



AIDA





Look around you.

In your room you will find a watch or clock, a mobile phone, computer, television, eyeglasses.

Turn toward the window and you will see the window frame, and outside antennas, bicycles and cars, and perhaps an airplane.

Metallic products surround us in our everyday lives.

The quality of those products depends to a large extent on the type of metal used, and the way it is formed.

Lighter and quieter.

Less expensive, and more stylish.

Safer, and easier on the environment.

The technology has no goal.

As a forming systems builder, AIDA ENGINEERING continues to take on new challenges on a global stage, to provide people with richer lifestyles and realize an earth-friendly society.



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Cautionary Statements with Respect to Forward-Looking Statements

Statements made in this annual report with respect to plans and future performance that are not historical fact are forward-looking statements. These statements are based on management's assumptions and beliefs in light of the information currently available to it. AIDA ENGINEERING cautions that a number of factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such factors include but are not limited to foreign exchange rates, market trends and economic conditions.

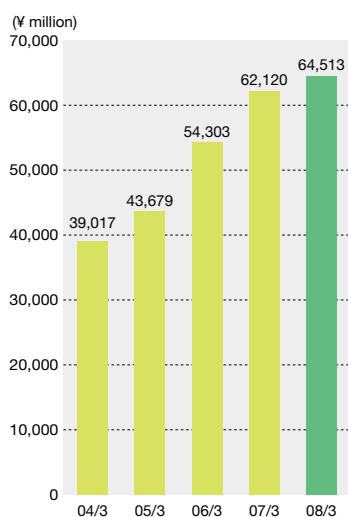
Financial Highlights

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries

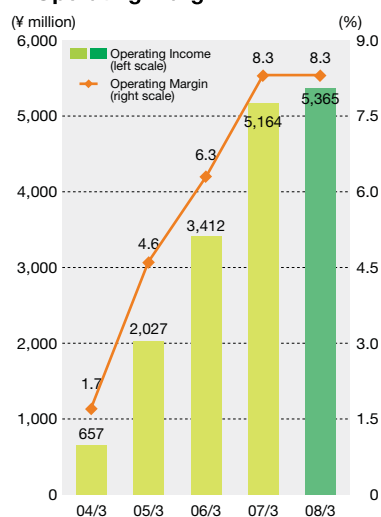
	Millions of yen					Thousands of U.S. dollars
	2004	2005	2006	2007	2008	2008
For the Year:						
Net sales	¥39,017	¥43,679	¥54,303	¥62,120	¥64,513	\$643,849
Operating income	657	2,027	3,412	5,164	5,365	53,547
Operating margin	1.7%	4.6%	6.3%	8.3%	8.3%	8.3%
Net income	289	1,281	1,792	3,053	3,585	35,788
Net cash provided by (used in) operating activities	2,501	3,297	407	4,054	(1,103)	(11,013)
Net cash (used in) provided by investing activities	(98)	424	(1,300)	(1,275)	(0)	(3)
Free cash flow	2,403	3,721	(893)	2,779	(1,103)	(11,016)
Net cash (used in) provided by financing activities	(1,545)	1,502	(2,078)	(1,609)	(2,162)	(21,580)
At the Year-End:						
Total assets	65,418	75,687	83,510	90,076	85,036	848,672
Total property, plant and equipment	19,028	19,409	19,875	21,100	21,711	216,681
Total interest-bearing debt	—	—	1,000	—	1,500	14,970
Total net assets	56,186	59,413	60,780	64,138	61,326	612,043
Per Share Data:						
Net income	¥ 4.06	¥ 17.40	¥ 23.79	¥ 42.67	¥ 50.27	¢ 50.17
Shareholders' equity	805.88	801.36	849.94	893.19	911.28	909.46
Cash dividends	8.00	10.00	10.00	13.00	15.00	14.97

Note: U.S. dollar amounts have been translated at the rate of ¥100.2 to \$1, the rate prevailing on March 31, 2008.

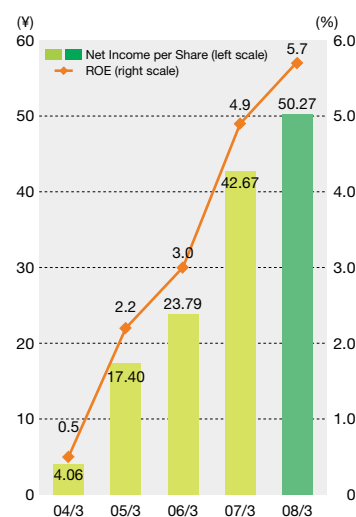
Net sales



Operating Income and Operating Margin



Net Income per Share and ROE



Message from the President

AIDA ENGINEERING will make a concerted effort as a company to achieve the goals of its creative, medium-term management plan as part of a leap into the future as a “forming systems builder.”



Kimikazu Aida
President & CEO

More than 90 Years as a Forming Systems Builder

AIDA ENGINEERING was founded in Tokyo in 1917 by Youkei Aida as Aida Steelworks. Ever since that time we have concentrated on the development, manufacture and sale of press machines, from small-scale general-purpose equipment to large-scale models with 4,000-ton press capacity, and have grown into a global company with production and development facilities in Japan, Asia, the Americas and Europe. “AIDA” is a global brand in the press machine industry, used in a wide range of fields, including the automotive, consumer electronics and electronics components industries. Pressing is a production technology indispensable to the spread of various industrial products, while at the same time it is an environmentally friendly process that conserves resources and energy. The AIDA ENGINEERING Group is a “forming systems builder” that will continue to contribute to the business of its customers and the welfare of society.

Review of Fiscal 2007

We achieved our fifth consecutive year of increases in both sales and earnings during fiscal 2007 (ended March 31, 2008). Consolidated net sales rose 3.9% from the previous fiscal year to a new record high of ¥64,513 million, with operating income up 3.9% to

The Medium-Term Management Plan

(Fiscal 2007 — 2011)

Slogan

Achieve in a balanced manner diversification of products and quality improvement as a molding system builder and “sustainable growth as a global company” to blossom as a business group trusted by society.

<p style="text-align: center;">Priority Policies</p> <ol style="list-style-type: none"> 1. Expansion of sales with concentrated investment of management resources in strategic products 2. Enhancement of the global system 3. Reinforcement of human resources development 	<p style="text-align: center;">Targeted Management Index & Dividend Policy</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Sales:</td> <td>Stably achieve ¥70 billion over the medium term</td> </tr> <tr> <td>Operating margin:</td> <td>Stably achieve 10% level over the medium term</td> </tr> <tr> <td>ROE:</td> <td>Stably achieve 7% level over the medium term</td> </tr> <tr> <td>Dividend:</td> <td>Primary pursue stable and continuous dividend in the long and medium terms, and target a 30% consolidated dividend ratio based on annual results.</td> </tr> </table>	Sales:	Stably achieve ¥70 billion over the medium term	Operating margin:	Stably achieve 10% level over the medium term	ROE:	Stably achieve 7% level over the medium term	Dividend:	Primary pursue stable and continuous dividend in the long and medium terms, and target a 30% consolidated dividend ratio based on annual results.
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¥5,365 million. Ordinary profit rose 7.4% to ¥5,569 million, while net income was up 17.4% to ¥3,585 million. Underpinning this success was stable demand. Orders received in fiscal 2007 were down 2.4% year on year to ¥65,785 million as capital expenditures in the automotive-related industry—our main customers—seemed to peak, but our order backlog was up 2.9% from a year earlier to a new record high of ¥44,850 million.

Another reason for the stable demand is the greater proportion of sales from new products. The Direct Servo Former Series launched in 2002 utilizes low-RPM, high-torque servo motors developed by AIDA ENGINEERING together with a direct-drive mechanism to efficiently and effectively form materials otherwise difficult to process. One particular recent achievement is the development of one of the world’s largest servo presses with 2,300-ton capacity, expanding AIDA ENGINEERING’s servo press series to encompass everything from small-scale, general-purpose machinery to large-scale industrial models. The Ultimate Precision Forming Press UL Series utilizes an innovative, high-rigidity “9-point suspension” not found in competing products that allows for ultra-high precision forming from different dimensions than were

previously available, as well as dramatically extends the working life of dies, making it extremely popular with customers. Both product series have played a vital role in our earnings recovery over the last few years, and we have high expectations they will contribute to earnings growth in the future.

The Medium-Term Management Plan

AIDA ENGINEERING launched a medium-term management plan from fiscal 2007, covering the five years from fiscal 2007 through fiscal 2011. The key points of this plan are (1) revenue growth from concentrating business resources in strategic products, (2) enhancing of the global structure, and (3) reinforcing human resource development.

(1) Strengthening Strategic Products

Specifically, for the strengthening of strategic products, we plan to focus on the Direct Servo Former Series and UL Series described previously. These series have innovative features not found in existing press machines, and we intend to expand our manufacturing and sales structure for this new type of product line. We plan to expand the lineup of these “new feature product” series, and promote their

systemization and adoption as standard equipment to maintain stable quality and profitability. We expect these series to gradually replace existing products as we develop a more high-value-added business.

(2) Enhancing the Global Structure

Overseas sales accounted for more than half of AIDA ENGINEERING's ¥64,513 million in consolidated net sales during fiscal 2007, with the breakdown by region Japan 48.7%, Asia 18.6%, the Americas 15.2%, and Europe 17.2%. Looking ahead, we anticipate rising demand in emerging markets, in particular India and Vietnam in Asia, Russia and other areas of Eastern Europe in Europe, and Mexico and Brazil in the Americas.

Forecasting growth in overseas markets, the AIDA ENGINEERING Group has been steadily expanding overseas for more than a decade. In addition to Japan, we currently have production and development facilities in China, Malaysia, the United States and Italy, as well as directly managed sales and service locations in 35 cities in 17 countries, including Japan. We intend to continue to increase our overseas presence in response to growth in emerging markets.

One of the major issues for a manufacturer is the considerable annual ebb and flow in capital expenditure among client industries, leading to significant fluctuation in the factory operating rate at production facilities in each country. In order to respond to such fluctuation in a flexible manner, the medium-term management plan establishes a "production coalition" that exceeds the confines of certain models produced at certain factories, standardizing the operating capacity at a high level across the entire Group in order to establish a more effective production network.

(3) Reinforcing Human Resource Development

The AIDA ENGINEERING Group had 1,610 employees as of March 31, 2008, an increase of 71 employees from a year earlier. We have continued to actively recruit employees with a science or technical background in order to strengthen technology

development, and to enhance our global business have aggressively hired foreign employees both overseas and in Japan. We will continue to focus our efforts on cultivating personnel more easily adaptable to the global structure.

Message to Shareholders

The medium-term management plan also includes medium-term targets along with these priority measures. Specifically, we aim to steadily achieve net sales of ¥70,000 million or higher, an operating margin of 10% or higher and ROE of 7% or higher, with a payout ratio of 30%. The AIDA ENGINEERING Group will devote its full efforts to meeting these targets.

The AIDA ENGINEERING Group's corporate philosophy is "Advance globally as a forming systems builder, and continue to be a company that contributes to people and society." Over 80% of our products are sold to the automotive, consumer electronics and electronics components industries. These industries make use of mass production afforded by press processing to significantly reduce costs, and provide consumers with products at affordable prices. Also, because pressing generates almost no scrap waste and consumes little electricity per production unit, it is a low-resource, low-energy, environmentally friendly process. Amid the current growing focus on corporate social responsibility, AIDA ENGINEERING's business is truly one that contributes to society.

To maximize satisfaction for all stakeholders—including shareholders, investors, customers, business partners, local communities, as well as the employees of the AIDA ENGINEERING Group—we will continue to develop our foundation as a "forming systems builder," and achieve earnings growth over the medium to long term. Thank you for your continued support of AIDA ENGINEERING.

August 2008

Kimikazu Aida
President & CEO

AIDA ENGINEERING Is Pioneering the Next Generation of Manufacturing as a Forming Systems Builder

AIDA ENGINEERING's broad range of R&D encompasses not only presses but also a wide array of metalforming technologies, including development of new processes, production automation for material supply and transport,

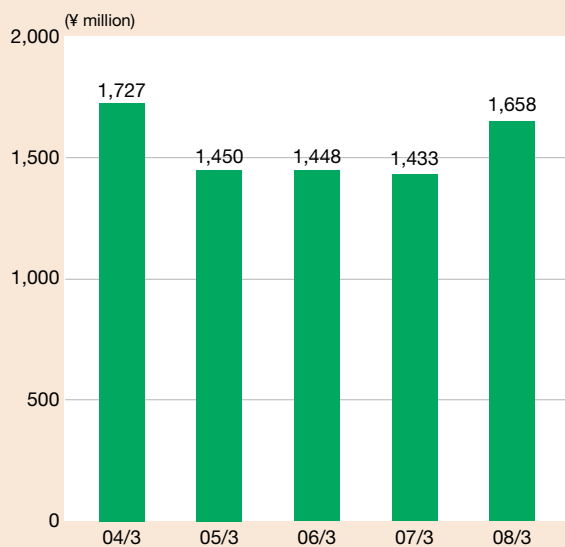
and an assortment of specific applications utilizing these technologies.

As a research-oriented corporation, AIDA ENGINEERING conducts ongoing, world-leading R&D to provide its customers with optimal forming systems.

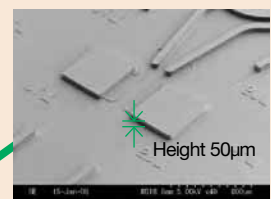


■ UL Series Tandem Transfer Line—High-speed synchronization of two 20000kN transfer presses

R&D Expenditures



■ Protein crystallization chip



■ Micro-dies for medical products
50µm = 0.05mm
(Human hair width: approximately 0.08mm)



■ Transfer system with a new type of feeder for aluminum material

■ AIDA ENGINEERING was first in the world to develop and manufacture servo motors for presses.



■ 16000kN servo press (1,600-ton capacity)



■ 23000kN servo press (2,300-ton capacity)

■ Flow Control Forming

Flow Control Forming (FCF) is a forming technology that combines sheet metalforming with cold forging. Plastic flow concepts are aggressively applied to materials for high-precision, high-value-added forming. This method allows companies to transition from machining, sintering or die cast production to more highly productive press forming.



- Housing
- Material: A6061-O
- Thickness: 2.5mm
- Features:
 - 1) Boss forming using FCF methods
 - 2) Two-out progressive forming
 - 3) Transition from billet to sheet material

Product Lineup

AIDA ENGINEERING's Direct Servo Formers Are a Key to Reducing CO₂

Reducing the weight of automobiles in order to improve fuel efficiency and cut CO₂ emissions has become one of today's most important issues. Due to its light weight, high-tensile steel has become widely used in automobiles without sacrificing safety.

High-tensile steel is difficult to form, as its exceptional strength gives it strong springback characteristics. Sophisticated technology is necessary to form the material into the desired shape.

AIDA ENGINEERING's Direct Servo Formers make this possible. Speed control and momentary dwelling in the forming area enable accurate forming of even high-tensile material. With their high working energy and adjustable motion control, AIDA ENGINEERING's Direct Servo Formers are a key to reducing CO₂ emissions.

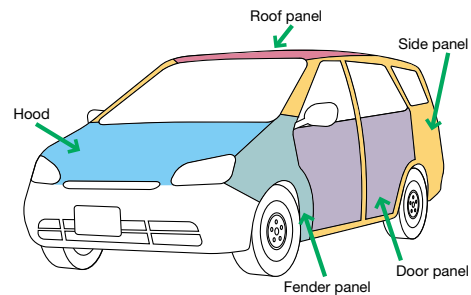


The unique motion control of a servo press enables high-difficulty forming unattainable using conventional forming methods.

High-tensile steels have additional alloy content and controlled structures that make them stronger than general structural steels.



Automotive Body Panels



A 23000kN servo press for automotive body panels (one of the world's largest)

Behind the Green Is Technology Friendly to Both People and the Planet

■ Forming of Easily Recyclable Magnesium Alloy

Magnesium is extremely lightweight, as well as an easily recyclable material. It is typically used for the body casings of computers, portable music players and other devices. It also provides electromagnetic shielding, and is used in numerous mobile phone components.

However, forming cannot be done at room temperature, which makes press forming difficult. AIDA ENGINEERING's Servo Formers enable the press forming of magnesium using a unique process where the slide motion is momentarily suspended while the material is heated in the die.



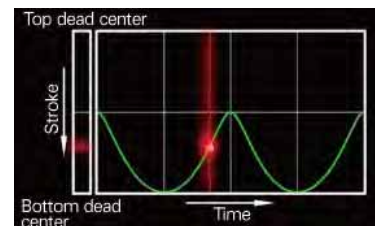
🌿 Energy-Saving, Highly Efficient Pendulum Motion

"Pendulum motion" is a distinctive servo press slide motion where the crankshaft does not rotate 360 degrees but rather rotates back and forth like a pendulum near bottom dead center.

