AIDA

AIDA ENGINEERING, LTD.

Annual Report 2013

A Global Leader in the Press Manufacturing Industry

Who We Are

AIDA ENGINEERING is a leading provider of press forming systems, which play an indispensable role in producing various industrial products. Leveraging our production and service networks around the world, we have supplied AIDA products to more than 60 countries to date. The Company also takes pride in the No. 2 position it holds in terms of sales among press machine manufacturers worldwide.

We have produced this annual report to explain the growth strategies that will be employed to further AIDA's development on the global stage as we approach the 100th anniversary of our founding. In the cover story, we will explain what AIDA presses make, what makes us grow, and what growth opportunities are present for the Company.

What AIDA Presses Make » P.02

What Makes Us Grow » P.04

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CAUTIONARY STATEMENTS WITH RESPECT TO FORWARD-LOOKING STATEMENTS

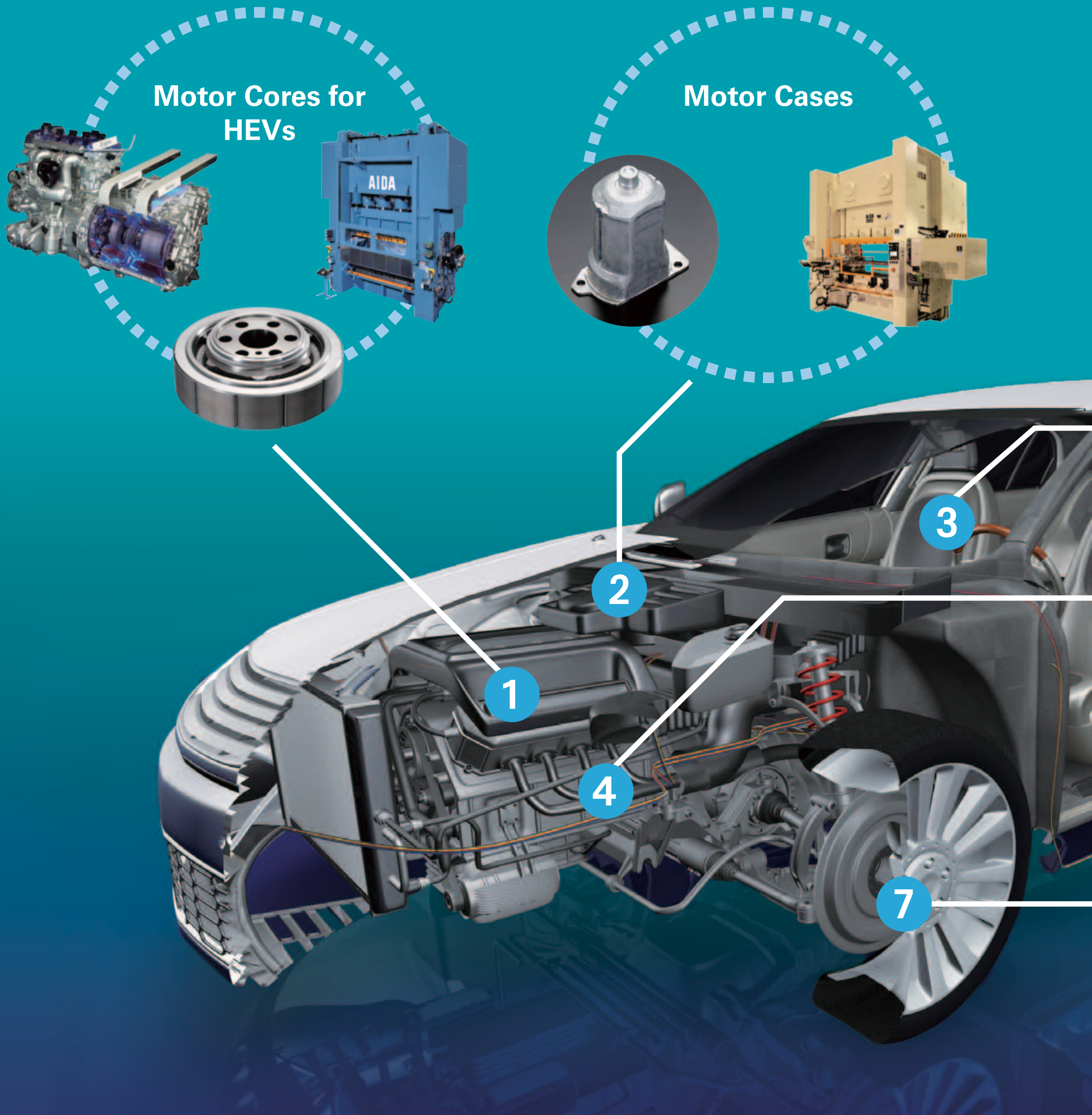
Statements made in this annual report with respect to plans and future performance that are not historical fact are forward-looking statements. These statements are based on management's assumptions and beliefs in light of currently available information. AIDA ENGINEERING cautions that a number of factors 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.

CAUTIONARY STATEMENTS WITH RESPECT TO GRAPHS AND FINANCIAL FIGURES

The amounts presented in yen are truncated after either billions or millions.

What AIDA Presses Make

The majority of the parts used to create automobiles are made by processing steel, aluminum, and other materials with press machines. Through the development and production of such press machines, AIDA creates a type of value that is beneficial to society.




Steering Parts
Transmission Parts
Seat Rail Parts
Powertrain Parts
Side Panels
5
6
AIDA

What Makes Us Grow

The recent economic growth in emerging countries and changes in the automotive industry have given birth to a variety of new needs among metalformers, some of our primary customers. Going forward, we will leverage the strengths we have honed as an industry leader to steadily address these needs as we pursue sustainable growth.

TRENDS

Economic Growth in Emerging Countries

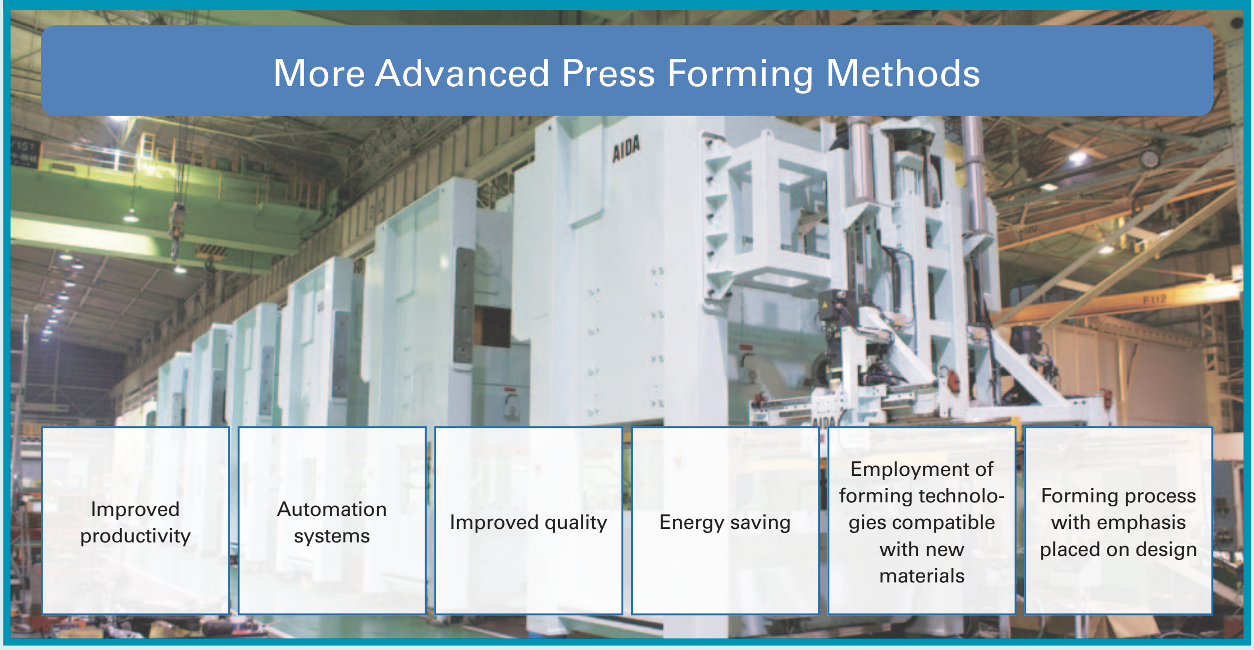
- Increasing demand for automobiles, consumer electronics, and other consumer goods
- Growing personnel expenses
- Greater demand for luxury automobiles following the expansion of high-income segments

Changes in the Needs of Users and Society

- Usage of new materials to make lighter automobiles
- Increasing demand for EVs, HEVs, and other eco-friendly automobiles
- Spread of environmentally friendly management

CUSTOMER NEEDS

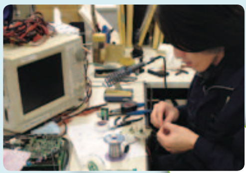
More Advanced Press Forming Methods



- Improved productivity
- Automation systems
- Improved quality
- Energy saving
- Employment of forming technologies compatible with new materials
- Forming process with emphasis placed on design

AIDA'S STRENGTHS

Support for constructing optimal production systems



Cutting-edge R&D

Superior technologies and quality

Material research, automation, methodology development, independent servo (control) technologies

High-quality manufacturing and products

Respond to customers' needs regarding various press forming systems by leveraging AIDA's strengths

Find growth opportunities in the changes in business environment

FINANCIAL HIGHLIGHTS

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

Net Sales	Operating Income	Net Income
UP	UP	UP
10.7%	69.1%	33.8%

* Year-on-year comparisons

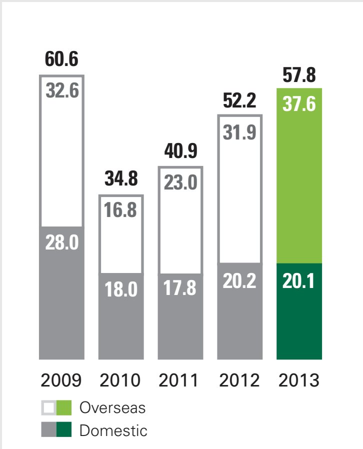
	Millions of yen					Thousands of U.S. dollars
	2009	2010	2011	2012	**2013**	**2013**
Orders	¥40,883	¥ 33,403	¥47,924	¥58,021	**¥73,033**	**$777,030**
Order backlog	25,058	23,563	30,497	36,278	**51,499**	**547,921**
Net sales	60,675	34,898	40,989	52,240	**57,812**	**615,096**
Operating income (loss)	955	(5,529)	1,461	2,221	**3,756**	**39,968**
Operating income ratio	1.6%	(15.8)%	3.6%	4.3%	**6.5%**	**—**
Net income (loss)	810	(12,090)	1,228	2,842	**3,803**	**40,472**
Net cash (used in) provided by operating activities	2,475	4,857	(2,359)	8,749	**5,938**	**63,183**
Net cash (used in) provided by investing activities	3,985	(294)	(1,253)	(1,231)	**(1,277)**	**(13,595)**
Free cash flow	6,460	4,562	(3,613)	7,517	**4,660**	**49,587**
Net cash (used in) provided by financing activities	(3,599)	309	(1,029)	35	**(1,446)**	**(15,390)**
Capital expenditures	3,248	578	689	2,667	**1,555**	**16,549**
Depreciation and amortization	2,728	2,684	1,403	1,378	**1,362**	**14,497**
Total assets	74,796	63,867	67,342	71,300	**82,118**	**873,691**
Total net assets	57,869	45,706	45,216	47,472	**52,978**	**563,656**
Shareholders' equity ratio	77.3%	71.5%	67.0%	66.5%	**64.4%**	**—**
Return on equity (ROE)	1.4%	(23.4)%	2.7%	6.1%	**7.6%**	**—**
Return on assets (ROA)	1.0%	(17.4)%	1.9%	4.1%	**5.0%**	**—**

Per Share Data	Yen					U.S. dollars
Net income (loss)–Basic	¥ 12.41	¥(189.36)	¥ 19.44	¥ 46.90	**¥ 62.67**	**$0.67**
Cash dividends	5.00	5.00	6.00	14.00	**19.00**	**0.20**
Net assets	905.90	715.08	745.19	781.51	**868.12**	**9.24**

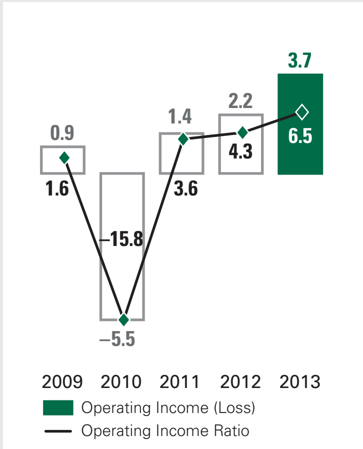
Note: U.S. dollar amounts have been translated at the rate of ¥93.99 = US$1, the current exchange rate on March 31, 2013.

ORDERS / ORDER BACKLOG
(Billions of yen)

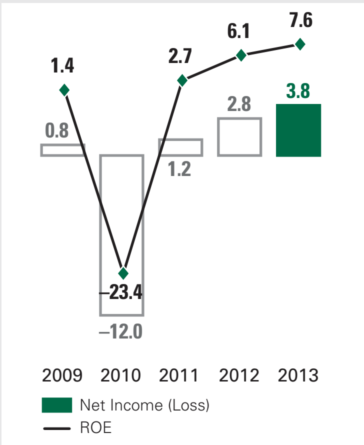
NET SALES
(Billions of yen)



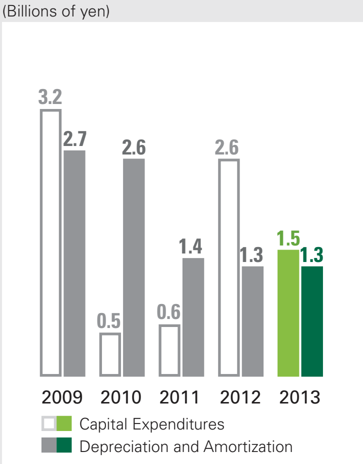
OPERATING INCOME (LOSS) / OPERATING INCOME RATIO
(Billions of yen / %)



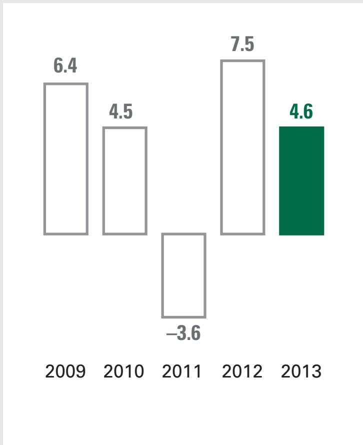
NET INCOME (LOSS) / ROE
(Billions of yen / %)



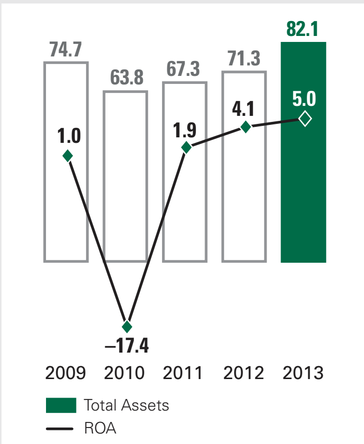
CAPITAL EXPENDITURES / DEPRECIATION AND AMORTIZATION
(Billions of yen)



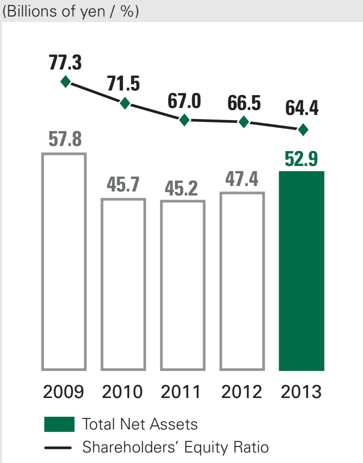
FREE CASH FLOW
(Billions of yen)



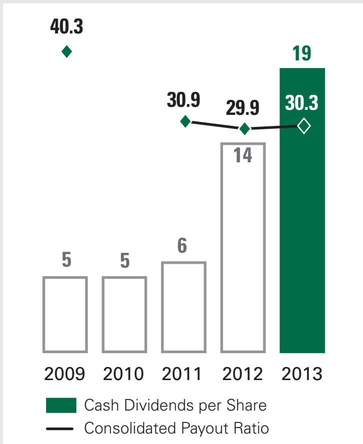
TOTAL ASSETS / ROA
(Billions of yen / %)



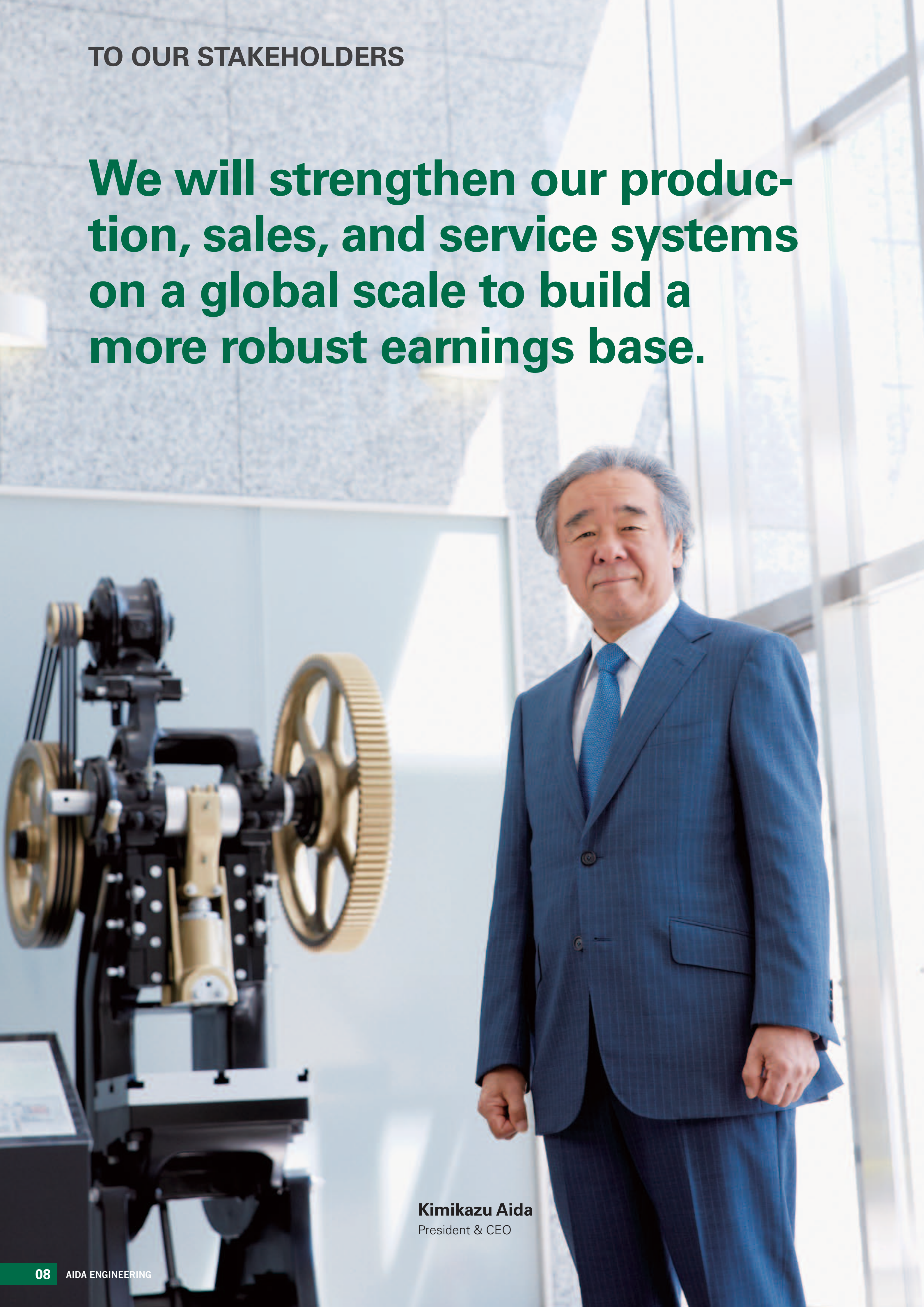
TOTAL NET ASSETS / SHAREHOLDERS' EQUITY RATIO
(Billions of yen / %)



CASH DIVIDENDS PER SHARE / CONSOLIDATED PAYOUT RATIO
(Yen / %)



We will strengthen our production, sales, and service systems on a global scale to build a more robust earnings base.



