporate Governance Structure (As of June 27, 2019)



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

Internal Control System

Suitability of Business Conducted

At the Company, to ensure suitable and efficient business, the Board of Directors and the Management Council deliberate and share information on important matters that could significantly affect the Company's operations, and, if necessary, potential countermeasures are also discussed. During the fiscal year under review, Board of Directors meetings and Management Council meetings were convened 12 times and 22 times respectively. We also respond appropriately to safety, quality, export regulatory control, product liability, and other types of risks, via various types of cross-Group committees.

Group Company Management Structure

Process for both decision-making by Group companies and approval by parent company is set forth in the "AIDA Global Management Regulations." The Internal Control Audit Office takes the lead to ensure the suitability of Group company business by monitoring whether actual operations are in line with Regulations or not.

Each Group company presents monthly performance reports to the Board of Directors and the Management Council of parent company. In addition, issues discussed at Group Company management council are also shared with management of parent company. At semi-annual AIDA Global Business Plan Meetings, top management from parent company and individual Group companies gather to report progress in achieving performance objectives. At Meetings, information are also shared on important matters and risks for individual Group companies, and counter-measures are discussed.

In addition, the Internal Control Audit Office monitors suitability of internal controls and compliance at individual Group companies, and statutory auditors and the Internal Control Audit Office conduct on-site audits of Group companies.

Compliance

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

Compliance Framework

At the Company, employees can report corporate ethics concerns via the AIDA Group Compliance Hotline*. This line of communication puts them in touch with an outside attorney and the whistleblower desk within the Internal Control Audit Office. Furthermore, for compliance observation, the Company receives reports from Group companies inside and outside Japan to help ensure proper business operations and effective compliance.

Hotline reports are initially consolidated and presented to the executive officer in charge of internal controls. Depending on their importance, matters are also reported to the Compliance Committee and the Board of Directors. These bodies discuss responses, recurrence prevention measures, and issue directions. The Internal Control Audit Office conducts various types of internal training to help ensure that all AIDA Group employees thoroughly understand AIDA Corporate Philosophy, the AIDA Group Action Guidelines and the AIDA Group Compliance Hotline.

*AIDA Group Compliance Hotline
A system for reporting compliance violations or possible violations when they are discovered—including legal infringements and improper conduct—to outside attorney and whistleblower desk 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. 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 also establish a proactive risk management structure to respond to such risks. This includes committees for health and safety, product liability, export regulatory control, risk assessment promotion, and other cross-functional committees, as well as project teams assembled to address specific risks.

In addition, the Global Operation Promotion Office is established to cross-functionally and centrally manage risks that could significantly impact operations of entire Group, including product liability, export regulatory control, compliance, information security, and protection of intellectual property rights.

Information Security Initiatives

The Company formulates and implements its Corporate Secrets Management Regulations and AIDA Information Network System Management Regulations as measures to prevent the leaking of information. The Company manages software used for business operations, monitors and restricts on internet access, and adopts software to monitor personal computers for viruses, unauthorized access and other problems. Furthermore, from overseas Group companies, remote access controls to in-house systems are also put in place.

To protect technical information, the Company sets restriction rules of employee access to confidential drawing data, and, when third parties must be given access to this information, non-disclosure agreements shall be concluded beforehand. Drawing data is encrypted so that it cannot be retrieved by external devices even if data is leaked.

To protect intellectual property, the Company proactively obtains patents in Japan and other countries as well.

Leaks of technology and know-how, and infringement of intellectual property rights could pose a serious threat to the basic foundation of the Company, for which advanced technology is a crucial asset. The information security measures and thorough protections for technical information and intellectual property rights, described above, play key supporting roles in the promotion of business strategies of the Company.

Board of Directors & Statutory Auditors

As of June 27, 2019

Board of Directors

Kimikazu Aida
Chairman and President (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 & Development Headquarters (current position)
2012 Chairman, AIDA AMERICA CORP. (current position)
Chairman, AIDA S.r.l. (current position)
2018 Chairman (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)
2017 Chairman, ACCESS, LTD. (current position)

Toshihiko Suzuki
Director, Senior Managing Executive Officer

2011 Joined AIDA ENGINEERING, LTD.
2015 Director (current position)
2017 Chairman, Reliance Electric Limited (currently REJ Co., Ltd.) (current position)
2018 Senior Managing Executive Officer (current position)
Division Manager, Sales & Customer Service Headquarters (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 PRESS MACHINERY SYSTEMS CO., LTD. (current position)
2017 Chairman, AIDA ENGINEERING (M) SDN. BHD. (current position)

Masahiro Kawakami
Director, Operating Officer

1991 Joined AIDA ENGINEERING, LTD.
2015 Operating Officer (current position)
2016 President, AIDA S.r.l. (current position)
2018 Director (current position)
Vice Chairman, AIDA AMERICA CORP. (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, Financial Services Agency
2002 Director-General, Supervisory Bureau, 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 (currently Asteria Corporation) (current position)
Director, MIROKU JYOHO SERVICE CO., LTD. (current position)
2019 Director, ZUU Co., Ltd. (current position)

Jiro Makino
Outside Director (Independent)

1974 Director, Makino Milling Machine Co., Ltd.
1978 Vice President, Director, Makino Milling Machine Co., Ltd.
1979 Executive Manager, Makino Milling Machine Co., Ltd.
1985 President and Representative Director, Makino Milling Machine Co., Ltd.
1997 Vice Chairman, Japan Machine Tool Builders' Association (JMTBA)
2006 Director, TOKYO OHKA KOGYO CO., LTD.
2019 Director, AIDA ENGINEERING, LTD. (current position)

Statutory Auditors

Shigeo Matsumoto
Outside Standing Statutory Auditor (Independent)

1999 General Manager, Operation Audit Dept., The Fuji Bank, Ltd. (currently Mizuho Bank, Ltd.)
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
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, 2019, he attended all 12 meetings of the Board of Directors.

Hirofumi Gomi

Hirofumi Gomi was appointed to the position of Outside Director in June 2015 based on the expectation that the wealth of experience and high-level expertise he has acquired handling matters concerning 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, 2019, he attended all 12 meetings of the Board of Directors.

Jiro Makino

Jiro Makino was appointed to the position of Outside Director in June 2019 based on the expectation that the expertise he has acquired in the milling machine business and wealth of experience he has accumulated in managing a public company through his many years as Representative Director of Makino Milling Machine Co., Ltd. would enable him to provide the Company with valuable management advice and recommendations from an objective perspective.

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 including working overseas for major financial institutions and conducting internal audit 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, 2019, he attended all 12 meetings of the Board of Directors and all 10 meetings of the Board of Auditors.

Hiroshi Kanai

Hiroshi Kanai was appointed to the position of Outside Statutory Auditor in June 2012 based on the expectation that the wealth of experience and sophisticated insight he has as a 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, 2019, he attended all 12 meetings of the Board of Directors and all 10 meetings of the Board of Auditors.

Shigeru Makinouchi

Shigeru Makinouchi was appointed to the position of Outside Statutory Auditor in June 2013 based on the expectation that the wealth of experience and sophisticated, specialized knowledge he has as an attorney-at-law would enable him to ask questions and express opinions from an objective perspective to help ensure the legality and reasonableness of decision-making by the Board of Directors. In the fiscal year ended March 31, 2019, he attended all 12 meetings of the Board of Directors and all 10 meetings of the Board of Auditors.

Message from an Outside Director

Outside Director
(Independent)

Kimio Oiso

The Company was among the earliest to include multiple outside officers and currently three of the eight directors are outside directors. The Company appoints three outside statutory auditors, including one standing statutory auditor.

The Company's president, vice president, and all executive officers openly share information with the outside officers and earnestly listen to the opinions of the outside officers. The outside officers attend the Board of Directors meetings as well as the twice-monthly Management Council meetings of directors and operating officers where they receive reports and express their opinions. They also participate in the semi-annual AIDA Global Business Plan meetings that include members from overseas affiliated companies in order to gain a full understanding of the Group's overall business conditions.
The Company's six outside officers, centered on the standing statutory auditor, also hold regular liaison meetings to ensure they remain fully informed and aware of issues so they may contribute applicable opinions.

AIDA is a global corporation with five manufacturing bases around the world, and the majority of its products are used outside Japan. In addition, the press machines that we produce are used for long periods that span decades. For these reasons, maintaining strong and effective corporate governance is of utmost importance for AIDA. As an independent outside director, I will add to the diverse knowledge and experience of the other officers as we work together to help guide the sound development and growth of the Company.

Environmental and Energy-Saving Initiatives

AIDA's Environmental Policy has been established to advance environmental preservation activities.
"As a leading global company, we will strive to protect the environment, reduce energy consumption and develop technologies." These words, our Mid-Term Management Plan vision, express our commitment to achieving further growth while reducing our environmental impact and developing products that excel in environmental and energy-saving performance.

Environmental Management

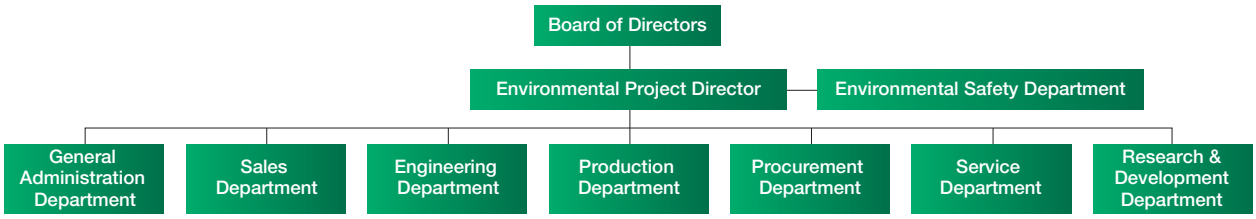
Environmental Policy

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.

1. AIDA will work to reduce its environmental footprint by continuously improving its environmental management systems, and AIDA will also promote environmental management activities by revising its environmental-related targets and goals.
2. AIDA will strive to protect the environment and strictly adhere to any other requirements stipulated by laws, regulations, and accepted practices.
3. In order to proactively prevent the destruction and pollution of the natural environment to the extent that it is technologically and economically feasible, AIDA will promote the following and will strive to reduce the burden being placed on the earth's environment.
   (1) Promote resource and energy conservation.
   (2) Eliminate waste products and promote recycling.
   (3) Minimize the release of harmful substances. Additionally, move towards the use of substances that present minimal harm.
   (4) Painstakingly manage buildings, equipment, and processes, etc., that could possibly have an adverse effect on the environment.
   (5) Implement oil leakage countermeasures (even in drop-size increments) and prevent water and soil contamination.
4. Strive to ensure that all employees understand this environmental policy and have a heightened environmental awareness, and work towards the practical implementation of environmental improvements and protections. Moreover, we will also inform participating business partners of this environmental policy and ask for their understanding and cooperation in implementing environmental improvements and protections.

The Environmental Management Organization (simplified diagram)

AIDA's Environmental Management Organization is led by the Company's President and includes members appointed by each department. This organization advances efficient environmental preservation activities throughout the Company.



Environmental Objectives

With AIDA's Environmental Policy serving as a starting point, the Company establishes environmental objectives that incorporate legal, regulatory, and other requirements and consider factors such as the causes of significant environmental impact.

Environmental objectives	Targets for the year ended March 31, 2019	Results for the year ended March 31, 2019
Maintain compliance with laws and ordinances (air, water, noise, etc.)	●Examine how to keep process and auxiliary equipment values within regulatory limits, and further reduce them	●Results of maintenance inspections on processes and auxiliary equipment: Good ●Results of efforts to maintain performance within specified limits: No performance problems
Promote the recycling of waste materials and prevent further waste generation (Efforts to recycle and reuse)	●Emissions* target: 1,700 tons or less ●Industrial waste recycling ratio: 86% or higher	●Total emissions: 1,185 tons; target achieved ●Industrial waste recycling rate: 88%; target achieved
Promote energy conservation	●Total energy usage (crude oil equivalent): 4,500 kL or below ●CO_2 emissions (unit conversion coefficient): 37.0 tons CO_2/¥100 million (production volume) or lower	●Total energy usage (crude oil equivalent): 4,205 kL; target achieved ●CO_2 emissions: 26.1 tons CO_2/¥100 million (production volume); target achieved
Improve environmental protection initiatives	●Feedback about environmental product requirements/Collection and transmission of complaints ●Promote adoption of environmentally friendly processes and auxiliary equipment ●Efforts to enact measures to reduce environmental impact	●Green material procurement and recordkeeping: Good ●Converted crane lighting at four Sagami 2-1 Plant buildings to LEDs ●Adopted centrifugal separators for removing foreign substances from machining oil ●Gathered information on the environmental needs of customers ●Promoted retrofitting services, which will lead to environmental improvements ●Tracked reductions in customer claims for product oil leaks
Develop environmentally friendly products	●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	●Inspected instruction manual entries on the disposal of auxiliary devices ●Limited emissions and usage of environmentally harmful substances in equipment operation ●Reduced numbers of components through high integration of servo control devices ●Reduced resource usage by cutting the number of servo motors used in large-size presses ●Improved servo motor performance by changing the rotor structure ●Reduced the number of parts used by improving the structure of conveyance machine crossbars

*Emissions: Total emissions of general waste and industrial waste

Material Balance

AIDA quantitatively tracks inputs (energy, etc.) and outputs (environmental impact) for its business activities, and keeps detailed environmental data on its operations. We also work to increase the environmental awareness of employees as we pursue environmentally conscious business activities.