The elimination of unnecessary motion saves energy and increases hourly production quantities.

Press Type	Stroke Length	Continuous Strokes per Minute	Energy Consumption per Unit
1500kN Mechanical Press	180mm	60spm	1.88wh/Unit
1500kN Servo Press	67mm	100spm	0.97wh/Unit

48% decrease in energy consumption and 170% increase in production!
(Compared with conventional AIDA presses)



🌿 A Comfortable Work Environment Low in Noise and Vibration



Servo Press



Conventional Mechanical Press

The "soft touch" forming made possible by a servo press reduces noise and vibration, and has completely transformed conventional press forming methods.



Direct Servo Former NS1-1500(D)

Making Existing Tooling Last for Many Years

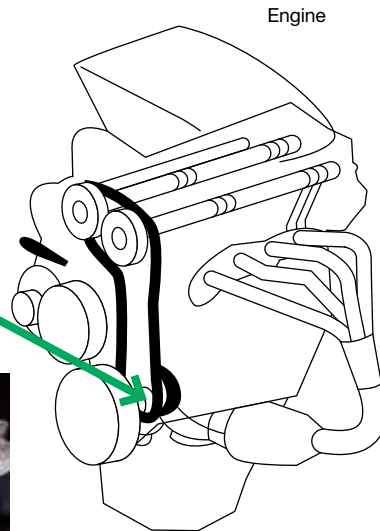
Die (Punch) Life Is Extended 10 to 100 Times

Dies are as essential to press forming as the machines themselves. Since press forming can generate 100 finished products per minute, eventual chipping and wearing of the dies is unavoidable.

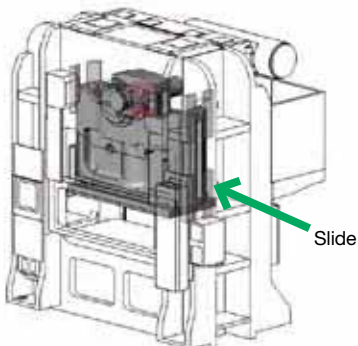
However, the dynamic accuracy of AIDA ENGINEERING's UL Series Ultimate Precision Forming Press significantly reduces load stresses on dies. This translates into extended die life that is 10% to 100% greater than that of dies used in conventional presses.



Automotive engine part (less than 10 micron clearance)



■ Innovation in the Basic Design of a Press Machine



Zero clearance has been achieved by combining newly developed innovative slide guiding with unique slide gib liners.

Die (punch) chipping is prevented because there is no "play" in the slide while in the forming zone.



Precision Forming Press UL Series

The Important Mission of Enhancing Safety

Along with lessening the environmental load, another important theme in automobile development is improving safety during a collision.

Lightweight and strong high-tensile steel also plays a significant role here. For example, the parts surrounding an automobile seat and the seatbelt

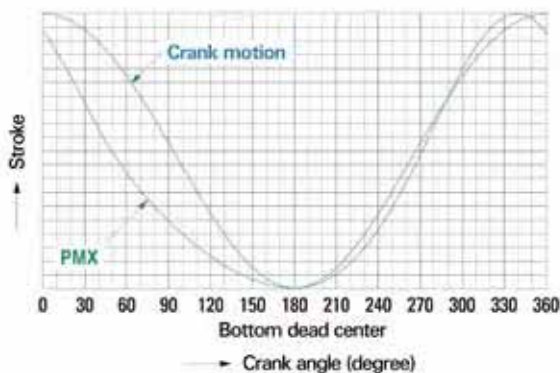
components are vital parts for protecting life when in an accident.

AIDA ENGINEERING plays a role in saving lives by helping to create safer automobiles.

**Seat parts made from high-tensile steel
(produced at the rate of one unit every 1.5 seconds)**



People-Friendly Work Environment



The PMX Series features a slide speed in the forming area that is approximately 60% faster than that of ordinary crank motion presses. There is just half the force of impact when the upper and lower dies meet, which translates into less noise and vibration. It also incorporates a dynamic balancer to suppress vibration.



PMX-2000+LFM

A best-seller, more than 1200 PMX presses have been sold since they were first introduced to the market.

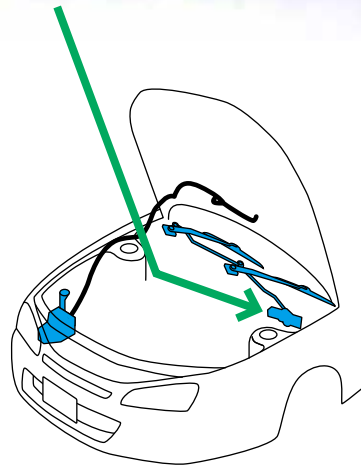
No Machining Means Resource Conservation, High Efficiency for Energy Conservation

Transfer press forming allows multiple operations to be performed within a single press. This resource-efficient process uses blanks for minimal material loss.

Components like those pictured here can be produced at the rate of 20 per minute. The high productivity of presses means improved energy efficiency.



Automotive motor casing (total of 12 forming stages)



TMX-4000 with Blanking Stage

AIDA ENGINEERING offers transfer presses that incorporate a blanking stage. This eliminates separate blanking processes and in-process inventories.



TMX-S4-30000

Single-Process Production with Zero Scrap A Truly Environmentally-Friendly Machine

Cold forging is a process in which strong pressure (compressive force) is applied to a material at room temperature to form it into a predetermined size and shape.

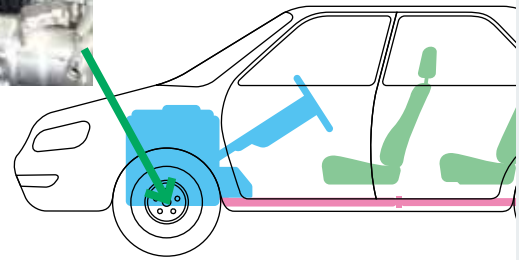
This process eliminates the need for machining finishing, saves energy because no material heating is required, and increases the strength of the part by

improving the qualities of the material. It is widely used for automotive components as well as for a wide range of other applications.

For example, the automotive component shown to the right in the photo below was formed in a single process from the cylindrical material shown to the left.



Automobile wheel component (zero scrap)
Single process (3 seconds)



■ AIDA Also Provides Dies and Forming Process Development



One of AIDA ENGINEERING's strengths is its in-house development of the press machines and also the dies and process applications. AIDA ENGINEERING is able to provide its clients with both the optimal equipment and the processing methods they need to produce their products.



Cold Forging Press FMX-4000X2

AIDA ENGINEERING's Technology Is What Powers Hybrid Vehicles

Hybrid cars have received much attention as environmentally conscious vehicles. AIDA ENGINEERING has nearly a 100% share of the press machines used to produce the engine components and motor cores for hybrid vehicles sold in Japan.

Motor cores are composed of layers of magnetic steel sheets. The thinner these sheets are, the more compact the motor becomes, which enables the

number of sheets to be increased and results in a motor with higher output and greater energy efficiency.

Conventional presses can process plates that are approximately 0.5mm thick, but AIDA ENGINEERING's new high-speed, high-precision MSP Series presses can stamp out plates that are 0.2mm thick. This allows for additional layers in the core, and enhances the performance of hybrid cars.

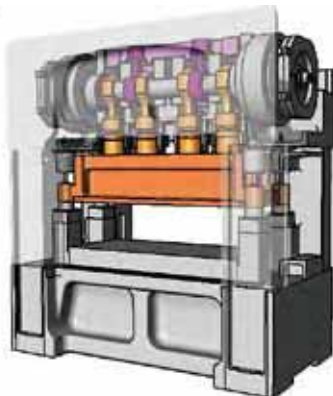


Large motor core for a hybrid engine



■ High-Speed Precision Presses Compact Design and Multi-Suspension Construction

The compact design and multi-suspension construction allows for exceptional dynamic accuracy.



MSP-2000

Changing the Flow of Production, Comprehensive Production Forming Systems

Along with press machines, AIDA ENGINEERING also offers a complete lineup of various types of automated devices and production lines. We provide comprehensive

production solutions with the optimal forming methods, machines, and systems.

■ Automated Cold Forging Line for Automotive Components

Full automation from material supply to output of finished product



■ Blanking Line for Automotive Body Panels

Full automation from parts removal through parts cleaning



■ Servo Former Tandem Line

High production line through optimized operation at each stage



■ Tandem Line for Automatic Transmission Components

High-efficiency production through synchronized operation of several mid-size presses



Quality Assurance

The Highest Standards of Manufacturing to Meet Customer Requirements

As a Manufacturing Professional, AIDA ENGINEERING Is Continually Striving to Become Even More Meticulous in All of Its Manufacturing Processes in Order to Provide Customers with the Optimal Machines to Meet Their Diversified Needs

Fabrication and Welding

AIDA ENGINEERING assembles its welded press frames at its dedicated welding plant. The frame is the most vital structural element for enhancing product accuracy and durability. The relative difficulty of welding particular sections is determined from data derived from three-dimensional analysis, and those difficult-to-weld sections that will be subjected to high stresses are welded by qualified veteran welders with extensive experience. The combination of the latest digital technology and the skill of seasoned professionals provides a high standard of quality.



Machining

AIDA ENGINEERING utilizes the latest computer-aided manufacturing (CAM) systems and numerous high-performance machining centers to achieve high-precision manufacturing with optimal lead times. The main components subject to metalforming loads are machined under loaded conditions and/or hand-finished by veterans, allowing for extremely smooth movement of the finished machine, thereby helping customers increase the precision of their manufactured products.

Assembly and Inspection

Veteran engineers utilize assembly manuals and inspection checklists compiled from years of experience and expertise to ensure efficient assembly, piping and wiring of the various components and units. The machines are then subjected to impartial and rigorous quality inspections based on AIDA ENGINEERING's in-house standards before finally being shipped to the customer. We provide assurances of quality at the time of customer acceptance—an inspection certificate, a quality guarantee, and a manufacturer's declaration—as just one part of our efforts to provide customers with reliable products with long-term durability.



Work Environment

AIDA ENGINEERING has received ISO 9001 and 14001 certification as part of its proactive efforts to be environmentally conscious and to also ensure a clean and safe work environment and a worker-friendly

factory. Our factories are climate controlled, and to enhance energy efficiency a portion of the electricity used in the factory is derived from a cogeneration system utilizing natural gas.

Lessening the Environmental Impact (CSR Initiatives)

Achieving People-Friendly and Environmentally-Friendly Manufacturing Practices

Press Metalforming: The Fundamental Backbone of Manufacturing

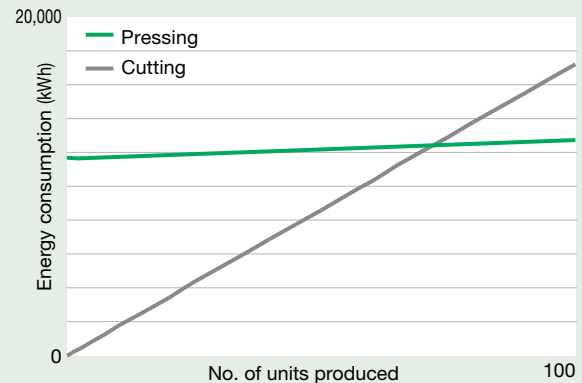
It would not be an exaggeration to state that press metalforming is unsurpassed when it comes to the mass production of products with identical quality characteristics.

For that reason alone, press metalforming provides a substantial benefit to the global environment in terms of resource and energy conservation.

The conventional image of metalforming is a factory floor filled with noise and vibration, and manufacturers are increasingly seeking work environments that are clean and comfortable.

AIDA ENGINEERING has implemented a variety of measures to lessen the environmental burden and achieve manufacturing that is friendly to both people and the environment.

■ Energy Consumption per Unit Produced (Product: pulleys)



Forming Technology for High-Tensile Steel

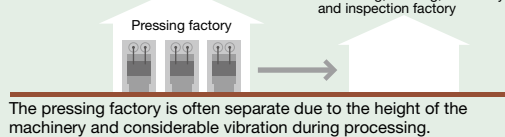
Forming of high-tensile steel is an important technology for lessening the environmental impact. As a leading company in forming technology, AIDA ENGINEERING continues to work to achieve optimal production for high-tensile materials in terms of machinery, processing methods and automation.



More Compact Machines: Helping Conserve Energy in the Factory

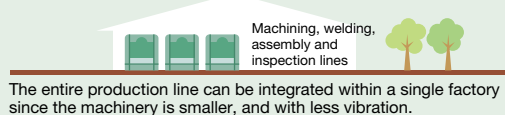


Previous Models



The pressing factory is often separate due to the height of the machinery and considerable vibration during processing.

UL Series



The entire production line can be integrated within a single factory since the machinery is smaller, and with less vibration.

The UL Series is 30% more compact than previous models.

The smaller size allows for a lower factory ceiling, providing energy savings that significantly reduce expenses for air conditioning and lighting.

Environmentally-Friendly Design That Reduces the Amount of Waste Oil

A circulating lubrication system is used for the press drive, bearings, and slide guide components.

This environmentally-friendly design reduces the amount of waste oil.



Utilization of Waste Heat from In-House Power Generation for Air Conditioning

AIDA ENGINEERING generates electricity in-house from natural gas, which generates less CO₂. A co-generation system that utilizes the heat emitted during power production is then used to run the air conditioning system for the factory.



Global Expansion

AIDA ENGINEERING Supports Manufacturing throughout the World through a Global Network Backed by Advanced Technological Capabilities

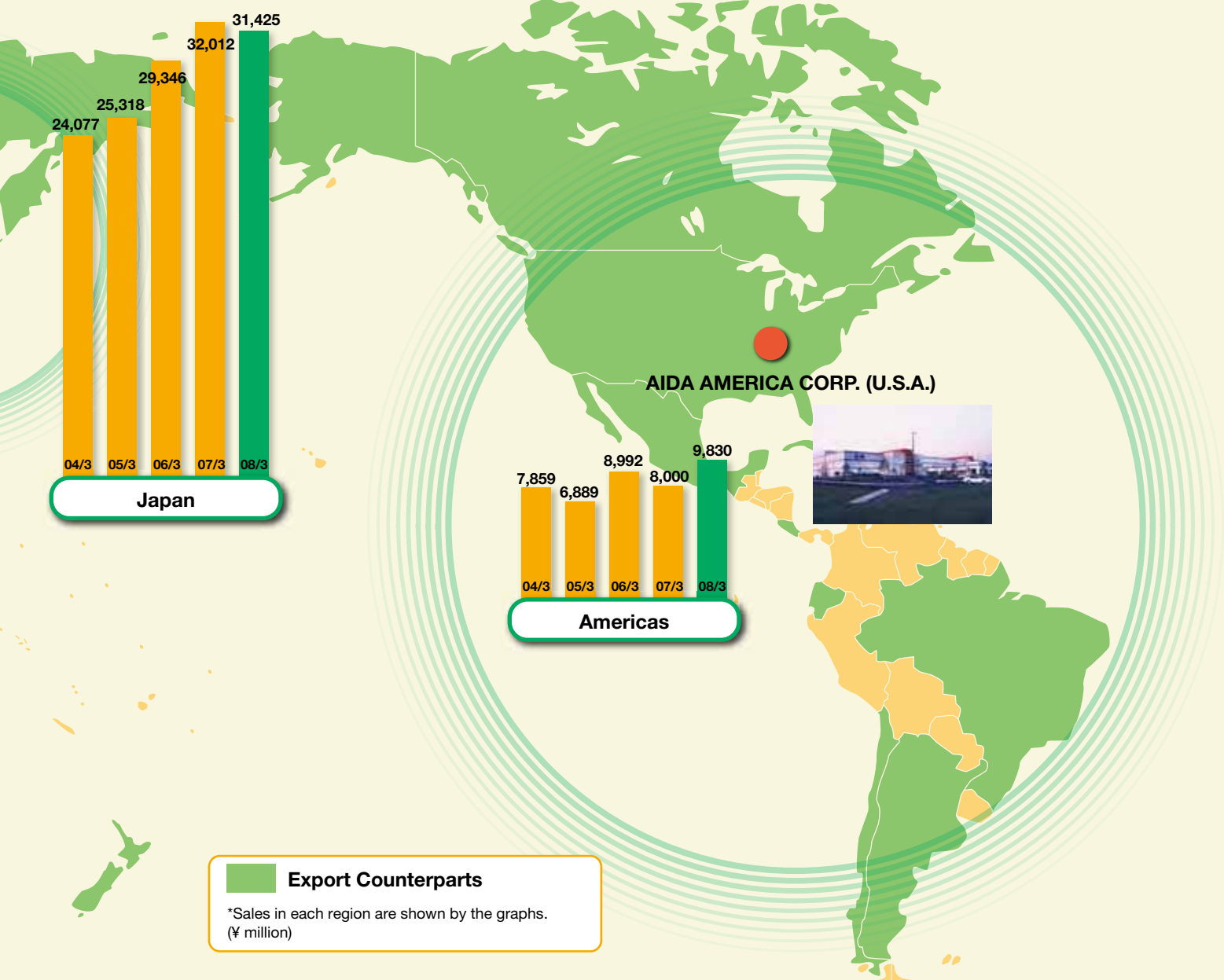
The AIDA ENGINEERING Group has development and production facilities organized around four bases throughout the world—Japan, Asia, the Americas and Europe—that allow it to develop production systems suited to increasingly diverse markets. The integration of AIDA ENGINEERING’s unique technologies with

those of the various facilities has enhanced the Group’s technical capabilities to a level recognized by customers throughout the world. The Group’s overall share of net sales in overseas markets has grown to more than 50%. AIDA ENGINEERING will continue to support manufacturing on the global stage.