Kimikazu Aida
President & CEO

Looking Back at the Fiscal Year Ended March 31, 2013

In the fiscal year under review ended March 31, 2013, there were concerns about economic slowdowns in emerging countries, which had previously been responsible for driving growth in the global economy. While this resulted in an air of uncertainty, the overall trend in the global economy was toward recovery. Following the institution of the new administration in Japan, the domestic economy saw the depreciation of the yen and a rise in Japanese stock prices, which brought an anticipation of economic recovery.

Meanwhile, the press machine manufacturing industry suffered from an ongoing depression in the domestic market as well as a sudden slump in export orders to China, Southeast Asia, and other areas that began during the fourth quarter. Accordingly, the Japan Forming Machinery Association, of which the Company is a member, recorded a 25.1% year-on-year drop in orders for press machines for the year.

As a result, the industry faced a harsh market. Under these conditions, the AIDA ENGINEERING Group fully leveraged its global network to accelerate sales activities with an emphasis on growth markets and winning business from new overseas customers. Due to these efforts, orders in the fiscal year under review rose 25.9% year on year, to a record high of ¥73.0 billion. Order intake was particularly successful in the Americas, where orders were 2.5 times higher than in the previous fiscal year. In response to the rise in orders, we pushed forward with the reinforcement of our global production systems, and net sales increased 10.7% year on year to ¥57.8 billion, operating income rose 69.1% to ¥3.7 billion, and net income was up 33.8% to ¥3.8 billion, marking our third consecutive year of higher sales and income.

Medium- to Long-Term Market Outlook

In the fiscal year under review, we achieved record highs for both orders and order backlog, an accomplishment that was supported by the global expansion of capital expenditures by automotive manufacturers, which account for more than 70% of AIDA's net sales. Growth in the automotive industry is expected to continue over the medium to long term in conjunction with the progression of motorization trends in emerging countries. Our basic strategy going forward will be to utilize the expansion of the automotive industry to drive our own growth.

The automotive industry is developing on a global scale with its main arena of competition located in emerging countries, and this situation is creating a number of important trends for the Company's future. One such trend is the accelerating globalization of production seen among various automotive manufacturers. Both manufacturers of completed automobiles and the suppliers that cater to them are accelerating the construction of production systems, sometimes simultaneously developing production bases in different regions. As part of this process, their production lines are being built to allow the same products and components to be manufactured in different regions to effectively enhance flexibility. This trend has led to a rise in demand for servo presses, which enables the sharing of digital metalforming data among production bases, helping customers to standardize their production activities.

The second trend is toward lighter-weight vehicles. Around the world, manufacturers are upping the ratio of high-tensile steels used in their automobiles in order to make the vehicles lighter. This reflects environmental and safety concerns. Traditionally, the metalforming of such steels was plagued by a number of issues, such as the extreme stresses exerted on the presses used in this process. However, the development and advancement of servo presses has expanded the range of possibilities for press metalforming, making these machines more compatible with such steels and creating significant business opportunities for AIDA.

The third important trend is increased modularization of parts. In the past, automotive parts were generally manufactured in a high-mix, low-volume style in which parts manufacturers, often affiliated, would frequently adjust the specifications of parts in accordance with the vehicle in which they were used. However, it is now common for the same body and parts to be used in different types of vehicles. This is a way to boost cost-competitiveness. The trend toward sharing parts has given rise to "mega suppliers," which are born when certain suppliers are contracted as the sole supplier for parts for production all over the world. Our ability to respond to the needs of such mega suppliers and secure their orders will likely influence the future of the Company to a significant degree.

AIDA started production overseas approximately 20 years ago. Over the years, we have continually strengthened our sales and service systems in local markets. These systems enabled us to secure high levels of trust from customers in these markets. Going forward, we will continue to build on the Company's strengths, including our competitive levels of production costs and quality and the ability to respond with exactness to the needs of users worldwide.

On a less positive note, in the electric machinery industry, which accounted for approximately 30% of our net sales until just a few years ago, we believe that growth in capital expenditures in Japan is unlikely. Nevertheless, opportunities remain for us to expand earnings in this market. Specifically, I see opportunities with regard to high-value-added products, an area where AIDA is a cut above the competition. Products offered in this area include automation systems for improving the productivity of users in emerging countries as well as high-speed precision presses for manufacturing motor cores, which require the use of highly sophisticated technologies.

Initiatives to Improve Profitability

OVERVIEW OF THE MEDIUM-TERM MANAGEMENT PLAN

SLOGAN

"As a forming systems builder, we will strike a balance between 'innovation' and 'continued sustainable growth as a global corporation,' and we will expand as a corporate group that is trusted by society."

PERFORMANCE TARGETS

Net Sales:
Net sales exceeding ¥65.0 billion by the March 31, 2014 fiscal year-end

Operating Income Ratio:
A stable ratio of at least 8% by the March 31, 2014 fiscal year-end

Shareholder Return:
A consolidated payout ratio of approximately 30%, taking into account the consolidated dividends on equity (DOE) ratio

KEY POLICIES

Creating Customers
(1) Focusing on growing markets
(2) Upgrading and expanding innovative products

Increasing Value-Added Content
(1) Focusing on strong products (high market share and high profitability) and high-income operations
(2) Improved productivity = improved inventory asset turnover ratios and higher overseas production ratios

The Medium-Term Management Plan that we launched in the fiscal year ended March 31, 2012 set a target for net sales exceeding ¥65.0 billion and an operating income ratio of at least 8% by the close of the fiscal year ending March 31, 2014. Accomplishing this goal will necessitate improved profitability, and we are taking a three-pronged approach toward this management task.

The first prong of this approach is directed toward the development and sales of presses. One of the most significant factors impeding profitability is the unexpected form our product mix has taken. As mentioned, capital expenditure is sluggish in Japan's electric machinery industry. Added to this, demand for consumer electronics in China and other parts of Asia has returned to normal levels. Due to these factors, sales of more profitable general-purpose presses and high-speed precision presses have declined, resulting in a less desirable product mix. We are taking steps to address this issue in both product categories. For general-purpose presses, we are promoting sales of new servo presses. AIDA plans to launch servo presses that deliver improved productivity and environmental performance without sacrificing the high levels of quality that are characteristic of direct-drive servo presses. We anticipate that these presses will help us to capture customers both inside and outside of Japan. As for high-speed precision presses, we intend to focus on expanding sales of presses for producing the motor cores used in consumer electronics and other items for sale in Southeast Asia and India as well as in electric vehicles (EVs) and hybrid-electric vehicles (HEVs). Such presses represent a large share of the market. At the same time, we will pursue higher profitability for mid-size and large presses, which account for a significant portion of net sales. This will be accomplished primarily through the reduction of development expenses by capturing additional press orders from existing customers and by lowering the cost of sales by streamlining production activities.

The second prong of our approach will involve expanding our service business, from which we can expect a higher level of profitability than from press sales. To facilitate this expansion, we have integrated our sales and service divisions to establish an organizational structure that better facilitates coordination. In the past, service divisions usually did not begin a job until a request was received from a customer; in other words, they operated passively. However, going forward we will conduct these businesses in a more proposal-oriented way, taking a more proactive stance in capturing demand on our own. One key to success on this front will be the development of a modernization business that adds state-of-the-art technologies to our existing high-rigidity presses to achieve improved productivity and other user benefits. We are already seeing strong demand for this business, with orders received not only in Japan but also from Russia, a country where a number of manufacturers still use older presses purchased many years ago.

The third and final prong in our approach to improving profitability is the strengthening of our global production systems. AIDA's network of production bases encompasses Japan and four other countries around the world, and we are currently using this network to bolster our capability to divide production among bases in different parts of the world. As one facet of these efforts, we are fully leveraging the capacity of each production base to shorten delivery times and cut production and transportation costs for large presses, where we are seeing growing demand. In addition, our Malaysian factory, which boosted its production capacity during the previous fiscal year, will be positioned as the main base for producing general-purpose presses, a role that was previously played by bases in Japan. In addition, this factory will be equipped to produce servo motors for use in general-purpose presses. Furthermore, the development and production of high-speed precision presses for the Malaysian market has already commenced at this factory, as have efforts to expand sales channels in the Indian market. In a manner similar to our Malaysian factory, a Chinese factory also boosted production capacity in the preceding fiscal year, and we hope to have this factory running at full capacity during the fiscal year ending March 31, 2014. In addition, we are expanding a factory in Italy, which will be twice as large as before when construction is completed in the fall of 2013. This assumes, of course, that everything proceeds as planned. The expansion of this factory will include increasing the amount of space devoted to assembly lines as well as installing equipment so that manufacturing processes previously outsourced can be internalized. We believe this move will help to boost the value of our products, shorten delivery times, and improve product quality.

By boosting the capabilities of overseas production bases in this manner, we are developing global production systems that will enable production to be conducted with greater freedom and flexibility. We anticipate that these efforts will lead to shorter delivery times, lower costs, and achieve a more balanced operation, which in turn will contribute to greater managerial efficiency and improved profitability.

Growing Our Business

Thanks to the ongoing support of our shareholders, customers, suppliers, local communities, and all of our other stakeholders, AIDA is posed to mark the 100th anniversary of its founding, a momentous occasion that will be celebrated in 2017. In the years leading up to today, we have overcome countless changing operating environments. Despite the challenges, we have continued to grow, with very few business losses. I think this history of excellence reflects AIDA's constant position at the forefront of the industry, developing servo technologies and establishing overseas bases a step ahead of the competition.

In this endeavor, we have continued to be propelled forward by our underlying stance of pursuing strong and continuous growth relatively unaffected by external changes. This stance has inspired us to maintain a medium- to long-term perspective and push forward steadily with technological innovation.

We realize that expanding the scale of operations without careful consideration can impede a company's ability to stably produce quality products. Moreover, companies that undertake such expansion will see their profitability deteriorate if demand declines, as they will be forced to decrease capacity utilization. Because of this, I believe it is important to focus on maintaining quality and steadily refining operating systems that enable the generation of stable profits. With this as a basic policy, we view M&A activities as a potential option for expanding AIDA's operating base if we identify an acquisition target suited to the Company's growth strategies. Of course, we also realize that we will need to conduct R&D activities and cultivate superior personnel to support these activities if we are to continue to generate profits in the future, and we are advancing initiatives in these areas accordingly.

After the financial crisis of 2008, we began working to address our overdependence on Japanese users. To this end, we focused on securing orders from prominent customers in Europe and the United States, and we have already developed a noteworthy track record of large-scale orders from such users. However, our presence in the European and U.S. markets is still that of the "away team." Recognizing this difficult position, I find myself reminding employees on a daily basis of the importance of a determination to face new challenges. I also realize that I must continue to nurture such a spirit in myself, and that AIDA must always be ready to take on new challenges. At AIDA, we are devoted to satisfying users all around the world, and we will continue to tackle challenges going forward with the aim of accomplishing this and living up to the expectations of our shareholders and other stakeholders.

July 2013

Kimikazu Aida
President & CEO

FREQUENTLY ASKED QUESTIONS RELATED TO MANAGEMENT POLICIES

The following are some of the questions received frequently from shareholders and investors, and the Company's responses.

Q. What are your performance forecasts and shareholder returns policies for the fiscal year ending March 31, 2014?

In the fiscal year ending March 31, 2014, we expect capital investment in the automotive industry to continue expanding on a global scale. As such, we believe that the automobile industry will provide sufficient business opportunities in a number of markets. These include the North American market, where we receive numerous inquiries from both Japanese and local manufacturers; the Chinese market, where demand is recovering among European and U.S. companies that operate there; and the Brazilian market, which is seeing brisk capital investments by prominent users.

Based on these projections, our initial forecasts for the fiscal year ending March 31, 2014 call for net sales of ¥65.0 billion, operating income of ¥4.7 billion, and net income of ¥4.2 billion. These forecasts are based on the assumption of foreign exchange rates of ¥95 to the U.S. dollar and ¥120 to the euro. This year represents the final year of the current Medium-Term Management Plan, and we are working all-out to achieve the goals of the plan.

Regarding shareholder return, we have set a basic policy of providing stable dividends in consideration of our dividend on equity (DOE) ratio and targeting a consolidated payout ratio of approximately 30%, while adjusting dividends to reflect performance. Internal reserves are used to fund research and development, conduct capital investment for improved productivity and quality, strengthen global systems, and boost the Company's overall competitiveness.

In the fiscal year under review, we issued dividend payments of ¥19.00 per share, for a DOE ratio of 2.2%. In the fiscal year ending March 31, 2014, we plan to issue payments of ¥20.00 per share.

FORECASTS OF THE FISCAL YEAR ENDING MARCH 31, 2014 CONSOLIDATED RESULTS (Millions of yen)

		% change
Orders	¥77,000	5.4%
Net sales	¥65,000	12.4%
Operating income	¥ 4,700	25.1%
(Operating income ratio)	7.2%	0.7 point
Net income	¥ 4,200	10.4%

Q. Operations in Europe continue to face a challenging situation. What are your considerations in developing these operations?

We continue to focus on operations in Europe for two major reasons.

The first is that we aim to boost AIDA's brand recognition in Europe. Owing to efforts over many years, we have succeeded in capturing an impressive share of the business from Japanese manufacturers. In the global market, however, AIDA's name is not yet widely known. Looking at the global automobile production industry as a whole, Japanese manufacturers represent approximately 30% of the industry, with the rest from Europe, the United States, or China. Also, there is a concentration of automotive parts manufacturers and other prominent press users in Europe.

Development of operations in Europe requires us to address differences in specification standards as well as in the fundamental stance that users have toward manufacturing. As we do this, we must face intense competition from the leading press manufacturers in these markets. Due to this adversity, our European operations have yet to achieve profitability. Nevertheless, we have acquired a great deal of valuable knowledge that we believe will help drive our business growth in the medium to long term. And if we had not undertaken this challenge, we would not enjoy the track record in Europe we have today, nor would we have been able to develop our operations, which are now truly global.

The second reason for our focus on Europe is the relatively stable level of capital investment seen in this region's automotive industry. Following such occurrences as the financial crisis of 2008 and the European sovereign debt crisis, consumer spending has slumped, especially in developed nations. Despite this, European users, which began globalizing their operations at an early date, have continued to conduct capital investment in emerging countries and other high-demand regions. To continue growing and to free the AIDA ENGINEERING Group from undue influence caused by trends in specific regions or a select group of users, it is important for us to capture customers from which we can expect a stable level of demand going forward.

Q. What are your goals for developing global production systems going forward, and what specific initiatives will you implement to this end?

Currently, approximately 40% of production is conducted at overseas sites, but we aim to boost this percentage to 50% in the future.

A major goal of stepping up overseas production is to enable the Company to leverage the benefits of manufacturing products close to the regions where demand exists: benefits such as lower procurement and logistics costs, shortened lead times, and reduced exposure to foreign exchange risks. At the moment, we are accelerating such efforts to conduct production in the regions where products will be used. The next step will be to realize smooth coordination within our network of production bases located in five countries, to divide production more effectively among bases in different parts of the world. In the fiscal year under review, we implemented such a division for an order for large-scale presses. Basic designs were drawn up in Europe, while key parts were procured and produced in Japan, and the final product was assembled in China. In this manner, we are pursuing the overall optimization of our production activities from the perspectives of costs, quality, and delivery times, while taking into consideration the production capabilities and capacity utilization ratios of each production base. This type of optimization will enable us to satisfy customers while improving profitability. We recognize that achieving this optimization will require a production system in which all sites are brought to a uniformly high level of quality. After many years of efforts, we are nearing the completion of such a system.

As one facet of these efforts, we will invest ¥4.0 billion during the fiscal year ending March 31, 2014, approximately 2.6 times the amount for the fiscal year under review. This investment will be directed toward expanding our Italian factory and increasing the capacity of our Malaysian factory. Going forward, we plan to further strengthen overseas production bases in high-demand markets by conducting previously outsourced processes in-house, improving efficiency, and undertaking other reforms to shorten delivery times and improve quality.

LOCATION AND EMPLOYEE NUMBERS OF PRODUCTION SITES IN FIVE COUNTRIES IN FOUR PRINCIPAL MARKETS

Q. What are your plans for hiring and training overseas employees in the future?

Hiring of employees for overseas bases is, in principle, conducted by subsidiaries in the respective countries. Training, however, is conducted by Japanese employees dispatched to these countries from production, technology, and other departments. These Japanese employees provide on-site guidance and training to ensure that overseas bases share our stance toward manufacturing and maintain the uncompromised levels of technologies and quality that we expect. We have also enhanced training programs through which overseas employees are educated in Japan, and are combining these with exchanges between overseas bases to transmit the AIDA ENGINEERING Group's technologies and improve the overall quality of our products.

CORPORATE GOVERNANCE

At AIDA ENGINEERING, enhancing and strengthening corporate governance systems are key management priorities. The Company is working to reinforce the functions of its management systems to ensure fairness and soundness, and is also focusing on bolstering its management supervisory functions to expedite decision-making and ensure management transparency.

Governance Structure

The Company has appointed two external directors and three external statutory auditors, each of whom maintains a high degree of independence. By adopting an operating officer system and enhancing its internal control system, the Company works to reinforce the functions of its management systems to ensure fairness and soundness while striving to expedite decision-making and ensure management transparency.

Directors, the Board of Directors, Operating Officers and the Management Council

The Company's management structure comprises 17 persons: 15 operating officers, seven of whom concurrently serve as directors, and two external directors, both of whom are independent directors as defined by the Tokyo Stock Exchange. The Board of Directors functions as the decision-making body for important matters mandated by law and as a supervisory body for the execution of business operations. The Company has adopted an operating officer system as a means of expediting management decision-making and clarifying lines of authority and responsibility. The Management Council—comprising the directors, statutory auditors, and operating officers—discusses management policies and issues, and strives to achieve a unified management purpose and swift execution of business operations. The external directors and external statutory auditors proactively offer their views and opinions at meetings of the Board of Directors and other forums based on their specialist knowledge and expertise.

Statutory Auditors and the Board of Auditors

The Company appoints three statutory auditors, all of whom are external statutory auditors and are independent auditors as defined by the Tokyo Stock Exchange. The statutory auditors attend important meetings, including meetings of the Board of Directors, and receive reports from the accounting auditor. The statutory auditors also receive briefings and inspect important documents related to the Company's business, and carry out on-site inspections of the operations and assets of each division of the Company. In addition, the statutory auditors evaluate the legal compliance and appropriateness of the directors' execution of duties.

