Consolidated Financial Results
for the Fiscal Year Ended March 31, 2016
[Japanese GAAP]

April 27, 2016

Company name: Daihatsu Diesel Mfg. Co., Ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 6023
URL: http://www.dhtd.co.jp/
Representative: Takeshi Harada, President
Contact: Osamu Gouda, Managing director
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Scheduled date of Annual General Meeting of Shareholders: June 29, 2016
Scheduled date of commencing dividend payments: June 30, 2016
Scheduled date of filing annual securities report: June 29, 2016
Availability of supplementary briefing material on annual financial results: Available
Schedule of annual financial results briefing session: Scheduled (for securities analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2016	57,019	(8.5)	5,493	17.1	5,438	14.8	3,596	19.7
March 31, 2015	62,304	8.2	4,689	(5.7)	4,736	(3.9)	3,004	9.5

(Note) Comprehensive income: Fiscal year ended March 31, 2016: 2,916 million yen [(15.5)%]
Fiscal year ended March 31, 2015: 3,452 million yen [17.2%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets	Operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2016	112.98	-	10.9	7.4	9.6
March 31, 2015	94.37	-	10.0	6.5	7.5

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2016: - million yen
Fiscal year ended March 31, 2015: - million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2016	75,060	34,224	45.6	1,074.47
As of March 31, 2015	72,071	31,562	43.8	990.89

(Reference) Equity: As of March 31, 2016: 34,204 million yen
As of March 31, 2015: 31,544 million yen

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2016	3,437	(3,256)	(1,510)	20,606
March 31, 2015	(221)	(1,503)	(2,722)	22,040

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2015	-	0.00	-	8.00	8.00	254	8.5	0.8
March 31, 2016	-	0.00	-	15.00	15.00	477	13.3	1.4
Fiscal year ending March 31, 2017 (Forecast)	-	0.00	-	15.00	15.00		13.7	

(Note) Dividends for the fiscal year ended March 31, 2016 consist of an ordinary dividend of 10.00 yen and a commemorative dividend of 5.00 yen.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	28,000	5.9	1,700	(9.8)	1,700	(7.3)	1,200	(2.2)	37.67
Full year	63,000	10.5	5,000	(9.0)	5,000	(8.1)	3,500	(2.7)	109.89

*** Notes:**

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: Yes
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Retrospective restatement: No

(3) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
March 31, 2016: 31,850,000 shares
March 31, 2015: 31,850,000 shares

2) Total number of treasury shares at the end of the period:
March 31, 2016: 16,170 shares
March 31, 2015: 15,845 shares

3) Average number of shares during the period:
Fiscal Year ended March 31, 2016: 31,833,944 shares
Fiscal Year ended March 31, 2015: 31,835,100 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2016	50,689	(9.7)	3,374	14.6	4,272	17.7	3,131	18.4
March 31, 2015	56,123	8.2	2,945	(8.9)	3,630	(10.7)	2,643	4.5

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2016	98.36	-
March 31, 2015	83.03	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2016	67,207	28,583	42.5	897.88
As of March 31, 2015	65,217	25,770	39.5	809.52

(Reference) Equity: As of March 31, 2016: 28,583 million yen
As of March 31, 2015: 25,770 million yen

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(% indicates changes from the previous corresponding period.)

	Net sales		Ordinary income		Net income		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	24,000	2.1	2,200	16.1	1,900	20.9	59.65
Full year	56,000	10.5	4,400	3.0	3,500	11.8	109.89

* Presentation regarding the implementation status of the audit procedures

These financial results are outside the scope of audit procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these financial results, audit procedures for the financial statements under the Financial Instruments and Exchange Act have not been completed.

* Explanation of the proper use of financial results forecast and other notes

(Note on forward-looking statements)

The financial results forecasts and other forward-looking statements herein are based on information and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to “Analysis of Operating Results” on page 3 of the attached material for the assumptions the financial results forecasts are based on, and notes on their use.