■ **Export Counterparts**

- Africa: Algeria, Egypt, Kenya, Nigeria and South Africa
- Europe: Austria, Belgium, Bulgaria, Czech Republic, Denmark, England, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Lithuania, Netherlands, Norway, Poland, Romania, Slovakia, Sweden and Switzerland
- CIS: Belarus, Russia and Ukraine
- Asia: China, Hong Kong, India, Indonesia, Iran, Iraq, Korea, Malaysia, Myanmar, Pakistan, Philippines, Singapore, Taiwan, Thailand, Turkey and Vietnam
- Oceania: Australia and New Zealand
- North America: Canada and U.S.A.
- Central and South America: Argentina, Brazil, Chile, Costa Rica, Cuba, Ecuador, and Mexico

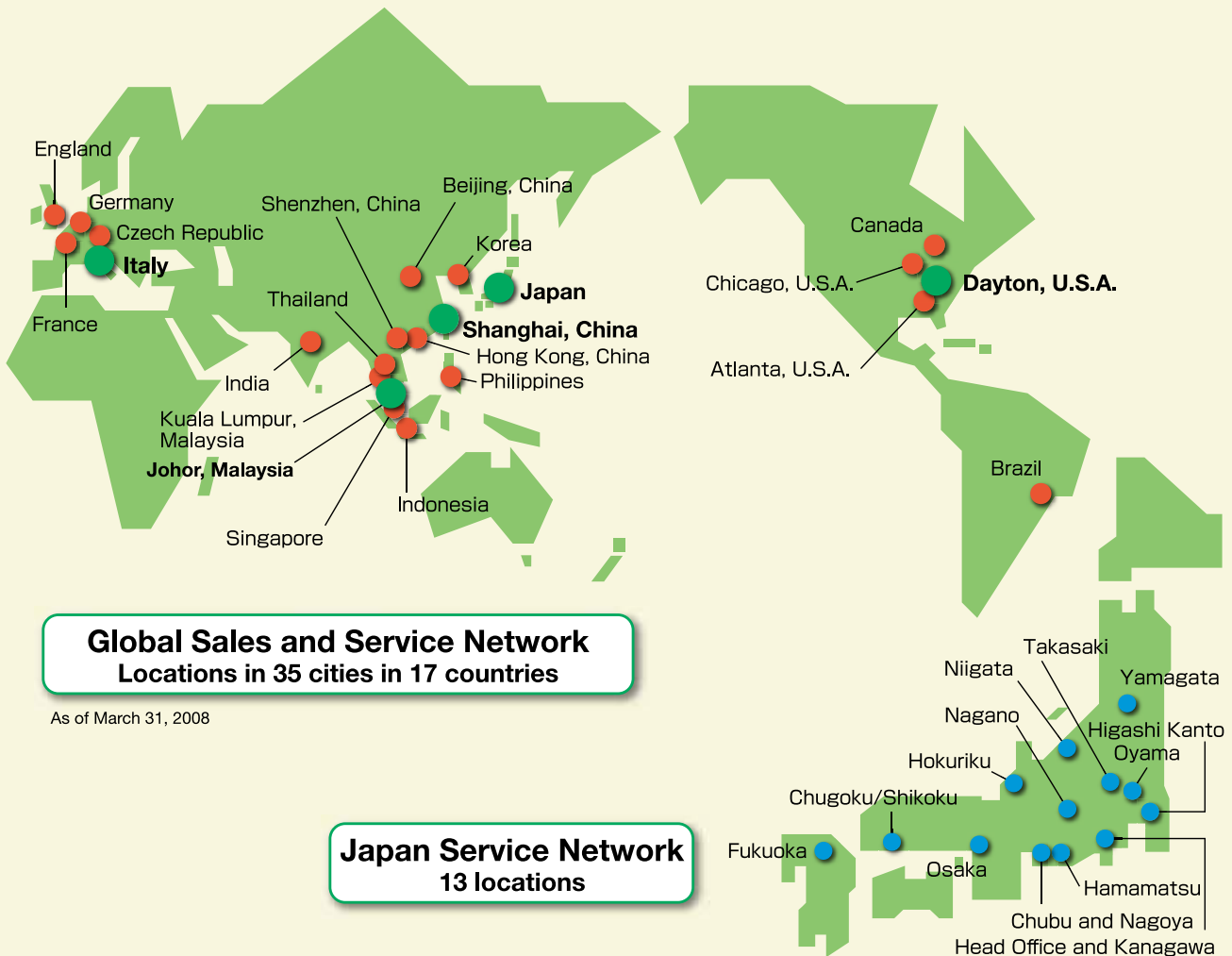


Export Counterparts
 *Sales in each region are shown by the graphs.
 (¥ million)

AIDA ENGINEERING Standard Quality Delivered to Every Corner of the World

AIDA ENGINEERING products support manufacturing in over 50 countries throughout the world. In order for our customers to experience and be satisfied with the quality of AIDA ENGINEERING products, we believe that it is important to focus on not just the quality of the products themselves, but also the quality of service, from consulting at the time of purchase, to shipping,

installation, set-up and maintenance after the sale, ensuring that customers are able to consistently use our products in their optimal condition. We do not rely on any other companies for these services, sending AIDA's well-experienced and skilled engineers to customer locations around the world, ensuring a structure that provides AIDA ENGINEERING quality standards.



Customer Communication

AIDA ENGINEERING holds exhibitions and symposiums in countries around the world so that global customers can experience firsthand the exceptional quality of its products. These exhibitions have been extremely popular.

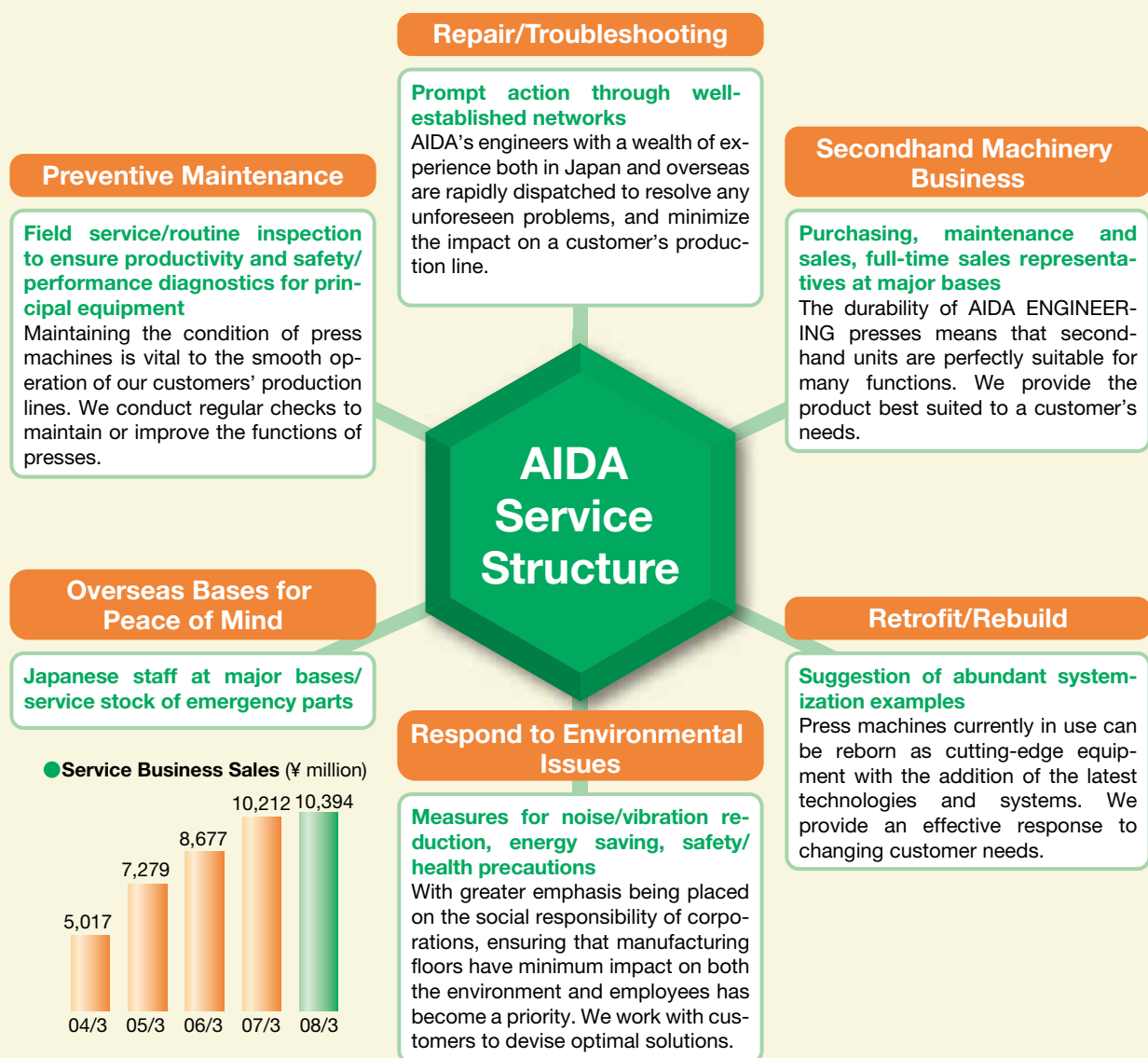
Exhibitions were held in 14 countries during fiscal 2007

- Japan
- Central and South America: Mexico and Brazil
- Europe: Italy, Czech Republic, Germany, Hungary, France and Poland
- Asia: China, India, Thailand, Indonesia and Turkey

Constant Focus on Customer Satisfaction Even after Delivery

AIDA ENGINEERING's service to ensure customer satisfaction does not end with the delivery of high-quality products. It is the beginning of new stage. We help our customers maintain a production system best

suited to their needs at each time, including preventive maintenance and other services, supplying of spare parts, and handling overhauls, retrofitting and rebuilding.



Corporate Governance

AIDA ENGINEERING is working to establish a reliable corporate governance structure in order to remain a company that contributes to people and society

Basic Stance on Corporate Governance

AIDA ENGINEERING considers strengthening and enhancing its corporate governance systems to be one of the key priorities of management. We are working to improve the fairness and soundness of our management functions while bolstering our management supervisory functions to accelerate decision-making and ensure transparency in our operations.

Implementation Status of Corporate Governance Measures

Directors, the Board of Directors, Operating Officers, the Executive Committee, and Business Unit Meeting

AIDA ENGINEERING introduced an operating officer system in April 2001 as part of its reform to the management structure. Separating decision-making and oversight from business execution clarifies lines of authority and responsibility, and strengthens the respective functions. The current management structure consists of eight directors (including two external directors and one representative director) and 14 operating officers. Six of the eight directors also serve as operating officers. As a general rule, the Board of Directors meets regularly once a month, and as needed on an ad hoc basis, and fulfills the function of a decision-making body for key issues mandated by law and as a supervisory body for business execution. As a general rule, the Executive Committee, which consists of the operating officers, meets twice a month to discuss management policies and issues, with the goals of unifying the will and intent of executive management and accelerating business execution. In addition, in order to maintain an accurate and continual understanding of company-wide business execution, the Business Unit Meeting is convened once a month and is attended by business unit general managers as well as company directors, auditors, and operating officers.

Auditors and the Board of Auditors

AIDA ENGINEERING has adopted an auditor system. All four auditors are from outside the Company and two are statutory auditors. The auditing activities of

the auditors consist of attending meetings of the Board of Directors, the Executive Committee, the Business Unit Meeting, and other meetings as set forth in the audit implementation plan. In addition, the auditors receive reports from the accounting auditors, listen to business reports, and review important documentation. They also visit corporate headquarters, major operating bases, and consolidated subsidiaries to examine the status of business execution and the finances of each division. Through these activities, they seek to accurately ascertain and audit management execution and to audit the status of legal compliance and appropriateness of the directors' execution of their responsibilities.

Remuneration for Directors and Auditors

Remuneration for directors and auditors of AIDA ENGINEERING for fiscal 2007 was as follows:

Position	No. of persons	Total amount (Unit: million yen)
Director	5	¥150
(of which, external directors)	1	8
Auditor (all external)	4	35

Accounting Audits

AIDA ENGINEERING has contracted with PricewaterhouseCoopers Aarata to conduct accounting audits in accordance with the requirements of the Japan Corporation Law and the Financial Instruments and Exchange Law. The audit firm receives compensation in return for conducting such activities. There are no conflicts of interest between the auditing firm and AIDA ENGINEERING or between the certified public accountants of that firm who perform the audits and AIDA ENGINEERING. Furthermore, there are self-imposed safeguards in place to ensure that the auditing firm and the auditing accountants of that firm are only involved in the accounting auditing of AIDA ENGINEERING for set periods of time.

Internal Audits

AIDA ENGINEERING has established an Internal Control Auditing Office under the Board of Directors to be an organization independent of other business execution divisions. The office is staffed by three associates tasked with verifying the effectiveness of

the internal controls regarding the legal compliance and financial reporting systems. Additionally, we have established the Group Company Audit Office (currently the Group Company's Business Office) aimed at auditing the appropriateness and efficiency of the operation processes and management and administrative structures at our consolidated subsidiaries. One full-time employee has been assigned to this office to perform internal audits by paying visits to the consolidated subsidiaries both in Japan and overseas when deemed necessary.

AIDA ENGINEERING has also concluded an advisory contract with the law offices, and seeks the opinion of a legal advisory on matters involving management decision-making that requires a legal determination.

Risk Management Structure

In our risk management structure, risks related to the execution of management strategies are analyzed and appropriate countermeasures are implemented by the relevant business units with exposure to that risk. These matters are then discussed as needed by the Board of Directors and the Executive Committee. Risks inherent in daily operations are usually handled by the respective business units, but depending on the nature of the risk we have also established a dynamic risk management structure whose response is dependent upon the potential impact on operations. This includes committees for health and safety, product liability, export administration, and other cross-functional committees, as well as project teams assembled to address specific risks.

Internal Control System

In October 2003 we established the "AIDA Group Action Guidelines" in order to promote legal compliance and to conduct business activities according to high ethical standards. We also established a Compliance Committee designed to strengthen our internal control system. We subsequently established the Internal Control Auditing Office to enforce observance of the Action Guidelines even more rigorously.

We are also in the process of putting in place a structure to "ensure the credibility of financial reports" on the basis of the Financial Instruments and Exchange Law by conducting surveys to ascertain the actual status of the control environment as a whole and the control activities within the Company and at its subsidiaries.

Implementation during Fiscal 2007 (April 2007–March 2008)

Fiscal 2007 was a preparatory year for the "management assessment of the effectiveness of internal controls for financial reporting" required under the Financial Instruments and Exchange Law implemented from fiscal 2008. AIDA ENGINEERING mainly worked to establish an internal control structure to ensure the effectiveness of internal control for financial reporting and to implement documentation, and further held training sessions for "process owners" as well as persons in charge of documentation. Further, AIDA ENGINEERING implemented measures to enhance the controls environment throughout the AIDA ENGINEERING Group, including establishing "Global Management Regulations" based on the results of surveys of the controls environment at overseas subsidiaries conducted by the Group Company Audit Office (currently the Group Company's Business Office) and the "Global Accounting Reporting Manual" to unify accounting procedures for the entire AIDA ENGINEERING Group.

Policy toward Large-Scale Purchase Activity (Take-Over Defense Measures)

AIDA ENGINEERING believes that the appropriateness of a large-scale purchase of the Company's shares should be determined by its shareholders. Accordingly, in order to allow the shareholders of the Company to make appropriate decisions about a large-scale purchase, AIDA ENGINEERING resolved to adopt the "Policy toward a Large-Scale Purchase," which is a policy of the forewarning type, at the meeting of the Board of Directors held on May 28, 2007. This policy requests the purchaser to (1) preliminarily provide the shareholders with the information necessary for them to make decisions and (2) set a period during which the Board of Directors evaluates and examines the plans proposed by the purchaser, negotiates with the purchaser, forms opinions and presents alternate proposals. This policy was approved at the General Meeting of Shareholders held on June 28, 2007.