Remuneration for Directors and Statutory Auditors

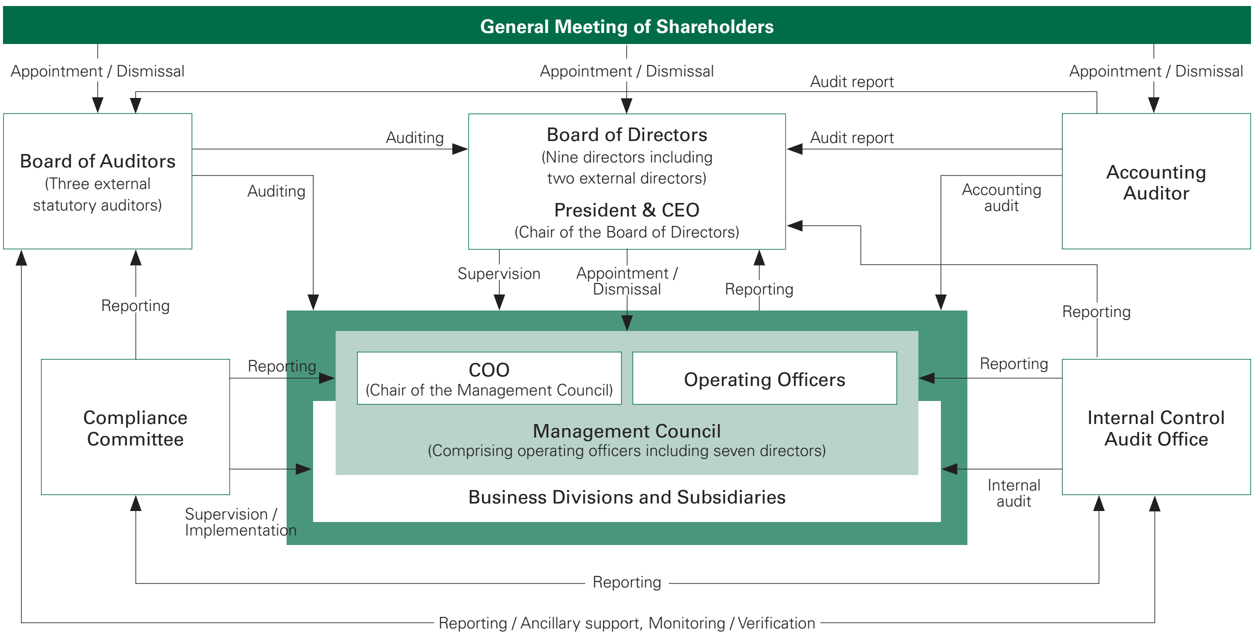
In the fiscal year ended March 31, 2013, remuneration for the Company's directors and statutory auditors was as follows.

(Millions of yen)

	Number of persons	Basic remuneration	Stock options	Bonus	Total amount
Directors (excluding external directors)	6	¥97	¥33	¥66	¥197
External directors	3	¥15	—	—	¥15
Statutory auditors (all external)	4	¥24	—	—	¥24

Note: Figures above include remuneration paid to one external director and one statutory auditor that resigned from their positions following the conclusion of the general meeting of shareholders held in June 2012.

CORPORATE GOVERNANCE STRUCTURE (As of June 27, 2013)



Internal Control System

To ensure stringent legal compliance and promote the highest ethical standards in the conduct of its business, the Company has formulated the "AIDA Group Action Guidelines." The Company has also established the Compliance Committee to strengthen its internal control system. In addition, the Internal Control Audit Office, which has two specialists on staff, evaluates training programs related to the AIDA Group Action Guidelines and the status of the Guidelines' implementation.

Furthermore, the Company strives to ensure the reliability of its financial reports in accordance with the Financial Instruments and Exchange Act by conducting reviews of the status of Groupwide control systems and control activities.

Risk Management System

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 Management Council. Inherent risks in daily operations are usually handled by the respective business units, but depending on the nature of the risk we have also established a dynamic risk management structure to respond to such risks. This includes committees for health and safety, product liability, export administration, risk management, and other cross-functional committees, as well as project teams assembled to address specific risks.

Initiatives to Enhance Corporate Governance in the Fiscal Year Ended March 31, 2013

In the fiscal year ended March 31, 2013, we revised and simplified internal control systems while leaving the fundamental framework intact. In addition, we steadily instituted workflow documentation processes and verified the accuracy of these processes with the aim of improving the reliability of financial reports.

The scope of evaluation for the Internal Control Report system for financial reports described in the Financial Instruments and Exchange Act (known as J-SOX) consists of nine consolidated Group companies, including several overseas subsidiaries. This scope was fixed based on discussions with the accounting auditor. For bases of particular significance, members of the Internal Control Audit Office visited the bases to speak directly with on-site representatives, after which they evaluated the bases' internal control systems related to sales, procurement, and other workflow processes, as well as how these systems were implemented.

After conducting these internal evaluations and holding discussions with the accounting auditor with regard to the reliability of financial reports and the effectiveness of workflow processes, we compiled the results in an Internal Control Report, which we submitted together with our securities filing. The results of internal control audits are reported to the Board of Directors each year, and we have effectively confirmed the functionality of the Company's internal control systems.

Message from an External Director

Kimio Oiso

External Director

Kimio Oiso became an external director of the Company in June 2012. Previously, he held such prominent positions as representative director and senior managing executive officer of the Dai-ichi Mutual Life Insurance Company (currently The Dai-ichi Life Insurance Company, Limited). Today, he is the president of the Cardiovascular Institute.

AIDA ENGINEERING was among the earlier companies to begin employing external officers, and currently some 40% of its officers are external (two of the nine directors and all three statutory auditors). The Company's external directors and statutory officers attend and state their opinions at meetings of the Board of Directors and also participate in monthly meetings of the Management Council as well as monthly meetings held for the purpose of reporting on and evaluating the business performance of each division. In addition, external officers, myself included, participate in global conferences held twice a year, which are attended also by managers of overseas operating bases. Accordingly, we can express our opinions at forums where management policies for the entire AIDA Group are discussed. The Company actively incorporates these outside opinions into its corporate governance systems.

AIDA's external officers are expected to actively offer advice and suggestions in a wide range of forums, in addition to the time when final decisions are made, after being provided with a wide range of information on operating and other matters. These expectations encourage external officers to play an active role in discussions, effectively strengthening the functionality of external checks on the Company's operations.

AIDA manufactures and provides press machines, equipment that is used continually over exceptionally long periods of time, and customers evaluate these machines with an extremely exacting eye. Nevertheless, AIDA has continued to win the trust of customers throughout its long history, and the AIDA brand has won global recognition. I believe the Company's ability to achieve this standing is due to the fact that it always conducts management from a big-picture perspective. This perspective itself is the result of vigorous exchanges of opinions among the ranks of management, including the President and other officers below him, and the Company's receptive stance toward the opinions of external officers.

I thus feel confident in saying that AIDA's corporate governance systems are functioning properly. Nonetheless, going forward, I intend to work in my capacity as an external director to help further the growth of AIDA ENGINEERING and develop it into an even better company.

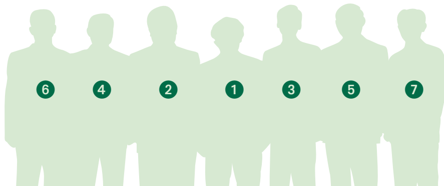
BOARD OF DIRECTORS (AS OF JUNE 27, 2013) * Excluding external directors

President & CEO

Kimikazu Aida ❶

Directors

Naoyoshi Nakanishi ❷
Hiromichi Kataoka ❸
Sadayuki Kanemura ❹
Takashi Yagi ❺
Yap Teck Meng ❻
Ken Masuda ❼



External Directors

Name	Reasons for appointment	Major activities in the fiscal year ended March 31, 2013
Takeru Yamazaki	Having previously served as a manager, Takeru Yamazaki has a wealth of related experience and expertise. He was appointed as an external director with the aim of utilizing this experience and expertise in management. He has also been designated as an independent officer as he has no conflicts of interest with general shareholders based on the criteria stipulated by the Tokyo Stock Exchange.	In the fiscal year ended March 31, 2013, he attended all 12 meetings of the Board of Directors held during the year, at which he offered advice based on his perspective as a former officer at a major commercial bank.
Kimio Oiso	Having previously served as a manager, Kimio Oiso has a wealth of related experience and expertise. He was appointed as an external director with the aim of utilizing this experience and expertise in management. He has also been designated as an independent officer as he has no conflicts of interest with general shareholders based on the criteria stipulated by the Tokyo Stock Exchange.	In the fiscal year ended March 31, 2013, he attended all 10 meetings of the Board of Directors held after his appointment as a director, at which he offered advice based on his perspective as a former officer at a life insurance company. He also attended two meetings of the Board of Directors and two meetings of the Board of Auditors during his period as a statutory auditor.

EXTERNAL DIRECTORS AND EXTERNAL STATUTORY AUDITORS (AS OF JUNE 27, 2013)

External Directors

Takeru Yamazaki 1
Kimio Oiso 2

External Statutory Auditors

Shigeo Matsumoto 3*
Hiroshi Kanai 4
Shigeru Makinouchi 5

* Standing Statutory Auditor

External Statutory Auditors

Name	Reasons for appointment	Major activities in the fiscal year ended March 31, 2013
Shigeo Matsumoto	Having previously served as a manager, Shigeo Matsumoto has a wealth of related experience and expertise. He was appointed as an external statutory auditor with the aim of utilizing this experience and expertise in the Company's auditing system as a lawyer. He has also been designated as an independent officer as he has no conflicts of interest with general shareholders based on the criteria stipulated by the Tokyo Stock Exchange.	In the fiscal year ended March 31, 2013, he attended all 12 meetings of the Board of Directors and all nine meetings of the Board of Auditors held during the year, at which he offered advice based on his perspective as a former officer at a major commercial bank.
Hiroshi Kanai	Having previously served as a manager, Hiroshi Kanai has a wealth of related experience and expertise. He was appointed as an external statutory auditor with the aim of utilizing this experience and expertise in the Company's auditing system. He has also been designated as an independent officer as he has no conflicts of interest with general shareholders based on the criteria stipulated by the Tokyo Stock Exchange.	In the fiscal year ended March 31, 2013, he attended seven of the 10 meetings of the Board of Directors and all seven of the meetings of the Board of Auditors held after he was appointed as a statutory auditor, at which he offered advice based on his perspective as an officer at a life insurance company.
Shigeru Makinouchi	Having previously served as an attorney, Shigeru Makinouchi has a wealth of related experience and expertise. He was appointed as an external statutory auditor with the aim of utilizing this experience and expertise in the Company's auditing system. He has also been designated as an independent officer as he has no conflicts of interest with general shareholders based on the criteria stipulated by the Tokyo Stock Exchange.	He was newly appointed to the position of external statutory auditor at a general meeting of shareholders held in June 2013.

—AIDA's "Servo × Service" Strategy—

AIDA takes pride in having the second largest global market share and industry-leading technological capabilities. The source of AIDA's unrivaled competitiveness is found in its continuing development of the servo technologies it developed independently ahead of the competition. Building upon its Medium-Term Management Plan, which will be completed at the end of the fiscal year ending March 31, 2014, AIDA is now proactively advancing the plan's key policies of creating customers and increasing value-added content. In this endeavor, we are utilizing growth strategies focused on our servo technologies, new high-priority areas, and service businesses.

Servo motor developed by AIDA

1

Servo

Creating Customers by Utilizing AIDA-Developed Servo Technologies

Press machines use dies to apply pressure to metal materials in order to create a wide variety of product shapes. Presses are classified as mechanical (mechanical drive) presses and servo (servo motor drive) presses based on differences in their drive systems. In the press metalforming world, mechanical presses had been the workhorses for a long time, but the introduction of servo presses has revolutionized the industry. In conjunction with changes in forming materials, such as the introduction of lightweight yet strong high-strength materials (high tensile strength steel sheets), and changes in user requirements in terms of more sophisticated formability, servo presses capable of responding to both of these changes were introduced to the market, and now servo presses have become the main type of press employed by users in need of cutting-edge technologies. Leveraging the three value-added capabilities of its independently developed direct-drive servo presses—formability, productivity, and energy conservation—AIDA is positioning itself as the leading servo press company both in Japan and overseas.

Fulfilling the Manufacturing Requirements of a Global Age

In contrast to the increasingly mature market characteristics in Japan, overseas automotive production is continuing to see strong growth. The global automotive OEMs and automotive parts suppliers that are AIDA's primary customers are increasingly shifting their development and production to emerging countries. At the same time, the needs of these users are also becoming increasingly sophisticated as they are standardizing designs, seeking to achieve safety with environmental friendliness, and placing greater emphasis on design. Servo presses meet the needs of this era, and the servo press market is forecasted to continue to see steady growth.

Sophisticated Designability and Productivity

Automotive manufacturers take great pride in their body designs. Making outer body panels with innovative and appealing three-dimensional shapes requires highly advanced metal forming technologies.

Because AIDA servo presses generate strong pressures even at low speeds, they enable the forming of even more stylish body contours. Moreover, configuring the optimal forming condition settings beforehand greatly shortens the die adjustment process and leads to even more efficient and stable production.

Efficient and stable processing of low-formability materials

Accommodating the Forming of New Materials Developed to Reduce Vehicle Weight

As the global automotive industry moves ahead with initiatives to reduce vehicle weight in order to improve mileage and reduce CO_2 emissions, it is also working to improve crash safety by using increasingly stronger body materials. In order to satisfy both of these contradictory requirements, manufacturers have begun using lighter and stronger ultra-high-strength materials in their internal automotive frames, body panels, and other components, but parts formed from these new kinds of materials in mechanical presses using conventional forming methods are prone to develop cracks and thus manufacturers are having to deal with erratic product quality. AIDA servo presses solve this problem by flexibly controlling the press motion when pressure is being applied.

Achieving Standardization on a Global Scale

In terms of automotive development and production, the simultaneous production startup and marketing of new models on a worldwide basis and the modularization of the assembly of models using shared specifications by using standardized parts is spreading, and suppliers are seeking to standardize their products on a global scale. Servo presses enable users to leverage the capability to save and replicate forming data to reduce the burden on the engineers at the various production facilities as well as achieve uniform quality worldwide.

Servo Technology—The Main Driver of AIDA's Growth

The primary advantage AIDA has over other competitors in the press industry is the fact that it conducts in-house production of all major components. AIDA's ability to manufacture components independently gives it an edge in many ways in the market.

One example of this is found in the high performance of AIDA presses. Servo motors, the cores of servo presses, have been designed and manufactured in-house to deliver the optimal motions required for press metal forming. The freely programmable motor motions that are made possible by the optimal motor specifications deliver greatly improved forming accuracy, forming capabilities, and durability, and also lengthen the lifespans of dies.

Additionally, AIDA not only manufactures its servo motors in-house, but also has independently developed everything—from the software to the optimal energy management system used to control the power supplies, servo amps, and the press motion—which enables AIDA to offer a complete servo system package.

This allows for the realization of a complete forming system that can flexibly meet customer needs and deliver precise press metalforming.

AIDA's performance is supported by strong, consistent demand from automotive-related industries that require servo technologies for tandem lines and transfer lines in order to manufacture complex and sophisticated shapes in multi-stage forming processes. AIDA was a latecomer in the outer body panel forming field, but it is AIDA's independently developed servo technology that has been the main driver for growth and increased brand recognition.

Servo transfer press system that received an award in *Nikkan Kogyo Shimbun*'s 2012 (55th) Best 10 New Product Awards

TOPICS: Global Expansion of Our Strategic DSF Product Line

In July 2013, the culmination of AIDA's amassed servo technology was unveiled in a long-awaited new model—the DSF-C1-1100A. It is an advanced servo press model with simple advances in the evolutionary process of function and operation. Aimed at users that have not purchased servo presses before, our goal is to first attract users among small and mid-size Japanese companies and then expand sales overseas to Asia and beyond.

Characteristics

Advanced productivity	Achieves better productivity thanks to a newly developed servo motor
Advanced operability	Enables optimized settings via simple operations thanks to the auto-calculation feature used for forming conditions, etc.
Advanced energy efficiency	Delivers stable, energy-efficient operation thanks to the electrical peak power reduction feature

AIDA has established the DSF designation as the brand name for all AIDA servo presses, and is currently applying for global trademark rights. The DSF-C1-1100A is a strategic global product that is spearheading this effort.

2 Service

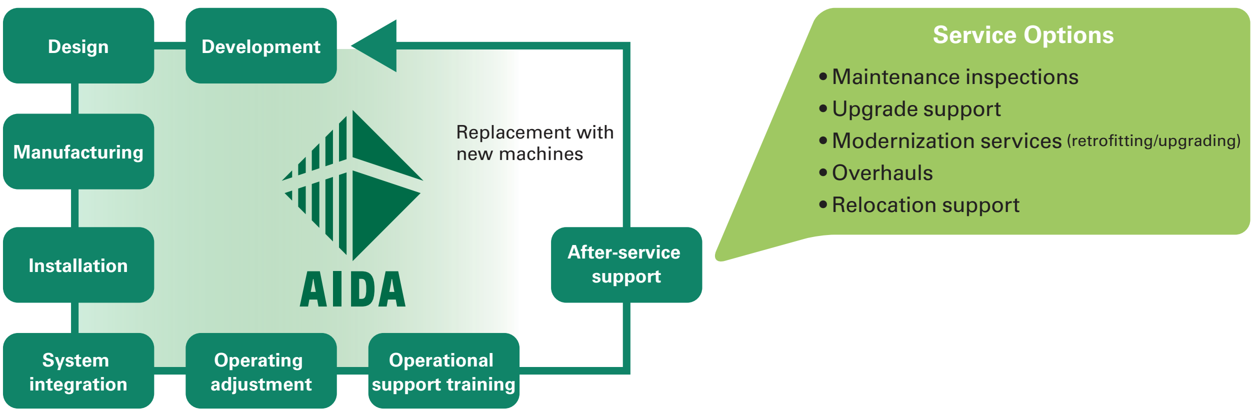
Increasing Value-Added Content through Further Expansion of Service Operations

In the Japanese market, new capital investment appears to have peaked, and with no major future growth expected in new press sales, it could be said that our Japanese operations have reached a structural turning point. However, there is a way to expand profits that relies on our unparalleled share of the domestic Japanese market that we take pride in and that only AIDA can provide. Strengthening our highly profitable service businesses is the way.

Recognized worldwide for the highest level of quality, AIDA presses are manufactured to be extremely durable. The long lifecycle of our products creates a wide variety of opportunities to generate profits from services.

The most crucial element of post-installation service is to take into consideration the customer's needs so that the customer can continue leveraging the press's capabilities long into the future. It is a difficult task to perform such work without having the product drawings. In response to this issue, AIDA is able to call on the strength born out of the great number of presses that it has delivered to customers over the years. Leveraging the drawings accumulated through this process, AIDA is able to provide the optimal service to its customers.

Press Machine Lifecycle and Service Options



Examples of diverse range of services including disassembly and relocation support

Making Our Domestic Service Operations a "Stock Business"

Approximately 10 years after a press is installed, it will begin seeing unpredictable failures, primarily related to the controls, and after about 20 years the press will experience more mechanical wear-related failures. By gaining a firm understanding of the relationship between the number of years of machine operation and the occurrence of failures and then implementing the appropriate preventive maintenance measures before problems occur, we can assure the stable production that customers require as well as preserve or improve the performance and asset value of their vital production equipment.

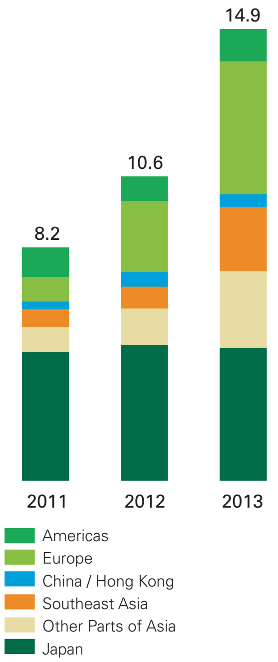
Our modernization services provide an even more proactive approach than our preventive maintenance services. Through these services, the drive components and peripheral equipment of existing presses are upgraded to state-of-the art equipment in order to greatly boost the performance of the production system as a whole.