Inputs
(for the year ended March 31, 2019*)

Energy

Total Energy Inputs (in terms of crude oil)	4,205 kL
Electricity	14.67 million kWh
Heavy Oil	0 kL
Kerosene	1 kL
City Gas	1,184 kNm³
LPG	4,017 m³
Gasoline	0 kL
Diesel	0 kL

Water

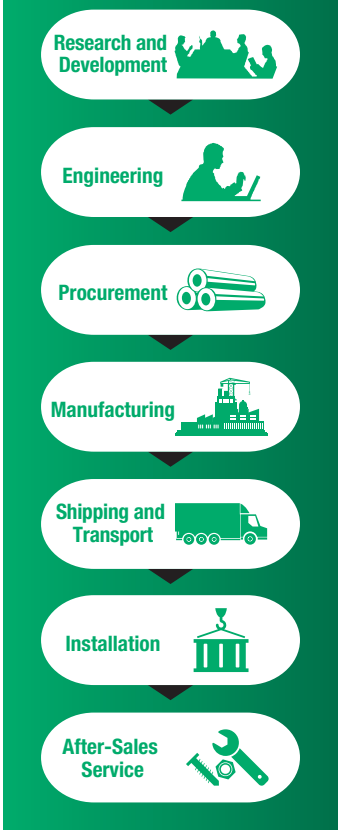
Usage	28 km³

Raw Materials

Steel Materials	13,412 t
Nonferrous Metals	274 t
Castings	7,554 t
Forgings	1,251 t
Paper	26 t

Chemicals 72 t

AIDA's Business Flow



Outputs
(for the year ended March 31, 2019*)

Products

Air Emissions

CO_2	8,123 t-CO_2
Exhaust Gases (NOx)	3,927 kg
Exhaust Gases (SOx)	0 kg
Exhaust Gases (Soot)	37 kg

Wastewater Emissions

Discharge (Total)	24 km³

Waste

General Waste	106 t
Industrial Waste	1,079 t

Recycled Amount

General Waste	51 t
Industrial Waste	946 t

*The Environmental impact of AIDA production processes for the year ended March 31, 2019 (All figures are rounded)
Scope of Analysis: AIDA ENGINEERING, LTD. (Sagami Plant, Tsukui Plant, and Shimokuzawa Plant)

Efficient Energy Usage —To Reduce the Environmental Impact of Our Operations

At our headquarters plant, in Sagamihara 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). As electricity is generated, hot water results as a byproduct. We use this hot water for heating and air conditioning in the manufacturing plant and administrative offices, and adjust thermostats and take other steps in line with air conditioning loads. Doing this has allowed us to slash our total energy cost and smooth 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.

In recognition of our efforts, Kanagawa Prefecture named us a winner of the Kanagawa Global Environment Award in January 2017, and the Advanced Cogeneration and Energy Utilization Center JAPAN presented AIDA with its Co-Gene Special Award in February 2018.

CGS facility

Consolidated Financial Summary

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

	2010	2011	2012	2013
Orders, Net sales, and Income (Loss)				
Orders	¥ 33,403	¥ 47,924	¥ 58,021	¥ 73,033
Net sales	34,898	40,989	52,240	57,812
Cost of sales	32,313	33,343	42,589	46,393
Selling, general and administrative expenses	8,114	6,180	7,424	7,657
Operating income (loss)	(5,529)	1,466	2,225	3,760
Income (loss) before income taxes	(8,945)	1,098	2,927	4,019
Income taxes	3,144	(134)	79	211
Net income (loss) attributable to owners of parent	(12,090)	1,232	2,847	3,808
Profitability Ratio				
Operating income ratio	(15.8)%	3.6%	4.3%	6.5%
Total Assets, Total Net Assets and Interest-bearing Debt				
Total assets	¥ 63,867	¥ 67,342	¥ 71,300	¥ 82,118
Total net assets	45,706	45,221	47,476	52,990
Total interest-bearing debt	1,124	1,500	2,048	1,500
Shareholders' equity ratio	71.5%	67.0%	66.5%	64.4%
Capital Expenditures, Depreciation and Amortization and R&D Expenditures				
Capital expenditures	¥ 578	¥ 689	¥ 2,667	¥ 1,555
Depreciation and amortization	2,684	1,403	1,378	1,362
R&D expenditures	1,203	1,079	909	1,008
Return Indicators				
Return on equity (ROE)	(23.4)%	2.7%	6.2%	7.6%
Return on assets (ROA)	(17.4)%	1.9%	4.1%	5.0%
Cash Flows				
Cash flows from operating activities	¥ 4,857	¥ (2,359)	¥ 8,749	¥ 5,938
Cash flows from investing activities	(294)	(1,253)	(1,231)	(1,277)
Free cash flow	4,562	(3,613)	7,517	4,660
Cash flows from financing activities	309	(1,029)	35	(1,446)
Cash and cash equivalents at the end of year	14,580	9,569	17,129	22,281

	2010	2011	2012	2013
Per Share Data				
Net income	¥ (189.36)	¥ 19.51	¥ 46.97	¥ 62.74
Cash dividends	5.00	6.00	14.00	19.00
Net assets	715.08	745.27	781.58	868.33
Stock Information (at Year End)				
Stock price	¥ 390	¥ 374	¥ 476	¥ 756
Market capitalization (millions of yen)	30,867	29,601	37,674	59,835
Number of shares issued (shares)	79,147,321	79,147,321	79,147,321	79,147,321
Other Data				
Number of employees	1,507	1,478	1,566	1,647

Note: Amounts presented from the year ended March 31, 2011 to the year ended March 31, 2014 were retrospectively adjusted to reflect the changes in accounting policies of the Japanese employee stock ownership plan (J-ESOP).
Note: Amounts presented in the year ended March 31, 2018 were retrospectively reclassified to reflect the changes in "Partial Amendments to Accounting Standard for Tax Effect Accounting."

						Millions of yen	% change
2014	2015	2016	2017	2018	**2019**	**2018 vs 2019**
¥ 76,670	¥ 70,256	¥ 75,474	¥ 62,655	¥ 83,143	**¥ 75,694**	**(9.0)**
69,594	76,897	75,529	67,547	73,856	**84,082**	**13.8**
54,617	59,650	57,544	51,761	57,926	**68,851**	**18.9**
8,656	9,383	9,947	9,168	9,617	**9,669**	**0.5**
6,320	7,863	8,037	6,617	6,312	**5,561**	**(11.9)**
6,584	8,543	8,329	6,754	6,639	**5,785**	**(12.9)**
1,456	2,337	2,546	1,769	1,810	**1,092**	**(39.7)**
5,127	6,205	5,782	4,985	4,786	**4,634**	**(3.2)**
9.1%	10.2%	10.6%	9.8%	8.5%	**6.6%**	**–**
¥ 91,830	¥ 105,126	¥ 100,609	¥ 101,683	¥ 116,108	**¥ 111,564**	**(3.9)**
59,655	67,254	68,758	70,834	75,924	**77,206**	**1.7**
2,491	1,891	4,663	4,470	4,111	**3,991**	**(2.9)**
64.8%	63.8%	68.2%	69.5%	64.8%	**68.5%**	**–**
¥ 3,117	¥ 1,958	¥ 4,654	¥ 2,093	¥ 2,434	**¥ 2,867**	**17.8**
1,548	1,712	1,995	1,961	2,061	**2,142**	**3.9**
1,076	1,345	1,237	1,197	1,036	**1,067**	**3.0**
9.1%	9.8%	8.5%	7.2%	6.6%	**6.1%**	**–**
5.9%	6.3%	5.6%	4.9%	4.4%	**4.1%**	**–**
¥ 5,978	¥ 5,100	¥ 6,596	¥ 2,400	¥ 12,714	**¥ 2,821**	**(77.8)**
(3,254)	(1,237)	(5,655)	(3,118)	(3,789)	**(1,650)**	**–**
2,723	3,863	941	(718)	8,924	**1,171**	**(86.9)**
26	(2,077)	915	(1,954)	(3,668)	**(1,956)**	**–**
26,038	29,958	29,524	25,572	31,721	**30,633**	**(3.4)**

					Yen	% change
2014	2015	2016	2017	2018	**2019**	**2018 vs 2019**
¥ 83.95	¥ 100.99	¥ 93.78	¥ 80.82	¥ 77.59	**¥ 75.10**	**(3.2)**
25.00	30.00	30.00	40.00	30.00	**30.00**	**0.0**
969.35	1,088.96	1,112.51	1,145.74	1,219.02	**1,238.41**	**1.6**
¥ 982	¥ 1,380	¥ 978	¥ 988	¥ 1,286	**¥ 798**	**(37.9)**
77,722	101,633	72,027	72,763	94,710	**57,174**	**(39.6)**
79,147,321	73,647,321	73,647,321	73,647,321	73,647,321	**71,647,321**	**(2.7)**
1,728	1,818	1,951	1,950	2,201	**2,202**	**0.0**

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

In fiscal year ended March 31, 2019, the consolidated fiscal year under review, the global economy was briskly expanding in the first half of the year but slowed markedly in major developed and developing countries in the second half. We anticipate the economies of the leading countries to continue slowing and cannot rule out trade friction, the withdrawal of the United Kingdom from the European Union, or other factors triggering an economic downturn globally or in Japan.

Orders in the forming machinery industry increased both in Japan and overseas, with the Japan Forming Machinery Association reporting that worldwide orders for press machines grew 13.0% year on year to ¥176.9 billion in the year under review.

In these conditions, fewer large orders led to total orders of ¥75.6 billion, down 9.0% from the record high reached in the previous fiscal year. The order backlog at the year end was ¥50.9 billion, down 14.1% from the end of the previous fiscal year.

Net sales rose 13.8% to a record ¥84.0 billion supported by increased sales of press machines for automotive applications in regions other than the Americas and from the consolidation synergy with the acquisition of REJ Co., Ltd.

Despite the sales growth, gross profit declined 4.4% to ¥15.2 billion primarily due to a higher cost ratio from increased raw materials and outsourcing costs and a rise in expenses associated with meeting client orders with custom specifications. The lower gross profit led to operating income declining 11.9% to ¥5.5 billion. Ordinary income fell 0.8% to ¥5.8 billion as an improved foreign exchange gain (loss) was not enough to offset the impact from the drop in operating income. Although an increase in deferred tax assets lowered the amount of adjustment for income taxes, net income attributable to owners of parent declined 3.2% to ¥4.6 billion.

Management's basic policy for profit distribution is to maintain consistent dividend payments and a consolidated dividend payout ratio of 30% or higher while preserving the stability of our business infrastructure and the internal reserves for investment for future growth. Based on this policy, the ordinary dividend per share for the fiscal year ended March 31, 2019 was set at ¥30.

Result by Business Segments and Geographic Segments

Business Segments

Press Machines

Orders for press machines declined 17.8% to ¥54.4 billion, as fewer large orders held the result below the record high reached in the previous fiscal year. At the same time, increased sales (percentage-of-completion basis) of mid- and large-size press machines for automotive applications in regions other than the Americas and increased sales of high-speed presses supported a 12.2% increase in segment net sales to ¥63.1 billion.

Service (Related to Presses)

A contraction in the service businesses of overseas subsidiaries resulted in orders declining 0.5% to ¥15.0 billion and net sales edging down 1.5% to ¥14.8 billion.

Others

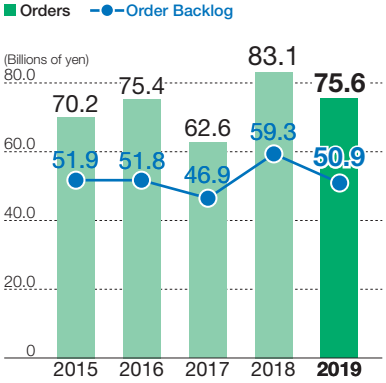
The consolidation effect of REJ Co., Ltd. led to orders rising 240.3% to ¥6.2 billion and net sales increasing 144.6% to ¥6.0 billion.

Geographic Segments

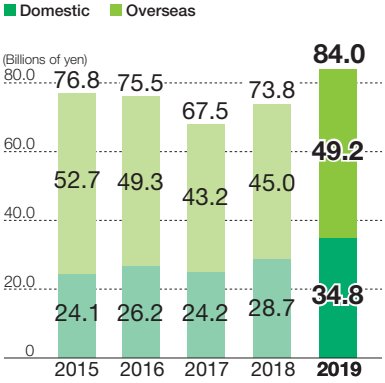
Japan

Net sales increased 10.6% to ¥51.2 billion supported by increased sales of press machines for automotive applications and the consolidation of REJ Co., Ltd. However, a higher cost ratio led operating income to decline 29.8% to ¥2.4 billion.

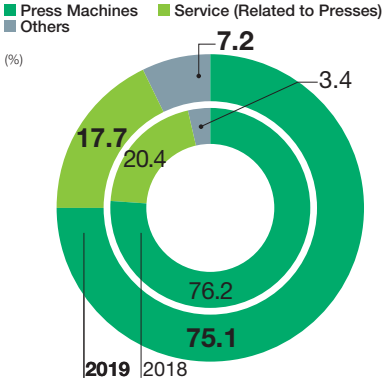
Orders/Order Backlog



Net Sales



Sales by Business Segment



China

Net sales increased 47.1% to ¥13.9 billion, supported by increased sales of press machines for automotive applications. The higher sales and an improved gross margin lifted operating income 222.4% to ¥0.7 billion.

Asia

Net sales rose 9.6% to ¥9.6 billion, supported by increased sales of small and mid-size press machines for automotive applications. However, a higher cost ratio at the Malaysia plant led operating income to decline 12.4% to ¥1.3 billion.