The extract from this policy is as follows. For further details see the press release from May 28, 2007, "Adoption of Basic Policy Concerning Company Control and Amendment to Policy toward a Large-Scale Purchase (Take-over Defense Measures)" on the Company's homepage (<http://www.aida.co.jp/UpPdf/2/ir29.pdf>).

1. Substance of Basic Policy Concerning Company Control

The Board of Directors believes that since AIDA ENGINEERING, LTD. (hereinafter referred to as the “Company”), as a public corporation, allows the free purchase and sale of the Company’s shares, if a specific person intends to conduct a large-scale purchase aiming at acquiring such number of the Company’s shares as may have an influence on the decisions of the Company’s financial and business policies, the Company’s shareholders should make the final decision regarding whether or not to accept such large-scale purchase.

However, in managing the Company, it is indispensable to have specific management know-how based on highly-technical knowledge concerning the press machine business, which is the Company’s principal business, and an understanding of the relationships established with the Company’s stakeholders, such as the Company’s domestic and foreign affiliated companies, business partners and customers, and without a sufficient understanding of the above matters by a person controlling decisions on the Company’s financial and business policies, the shareholder value that could be realized in the future by the Company’s shareholders may be damaged.

The Company has made and shall make every effort to cultivate investors’ understanding of the fair value of the Company’s shares through IR activities; provided, however, that it is indispensable that the Company’s shareholders be provided with appropriate and sufficient information by both the large-scale purchaser and the Board of Directors in order to appropriately determine, within a short period of time, whether or not the purchase price of the Company’s shares proposed by the large-scale purchaser is reasonable, when a large-scale purchase is suddenly made. In addition, the potential impact of the large-scale purchase on the Company’s future management, as well as management policies and business plans, including a policy on the relationships with the Company’s stakeholders, such as the Company’s employees, affiliated companies, business partners and customers, which the large-scale purchaser wishes to adopt when the large-scale purchaser participates in the Company’s management, are material information for the Company’s shareholders in order to decide whether to continue to hold shares in the Company or not. The Company also believes that the opinion of the Board of Directors toward the large-scale purchase is material to the decision-making process of the

Company’s shareholders.

Taking the above into account, the Company believes that, if a specific person intends to make a large-scale purchase aiming at acquiring the number of the Company’s shares which may have an influence on the decisions on the Company’s financial and business policies, such large-scale purchaser should provide the Board of Directors with necessary and sufficient information regarding the large-scale purchase in advance and should be allowed to commence the large-scale purchase only after a certain assessment period for the Board of Directors elapses, in accordance with certain reasonable rules established and disclosed in advance by the Company for the benefit of the decision-making process of the Company’s shareholders.

In addition, among large-scale purchases, it cannot be said that there are never cases where the large-scale purchase in question has clearly abusive purposes and as a result will seriously undermine the interests of the Company’s shareholders as a whole, including the cases where irreparable damage is caused to the Company. In order to protect the interests of the Company’s shareholders as a whole, the Company believes that it is necessary to take such measures against such kind of large-scale purchase as the Board of Directors deems appropriate in accordance with certain reasonable rules established and disclosed in advance by the Company. (The aforementioned basic policy concerning what and how a person controlling decisions on the Company’s financial and business policies should be is hereinafter referred to as the “Basic Policy Concerning Company Control.”)

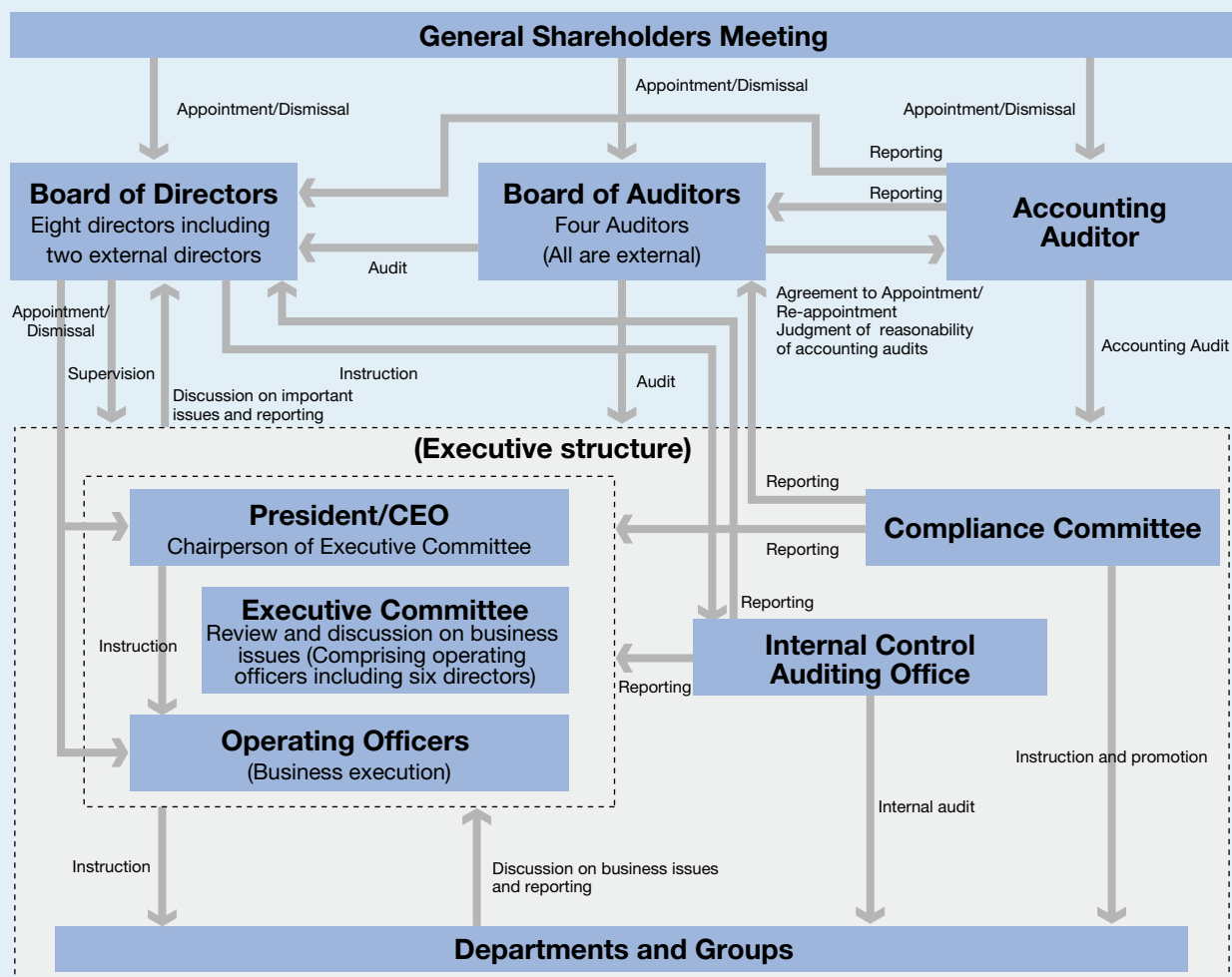
2. Efforts to Prevent the Company’s Property and Decisions on Business Policies from Being Controlled by an Inappropriate Person according to the Basic Policy Concerning Company Control

In the event that any purchase of the Company’s Shares and Other Securities by a Group of Specific Shareholders is implemented with the intent to hold twenty percent (20%) or more of the Voting Rights Ratio of the Group of Specific Shareholders or any purchase of the Company’s Shares and Other Securities resulting in the Group of Specific Shareholders holding twenty percent (20%) or more of the Voting Rights Ratio is implemented (with respect to any of such purchase, the purchase to which the Board of Directors has given prior consent is excluded

and any specific means of purchase, such as market transactions or tender offers, are acceptable. Such purchase is hereinafter referred to as a “Large-Scale Purchase” and a person that conducts a Large-Scale Purchase is hereinafter referred to as a “Large-Scale Purchaser.”), the Company requests the Large-Scale Purchaser to follow reasonable rules as described below (the “Large-Scale Purchase Rules”) as the efforts to prevent the Company’s property and decisions on business policies from being controlled by an inappropriate person according to the Basic Policy Concerning Company Control. In addition, the Company has established certain policy depending on whether or not such Large-Scale Purchaser has observed the Large-Scale Purchase Rules. (Such policy toward the Large-Scale Purchase of the Company’s Shares and Other Securities as described in this section 3 is hereinafter referred to as the “Policy.”)

3. Influence, etc., of the Large-Scale Purchase Rules on Shareholders and Investors

The purpose of the Large-Scale Purchase Rules is to provide the Company’s shareholders with the information necessary for them to determine whether or not to accept a Large-Scale Purchase, and with the opinion of the Board of Directors that is actually in charge of the Company’s management and to ensure the period necessary for such provision, as well as to ensure that the Company’s shareholders have opportunities to receive any alternative plans. The Board of Directors believes that, under the Large-Scale Purchase Rules, the Company’s shareholders will be provided with sufficient information and will be able to make appropriate decisions as to whether or not to accept the Large-Scale Purchase, whereby the interests of the Company’s shareholders as a whole shall be protected. Accordingly, the Board of Directors believes that the establishment of the Large-Scale Purchase Rules is a proper prerequisite for appropriate investment decisions of the Company’s shareholders and investors and contributes to the interests of the Company’s shareholders and investors.



Board of Directors and Corporate Auditors



Director Takao Mikoshiba	Director Takashi Yagi	Director Eiji Takei	Director Hiroo Wakabayashi
Director Naoyoshi Nakanishi	President & CEO Kimikazu Aida	Director Masaharu Sakaki	Director Nobuyoshi Maeda



Statutory Auditor Yoshihiro Masuoka	Standing Statutory Auditor Takeru Yamazaki	Standing Statutory Auditor Toshiharu Sawada	Statutory Auditor Kimio Oiso
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President & CEO

Kimikazu Aida

Directors

Masaharu Sakaki	Naoyoshi Nakanishi	Nobuyoshi Maeda
Takashi Yagi	Eiji Takei	Takao Mikoshiba
Hiroo Wakabayashi		

Standing Statutory Auditors

Takeru Yamazaki
Toshiharu Sawada

Statutory Auditors

Yoshihiro Masuoka
Kimio Oiso

Consolidated Six-Year Summary

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries

	Millions of yen						Thousands of U.S. dollars
	2003	2004	2005	2006	2007	2008	2008
For the Year:							
Orders	¥38,612	¥37,910	¥53,341	¥62,838	¥67,434	¥65,785	\$656,540
Net sales	35,646	39,017	43,679	54,303	62,120	64,513	643,849
Cost of sales	29,408	31,894	34,175	42,208	47,180	49,023	489,257
Selling, general and administrative expenses	6,707	6,466	7,476	8,682	9,776	10,124	101,044
Operating (loss) income	(469)	657	2,027	3,412	5,164	5,365	53,547
Operating margin	(1.3%)	1.7%	4.6%	6.3%	8.3%	8.3%	8.3%
Ordinary (loss) profit	(235)	889	2,373	3,698	5,186	5,569	55,580
Income (loss) before income taxes	(1,825)	565	2,566	3,168	4,809	5,411	54,007
Net (loss) income	(1,745)	289	1,281	1,792	3,053	3,585	35,788
Net cash provided by (used in) operating activities	1,054	2,501	3,297	407	4,054	(1,103)	(11,013)
Net cash provided by (used in) investing activities	820	(98)	424	(1,300)	(1,275)	(0)	(3)
Free cash flow	1,874	2,403	3,721	(893)	2,779	(1,103)	(11,016)
Net cash (used in) provided by financing activities	(3,181)	(1,545)	1,502	(2,078)	(1,609)	(2,162)	(21,580)
At the Year-End:							
Total assets	68,118	65,418	75,687	83,510	90,076	85,036	848,672
Total current assets	32,037	29,934	41,290	45,994	52,323	50,880	507,788
Total property, plant and equipment	17,802	19,028	19,409	19,875	21,100	21,711	216,681
Total current liabilities	10,230	8,876	15,881	21,464	24,407	23,164	231,178
Total long-term liabilities	321	355	392	1,265	1,531	546	5,450
Total net assets	57,566	56,186	59,413	60,780	64,138	61,326	612,043
Total interest-bearing debt	82	—	—	1,000	—	1,500	14,970
Return on equity	(2.9%)	0.5%	2.2%	3.0%	4.9%	5.7%	5.7%
Return on assets	(2.5%)	0.4%	1.8%	2.3%	3.5%	4.1%	4.1%
Shareholders' equity ratio	84.5%	85.9%	78.5%	72.8%	71.2%	72.1%	72.1%

	Yen					U.S. cents	
	2003	2004	2005	2006	2007	2008	
Per Share Data:							
Net income (loss)	¥ (22.90)	¥ 4.06	¥ 17.40	¥ 23.79	¥ 42.67	¥ 50.27	¢ 50.17
Shareholders' equity	801.11	805.88	801.36	849.94	893.19	911.28	909.46
Cash dividends	8.00	8.00	10.00	10.00	13.00	15.00	14.97

	Millions of yen					Thousands of U.S. dollars	
	2003	2004	2005	2006	2007	2008	
Other Data:							
Capital expenditures	¥4,055	¥4,620	¥2,240	¥1,800	¥3,087	¥4,771	\$47,617
Depreciation and amortization	1,823	1,990	1,883	1,814	1,894	2,333	23,289
Research and development expenses	1,953	1,727	1,450	1,448	1,433	1,658	16,552
Number of employees (persons)	1,094	1,050	1,375	1,472	1,539	1,610	1,610

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

Orders and Sales

During fiscal 2007 (ended March 31, 2008) the press machine manufacturing industry experienced its first decline in domestic order volume in four years, due mainly to a downturn in capital expenditures in the automotive-related industry, its main source of demand. Overseas orders continued to grow on the back of robust demand in developing nations, but overall order statistics compiled by the Japan Forming Machinery Association (JFMA) revealed a decline of 1.1% year on year to ¥242,215 million. Under such circumstances, the AIDA ENGINEERING Group posted a 2.4% decline in orders year on year to ¥65,785 million. Consolidated net sales, however, reached a record high of ¥64,513 million (up 3.9% from the previous fiscal year), due mainly to an increase in equipment deliveries to the automotive-related industry in the Americas, Europe and other regions.

Results by Business Division and Geographic Region

Business Divisions

Press Machines

Orders for the subject fiscal year totaled ¥55,307 million (down 3.1% year on year), though net sales rose to ¥54,036 million (down 4.4%). Both orders and sales in the Europe region were up mainly to European users, but capital expenditures in the automotive-related industry, centered on Japanese automakers, began to decline following the peak in fiscal 2006.

Services

The service division posted new record highs in both orders and net sales, amounting to ¥10,394 million (up 1.8% year on year). This was due mainly to the success of efforts to expand and strengthen global business.

Other

Orders and net sales totaled ¥82 million (down 39.3% year on year).

Geographic Regions

Japan

Sales rose to ¥46,856 million (up 3.4% from the previous year), due mainly to strong exports that offset domestic declines. Operating income, however, fell to ¥3,683 million

(down 10.5%) as a result of rising raw material costs, and increases in selling, general and administrative (SG&A) expenses.

Asia

Sales increased to ¥12,853 million (up 15.0% from the previous year), with operating income of ¥1,462 million (up 10.5%). This was due mainly to continued strong capital expenditures in the automotive-related industry.

The Americas

Sales rose to ¥10,847 million (up 28.2% from the previous year), due mainly to an increase in deliveries of major equipment to the Japanese automotive-related industry. The rise in revenue resulted in operating income from this region of ¥104 million (compared with an operating loss of ¥190 million the previous fiscal year).

Europe

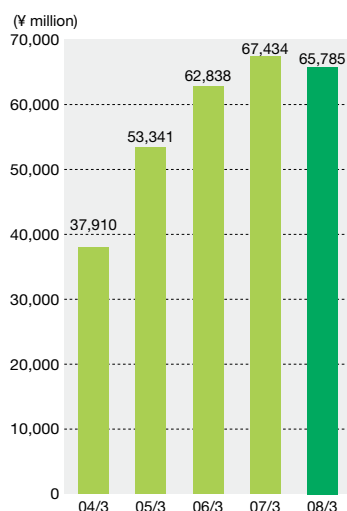
Sales rose to ¥12,361 million (up 21.0% from the previous year), due to brisk business in the European region overall. However, the operating loss in the region expanded to ¥164 million (compared with operating income of ¥58 million the previous fiscal year) due to deterioration in the cost ratio stemming from rising raw material costs and other factors.