For example, by converting a mechanical press to a servo press, we help customers limit capital investment, introduce more sophisticated forming technologies, and conserve energy, thereby resulting in higher productivity at a lower cost.

Amidst increasing customer demand for realizing higher productivity by investing in new equipment and also effectively utilizing existing equipment, AIDA wants to contribute to creating more stable improvements in productivity for its customers by diagnosing existing presses and predicting failures and other areas of concern and then recommending optimized production systems that will last far into the future. Transitioning to a "stock business" in Japan, or in other words changing from a laterally expanding market concept based on expanding new press sales to a vertical market concept where we cultivate customers in ways that include service activities, is an innovative approach that will also serve to increase profit margins.

SERVICE BUSINESS ORDERS

(Billions of yen)



Bolstering AIDA's Presence in Overseas Markets

In order to respond to the various needs of local customers in overseas markets, AIDA has established directly managed sales and service bases in 36 cities around the world. In overseas markets as well, we will be able to leverage the following opportunities to expand our service businesses.

First, since the 1960s AIDA has been delivering presses to overseas users in the U.S. and other countries. In consideration of such developments as the evolution of manufacturing technologies and the changes in regulatory standards, we feel that there is already significant demand for preventive maintenance and modernization services.

Second, automotive-related manufacturers in various countries are accelerating their shifting of production to emerging countries. We are seeing many instances in which customers are relocating their existing equipment in Japan to new factories in emerging countries, and the overhaul and relocation of existing equipment can serve as a springboard to future inquiries for new capital investments.

Third, there is a rising need to streamline the labor and energy requirements in emerging countries. Just like in developed countries in the past, personnel costs are surging at production factories in some of the emerging countries that are experiencing rapid economic expansion. A representative example of a solution to this issue is the production line automation services we offer.

These types of operation-related opportunities will continue to appear frequently as various countries progressively develop economically and undergo changes in their industrial structures. AIDA is expanding globally, and we believe that we can continue to grow the Company by taking advantage of profit opportunities in markets in various stages of development around the world.

Heading towards Assured Growth

As we strengthen our service businesses, our old workflow is being turned on its head. Traditional service activities, such as repairs and emergency response, were reactive in nature, basically being done after receiving a customer request, but in order to obtain orders for preventive maintenance and modernization services, we need to foster sales skills based on proactive recommendation. AIDA has always put new employees to work out on the production floor for a number of years in order to allow them to gain hands-on experience, but going forward we will also strive to fully develop their sales-oriented mindset to ensure that they are looking at things from the customer's viewpoint. Additionally, based on this concept, we have merged our sales and service departments in order to provide our customers with an organization that will seamlessly handle their requirements from the time of sale on through post-installation service.

AIDA is leveraging the unique strengths of its servo technology and its service businesses, and going forward it will continue to provide optimal production systems to its customers. Looking ahead, AIDA will continue to grow as a forming systems builder that contributes to the lives of people and to the community.

OPERATING BASES

As of June 30, 2013

● Development and production facilities
● Global sales and service network

Overseas

AMERICAS

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❹ AIDA do BRASIL Comércio de Máquinas
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⓮ AIDA PRESS MACHINERY SYSTEMS
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26 AIDA GREATER ASIA PTE. LTD. PHILIPPINES REPRESENTATIVE OFFICE (PHILIPPINES)
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TEL +63-2-771-1268
FAX +63-2-771-1268

Domestic

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

CONSOLIDATED FINANCIAL SUMMARY

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

Millions of yen	2004	2005	2006	2007
Orders, Net Sales, and Income (Loss)				
Orders	¥37,910	¥53,341	¥62,838	¥67,434
Net sales	39,017	43,679	54,303	62,120
Cost of sales	31,894	34,175	42,208	47,180
Selling, general and administrative expenses	6,466	7,476	8,682	9,776
Operating income (loss)	657	2,027	3,412	5,164
Income (loss) before income taxes	565	2,566	3,168	4,809
Income taxes	276	1,285	1,375	1,755
Net income (loss)	289	1,281	1,792	3,053
Profitability Ratio				
Operating income ratio	1.7%	4.6%	6.3%	8.3%
Total Assets, Total Net Assets, and Interest-bearing Debt				
Total assets	¥65,418	¥75,687	¥83,510	¥90,076
Total net assets	56,186	59,413	60,780	64,138
Total interest-bearing debt	—	—	1,000	—
Shareholders' equity ratio	85.9%	78.5%	72.8%	71.2%
Capital Expenditures, Depreciation and Amortization, and R&D Expenditures				
Capital expenditures	¥ 4,620	¥ 2,240	¥ 1,800	¥ 3,087
Depreciation and amortization	1,990	1,883	1,814	1,894
R&D expenditures	1,727	1,450	1,448	1,433
Return Indicators				
Return on equity (ROE)	0.5%	2.2%	3.0%	4.9%
Return on assets (ROA)	0.4%	1.8%	2.3%	3.5%
Cash Flows				
Net cash (used in) provided by operating activities	¥ 2,501	¥ 3,297	¥ 407	¥ 4,054
Net cash (used in) provided by investing activities	(98)	424	(1,300)	(1,275)
Free cash flow	2,402	3,721	(892)	2,779
Net cash (used in) provided by financing activities	(1,545)	1,502	(2,078)	(1,609)
Cash and cash equivalents at the end of the year	6,980	12,420	9,983	11,475

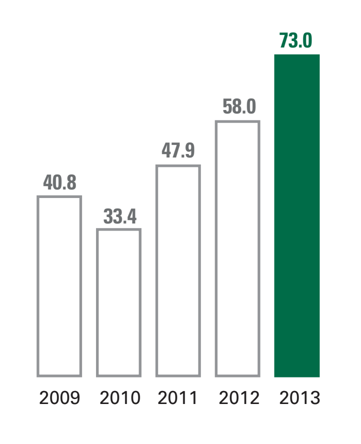
Yen	2004	2005	2006	2007
Per Share Data				
Net income (loss)–Basic	¥ 4.06	¥ 17.40	¥ 23.79	¥ 42.67
Cash dividends	8.00	10.00	10.00	13.00
Net assets	805.88	801.36	849.94	893.19
Stock Information				
Stock price	¥ 460	¥ 627	¥ 939	¥ 828
Market capitalization (millions of yen)	36,407	49,625	74,319	65,533
Number of shares issued (shares)	79,147,321	79,147,321	79,147,321	79,147,321
Other Data				
Number of employees	1,050	1,375	1,472	1,539

	2008	2009	2010	2011	2012	2013	% change 2013 vs 2012
	¥65,785	¥40,883	¥ 33,403	¥47,924	¥58,021	**¥73,033**	**25.9**
	64,513	60,675	34,898	40,989	52,240	**57,812**	**10.7**
	49,023	50,148	32,313	33,346	42,593	**46,396**	**8.9**
	10,124	9,571	8,114	6,181	7,425	**7,659**	**3.1**
	5,365	955	(5,529)	1,461	2,221	**3,756**	**69.1**
	5,411	145	(8,945)	1,093	2,922	**4,015**	**37.4**
	1,825	(664)	3,144	(134)	79	**211**	**164.9**
	3,585	810	(12,090)	1,228	2,842	**3,803**	**33.8**
	8.3%	1.6%	(15.8)%	3.6%	4.3%	**6.5%**	**—**
	¥85,036	¥74,796	¥ 63,867	¥67,342	¥71,300	**¥82,118**	**15.2**
	61,326	57,869	45,706	45,216	47,472	**52,978**	**11.6**
	1,500	500	1,000	1,500	2,048	**1,500**	**(26.8)**
	72.1%	77.3%	71.5%	67.0%	66.5%	**64.4%**	**—**
	¥ 4,771	¥ 3,248	¥ 578	¥ 689	¥ 2,667	**¥ 1,555**	**(41.7)**
	2,333	2,728	2,684	1,403	1,378	**1,362**	**(1.2)**
	1,658	1,567	1,203	1,079	909	**1,008**	**10.9**
	5.7%	1.4%	(23.4)%	2.7%	6.1%	**7.6%**	**—**
	4.1%	1.0%	(17.4)%	1.9%	4.1%	**5.0%**	**—**
	¥ (1,103)	¥ 2,475	¥ 4,857	¥ (2,359)	¥ 8,749	**¥ 5,938**	**(32.1)**
	(0)	3,985	(294)	(1,253)	(1,231)	**(1,277)**	**—**
	(1,103)	6,460	4,562	(3,613)	7,517	**4,660**	**(38.0)**
	(2,162)	(3,599)	309	(1,029)	35	**(1,446)**	**—**
	7,420	9,859	14,580	9,569	17,129	**22,281**	**30.1**

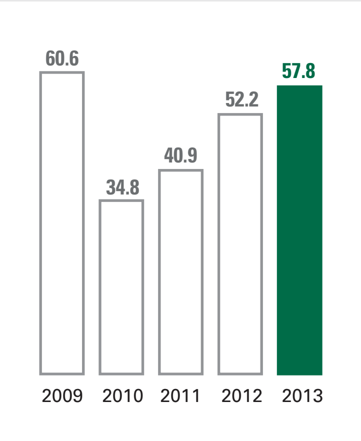
	2008	2009	2010	2011	2012	2013	% change 2013 vs 2012
	¥ 50.27	¥ 12.41	¥(189.36)	¥ 19.44	¥ 46.90	**¥ 62.67**	**33.6**
	15.00	5.00	5.00	6.00	14.00	**19.00**	**35.7**
	911.28	905.90	715.08	745.19	781.51	**868.12**	**11.1**
	¥ 626	¥ 278	¥ 390	¥ 374	¥ 476	**¥ 756**	**58.8**
	49,546	22,002	30,867	29,601	37,674	**59,835**	**58.8**
	79,147,321	79,147,321	79,147,321	79,147,321	79,147,321	**79,147,321**	**—**
	1,610	1,629	1,507	1,478	1,566	**1,647**	**5.2**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF BUSINESS RESULTS AND FINANCIAL POSITION

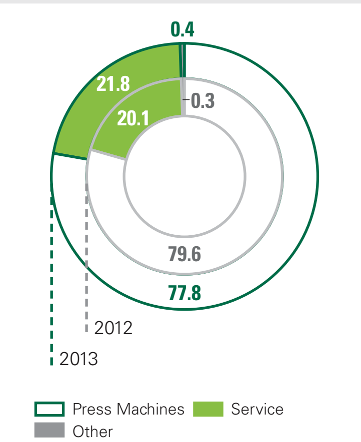
ORDERS
(Billions of yen)



NET SALES
(Billions of yen)



SALES BY BUSINESS DIVISION
(%)



Orders and Sales

During the fiscal year under review (the fiscal year ended March 31, 2013), the overall global economy showed a gradual recovery, although it continued to be plagued by uncertainty stemming from the impact of the prolonged sovereign debt crisis in Europe and concern about the economic slowdown in emerging countries, among other factors. In Japan, signs of improvement were seen for example in reconstruction demand after the Great East Japan Earthquake. Furthermore, the depreciation of the yen and a rise in Japanese stock prices brought an anticipation of economic recovery toward the fiscal year-end.

In the press machine manufacturing industry, recovery of demand in the Chinese market was delayed. In addition, market conditions in the Americas and Southeast Asia, which had been consistently strong in automotive industries, turned stagnant late in the fiscal year. As a result, press machine orders recorded in the industry dropped 25.1% from the previous year and totaled ¥135.3 billion, according to the Japan Forming Machinery Association, of which the Company is a member.

Under these circumstances, we continued to promote initiatives toward "Creating Customers and "Increasing Value-Added Content," which are key policies of the Medium-Term Management Plan, the three-year plan started from the fiscal year ended March, 31, 2012. During the fiscal year under review, to increase our order bookings, we focused our sales activities on growth markets, aiming to increase orders from new customers. Furthermore, we bolstered our lineup of products through product development for local users in Asia. On the production side of operations, to respond to the rise in overseas orders, we pushed ahead with the development of global production systems by taking advantage of the production capacity of factories in China and Malaysia that had been expanded during the fiscal year ended March 31, 2012. Through these efforts, our manufacturing succeeded in addressing changes in the market environment and the diversification of customer needs.

Consequently, overall order bookings increased 25.9% year on year, to a record high of ¥73.0 billion, and the order backlog advanced 42.0%, to ¥51.4 billion, also a record high, due to rises in press machine orders from the automotive industry in the Americas and Asia as well as higher service/retrofitting orders in Europe and Asia. While order bookings in the overall press machine manufacturing industry were somewhat sluggish, the Group companies, by working together and coordinating the various functions globally, succeeded in accumulating orders from new customers overseas as well as the existing Japanese customers.

Net sales increased for the third consecutive year, growing 10.7% year on year, to ¥57.8 billion. This increase was due to a rise in press machine sales in the Americas and Asia as well as improved service sales.

Results by Business Division and Geographic Segment

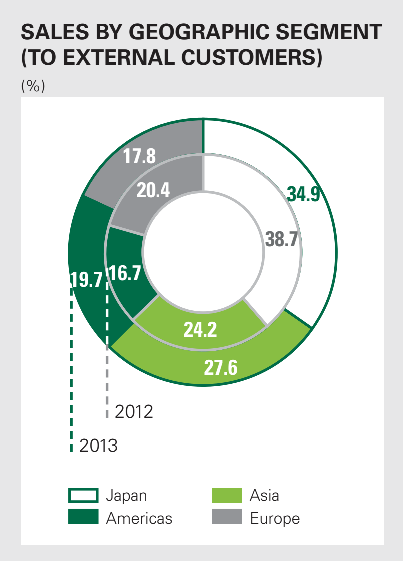
Business Divisions

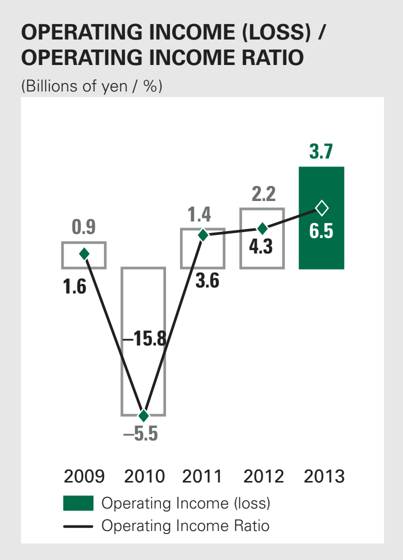
Press Machines

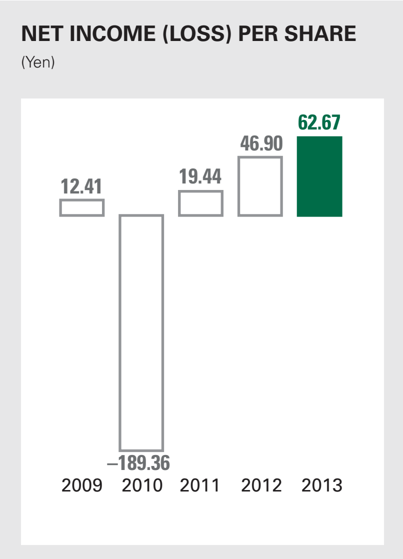
Sales from the automotive industries in emerging countries were strong. Accordingly, order bookings grew 23.1% year on year, to ¥57.9 billion, and net sales increased 8.2%, to ¥44.9 billion.

Service

We received large-scale orders for modernization (retrofitting). As a result, order bookings grew 40.4% year on year, to ¥14.9 billion, and net sales increased 20.4%, to ¥12.6 billion.







Other

Orders decreased 58.3% year on year, to ¥0.1 billion, and net sales increased 23.2%, to ¥0.2 billion.

Geographic Segments

Japan

Higher sales of mid-size and large-size presses to the automotive industry, primarily in the form of exports, resulted in a 14.9% year-on-year increase in sales (including inter-segment sales), to ¥39.7 billion. The higher sales coupled with the improvement in the gross profit margin resulted in a 59.9% increase in segment income, to ¥2.0 billion.

Asia

Sales of press machines and services increased in Southeast Asia resulting in a 29.6% year on year increase in segment sales, to ¥17.4 billion. Segment income rose 66.2%, to ¥1.4 billion, due to the higher sales.

Americas

Sales of mid-size and large-size presses for the automotive industry increased, resulting in a 26.4% year-on-year increase in sales, to ¥11.9 billion. As a result of the higher sales and improvement in the gross profit margin, segment income rose 40.2%, to ¥0.4 billion.

Europe

Decreased sales of products and services to the automotive industry led sales to decline 8.8% year on year, to ¥11.8 billion. However, improvement in the gross profit margin and lower costs resulted in the segment loss contracting to ¥49 million, compared with ¥0.4 billion in the previous fiscal year.

Earnings

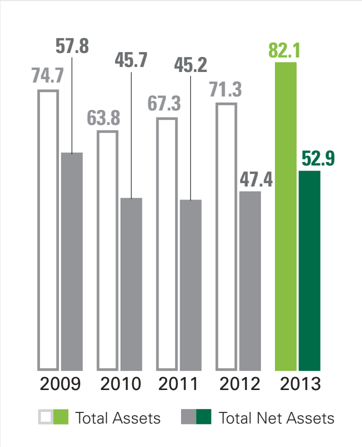
In fiscal year under review, capital investment continued to increase in automotive industries, particularly in emerging countries. Responding to this, we, as a global company, enhanced global inter-group coordination throughout all business processes, ranging from sales, design, procurement, and production to service provision. While the overall volume of order bookings grew during the period, the sales increase in low-margin products, especially mid-size and large-size presses, had a negative impact on the overall profit of the Group. Nevertheless, we advanced Company-wide profitability improvement initiatives and succeeded in increasing operating income, ordinary profit, and net income for the third consecutive year.

Gross profit rose 18.3% year on year, to ¥11.4 billion, as a result of the higher sales, improved productivity, and the benefits of inter-group production coordination conducted on a global basis. Operating income increased 69.1%, to ¥3.7 billion, while selling, general and administrative (SG&A) expenses increased 3.1%, to ¥7.6 billion, due to increases in selling costs and personnel expenses for business expansion. In regard to non-operating items, gain from redemption at maturity of endowment insurance declined from ¥0.8 billion in the previous fiscal year to ¥84 million in the fiscal year under review. However, improvement in foreign exchange gain resulted in an increase in ordinary profit of 34.8%, to ¥4.0 billion. The net extraordinary loss decreased ¥40 million, despite the recording of an impairment loss on fixed assets. As a result, income before income taxes increased 37.4%, to ¥4.0 billion. Net income likewise increased, by 33.8% to ¥3.8 billion, with income taxes remaining at a low level.