Americas

Net sales declined 11.7% to ¥16.6 billion due mainly to re duced sales of mid- and large-size press machines for automotive applications. The drop in sales and a higher cost ratio led operating income to fall 42.0% to ¥0.6 billion.

Europe

Net sales increased 5.6% to ¥15.4 billion supported by increased sales of press machines for automotive applications and services. However, a higher cost ratio led operating income to fall 96.1% to ¥4 million.

Financial Position

As of March 31, 2019, assets amounted to ¥111.5 billion, a ¥4.5 billion decrease from the previous fiscal year end. Primary factors in the decline were losses of ¥2.0 billion in cash on hand and in banks, ¥0.8 billion in inventories, and ¥1.9 billion in investment securities.

Liabilities declined ¥5.8 billion from the previous fiscal year end to ¥34.3 billion, largely owing to a decline of ¥3.4 billion in advances received.

Net assets increased by ¥1.2 billion from the previous fiscal year end to ¥77.2 billion. The main factor in the increase was growth of ¥1.7 billion in retained earnings. As a result, our shareholders' equity ratio at the end of the fiscal year was 68.5%.

Cash Flow

Cash and cash equivalents as of March 31, 2019 amounted to ¥30.6 billion, a decline of ¥1.0 billion from the end of the previous fiscal year.

The following is a summary of cash flows and their main elements. Cash flow indicators for the term were a market capitalization equity ratio of 44.2% (compared to 68.3% in the previous fiscal year), an interest-bearing debt to cash flow ratio of 142.1% (32.3%) and an interest coverage ratio of 73.3 times (283.3 times).

(i) Cash flow from operating activities

Net cash provided by operating activities was ¥2.8 billion, compared with ¥12.7 billion in the previous fiscal year. Major inflows included income before income taxes of ¥5.7 billion, depreciation and amortization of ¥2.1 billion, and a decline in inventories of ¥1.0 billion. Major outflows included accounts receivable – trade of ¥4.3 billion and income taxes of ¥1.8 billion.

(ii) Cash flows from investing activities

Net cash used in investing activities was ¥1.6 billion, compared with ¥3.7 billion in the previous fiscal year. The primary outflow was payments for purchase of tangible and intangible fixed assets of ¥2.8 billion.

(iii) Cash flows from financing activities

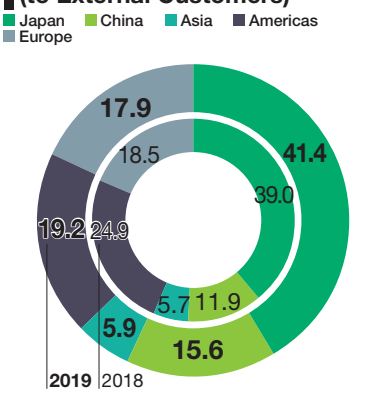
Net cash used in financing activities was ¥1.9 billion, compared with ¥3.6 billion in the previous fiscal year. The primary outflow was cash dividends paid of ¥1.9 billion.

Capital Expenditures

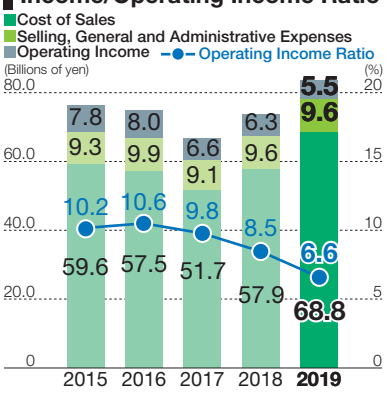
In the fiscal year under review, the Companies recorded capital expenditures totaling ¥2.8 billion.

By geographic segment, in Japan capital expenditures were ¥2.3 billion, primarily ¥1.3 billion to install large machining centers and auxiliary production functions, ¥0.4 billion to reconstruct the Nagoya Service Plant for modernization/overhaul business, and ¥0.2 billion to acquire commercial property for the Hakusan facility to

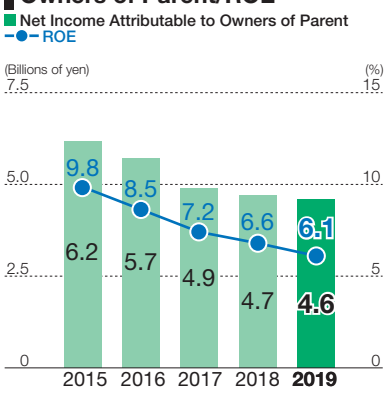
Sales by Geographic Segment (to External Customers)



Cost and Expenses/Operating Income/Operating Income Ratio



Net Income Attributable to Owners of Parent/ROE



expand its factory automation business. There were no substantial capital expenditures in other geographic segments.

Disposal and sale of important facilities in the term under review included a loss on disposal of fixed assets of ¥0.1 billion in the Japan segment from the dismantling and relocation of production facilities as part of the production structure expansion for high-speed press machines. There was no substantial disposal or sale of important facilities in other geographic segments.

Research and Development

The Company recorded ¥1.0 billion in R&D spending in the fiscal year ended March 31, 2019, with the majority in the Japan Segment. As in the previous fiscal year, the Companies continued investing to develop new and core technologies including servo motor systems for presses, forming systems for materials used to enable lighter-weight products, and IoT-related technologies. To strengthen core products, the Company invested to develop a new large UL press (UL-20000) with a tie-rod frame, a compact mechanical SMX/TMX press tandem line (SMX-S2-8000 + TMX-S2-15000), and large destack feeders for non-magnetic blanks. In the fiscal year under review, the Japan Forming Machinery Association awarded AIDA the MF Technical Grand Prize for the net-shape forming of a sprocket using a press and the MF Outstanding Technical Award for the net-shape forming of seatbelt parts using a cold forging process.

Capital Resources and Funding Liquidity

The Group primarily utilizes its working capital to purchase raw materials and parts and to pay for outsourced processing and other manufacturing expenses, for marketing costs, and for general and administrative expenses. Funds used for capital expenditures are mainly for constructing production systems, and our basic policy is to primarily use our own available funds for these investments.

In the fiscal year under review, the Company recorded total capital expenditures of ¥2.8 billion as the cash outflow was lower than usual for capital expenditures. At the same time, working capital declined owing to a decrease of ¥3.4 billion in advances received associated with progress payments for large orders. The balance of cash and cash equivalents decrease by ¥1.0 billion from the end of the previous fiscal year to ¥30.6 billion, which management does not consider to significantly affect liquidity.

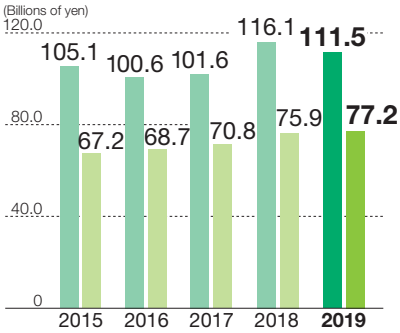
Management Policy and Strategy and Indicators to Objectively Measure Progress Toward Management Targets

The Group's mid-term management plan launched in April 2017 sets targets for net sales of ¥80.0 billion and a stable operating income ratio of 10% or higher by the plan's final year ended in March 2020. In fiscal year ended March 31, 2019, we achieved our sales target with sales of ¥84.0 billion but, due to the decrease in the gross margin mentioned earlier, the operating income ratio declined 1.9 percentage points from the previous fiscal year to 6.6%.

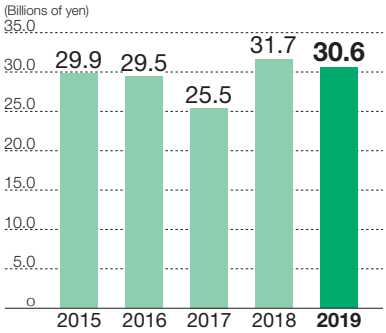
In fiscal year ending March 31, 2020, we anticipate sales declining 6.0% year on year to ¥79.0 billion owing to ongoing weak orders from the slowdown in capital expenditure in the automotive industry that began in the second half of the previous fiscal year.

At the same time, we expect last year's temporary rise in costs associated with meeting client orders with custom specifications to no longer be a factor while seeing an improvement in the product mix from the previous fiscal year, thereby seeing improved profitability on press projects. We expect an improving gross margin from these developments to absorb negative effects from the expected sales decline, and operating income will increase 14.2% to ¥6.3 billion and the operating income ratio will be improved to 8.0%. The product mix is still being improved, and we do not expect to reach the 10% operating income ratio target by the end of the current mid-term management plan, but we will continue to implement the core strategies of this plan, which are improving our profitability and steadily leading us toward target achievement in future years.

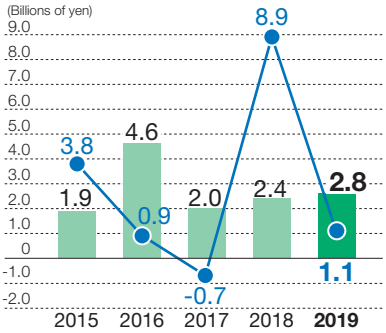
Total Assets/Total Net Assets



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
	2015	2016	2017	2018	2019	2018 vs 2019
Business Division:						
Net sales						
Press machines	¥ 62,893	¥ 61,234	¥ 52,711	¥ 56,300	**¥ 63,177**	**12.2**
Service	13,803	14,072	14,674	15,082	**14,852**	**(1.5)**
Others	199	222	160	2,474	**6,052**	**144.6**
Total	¥ 76,897	¥ 75,529	¥ 67,547	¥ 73,856	**¥ 84,082**	**13.8**
Geographic Segment:						
Net sales						
Japan	¥ 45,994	¥ 44,041	¥ 41,176	¥ 46,349	**¥ 51,263**	**10.6**
China*	8,673	12,142	7,920	9,453	**13,909**	**47.1**
Asia*	10,955	9,884	8,055	8,803	**9,649**	**9.6**
Americas	24,549	18,985	18,460	18,825	**16,625**	**(11.7)**
Europe	15,098	14,876	12,619	14,669	**15,485**	**5.6**
Adjustments	(28,374)	(24,400)	(20,685)	(24,244)	**(22,851)**	**–**
Total	¥ 76,897	¥ 75,529	¥ 67,547	¥ 73,856	**¥ 84,082**	**13.8**
Operating income						
Japan	¥ 4,765	¥ 4,967	¥ 3,521	¥ 3,462	**¥ 2,431**	**(29.8)**
China*	361	773	303	224	**723**	**222.4**
Asia*	1,147	1,540	1,267	1,595	**1,398**	**(12.4)**
Americas	1,563	1,375	1,390	1,196	**693**	**(42.0)**
Europe	101	(539)	41	127	**4**	**(96.1)**
Adjustments	(76)	(81)	93	(294)	**310**	**–**
Total	¥ 7,863	¥ 8,037	¥ 6,617	¥ 6,312	**¥ 5,561**	**(11.9)**

*Changes in the reportable segment classification
Effective from the fiscal year ended March 31, 2019, the reportable segment classification has been changed in line with the new group management structure of AIDA. The business in China and Hong Kong, which was previously included in the Asia segment, is now included in the China segment (new segment). Accordingly the Asia segment includes the business in Asia excluding Japan, China and Hong Kong. The segment information above has been restated by the new reportable segment classification.

Quarterly Information

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

	Millions of yen					% change
	2015	2016	2017	2018	2019	2018 vs 2019
Net Sales						
1st Quarter	¥ 17,168	¥ 17,857	¥ 15,338	¥ 15,792	**¥ 18,862**	**19.4**
2nd Quarter	16,994	19,611	16,429	16,942	**21,449**	**26.6**
3rd Quarter	21,950	19,393	15,881	18,028	**20,945**	**16.2**
4th Quarter	20,782	18,668	19,897	23,093	**22,825**	**(1.2)**
Total	¥ 76,897	¥ 75,529	¥ 67,547	¥ 73,856	**¥ 84,082**	**13.8**
Operating Income						
1st Quarter	¥ 1,815	¥ 2,097	¥ 1,266	¥ 1,315	**¥ 1,203**	**(8.5)**
2nd Quarter	1,814	2,135	2,059	1,561	**1,130**	**(27.6)**
3rd Quarter	2,535	2,221	1,205	1,265	**1,389**	**9.8**
4th Quarter	1,696	1,582	2,086	2,170	**1,837**	**(15.3)**
Total	¥ 7,863	¥ 8,037	¥ 6,617	¥ 6,312	**¥ 5,561**	**(11.9)**