Earnings

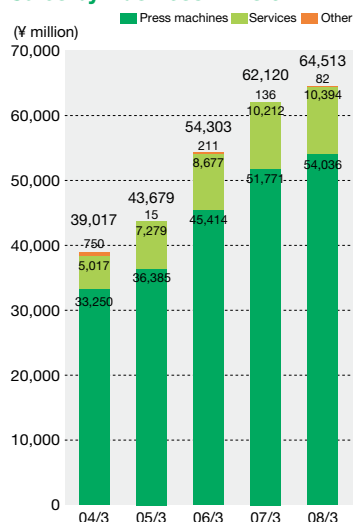
Gross profit, despite increased costs arising from appreciation in prices for steel and other raw materials, rose 3.7% from the previous fiscal year to ¥15,490 million due to the boost from increased sales, though the gross profit margin was down 0.1 percentage point to 24.0%. SG&A expenses rose 3.6% to ¥10,124 million due to increases in sales-related and personnel costs stemming from business expansion, with the ratio of SG&A expenses to net sales remaining steady at 15.7%. As a result, operating income rose 3.9% from the previous fiscal year to ¥5,365 million, with the operating margin unchanged from a year earlier at 8.3%.

In non-operating income and expenses, the Company recorded net non-operating income of ¥203 million, a ¥181 million rise from a year earlier, due mainly to increases in interest and dividend income that covered the foreign exchange loss. As a result, ordinary profit rose 7.4% to ¥5,569 million,

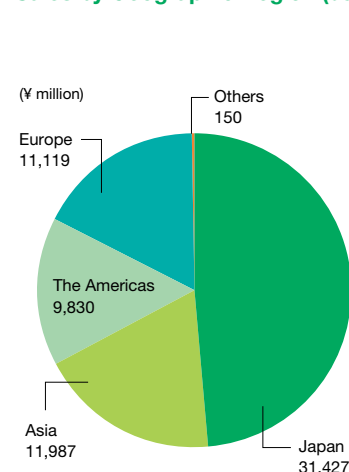
Orders



Sales by Business Division



Sales by Geographic Region (08/3)



with the ordinary margin up 0.3 percentage point to 8.6%. In extraordinary gains and losses, despite an improvement of ¥219 million stemming from the lack of losses for impairment of fixed assets and business restructuring in Europe, the Company recorded a net extraordinary loss of ¥157 million, due mainly to loss on revaluation of investment securities. As a result, income before income taxes rose 12.5% from the previous fiscal year to ¥5,411 million, with the pretax margin up 0.7 percentage point to 8.4%.

Net income rose 17.4% from the previous fiscal year to ¥3,585 million, with the net profit margin rising 0.7 percentage point to 5.6%. This was due mainly to a decline in the proportion of corporate and other taxes.

Dividends per share for the subject fiscal year were set at ¥15.00 per share, ¥2.00 higher than the previous fiscal year, for a payout ratio of 29.8%.

Financial Position

Total current assets for the subject fiscal year declined ¥1,443 million from the end of the previous fiscal year to ¥50,880 million. Inventories increased ¥2,034 million in accordance with the increase in the order backlog, with declines in cash on hand and at banks of ¥2,558 million, and short-term investments of ¥1,535 million.

Total fixed assets declined ¥3,596 million from the end of the previous fiscal year to ¥34,156 million. Total property, plant and equipment increased ¥610 million mainly due to completion of a new factory, but total investments and other assets were down ¥4,439 million primarily as a result of sales of investments in securities.

As a result, total assets declined ¥5,039 million from March 31, 2007, to ¥85,036 million.

Total current liabilities decreased ¥1,243 million from March 31, 2007, to ¥23,164 million, mainly due to a ¥1,369 million decline in advances from customers on contracts.

Total long-term liabilities declined ¥985 million to ¥546 million, mainly due to a ¥988 million decrease in deferred income tax.

As a result, total liabilities declined ¥2,228 million from March 31, 2007, to ¥23,710 million.

Total net assets decreased ¥2,811 million from March 31, 2007, to ¥61,326 million. Although retained earnings increased ¥2,652 million, the decline was due mainly to a ¥2,712 million

increase in treasury stock, and a ¥2,748 million decrease in total revaluation and translation adjustments.

Cash Flows

Cash and cash equivalents at March 31, 2008, amounted to ¥7,420 million, a decrease of ¥4,054 million from March 31, 2007.

Net cash used in operating activities amounted to ¥1,103 million (compared to net cash provided of ¥4,054 million in the previous fiscal year). Principal expenditures included a ¥2,831 million increase in inventories; a ¥1,221 million increase in notes and accounts receivable, trade (decrease in advances from customers on contracts, etc.); a ¥1,506 million increase in other assets; and ¥2,378 million in income taxes paid. Income included ¥5,411 million in income before income taxes; and ¥2,333 million in depreciation and amortization.

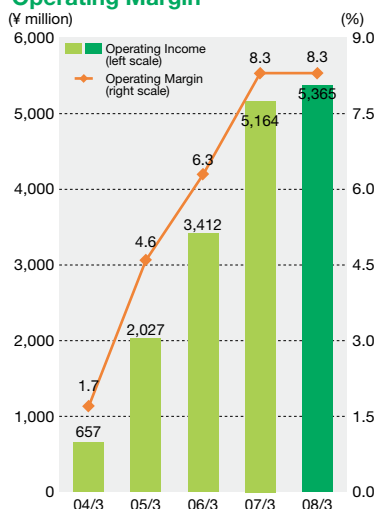
Net cash used in investing activities balanced out to just over ¥0 million (compared to net cash used of ¥1,275 million in the previous fiscal year). Principal expenditures included ¥3,291 million in payments for purchase of property, plant and equipment, against income of ¥2,645 million in proceeds from sale of investments in securities.

Net cash used in financing activities amounted to ¥2,162 million (an increase of 34.4% from the previous fiscal year). This was due mainly to expenditures of ¥2,841 million in retirement of treasury stock; and ¥932 million in cash dividends paid, against income including ¥1,500 million in proceeds from short-term bank loans.

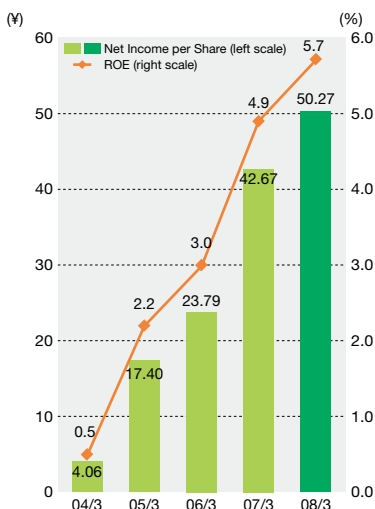
Capital Investment

AIDA ENGINEERING's total capital investment for the subject fiscal year amounted to ¥4,771 million. Investment included ¥845 million for a new factory in Sagami; ¥480 million to expand the Tsukui Factory; and ¥1,097 million for purchases of machinery and equipment for the new factory and the expansion. In addition, our consolidated subsidiary AIDA AMERICA CORP. invested ¥361 million for expansion of its factory.

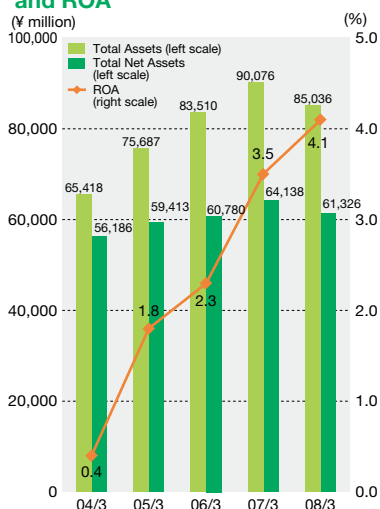
Operating Income and Operating Margin



Net Income per Share and ROE



Total Assets, Total Net Assets and ROA



Consolidated Balance Sheets

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
As of March 31, 2008 and 2007

Assets	Millions of yen		Thousands of U.S. dollars (Note 3)
	2008	2007	2008
Current assets:			
Cash on hand and at banks (Notes 2.(3) and 4)	¥ 7,251	¥ 9,809	\$ 72,368
Notes and accounts receivable, trade (Note 2.(2)(a))	14,257	14,326	142,288
Short-term investments (Notes 2.(3), 2.(6)(a), 4 and 5)	169	1,705	1,691
Inventories (Note 2.(5))	24,984	22,949	249,344
Deferred income taxes (Notes 2.(14) and 10)	1,417	1,525	14,147
Other current assets	2,928	2,128	29,226
Allowance for doubtful accounts (Note 2.(4))	(128)	(121)	(1,279)
Total current assets	50,880	52,323	507,788
Fixed assets:			
Property, plant and equipment (Notes 2.(7) and 12):			
Buildings and structures	22,259	21,838	222,155
Less: Accumulated depreciation	(12,191)	(12,396)	(121,673)
	10,068	9,441	100,482
Machinery and vehicles	19,387	18,029	193,486
Less: Accumulated depreciation	(13,534)	(12,904)	(135,071)
	5,853	5,125	58,415
Land	4,906	5,369	48,970
Construction in progress	234	574	2,339
Other equipment	2,715	2,511	27,100
Less: Accumulated depreciation	(2,066)	(1,922)	(20,627)
	648	589	6,472
Total property, plant and equipment	21,711	21,100	216,681
Intangible assets (Note 2.(8))	1,067	835	10,654
Investments and other assets:			
Investments securities (Notes 2.(6)(a) and 5)	8,821	13,309	88,042
Director's insurance reserve fund	1,057	1,057	10,554
Deferred income tax (Notes 2.(14) and 10)	27	16	269
Other assets	1,521	1,486	15,188
Allowance for doubtful accounts (Note 2.(4))	(50)	(53)	(506)
Total investments and other assets	11,377	15,817	113,548
Total fixed assets	34,156	37,752	340,883
Total assets	¥85,036	¥90,076	\$848,672

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

Liabilities and net assets	Millions of yen		Thousands of U.S. dollars (Note 3)
	2008	2007	2008
Current liabilities:			
Notes and accounts payable, trade (Note 2.(2)(a))	¥ 6,181	¥ 5,454	\$ 61,687
Short-term bank loan (Note 7)	1,500	—	14,970
Non-trade payable	3,601	4,182	35,938
Income taxes payable	936	1,354	9,347
Advances from customers on contracts	7,111	8,480	70,973
Accrued warranty costs (Note 2.(9))	1,546	2,266	15,434
Accrued bonuses for employees (Note 2.(10))	642	699	6,412
Accrued bonuses for directors (Note 2.(10))	51	94	508
Other current liabilities	1,593	1,876	15,905
Total current liabilities	23,164	24,407	231,178
Long-term liabilities:			
Long-term accounts payable (Note 2.(12))	281	—	2,805
Deferred income tax (Notes 2.(14) and 10)	27	1,015	273
Accrued pension and severance costs for employees (Notes 2.(11) and 8)	237	198	2,371
Accrued directors' and corporate auditors' retirement benefits (Note 2.(12))	—	298	—
Other long-term liabilities	—	18	—
Total long-term liabilities	546	1,531	5,450
Total liabilities	23,710	25,938	236,628
Net assets:			
Shareholders' equity (Note 2.(18)) :			
Common stock			
Authorized: 188,149,000 shares in 2007			
188,149,000 shares in 2008			
Issued: 79,147,321 shares in 2007			
79,147,321 shares in 2008	7,831	7,831	78,153
Additional paid-in capital	12,992	13,009	129,663
Retained earnings	45,731	43,078	456,400
Treasury stock			
(7,339,611 shares, in 2007)			
(11,866,037 shares, in 2008)	(6,260)	(3,548)	(62,482)
Total shareholders' equity	60,293	60,370	601,735
Revaluation and translation adjustments			
Net unrealized gains on "other securities" (Note 2.(6)(a))	903	2,046	9,015
Deferred hedge gains (losses) (Note 2.(6)(c))	4	(25)	40
Foreign currency translation adjustments (Note 2.(2)(b))	111	1,745	1,108
Total revaluation and translation adjustments	1,018	3,767	10,164
Stock option (Note 17)	14	—	143
Total net assets	61,326	64,138	612,043
Commitments and contingent liabilities (Note 14)	—	—	—
Total liabilities and net assets	¥85,036	¥90,076	\$848,672

Consolidated Statements of Income

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
For the years ended March 31, 2008, 2007 and 2006

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2008	2007	2006	2008
Net sales	¥64,513	¥62,120	¥54,303	\$643,849
Cost of sales (Note 11)	49,023	47,180	42,208	489,257
Gross profit	15,490	14,940	12,094	154,591
Selling, general and administrative expenses (Notes 11 and 17)	10,124	9,776	8,682	101,044
Operating income	5,365	5,164	3,412	53,547
Interest income	340	281	269	3,399
Dividend income	127	97	97	1,268
Other non-operating income	189	110	113	1,890
Total non-operating income	657	489	479	6,559
Interest expense	16	8	5	168
Loss on sale of short-term investments	—	—	5	—
Foreign exchange loss	300	356	92	2,998
Other non-operating expenses	136	101	90	1,358
Total non-operating expenses	453	466	193	4,526
Ordinary profit	5,569	5,186	3,698	55,580
Gain on sale of fixed assets	45	27	34	458
Gain on sale of investments securities (Note 5)	—	—	4	—
Gain on reversals of allowance for doubtful accounts	0	5	34	3
Gain on reversals of reserve for director's retirement benefits	—	7	—	—
Other extraordinary gain	17	5	4	171
Total extraordinary gain	63	46	78	633
Loss on sale of fixed assets	3	1	113	32
Loss on disposal of fixed assets	45	67	32	453
Impairment loss on fixed assets (Note 12)	—	101	82	—
Loss on sale of investment securities (Note 5)	31	148	57	317
Loss on revaluation of investment securities	124	—	—	1,245
Loss on business liquidation	—	—	183	—
Loss on restructuring and reorganization of our operations in Europe	—	101	138	—
Other extraordinary loss	15	3	—	157
Total extraordinary loss	221	423	608	2,206
Income before income taxes	5,411	4,809	3,168	54,007
Current	1,983	2,110	1,708	19,793
Deferred	(157)	(355)	(332)	(1,573)
Income taxes (Notes 2.(14) and 10)	1,825	1,755	1,375	18,219
Net income	¥ 3,585	¥ 3,053	¥ 1,792	\$ 35,788

	Yen			U.S. cents
	2008	2007	2006	2008
Per share:				
Net income—Basic (Notes 2.(17) and 9)	¥50.27	¥42.67	¥23.79	¢50.17
—Diluted (Notes 2.(17) and 9)	49.32	42.23	23.52	49.22
Cash dividends (Notes 2.(16) and (17))	15.00	13.00	10.00	14.97

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, 2008, 2007 and 2006

	Millions of yen											
	Number of shares of common stock issued (Thousands)	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on "other securities"	Deferred hedge gains or losses	Foreign currency translation adjustments	Total revaluation and translation adjustments	Stock option	Total net assets
Balance at March 31, 2005	79,147	¥7,831	¥13,048	¥39,809	(¥1,625)	¥59,063	¥659	—	(¥309)	¥350	—	¥59,413
Net income	—	—	—	1,792	—	1,792	—	—	—	—	—	1,792
Net unrealized gains on other securities (Note 2.(6)(a))	—	—	—	—	—	—	1,257	—	—	1,257	—	1,257
Foreign currency translation adjustments (Note 2.(2)(b))	—	—	—	—	—	—	—	—	1,188	1,188	—	1,188
Cash dividends	—	—	—	(741)	—	(741)	—	—	—	—	—	(741)
Treasury stock transactions, net	—	—	(17)	—	(2,052)	(2,069)	—	—	—	—	—	(2,069)
Payment of directors' bonus and others	—	—	—	(60)	—	(60)	—	—	—	—	—	(60)
Balance at March 31, 2006	79,147	7,831	13,031	40,800	(3,677)	57,984	1,917	—	878	2,796	—	60,780
Net income	—	—	—	3,053	—	3,053	—	—	—	—	—	3,053
Net unrealized gains on other securities (Note 2.(6)(a))	—	—	—	—	—	—	129	—	—	129	—	129
Foreign currency translation adjustments (Note 2.(2)(b))	—	—	—	—	—	—	—	—	867	867	—	867
Cash dividends	—	—	—	(715)	—	(715)	—	—	—	—	—	(715)
Treasury stock transactions, net	—	—	(21)	—	129	107	—	—	—	—	—	107
Payment of directors' bonus and others	—	—	—	(60)	—	(60)	—	(25)	—	(25)	—	(85)
Balance at March 31, 2007	79,147	7,831	13,009	43,078	(3,548)	60,370	2,046	(25)	1,745	3,767	—	64,138
Net income	—	—	—	3,585	—	3,585	—	—	—	—	—	3,585
Net unrealized gains on other securities (Note 2.(6)(a))	—	—	—	—	—	—	(1,143)	—	—	(1,143)	—	(1,143)
Foreign currency translation adjustments (Note 2.(2)(b))	—	—	—	—	—	—	—	—	(1,634)	(1,634)	—	(1,634)
Cash dividends	—	—	—	(933)	—	(933)	—	—	—	—	—	(933)
Treasury stock transactions, net	—	—	(16)	—	(2,712)	(2,729)	—	—	—	—	—	(2,729)
Deferred hedge gains or losses (Note 2.(6)(c))	—	—	—	—	—	—	—	29	—	29	—	29
Stock option (Note 17)	—	—	—	—	—	—	—	—	—	—	14	14
Balance at March 31, 2008	79,147	¥7,831	¥12,992	¥45,731	(¥6,260)	¥60,293	¥903	¥4	¥111	¥1,018	¥14	¥61,326