In this manner, we recorded higher sales and income for the third

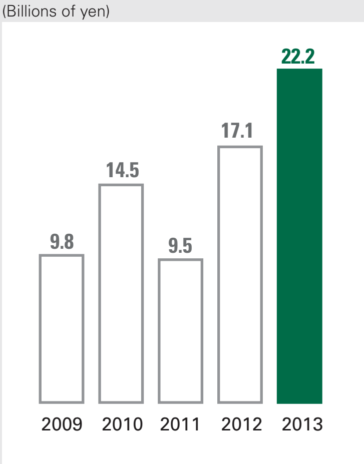
TOTAL ASSETS / TOTAL NET ASSETS

(Billions of yen)



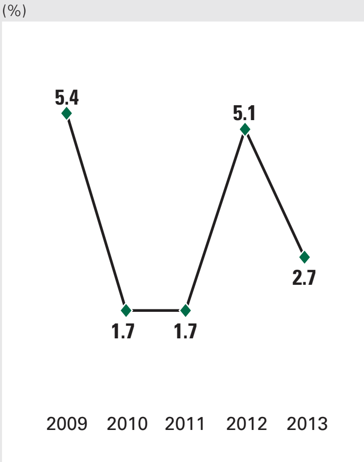
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

(Billions of yen)



RATIO OF CAPITAL EXPENDITURES TO NET SALES

(%)



consecutive year in the fiscal year under review, making steady progress at the midpoint toward accomplishing our targets in the Medium-Term Management Plan. Based on the Company's strong financial performance and the basic dividend policies contained in the Medium-Term Management Plan, the Company decided to raise dividends by ¥5.00 per share, to ¥19.00 per share for the year, resulting in the third consecutive year of increase.

Financial Position

Total assets increased ¥10.8 billion from the previous fiscal year-end, to ¥82.1 billion. Major increases included ¥5.4 billion in cash on hand and at banks; ¥4.4 billion in notes and accounts receivable, trade; and ¥0.5 billion in investment securities.

Total liabilities increased ¥5.3 billion from the end of the previous fiscal year, to ¥29.1 billion. Major increases included ¥3.2 billion in advances from customers on contracts and ¥1.2 billion in accounts payable, trade.

Total net assets increased ¥5.5 billion from the previous fiscal year-end, to ¥52.9 billion. This was primarily due to a ¥2.9 billion increase in retained earnings and a ¥2.5 million decrease in the negative impact of foreign currency translation adjustments. As a result, the shareholders' equity ratio was 64.4% at the end of the fiscal year.

Cash Flows

Cash and cash equivalents at the end of the year increased ¥5.1 billion from the previous fiscal year-end, to ¥22.2 billion.

Net cash provided by operating activities was ¥5.9 billion, compared with ¥8.7 billion in the previous fiscal year. Major inflows included income before income taxes of ¥4.0 billion; depreciation and amortization of ¥1.3 billion; and an increase in accounts payable, trade of ¥1.1 billion. Major outflows included an increase in accounts receivable, trade of ¥1.1 billion.

Net cash used in investing activities was ¥1.2 billion, approximately the same as in the previous fiscal year. Major inflows included proceeds from sale of property, plant and equipment of ¥0.1 billion. Major outflows included payments for purchase of property, plant and equipment of ¥1.3 billion.

Net cash used in financing activities was ¥1.4 billion, compared with net cash provided by financing activities of ¥35 million in the previous fiscal year. Major outflows included cash dividends paid of ¥0.8 billion and payments for short-term loans of ¥0.5 billion.

Capital Expenditures

In the fiscal year under review, the Company recorded capital expenditures totaling ¥1.5 billion. These expenditures were primarily associated with the installment of additional equipment at overseas subsidiaries.

Research and Development

In the fiscal year under review, R&D expenditures totaled ¥1.0 billion. These expenditures were primarily directed toward developing servo transfer press systems and enhancing the Company's servo press lineup.

BUSINESS AND OTHER RISKS

Risks with the potential to significantly influence investment decisions are presented below. Forward-looking statements included in this section are the conclusions of the AIDA ENGINEERING Group as of July 2013.

International Business Activities and Overseas Operations

The AIDA ENGINEERING Group conducts manufacturing and sales activities in various regions throughout the world, including Japan, the Americas, Europe and Asia. These overseas business operations involve inherent risk factors, including (1) unanticipated changes in policies, laws and regulations, (2) substantial and abrupt changes in foreign exchange rates, and (3) terrorism, epidemics, war and other causes of social upheaval. The situation in local areas may have a material impact on the operating results and financial position of the Group.

Product Quality Assurance

The AIDA ENGINEERING Group manufactures a range of products in factories located in countries around the world in accordance with internal quality control standards that comply with the laws and regulations of those countries. However, there is no guarantee that all products will be completely free of defects, or will not be subject to a future recall. Further, although the Company has product liability insurance, there is no guarantee that this insurance will be sufficient to cover the entire final amount of damages incurred. It is also not certain that the Group will be able to continue to obtain product liability insurance under acceptable terms. Should the Company's products be found to have defects that lead to a large-scale recall or a product liability claim, this could lead to substantial expenses, or negatively affect the reputation of the Group. This may result in decreased sales, and may have a material impact on the operating results and financial position of the Group.

Fluctuation in the Purchase Price of Raw Materials

The AIDA ENGINEERING Group's products are made primarily of steel. Drastic fluctuations in the price of raw materials may have a material impact on the operating results and financial position of the Group.

Heavy Dependence on a Particular Industry (The Automotive Industry)

The AIDA ENGINEERING Group derives three-fourths of its product sales from the automotive industry. Trends in the business conditions and capital expenditures of the automotive industry may have a material impact on the business, operating results and financial position of the Group.

Effects of Competition

The forming machinery that comprises the main products of the AIDA ENGINEERING Group is subject to competition in global markets from other companies in terms of quality, price, delivery terms and service. Should competition for sales intensify as a result of excessive supply or a sharp decline in demand in the industry, this may have a material impact on the operating results and financial position of the Group.

Retirement Benefit Obligations and Expenses

The AIDA ENGINEERING Group calculates employee retirement benefit obligations and expenses based on assumptions determined through computation of discount rates and other numerical factors. Should actual results vary from these assumptions, or should there be a change in the assumptions, the effects will be amortized over future accounting periods, and the expenses recognized and obligations recorded in future accounting periods. This may have a material impact on the operating results and financial position of the Group.

Effects of Earthquakes and Other Natural Disasters

AIDA ENGINEERING's main factory is located in the northwest region of Kanagawa Prefecture in the southern area of the Kanto Plain, where a major earthquake is predicted to occur at some point in the future. Should a major earthquake or other natural disaster occur in this area, this may have a material impact on the production operations and operating results of the Group.

CONSOLIDATED SEGMENT INFORMATION

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

	Millions of yen					% change
	2009	2010	2011	2012	**2013**	**2013 vs 2012**
Business Division						
Net sales						
Press machines	¥ 50,416	¥ 27,093	¥ 32,581	¥ 41,574	**¥ 44,969**	**8.2**
Service	9,995	7,392	8,040	10,483	**12,619**	**20.4**
Other	264	412	368	181	**223**	**23.2**
Consolidated	¥ 60,675	¥34,898	¥ 40,989	¥ 52,240	**¥ 57,812**	**10.7**
Geographic Segment						
Net sales						
Japan	¥ 43,171	¥24,889	¥ 30,998	¥ 34,577	**¥ 39,714**	**14.9**
Asia	12,734	7,034	12,628	13,490	**17,482**	**29.6**
Americas	8,618	3,630	5,107	9,434	**11,924**	**26.4**
Europe	11,591	7,914	6,461	12,959	**11,822**	**(8.8)**
Reconciliation	(15,440)	(8,570)	(14,206)	(18,222)	**(23,131)**	**—**
Consolidated	¥ 60,675	¥34,898	¥ 40,989	¥ 52,240	**¥ 57,812**	**10.7**
Operating income (loss)						
Japan	¥ 595	¥ (2,462)	¥ 799	¥ 1,294	**¥ 2,070**	**59.9**
Asia	1,317	59	671	880	**1,462**	**66.2**
Americas	(68)	(800)	198	352	**493**	**40.2**
Europe	(807)	(2,418)	32	(405)	**(49)**	**87.7**
Reconciliation	(81)	93	(240)	99	**(219)**	**—**
Consolidated	¥ 955	¥ (5,529)	¥ 1,461	¥ 2,221	**¥ 3,756**	**69.1**

QUARTERLY INFORMATION

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

	Millions of yen					% change
	2009	2010	2011	2012	**2013**	**2013 vs 2012**
Net Sales						
1st quarter	¥12,208	¥ 9,378	¥ 9,689	¥12,961	**¥12,064**	**(6.9)**
2nd quarter	15,791	8,360	9,304	13,924	**14,638**	**5.1**
3rd quarter	16,752	7,089	10,208	11,844	**14,569**	**23.0**
4th quarter	15,922	10,070	11,786	13,510	**16,541**	**22.4**
Consolidated	¥60,675	¥34,898	¥40,989	¥52,240	**¥57,812**	**10.7**
Operating Income (Loss)						
1st quarter	¥ 408	¥ (805)	¥ 545	¥ 603	**¥ 854**	**41.6**
2nd quarter	390	(703)	58	511	**1,215**	**137.7**
3rd quarter	583	(1,065)	453	712	**986**	**38.5**
4th quarter	(426)	(2,955)	404	393	**699**	**77.7**
Consolidated	¥ 955	¥ (5,529)	¥ 1,461	¥ 2,221	**¥ 3,756**	**69.1**

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
As of March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)
Assets	2013	2012	2013
Current assets:			
Cash on hand and at banks (Note 4)	¥ 18,675	¥ 13,222	$ 198,697
Notes and accounts receivable, trade	16,091	11,618	171,207
Electronically recorded monetary claims-operating	98	—	1,051
Short-term investments (Notes 4 and 7)	3,700	4,000	39,365
Inventories (Note 5)	13,066	12,435	139,018
Deferred income taxes (Note 15)	1,623	1,215	17,270
Other current assets	3,270	4,211	34,795
Allowance for doubtful accounts	(71)	(89)	(764)
Total current assets	56,454	46,613	600,641
Fixed assets:			
Property, plant and equipment (Note 14):			
Buildings and structures	20,055	19,567	213,379
Less: Accumulated depreciation	(13,935)	(13,415)	(148,267)
	6,119	6,152	65,111
Machinery and vehicles	8,607	8,160	91,576
Less: Accumulated depreciation	(5,139)	(4,575)	(54,676)
	3,468	3,584	36,899
Land	4,851	4,697	51,619
Leased	1,201	1,199	12,782
Less: Accumulated depreciation	(378)	(249)	(4,021)
	823	949	8,760
Construction in progress	550	200	5,859
Other	2,278	2,131	24,240
Less: Accumulated depreciation	(1,924)	(1,836)	(20,477)
	353	294	3,763
Total property, plant and equipment	16,167	15,879	172,013
Intangible assets	842	623	8,961
Investments and other assets:			
Investment securities (Note 7)	4,116	3,574	43,802
Insurance reserve fund	3,216	3,192	34,217
Deferred income taxes (Note 15)	61	36	650
Other assets	1,336	1,456	14,224
Allowance for doubtful accounts	(77)	(76)	(819)
Total investments and other assets	8,654	8,183	92,074
Total fixed assets	25,663	24,686	273,049
Total assets	¥ 82,118	¥ 71,300	$ 873,691

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

Liabilities and net assets	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 3) 2013
Current liabilities:			
Accounts payable, trade	**¥ 5,991**	¥ 4,724	**$ 63,745**
Electronically recorded obligations-operating	**2,703**	—	**28,768**
Current portion of long-term loans payable (Note 9)	**500**	—	**5,319**
Lease obligations (Note 9)	**796**	916	**8,469**
Non-trade payables	**1,365**	3,768	**14,527**
Income taxes payable	**428**	308	**4,553**
Advances from customers on contracts	**9,381**	6,110	**99,814**
Accrued warranty costs	**1,231**	776	**13,107**
Accrued bonuses for employees	**810**	692	**8,622**
Accrued bonuses for directors	**33**	25	**359**
Provision for loss on orders received (Note 5)	**257**	484	**2,739**
Other current liabilities	**1,790**	1,878	**19,046**
Total current liabilities	**25,290**	19,687	**269,072**
Long-term liabilities:			
Long-term loans payable (Note 9)	**1,000**	1,500	**10,639**
Lease obligations (Note 9)	**29**	43	**314**
Long-term accounts payable	**362**	320	**3,851**
Deferred income taxes (Note 15)	**1,947**	1,709	**20,723**
Accrued pension and severance costs for employees (Note 10)	**117**	306	**1,252**
Other long-term liabilities	**392**	260	**4,181**
Total long-term liabilities	**3,850**	4,140	**40,962**
Total liabilities	**29,140**	23,828	**310,035**
Net assets:			
Shareholders' equity:			
Common stock			
Authorized: 188,149,000 shares in 2013 and 2012			
Issued: 79,147,321 shares in 2013 and 2012	**7,831**	7,831	**83,317**
Additional paid-in capital	**12,979**	12,978	**138,093**
Retained earnings	**39,573**	36,666	**421,039**
Treasury stock (Note 11)			
(18,236,991 shares in 2013)			
(18,488,681 shares in 2012)	**(8,992)**	(9,114)	**(95,670)**
Total shareholders' equity	**51,391**	48,360	**546,780**
Accumulated other comprehensive income (loss)			
Net unrealized gains on other securities	**1,898**	1,570	**20,198**
Deferred hedge (losses) gains	**(412)**	19	**(4,393)**
Foreign currency translation adjustments	**0**	(2,546)	**1**
Total accumulated other comprehensive income (loss)	**1,485**	(955)	**15,806**
Stock options (Note 21)	**100**	66	**1,069**
Total net assets	**52,978**	47,472	**563,656**
Total liabilities and net assets	**¥82,118**	¥71,300	**$873,691**

CONSOLIDATED STATEMENTS OF INCOME

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
For the years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Net sales	**¥57,812**	¥52,240	**$615,096**
Cost of sales (Notes 2 (12), 5 and 13)	**46,396**	42,593	**493,636**
Gross profit	**11,416**	9,647	**121,460**
Selling, general and administrative expenses (Notes 12, 13 and 21)	**7,659**	7,425	**81,491**
Operating income	**3,756**	2,221	**39,968**
Interest income	**29**	27	**314**
Dividend income	**73**	68	**780**
Foreign exchange gain	**232**	—	**2,473**
Gain from redemption at maturity of endowment insurance	**84**	888	**898**
Subsidized income	**—**	75	**—**
Other non-operating income	**103**	71	**1,104**
Total non-operating income	**523**	1,131	**5,570**
Interest expense	**58**	56	**624**
Foreign exchange loss	**—**	63	**—**
Commission expense	**24**	87	**258**
Taxes and dues	**29**	29	**310**
Provision of allowance for doubtful accounts	**—**	50	**—**
Other non-operating expenses	**94**	44	**1,005**
Total non-operating expenses	**206**	331	**2,198**
Ordinary profit	**4,073**	3,021	**43,340**
Gain on sale of fixed assets	**6**	49	**70**
Total extraordinary gain	**6**	49	**70**
Loss on sale of fixed assets	**3**	8	**40**
Loss on disposal of fixed assets	**2**	53	**31**
Impairment loss on fixed assets (Note 14)	**49**	78	**527**
Loss on evaluation of golf club membership	**8**	4	**89**
Other extraordinary loss	**—**	2	**—**
Total extraordinary loss	**64**	148	**689**
Income before income taxes	**4,015**	2,922	**42,722**
Current	**560**	343	**5,959**
Deferred	**(348)**	(263)	**(3,709)**
Income taxes (Note 15)	**211**	79	**2,250**
Income before minority interests	**3,803**	2,842	**40,472**
Net income	**¥ 3,803**	¥ 2,842	**$ 40,472**

	Yen		U.S. dollars
	2013	2012	**2013**
Per share:			
Net income–Basic (Note 18)	**¥62.67**	¥46.90	**$0.67**
–Diluted (Note 18)	**62.54**	46.86	**0.67**
Cash dividends (Note 22)	**19.00**	14.00	**0.20**

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
For the years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Income before minority interests	**¥3,803**	¥2,842	**$40,472**
Other comprehensive income (Note 19)			
Net unrealized gains (losses) on other securities	**327**	(3)	**3,486**
Deferred hedge gains (losses)	**(432)**	62	**(4,604)**
Foreign currency translation adjustments	**2,546**	(265)	**27,089**
Total other comprehensive income (loss)	**2,441**	(207)	**25,971**
Comprehensive income	**¥6,245**	¥2,635	**$66,443**
Comprehensive income attributable to shareholders of Aida Engineering	**¥6,245**	¥2,635	**$66,443**

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, 2013 and 2012

	Number of shares of common stock issued (Thousands)	Millions of yen Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on other securities	Deferred hedge gains (losses)	Foreign currency translation adjustments	Total accumulated other comprehensive income (loss)	Stock options	Total net assets
Balance at April 1, 2011	79,147	¥7,831	¥12,991	¥34,223	¥(9,152)	¥45,892	¥1,574	¥ (42)	¥(2,280)	¥ (748)	¥ 71	¥45,216
Effect of change in scope of consolidation	—	—	—	(16)	—	(16)	—	—	—	—	—	(16)
Net income	—	—	—	2,842	—	2,842	—	—	—	—	—	2,842
Net unrealized gains (losses) on other securities	—	—	—	—	—	—	(3)	—	—	(3)	—	(3)
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	(265)	(265)	—	(265)
Cash dividends	—	—	—	(383)	—	(383)	—	—	—	—	—	(383)
Treasury stock transactions, net	—	—	(12)	—	37	25	—	—	—	—	—	25
Deferred hedge (gains) losses	—	—	—	—	—	—	—	62	—	62	—	62
Stock options (Note 21)	—	—	—	—	—	—	—	—	—	—	(4)	(4)
Balance at March 31 and April 1, 2012	79,147	7,831	12,978	36,666	(9,114)	48,360	1,570	19	(2,546)	(955)	66	47,472
Net income	**—**	**—**	**—**	**3,803**	**—**	**3,803**	**—**	**—**	**—**	**—**	**—**	**3,803**
Net unrealized gains (losses) on other securities	**—**	**—**	**—**	**—**	**—**	**—**	**327**	**—**	**—**	**327**	**—**	**327**
Foreign currency translation adjustments	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,546**	**2,546**	**—**	**2,546**
Cash dividends	**—**	**—**	**—**	**(896)**	**—**	**(896)**	**—**	**—**	**—**	**—**	**—**	**(896)**
Treasury stock transactions, net	**—**	**—**	**0**	**—**	**122**	**123**	**—**	**—**	**—**	**—**	**—**	**123**
Deferred hedge gains (losses)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(432)**	**—**	**(432)**	**—**	**(432)**
Stock options (Note 21)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**33**	**33**
Balance at March 31, 2013	**79,147**	**¥7,831**	**¥12,979**	**¥39,573**	**¥(8,992)**	**¥51,391**	**¥1,898**	**¥(412)**	**¥ 0**	**¥1,485**	**¥100**	**¥52,978**

	Number of shares of common stock issued (Thousands)	Thousands of U.S. dollars (Note 3) Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on other securities	Deferred hedge gains (losses)	Foreign currency translation adjustments	Total accumulated other comprehensive income (loss)	Stock options	Total net assets
Balance at April 1, 2012	79,147	$83,317	$138,084	$390,108	$(96,977)	$514,532	$16,712	$ 210	$(27,088)	$(10,165)	$ 708	$505,075
Net income	**—**	**—**	**—**	**40,472**	**—**	**40,472**	**—**	**—**	**—**	**—**	**—**	**40,472**
Net unrealized losses on other securities	**—**	**—**	**—**	**—**	**—**	**—**	**3,486**	**—**	**—**	**3,486**	**—**	**3,486**
Foreign currency translation adjustments	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**27,089**	**27,089**	**—**	**27,089**
Cash dividends	**—**	**—**	**—**	**(9,541)**	**—**	**(9,541)**	**—**	**—**	**—**	**—**	**—**	**(9,541)**
Treasury stock transactions, net	**—**	**—**	**9**	**—**	**1,307**	**1,316**	**—**	**—**	**—**	**—**	**—**	**1,316**
Deferred hedge gains (losses)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(4,604)**	**—**	**(4,604)**	**—**	**(4,604)**
Stock options (Note 21)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**360**	**360**
Balance at March 31, 2013	**79,147**	**$83,317**	**$138,093**	**$421,039**	**$(95,670)**	**$546,780**	**$20,198**	**$(4,393)**	**$ 1**	**$15,806**	**$1,069**	**$563,656**