Consolidated Balance Sheets

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
As of March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 3)
Assets	**2019**	**2018**	**2019**
Current assets			
Cash on hand and at banks (Note 4)	**¥ 31,155**	¥ 33,163	**$ 280,659**
Notes and accounts receivable – trade	**22,859**	22,444	**205,923**
Electronically recorded monetary claims – operating	**2,213**	2,485	**19,944**
Inventories (Note 5)	**16,491**	17,366	**148,557**
Advance payments – trade	**1,120**	1,155	**10,090**
Accounts receivable – other	**1,425**	797	**12,841**
Consumption taxes receivable	**766**	984	**6,901**
Other current assets	**595**	219	**5,361**
Allowance for doubtful accounts	**(231)**	(226)	**(2,082)**
Total current assets	**76,396**	78,390	**688,195**
Fixed assets			
Property, plant and equipment			
Buildings and structures	**25,102**	24,664	**226,124**
Accumulated depreciation	**(16,613)**	(16,106)	**(149,661)**
Buildings and structures, net	**8,488**	8,558	**76,462**
Machinery and vehicles	**17,687**	16,326	**159,334**
Accumulated depreciation	**(10,451)**	(9,579)	**(94,152)**
Machinery and vehicles, net	**7,235**	6,746	**65,182**
Land	**7,301**	7,140	**65,769**
Construction in progress	**296**	362	**2,671**
Other fixed assets	**3,578**	3,535	**32,234**
Accumulated depreciation	**(2,967)**	(2,894)	**(26,734)**
Other fixed assets, net	**610**	641	**5,500**
Total property, plant and equipment	**23,932**	23,449	**215,585**
Intangible assets	**800**	927	**7,212**
Investments and other assets			
Investment securities (Note 7)	**6,808**	8,734	**61,330**
Insurance reserve fund	**2,219**	2,943	**19,991**
Net defined benefit assets (Note 10)	**856**	795	**7,715**
Deferred taxes assets (Note 14)	**405**	708	**3,652**
Other assets	**178**	195	**1,608**
Allowance for doubtful accounts	**(32)**	(36)	**(297)**
Total investments and other assets	**10,435**	13,340	**94,001**
Total fixed assets	**35,167**	37,718	**316,799**
Total assets	**¥ 111,564**	¥ 116,108	**$ 1,004,995**

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

Liabilities and net assets	Millions of yen 2019	2018	Thousands of U.S. dollars (Note 3) 2019
Current liabilities			
Accounts payable – trade	¥ 6,806	¥ 7,374	$ 61,318
Electronically recorded monetary obligations – operating	4,671	4,600	42,083
Short-term loans payable (Note 9)	2,491	2,611	22,441
Current portion of long-term loans payable (Note 9)	500	500	4,504
Accounts payable – other	1,123	1,065	10,120
Income taxes payable	617	1,156	5,559
Accrued expenses	1,191	1,075	10,737
Advances received	8,291	11,745	74,691
Accrued warranty costs	596	717	5,377
Accrued bonuses for employees	1,080	1,214	9,732
Accrued bonuses for directors	44	52	401
Provision for loss on orders received (Note 5)	56	105	507
Other current liabilities	956	979	8,615
Total current liabilities	28,428	33,198	256,090
Long-term liabilities			
Long-term loans payable (Note 9)	1,000	1,000	9,008
Long-term accounts payable – other	817	820	7,362
Deferred taxes liabilities (Note 14)	2,024	3,039	18,236
Accrued stock payments	401	344	3,619
Net defined benefit liabilities (Note 10)	1,385	1,461	12,479
Other long-term liabilities	300	319	2,709
Total long-term liabilities	5,929	6,985	53,415
Total liabilities	34,358	40,184	309,506
Net assets			
Shareholders' equity			
Common stock	7,831	7,831	70,543
Authorized: 188,149,000 shares in 2019 and 2018			
Issued: 71,647,321 shares in 2019 and 73,647,321 shares in 2018			
Additional paid-in capital	12,415	12,486	111,837
Retained earnings	55,777	54,000	502,457
Treasury stock (Note 11)	(4,230)	(5,222)	(38,111)
9,912,330 shares in 2019 and 11,950,279 shares in 2018			
Total shareholders' equity	71,793	69,095	646,726
Accumulated other comprehensive income			
Net unrealized gains on other securities	3,617	4,930	32,591
Deferred hedge gains (losses)	(1)	26	(14)
Foreign currency translation adjustments	645	734	5,814
Retirement benefit plan adjustments (Note 10)	398	423	3,587
Total accumulated other comprehensive income	4,660	6,114	41,978
Stock options (Note 21)	139	148	1,258
Non-controlling interests	613	566	5,526
Total net assets	77,206	75,924	695,489
Total liabilities and net assets	¥ 111,564	¥ 116,108	$ 1,004,995

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

Consolidated Statements of Income

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Net sales	¥ 84,082	¥ 73,856	$ 757,429
Cost of sales (Notes 2 (13), 5 and 13)	68,851	57,926	620,227
Gross profit	15,230	15,930	137,202
Selling, general and administrative expenses (Notes 12 and 13)	9,669	9,617	87,101
Operating income	5,561	6,312	50,101
Interest income	99	87	896
Dividend income	197	145	1,781
Insurance premiums refunded cancellation	168	22	1,517
Gain from redemption at maturity of endowment insurance	13	28	124
Other non-operating income	140	146	1,263
Total non-operating income	619	431	5,582
Interest expenses	38	45	344
Foreign exchange loss	155	549	1,399
Other non-operating expenses	107	221	970
Total non-operating expenses	301	816	2,714
Ordinary income	5,880	5,927	52,969
Gain on change in insurance	–	608	–
Gain on sales of fixed assets	24	71	216
Gain on sales of investment securities	83	–	755
Gain on bargain purchase	–	55	–
Other extraordinary gain	–	0	–
Total extraordinary gain	107	735	972
Loss on sales of fixed assets	0	0	2
Loss on disposal of fixed assets	197	23	1,779
Other extraordinary loss	4	—	41
Total extraordinary loss	202	23	1,822
Income before income taxes	5,785	6,639	52,118
Current taxes	1,248	1,813	11,243
Deferred taxes	(155)	(2)	(1,401)
Income taxes (Note 14)	1,092	1,810	9,841
Net income	4,693	4,828	42,276
Net income attributable to non-controlling interests	58	41	524
Net income attributable to owners of parent	¥ 4,634	¥ 4,786	$ 41,751

	Yen		U.S. dollars
	2019	2018	2019
Per share			
Net income – Basic (Note 17)	¥ 75.10	¥ 77.59	$ 0.68
– Diluted (Note 17)	74.94	77.38	0.68
Cash dividends (Note 22)	30.00	30.00	0.27

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

Consolidated Statements of Comprehensive Income

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Net income	**¥ 4,693**	¥ 4,828	**$ 42,276**
Other comprehensive income (Note 18)			
Net unrealized gains (losses) on other securities	**(1,313)**	1,169	**(11,828)**
Deferred hedge gains (losses)	**(27)**	102	**(250)**
Foreign currency translation adjustments	**(89)**	1,036	**(805)**
Retirement benefit plan adjustments	**(25)**	33	**(226)**
Total other comprehensive income (loss)	**(1,455)**	2,340	**(13,111)**
Comprehensive income	**¥ 3,237**	¥ 7,169	**$ 29,165**
Comprehensive income attributable to owners of parent	**¥ 3,179**	¥ 7,127	**$ 28,645**
Comprehensive income attributable to non-controlling interests	**¥ 57**	¥ 41	**$ 519**

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, 2019 and 2018

Millions of yen

	Number of shares of common stock issued (Thousands)	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total share-holders' equity	Net unrealized gains (losses) on other securities	Deferred hedge gains (losses)	Foreign currency translation adjustments	Retire-ment benefit plans adjustments	Total accumula-ted other comprehen-sive income (loss)	Stock options	Non-controlling interests	Total net assets
Balance at April 1, 2017	73,647	¥7,831	¥12,420	¥51,817	¥(5,158)	¥66,909	¥3,761	¥(75)	¥(301)	¥390	¥3,774	¥151	¥-	¥70,834
Cash dividends				(2,603)		(2,603)								(2,603)
Net income attributable to owners of parent				4,786		4,786								4,786
Purchase of treasury stock					(106)	(106)								(106)
Disposal of treasury stock			66		42	108								108
Retirement of treasury stock						-								-
Net changes of items other than shareholders' equity during the year							1,169	102	1,036	33	2,340	(3)	566	2,903
Balance at March 31 and April 1, 2018	73,647	7,831	12,486	54,000	(5,222)	69,095	4,930	26	734	423	6,114	148	566	75,924
Cash dividends				**(1,954)**		**(1,954)**							(10)	**(1,965)**
Net income attributable to owners of parent				**4,634**		**4,634**								**4,634**
Purchase of treasury stock					**(0)**	**(0)**								**(0)**
Disposal of treasury stock			**3**		**14**	**18**								**18**
Retirement of treasury stock	**(2,000)**		**(74)**	**(903)**	**978**	**-**								**-**
Net changes of items other than shareholders' equity during the year							**(1,312)**	**(27)**	**(89)**	**(25)**	**(1,454)**	**(8)**	**57**	**(1,405)**
Balance at March 31, 2019	**71,647**	**¥7,831**	**¥12,415**	**¥55,777**	**¥(4,230)**	**¥71,793**	**¥3,617**	**¥(1)**	**¥645**	**¥398**	**¥4,660**	**¥139**	**¥613**	**¥77,206**

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 share-holders' equity	Net unrealized gains (losses) on other securities	Deferred hedge gains (losses)	Foreign currency translation adjustments	Retire-ment benefit plans adjustments	Total accumula-ted other comprehen-sive income (loss)	Stock options	Non-controlling interests	Total net assets
Balance at April 1, 2018	**73,647**	**$70,543**	**$112,477**	**$486,450**	**$(47,049)**	**$622,422**	**$44,415**	**$235**	**$6,619**	**$3,814**	**$55,084**	**$1,336**	**$5,101**	**$683,944**
Cash dividends				**(17,609)**		**(17,609)**							**(95)**	**(17,704)**
Net income attributable to owners of parent				**41,751**		**41,751**								**41,751**
Purchase of treasury stock					**(6)**	**(6)**								**(6)**
Disposal of treasury stock			**33**		**134**	**167**								**167**
Retirement of treasury stock	**(2,000)**		**(673)**	**(8,136)**	**8,810**	**-**								**-**
Net changes of items other than shareholders' equity during the year							**(11,823)**	**(250)**	**(805)**	**(226)**	**(13,106)**	**(77)**	**519**	**(12,663)**
Balance at March 31, 2019	**71,647**	**$70,543**	**$111,837**	**$502,457**	**$(38,111)**	**$646,726**	**$32,591**	**$(14)**	**$5,814**	**$3,587**	**$41,978**	**$1,258**	**$5,526**	**$695,489**

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

Consolidated Statements of Cash Flows

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2018

Cash flows from operating activities:	Millions of yen 2019	2018	Thousands of U.S. dollars (Note 3) 2019
Income before income taxes	¥ 5,785	¥ 6,639	$ 52,118
Adjustments for:			
Depreciation and amortization	2,142	2,061	19,296
(Gain) loss on sales of fixed assets	(23)	(71)	(214)
Loss on disposal of fixed assets	197	23	1,779
(Gain) loss on sales of securities	(83)	–	(755)
Increase (decrease) in allowance for doubtful accounts	(0)	24	(3)
Increase (decrease) in accrued bonuses for employees, net	(138)	134	(1,247)
Increase (decrease) in accrued bonuses for directors, net	(8)	(0)	(75)
Increase (decrease) in accrued warranty costs, net	(116)	(41)	(1,053)
Increase (decrease) in net defined benefit liabilities	(72)	(117)	(657)
(Increase) decrease in net defined benefit assets	(33)	(14)	(301)
Increase (decrease) in accrued stock payments, net	56	66	511
Increase (decrease) in provision for loss on orders received, net	(46)	(121)	(416)
Interest and dividend income	(297)	(233)	(2,677)
Interest expenses	38	45	344
(Increase) decrease in accounts receivable – trade	(4,328)	5,776	(38,988)
(Increase) decrease in inventories	1,010	(2,190)	9,105
Increase (decrease) in accounts payable – trade	(473)	1,531	(4,266)
(Increase) decrease in other assets	197	849	1,783
Increase (decrease) in other liabilities	504	(139)	4,541
Other, net	80	(349)	720
Sub-total	4,389	13,872	39,543
Interest and dividend income received	297	233	2,676
Interest expenses paid	(38)	(44)	(346)
Income taxes paid	(1,826)	(1,346)	(16,454)
Net cash provided by operating activities	2,821	12,714	25,417

Cash flows from investing activities:	Millions of yen 2019	2018	Thousands of U.S. dollars (Note 3) 2019
Payments for purchase of property, plant and equipment	(2,733)	(1,547)	(24,620)
Proceeds from sales of property, plant and equipment	132	188	1,194
Payments for purchase of intangible assets	(82)	(89)	(746)
Proceeds from sales of investment securities	67	–	607
Payments into time deposits	(76)	(2,987)	(689)
Proceeds from withdrawal of time deposits	1,040	2,420	9,368
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(1,749)	–
Other, net	2	(24)	22
Net cash used in investing activities	(1,650)	(3,789)	(14,864)

Cash flows from financing activities:	Millions of yen 2019	2018	Thousands of U.S. dollars (Note 3) 2019
Net increase (decrease) in short-term loans	–	(1,172)	–
Proceeds from long-term loans payable	500	–	4,504
Repayment of long-term loans payable	(500)	–	(4,504)
Payments for finance lease obligations	–	(1)	–
Proceeds from sales of treasury stock	10	104	90
Payments for purchase of treasury stock	(0)	(1)	(6)
Cash dividends paid	(1,965)	(2,597)	(17,707)
Net cash used in financing activities	(1,956)	(3,668)	(17,623)
Effect of exchange rate changes on cash and cash equivalents	(302)	891	(2,724)
Net increase (decrease) in cash and cash equivalents	(1,087)	6,148	(9,794)
Cash and cash equivalents at the beginning of the year	31,721	25,572	285,749
Cash and cash equivalents at the end of the year (Note 4)	¥ 30,633	¥31,721	$275,954

The accompanying notes are integral part of these financial statements.