	Thousands of U.S. dollars (Note 3)											
	Number of shares of common stock issued (Thousands)	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on other securities	Deferred hedge gains or losses	Foreign currency translation adjustments	Total revaluation and translation adjustments	Stock option	Total net assets
Balance at March 31, 2007	79,147	\$78,153	\$129,830	\$429,928	(\$35,410)	\$602,502	\$20,423	(\$251)	\$17,425	\$37,597	—	\$640,100
Net income	—	—	—	35,788	—	35,788	—	—	—	—	—	35,788
Net unrealized gains on other securities (Note 2.(6)(a))	—	—	—	—	—	—	(11,407)	—	—	(11,407)	—	(11,407)
Foreign currency translation adjustments (Note 2.(2)(b))	—	—	—	—	—	—	—	—	(16,317)	(16,317)	—	(16,317)
Cash dividends	—	—	—	(9,316)	—	(9,316)	—	—	—	—	—	(9,316)
Treasury stock transactions, net	—	—	(167)	—	(27,072)	(27,239)	—	—	—	—	—	(27,239)
Deferred hedge gains or losses (Note 2.(6)(c))	—	—	—	—	—	—	—	292	—	292	—	292
Stock option (Note 17)	—	—	—	—	—	—	—	—	—	—	143	143
Balance at March 31, 2008	79,147	\$78,153	\$129,663	\$456,400	(\$62,482)	\$601,735	\$9,015	\$40	\$1,108	\$10,164	\$143	\$612,043

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, 2008, 2007 and 2006

	Millions of yen			Thousands of U.S.dollars (Note 3)
	2008	2007	2006	2008
Cash flows from operating activities:				
Income before income taxes	¥5,411	¥ 4,809	¥ 3,168	\$54,007
Adjustments for:				
Depreciation and amortization	2,333	1,894	1,814	23,289
Impairment loss on fixed assets (Note 12)	—	101	82	—
Loss on sale of short-term investments and investments securities	31	148	58	317
Loss on the revaluation of investments securities	124	—	—	1,245
Increase (decrease) in allowance for doubtful accounts	8	(42)	(4)	84
Accrued bonuses for employees, net	(56)	124	84	(566)
Accrued warranty costs, net	(724)	624	81	(7,229)
Accrued pension and severance costs for employees, net	38	95	56	387
Interest and dividend income	(467)	(378)	(366)	(4,668)
Interest expense	16	8	5	168
Loss on disposal of property, plant and equipment	45	67	32	453
(Gain) loss on sale of property, plant and equipment	(42)	(26)	78	(426)
(Increase) decrease in notes and accounts receivable, trade	(1,221)	1,322	(79)	(12,194)
(Increase) in inventories	(2,831)	(2,459)	(3,763)	(28,259)
(Decrease) increase in notes and accounts payable, trade	(131)	934	485	(1,313)
(Increase) decrease in other assets	(1,506)	(1,143)	(689)	(15,037)
Increase (decrease) in other liabilities	139	(213)	237	1,392
Payment of directors' bonus	—	(60)	(60)	—
Other, net	(334)	108	49	(3,340)
Sub-total	832	5,915	1,269	8,310
Interest and dividends received	458	381	346	4,578
Interest paid	(16)	(8)	(5)	(168)
Income taxes paid	(2,378)	(2,233)	(1,203)	(23,733)
Net cash (used in) provided by operating activities	(1,103)	4,054	407	(11,013)
Cash flow from investing activities:				
Proceeds from sale of short-term investments	—	—	505	—
Payments for purchase of property, plant and equipment	(3,291)	(2,784)	(1,796)	(32,851)
Proceeds from sale of property, plant and equipment	792	110	138	7,911
Payments for purchase of investments in securities	(211)	(697)	(7,697)	(2,110)
Proceeds from sale of investments in securities	2,645	2,162	7,207	26,401
Payments for deposits of funds into time deposits	—	(37)	(4)	—
Proceeds from withdrawal of time deposits	40	—	372	405
Payments on purchase of investing securities due to changes in scope of consolidation	—	—	(42)	—
Other, net	24	(28)	16	240
Net cash (used in) provided by investing activities	(0)	(1,275)	(1,300)	(3)
Cash flow from financing activities:				
Proceeds from short-term bank loan	1,500	—	1,106	14,970
Repayment of short-term bank loan	—	(1,000)	(235)	—
Proceeds from long-term bank loan	—	—	50	—
Repayment of long-term bank loan	—	—	(202)	—
Proceeds from shares to minority shareholders	—	—	12	—
Retirement of treasury stock	(2,841)	(33)	(2,318)	(28,362)
Proceeds from disposition of treasury stock	112	141	248	1,123
Cash dividends paid	(932)	(717)	(739)	(9,311)
Net cash (used in) provided by financing activities	(2,162)	(1,609)	(2,078)	(21,580)
Effect of exchange rate changes on cash and cash equivalents	(788)	321	533	(7,864)
Net (decrease) increase in cash and cash equivalents	(4,054)	1,492	(2,437)	(40,461)
Cash and cash equivalents at the beginning of the year	11,475	9,983	12,420	114,522
Cash and cash equivalents at the end of the year (Notes 2.(3), 4 and 5)	¥ 7,420	¥11,475	¥ 9,983	\$ 74,060

The accompanying notes are integral part of these financial statements.

Notes to Consolidated Financial Statements

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of AIDA ENGINEERING, LTD. ("AIDA") and its consolidated subsidiaries (collectively, the "Companies") have been prepared based on the financial statements of AIDA and its consolidated subsidiaries and the consolidated financial statements filed with the Director of Kanto Finance Bureau in Japan in accordance with the Financial Instruments and Exchange Act. The accounting records of AIDA and its domestic consolidated subsidiaries are maintained in accordance with the provisions set forth in the Japanese Company Law and the Financial Instruments and Exchange Act, 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. The accounting records of overseas-consolidated subsidiaries are maintained in accordance with generally accepted accounting principles prevailing in the respective regions in which they were incorporated.

Certain 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.

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

2. Summary of Significant Accounting Policies

(1) Principles of consolidation

Under the Japanese accounting standards, a subsidiary and an affiliate are defined as follows:

- a subsidiary: a company in which the reporting entity directly or indirectly holds more than 50% of the voting rights thereof or which is deemed to be controlled directly or indirectly by the reporting entity; and
- an affiliate: a company in which the reporting entity directly or indirectly holds 20% or more of the voting rights thereof or in which the reporting entity is deemed to exercise significant influence directly or indirectly on its decision making.

In principle all subsidiaries have been consolidated (15 subsidiaries in 2008, 16 subsidiaries in 2007, 17 subsidiaries in 2006). Two subsidiaries (ARBIOTEC, LTD., AIDA STAMPING TECHNOLOGY (INDIA) PVT. LTD.) were excluded from consolidation and the investments in such subsidiaries were carried at cost due to immateriality of these companies from the viewpoint of consolidated financial position and results of operation.

Consolidated subsidiaries as of March 31, 2008 and for the year then ended are as follows:

- Domestic subsidiaries:
 - ACCESS LTD.
 - AIDA BUSINESS CORP.
- Overseas subsidiaries:
 - AIDA AMERICA CORP.
 - AIDA ENGINEERING UK LTD.
 - AIDA MANUFACTURING (MALAYSIA) SDN. BHD.
 - AIDA MANUFACTURING (SHANGHAI) LTD.
 - AIDA STAMPING TECHNOLOGY PTE. LTD.
 - AIDA STAMPING TECHNOLOGY (MALAYSIA) SDN. BHD.
 - AIDA STAMPING TECHNOLOGY (THAILAND) CO., LTD.
 - PT AIDA STAMPING TECHNOLOGY INDONESIA
 - AIDA HONG KONG LTD.
 - AIDA CANADA, INC.
 - AIDA-Pressen GmbH
 - Aida S.r.l.
 - AIDA do BRASIL

(Remarks)

One consolidated subsidiary, AIDA SAS. was decreased due to the termination of the liquidation procedure.

All consolidated subsidiaries are wholly owned by AIDA.

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

The year-end date of AIDA MANUFACTURING (SHANGHAI) LTD. is December 31, and the year-end dates of all other consolidated subsidiaries are consistent with the consolidated balance sheet date. Adjustments have been properly recorded to the accompanying consolidated financial statements for significant transactions during the period between the fiscal year-end of the above mentioned subsidiary and the balance sheet date.

(2) Foreign currency

(a) Translation of foreign currency transactions

Foreign currency transactions are generally translated using foreign exchange rates prevailing at the transaction dates.

Receivables and payables denominated in foreign currencies are translated at the current exchange rates at the balance sheet date.

(b) Translation of foreign currency financial statements of overseas subsidiaries

All assets and liabilities of foreign subsidiaries are translated at the current rates at the respective balance sheet dates whereas the net assets are translated at historical rates. All the income and expense accounts are translated at the average exchange rates for the period.

Foreign currency financial statements translation differences are recorded in the consolidated balance sheets as a separate component of net assets.

(3) 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.

(4) 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.

(5) Inventories

Inventories are stated principally at cost. The cost of finished products and work in process is mainly determined by the specific identification method and the cost of raw materials is determined mainly by the first-in first-out (FIFO) method.

(6) Financial instruments

The Japanese accounting standard for financial instruments, which cover accounting treatments for short-term investments, investments securities, derivative financial instruments and hedge accounting, has been applied.

(a) Investments securities

The standard requires all securities, except for those representing equity in subsidiaries and affiliates, to be classified and accounted for as follows:

Trading securities, which are held for the purpose of earning capital gains for a short period, are reported at fair value, and the related unrealized gains and losses are included in earnings for the period. The Companies had no trading securities for the periods reported in the accompanying consolidated financial statements.

Held-to-maturity securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost. The Companies had no held-to-maturity securities for the periods reported in the accompanying consolidated financial statements.

Securities other than trading securities and held-to-maturity securities are classified as other securities. Other securities with fair market value are recognized at such fair market value at the balance sheet date, and the related unrealized gain or losses, net of applicable tax effects thereon, are reported in a separate component of net assets. Other securities without fair market value are stated at cost.

The cost of other securities is determined using the moving-average method. Other than temporary declines in the value of other securities are reflected in current income.

(b) Derivative financial instruments

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

(c) Hedge accounting

In accordance with the accounting standards, gains or losses arising from changes in fair value of the derivatives designated as "hedging instruments" are deferred as a deferred hedge gains and losses in net asset and are to be charged to income in the same period during which the gains and losses on the hedged items or transactions are recognized.

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

(7) Property, plant and equipment

Property, plant and equipment, including significant renewals and improvements, are carried at cost. Maintenance and repairs including minor renewals and betterments are charged to income as incurred. Depreciation for property, plant and equipment in AIDA and its domestic subsidiaries are mainly calculated by applying the declining-balance method, whereas those held by the overseas consolidated subsidiaries and the new head office building of AIDA are depreciated by the straight-line method, over the estimated useful lives of the respective assets. When retired or disposed of, the difference between the net book value and sales proceeds is charged or credited to income. Estimated useful lives range from 2 to 50 years for buildings and structures and from 2 to 10 years for machinery and vehicles.

In accordance with the amendment of corporate tax law and income tax law, both were enacted on March 30, 2007, Aida and its domestic subsidiaries have changed depreciation method for property, plant and equipment acquired since April 1, 2007.

As a result of this change, operating income, ordinary profit and income before income tax for the year ended March 31, 2008 decreased by ¥59 million.

The effect of segment is shown in Note 16.

In accordance with the amendment of corporate tax law and income tax law, the allowable limit of property, plant and equipment acquired before March 31, 2007 is depreciated over 5 years from next fiscal year.

As a result of this change, operating income, ordinary profit and income before income tax for the year ended March 31, 2008 decreased by ¥96 million.

The effect of segment is shown in Note 16.

(8) 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.

(9) Accrued warranty costs

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

(10) Accrued bonuses for directors and employees

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

On November 29, 2005, the Accounting Standards Board of Japan issued new accounting standards entitled "ASBJ Statement No.4 Accounting Standard for Directors' bonus". Effective as of March 31, 2007, the Companies adopted this new accounting standard for directors' bonus.

As a result of adopting this standard, operating income, ordinary profit and income before income taxes for the year ended March 31, 2007 decreased by ¥94 million (U.S.\$796 thousand).

(11) Accrued pension and severance costs for employees

Accrued pension cost and severance costs for employees are represented the estimated present value of projected benefit obligations in excess of the fair value of the plan assets, except for the unrecognized actuarial differences.

Unrecognized actuarial differences are amortized on a straight-line method mainly over a period of 5 or 10 years from the next fiscal year in which they arise.

(12) Accrued directors' and corporate auditors' retirement benefits

With respect to AIDA's directors and corporate auditors, a provision is made for retirement benefits based on internal rules.

Directors' and corporate auditors' retirement benefits plan was abolished at shareholders' meeting held on June 28, 2007.

Accrued directors' and corporate auditors' retirement benefits of ¥281million at the abolishment is included in "Long-term accounts payable".

(13) Research and development costs

Research and development costs are expensed as incurred.

(14) Income taxes

The asset and liability method is applied for accounting for income taxes. This method recognizes deferred tax assets and liabilities based on the difference between the financial statement and tax bases of assets and liabilities

(15) Leases

Finance leases other than those that are deemed to transfer the ownership of the leased assets to lessees are accounted for by a method similar to that used for ordinary operating leases.

However, all finance leases relating to the overseas consolidated subsidiaries are recognized as purchase of assets on installments payments.

(16) Appropriation of retained earnings

Under the Japanese Company Law and the Articles of Incorporation of the Company, the appropriation of retained earnings proposed by the Board of Directors is subject to approval by the shareholders at a meeting. The appropriations of retained earnings reflected in the accompanying consolidated financial statements include the results of such appropriations applicable to the immediately preceding fiscal year as approved at the shareholders' meeting, and effected, during the relevant year. Dividends are paid to shareholders on the shareholders' register at the end of each fiscal year.

Appropriations of retained earnings reflected in the accompanying consolidated financial statements have been recorded after approval by the shareholders as required under the Japanese Company Law.

(17) Net income per share and cash dividends per share

Net income per share is computed based on the weighted-average number of shares of common stock outstanding during each year.

Cash dividends per share, represent dividends declared as applicable to the respective fiscal year.

(18) Presentation of net assets in balance sheet

On December 9, 2005, the Accounting Standards Board of Japan issued new accounting standards entitled "Accounting Standards for Presentation of Net Assets in the Balance Sheet and its Implementation Guidance". Effective as of March 31, 2007, the Companies adopted these new accounting standards for Presentation of net assets in the balance sheet.

The equivalent amount of "Total shareholders' equity" which has been used in the previous fiscal years is ¥64,163 million (U.S.\$ 543,341 thousand) as of March 31, 2007.