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, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	**2013**
Cash flows from operating activities:			
Income before income taxes	**¥ 4,015**	¥ 2,922	**$ 42,722**
Adjustments for:			
Depreciation and amortization	**1,362**	1,378	**14,497**
Impairment loss on fixed assets	**49**	78	**527**
(Gain) loss on sale of property, plant and equipment	**(2)**	(40)	**(30)**
Loss on disposal of fixed assets	**2**	53	**31**
Increase (decrease) in allowance for doubtful accounts	**(24)**	55	**(262)**
Increase (decrease) in accrued bonuses for employees, net	**95**	149	**1,014**
Increase (decrease) in accrued bonuses for directors, net	**8**	15	**87**
Increase (decrease) in accrued warranty costs, net	**411**	28	**4,383**
Increase (decrease) in accrued pension and severance costs for employees, net	**(194)**	(99)	**(2,071)**
Increase (decrease) in provision for loss on orders received, net	**(248)**	431	**(2,646)**
Interest and dividend income	**(102)**	(96)	**(1,094)**
Interest expense	**58**	56	**624**
(Increase) decrease in accounts receivable, trade	**(1,115)**	1,616	**(11,873)**
(Increase) decrease in inventories	**734**	878	**7,809**
(Decrease) increase in accounts payable, trade	**1,165**	910	**12,403**
(Increase) decrease in other assets	**(319)**	527	**(3,395)**
Increase (decrease) in other liabilities	**417**	91	**4,437**
Other, net	**48**	(77)	**511**
Sub-total	**6,361**	8,879	**67,678**
Interest and dividends received	**102**	96	**1,094**
Interest paid	**(58)**	(56)	**(624)**
Income taxes paid	**(466)**	(170)	**(4,965)**
Net cash provided by operating activities	**5,938**	8,749	**63,183**
Cash flows from investing activities:			
Payments for purchase of property, plant and equipment	**(1,399)**	(2,140)	**(14,894)**
Proceeds from sale of property, plant and equipment	**199**	852	**2,126**
Payments for purchase of intangible assets	**(38)**	(49)	**(407)**
Proceeds from sale of intangible assets	**—**	187	**—**
Payments for purchase of investments in securities	**(50)**	(2)	**(534)**
Payments for deposits of funds into time deposits	**—**	(80)	**—**
Proceeds from withdrawal of time deposits	**8**	—	**91**
Other, net	**2**	2	**22**
Net cash used in investing activities	**(1,277)**	(1,231)	**(13,595)**
Cashs flows from financing activities:			
Proceeds from short-term loans	**—**	545	**—**
Payments for short-term loans	**(535)**	—	**(5,696)**
Payments for finance lease obligations	**(141)**	(129)	**(1,502)**
Proceeds from sale of treasury stock	**124**	2	**1,324**
Payments for purchase of treasury stock	**(0)**	(0)	**(7)**
Cash dividends paid	**(893)**	(382)	**(9,508)**
Net cash (used in) provided by financing activities	**(1,446)**	35	**(15,390)**
Effect of exchange rate changes on cash and cash equivalents	**1,934**	(140)	**20,581**
Net increase in cash and cash equivalents	**5,148**	7,413	**54,779**
Cash and cash equivalents at the beginning of the year	**17,129**	9,569	**182,252**
Increase in cash and cash equivalents from newly consolidated subsidiary	**2**	147	**28**
Cash and cash equivalents at the end of the year (Note 4)	**¥22,281**	¥17,129	**$237,060**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries

01 BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of AIDA ENGINEERING, LTD. ("AIDA") and its consolidated subsidiaries (collectively, the "Companies") have been prepared based on the financial statements of AIDA and its consolidated subsidiaries and the consolidated financial statements filed with the Director of the Kanto Finance Bureau in Japan in accordance with the Financial Instruments and Exchange Act.

The accounting records of AIDA and its consolidated subsidiaries are maintained in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards (IFRS).

Items presented in the consolidated financial statements filed with the Director of the Kanto Finance Bureau in Japan have been reclassified and / or recapitulated and certain notes are added for the convenience of readers outside Japan. The amounts presented in millions of yen are truncated after millions and thousands of U.S. dollars after thousands.

02 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Principles of consolidation

Consolidated subsidiaries as of March 31, 2013 and for the year then ended are as follows:

In principle, from a materiality perspective, excluding 1 subsidiary (A N TOOLING TECHNOLOGY CO., LTD.), all subsidiaries have been consolidated (20 subsidiaries in 2013 and 19 subsidiaries in 2012). In the year ended March 31, 2013, OOO AIDA has been newly included in scope of consolidation due to its increased significance.

- Domestic subsidiaries:
  ACCESS LTD.
  AIDA BUSINESS CORP.
- Overseas subsidiaries:
  ASIA
  AIDA GREATER ASIA PTE. LTD.
  AIDA ENGINEERING (M) SDN. BHD.
  AIDA MALAYSIA SDN. BHD.
  AIDA (THAILAND) CO., LTD.
  PT AIDA INDONESIA
  AIDA INDIA PVT. LTD.
  AIDA VIETNAM CO., LTD.
  AIDA HONG KONG, LTD.
  AIDA ENGINEERING CHINA CO., LTD.
  AIDA PRESS MACHINERY SYSTEMS CO., LTD.
  AMERICAS
  AIDA AMERICA CORP.
  AIDA CANADA, INC.
  AIDA ENGINEERING DE MEXICO, S. DE R. L. DE C.V
  AIDA do BRASIL
  EUROPE
  AIDA S.r.l.
  AIDA-PRESSEN GmbH (On May 28, 2013, its name was changed to AIDA Germany GmbH.)
  AIDA Maroc Sarl
  OOO AIDA

(Remarks)

All consolidated subsidiaries are exclusively owned by AIDA or its subsidiaries.

All significant inter-company transactions, balances and unrealized inter-company profits are eliminated on consolidation. In order to provide appropriate and timely disclosure, subsidiaries with a fiscal year ending December 31 are included in the consolidated financial statements as of March 31.

(2) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits able to be withdrawn on demand and short-term highly liquid investments with an original maturity of three months or less and which represent a minor risk of fluctuations in value.

(3) Inventories

Finished products and work in process are principally stated at the lower of cost and net realizable value determined by using the specific identification method. Raw materials are principally stated at the lower of cost and net realizable value determined by using the first-in first-out (FIFO) method.

(4) Financial instruments

Accounting standards for financial instruments, which cover accounting treatments for short-term investments, investment securities, derivative financial instruments and hedge accounting, have been applied.

(a) Investment securities

Other securities with fair market value are reported at such fair market value at the balance sheet date, and the related unrealized gains or losses, net of applicable tax effects thereon, are reported in a separate component of net assets. Other securities without fair market value are stated at cost.

Cost of securities sold is determined by the moving average method.

(b) Derivative financial instruments

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 designated as "hedging instruments" (see below (c) Hedge accounting).

(c) Hedge accounting

Gains or losses arising from changes in fair value of the derivatives designated as "hedging instruments" are deferred as deferred hedge gains and losses in net assets and charged to income in the period during which the gains and losses on the underlying hedged transactions are recognized.

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

(5) Property, plant and equipment

Property, plant and equipment, including significant renewals and improvements, are carried at cost. Maintenance and repairs including minor renewals and betterments are charged to income as incurred. Depreciation of property, plant and equipment in AIDA and its subsidiaries is mainly calculated by applying the straight-line method, over the estimated useful lives of the respective assets as follows:

Buildings and structures:	2 to 50 years
Machinery and vehicles:	2 to 9 years

Leased assets under finance lease transactions which do not transfer the ownership to the lessee are depreciated using the straight-line method on the assumption that the useful life is equal to the lease term and the residual value is equal to zero. For leases with a residual value guarantee, the contracted residual value is considered to be the residual value for financial accounting purposes.

(6) Intangible assets

Intangible assets including capitalized software costs are carried at cost less accumulated amortization. Capitalized software costs are amortized under the straight-line method over the estimated useful life of 5 years.

(7) Leases

Non-cancellable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases. However, finance lease transactions which do not transfer the ownership of the leased property to the lessee, and of which the commenced date was prior to April 1, 2008, are continuously categorized as operating leases. All other lease transactions are accounted for as operating leases and relating payments are charged to income as incurred.

(8) Allowance for doubtful accounts

The allowance for doubtful accounts is provided based on the estimated uncollectible amounts for doubtful receivables in addition to the general provision for normal receivables computed by applying the rate computed based on past credit loss experience.

(9) Accrued warranty costs

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

(10) Accrued bonuses for employees

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

(11) Accrued bonuses for directors

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

(12) Provision for loss on orders received

Provision for loss on orders received is provided based on the estimated future losses related to order contracts at the end of the fiscal year.

Provisions for losses on orders received included in cost of sales are ¥305 million (U.S.$3,251 thousand) and ¥434 million for the years ended March 31, 2013 and 2012, respectively.

(13) Accrued pension and severance costs for employees

Accrued pension and severance costs for employees are represented as 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 10 years except for a certain domestic subsidiary which applies 5 years, from the next fiscal year in which they arise.

(14) Research and development costs

Research and development costs are expensed as incurred.

(15) Recognition of material sales and cost of sales

The percentage of completion method (cost-comparison method using primarily estimates of construction progress) is applied for the construction contracts of which the percentage of completion can be reliably estimated. The completed-contract method is applied for other construction contracts.

(16) Accounting standards issued but not yet effective

Accounting standard for retirement benefits

On May 17, 2012, the Accounting Standards Board of Japan (ASBJ) issued "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25), which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting

Council in 1998 with an effective date of April 1, 2000 and the other related practical guidance, being followed by partial amendments from time to time through 2009.

Under the revised accounting standard, actuarial gains and losses and prior service costs that are yet to be recognized in profit or loss shall be reported within net assets (accumulated other comprehensive income), after adjusting for tax effects, and the deficit or surplus shall be reported as a liability (liability for retirement benefits) or asset (asset for retirement benefits). The retirement benefit obligation can be attributed to each period either by the benefit formula basis or by the straight-line method and the calculation method for the discount rate shall be changed.

AIDA expects to apply the revised accounting standard from the end of the fiscal year ending March 31, 2014 and the revised calculation method for the projected benefit obligation and service cost from the beginning of the fiscal year ending March 31, 2015. As of March 31, 2013, AIDA is in the process of evaluating the effects of applying the revised accounting standard on its consolidated financial statements.

(17) Consolidated taxation system

Effective the fiscal year ended March 31, 2013, AIDA adopted the consolidated taxation system.

03 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 ¥93.99 = U.S.$1, the approximate rate of exchange as of March 31, 2013, 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.

04 SUPPLEMENTARY CASH FLOW INFORMATION: CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of the years ended March 31, 2013 and 2012 are reconciled to cash on hand and at banks reported in the consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Cash on hand and at banks	**¥18,675**	¥13,222	**$198,697**
Add: Securities with maturities of three months or less	**3,700**	4,000	**39,365**
Less: Time deposits with maturities of more than three months	**(94)**	(92)	**(1,003)**
Cash and cash equivalents	**¥22,281**	¥17,129	**$237,060**

05 INVENTORIES

"Finished goods", "Work in process" and "Raw materials" in "Inventories" on the consolidated balance sheets as of March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Finished goods	**¥ 2,042**	¥ 1,758	**$ 21,733**
Work in process	**8,566**	8,096	**91,144**
Raw materials	**2,457**	2,581	**26,141**
Inventories	**¥13,066**	¥12,435	**$139,018**

Inventories as of March 31, 2013 and 2012 were offset by corresponding provisions for losses on orders received of ¥90 million (U.S.$967 thousand) and ¥19 million, respectively.

A breakdown as of March 31, 2013 is as follows:

Work in process: ¥90 million (U.S.$967 thousand)

Gains recognized and credited to cost of sales as a result of reversal of loss on valuation of inventories for the year ended March 31, 2013 were ¥60 million (U.S.$648 thousand).

Losses recognized and charged to cost of sales as a result of devaluation of inventories for the year ended March 31, 2012 were ¥191 million.

Status of Financial Instruments

(1) Policy for financial instruments

Fund management is restricted to short-term deposits at banks; financing activities of the Group are mainly through bank loans. Derivatives are not used for speculative transactions, but are used in order to hedge the following types of risks.

(2) Types of financial instruments and related risk

Operating receivables (notes and accounts receivable, trade and electronically recorded monetary claims-operating) are exposed to the customer credit risks. In order to reduce foreign exchange risks on operating receivables from global business activities, the Group uses exchange contracts to hedge such risks.

Marketable securities are invested as surplus funds based on negotiable deposit. The credit risk is significantly minimized as these investments are limited to financial institutions with high credit ratings.

Operating payables (accounts payable, trade and electronically recorded obligations-operating) on import of raw materials from overseas are to be settled within 6 months, and therefore partly include foreign exchange risks; however, these amounts are within the range of operating receivables in the same currency.

The main purpose of lease obligations related to finance leases and long-term debts is for funding arrangements for capital investment and research and development. The repayment period for these debts is within 5 years at most.

Investment securities mainly consist of stocks, which are exposed to price fluctuation risk.

Derivatives include forward contracts and currency options to hedge transactions subject to foreign exchange fluctuation risk caused by foreign currency based operating receivables and payables.

(3) Risk management for financial instruments

1. Management of credit risk (risk of contractual default)

In order to manage operating receivables, our sales and service departments (including those in consolidated subsidiaries) monitor account balances and payment schedules periodically, based on our group accounts receivables policies, which also help to identify the financial risks in initial stages.

To minimize counterparty risks, derivative transactions are conducted only with banks with a high credit profile.

At the balance sheet date, the carrying value of financial assets represents the maximum credit risk exposures of our group.

2. Market risk management

The Group uses exchange contracts in order to avoid the foreign exchange fluctuation risk on foreign currency based operating receivables and payables.

Based on the internal rules and policies about derivative transactions, the Group hedges foreign exchange fluctuation risk in a certain range.

Risk management of investment securities is conducted by inspecting market value and financial conditions of issuers, periodically.

(4) Supplementary information on the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market value, if available. Fair value is reasonably estimated if the market value is not available. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value. In addition, the notional amounts of derivatives in Note 8, Derivative Financial Instruments, are not necessarily indicative of the actual market risk involved in derivative transactions.

Information Regarding Fair Value of Financial Instruments

Excluding items of which the fair value is extremely difficult to determine, the following is the balance of fair value as of March 31, 2013 and 2012.

	Millions of yen			Thousands of U.S. dollars		
March 31, 2013	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
(1) Cash on hand and at banks	**¥18,675**	**¥18,675**	**¥—**	**$198,697**	**$198,697**	**$—**
(2) Notes and accounts receivable, trade and electronically recorded monetary claims-operating	**16,190**	**16,190**	**—**	**172,259**	**172,259**	**—**
(3) Marketable securities	**3,700**	**3,700**	**—**	**39,365**	**39,365**	**—**
(4) Investment securities						
Other securities	**3,994**	**3,994**	**—**	**42,500**	**42,500**	**—**
Total assets	**¥42,559**	**¥42,559**	**¥—**	**$452,822**	**$452,822**	**$—**
(1) Accounts payable, trade and electronically recorded obligations-operating	**¥ 8,695**	**¥ 8,695**	**¥—**	**$ 92,513**	**$ 92,513**	**$—**
(2) Non-trade payables	**1,365**	**1,365**	**—**	**14,527**	**14,527**	**—**
(3) Long-term loans payable	**1,500**	**1,503**	**3**	**15,959**	**15,995**	**36**
(4) Long-term lease obligations	**825**	**825**	**(0)**	**8,783**	**8,778**	**(5)**
Total liabilities	**¥12,385**	**¥12,388**	**¥ 3**	**$131,783**	**$131,814**	**$ 31**
Derivative transactions which are not subject to hedge accounting (*)	**85**	**85**	**—**	**910**	**910**	**—**
Derivative transactions which are subject to hedge accounting (*)	**(346)**	**(346)**	**—**	**(3,690)**	**(3,690)**	**—**

	Millions of yen		
March 31, 2012	Carrying value	Fair value	Difference
(1) Cash on hand and at banks	¥13,222	¥13,222	¥—
(2) Notes and accounts receivable, trade	11,618	11,618	—
(3) Marketable securities	4,000	4,000	—
(4) Investment securities			
Other securities	3,501	3,501	—
Total assets	¥32,342	¥32,342	¥—
(1) Accounts payable, trade	¥ 4,724	¥ 4,724	¥—
(2) Non-trade payables	3,768	3,768	—
(3) Long-term loans payable	1,500	1,505	5
(4) Long-term lease obligations	960	971	11
Total liabilities	¥10,953	¥10,970	¥17
Derivative transactions which are not subject to hedge accounting (*)	46	46	—
Derivative transactions which are subject to hedge accounting (*)	34	34	—

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

Note 1: Computing method of fair value for financial instruments and information regarding securities and derivative transactions

Assets

(1) Cash on hand and at banks

As bank deposits are all short term, carrying value approximates fair value.

(2) Notes and accounts receivable, trade and electronically recorded monetary claims-operating

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

(3) Marketable securities

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

(4) Investment securities

The details of investment securities are shown in Note 7.

Liabilities

(1) Accounts payable, trade and electronically recorded obligations-operating

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

(2) Non-trade payables

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

(3) Long-term loans payable

Fair value is computed by discounting the nominal amount using an interest rate which is assumed to be applied for a new borrowing with the same conditions.

(4) Long-term lease obligations

Fair value is computed by discounting the nominal amount using an interest rate which is assumed to be applied for a new lease agreement with the same conditions.

Derivative Transactions

Details of derivative transactions are shown in Note 8.

Note 2: Financial instruments of which the fair value is extremely difficult to determine

March 31, 2013

	Carrying value	
Types of securities	Millions of yen	Thousands of U.S. dollars
Unlisted stocks	**¥110**	**$1,173**
Equity in an unconsolidated subsidiary	**12**	**128**
Total	**¥122**	**$1,301**

March 31, 2012

	Carrying value
Types of securities	Millions of yen
Unlisted stocks	¥60
Equity in an unconsolidated subsidiary	13
Total	¥73

Items above do not have market value, and the fair value is extremely difficult to determine. Therefore, the amounts above are not included in assets (4) Investment securities.

Redemption schedule for monetary claims or securities with maturities subsequent to March 31, 2013.

	Millions of yen			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash at bank	**¥18,653**	—	—	—
Notes and accounts receivable, trade and electronically recorded monetary claims-operating	**16,190**	—	—	—
Marketable securities (Negotiable deposits)	**3,700**			
Total	**¥38,543**	—	—	—

	Thousands of U.S. dollars			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash at bank	**$198,457**	—	—	—
Notes and accounts receivable, trade and electronically recorded monetary claims-operating	**172,259**	—	—	—
Marketable securities (Negotiable deposits)	**39,365**			
Total	**$410,082**	—	—	—

The redemption schedule for long-term loans payable is shown in Note 9.

Redemption schedule for monetary claims or securities with maturities subsequent to March 31, 2012.

