

Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 [Japanese Standard]

May 12, 2017

Stock exchange: Tokyo (First Section)

Listed company name: Aida Engineering, Ltd.
 Stock code: 6118 (URL <http://www.aida.co.jp>)
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 Scheduled date of annual general shareholders' meeting: June 19, 2017
 Scheduled beginning date of dividend payment: June 20, 2017
 Scheduled date of filing annual securities report: June 19, 2017
 Preparation of supplemental explanatory materials: Yes
 Holding of financial results briefing: Yes (for analysts and institutional investors)

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(Figures are rounded down to the nearest million yen)

1. Consolidated Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 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	%
Year ended March 31, 2017	67,547	(10.6)	6,617	(17.7)	6,775	(19.0)	4,985	(13.8)
Year ended March 31, 2016	75,529	(1.8)	8,037	2.2	8,364	1.9	5,782	(6.8)

Note: Comprehensive income
 Year ended March 31, 2017 4,011 million yen (16.8%)
 Year ended March 31, 2016 3,434 million yen (-63.5%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	80.82	80.65	7.2	6.7	9.8
Year ended March 31, 2016	93.78	93.54	8.5	8.1	10.6

Reference: Equity in earnings (losses) of affiliates
 Year ended March 31, 2017 — millions of yen
 Year ended March 31, 2016 — millions of yen

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	101,683	70,834	69.5	1,145.74
As of March 31, 2016	100,609	68,758	68.2	1,112.51

Reference: Shareholders' equity
 As of March 31, 2017 70,683 million yen
 As of March 31, 2016 68,613 million yen

(3) Consolidated Cash Flow

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2017	2,400	(3,118)	(1,954)	25,572
Year ended March 31, 2016	6,596	(5,655)	915	29,524

2. Cash Dividends

	Cash dividends per share					Total dividends (Annual)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1Q End	2Q End	3Q End	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	-	-	-	30.00	30.00	1,951	32.0	2.7
Year ended March 31, 2017	-	-	-	40.00	40.00	2,603	49.5	3.5
Year ended March 31, 2018 (forecast)	-	-	-	30.00	30.00		37.0	

Note: Year ended March 31, 2017 Ordinary dividend 30.00 yen 100th anniversary commemorative dividend 10.00 yen
 Year ended March 31, 2018 Ordinary dividend 30.00 yen

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
Six months ended September 30, 2017	36,000	13.3	3,500	5.3	3,600	0.3	2,500	(3.7)	40.52
Year ended March 31, 2018	72,000	6.6	7,000	5.8	7,100	4.8	5,000	0.3	81.05

4. Other

(1) Changes among significant subsidiaries during the period: None

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

(2) 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": None
3. Changes in accounting estimates: None
4. Retrospective restatement: None

(3) Number of shares outstanding (Common stock)

1. Common stock (Treasury stock included)

As of March 31, 2017	73,647,321 shares
As of March 31, 2016	73,647,321 shares

2. Treasury Stock

As of March 31, 2017	11,955,096 shares
As of March 31, 2016	11,973,276 shares

3. Average number of shares outstanding

Year ended March 31, 2017	61,686,899 shares
Year ended March 31, 2016	61,660,315 shares

[Reference] Outline of Non-Consolidated Results

Non-Consolidated Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Non-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	%
Year ended March 31, 2017	40,281	(5.3)	3,305	(26.3)	5,154	(12.8)	4,091	(5.4)
Year ended March 31, 2016	42,515	(5.6)	4,484	7.6	5,912	(9.0)	4,324	(22.1)

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Year ended March 31, 2017	66.33	66.19	66.19	66.19
Year ended March 31, 2016	70.14	69.96	69.96	69.96

(2) Non-Consolidated Financial Position

	Total assets		Net assets		Shareholders' equity ratio		Net assets per share	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	%	Yen	
As of March 31, 2017	70,474	54,108	54,108	51,467	76.6	76.4	874.62	
As of March 31, 2016	67,200	51,467	51,467	51,467	76.4	76.4	832.15	

Reference: Shareholders' equity
 As of March 31, 2017 53,956 million yen
 As of March 31, 2016 51,322 million yen

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.

Financial results briefing for analysts and institutional investors is scheduled to be held on May 25, 2017.

The presentation material will be available on our website after the briefing.