Notes to Consolidated Financial Statements

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries

1 BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of AIDA ENGINEERING, LTD. ("AIDA") and its consolidated subsidiaries (collectively, "the Companies") have been prepared 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Principles of consolidation

The accompanying consolidated financial statements include the accounts of AIDA and any significant companies controlled directly or indirectly by AIDA. The numbers of consolidated subsidiaries were 24 in 2019 and 26 in 2018. Significant consolidated subsidiaries as of March 31, 2019 are as follows:

- Domestic subsidiaries:
  ACCESS, LTD.
  REJ Co., LTD.
- Overseas subsidiaries:
  CHINA
  AIDA HONG KONG, LTD.
  AIDA ENGINEERING CHINA CO., LTD.
  AIDA PRESS MACHINERY SYSTEMS CO., LTD.
  ASIA
  AIDA GREATER ASIA PTE. LTD.
  AIDA ENGINEERING (M) SDN. BHD.
  AMERICAS
  AIDA AMERICA CORP.
  EUROPE
  AIDA S.r.l.

(Remark)
AIDA MALAYSIA SDN. BHD. (due to its liquidation) and RAS Co., Ltd. (due to absorption-type merger into REJ Co., LTD.) were excluded from the scope of consolidation.

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) 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.

(5) Derivative financial instruments and hedge accounting

Derivative financial instruments are recognized as either assets or liabilities at fair value, and changes in fair value are recognized as gains or losses unless the derivative financial instruments are used for hedging purposes.

If the derivative financial instruments meet certain hedging criteria, the gains or losses are deferred as deferred hedge gains and losses in net assets until the gains and losses on the underlying hedged transactions are recognized.

The Companies enter into exchange contracts to hedge the foreign exchange fluctuation risks on expected foreign currency transactions in accordance with the internal policies and rules relating to derivative transactions. Hedge effectiveness is not assessed as the substantial terms and conditions of the hedging instruments and the expected foreign currency transactions are the same.

(6) 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.

(7) 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.

(8) 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.

(9) 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.

(10) 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.

(11) 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.

(12) 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.

(13) 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 ¥404 million (U.S. $3,643 thousand) and ¥324 million for the years ended March 31, 2019 and 2018, respectively.

(14) Accrued stock payments

Accrued stock payments are provided in the amount of estimated future payments of treasury stock and money for employees based on the employee stock benefit regulations and for directors based on the officer stock benefit regulations.

(15) 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 of 10 years, 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.

(c) Certain consolidated subsidiaries use a simplified method for calculating retirement benefit expenses and liabilities based on the assumption that the benefits payable, which are calculated as if all eligible employees voluntarily terminated their employment at fiscal year end, approximate the retirement benefit obligation at year end.

(16) Research and development costs

Research and development costs are expensed as incurred.

(17) 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.

(18) Consolidated taxation system

AIDA and certain domestic subsidiaries adopt the consolidated taxation system.

(19) Accounting standards issued but not yet effective

Accounting Standard and Implementation Guidance on Revenue Recognition

On March 30, 2018, the ASBJ issued “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) and “Imple-

mentation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30).

(1) Overview

This is a comprehensive accounting standard for revenue recognition. Specifically, the accounting standard establishes the following five-step model that will apply to revenue from customers:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

(2) Scheduled date of adoption

The Companies expect to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of the adoption of accounting standard and implementation guidance

AIDA is currently evaluating the effect of the adoption of this accounting standard and implementation guidance on its consolidated financial statements.

(20) Change in presentation

Partial Amendments to Accounting Standard for Tax Effect Accounting

The Companies have adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) (hereinafter, the "Partial Amendments") from the beginning of the fiscal year ended March 31, 2019. As such, deferred tax assets and deferred tax liabilities are included within investments and other assets and long-term liabilities, respectively, and related income tax disclosures have been expanded.

As a result, ¥930 million of deferred tax assets in current assets and ¥10 million of deferred tax liabilities in current liabilities previously presented in the consolidated balance sheet as of March 31, 2018 have been reclassified and included within ¥708 million of deferred tax assets in investments and other assets and ¥3,039 million of deferred tax liabilities in long-term liabilities, respectively.

Also, "Note 14 Income Taxes" in the notes to the consolidated financial statements has been expanded in accordance with Note 8 and Note 9 of Interpretive Notes to Accounting for Tax Effect Accounting. However, comparative information for the year ended March 31, 2018 has not been disclosed in Note 14 in accordance with the transitional provisions set forth in Article 7 of the Partial Amendments.

(21) Additional information

Employee Stock Ownership Plan (ESOP) Trust

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

(a) Transaction summary

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

(b) Company's own stock in the trust

AIDA'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, 2019 are ¥962 million (U.S. $8,673 thousand) and 3,354,900 shares, respectively.

Board Benefit Trust (BBT)

Since October 2017, AIDA has introduced a BBT 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 based on the resolution of the General Shareholders' Meeting held on June 19, 2017.

(a) Transaction summary

In this transaction, Directors are granted points, the amount of which is to be decided by their respective positions and so on, based on the officer stock benefit regulations, and they will receive AIDA's shares and cash depending on the number of accumulated points when they retire.

(b) Company's own stock in the trust

AIDA'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, 2019 are ¥102 million (U.S. $924 thousand) and 80,000 shares, respectively.

3 U.S. DOLLAR AMOUNTS

The U.S. dollar amounts stated in the consolidated financial statements are included solely for convenience of readers outside Japan. The rate of ¥111.01 = U.S. $1, the approximate rate of exchange as of March 31, 2019, has been used for the purpose of such translation. Those translations should not be construed as representations that the Japanese yen amounts actually represent, or have been or could be converted into U.S. dollars at that rate.

4 SUPPLEMENTARY CASH FLOW INFORMATION: CASH AND CASH EQUIVALENTS

Cash and cash equivalents 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
As of March 31	**2019**	2018	**2019**
Cash on hand and at banks	**¥ 31,155**	¥ 33,163	**$ 280,659**
Less: Time deposits with maturities of more than three months	**(522)**	(1,442)	**(4,704)**
Cash and cash equivalents	**¥ 30,633**	¥ 31,721	**$ 275,954**

5 INVENTORIES

"Inventories" on the consolidated balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31	**2019**	2018	**2019**
Finished goods	**¥ 2,761**	¥ 2,312	**$ 24,878**
Work in process	**9,814**	11,038	**88,412**
Raw materials	**3,914**	4,014	**35,266**
Inventories	**¥ 16,491**	¥ 17,366	**$ 148,557**

Inventories were offset by a corresponding provision for loss on orders received. A breakdown of the offset amounts is as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31	**2019**	2018	**2019**
Work in process	**¥ 45**	¥ 26	**$ 407**
Total	**¥ 45**	¥ 26	**$ 407**

Losses recognized and charged to cost of sales as a result of devaluation of inventories for the years ended March 31, 2019 and 2018 were ¥24 million (U.S. $221 thousand) and ¥15 million, respectively.

6 FINANCIAL INSTRUMENTS

(1) Status of Financial Instruments

(a) Policy for financial instruments

Fund management is restricted to short-term deposits at banks; financing activities of the Companies are mainly through loans from financial institutions. Derivatives are not used for speculative transactions but are used in order to hedge the risks described below.

(b) Types of financial instruments and related risks

Operating receivables (notes and accounts receivable - trade, electronically recorded monetary claims - operating and accounts receivable - other) are exposed to the customer credit risks. In addition, operating receivables in foreign currencies through global business activities are exposed to foreign exchange fluctuation risks. The Companies hedges such risks by utilizing forward exchange contracts.

Investment securities are mainly consist of stocks and exposed to price fluctuation risks.

Operating payables (accounts payable - trade and electronically recorded monetary obligations - operating) are to be settled within 6 months. Some operating payables in foreign currencies through imports such as raw materials are exposed to foreign exchange fluctuation risks. However, these amounts are within the range of operating receivables in the same currency.

The main purpose of loans is for funding capital investment and research and development and the repayment periods are within 5 years at most.

Derivatives include forward exchange contracts to hedge foreign exchange fluctuation risks arising from expected foreign currency transactions.

(c) Risk management for financial instruments

1) Monitoring of credit risk (risk of default by counterparties)

For operating receivables, AIDA's sales and service departments monitor account balances and payment schedules periodically by individual customer in accordance with the accounts receivable policies and identify and mitigate the default risk of customers at an early stage. The consolidated subsidiaries monitor credit risks in the same way in accordance with the policies.

Derivative transactions are conducted only with financial institutions with a high credit profile to minimize counterparty risks.

At the balance sheet date, the maximum credit risk is reported at the balance sheets amount of financial instruments exposed to credit risk.

2) Monitoring of market risk (risk of fluctuation in foreign exchange or market price)

The Companies hedge the foreign exchange fluctuation risks on expected foreign currency transactions by utilizing forward exchange contracts in accordance with the internal policies and rules relating to derivative transactions.

For investment securities, the Companies monitor fair values of such investment securities and financial conditions of issuers regularly.

(d) Supplementary information on the fair value of financial instruments

The fair value of financial instruments is based on quoted market price, if available. Fair value is reasonably estimated if there is no quoted market price 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.

(2) Information regarding fair value of financial instruments

Carrying value of financial instruments on the consolidated balance sheets and fair value 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).

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2019	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
(1) Cash on hand and at banks	**¥ 31,155**	**¥ 31,155**	**¥ -**	**$ 280,659**	**$ 280,659**	**$ -**
(2) Notes and accounts receivable – trade and electronically recorded monetary claims – operating	**25,073**	**25,073**	**-**	**225,867**	**225,867**	**-**
(3) Accounts receivable – other	**1,425**	**1,425**	**-**	**12,841**	**12,841**	**-**
(4) Investment securities Other securities	**6,468**	**6,468**	**-**	**58,273**	**58,273**	**-**
Total assets	**64,124**	**64,124**	**-**	**577,641**	**577,641**	**-**
(1) Accounts payable – trade and electronically recorded monetary obligations – operating	**11,478**	**11,478**	**-**	**103,401**	**103,401**	**-**
(2) Accounts payable – other	**1,123**	**1,123**	**-**	**10,120**	**10,120**	**-**
(3) Short-term loans payable	**2,491**	**2,491**	**-**	**22,441**	**22,441**	**-**
(4) Long-term loans payable and current portion of long-term loans payable	**1,500**	**1,505**	**5**	**13,512**	**13,563**	**50**
Total liabilities	**16,593**	**16,598**	**5**	**149,475**	**149,526**	**50**
Derivative transactions which are not subject to hedge accounting*	**24**	**24**	**-**	**218**	**218**	**-**
Derivative transactions which are subject to hedge accounting*	**¥ 11**	**¥ 11**	**¥ -**	**$ 102**	**$ 102**	**$ -**

*The value of assets and liabilities arising from derivatives is shown at net value.

	Millions of yen		
As of March 31, 2018	Carrying value	Fair value	Difference
(1) Cash on hand and at banks	¥ 33,163	¥ 33,163	¥ -
(2) Notes and accounts receivable – trade and electronically recorded monetary claims – operating	24,929	24,929	-
(3) Accounts receivable – other	797	797	-
(4) Investment securities Other securities	8,395	8,395	-
Total assets	67,285	67,285	-
(1) Accounts payable – trade and electronically recorded monetary obligations – operating	11,974	11,974	-
(2) Accounts payable – other	1,065	1,065	-
(3) Short-term loans payable	2,611	2,611	0
(4) Long-term loans payable and current portion of long-term loans payable	1,500	1,503	3
Total liabilities	17,152	17,155	3
Derivative transactions which are not subject to hedge accounting*	8	8	-
Derivative transactions which are subject to hedge accounting*	¥ (16)	¥ (16)	¥ -

*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, (2) Notes and accounts receivable - trade and electronically recorded monetary claims – operating, (3) Accounts receivable - other
As these are settled in the short term and carrying value approximates fair value, the carrying value is used as fair value.

(4) Investment securities
Other securities
The fair value of stocks in 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, (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, (4) Long-term loans payable and current portion of long-term loans payable
Fair value is computed by discounting the total amount of principal and interest 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, 2019	Carrying value	
Types of securities	Millions of yen	Thousands of U.S. dollars
Other securities		
Unlisted stocks	**¥339**	**$3,056**
Total	**¥339**	**$3,056**

As of March 31, 2018	Carrying value
Types of securities	Millions of yen
Other securities	
Unlisted stocks	¥339
Total	¥339

Items above do not have market value and their fair value is extremely difficult to determine. Therefore, the amounts above are not included in Investment securities as Other securities.