	Millions of yen			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash at bank	¥13,195	—	—	—
Notes and accounts receivable, trade	11,618	—	—	—
Marketable securities (Negotiable deposits)	4,000			
Total	¥28,814	—	—	—

07 SHORT-TERM SECURITIES AND INVESTMENT SECURITIES

March 31, 2013

The aggregate cost and carrying value of other securities with market values as of March 31, 2013 were as follows:

	Millions of yen			Thousands of U.S. dollars		
Types of securities	Acquisition cost	Carrying value	Unrealized gains (losses)	Acquisition cost	Carrying value	Unrealized gains (losses)
Carrying value exceeds acquisition cost:						
Stocks	**¥1,022**	**¥3,931**	**¥2,909**	**$10,875**	**$41,828**	**$30,952**
Sub-total	**¥1,022**	**¥3,931**	**¥2,909**	**$10,875**	**$41,828**	**$30,952**
Carrying value does not exceed acquisition cost:						
Stocks	**¥ 69**	**¥ 63**	**¥ (6)**	**$ 743**	**$ 672**	**$ (71)**
Others	**3,700**	**3,700**	**—**	**39,365**	**39,365**	**—**
Sub-total	**¥3,769**	**¥3,763**	**¥ (6)**	**$40,109**	**$40,038**	**$ (71)**
Total	**¥4,792**	**¥7,694**	**¥2,902**	**$50,984**	**$81,866**	**$30,881**

March 31, 2012

The aggregate cost and carrying value of other securities with market values as of March 31, 2012 were as follows:

	Millions of yen		
Types of securities	Acquisition cost	Carrying value	Unrealized gains (losses)
Carrying value exceeds acquisition cost:			
Stocks	¥ 956	¥3,384	¥2,427
Sub-total	¥ 956	¥3,384	¥2,427
Carrying value does not exceed acquisition cost:			
Stocks	¥ 135	¥ 116	¥ (18)
Others	4,000	4,000	—
Sub-total	¥4,135	¥4,116	¥ (18)
Total	¥5,092	¥7,501	¥2,409

08 DERIVATIVE FINANCIAL INSTRUMENTS

Our group uses forward exchange contracts and currency options as derivative financial instruments primarily to reduce exposure to adverse fluctuations in foreign currency exchange rates. We do not enter into derivative financial transactions for trading or speculative purposes.

Our group enters into forward exchange contracts and currency options and collars to hedge market risks relating to possible future changes in foreign exchange rates for foreign-currency denominated trading accounts. These contracts reduce the overall exposure to exchange fluctuations by effectively fixing the transaction costs. Counterparty risk relating to derivative instruments is relatively low as all counterparties are limited to creditworthy financial institutions. The Companies have internal rules and policies related to derivative transactions.

Fair value information on the derivatives outstanding as of March 31, 2013 and 2012 is summarized in the following tables:

March 31, 2013

(1) Derivative transactions (hedge accounting not applied)

Currency-related transactions

	Millions of yen				Thousands of U.S. dollars			
	2013				2013			
	Contract value				Contract value			
	Contract value total	Over 1 year	Fair value	Unrealized gain (loss)	Contract value total	Over 1 year	Fair value	Unrealized gain (loss)
Forward exchange transactions:								
Sell -								
EUR (JPY Buy)	¥ 184	¥—	¥ (14)	¥ (14)	$ 1,963	$—	$ (158)	$ (158)
USD (JPY Buy)	173	—	(23)	(23)	1,848	—	(253)	(253)
JPY (EUR Buy)	1,771	—	224	224	18,850	—	2,385	2,385
Buy -								
GBP (EUR Sell)	¥ 310	¥—	¥ 2	¥ 2	$ 3,307	$—	$ 27	$ 27
USD (EUR Sell)	51	—	(0)	(0)	545	—	(5)	(5)
JPY (EUR Sell)	729	—	(44)	(44)	7,764	—	(476)	(476)
Currency options								
Sell -								
-Call-								
USD	¥ 465	¥—	¥ —	¥ —	$ 4,947	$—	$ —	$ —
Option premium	2	—	(57)	(59)	28	—	(609)	(638)
Buy -								
-Put-								
USD	¥ 465	¥—	¥ —	¥ —	$ 4,947	$—	$ —	$ —
Option premium	(2)	—	0	2	(28)	—	0	29
Total	¥3,221	¥—	¥142	¥142	$34,280	$—	$1,519	$1,519
	—	—	(57)	(57)	—	—	(609)	(609)

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

(2) Derivative transactions (hedge accounting applied)

Currency-related transactions

Deferred hedge accounting method

	Millions of yen				Thousands of U.S. dollars			
	2013				**2013**			
		Contract value				Contract value		
	Main hedged item	Contract value total	Over 1 year	Fair value	Main hedged item	Contract value total	Over 1 year	Fair value
Forward exchange transactions:								
Sell -								
USD (JPY and EUR Buy)		**¥ 437**	**¥ —**	**¥ (55)**		**$ 4,659**	**$ —**	**$ (594)**
JPY (USD Buy)		**134**	**2**	**5**		**1,435**	**30**	**58**
CNY (JPY Buy)		**594**	**594**	**(102)**		**6,321**	**6,321**	**(1,094)**
Buy -								
EUR (USD Sell)		**¥ 5**	**¥ —**	**¥ 0**		**$ 60**	**$ —**	**$ 1**
JPY (USD Sell)		**266**	**—**	**(20)**		**2,839**	**—**	**(215)**
Currency options								
Sell -								
-Call-								
USD	**Expected foreign currency transactions**	**¥1,434**	**¥ —**	**¥ —**	**Expected foreign currency transactions**	**$15,258**	**$ —**	**$ —**
Option premium		**(18)**	**—**	**(155)**		**(194)**	**—**	**(1,659)**
-Put-								
EUR		**105**	**—**	**—**		**1,122**	**—**	**—**
Option premium		**(2)**	**—**	**0**		**(22)**	**—**	**(3)**
Buy -								
-Put-								
USD		**¥1,434**	**¥ —**	**¥ —**		**$15,258**	**$ —**	**$ —**
Option premium		**18**	**—**	**(17)**		**194**	**—**	**(182)**
-Call-								
EUR		**105**	**—**	**—**		**1,122**	**—**	**—**
Option premium		**2**	**—**	**(0)**		**22**	**—**	**(0)**
Total		**¥1,439**	**¥597**	**¥(173)**		**$15,316**	**$6,351**	**$(1,844)**
		—	**—**	**(173)**		**—**	**—**	**(1,845)**

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

March 31, 2012

(1) Derivative transactions (hedge accounting not applied)

Currency-related transactions

	Millions of yen			
	2012			
	Contract value			
	Contract value total	Over 1 year	Fair value	Unrealized gain (loss)
Forward exchange transactions:				
Sell -				
EUR (JPY Buy)	¥ 523	¥—	¥ 27	¥ 27
USD (JPY Buy)	148	—	5	5
Buy -				
JPY (USD Sell)	126	—	(2)	(2)
EUR (JPY Sell)	243	—	3	3
Currency options				
-Call-				
EUR	¥ 43	¥—	¥ —	¥ —
(Option premium)	(1)	—	(0)	1
USD	¥ 965	¥—	¥ —	¥ —
(Option premium)	(19)	—	(12)	7
Buy -				
-Put-				
EUR	43	—	—	—
(Option premium)	1	—	2	1
USD	¥ 965	¥—	¥ —	¥ —
(Option premium)	19	—	22	2
Total	¥1,040	¥—	¥ 34	¥ 34
	—	—	12	12

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

(2) Derivative transactions (hedge accounting applied)

Currency-related transactions

Deferred hedge accounting method

	Main hedged item	Millions of yen 2012 Contract value: Contract value total	Contract value: Over 1 year	Fair value
Forward exchange transactions:				
Sell -				
EUR (JPY Buy)		¥ 15	¥—	¥ 0
USD (JPY and EUR Buy)		1,043	19	27
JPY (EUR Buy)		19	—	(0)
Buy -				
JPY (EUR Sell)		¥ 43	¥—	¥ 3
USD (JPY Sell)		87	—	2
Currency options				
Sell -				
-Call-				
USD	Expected foreign currency transactions	¥1,932	¥—	¥ —
Option premium		(29)	—	(32)
EUR		859	—	—
Option premium		(31)	—	29
-Put-				
USD		140	—	—
Option premium		(1)	—	1
Buy -				
-Put-				
USD		¥1,932	¥—	¥ —
Option premium		29	—	(16)
EUR		859	—	—
Option premium		31	—	19
-Call-				
USD		140	—	—
Option premium		1	—	0
Total		¥1,207	¥ 19	¥ 32
		—	—	2

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

09 SHORT-TERM LOANS PAYABLE AND LONG-TERM LOANS PAYABLE

There were no short-term loans payable as of March 31, 2013.

Short-term loans payable as of March 31, 2012 consisted of the following:

	Millions of yen		
	Amount	Interest rate	Repayment term
Short-term loans payable (Other current liabilities)	¥548	1.78%	—

Long-term loans payable as of March 31, 2013 consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	Amount	Average interest rate	Repayment term	Amount
Current portion of long-term loans payable	**¥ 500**	**1.94%**	**March 31, 2014**	**$ 5,319**
Long-term loans payable	**¥1,000**	**1.63%**	**March 31, 2015 and December 15, 2015**	**$10,639**

Long-term loans payable as of March 31, 2012 consisted of the following:

	Millions of yen		
	Amount	Average interest rate	Repayment term
Long-term loans payable	¥1,500	1.73%	March 31,2014, March 31, 2015 and December 15, 2015

Lease obligations as of March 31, 2013 comprised the following:

	Millions of yen			Thousands of U.S. dollars
	Amount	Average interest rate	Repayment term	Amount
Current portion of lease obligations	**¥796**	**2.01%**	**—**	**$8,469**
Lease obligations	**¥ 29**	**1.11%**	**2018**	**$ 314**

Lease obligations as of March 31, 2012 comprised the following:

	Millions of yen		
	Amount	Interest rate	Repayment term
Current portion of lease obligations	¥916	1.60%	—
Lease obligations	¥ 43	1.60%	2015

Repayment schedules for long-term loans payable and lease obligations, as of March 31, 2013, are as follows:

Long-term loans payable:

As of March 31	Millions of yen	Thousands of U.S. dollars
2015	**¥500**	**$5,319**
2016	**500**	**5,319**
2017	**—**	**—**

Lease obligations:

As of March 31	Millions of yen	Thousands of U.S. dollars
2015	**¥14**	**$153**
2016	**9**	**105**
2017	**3**	**42**
2018	**1**	**12**

10 ACCRUED PENSION AND SEVERANCE COSTS FOR EMPLOYEES

AIDA and its domestic subsidiaries have a defined contribution pension plan and cash balance plan as a defined benefit pension plan.

Certain overseas consolidated subsidiaries have a defined contribution pension plan.

Information on liabilities for retirement benefits as of March 31, 2013 and 2012:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
(1) Projected benefit obligations	**¥(3,444)**	¥(3,754)	**$(36,651)**
(2) Plan assets	**3,582**	3,362	**38,120**
(3) Unfunded liabilities for retirement benefits (1)+(2)	**138**	(392)	**1,469**
(4) Unrecognized actuarial differences	**40**	520	**428**
(5) Total (3) + (4)	**178**	127	**1,897**
(6) Prepaid expenses for retirement benefits	**296**	434	**3,150**
(7) Accrued pension and severance costs for employees (5) – (6)	**¥ (117)**	¥ (306)	**$ (1,252)**

Expenses for retirement benefits to employees for the years ended March 31, 2013 and 2012 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
(1) Service cost	**¥171**	¥179	**$1,822**
(2) Interest cost	**72**	71	**766**
(3) Expected return on fund assets	**(67)**	(67)	**(715)**
(4) Amortization of actuarial differences	**126**	124	**1,343**
(5) Contribution for pension plan	**124**	116	**1,321**
(6) Expenses for retirement benefits	**¥426**	¥424	**$4,538**

Assumptions used in the calculation of liabilities for retirement benefits as of March 31, 2013 and 2012 are as follows:

	2013	2012
(1) Discount rate	**Mainly 2.0%**	Mainly 2.0%
(2) Expected rate of return on plan assets	**2.0%**	2.0%
(3) Method of attributing projected benefits to periods of services	**Straight-line basis**	Straight-line basis
(4) Amortization of actuarial differences	**Mainly 10 years from the following year of recognition**	Mainly 10 years from the following year of recognition

11 NET ASSETS

Information regarding changes in net assets for the years ended March 31, 2013 and 2012 is as follows:

Shares issued and outstanding / Treasury stock

For the year ended March 31, 2013

Types of shares	Number of shares at April 1, 2012	Increase	Decrease	Number of shares at March 31, 2013
Shares issued:				
Common stock	**79,147,321**	**—**	**—**	**79,147,321**
Treasury stock:				
Common stock (Notes 1 and 2)	**18,488,681**	**1,150**	**252,840**	**18,236,991**

Notes: 1. Details of the increase are as follows:
Increase due to purchase of shares of less than standard unit 1,150
2. Details of the decrease are as follows:
Decrease due to sale of shares less than standard unit 140
Decrease due to the grant of shares from the ESOP trust 700
Decrease due to exercising share subscription rights 252,000
3. The number of shares of treasury stock includes shares held by the Trust Account E of 3,396,300 as of March 31, 2013.

For the year ended March 31, 2012

Types of shares	Number of shares at April 1, 2011	Increase	Decrease	Number of shares at March 31, 2012
Shares issued:				
Common stock	79,147,321	—	—	79,147,321
Treasury stock:				
Common stock (Notes 1 and 2)	18,565,968	847	78,134	18,488,681

Notes: 1. Details of the increase are as follows:
Increase due to purchase of shares of less than standard unit 847
2. Details of the decrease are as follows:
Decrease due to sale of shares less than standard unit 34
Decrease due to the grant of shares from the ESOP trust 2,100
Decrease due to exercising share subscription rights 76,000
3. The number of shares of treasury stock includes shares held by the Trust Account E of 3,397,000 as of March 31, 2012.

12 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The significant components of selling, general and administrative expenses for the years ended March 31, 2013 and 2012:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Salaries and wages	**¥2,274**	¥2,266	**$24,201**
Bonuses	**243**	175	**2,595**
Provision for accrued bonuses for employees	**350**	328	**3,728**
Provision for accrued pension and retirement expenses for employees	**114**	119	**1,213**
Welfare expenses	**513**	483	**5,466**
Commission expenses	**211**	186	**2,255**
Advertising and promotion expenses	**196**	188	**2,092**
Traveling expenses	**400**	418	**4,263**
Communication expenses	**108**	122	**1,151**
Rental expenses	**232**	246	**2,469**
Insurance expenses	**176**	180	**1,882**
Depreciation expenses	**381**	465	**4,062**
Taxation and other public dues	**193**	257	**2,059**
Compensation fee	**291**	291	**3,097**

13 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in "Cost of sales" and "Selling, general and administrative expenses" for the years ended March 31, 2013 and 2012 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Cost of sales	**¥ 705**	¥374	**$ 7,501**
Selling, general and administrative expenses	**303**	534	**3,228**
Total	**¥1,008**	¥909	**$10,730**

14 IMPAIRMENT LOSS ON FIXED ASSETS

Impairment loss on fixed assets recorded for the year ended March 31, 2013 is summarized as follows:

Purpose	Type of assets	Location	Millions of yen	Thousands of U.S. dollars
Idle assets	Machine, equipment	Ohio (USA)	**¥49**	**$527**
	Total		**¥49**	**$527**

Impairment loss on fixed assets recorded for the year ended March 31, 2012 is summarized as follows:

Purpose	Type of assets	Location	Millions of yen
Idle assets	Building	Lecco City (Italy)	¥42
	Machine, equipment		2
	Land		2
	Land	Derby City (UK)	20
	Building	Sagamihara City (Japan)	4
	Land		6
	Total		¥78

For idle assets owned by the AIDA Group, those for which the recoverable value is below the book value are reduced to their recoverable value, and the difference is recorded as impairment loss in extraordinary loss.

The recoverable value is determined after consideration of net sales price or real estate appraisal value.

The AIDA Group classifies business properties based on managerial accounting classification and classifies idle assets on an individual basis.

15 INCOME TAXES

The Companies are subject to a number of different income taxes. The applicable statutory tax rates in Japan were approximately 38.0% and 40.6% for the years ended March 31, 2013 and 2012, respectively.

(1) Reconciliation of the difference between the effective income tax rates and statutory income tax rates for the years ended March 31, 2013 and 2012 is shown below:

	2013	2012
Statutory income tax rates	**38.0%**	40.6%
Non-deductible expenses (entertainment expenses and others) for tax purposes	**3.1**	3.8
Dividend income	**(0.4)**	(0.5)
Inhabitant taxes per capita	**0.4**	0.6
Difference of tax rates applied to overseas subsidiaries	**(7.2)**	(6.0)
Changes in valuation allowance	**(25.8)**	(31.4)
Effect of tax rate reduction	**—**	(0.6)
Others	**(2.8)**	(3.8)
Effective income tax rates	**5.3%**	2.7%

(2) The major components of deferred income tax assets and liabilities as of March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Deferred income tax assets:			
Loss on write-down of inventories	**¥ 632**	¥ 550	**$ 6,733**
Accrued warranty costs	**328**	266	**3,497**
Accrued bonuses for employees	**235**	220	**2,503**
Depreciation expense	**1,231**	1,212	**13,106**
Unrealized loss on golf club membership	**8**	8	**90**
Long-term payables	**89**	89	**955**
Tax losses carried-forward	**2,502**	3,223	**26,627**
Others	**642**	558	**6,837**
Subtotal deferred income tax assets	**5,672**	6,129	**60,351**
Less: Valuation allowance	**(3,798)**	(4,834)	**(40,417)**
Total deferred income tax assets	**1,873**	1,294	**19,934**
Deferred income tax liabilities:			
Undistributed subsidiaries' earnings	**(264)**	(150)	**(2,815)**
Reserve for reduction entry of replaced property	**(564)**	(571)	**(6,009)**
Accrued pension and retirement expenses for employees	**(106)**	(154)	**(1,127)**
Unrealized gains on other securities	**(1,004)**	(837)	**(10,686)**
Others	**(197)**	(37)	**(2,096)**
Total deferred income tax liabilities	**(2,136)**	(1,752)	**(22,736)**
Net deferred income tax assets (liabilities)	**¥ (263)**	¥ (457)	**$ (2,802)**

16 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, for lease transactions that commenced on or before March 31, 2008, as of March 31, 2013 and 2012:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Operating leases:			
Due within one year	**¥164**	¥159	**$1,753**
Thereafter	**44**	114	**475**
Total	**¥209**	¥273	**$2,228**
Finance leases:			
Due within one year	**¥ 3**	¥ 29	**$ 39**
Thereafter	**—**	3	**—**
Total	**¥ 3**	¥ 33	**$ 39**

Lease expenses relating to finance leases which do not transfer ownership of the leased assets for the years ended March 31, 2013 and 2012 were ¥29 million (U.S.$314 thousand) and ¥54 million, respectively.

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

Pro forma data as of March 31, 2013 and 2012 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
	2013	2012	**2013**
Acquisition cost	**¥ 51**	¥ 245	**$ 543**
Accumulated depreciation	**(47)**	(212)	**(504)**
Net book value	**3**	33	**39**
Depreciation expense	**¥ 29**	¥ 54	**$ 314**

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 with no residual value.

Leased assets and their depreciation methods are presented in 2. Summary of Significant Accounting Policies.

17 RELATED PARTY TRANSACTIONS

There were no material transactions between AIDA and its related companies and individuals, excluding transactions with consolidated subsidiaries which were eliminated in consolidation other than those disclosed elsewhere in these financial statements, for the years ended March 31, 2013 and 2012.

18 NET INCOME PER SHARE

Shares held by the Trust & Custody Services Bank, Ltd. (Trust Account E) are treated as treasury stock on the consolidated financial statements. As a result, certain shares have been deducted from the number of shares shown below in "Average number of shares outstanding during the years" and "Number of shares used for computing net assets per share."

