

Consolidated Financial Results for the 3rd Quarter of the Fiscal Year Ended March 31, 2018 [Japanese Standard]

February 13, 2018

Stock exchange: Tokyo (First Section)

Listed company name: Aida Engineering, Ltd.
Stock code: 6118 (URL <http://www.aida.co.jp>)

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Scheduled date of filing quarterly securities report: February 13, 2018

Scheduled beginning date of dividend payment: —

Preparation of supplemental explanatory materials: Yes

Holding of quarterly financial results briefing: None

(Figures are rounded down to the nearest million yen)

1. Consolidated Results for 3rd Quarter of the Fiscal Year Ended March 31, 2018 (April 1, 2017 to December 31, 2017)

(1) Consolidated Financial Results

(Percentages represent change compared to the previous period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2017	50,763	6.5	4,141	(8.6)	4,016	(16.2)	2,696	(20.9)
Nine months ended December 31, 2016	47,650	(16.2)	4,530	(29.8)	4,794	(30.9)	3,410	(27.5)

Note: Comprehensive income
 Nine months ended December 31, 2017 5,509 million yen (105.9%)
 Nine months ended December 31, 2016 2,675 million yen (-27.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2017	43.71	43.60
Nine months ended December 31, 2016	55.30	55.19

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2017	118,333	74,257	62.2	1,192.79
As of March 31, 2017	101,683	70,834	69.5	1,145.74

Reference: Shareholders' equity
 As of December 31, 2017 73,591 million yen
 As of March 31, 2017 70,683 million yen

2. Cash Dividends

	Cash dividends per share				
	1Q End	2Q End	3Q End	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	-	-	-	40.00	40.00
Year ended March 31, 2018	-	-	-		
Year ended March 31, 2018 (forecast)				30.00	30.00

Note: Revision of dividend forecast for this period: None

3. Forecasts of Consolidated Results for the Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Percentages represent change compared to the previous period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year ended March 31, 2018	72,000	6.6	6,900	4.3	6,900	1.8	4,900	(1.7)	79.42

Note: Revision of forecasts of consolidated results: Yes

4. Others

(1) Changes among significant subsidiaries during the period: Yes

Note: This refers to addition and deletion in specific subsidiaries with changes in the scope of consolidation during the period.

(2) Adoption of special accounting treatment for quarter financial report: Yes

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

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

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

2. Changes in accounting policies other than "1": Yes

3. Changes in accounting estimates: None

4. Retrospective restatement: None

(4) Number of shares outstanding (Common stock)

1. Common stock (Treasury stock included)

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

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

2. Treasury Stock

As of December 31, 2017 11,950,094 shares

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

3. Average number of shares outstanding

Nine months ended December 31, 2017 61,695,351 shares

Nine months ended December 31, 2016 61,685,457 shares

This financial results falls outside the scope of audit procedures.

Statement for proper use of business forecast and other special remarks:

The above forecasts and those presented in appended material are based on the information presently available.

Actual results may differ from these forecasts due to changes in various factors.

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1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash on hand and at banks	24,491	32,668
Notes and accounts receivable - trade	23,233	23,068
Electronically recorded monetary claims - operating	657	1,579
Short-term securities	2,000	—
Finished goods	1,647	3,299
Work in process	9,416	12,330
Raw materials and supplies	2,962	3,827
Deferred tax assets	857	813
Other current assets	4,890	3,637
Allowance for doubtful accounts	(202)	(224)
Total current assets	69,955	81,000
Fixed assets		
Property, plant and equipment		
Buildings and structures	21,756	25,055
Accumulated depreciation	(14,241)	(16,132)
Buildings and structures, net	7,515	8,923
Machinery and vehicles	14,785	16,400
Accumulated depreciation	(8,276)	(9,545)
Machinery and vehicles, net	6,508	6,854
Land	5,053	7,161
Construction in progress	1,151	484
Other fixed assets	2,861	3,561
Accumulated depreciation	(2,273)	(2,905)
Other fixed assets, net	587	655
Total property, plant and equipment	20,815	24,079
Intangible assets	845	944
Investments and other assets		
Investment securities	6,824	8,812
Insurance reserve fund	2,192	2,286
Net defined benefit assets	630	714
Deferred tax assets	247	329
Other assets	195	202
Allowance for doubtful accounts	(23)	(36)
Total investments and other assets	10,067	12,308
Total fixed assets	31,728	37,332
Total assets	101,683	118,333