(How to obtain supplementary briefing material on annual financial results and information on the briefing session)

Briefing session for institutional investors and analysts are scheduled to be held on Wednesday, May 25, 2016. The briefing materials will be posted on the Company’s website after the session.

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1. Operating Results and Financial Position

(1) Analysis of Operating Results

1) Summary of operating results for the fiscal year under review

During the consolidated fiscal year under review, the Japanese economy saw improvement in corporate earnings and the employment environment against the backdrop of the government’s economic policies and fiscal policies of the Bank of Japan, but factors such as concerns over a deceleration in emerging markets such as China and lower crude oil prices, alongside a decline in stock prices and a rapidly weakening yen from the beginning of 2016 led to conditions for which the outlook became increasingly uncertain.

In the shipbuilding and maritime industry, the primary industry to which the Company makes its sales, global completed construction volume for newly-built vessels during the previous year was 67,566 thousand gross tons, or a 4.4% increase year-on-year, but order volume for new vessels was 76,570 thousand gross tons, or a 6.2% decrease year-on-year. As a historic decline continues in the marine cargo market, the state of oversupply continues to remain unresolved.

Under such corporate environment, the Company defined the objectives of “Solidification and expansion of existing businesses,” “Growth through expansion of peripheral business domains,” and “Initiatives for future business development in preparation for 100th anniversary” within its Mid-term Management Plan (April 1, 2015 to March 31, 2019) that began during the fiscal year under review, and advanced active business expansion.

Concerning “Solidification and expansion of existing businesses,” to solidify engine sales, the Company has completed development of the “DE-33” large engine that accommodates the needs for higher power consumption in vessels. Additionally, in November 2015, the Company acquired property for the construction of a new factory in the coastal region of Himeji City, Hyogo Prefecture, and is advancing preparations toward larger engines to accommodate customer needs and increasing production efficiency. Furthermore, the Company is focusing on securing and fostering global personnel, and is advancing the strengthening of “technological service ability” and “network ability” on a global scale in the maintenance business, an area of strength for the Company.

Concerning “Growth through expansion of peripheral business domains,” the Company will leverage its management resources in the existing internal combustion-related business to the limit, and advance active entry and expansion into related business domains. In April 2015, regarding scrubbers, machines that eliminate SOx from exhaust gas, the Company concluded an exclusive sales agency agreement for the Japanese market with US-based Belco Technologies Corporation (BELCO). Additionally, in July 2015, the Company acquired shares of Nippon Nozzle Seiki Co., Ltd., a company with strength in development and production of fuel injection systems, an important component for engines, and made it a subsidiary.

Concerning “Initiatives for future business development in preparation for 100th anniversary,” the Company will aim to (1) establish a growth foundation by improving shareholder value, and (2) restructure the business portfolio. As a part of these measures, the Company has announced a target dividend payout ratio of 20% during the period of the Mid-term Management Plan. Moving forward, aiming for long-term growth, the Company will work to strengthen corporate governance and enrich dialogue with stakeholders.

As a result, consolidated net sales decreased by 8.5% year-on-year to 57,019 million yen, operating income increased by 17.1% year-on-year to 5,493 million yen, ordinary income increased by 14.8% year-on-year to 5,438 million yen, and profit attributable to owners of parent increased by 19.7% year-on-year to 3,596 million yen.

Performance by business segment of the Company and the consolidated Group are as follows.

<Internal combustion engines>

1. Marine-use

While unit sales, centered on mainstay auxiliary power generators, decreased and decline in profitability for engines continued, centered on overseas projects, maintenance-related sales increased, resulting in a decrease in net sales by 15.6% year-on-year to 44,129 million yen, and an increase in segment income by 10.1% year-on-year to 7,431 million yen.