Calculation of net assets per share and net income per share for the years ended March 31, 2013 and 2012.

	Yen		U.S. dollars
	2013	2012	**2013**
Net assets per share*1	**¥868.12**	¥781.51	**$9.24**
Net income—Basic*2	**¥ 62.67**	¥ 46.90	**$0.67**
—Diluted*2	**¥ 62.54**	¥ 46.86	**$0.67**

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

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Total net assets on consolidated balance sheets	**¥52,978**	¥47,472	**$563,656**
Total net assets attributable to shares of common stock	**¥52,877**	¥47,405	**$562,586**
Main differences: Stock options	**¥ 100**	¥ 66	**$ 1,069**
Number of shares outstanding (thousands of shares)	**79,147**	79,147	—
Number of treasury stock (thousands of shares)	**18,236**	18,488	—
Number of shares used for computing net assets per share	**60,910**	60,658	—

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

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Net income	**¥ 3,803**	¥ 2,842	**$40,472**
Net income attributable to shares of common stock	**¥ 3,803**	¥ 2,842	**$40,472**
Average number of shares outstanding during the year (thousands of shares)	**60,700**	60,614	—
Potential increase in common stock for the diluted income calculation (thousands of shares)	**124**	52	—

19 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following table presents reclassification adjustments and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2013 and 2012:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Unrealized holding gain (loss) on securities:			
Amount arising during the year	**¥ 494**	¥(161)	**$ 5,260**
Reclassification adjustments for gains and losses included in net income	**—**	—	**—**
Amount before tax effect	**494**	(161)	**5,260**
Tax effect	**(166)**	157	**(1,774)**
Unrealized holding gain (loss) on securities	**327**	(3)	**3,486**
Unrealized gain (loss) from hedging instruments:			
Amount arising during the year	**(167)**	751	**(1,777)**
Reclassification adjustments for gains and losses included in net income	**(276)**	(631)	**(2,943)**
Amount before tax effect	**(443)**	119	**(4,720)**
Tax effect	**10**	(57)	**116**
Unrealized holding gain (loss) from hedging instruments	**(432)**	62	**(4,604)**
Translation adjustments:			
Amount arising during the year	**2,546**	(265)	**27,089**
Total other comprehensive income (loss)	**¥2,441**	¥(207)	**$25,971**

(1) Overview of reportable segments

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

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

For the domestic business, AIDA is the main company.

As for the overseas business, each local company including Asia (China, Hong Kong, Singapore and Malaysia), Americas (U.S.A.), and Europe (Italy) plays an important role.

Each foreign subsidiary is a single business entity, planning comprehensive business strategies for products and conducting business activities in each area. Accordingly, the AIDA Group consists of geographic segments based on manufacturing, sales and service.

Reportable segments are categorized into "Japan," "Asia," "Americas" and "Europe."

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

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

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

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

For the years ended March 31, 2013 and 2012

	Millions of yen					
For the year ended March 31, 2013	Japan	Asia	Americas	Europe	Reconciliation	Consolidated
Sales to third parties	**¥20,192**	**¥15,946**	**¥11,410**	**¥10,263**	**¥ —**	**¥57,812**
Inter-segment sales	**19,522**	**1,535**	**514**	**1,558**	**(23,131)**	**—**
Total sales	**39,714**	**17,482**	**11,924**	**11,822**	**(23,131)**	**57,812**
Segment profit or loss	**¥ 2,070**	**¥ 1,462**	**¥ 493**	**¥ (49)**	**¥ (219)**	**¥ 3,756**
Segment assets	**¥52,419**	**¥18,140**	**¥ 8,997**	**¥10,322**	**¥ (7,761)**	**¥82,118**
Depreciation	**¥ 874**	**¥ 321**	**¥ 74**	**¥ 104**	**¥ (12)**	**¥ 1,362**
Increase in property, plant, equipment and intangible assets	**¥ 718**	**¥ 731**	**¥ 43**	**¥ 118**	**¥ (56)**	**¥ 1,555**

	Thousands of U.S. dollars					
For the year ended March 31, 2013	Japan	Asia	Americas	Europe	Reconciliation	Consolidated
Sales to third parties	**$214,835**	**$169,665**	**$121,396**	**$109,199**	**$ —**	**$615,096**
Inter-segment sales	**207,708**	**16,339**	**5,472**	**16,582**	**(246,102)**	**—**
Total sales	**422,544**	**186,004**	**126,868**	**125,781**	**(246,102)**	**615,096**
Segment profit or loss	**$ 22,025**	**$ 15,560**	**$ 5,253**	**$ (531)**	**$ (2,339)**	**$ 39,968**
Segment assets	**$557,715**	**$193,004**	**$ 95,724**	**$109,823**	**$ (82,577)**	**$873,691**
Depreciation	**$ 9,303**	**$3,420**	**$ 790**	**$ 1,109**	**$ (129)**	**$ 14,497**
Increase in property, plant, equipment and intangible assets	**$ 7,642**	**$ 7,786**	**$ 459**	**$ 1,261**	**$ (600)**	**$ 16,549**

	Millions of yen					
For the year ended March 31, 2012	Japan	Asia	Americas	Europe	Reconciliation	Consolidated
Sales to third parties	¥20,241	¥12,646	¥8,705	¥10,646	¥ —	¥52,240
Inter-segment sales	14,335	843	729	2,313	(18,222)	—
Total sales	34,577	13,490	9,434	12,959	(18,222)	52,240
Segment profit or loss	¥ 1,294	¥ 880	¥ 352	¥ (405)	¥ 99	¥ 2,221
Segment assets	¥57,255	¥14,374	¥7,712	¥ 6,809	¥(14,851)	¥71,300
Depreciation	¥ 993	¥ 223	¥ 62	¥ 99	¥ —	¥ 1,378
Increase in property, plant, equipment and intangible assets	¥ 712	¥ 1,877	¥ 49	¥ 42	¥ (14)	¥ 2,667

- Adjustments of sales represent elimination of inter-segment transactions.
- Adjustments of segment profit or loss represent elimination of inter-segment transactions.
- Adjustments of segment assets represent elimination between inter-segment receivables and payables.
- Adjustments for increased property, plant, equipment and intangible assets represent elimination of inter-segment transactions.

(Related Information)

1. Products and service

For the year ended March 31, 2013

	Millions of yen			
	Press machines	Service	Others	Total
Sales to third parties	**¥44,969**	**¥12,619**	**¥223**	**¥57,812**

	Thousands of U.S. dollars			
	Press machines	Service	Others	Total
Sales to third parties	**$478,445**	**$134,267**	**$2,383**	**$615,096**

For the year ended March 31, 2012

	Millions of yen			
	Press machines	Service	Others	Total
Sales to third parties	¥41,574	¥10,483	¥181	¥52,240

2. Geographical information

(1) Sales

Year ended March 31, 2013

Millions of yen					
Japan	Asia	Americas	Europe	Others	Total
¥16,355	**¥19,190**	**¥12,541**	**¥9,723**	**¥2**	**¥57,812**

Thousands of U.S. dollars					
Japan	Asia	Americas	Europe	Others	Total
$174,012	**$204,172**	**$133,430**	**$103,452**	**$27**	**$615,096**

Year ended March 31, 2012

Millions of yen					
Japan	Asia	Americas	Europe	Others	Total
¥15,805	¥16,594	¥10,782	¥8,981	¥76	¥52,240

Note: Sales are presented based on the customer location, and they are classified in country and areas.

(2) Property, plant and equipment

As of March 31, 2013

Millions of yen				
Japan	Asia	Americas	Europe	Total
¥10,594	**¥3,294**	**¥718**	**¥1,560**	**¥16,167**

Thousands of U.S. dollars				
Japan	Asia	Americas	Europe	Total
$112,722	**$35,050**	**$7,640**	**$16,599**	**$172,013**

As of March 31, 2012

Millions of yen				
Japan	Asia	Americas	Europe	Total
¥ 11,367	¥ 2,754	¥701	¥1,056	¥15,879

(Reportable segment information for impairment loss of fixed assets)

Year ended March 31, 2013

Millions of yen					
Japan	Asia	Americas	Europe	Elimination of inter-segment transaction	Total
¥—	**¥—**	**¥49**	**¥—**	**¥—**	**¥49**

Thousands of U.S. dollars					
Japan	Asia	Americas	Europe	Elimination of inter-segment transaction	Total
$—	**$—**	**$527**	**$—**	**$—**	**$527**

Year ended March 31, 2012

Millions of yen					
Japan	Asia	Americas	Europe	Elimination of inter-segment transaction	Total
¥31	¥—	¥—	¥47	¥—	¥78

(Reportable segment information for amortization and balance of goodwill)
There is no amortization or ending balance of goodwill for the years ended March 31, 2013 and 2012.

(Reportable segment information for negative goodwill)
There is no negative goodwill recorded for the years ended March 31, 2013 and 2012.

21 STOCK OPTIONS

The directors' remuneration recorded in "Selling, general and administrative expenses" for the years ended March 31, 2013 and 2012 is ¥33 million (U.S.$360 thousand) and ¥19 million, respectively.

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

Fiscal year	Grantees	Number of common shares granted (shares)	Grant date	Exercise price per share (yen)	Exercise periods
2004	Directors (7) Employees of AIDA (136) Directors of subsidiaries (1) Employees of subsidiaries (8)	589,000	February 10, 2005	563	From July 1, 2006 to March 31, 2014
2005	Directors (7) Employees of AIDA (667) Directors of subsidiaries (1) Employees of subsidiaries (76)	924,000	September 30, 2005	725	From July 1, 2007 to March 31, 2015
2007	Directors (4)	22,000	September 26, 2007	1	From September 27, 2007 to September 26, 2037
2008	Directors (6)	36,000	September 25, 2008	1	From September 26, 2008 to September 25, 2038
2009	Directors (6)	85,000	September 25, 2009	1	From September 26, 2009 to September 25, 2039
2010	Directors (6)	79,000	September 24, 2010	1	From September 25, 2010 to September 24, 2040
2011	Directors (7)	57,000	September 29, 2011	1	From September 30, 2011 to September 29, 2041
2012	Directors (6)	62,000	November 29, 2011	1	From November 30, 2012 to November 29, 2042

A summary of stock option activity is as follows:

Granted fiscal year	2003	2004	2005	2007	2008	2009	2010	2011	2012
Exercise price per share (1 yen)	**388**	**563**	**725**	**1**	**1**	**1**	**1**	**1**	**1**
Average stock price when exercised	**687**	**722**	**777**	—	—	—	—	—	—
Fair value per share when granted	**388**	**563**	**725**	—	—	—	—	—	—
Outstanding as of April 1, 2012	—	—	—	—	—	—	—	—	—
Granted	—	—	—	—	—	—	—	—	**62,000**
Forfeited	—	—	—	—	—	—	—	—	—
Vested	—	—	—	—	—	—	—	—	**62,000**
Outstanding as of March 31, 2013	—	—	—	—	—	—	—	—	—
Outstanding as of April 1, 2012	**149,000**	**472,000**	**825,000**	**15,000**	**25,000**	**59,000**	**55,000**	**49,000**	—
Vested	—	—	—	—	—	—	—	—	**62,000**
Exercised	**104,000**	**147,000**	**1,000**	—	—	—	—	—	—
Forfeited	**45,000**	**14,000**	**13,000**	—	—	—	—	—	—
Outstanding as of March 31, 2013	—	**311,000**	**811,000**	**15,000**	**25,000**	**59,000**	**55,000**	**49,000**	**62,000**

The method for estimating the fair value of stock options granted in the year ended March 31, 2013 is as follows:

(a) Valuation method used: Black-Scholes model

(b) Principal basic values and assumptions

Volatility (*1) 43.73%

Projected remaining period (*2)........... 6 years

Projected dividend (*3) .... ¥10.00 [U.S.$0.10] / share

Risk-free interest rate 0.26%

(*1) Computed based on share prices during a six-year period from November 30, 2006 to November 29, 2012.
(*2) Estimated based on the past experience during the directors' term of office.
(*3) Determined based on the average of the dividend amounts for the years ended March 31, 2011 and 2012.

22 SUBSEQUENT EVENT

March 31, 2013:

On June 27, 2013, at the general meeting of shareholders, the following appropriation of retained earnings was approved:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥19.00 (U.S.$0.20) per share)	**¥1,221**	**$12,999**

The amount includes the dividend of ¥64 million (U.S.$686 thousand) on shares (3,396,300 shares as of March 31, 2013), held by the Trust Account E.

REPORT OF INDEPENDENT AUDITORS

ERNST & YOUNG

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Independent Auditor's Report

The Board of Directors
AIDA ENGINEERING, Ltd.

We have audited the accompanying consolidated financial statements of AIDA ENGINEERING, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of AIDA ENGINEERING, Ltd. and its consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

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

Ernst & Young ShinNihon LLC

June 27, 2013
Tokyo, Japan

HISTORY

1917	AIDA Ironworks is founded in Honjo, Tokyo, by Yokei 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 are restarted two months later.
1955	Introduced the first 200-ton 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 2,500-ton transfer press, the largest class in the world (at the time of completion).
1968	Introduced "Autohand," the first Japanese industrial robot.
1970	Company name is changed to AIDA ENGINEERING, LTD.
1971	Promoted to the 1st Section of the Tokyo Stock Exchange.
1972	Established a subsidiary in the United States.
1974	Tsukui Factory is constructed (the current Tsukui Plant Division in Sagamihara City).
1985	Nominated as a marginable stock on the Tokyo Stock Exchange.
	Established a subsidiary in Canada.
1989	Established a subsidiary in Singapore.
1992	ACCESS LTD. is established in Ishikawa Prefecture.
	AIDA BUSINESS CORP. is established in Sagamihara City.
1993	Established a subsidiary in Hong Kong.
1995	Manufacturing bases are established in the United States and Malaysia.
	A new facility is constructed in Hakusan City in Ishikawa Prefecture.
1997	Established a subsidiary in Thailand.
1999	Received ISO 9001 certification.
2001	Received ISO 14001 certification.
2002	Established subsidiaries in China and France.
	Introduced the world first direct-drive servo press (now called the Direct Servo Former).
2003	A manufacturing base is established in China.
2004	Established a subsidiary in Germany.
	Absorbed an Italian subsidiary, and established a manufacturing base.
2005	Established subsidiaries in Brazil and Indonesia.
2007	A new plant is constructed on land adjacent to the headquarters.
	Established a subsidiary in India.
2008	Completed the development of a 2,300-ton capacity large servo press.
2009	Established a subsidiary in Mexico.
2010	Launched commercial marketing of large-capacity servo motors for servo presses developed and manufactured by AIDA.
	Transferred Chinese production base to Nantong City and expanded base.
2011	Established subsidiaries in Vietnam and Morocco.
2012	Established a subsidiary in Russia.

CORPORATE DATA

As of March 31, 2013

Company Name	AIDA ENGINEERING, LTD.
Founded	March 1917
Established	March 25, 1937
Common Stock	¥7,831 million
Fiscal Year-End	March 31
Number of Employees	698 (Consolidated: 1,647)
Head Office	2-10 Ohyama-cho, Midori Ward, Sagamihara City, Kanagawa Prefecture 252-5181, Japan
TEL	+81-42-772-5231
FAX	+81-42-772-5263

WEBSITE

On its corporate website, AIDA offers a wealth of information, including timely disclosure of financial information for its shareholders and other investors, information on products and after-service support for users, and information for those unfamiliar with the Company's operations.

www.aida.co.jp/en/

Group Companies:

ACCESS LTD.

AIDA BUSINESS CORP.

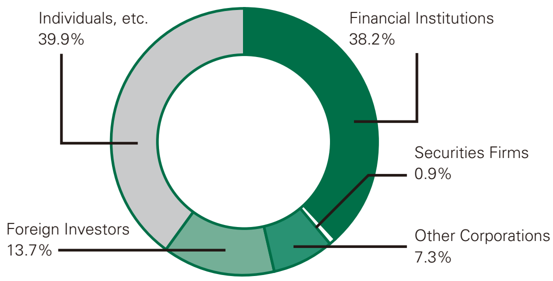
STOCK INFORMATION

As of March 31, 2013

Securities Code	6118
Stock Listing	Tokyo Stock Exchange, 1st Section
Number of Shares Authorized	188,149,000
Number of Shares Issued	79,147,321
Number of Shares of Treasury Stock	18,236,991*
Number of Shareholders	7,320
Number of Shares per Trading Unit	100 shares
Custodian of Shareholders	Mizuho Trust & Banking Co., Ltd.

* Number of shares of treasury stock includes the 3,396,300 shares of treasury stock held by Trust & Custody Services Bank, Ltd. as part of J-ESOP (Japanese employee stock ownership plan).

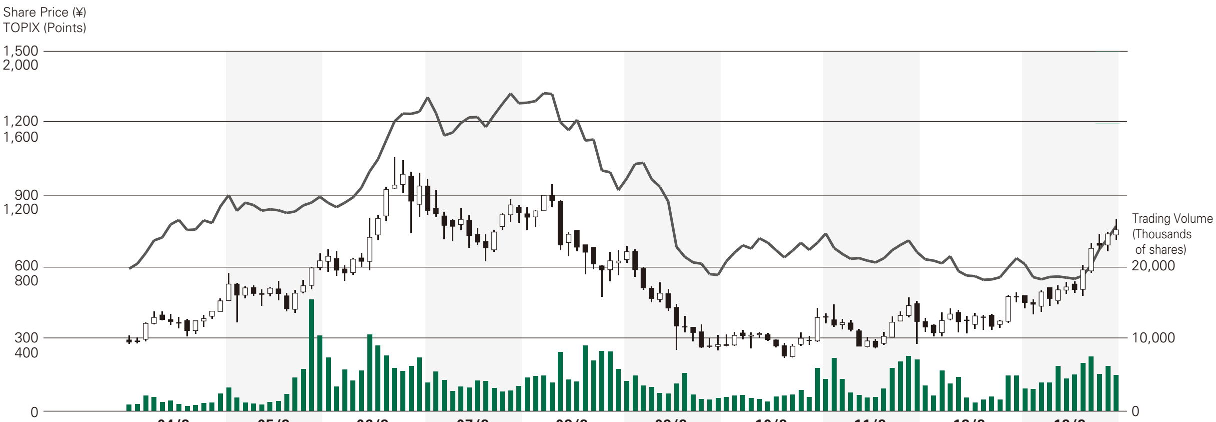
BREAKDOWN OF ISSUED SHARES BY TYPE OF SHAREHOLDER



MAJOR SHAREHOLDERS

	Number of Shares Held (thousands)	Percentage of Total Issued Shares (%)
The Dai-ichi Life Insurance Company, Ltd.	4,000	5.05
Japan Trustee Services Bank, Ltd. (Trust Account)	3,967	5.01
Trust & Custody Services Bank, Ltd. (Trust Account E)	3,396	4.29
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,994	3.78
Nippon Life Insurance Company	2,980	3.77
Meiji Yasuda Life Insurance Company	2,516	3.18
Mizuho Corporate Bank, Ltd.	2,179	2.75
Kimikazu Aida	1,433	1.81
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,397	1.77
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,104	1.40

MONTHLY SHARE PRICE RANGE AND TRADING VOLUME



	04/3	05/3	06/3	07/3	08/3	09/3	10/3	11/3	12/3	13/3
High (¥)	469	657	1,059	969	946	689	430	474	496	802
Low (¥)	280	371	544	625	477	255	223	263	312	404
At Year-End (¥)	460	627	939	828	626	278	390	374	476	756

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

Note: Stock prices are monthly averages.

AIDA

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