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 ¥100.2 = US\$1, the approximate rate of exchange as of March 31, 2008, 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. Cash and Cash Equivalents

Balance and components of cash and cash equivalents as of March 31, 2008 and 2007 coincided with the balance of cash on hand and at banks shown in the accompanying consolidated balance sheets "Cash on hand and at banks" on the consolidated balance sheets and "Cash and cash equivalents at the end of the year" as of March 31, 2008 on the consolidated statements of cash flows are reconciled as follows;

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Cash on hand and at bank	¥7,251	¥ 9,809	\$72,368
Add: Securities matured within 1 year	169	1,705	1,691
Less: Time deposits due over three months	—	(39)	—
Cash and cash equivalents	¥7,420	¥11,475	\$74,193

5. Short-term Securities and Investments in Securities

March 31, 2008

(1) The aggregate cost and market value (carrying value) of other securities with market values as of March 31, 2008, were as follows;

Types of securities	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Market value (carrying value)	Unrealized gains (losses)	Acquisition cost	Market value (carrying value)	Unrealized gains (losses)
Those where market value exceeds acquisition cost:						
① Stocks	¥ 793	¥2,866	¥2,073	\$ 7,917	\$28,611	\$20,693
② Bonds						
Other	—	—	—	—	—	—
③ Other	—	—	—	—	—	—
Sub-total	793	2,866	2,073	7,917	28,611	20,693
Those where market value does not exceed acquisition cost:						
① Stocks	696	435	(260)	6,951	4,350	(2,600)
② Bonds						
Other	3,700	3,410	(289)	36,926	34,037	(2,888)
③ Other	1,269	1,194	(74)	12,669	11,924	(745)
Sub-total	5,665	5,041	(624)	56,546	50,312	(6,223)
Total	¥6,459	¥7,908	¥1,448	\$64,464	\$78,924	\$14,459

(2) Other securities sold during the year ended March 31, 2008:

Proceeds	Millions of yen		Proceeds	Thousands of U.S. dollars	
	Realized gains	Realized losses		Realized gains	Realized losses
¥2,645	¥3	¥31	\$26,401	\$34	\$317

(3) Major components of securities whose fair market value is not readily determinable as of March 31, 2008 were as follows:

Types of securities	Carrying value	
	Millions of yen	Thousands of U.S. dollars
Preferred stocks	¥1,000	\$ 9,980
Unlisted stocks	62	622
Equity in an unconsolidated subsidiary	20	207
Total	¥1,083	\$10,810

(4) The redemption schedule of securities as of March 31, 2008 was as follows:

Types of securities	Millions of yen				Thousands of U.S. dollars			
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Bonds								
Other	¥—	¥ 943	¥—	¥2,700	\$—	\$ 9,414	\$—	\$26,946
Other	—	300	—	800	—	2,994	—	7,984
Total	¥—	¥1,243	¥—	¥3,500	\$—	\$12,408	\$—	\$34,930

March 31, 2007

(1) The aggregate cost and market value (carrying value) of other securities with market values as of March 31, 2007, were as follows:

Types of securities	Millions of yen		
	Acquisition cost	Market value (carrying value)	Unrealized gains (losses)
Those where market value exceeds acquisition cost:			
① Stocks	¥ 1,113	¥ 4,804	¥3,690
② Bonds			
Other	1,000	1,002	2
③ Other	1,005	1,005	0
Sub-total	3,118	6,811	3,692
Those where market value does not exceed acquisition cost:			
① Stocks	412	402	(10)
② Bonds			
Other	2,500	2,417	(82)
③ Other	4,476	4,311	(164)
Sub-total	7,388	7,131	(257)
Total	¥10,507	¥13,942	¥3,435

(2) Other securities sold during the year ended March 31, 2007:

Proceeds	Millions of yen	
	Realized gains	Realized losses
¥2,162	¥—	¥148

(3) Major components of securities whose fair market value is not readily determinable as of March 31, 2007 were as follows:

Types of securities	Carrying value
	Millions of yen
Preferred stocks	¥1,000
Unlisted stocks	62
Equity in an unconsolidated subsidiary	10
Total	¥1,072

(4) The redemption schedule of securities as of March 31, 2007 was as follows:

Types of securities	Millions of yen			
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Bonds				
Other	¥—	¥1,682	¥—	¥2,500
Other	—	2,196	—	800
Total	¥—	¥3,878	¥—	¥3,300

6. Derivative Financial Instruments

The Companies enter into forward foreign exchange contracts and currency options.

The Companies use derivative instruments only for hedging purposes and not for purposes of trading or speculation.

Forward foreign exchange contract and currency options, which the Companies use, are exposed to the risk of changes in exchange rates.

Forward foreign exchange contracts and currency options are utilized to hedge market risks relating to possible future changes in foreign exchange rates foreign-currency denominated trading accounts.

The Companies' management believes that credit risk relating to derivative instruments, which the Companies use, are relatively low since all of its counter-parties to the derivative instruments are creditworthy financial institutions.

These contracts reduce the Companies' overall exposure to exchange fluctuations by effectively fixing the transaction cost to the Companies.

The Companies have internal rules and policies related to derivative transactions, The Corporate Planning and Administration Department conducts derivative arrangements based on these internal rules and policies, as well as monitoring the effectiveness of the respective hedge arrangements.

Market value information on the derivatives outstanding as of March 31, 2008 and 2007 are summarized in the following tables.

Derivative transactions to which hedge accounting have been applied are excluded from the table shown below.

Currency related transactions

	Millions of yen				Thousands of U.S. dollars			
	2008				2008			
	Contract value		Market value	Unrealized gain (loss)	Contract value		Market value	Unrealized gain (loss)
Contract value total	Over 1 year	Contract value total			Over 1 year			
Forward exchange transactions:								
Sold -								
US\$ (JPY Purchased)	¥554	¥—	¥508	¥45	\$5,529	\$—	\$5,071	\$458
Euro (JPY Purchased)	370	—	377	(6)	3,695	—	3,768	(67)
Euro (US\$ Purchased)	119	—	134	(14)	1,191	—	1,340	(149)
Purchased -								
US\$ (JPY Sold)	256	—	243	(12)	2,556	—	2,430	(126)
US\$ (CAD Sold)	40	—	40	0	403	—	405	1
US\$ (Euro Sold)	5	—	5	0	51	—	54	3
US\$ (GBP Sold)	9	—	9	(0)	92	—	90	(2)
Euro (JPY Sold)	97	—	103	6	968	—	1,037	68
Euro (USD Sold)	519	—	508	(11)	5,184	—	5,071	(112)
Currency options:								
Sold -								
US\$ Call	¥896	¥—	¥—	¥—	\$8,946	\$—	\$—	\$—
Option premiums	15	—	0	14	154	—	6	147
Purchased -								
US\$ Put	¥896	¥—	¥—	¥—	\$8,946	\$—	\$—	\$—
Option premiums	(15)	(—)	(48)	(33)	(154)	(—)	(486)	(332)

	Millions of yen			
	2007			
	Contract value		Market value	Unrealized gain (loss)
Contract value total	Over 1 year			
Forward exchange transactions:				
Sold -				
US\$	¥2,778	¥—	¥2,733	¥45
Euro	145	—	148	(3)
Purchased -				
US\$	64	—	65	0
Euro	126	—	128	2
Currency options:				
Sold -				
US\$ Call	¥5,027	¥991	¥—	¥—
Option premiums	106	24	196	(90)
Purchased -				
US\$ Put	5,027	991	—	—
Option premiums	(106)	(24)	(35)	45

7. Short-term Bank Loan

Short-term bank loan as of March 31, 2008 consisted of the following.

	Millions of yen		
	Amount	Average interest rate	Last due
Short-term bank loan	¥1,500	1.1%	April 30, 2008

There was no short-term bank loan as of March 31, 2007.

8. Accrued Pension and Severance Costs for Employees

AIDA and its domestic subsidiaries maintain welfare pension plan and tax qualified pension plan which are defined benefit pension plans covering substantially all of their employees.

AIDA and its domestic subsidiaries partially changed tax qualified pension plan from a defined benefits pension plan to a defined contribution pension plan effective April 1, 2004.

Certain overseas consolidated subsidiaries adopt defined benefits pension plan or defined contribution pension plan.

The required contribution for welfare pension plan is recorded as an expense.

The matters relating to welfare pension plan is as follows.

(1) Fund status as of March 31, 2008:

	Millions of yen
Fund assets	132,458
Benefit Obligations	139,971
Deducted amount	(7,512)

(2) Percentage of AIDA group's contribution.

For the year ended March 31, 2008 3.28%

(3) The main reason of deducted amount described above in (1) is due to the past services obligation of ¥34,122 million.

The past services obligation is depreciated over 20 years, using principal and interest equal depreciation method.

Matters relating to liabilities for retirement benefits as of March 31, 2008 and 2007:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
①Projected benefit obligations	¥(4,894)	¥(4,786)	\$(48,845)
②Fund assets	4,165	4,618	41,571
③Unfunded liabilities for retirement benefits ①+②	(728)	(167)	(7,273)
④Unrecognized actuarial differences	735	327	7,338
⑤Total ③+④	6	159	65
⑥Prepaid expenses for retirement benefits	244	357	2,436
⑦Accrued pension and severance costs for employees ⑤—⑥	¥ (237)	¥ (198)	\$ (2,371)

Certain overseas consolidated subsidiaries use the simplified method to determine benefit obligations.

Expenses for retirement benefits to employees for the years ended March 31, 2008, 2007 and 2006 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	2008
①Service expenses	¥318	¥287	¥278	\$3,178
②Interest costs	92	92	90	921
③Expected return on fund assets	(92)	(91)	(79)	(921)
④Amortization of actuarial differences	91	96	140	911
⑤Contribution for pension plan	128	129	95	1,280
⑥Expenses for retirement benefits	¥538	¥513	¥524	\$5,369

Other than expenses for retirement benefits, as shown above contributions to the pension fund of ¥235 million (U.S.\$2,345 thousand), ¥211 million and ¥184 million were charged to income for the year ended March 31, 2008, 2007 and 2006 respectively. Fund assets calculated based on proportion of contribution to the fund made by AIDA and its subsidiaries are ¥4,344 million (U.S. \$43,359 thousand) as of March 31, 2008 and ¥4,394 million as of March 31, 2007, respectively. "Service expenses" of overseas consolidated subsidiaries using the simplified method were included in "Service expenses" above. Matters relating to the calculation basis of liabilities for retirement benefits as of March 31, 2008, 2007 and 2006 are as follows:

	2008	2007	2006
①Discount rate	2.0%	2.0%	2.0%
②Expected rate of return on plan assets	2.0%	2.0%	2.0%
③Method of attributing projected benefits to periods of services	Fixed amount during the period	Fixed amount during the period	Fixed amount during the period
④Amortization of actuarial differences	5 or 10 years from the following year of recognition	5 or 10 years from the following year of recognition	5 or 10 years from the following year of recognition
⑤Amortization of prior service cost	—	—	1 year

9. Net Income per Share

Calculation of net income per share for the years ended March 31, 2008, 2007 and 2006:

	Yen			U.S. cents
	2008	2007	2006	2008
Net income – Basic*	¥50.27	¥42.67	¥23.79	¢50.17
– Diluted income*	¥49.32	¥42.23	¥23.52	¢49.22

*The basic facts underlying the calculation of “Net income-Basic” and “Diluted income” are as follows:

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	2008
Net income	¥3,585	¥3,053	¥1,792	\$35,778
Amount not attributable to common shareholders amount paid out as bonuses to directors	¥ —	—	¥ 60	\$ —
Net income related to common stock	¥3,585	¥3,053	¥1,732	\$35,778
Average number of shares outstanding during term (Thousands of shares)	71,339	71,568	72,805	71,339
Potential increase in common stock for the diluted income calculation (Thousands of shares)	1,374	744	839	1,374

10. Income Taxes

The Companies are subject to number of different income taxes. The applicable statutory tax rates in Japan were approximately 40.6% for the years ended March 31, 2008 and 2007.

(1) Reconciliation of the difference between the effective income tax rate and statutory income tax rate for the years ended March 31, 2008 and 2007 are shown below.

	2008	2007
Statutory income tax rate	40.6%	40.6%
Increase (decrease) in tax rate:		
Non-deductible expenses for tax purposes	3.8	4.1
Dividend income	(0.4)	(0.3)
Difference of tax rates for overseas subsidiaries	(5.1)	(4.6)
Changes in valuation allowance	(3.3)	(4.0)
Base portion of inhabitant tax	2.1	2.6
Tax credit	(3.6)	(4.8)
Others	(0.4)	2.9
Effective income tax rate	33.7%	36.5%

(2) The major components of deferred income tax assets and liabilities as of March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Deferred income tax assets:			
Loss on write-down of investments	¥ 367	¥412	\$ 3,666
Accrued warranty costs	495	706	4,945
Accrued bonuses for employees	254	289	2,541
Unrealized intercompany profits	165	163	1,653
Business tax payable	78	119	781
Depreciation expense	1,200	1,139	11,981
Unrealized loss of stocks	199	199	1,994
Accrued directors' and corporate auditors' retirement benefits	114	121	1,138
Tax losses carried-forward	1,445	1,389	14,422
Others	366	346	3,658
Subtotal deferred income tax assets	4,687	4,887	46,784
Less: Valuation allowance	(1,802)	(1,979)	(17,989)
Total deferred income tax assets	2,885	2,908	28,794
Deferred income tax liabilities:			
Unrealized gains on other securities	(636)	(1,391)	(6,352)
Advanced depreciation for replacement assets	(690)	(833)	(6,892)
Accrued pension and severance costs for employees	(83)	(93)	(837)
Others	(56)	(64)	(567)
Total deferred income tax liabilities	(1,467)	(2,384)	(14,650)
Net deferred income tax assets	¥1,417	¥524	\$14,143

11. Research and Development Expenses

Research and development expenses included in “Cost of sales” and “Selling, general and administrative expenses” for the years ended March 31, 2008, 2007 and 2006 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	2008
Cost of sales	¥ 855	¥ 982	¥ 883	\$ 8,542
Selling, general and administrative expenses	802	451	564	8,010
Total	¥1,658	¥1,433	¥1,448	\$16,552

12. Impairment Loss on Fixed Assets

The Companies’ business assets are generally grouped by business segment under the Companies’ management accounting system. Idle assets are separately evaluated for impairment on an individual asset level mentioned above.

Impairment loss on fixed assets recorded for the year ended March 31, 2007 is summarized as follows;

Type of assets	Location	Millions of yen	Thousands of U.S. dollars
Land	Ishikawa Prefecture Hakusan City	¥101	\$857

The Companies have written off ¥101 million (shown by “Loss on impairment of property, plant and equipment”) for the land as of March 31, 2007.

The recoverable value of land is estimated after consideration of the net sales price.

13. Leases

The following is a summary of future minimum payments under operating leases and finance leases other than those which are deemed to transfer the ownership of the leased assets as of March 31, 2008, 2007 and 2006:

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	2008
Operating leases:				
Due within one year	¥100	¥ 98	¥ 90	\$1,000
Thereafter	85	76	100	856
Total	¥186	¥175	¥191	\$1,857
Finance leases:				
Due within one year	¥104	¥116	¥111	\$1,038
Thereafter	212	81	149	2,122
Total	¥316	¥197	¥260	\$3,161

Lease expenses relating to finance leases which do not transfer ownership of the leased assets for the years ended March 31, 2008, 2007 and 2006 were ¥142 million (U.S.\$1,422 thousand), ¥120 million and ¥132 million, respectively.

The amounts of future minimum lease expenses under finance leases include the imputed interest lease portion.

Pro forma data as of March 31, 2008 and 2007 as to acquisition cost, accumulated depreciation, net book value, depreciation expense and interest expense of the assets leased under finance leases that do not transfer the ownership of leased assets to the lessee are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Pro forma acquisition cost	¥572	¥508	\$5,716
Pro forma accumulated depreciation	(256)	(310)	(2,555)
Pro forma net book value	316	197	3,161
Pro forma depreciation expense	¥142	¥120	\$1,422

In the above table, the amounts of acquisition costs and depreciation expenses include the imputed interest portion, and depreciation is based on the straight-line method over the lease term of the leased assets with no residual value.

14. Commitment and Contingent Liabilities

There were no material contingent liabilities as of March 31, 2008.

15. Related Party Transactions

There are no material transactions between AIDA and its related companies and individuals, excluding transactions with consolidated subsidiaries which are eliminated in the consolidated financial statements and other than those disclosed elsewhere in these financial statements, for the years ended March 31, 2008 and 2007.

16. Segment Information

(1) Information by business segment

The Companies are primarily engaged in manufacturing and merchandising products in the metal forming machinery and equipment segment. As net sales and operating income from this segment constituted more than 90% of the consolidated sales for the years ended March 31, 2008, 2007 and 2006, the disclosure of business segment information has been omitted.