2. Land-use

Due to an increase in unit sales centered on the Japanese market and an increase in maintenance-related sales, net sales increased by 35.3% year-on-year to 10,475 million yen and segment income increased by 91.9% year-on-year to 564 million yen.

Consequently, including parts sales and maintenance construction, net sales for the segment decreased by 9.1% year-on-year to 54,605 million yen, and segment income increased by 13.5% year-on-year to 7,995 million yen.

<Other>

1. Industrial machinery-related

   In the aluminum wheel division, an increase in unit sales for new vehicles caused both net sales and segment income to increase.

2. Real estate leasing-related

   In real estate leasing-related, both net sales and segment income increased slightly.

3. Electricity sales-related

   In electricity sales-related, net sales increased and the segment loss decreased.

Consequently, net sales for the segment increased by 6.9% year-on-year to 2,414 million yen, and segment income increased by 12.0% year-on-year to 434 million yen.

2) Outlook for the next fiscal year

Concerning the outlook of the Group for the next fiscal year, in the mainstay marine-use market, net sales are forecast to increase year-on-year due to higher unit sale prices, owing to factors such as sales of large engines for mega container vessels that are the result of a trend for larger vessels at marine cargo companies aiming to improve transport efficiency, and higher sales for main engines in overseas markets. However, marine cargo market conditions are in an extremely harsh state, highlighted by a record low figure in the Baltic Dry Index, and exchange rates are trending with a strong yen, causing newly-built vessel prices to decline and engine sale prices to remain low. Additionally, due to a deterioration in conditions of the marine cargo market, a recovery in volume for orders for newly-built vessels for bulk carriers cannot be projected for 2016, and as the offshore market is experiencing a significant slowdown due to low crude oil prices, curtailment and restructuring in Chinese shipyards and declines in operations at South Korean shipyards are becoming severe; amid such extremely uncertain conditions in the sales environment, a harsh business environment is forecast to continue in the future.

Conversely, in the land-use market, the fiscal 2016 public works budget calls for enrichment of disaster prevention and mitigation countermeasures in light of localized heavy rain, etc., and after the Great East Japan Earthquake, the number of companies installing off-grid power generators as a facet of business continuity planning (BCP) are increasing, causing sales conditions forecasts to be on a solid trend.

Under such circumstances, the Group will work to provide products that fit customer needs, strengthen price competitiveness via thorough raw material cost reductions and expense cuts, and while responding swiftly and appropriately to changes in the market, work to expand the scale of sales and secure profits.

From the factors outlined above, the financial results forecast of the Group for the next fiscal year is 28,000 million yen in net sales, 1,700 million yen in operating income, 1,700 million yen in ordinary income, and 1,200 million yen in profit attributable to owners of parent for the first half period and 63,000 million yen in net sales, 5,000 million yen in operating income, 5,000 million yen in ordinary income, and 3,500 million yen in profit attributable to owners of parent for the full year.

(2) Analysis of Financial Position

In assets as of the end of the fiscal year under review, notes and accounts receivable - trade increased by 642 million yen from the end of the previous fiscal year while the turnover period of accounts receivable was 106.6 days (compared with 93.9 days at the end of the previous fiscal year), reflecting a lower export ratio.

Inventories increased by 2,766 million yen while the turnover period was 68.9 days (compared with 50.6 days at the end of the previous fiscal year). Property, plant and equipment increased by 1,023 million yen from the end of the previous fiscal year to 16,146 million yen due to the acquisition of land for a new factory and other factors. Total assets as of March 31, 2016 amounted to 75,060 million yen, an increase of 2,988 million yen compared with the end of the previous fiscal year.