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

As of March 31, 2019	Millions of yen			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash at banks	**¥31,094**	**¥ -**	**¥ -**	**¥ -**
Notes and accounts receivable – trade and electronically recorded monetary claims – operating	**25,073**	**-**	**-**	**-**
Accounts receivable – other	**1,425**	**-**	**-**	**-**
Total	**¥ 57,593**	**¥ -**	**¥ -**	**¥ -**

As of March 31, 2019	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	**$280,105**	**$ -**	**$ -**	**$ -**
Notes and accounts receivable – trade and electronically recorded monetary claims – operating	**225,867**	**-**	**-**	**-**
Accounts receivable – other	**12,841**	**-**	**-**	**-**
Total	**$518,814**	**$ -**	**$ -**	**$ -**

As of March 31, 2018	Millions of yen			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash at banks	¥33,129	¥ -	¥ -	¥ -
Notes and accounts receivable - trade and electronically recorded monetary claims - operating	24,929	-	-	-
Accounts receivable - other	797	-	-	-
Total	¥58,856	¥ -	¥ -	¥ -

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

As of March 31, 2019	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	Over 5 years
Short-term loans payable	**¥2,491**	**¥ -**	**¥ -**	**¥ -**	**¥ -**	**¥ -**
Long-term loans payable	**500**	**500**	**-**	**-**	**500**	**-**
Total	**¥2,991**	**¥500**	**¥ -**	**¥ -**	**¥500**	**¥ -**

As of March 31, 2019	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	Over 5 years
Short-term loans payable	**$22,441**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Long-term loans payable	**4,504**	**4,504**	**-**	**-**	**4,504**	**-**
Total	**$26,945**	**$4,504**	**$ -**	**$ -**	**$4,504**	**$ -**

As of March 31, 2018	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	Over 5 years
Short-term loans payable	¥2,611	¥ -	¥ -	¥ -	¥ -	¥ -
Long-term loans payable	500	500	500	-	-	-
Total	¥3,111	¥500	¥500	¥ -	¥ -	¥ -

7 INVESTMENT SECURITIES

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

As of March 31, 2019	Millions of yen			Thousands of U.S. dollars		
Types of securities	Carrying value	Acquisition cost	Unrealized gains (losses)	Carrying value	Acquisition cost	Unrealized gains (losses)
Carrying value exceeds acquisition cost:						
Stocks	**¥ 6,374**	**¥ 1,179**	**¥ 5,194**	**$ 57,425**	**$ 10,629**	**$ 46,795**
Sub-total	**6,374**	**1,179**	**5,194**	**57,425**	**10,629**	**46,795**
Carrying value does not exceed acquisition cost:						
Stocks	**94**	**127**	**(33)**	**848**	**1,148**	**(300)**
Sub-total	**94**	**127**	**(33)**	**848**	**1,148**	**(300)**
Total	**¥ 6,468**	**¥ 1,307**	**¥ 5,161**	**$ 58,273**	**$ 11,777**	**$ 46,495**

As of March 31, 2018	Millions of yen		
Types of securities	Carrying value	Acquisition cost	Unrealized gains (losses)
Carrying value exceeds acquisition cost:			
Stocks	¥ 8,386	¥ 1,343	¥ 7,042
Sub-total	8,386	1,343	7,042
Carrying value does not exceed acquisition cost:			
Stocks	8	27	(18)
Sub-total	8	27	(18)
Total	¥ 8,395	¥ 1,371	¥ 7,023

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

For the year ended	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Proceeds from sales	¥ 147	¥ -	$ 1,329
Gains on sales	83	-	755

8 DERIVATIVE FINANCIAL INSTRUMENTS

Fair value information on the derivatives outstanding is summarized in the following tables:

As of March 31, 2019

(1) Derivative transactions (hedge accounting not applied)

Currency-related transactions (non-market transactions)

	Millions of yen				Thousands of U.S. dollars			
	Contract value				Contract value			
	Contract value total	Over 1 year	Fair value	Unrealized gain (loss)	Contract value total	Over 1 year	Fair value	Unrealized gain (loss)
Forward exchange transactions:								
Sell -								
USD	¥ 64	¥ -	¥ (1)	¥ (1)	$ 582	$ -	$ (10)	$ (10)
EUR	2,011	-	46	46	18,121	-	420	420
CNY	2,332	-	(21)	(21)	21,012	-	(191)	(191)
Total	¥ 4,409	¥ -	¥ 24	¥ 24	$ 39,717	$ -	$ 218	$ 218

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

(2) Derivative transactions (hedge accounting applied)

Currency-related transactions (Deferred hedge accounting method)

		Millions of yen			Thousands of U.S. dollars		
		Contract value			Contract value		
	Main hedged item	Contract value total	Over 1 year	Fair value	Contract value total	Over 1 year	Fair value
Forward exchange transactions:							
Sell -							
USD	**Expected foreign currency transactions**	¥ 1,842	¥ 55	¥ (46)	$ 16,599	$ 498	$ (420)
EUR		2,369	31	69	21,344	280	627
JPY		499	7	1	4,496	64	11
CNY		1,157	10	(14)	10,424	98	(130)
CAD		2	-	0	24	-	0
Buy -							
USD		505	-	9	4,550	-	82
EUR		322	-	(11)	2,905	-	(105)
JPY		681	259	4	6,140	2,340	37
Total		¥ 7,380	¥ 364	¥ 11	$ 66,486	$ 3,283	$ 102

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

As of March 31, 2018

(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	¥ 169	¥ -	¥ 4	¥ 4
EUR	962	1	17	17
CNY	183	-	(13)	(13)
Total	¥ 1,315	¥ 1	¥ 8	¥ 8

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

(2) Derivative transactions (hedge accounting applied)

Currency-related transactions (Deferred hedge accounting method)

Millions of yen

		Contract value		
	Main hedged item	Contract value total	Over 1 year	Fair value
Forward exchange transactions:				
Sell -				
USD	Expected foreign currency transactions	¥ 5,215	¥ 340	¥ 207
EUR		4,988	741	(61)
JPY		1	-	(0)
CNY		3,031	414	(127)
Buy -				
USD		705	-	(37)
EUR		43	-	0
JPY		123	-	1
CNY		47	-	0
Total		¥ 14,157	¥ 1,496	¥ (16)

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

9 LOANS PAYABLE

Short-term loans payable and long-term loans payable are as follows:

As of March 31, 2019	Millions of yen	Weighted average interest rate	Repayment dates	Thousands of U.S. dollars
Short-term loans payable	¥2,491	0.70%	September 27, 2019	$22,441
Current portion of long-term loans payable	500	0.72%	March 19, 2020	4,504
Long-term loans payable	1,000	0.66%	December 15, 2020 and March 29, 2024	9,008
Total	¥3,991	-%	-	$35,953

As of March 31, 2018	Millions of yen	Weighted average interest rate	Repayment dates
Short-term loans payable	¥2,611	0.70%	September 28, 2018
Current portion of long-term loans payable	500	0.86%	March 29, 2019
Long-term loans payable	1,000	0.68%	March 19 and December 15, 2020
Total	¥4,111	-%	-

Repayment schedules for long-term loans payable as of March 31, 2019 are as follows:

As of March 31	Millions of yen	Thousands of U.S. dollars
2020	¥500	$4,504
2021	-	-
2022	-	-
2023	500	4,504

10 RETIREMENT BENEFITS FOR EMPLOYEES

AIDA and certain domestic consolidated subsidiaries have a cash balance plan as a defined benefit pension plan and a defined contribution pension plan. Certain consolidated subsidiaries have a lump-sum payment plan and use a simplified method for calculating retirement benefit expenses and liabilities.

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

(1) Defined benefit pension plan

(a) Changes in retirement benefit obligation

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2019**	2018	**2019**
Balance at the beginning of the year	**¥4,929**	¥3,712	**$ 44,404**
Service cost	**255**	264	**2,302**
Interest cost	**26**	22	**235**
Actuarial gain and loss	**1**	(128)	**9**
Retirement benefits paid	**(469)**	(321)	**(4,233)**
Others	**(8)**	1,380	**(74)**
Balance at the end of the year	**¥4,733**	¥4,929	**$ 42,644**

*1 Retirement benefit expenses of certain consolidated subsidiaries that use a simplified method are included in "Service cost."
*2 The increase due to the acquisition of subsidiaries is included in "Others."

(b) Changes in plan assets

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2019**	2018	**2019**
Plan assets at the beginning of the year	**¥4,262**	¥4,234	**$ 38,399**
Expected return on plan assets	**85**	84	**767**
Actuarial gain and loss	**26**	(76)	**238**
Contributions by the Company	**127**	217	**1,148**
Retirement benefits paid	**(296)**	(196)	**(2.672)**
Plan assets at the end of the year	**¥4,205**	¥4,262	**$ 37,880**

(c) Funded status of the plans and the amounts recognized in the consolidated balance sheets for the Companies' defined benefit plans

	Millions of yen		Thousands of U.S. dollars
As of March 31	**2019**	2018	**2019**
Funded retirement benefit obligation	**¥3,348**	¥3,467	**$ 30,165**
Plan assets at fair value	**(4,205)**	(4,262)	**(37,880)**
	(856)	(795)	**(7,715)**
Unfunded retirement benefit obligation	**1.385**	1,461	**12,479**
Net amount of liabilities and assets for retirement benefits in the consolidated balance sheet	**528**	666	**4,763**
Net defined benefit liabilities	**1,385**	1,461	**12,479**
Net defined benefit assets	**(856)**	(795)	**(7,715)**
Net amount of liabilities and assets for retirement benefits in the consolidated balance sheet	**¥ 528**	¥ 666	**$ 4,763**

*Above table includes plans accounted for using the simplified method.

(d) Components of retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2019**	2018	**2019**
Service cost	**¥ 255**	¥ 264	**$ 2,302**
Interest cost	**26**	22	**235**
Expected return on plan assets	**(85)**	(84)	**(767)**
Amortization of actuarial gain and loss	**(61)**	(5)	**(553)**
Others	**0**	-	**4**
Retirement benefit expenses	**¥ 135**	¥ 196	**$ 1,221**

*Retirement benefit expenses of certain consolidated subsidiaries that use a simplified method are included in "Service cost."

(e) Components of retirement benefit plan adjustments included in other comprehensive income (before tax effect)

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2019**	2018	**2019**
Actuarial gain and loss	**¥ (36)**	¥ 46	**$ (324)**
Total	**¥ (36)**	¥ 46	**$ (324)**

(f) Components of retirement benefit plan adjustments included in accumulated other comprehensive income (before tax effect)

	Millions of yen		Thousands of U.S. dollars
As of March 31	**2019**	2018	**2019**
Unrecognized actuarial loss	**¥ (577)**	¥(613)	**$ (5,199)**
Total	**¥ (577)**	¥(613)	**$ (5,199)**

(g) Fair value of plan assets by major category, as a percentage of total plan assets

As of March 31	**2019**	2018
Bonds	**44.0%**	44.7%
Stocks	**19.7%**	20.3%
General accounts	**27.9%**	27.0%
Others	**8.4%**	8.0%
Total	**100.0%**	100.0%

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

(h) Actuarial assumptions used in the calculation for defined benefit pension plan

As of March 31	**2019**	2018
Discount rate	**Mainly 0.7%**	Mainly 0.7%
Expected rate of return on plan assets	**Mainly 2.0%**	Mainly 2.0%
Others		
Expected rate of salary increase	**Mainly 3.0%**	Mainly 3.1%

*Above table is indicated as a weighted average.

(2) Defined contribution pension plan

The contributions to the defined contribution plan of the Companies for the years ended March 31, 2019 and 2018 were ¥185 million (U.S. $1,672 thousand) and ¥183 million, respectively.

11 NET ASSETS

Information regarding changes in net assets was as follows:

(1) Shares issued and outstanding / Treasury stock

During the year ended March 31, 2019

Types of shares	Number of shares at April 1, 2018	Increase	Decrease	Number of shares at March 31, 2019
Shares issued:				
Common stock (Remarks 1)	**73,647,321**	**-**	**2,000,000**	**71,647,321**
Treasury stock:				
Common stock (Remarks 2, 3 and 4)	**11,950,279**	**751**	**2,038,700**	**9,912,330**

Remarks: 1. Decrease due to retirement of treasury stock 2,000,000
2. Increase due to purchase of shares of less than standard unit 751
3. Details of the decrease are as follows:
Decrease due to the retirement of treasury stock 2,000,000
Decrease due to the contribution of BBT trust and the grant of shares from ESOP trust 28,700
Decrease due to exercising share subscription rights 10,000
4. The number of shares of treasury stock held by the Trust Account E as of April 1, 2018 and March 31, 2019 includes 3,463,600 shares and 3,434,900 shares, respectively.

During the year ended March 31, 2018

Types of shares	Number of shares at April 1, 2017	Increase	Decrease	Number of shares at March 31, 2018
Shares issued:				
Common stock	73,647,321	-	-	73,647,321
Treasury stock:				
Common stock (Remarks 1, 2 and 3)	11,955,096	83,183	88,000	11,950,279

Remarks: 1. Details of the increase are as follows:
Increase due to introduction of BBT trust 81,800
Increase due to purchase of shares of less than standard unit 1,383
2. Details of the decrease are as follows:
Decrease due to the contribution of BBT trust 81,800
Decrease due to the grant of shares from ESOP trust 2,200
Decrease due to exercising share subscription rights 4,000
3. The number of shares of treasury stock held by the Trust Account E as of April 1, 2017 and March 31, 2018 includes 3,384,000 shares and 3,463,600 shares, respectively.

(2) Share subscription rights

During the year ended March 31, 2019

Company	Description	Type of shares issued	Number of shares at April 1, 2018	Increase	Decrease	Number of shares at March 31, 2019	Millions of yen: Balance at March 31, 2019	Thousands of U.S. dollars: Balance at March 31, 2019
Parent company	Share subscription rights as stock options	-	-	-	-	-	**¥139**	**$1,258**
	Total		-	-	-	-	**¥139**	**$1,258**

During the year ended March 31, 2018

Company	Description	Type of shares issued	Number of shares at April 1, 2017	Increase	Decrease	Number of shares at March 31, 2018	Millions of yen: Balance at March 31, 2018
Parent company	Share subscription rights as stock options	-	-	-	-	-	¥148
	Total		-	-	-	-	¥148

12 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The significant components of selling, general and administrative expenses are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2019**	2018	**2019**
Salaries and wages	**¥ 2,751**	¥ 2,483	**$ 24,783**
Bonuses	**354**	376	**3,191**
Provision for accrued bonuses for employees	**390**	457	**3,520**
Retirement benefit expenses	**78**	72	**709**
Welfare expenses	**645**	590	**5,815**
Commission expenses	**306**	332	**2,759**
Advertising and promotion expenses	**118**	114	**1,066**
Traveling expenses	**553**	563	**4,987**
Communication expenses	**99**	108	**893**
Rental expenses	**286**	293	**2,584**
Insurance expenses	**225**	281	**2,029**
Depreciation expenses	**599**	588	**5,401**
Taxation and other public dues	**418**	375	**3,772**
Compensation fee	**572**	595	**5,155**

13 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in “Cost of sales” and “Selling, general and administrative expenses” are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2019**	2018	**2019**
Selling, general and administrative expenses	**¥ 797**	¥ 870	**$ 7,184**
Cost of sales	**269**	165	**2,430**
Total	**¥ 1,067**	¥ 1,036	**$ 9,614**

14 INCOME TAXES

The applicable statutory tax rates in Japan were approximately 30.6% and 30.8% for the years ended March 31, 2019 and 2018, respectively.