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1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash on hand and at banks	22,529	24,491
Notes and accounts receivable - trade	20,105	23,233
Electronically recorded monetary claims - operating	397	657
Short-term securities	7,200	2,000
Finished goods	1,473	1,647
Work in process	9,332	9,416
Raw materials and supplies	2,624	2,962
Advance payments - trade	1,034	997
Deferred tax assets	1,049	857
Accounts receivable - other	1,348	1,276
Consumption taxes receivable	1,040	1,497
Other current assets	953	1,119
Allowance for doubtful accounts	(186)	(202)
Total current assets	68,903	69,955
Fixed assets		
Property, plant and equipment		
Buildings and structures	21,650	21,756
Accumulated depreciation	(14,061)	(14,241)
Buildings and structures, net	7,589	7,515
Machinery and vehicles	14,096	14,785
Accumulated depreciation	(7,492)	(8,276)
Machinery and vehicles, net	6,604	6,508
Land	5,062	5,053
Construction in progress	779	1,151
Other fixed assets	2,798	2,861
Accumulated depreciation	(2,177)	(2,273)
Other fixed assets, net	620	587
Total property, plant and equipment	20,656	20,815
Intangible assets	984	845
Investments and other assets		
Investment securities	5,802	6,824
Insurance reserve fund	3,390	2,192
Net defined benefit assets	435	630
Deferred tax assets	155	247
Other assets	308	195
Allowance for doubtful accounts	(26)	(23)
Total investments and other assets	10,064	10,067
Total fixed assets	31,705	31,728
Total assets	100,609	101,683

(Millions of Yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	6,882	6,353
Electronically recorded monetary obligations - operating	1,828	2,457
Short-term loans payable	3,163	2,970
Accounts payable - other	1,070	854
Income taxes payable	1,235	708
Accrued expenses	1,431	1,072
Advances received	7,738	8,085
Accrued warranty costs	1,081	700
Accrued bonuses for employees	1,117	1,040
Accrued bonuses for directors	60	53
Provision for loss on orders received	161	166
Special suspense account for reduction entry	126	—
Other current liabilities	1,041	1,055
Total current liabilities	26,940	25,518
Long-term liabilities		
Long-term loans payable	1,500	1,500
Long-term accounts payable - other	496	581
Deferred tax liabilities	2,261	2,543
Accrued stock payments for employees	238	278
Net defined benefit liabilities	99	108
Other long-term liabilities	314	319
Total long-term liabilities	4,911	5,330
Total liabilities	31,851	30,848
Net assets		
Shareholders' equity		
Common stock	7,831	7,831
Additional paid-in capital	12,416	12,420
Retained earnings	48,783	51,817
Treasury stock	(5,166)	(5,158)
Total shareholders' equity	63,864	66,909
Accumulated other comprehensive income		
Net unrealized gains on other securities	3,043	3,761
Deferred hedge gains (losses)	159	(75)
Foreign currency translation adjustments	1,211	(301)
Retirement benefit plans adjustments	333	390
Total accumulated other comprehensive income	4,748	3,774
Stock options	145	151
Total net assets	68,758	70,834
Total liabilities and net assets	100,609	101,683

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of Yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Net sales	75,529	67,547
Cost of sales	57,544	51,761
Gross profit	17,985	15,785
Selling, general and administrative expenses	9,947	9,168
Operating income	8,037	6,617
Non-operating income		
Interest income	86	68
Dividend income	119	115
Foreign exchange gain	192	—
Insurance premiums refunded cancellation	8	120
Gain from redemption at maturity of endowment insurance	28	60
Other non-operating income	82	129
Total non-operating income	517	495
Non-operating expense		
Interest expenses	48	41
Foreign exchange loss	—	129
Taxes and dues	30	—
Restructuring loss	—	75
Other non-operating expenses	110	90
Total non-operating expenses	189	336
Ordinary income	8,364	6,775
Extraordinary gain		
Gain on sales of fixed assets	10	4
Other extraordinary gain	—	0
Total extraordinary gain	10	5
Extraordinary loss		
Loss on sales of fixed assets	3	0
Loss on disposal of fixed assets	37	26
Other extraordinary loss	5	—
Total extraordinary loss	46	26
Income before income taxes	8,329	6,754
Current taxes	2,213	1,421
Deferred taxes	332	347
Income taxes	2,546	1,769
Net income	5,782	4,985
Net income attributable to owners of parent	5,782	4,985