(2) Information by geographic segment

Sales of the Companies classified by geographic area for the years ended March 31, 2008, 2007 and 2006 are summarized as follows:

Millions of yen						
For the year ended March 31, 2008	Japan	Asia (*1)	Americas (*2)	Europe (*3)	Elimination of inter-segment sales and expenses	Total
Sales to outside customers	¥32,524	¥11,292	¥9,337	¥11,359	¥ —	¥64,513
Inter-segment sales	14,332	1,561	1,509	1,002	(18,405)	—
Total sales	46,856	12,853	10,847	12,361	(18,405)	64,513
Operating expenses	43,172	11,390	10,742	12,526	(18,684)	59,148
Operating income (loss)	¥ 3,683	¥ 1,462	¥ 104	¥ (164)	¥ 278	¥ 5,365
Total assets	¥75,399	¥10,928	¥8,323	¥11,080	¥(20,694)	¥85,036

Thousands of U.S. dollars						
For the year ended March 31, 2008	Japan	Asia (*1)	Americas (*2)	Europe (*3)	Elimination of inter-segment sales and expenses	Total
Sales to outside customers	\$324,591	\$112,700	\$93,191	\$113,365	\$ —	\$643,849
Inter-segment sales	143,040	15,579	15,064	10,004	(183,689)	—
Total sales	467,632	128,280	108,256	123,369	(183,689)	643,849
Operating expenses	430,866	113,679	107,212	125,014	(186,471)	590,301
Operating income (loss)	\$ 36,765	\$ 14,600	\$ 1,043	(\$ 1,644)	\$ 2,782	\$ 53,547
Total assets	\$752,493	\$109,062	\$83,065	\$110,578	(\$206,528)	\$848,672

Notes:

(*1) Asia: China / Hong Kong, Singapore, Malaysia, Thailand, Indonesia, South Korea.

(*2) Americas: U.S.A., Canada, Brazil.

(*3) Europe: Italy Germany, U.K, France, Czech Republic.

As described in Note 2(7), for geographical segment, operating income in Japan also decreased by same amount.

Millions of yen						
For the year ended March 31, 2007	Japan	Asia (*4)	Americas (*5)	Europe (*6)	Elimination of inter-segment sales and expenses	Total
Sales to outside customers	¥34,882	¥ 9,649	¥ 7,820	¥ 9,767	¥ —	¥62,120
Inter-segment sales	10,428	1,532	643	450	(13,054)	—
Total sales	45,311	11,181	8,464	10,218	(13,054)	62,120
Operating expenses	41,197	9,857	8,654	10,160	(12,912)	56,956
Operating income (loss)	¥4,114	¥ 1,323	¥ (190)	¥ 58	¥ (141)	¥ 5,164
Total assets	¥79,391	¥10,666	¥10,107	¥10,877	¥(20,966)	¥90,076

Notes:

(*4) Asia: China / Hong Kong, Singapore, Malaysia, Thailand, Indonesia, South Korea.

(*5) Americas: U.S.A., Canada, Brazil

(*6) Europe: Italy, France, Germany, U.K.

Millions of yen						
For the year ended March 31, 2006	Japan	Asia (*7)	Americas (*8)	Europe (*9)	Elimination of inter-segment sales and expenses	Total
Sales to outside customers	¥32,404	¥8,828	¥8,352	¥4,717	¥ —	¥54,303
Inter-segment sales	10,226	1,110	731	1,410	(13,479)	—
Total sales	42,630	9,938	9,084	6,128	(13,479)	54,303
Operating expenses	39,223	8,925	9,247	6,864	(13,370)	50,891
Operating income (loss)	¥ 3,407	¥1,013	¥ (163)	¥ (736)	¥ (108)	¥ 3,412
Total assets	¥75,960	¥9,765	¥9,389	¥9,875	¥(21,480)	¥83,510

Notes:

North America is replaced by Americas in the year ended March 31, 2006 reflecting addition of AIDA do BRASIL as consolidated subsidiary.

(*7) Asia: China / Hong Kong, Singapore, Malaysia, Thailand, Indonesia, South Korea.

(*8) Americas: U.S.A., Canada, Brazil

(*9) Europe: Italy, France, Germany, U.K.

(3) Export sales and sales by overseas subsidiaries

Export sales information of the Company for the years ended March 31, 2008, 2007 and 2006 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	2008
Export sales and sales by overseas subsidiaries:				
Asia (*1)	¥11,987	¥12,064	¥10,599	\$119,639
Americas (*2)	9,830	8,000	8,992	98,106
Europe (*3)	11,119	9,575	5,317	110,969
Others (*4)	150	467	47	1,503
Total	¥33,087	¥30,108	¥24,956	\$330,219
Percentage against consolidated net sales	51.3%	48.5%	46.0%	51.3%

Notes:

North America is replaced by Americas in the year ended March 31, 2006 reflecting addition of AIDA do BRASIL as consolidated subsidiary.

(*1) Asia: China, Thailand, India, Indonesia, Malaysia.

(*2) Americas: U.S.A., Canada, Brazil, Mexico.

(*3) Europe: Italy, Czech Republic, U.K., Germany, Turkey.

(*4) Others: South Africa, Australia.

17. Stock Options

The directors' remuneration of ¥14 million is recorded in "Selling, general and administrative expenses" for the year ended March 31, 2008.

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

	The date of ordinary shareholders' meeting	Number of common shares granted (shares)	Exercise price per share (yen)	Exercise periods
I. Stock options to purchase treasury stocks	June 29, 1999	740,000	437	From July 1, 2001 to March 31, 2009
	June 29, 2000	320,000	519	From July 1, 2002 to March 31, 2010
	June 28, 2001	500,000	374	From July 1, 2003 to March 31, 2011
II. Stock option to purchase newly issued shares	June 27, 2002	410,000	304	From July 1, 2004 to March 31, 2012
	June 27, 2003	330,000	388	From July 1, 2005 to March 31, 2013
	June 29, 2004	589,000	563	From July 1, 2006 to March 31, 2014
	June 29, 2005	924,000	725	From July 1, 2007 to March 31, 2015
	June 28, 2007	22,000	1	From July 1, 2007 to March 31, 2037
		3,835,000		

The summary of the number of stock options is as follows.

The date of ordinary shareholders' meeting	June 29, 1999	June 29, 2000	June 28, 2001	June 27, 2002	June 27, 2003	June 29, 2004	June 29, 2005	June 28, 2007	Total
Exercise price per share (yen)	437	519	374	304	388	563	725	1	
Number of stock options (1)	362,000	198,000	200,000	82,000	169,000	559,000	914,000	22,000	2,506,000
Decrease on the exercise of stock options (2)	(74,000)	(33,000)	(50,000)	(44,000)	(20,000)	(31,000)	(6,000)		(258,000)
Decrease on the lapse of stock options (3)						(5,000)	(14,000)		(19,000)
Number of stock options as of March 31, 2008 (4)=(1)+(2)+(3)	288,000	165,000	150,000	38,000	149,000	523,000	894,000	22,000	2,229,000

The method for estimating fair value of stock options granted for the fiscal year ended March 31, 2008 is as follows:

(a) Valuation method used: Black-Scholes model

(b) Principal basic values and estimation methods

Share price fluctuations (*1) 34.766%

Projected remaining period (*2)..... 5 years

Projected dividend (*3) ¥13/share

Non-risk interest rate..... 1.212%

(*1) Computed based on share prices during a five-year period from September 26, 2002 to September 26, 2007.

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

(*3) Determined based on the year-end dividend for the fiscal year ended March 31, 2007.

18. Subsequent Event

March 31, 2008:

On June 26, 2008, at the general meeting of shareholders, the following appropriation of retained earnings was approved:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥15.00 (U.S.¢14.97) per share)	¥1,009	\$10,072

March 31, 2007:

On June 28, 2007, at the general meeting of shareholders, the following appropriation of retained earnings was approved:

	Millions of yen
Cash dividends (¥13.00 per share)	¥933



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Report of Independent Auditors

To the Board of Directors of
AIDA ENGINEERING LTD.

We have audited the accompanying consolidated balance sheet of AIDA ENGINEERING LTD. (“the Company”) and its subsidiaries as of March 31, 2008, and the related consolidated statements of income, changes in net assets and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company’s management. 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of March 31, 2008, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.


July 18, 2008

History

- 1917 AIDA Ironworks is founded in Honjo, Tokyo, by Yohei Aida.
- 1923 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 restarted two months later.
- 1951 Introduced the first Japanese crown capping press.
- 1955 Introduced the first 200tf high-speed automatic press.
- 1959 New factory constructed in Sagamihara City (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 a 2,500tf transfer press, the largest class in the world.
- 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 and Osaka stock exchanges.
- 1972 AIDA AMERICA CORP. is established.
- 1974 Tsukui Factory is constructed (the current Tsukui Plant Division in Sagamihara City).
- 1977 Introduced 3-D Motion Mark IV Transfer Press stamping center system.
- 1985 Nominated as a marginable stock at the Tokyo Stock Exchange. AIDA CANADA, INC. is established.
- 1989 AIDA STAMPING TECHNOLOGY PTE. LTD. is established in Singapore.
- 1990 AIDA INSTITUTE OF RESEARCH AND DEVELOPMENT is established in Sagamihara City.
- 1991 Awarded the Technology Development Prize from the Japan Society for Technology of Plasticity for AIDA's Precision Closed Die Cold Forging System.
- 1992 ACCESS, LTD., is established in Ishikawa Prefecture.
- 1993 AIDA HONG KONG, LTD. is established.
- 1995 Manufacturing bases are established in the United States and Malaysia. A new facility is constructed in Hakusan City in Ishikawa Prefecture. Awarded the Mitsui Precision Technology Prize from the Japan Society for Technology of Plasticity for AIDA's high speed HMX-U press.
- 1997 AIDA STAMPING TECHNOLOGY (THAILAND) CO., LTD. is established. Introduced the "New Corporate Identity Program."
- 1999 Received ISO 9001 certification.
- 2000 Awarded the Mitsui Precision Technology Prize from the Japan Society for Technology of Plasticity for the VL Series.
- 2001 Received ISO 14001 certification.
- 2002 AIDA S.r.l. FRANCE and AIDA CHINA offices are established. Introduced the world first direct-drive Digital Servo Former (now called the Direct Servo Former).
- 2003 Introduced the UL Series ultimate precision forming press.
- 2004 AIDA PRESSEN GmbH is established in Germany. An Italian corporation is acquired, and AIDA S.r.l. is established as a production facility.
- 2005 AIDA do BRASIL is established. PT AIDA STAMPING TECHNOLOGY INDONESIA is established.
- 2006 Awarded the Aida Technology Award from the Japan Society for Technology of Plasticity for Heavy-Plate FCF (Plate Structure) Process Method Development.
- 2007 A new plant is constructed on land adjacent to the headquarters.
- 2008 AIDA STAMPING TECHNOLOGY (INDIA) PVT. LTD. is established.
Completed the development of a 23000kN capacity large servo press.

Stock Information

(As of March 31, 2008)

Securities Code

6118

Listing

Tokyo Stock Exchange, 1st Section

Outstanding Shares

79,147,321

Minimum Purchasing Unit

1,000 shares

Number of Shareholders

7,289

Custodian of Shareholders

Mizuho Trust & Banking Co., Ltd.

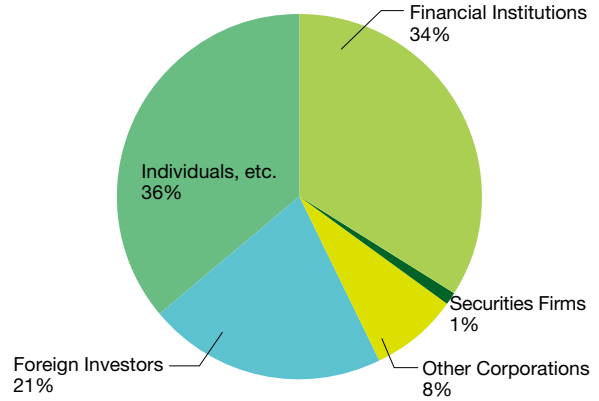
Accounting Term Date

March 31

Regular Shareholders Meeting

June

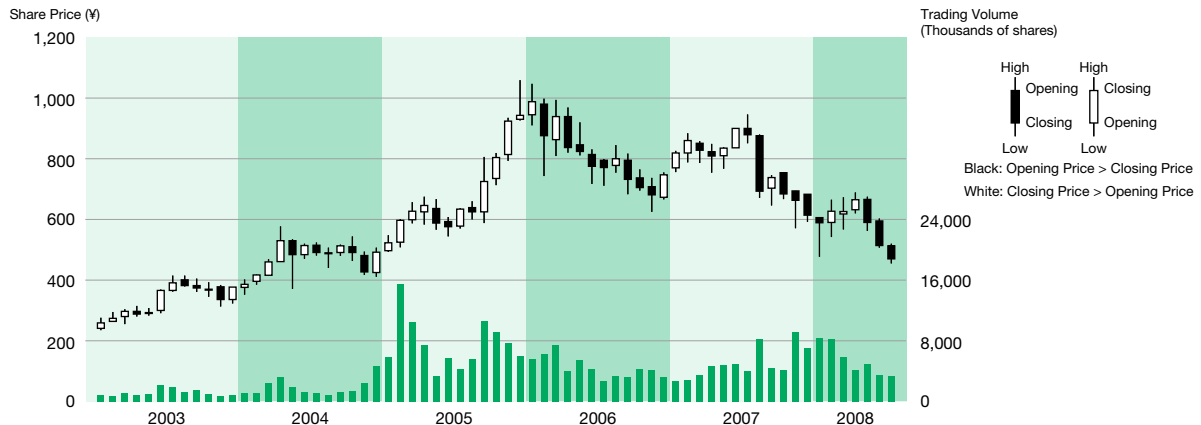
Breakdown of Issued Shares by Type of Shareholder:



Major Shareholders

	Number of Shares Held (thousands)	Percentage of Total Issued Shares (%)
The Dai-ichi Mutual Life Insurance Company	5,995	7.58
Nippon Life Insurance Company	3,725	4.71
The Master Trust Bank of Japan, Ltd. (trust account)	2,751	3.48
Meiji Yasuda Life Insurance Company	2,516	3.18
State Street Bank and Trust Company 505019	2,258	2.85
Mizuho Corporate Bank, Ltd.	2,179	2.75
DANSKE BANK CLIENTS HOLDINGS	2,045	2.58
Japan Trustee Services Bank, Ltd. (trust account)	1,869	2.36
RBC DEXIA INVESTOR SERVICE BANK ACCOUNT LUXEMBOURG NON RESIDENT / DOMESTIC RATE	1,592	2.01
BNP PARIBAS Securities (Japan) Ltd.	1,498	1.89

Monthly Share Price Range and Trading Volume



Corporate Data

(As of March 31, 2008)

Head Office:

2-10, Ohyama-cho, Sagamihara,
Kanagawa 229-1181, Japan

Phone (81) 42-772-5231

Facsimile (81) 42-772-5263

Founded March 1917

Established March 25, 1937

Capitalization ¥7,831 million

Number of Employees 1,610

Group Companies:

ACCESS LTD.

AIDA BUSINESS CORP.

Domestic:

Yamagata, Oyama, Takasaki, Higashi Kanto,
Nagano, Kanagawa, Hamamatsu, Nagoya, Chubu,
Hokuriku, Osaka, Chugoku/Shikoku, Fukuoka

Overseas: (As of August 31, 2008)

North America

AIDA AMERICA CORP. (U.S.A.)

7660 Center Point 70 Blvd., Dayton, Ohio 45424-6380, U.S.A.

Phone: (1) 937-237-2382

Facsimile: (1) 937-237-1995

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Facsimile: (1) 705-734-9695

South America

AIDA do BRASIL (BRAZIL)

Rua Jesuino Arruda 769, 04532-082, Itaim-bibi Sao Paulo (SP),
Brazil

Europe

AIDA S.r.l. (HEAD OFFICE, LECCO FACILITY) (ITALY)

Corso Europa, 240 23801 Calolziocorte (LC), Italy

Phone: (39) 0341-634111

Facsimile: (39) 0341-634151

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Via Brescia, 26 25020 Pavone Mella (BS), Italy

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Facsimile: (39) 030-9959377

AIDA S.r.l. FRANCE (FRANCE)

22 Rue Guynemer 78600 Maisons-Laffitte, France

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Facsimile: (33) 1-3912-0070

AIDA S.r.l. UK (ENGLAND)

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Phone: (44) 1332-648200

Facsimile: (44) 1332-648221

AIDA S.r.l. CZECH (CZECH REPUBLIC)

Nad Vr-ovskou horou 88/4 101 00 Praha 10, Czech Republic

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Facsimile: (420) 234-690-514

AIDA PRESSEN GmbH (GERMANY)

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Facsimile: (852) 2375-6581

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Phone: (60) 7-251-6688

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41/23 Moo 6, Bangna-Trad KM. 16. 5, Tambol Bangchalong,
Amphur Bangplee, Samutprakarn 1054010260, Thailand

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Cikarang Barat Bekasi - 17520, Indonesia

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AIDA STAMPING TECHNOLOGY (INDIA) PVT. LTD.

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Gurgaon, Haryana, India

Phone: (91) 124-414-3170

Facsimile: (91) 124-414-3173

AIDA HONG KONG, LTD. PHILIPPINES OFFICE (PHILIPPINES)

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