(1) Reconciliations of the differences between the effective income tax rates and statutory income tax rates are as follows:

Year ended March 31	**2019**	2018
Statutory income tax rates	**30.6%**	30.8%
Permanently non-deductible expenses including entertainment expenses	**2.0**	2.5
Permanently non-taxable incomes including dividend received	**(2.5)**	(0.6)
Dividends from overseas subsidiaries	**0.3**	0.1
Inhabitant taxes per capita	**0.3**	0.3
Difference of tax rates applied to overseas subsidiaries	**(3.1)**	(3.9)
Tax credit	**(1.2)**	(4.0)
Changes in valuation allowance	**(10.7)**	(1.1)
Decrease in deferred tax assets resulting from changes in the statutory tax rates	**0.1**	0.9
Others	**3.1**	2.3
Effective income tax rates	**18.9%**	27.3%

(2) The major components of deferred tax assets and liabilities are as follows:

As of March 31	Millions of yen 2019	2018	Thousands of U.S. dollars 2019
Deferred tax assets:			
Loss on devaluation of inventories	**¥ 867**	¥ 660	**$ 7,818**
Accrued warranty costs	**248**	211	**2,234**
Accrued bonuses for employees	**295**	320	**2,661**
Depreciation expense	**602**	695	**5,430**
Accrued stock payments	**105**	101	**951**
Long-term accounts payable – other	**95**	120	**861**
Tax losses carried forward	**1,149**	1,301	**10,352**
Retirement benefit obligation	**392**	411	**3,537**
Others	**848**	708	**7,640**
Subtotal deferred tax assets	**4,605**	4,531	**41,488**
Valuation allowance for net operating loss carryforwards (Remark)	**(1,036)**	-	**(9,339)**
Valuation allowance for deductible temporary differences	**(1,310)**	-	**(11,802)**
Total valuation allowance (Remark)	**(2,346)**	(2,971)	**(21,141)**
Total deferred tax assets	**2,258**	1,560	**20,347**
Deferred tax liabilities:			
Undistributed subsidiaries' earnings	**(462)**	(414)	**(4,163)**
Reserve for reduction entry of replaced property	**(448)**	(454)	**(4,037)**
Net defined benefit assets	**(269)**	(251)	**(2,428)**
Fixed assets	**(1,093)**	(640)	**(9,847)**
Unrealized gains on other securities	**(1,564)**	(2,113)	**(14,090)**
Others	**(40)**	(16)	**(363)**
Total deferred tax liabilities	**(3,877)**	(3,891)	**(34,931)**
Net deferred tax assets (liabilities)	**¥ (1,619)**	¥ (2,331)	**$ (14,584)**

Remark:

A breakdown of net operating loss carryforwards and valuation allowance by expiry date is as follows.

As of March 31, 2019	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	Over 5 years	Total
Net operating loss carryforwards (a)	**¥94**	**¥20**	**¥39**	**¥59**	**¥-**	**¥936**	**¥1,149**
Valuation allowance	**(52)**	**(20)**	**(39)**	**(59)**	**-**	**(865)**	**(1,036)**
Deferred tax assets	**¥41**	**¥-**	**¥-**	**¥-**	**¥-**	**¥70**	**(b)¥112**

As of March 31, 2019	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	Over 5 years	Total
Net operating loss carryforwards (a)	**$850**	**$182**	**$352**	**$534**	**$-**	**$8,432**	**$10,352**
Valuation allowance	**(476)**	**(182)**	**(352)**	**(534)**	**-**	**(7,793)**	**(9,339)**
Deferred tax assets	**$374**	**$-**	**$-**	**$-**	**$-**	**$638**	**(b)$1,012**

(a) Net operating loss carryforwards were the amount multiplied by the effective statutory tax.

(b) For the net operating loss carryforward of ¥1,149 million (U.S. $10,352 thousand) (amount multiplied by effective statutory tax rate), deferred tax assets of ¥112 million (U.S. $1,012 thousand) have been recorded.

The deferred tax assets of ¥112 million are for part of the balance of the tax loss carryforward of ¥1,149 million (amount multiplied by effective statutory tax rate), mainly due to AIDA S.r.l. and REJ Co., LTD.

Net operating loss carryforwards arose mainly due to the loss before income taxes of ¥308 million for the fiscal year ended March 31, 2011.

The tax loss carryforward was determined to be recoverable as future taxable income is anticipated, and therefore no corresponding valuation allowance has been recognized.

15 LEASES

Description of finance leases is omitted due to its insignificance as of March 31, 2019 and 2018.

A summary of future payments under non-cancellable operating leases is as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31	**2019**	2018	**2019**
Due within 1 year	**¥ 50**	¥ 76	**$ 455**
Thereafter	**33**	27	**302**
Total	**¥ 84**	¥ 103	**$ 758**

16 RELATED PARTY TRANSACTIONS

There were no material transactions between AIDA and its related companies and individuals for the years ended March 31, 2019 and 2018.

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. The number of shares of treasury stock held by the Trust Account E as of April 1, 2018 and March 31, 2019 includes 3,463,600 shares and 3,434,900 shares, respectively.

Calculation of net assets per share and net income per share are as follows:

	Yen		U.S. dollars
As of and for the year ended March 31	**2019**	2018	**2019**
Net assets per share*1	**¥1,238.41**	¥1,219.02	**$11.16**
Net income – Basic*2	**75.10**	77.59	**0.68**
– Diluted*2	**74.94**	77.38	**0.68**

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

	Millions of yen		Thousands of U.S. dollars
As of March 31	**2019**	2018	**2019**
Total net assets on consolidated balance sheets	**¥77,206**	¥75,924	**$695,489**
Total net assets attributable to shares of common stock	**76,453**	75,210	**688,704**
Main differences:			
Stock options	**139**	148	**1,258**
Non-controlling interests	**613**	566	**5,526**
Number of shares outstanding (thousands of shares)	**71,647**	73,647	**-**
Number of treasury stock (thousands of shares)	**9,912**	11,950	**-**
Number of shares used for computing net assets per share (thousands of shares)	**61,734**	61,697	**-**

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

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2019	2018	**2019**
Net income	**¥ 4,634**	¥ 4,786	**$41,751**
Net income attributable to shares of common stock	**4,634**	4,786	**41,751**
Average number of shares outstanding during the years (thousands of shares)	**61,712**	61,695	**-**
Potential increase in common stock for the diluted income calculation (thousands of shares)	**134**	163	**-**

18 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Reclassification adjustments and tax effects allocated to each component of other comprehensive income are as follows:

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2019	2018	**2019**
Net unrealized gains (losses) on securities:			
Amount arising during the year	**¥ (1,778)**	¥ 1,679	**$(16,023)**
Reclassification adjustments for gains and losses included in net income	**(83)**	-	**(755)**
Amount before tax effect	**(1,862)**	1,679	**(16,778)**
Tax effect	**549**	(510)	**4,950**
Net unrealized gains (losses) on securities	**(1,313)**	1,169	**(11,828)**
Deferred hedge gains (losses):			
Amount arising during the year	**(525)**	(85)	**(4,735)**
Reclassification adjustments for gains and losses included in net income	**489**	230	**4,406**
Amount before tax effect	**(36)**	145	**(328)**
Tax effect	**8**	(43)	**77**
Deferred hedge gains (losses)	**(27)**	102	**(250)**
Foreign currency translation adjustments:			
Amount arising during the year	**(125)**	1,036	**(1,133)**
Reclassification adjustments for gains and losses included in net income	**36**	-	**328**
Amount before tax effect	**(89)**	1,036	**(805)**
Tax effect	**-**	-	**-**
Foreign currency translation adjustments	**(89)**	1,036	**(805)**
Retirement benefit plan adjustments:			
Amount arising during the year	**27**	53	**246**
Reclassification adjustments for gains and losses included in net income	**(63)**	(6)	**(570)**
Amount before tax effect	**(36)**	46	**(324)**
Tax effect	**10**	(13)	**97**
Retirement benefit plan adjustments	**(25)**	33	**(226)**
Total other comprehensive income (loss)	**¥ (1,455)**	¥ 2,340	**$(13,111)**

19 BUSINESS COMBINATION

Information is omitted due to its insignificance for the years ended March 31, 2019 and 2018.

20 SEGMENT INFORMATION

(1) Overview of reportable segments

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

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

AIDA plays a key role for the domestic business.

As for the overseas business, each local company including China (China and Hong Kong), Asia (mainly Singapore and Malaysia), Americas (mainly U.S.A.) and Europe (mainly 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," "China," "Asia," "Americas" and "Europe."

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

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

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

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

	Millions of yen						
As of and for the year ended March 31, 2019	Japan	China	Asia	Americas	Europe	Adjustments*1	Consolidated*2
Sales:							
Sales to third parties	¥ 34,833	¥ 13,125	¥ 4,923	¥ 16,140	¥ 15,059	¥ -	¥ 84,082
Inter-segment sales	16,429	784	4,726	485	426	(22,851)	-
Total sales	51,263	13,909	9,649	16,625	15,485	(22,851)	84,082
Segment profit	2,431	723	1,398	693	4	310	5,561
Segment assets	81,842	12,055	10,588	9,126	15,361	(17,409)	111,564
Others:							
Depreciation	1,034	355	263	208	282	(1)	2,142
Increase in property, plant, equipment and intangible assets	¥ 2,364	¥ 50	¥ 103	¥ 247	¥ 101	¥ -	¥ 2,867

	Thousands of U.S. dollars						
As of and for the year ended March 31, 2019	Japan	China	Asia	Americas	Europe	Adjustments*1	Consolidated*2
Sales:							
Sales to third parties	$ 313,789	$ 118,236	$ 44,351	$ 145,393	$ 135,659	$ -	$ 757,429
Inter-segment sales	148,000	7,062	42,576	4,369	3,838	(205,847)	-
Total sales	461,790	125,299	86,928	149,762	139,497	(205,847)	757,429
Segment profit	21,903	6,516	12,593	6,248	44	2,793	50,101
Segment assets	737,249	108,599	95,379	82,214	138,380	(156,827)	1,004,995
Others:							
Depreciation	9,315	3,199	2,369	1,877	2,544	(9)	19,296
Increase in property, plant, equipment and intangible assets	$ 21,299	$ 453	$ 929	$ 2,233	$ 918	$ -	$ 25,835

	Millions of yen						
As of and for the year ended March 31, 2018	Japan	China	Asia	Americas	Europe	Adjustments*1	Consolidated*2
Sales:							
Sales to third parties	¥ 28,780	¥ 8,787	¥ 4,245	¥ 18,380	¥ 13,663	¥ -	¥ 73,856
Inter-segment sales	17,569	666	4,557	445	1,005	(24,244)	-
Total sales	46,349	9,453	8,803	18,825	14,669	(24,244)	73,856
Segment profit	3,462	224	1,595	1,196	127	(294)	6,312
Segment assets	84,290	13,408	10,148	10,823	17,316	(19,876)	116,108
Others:							
Depreciation	973	341	254	207	287	(1)	2,061
Increase in property, plant, equipment and intangible assets	¥ 3,271	¥ 1,342	¥ 217	¥ 168	¥ 340	¥ -	¥ 5,341

*1 Adjustments of sales represent elimination of inter-segment transactions.
Adjustments of segment profit 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 is adjusted to operating income of consolidated statements of income.

(4) Changes in the reportable segment classification

Effective from the beginning of the fiscal year ended March 31, 2019, the reportable segment classification has been changed in line with the new group management structure of AIDA.

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

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

The segment information for the previous period has been restated to reflect the new reportable segment classification.

(Related information)

1. Products and service information

	Millions of yen			
For the year ended March 31, 2019	Press machines	Service	Others	Total
Sales to third parties	**¥63,177**	**¥14,852**	**¥6,052**	**¥84,082**

	Thousands of U.S. dollars			
	Press machines	Service	Others	Total
Sales to third parties	**$569,112**	**$133,790**	**$54,526**	**$757,429**

	Millions of yen			
For the year ended March 31, 2018	Press machines	Service	Others	Total
Sales to third parties	¥56,300	¥15,430	¥2,126	¥73,856

2. Geographical information

(1) Sales

For the year ended March 31, 2019

Millions of yen					Thousands of U.S. dollars				
Japan	U.S.A.	China	Others	Total	Japan	U.S.A.	China	Others	Total
¥31,488	**¥12,008**	**¥13,080**	**¥27,504**	**¥84,082**	**$283,655**	**$108,173**	**$117,831**	**$247,768**	**$757,429**

For the year ended March 31, 2018

Millions of yen

Japan	U.S.A.	China	Others	Total
¥26,666	¥13,794	¥8,810	¥24,585	¥73,856

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

(2) Property, plant and equipment

As of March 31, 2019

Millions of yen

Japan	China	Italy	U.S.A.	Malaysia	Others	Total
¥14,589	**¥2,756**	**¥2,761**	**¥2,066**	**¥1,107**	**¥649**	**¥23,932**

Thousands of U.S. dollars

Japan	China	Italy	U.S.A.	Malaysia	Others	Total
$131,428	**$24,832**	**$24,880**	**$18,617**	**$9,973**	**$5,853**	**$215,585**

As of March 31, 2018

Millions of yen

Japan	China	Italy	U.S.A.	Malaysia	Others	Total
¥13,481	¥3,107	¥3,090	¥2,070	¥1,046	¥651	¥23,449

(Reportable segment information for impairment loss of fixed assets)

There is no impairment loss of fixed assets for the years ended March 31, 2019 and 2018.