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Net income	5,782	4,985
Other comprehensive income		
Net unrealized gains (losses) on other securities	(12)	717
Deferred hedge gains (losses)	371	(235)
Foreign currency translation adjustments	(2,543)	(1,512)
Retirement benefit plans adjustments	(163)	56
Total other comprehensive income (loss)	(2,348)	(974)
Comprehensive income	3,434	4,011
Comprehensive income attributable to owners of parent	3,434	4,011

(3) Consolidated Statements of Change in Net Assets
 Previous fiscal year (from April 1, 2015 to March 31, 2016)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	7,831	12,415	44,951	(5,188)	60,008
Changes during the period					
Cash dividends			(1,950)		(1,950)
Income attributable to owners of parent			5,782		5,782
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		1		24	25
Net changes of items other than shareholders' equity					
Total changes during the period	—	1	3,832	22	3,856
Balance at the end of period	7,831	12,416	48,783	(5,166)	63,864

	Accumulated other comprehensive income					Stock option	Total net assets
	Net unrealized gains (losses) on other securities	Deferred hedge gains (losses)	Foreign currency translation adjustments	Retirement benefit plans adjustments	Total accumulated other comprehensive income		
Balance at the beginning of the period	3,056	(211)	3,754	496	7,096	149	67,254
Changes during the period							
Cash dividends							(1,950)
Income attributable to owners of parent							5,782
Purchase of treasury stock							(1)
Disposal of treasury stock							25
Net changes of items other than shareholders' equity	(12)	371	(2,543)	(163)	(2,348)	(4)	(2,352)
Total changes during the period	(12)	371	(2,543)	(163)	(2,348)	(4)	1,503
Balance at the end of period	3,043	159	1,211	333	4,748	145	68,758

Current fiscal year (from April 1, 2016 to March 31, 2017)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	7,831	12,416	48,783	(5,166)	63,864
Changes during the period					
Cash dividends			(1,951)		(1,951)
Income attributable to owners of parent			4,985		4,985
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		3		8	11
Net changes of items other than shareholders' equity					
Total changes during the period	—	3	3,033	7	3,044
Balance at the end of period	7,831	12,420	51,817	(5,158)	66,909

	Accumulated other comprehensive income					Stock option	Total net assets
	Net unrealized gains (losses) on other securities	Deferred hedge gains (losses)	Foreign currency translation adjustments	Retirement benefit plans adjustments	Total accumulated other comprehensive income		
Balance at the beginning of the period	3,043	159	1,211	333	4,748	145	68,758
Changes during the period							
Cash dividends							(1,951)
Income attributable to owners of parent							4,985
Purchase of treasury stock							(0)
Disposal of treasury stock							11
Net changes of items other than shareholders' equity	717	(235)	(1,512)	56	(974)	6	(968)
Total changes during the period	717	(235)	(1,512)	56	(974)	6	2,076
Balance at the end of period	3,761	(75)	(301)	390	3,774	151	70,834