(Millions of Yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	6,353	7,816
Electronically recorded monetary obligations - operating	2,457	4,707
Short-term loans payable	2,970	3,346
Accounts payable - other	854	1,192
Income taxes payable	708	345
Advances received	8,085	13,358
Accrued warranty costs	700	780
Accrued bonuses for employees	1,040	682
Accrued bonuses for directors	53	22
Provision for loss on orders received	166	153
Other current liabilities	2,127	3,495
Total current liabilities	25,518	35,901
Long-term liabilities		
Long-term loans payable	1,500	1,500
Long-term accounts payable - other	581	838
Deferred tax liabilities	2,543	3,700
Accrued stock payments for employees	278	338
Net defined benefit liabilities	108	1,472
Other long-term liabilities	319	324
Total long-term liabilities	5,330	8,174
Total liabilities	30,848	44,075
Net assets		
Shareholders' equity		
Common stock	7,831	7,831
Additional paid-in capital	12,420	12,486
Retained earnings	51,817	51,910
Treasury stock	(5,158)	(5,222)
Total shareholders' equity	66,909	67,005
Accumulated other comprehensive income		
Net unrealized gains on other securities	3,761	5,000
Deferred hedge gains (losses)	(75)	(211)
Foreign currency translation adjustments	(301)	1,409
Retirement benefit plan adjustments	390	388
Total accumulated other comprehensive income	3,774	6,586
Stock options	151	148
Non-controlling interests	—	517
Total net assets	70,834	74,257
Total liabilities and net assets	101,683	118,333

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of Yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	47,650	50,763
Cost of sales	36,426	39,663
Gross profit	11,223	11,099
Selling, general and administrative expenses	6,692	6,957
Operating income	4,530	4,141
Non-operating income		
Interest income	48	62
Dividend income	114	115
Gain from redemption at maturity of endowment insurance	60	28
Insurance premiums refunded cancellation	117	19
Other non-operating income	86	99
Total non-operating income	427	325
Non-operating expense		
Interest expenses	32	31
Foreign exchange loss	65	299
Other non-operating expenses	66	119
Total non-operating expenses	163	450
Ordinary income	4,794	4,016
Extraordinary gain		
Gain on sales of fixed assets	2	3
Gain on bargain purchase	—	28
Other extraordinary gain	—	0
Total extraordinary gain	2	31
Extraordinary loss		
Loss on sales of fixed assets	0	0
Loss on disposal of fixed assets	23	14
Total extraordinary loss	23	14
Income before income taxes	4,774	4,033
Income taxes	1,363	1,336
Net income	3,410	2,696
Net income attributable to owners of parent	3,410	2,696

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net income	3,410	2,696
Other comprehensive income		
Net unrealized gains on other securities	724	1,238
Deferred hedge gains (losses)	(373)	(135)
Foreign currency translation adjustments	(1,085)	1,710
Retirement benefit plan adjustments	(2)	(1)
Total other comprehensive income (loss)	(735)	2,812
Comprehensive income	2,675	5,509
Comprehensive income attributable to owners of parent	2,675	5,509

(3) Notes to Going Concern Assumption

None

(4) Notes regarding remarkable fluctuation in shareholders' equity

None

(Changes among significant subsidiaries during the period)

The following companies are newly consolidated.

Reliance Electric Limited

RAS Co., Ltd.

(5) Segment Information

Nine months ended December 31, 2016

(Millions of Yen)

	Japan	Asia	Americas	Europe	Sub total	Adjustments (*1)	Consolidated statements of income(*2)
Sales							
Sales to third parties	16,592	9,242	12,553	9,261	47,650	—	47,650
Inter-segment sales	13,002	1,677	184	267	15,132	(15,132)	—
Total sales	29,595	10,919	12,738	9,529	62,782	(15,132)	47,650
Segment profit	2,540	918	1,023	75	4,557	(26)	4,530

Note:

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

Adjustments of segment profit refer to inter-segment transaction eliminations.

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

Nine months ended December 31, 2017

(Millions of Yen)

	Japan	Asia	Americas	Europe	Sub total	Adjustments (*1)	Consolidated statements of income(*2)
Sales							
Sales to third parties	18,792	9,463	13,732	8,774	50,763	—	50,763
Inter-segment sales	12,903	2,124	352	577	15,958	(15,958)	—
Total sales	31,695	11,588	14,085	9,352	66,721	(15,958)	50,763
Segment profit	2,139	1,259	821	111	4,331	(189)	4,141

Note:

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

Adjustments of segment profit refer to inter-segment transaction eliminations.

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

2. Supplementary Information

Status of Orders

Nine months ended December 31, 2017

(Millions of Yen)

	Orders		Order backlog	
	Amount	Comparison with the previous period (%)	Amount	Comparison with the end of previous year (%)
Japan	25,317	44.0	26,228	58.4
Asia	14,258	75.5	13,335	56.2
Americas	15,004	21.0	13,236	11.0
Europe	12,299	75.0	13,350	34.1
Total	66,880	48.2	66,150	40.8

Note:

1. Inter-segment transactions have been eliminated.
2. Amounts above do not include consumption tax.
3. Order backlog of 3,047 million yen is included in the Japan segment, as Reliance Electric Limited and RAS Co., Ltd. are newly consolidated.