(Reportable segment information for amortization of goodwill and unamortized balance)

There are no amortization and unamortized goodwill for the years ended March 31, 2019 and 2018.

(Reportable segment information for gain on bargain purchase)

There is no gain on bargain purchase recorded for the year ended March 31, 2019.

In the Japan segment, Reliance Electric Limited and RAS Co., Ltd. were newly included in the scope of consolidation in connection with the share acquisition as of November 1, 2017. Consequently, gain on bargain purchase of ¥55 million is recognized for the year ended March 31, 2018.

21 STOCK OPTIONS

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)	**-**	**-**	**-**	**-**	**-**	**-**	**1,065**	**1,065**	**1,065**	**1,065**
Fair value per share when granted (yen)	**-**	**-**	**-**	**-**	**-**	**-**	**833.12**	**1,011.25**	**865.58**	**671.07**
Share subscription rights which are not yet vested										
Outstanding as of April 1, 2018 (shares)	-	-	-	-	-	-	-	-	-	-
Granted (shares)	-	-	-	-	-	-	-	-	-	-
Forfeited (shares)	-	-	-	-	-	-	-	-	-	-
Vested (shares)	-	-	-	-	-	-	-	-	-	-
Outstanding as of March 31, 2019 (shares)	-	-	-	-	-	-	-	-	-	-
Share subscription rights which have already been vested										
Outstanding as of April 1, 2018 (shares)	**15,000**	**21,000**	**47,000**	**41,000**	**33,000**	**37,000**	**29,000**	**20,000**	**18,000**	**23,000**
Vested (shares)	-	-	-	-	-	-	-	-	-	-
Exercised (shares)	-	-	-	-	-	-	**3,000**	**3,000**	**2,000**	**2,000**
Forfeited (shares)	-	-	-	-	-	-	-	-	-	-
Outstanding as of March 31, 2019 (shares)	**15,000**	**21,000**	**47,000**	**41,000**	**33,000**	**37,000**	**26,000**	**17,000**	**16,000**	**21,000**

Because it is difficult to reasonably estimate the number of options that will expire in the future, the number of vested options is calculated based on historical data for the options that have not yet been vested, and the number.

22 SUBSEQUENT EVENTS

1. Appropriation of retained earnings

On June 26, 2019, at the General Meeting of Shareholders, the following appropriation of retained earnings was approved:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥30.00 (U.S. $0.27) per share)	**¥1,955**	**$17,611**

The amount includes dividends of ¥103 million (U.S. $928 thousand) on shares (3,434,900 shares as of March 31, 2019) held by the Trust Account E.

2. Repurchase of treasury stock

AIDA resolved at the meeting of the Board of Directors held on June 11, 2019, to repurchase treasury stock in accordance with the Companies Act, Article 156, applied by replacement under Article 165, paragraph 3 of the same Act.

(1) Reasons for share repurchase:
To improve shareholders benefit
(2) Type of shares to be repurchased: Common shares of AIDA
(3) Total number of shares to be repurchased: 2,600,000 shares (maximum)
(The percentage compared to the total number of shares issued (excluding treasury stock): 4.0%)
(4) Total repurchase amount of shares: ¥2,000 million (U.S. $18,016 thousand) (maximum)
(5) Expected repurchase period: July 1, 2019 to October 31, 2019
(6) Repurchase method: Open market purchase through a trust bank

3. Retirement of treasury stock

AIDA resolved at the meeting of the Board of Directors held on June 11, 2019, to retire treasury stock in accordance with the Companies Act, Article 178.

(1) Types of shares to be retired: Common shares of AIDA
(2) Total number of shares to be retired: All of the shares to be repurchased (described 2 in Remark above)
(3) Scheduled date of retirement: November 11, 2019

Independent Auditor's Report

Ernst & Young ShinNihon LLC
Hibiya Mitsui Tower, Tokyo Midtown Hibiya
1-1-2 Yurakucho, Chiyoda-ku
Tokyo 100-0006, Japan

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197
ey.com

Building a better working world

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, 2019, 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, 2019, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

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

Ernst & Young ShinNihon LLC

June 26, 2019
Tokyo, Japan

A member firm of Ernst & Young Global Limited

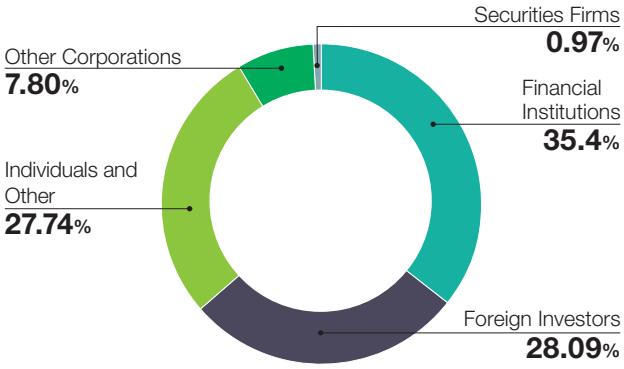
Stock Information

As of March 31, 2019

Securities Code	6118
Stock Listing	Tokyo Stock Exchange, 1st Section
Number of Shares Authorized	188,149,000
Number of Shares Issued	71,647,321
Number of Shares of Treasury Stock	9,912,330*
Number of Shares per Trading Unit	100 shares
Number of Shareholders	7,805
Shareholder Registry Administrator	Mizuho Trust & Banking Co., Ltd.

*Number of shares of treasury stock includes 3,434,900 shares of treasury stock held by Trust & Custody Services Bank, Ltd. (Trust Account E) in a re-entrustment related to a J-ESOP (Japanese employee stock ownership plan) and BBT (Board Benefit Trust).

Breakdown of Issued Shares by Type of Shareholder



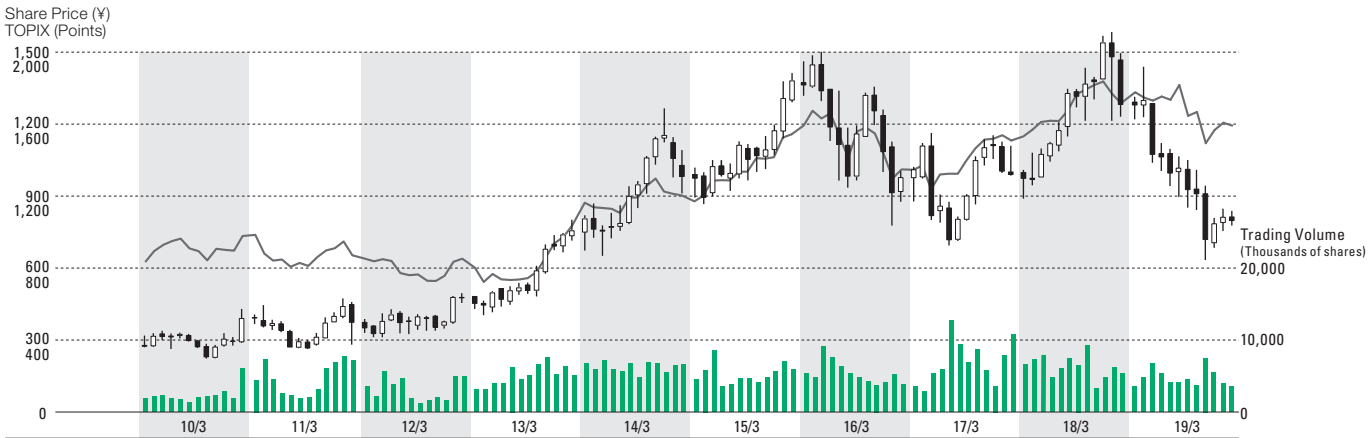
Major Shareholders (Top 10)*1

Name of Shareholders	Number of Shares Held (Thousands)	Percentage of Total Issued Shares (%)
The Dai-ichi Life Insurance Company, Ltd.	4,000	6.14
Trust & Custody Services Bank, Ltd. (Trust Account E) *2	3,434	5.27
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,877	4.42
JP MORGAN CHASE BANK 385632	2,650	4.07
Nippon Life Insurance Company	2,533	3.89
Meiji Yasuda Life Insurance Company	2,516	3.86
Mizuho Bank, Ltd.	2,179	3.34
Japan Trustee Services Bank, Ltd. (Trust Account)	1,849	2.84
Kimikazu Aida	1,445	2.22
AIDA ENGINEERING Trading-partner Shareholding Association	1,338	2.05

*1 Although the Company holds 6,477,430 shares of treasury stock, it is excluded from the major shareholders listed above. Ownership percentages are based on 65,169,891 shares, the total number of issued and outstanding shares, less treasury stock.

*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 and Board Benefit Trust (BBT).

Share Price and Trading Volume



	10/3	11/3	12/3	13/3	14/3	15/3	16/3	17/3	18/3	19/3
High (¥)	430	474	496	802	1,266	1,413	1,500	1,151	1,586	1,441
Low (¥)	223	263	312	404	651	867	783	696	889	635
At Year-End (¥)	390	374	476	756	982	1,380	978	988	1,286	798

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

Corporate Data/History

As of March 31, 2019

Corporate Data

Company Name AIDA ENGINEERING, LTD.

Founded March 1917

Established March 25, 1937

Capital ¥7,831 million

Fiscal Year-End March 31

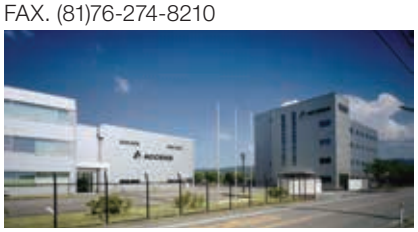
Number of Employees 756 (Consolidated: 2,202)

Head Office 2-10 Ohyama-cho, Midori Ward,
Sagamihara City, Kanagawa Prefecture,
252-5181, Japan
TEL. (81)42-772-5231
FAX. (81)42-772-5263

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

Domestic Group Companies

ACCESS, LTD.
1080 Kozu-machi, Hakusan City,
Ishikawa Prefecture, 924-0821
TEL. (81)76-274-8200
FAX. (81)76-274-8210



ACCESS, LTD. develops, designs, and manufactures automated press and machining lines, and press and machining automation equipment.

R E J Co., Ltd.
2-3-2 Fukuura, Kanazawa-ku,
Yokohama City, Kanagawa Prefecture,
236-8641
TEL. (81)45-701-1770
FAX. (81)45-783-7486

R E J Co., Ltd. offers outstanding technical and service capabilities that make it a leader in the field of control devices.

History

1917 AIDA Ironworks is founded in Honjo, Tokyo, by Yokei Aida.
1923 The factory is totally destroyed by the Great Kanto Earthquake, but rebuilt immediately.
1933 Introduced the first Japanese knuckle-joint press.
1937 Incorporated as a limited company with capital of ¥200,000.
1945 The factory is totally destroyed in an air raid, then rebuilt and operations are restarted two months later.
1956 Introduced the first 200-ton high-speed automatic press.
1959 New factory constructed in Sagamihara City in Kanagawa Prefecture (current headquarters).
1960 Introduced the first Japanese transfer press.
1962 Listed on the Tokyo Stock Exchange, 2nd Section.
1964 Headquarters and Kameido Factory are moved and integrated into the Sagamihara facility.
1967 Completed the development of a 2,500-ton transfer press (among the world's largest capacity presses at the time).
1968 Introduced "Autohand," the first Japanese industrial robot.
1970 Company name is changed to AIDA ENGINEERING, LTD.
1971 Promoted to the 1st Section of the Tokyo Stock Exchange.
1972 Established a subsidiary in the United States.
1974 Tsukui Factory is constructed (in Sagamihara City).
1985 Nominated as a marginable stock on the Tokyo Stock Exchange.
Established a subsidiary in Canada.
1989 Established a subsidiary in Singapore.
1992 ACCESS, LTD. is established in Ishikawa Prefecture.
AIDA BUSINESS CORP. is established in Sagamihara City.
1993 Established a subsidiary in Hong Kong.
1995 Manufacturing bases are established in the United States and Malaysia.
A new facility is constructed in Hakusan City in Ishikawa Prefecture.
1997 Established a subsidiary in Thailand.
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 at the time).
2009 Established a subsidiary in Mexico.
Completed the developed 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).
2017 Made Reliance Electric Limited and its subsidiary, RAS Co., Ltd., into subsidiaries of AIDA ENGINEERING, LTD.
2018 Reliance Electric Limited absorbed its subsidiary, RAS Co., Ltd. (Company name was changed to R E J Co., Ltd. in January 2019).

Operating Bases

As of March 31, 2019

■ 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)
122 Commerce Park Drive, Units B and C,
Barrie, Ontario, L4N 8W8, 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,
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