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Cash flows from operating activities:		
Income before income taxes	8,329	6,754
Depreciation and amortization	1,995	1,961
(Gain) loss on sales of fixed assets	(7)	(4)
Loss on disposal of fixed assets	37	26
Increase (decrease) in allowance for doubtful accounts	126	16
Increase (decrease) in accrued bonuses for employees, net	40	(70)
Increase (decrease) in accrued bonuses for directors, net	2	(7)
Increase (decrease) in accrued warranty costs, net	(372)	(350)
Increase (decrease) in net defined benefit liabilities	(1)	14
(Increase) decrease in net defined benefit assets	102	(73)
Increase (decrease) in accrued stock payments, net	37	39
Increase (decrease) in provision for loss on orders received, net	83	9
Interest and dividend income	(206)	(184)
Interest expense	48	41
(Increase) decrease in accounts receivable - trade	(1,133)	(3,471)
(Increase) decrease in inventories	668	(817)
Increase (decrease) in accounts payable - trade	(2,744)	582
(Increase) decrease in other assets	666	1,058
Increase (decrease) in other liabilities	940	(1,179)
Other, net	91	(91)
Sub-total	8,706	4,253
Interest and dividend income received	204	178
Interest expenses paid	(50)	(41)
Income taxes paid	(2,264)	(1,989)
Net cash provided by operating activities	6,596	2,400
Cash flows from investing activities:		
Payments for purchase of property, plant and equipment	(5,384)	(2,368)
Proceeds from sales of property, plant and equipment	45	11
Payments for purchase of intangible assets	(109)	(63)
Payments for purchase of investment securities	(102)	—
Payments for deposits of funds into time deposits	(813)	(1,459)
Proceeds for withdrawal of time deposits	708	759
Other, net	1	0
Net cash used in investing activities	(5,655)	(3,118)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans	2,871	—
Payments for finance lease obligations	(9)	(3)
Proceeds from sales of treasury stock	0	0
Payments for purchase of treasury stock	(1)	(0)
Cash dividends paid	(1,945)	(1,950)
Net cash provided by (used in) financing activities	915	(1,954)
Effect of exchange rate changes on cash and cash equivalents	(2,291)	(1,278)
Net (decrease) increase in cash and cash equivalents	(434)	(3,951)
Cash and cash equivalents at the beginning of the year	29,958	29,524
Cash and cash equivalents at the end of the year	29,524	25,572

(5) Notes to Going Concern Assumption

None

(Application of implementation guidance on recoverability of deferred tax assets)

The “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26 dated March 28, 2016) has been applied from this fiscal year.

(6) Segment Information

1. Overview of Reportable Segments

The reportable segments 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. The Company plays a key role for the domestic business. As for the overseas business, each local company including Asia (China, Hong Kong, Singapore and Malaysia), Americas (U.S.A.) and Europe (Italy) plays an important role. Each foreign subsidiary is a single business entity, planning comprehensive business strategies for products and conducting business activities in each area.

Accordingly, the Companies consist of geographic segments which have the fundamental function of manufacturing, sales and service. Reportable segments are categorized into “Japan,” “Asia,” “Americas” and “Europe.”

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

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

3. Information regarding amounts of sales, profit by report segment

Year ended March 31, 2016

(Millions of Yen)

	Japan	Asia	Americas	Europe	Sub total	Adjustments (*1)	Consolidated statements of income(*2)
Sales							
Sales to third parties	26,216	17,096	18,065	14,151	75,529	—	75,529
Inter-segment sales	17,825	3,892	943	702	23,363	(23,363)	—
Total sales	44,041	20,989	19,008	14,853	98,893	(23,363)	75,529
Segment profit or loss	4,967	2,321	1,327	(490)	8,125	(88)	8,037
Segment assets	70,839	24,154	10,611	14,230	119,835	(19,226)	100,609
Others							
Depreciation	1,052	501	191	252	1,998	(2)	1,995
Increase in property, plant, equipment and intangible assets	2,583	453	1,371	245	4,654	—	4,654

Note:

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

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

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

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

Year ended March 31, 2017

(Millions of Yen)

	Japan	Asia	Americas	Europe	Sub total	Adjustments (*1)	Consolidated statements of income(*2)
Sales							
Sales to third parties	24,249	12,966	18,466	11,865	67,547	—	67,547
Inter-segment sales	16,927	2,293	286	472	19,979	(19,979)	—
Total sales	41,176	15,259	18,752	12,337	87,526	(19,979)	67,547
Segment profit or loss	3,521	1,519	1,496	(65)	6,472	144	6,617
Segment assets	72,499	21,444	10,401	15,698	120,043	(18,360)	101,683
Others							
Depreciation	1,070	458	179	256	1,964	(2)	1,961
Increase in property, plant, equipment and intangible assets	612	840	202	457	2,112	(19)	2,093

Note:

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

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

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

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

2. Supplementary Information

Status of Orders

Orders and Order Backlog

As of March 31, 2017

(Millions of Yen)

	Orders		Order backlog	
	Amount	Year to year comparison (%)	Amount	Year to year comparison (%)
Japan	22,474	(19.1)	16,562	(9.7)
Asia	12,390	(5.5)	8,539	(6.3)
Americas	18,041	(1.1)	11,928	(1.2)
Europe	9,749	(40.4)	9,956	(19.4)
Total	62,655	(17.0)	46,986	(9.4)

Note:

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