In liabilities, notes and accounts payable - trade and electronically recorded obligations in total decreased by 106 million yen from the end of the previous fiscal year while their turnover period was 78.6 days (compared with 75.6 days at the end of the previous fiscal year). In addition, short-term loans payable and long-term loans payable in total decreased by 980 million yen from the end of the previous fiscal year to 9,867 million yen, following scheduled repayments. The ratio of interest-bearing liabilities (excluding lease obligations) to net sales at the end of the current fiscal year was 17.3%, down 0.1 point from the end of the previous fiscal year. Net defined benefit liability increased by 582 million yen due to lower discount rates. Income taxes payable also increased by 433 million yen. As a result, total liabilities increased by 326 million yen from the previous fiscal year to 40,836 million yen.

(3) Dividend Policy

The Company views the return of profits to shareholders as an important management objective, and while maintaining internal reserves to improve profitability and strengthen its financial standing, the Company has a basic policy of implementing distribution of profits in accordance with business results, and has placed a “dividend payout ratio of 20%” as a target under the Mid-term Management Plan period (April 1, 2015 to March 31, 2019).

(4) Business and Other Risks

Forward-looking statements, such as forecasts, anticipation, expectations, and prospects, indicated in this section reflect the judgment of the Group as of March 31, 2016 and actual results in the future may differ significantly from them.

1) Foreign exchange risk

For certain products and related parts and services, the Group conducts sales and procurement in regions other than Japan, and may conduct these transactions in the US dollar, euro, or other local currency, aside from the yen. Some overseas consolidated subsidiaries also conduct sales in yen, and concerning these accounts receivable at the fiscal year-end, foreign exchange losses or gains may occur due to foreign exchange fluctuation of the standard accounting currency, and it is possible that there may be an effect on business results or financial conditions.

2) Cash flows

Consolidated net sales of the Group amounted to 57,019 million yen while interest-bearing debt (excluding lease obligations) was 9,867 million yen. In addition, cash and cash equivalents at the end of the fiscal year under review decreased by 1,434 million yen. This is mainly because of increased working capital reflecting expansion of sales and repayment of loans. Moving forward, the Group will strengthen cash flow improvement activities, and work toward measures to strengthen the financial standing through inventory reduction and improvement in transaction conditions, etc., but as fund procurement is dependent on indirect financing, variations in financial trends may have an effect on cash flows.

3) Dependence on technologies of certain suppliers

The Group sources many of the parts that comprise an engine from outside sourcing, and certain key parts are dependent upon suppliers that possess specific advanced technologies. Concerning these, it is possible that procurement may become unstable due to conditions at the suppliers. Additionally, the Group is working toward continued reduction of procurement costs via measures such as domestic procurement at lower costs and seeking new suppliers in countries such as China, but if factors such as a rise in prices for specific materials arise, it is possible that cost reductions will not proceed steadily.

4) Legal restraints

Regulations regarding environmental burden reduction are becoming increasingly strict toward diesel engines, a mainstay product of the Company. In addition to the Air Pollution Control Act for land-use, restrictions for exhaust gases based on the International Convention for the Prevention of Pollution from Ships are forecast to add another level of strictness for marine-use. While the Group is working toward product development to satisfy these restrictions, if delays arise during development, there may be an effect on policies to secure and expand market share for the Company’s products.

5) Credit risk associated with accounts receivable

The Group possesses accounts receivable toward transaction partners. As a result, amid changes in financial trends and uncertainty in the economy, the Sales and Transaction Partner Management Committee was established, and countermeasures are in place to prevent occurrence of bad debts and doubtful account losses by continuously paying close attention to business conditions of credit counterparties. However, there may be manifestations of collection risk if unforeseen or unavoidable conditions arise due to sudden changes in the market environment, etc.

6) Risk of natural disasters

The production of the Group’s mainstay diesel engines is concentrated at the Moriyama Factory in Moriyama City, Shiga Prefecture, and if a large-scale earthquake occurs, production activities may be impacted.

7) Risk of oversea expansion

The economic environment surrounding the marine cargo and vessel markets, which most greatly affect the Group, is heavily impacted by expansion of emerging markets, particularly the Chinese economy, and if unforeseen circumstances cause the vessel market in China to shrink and engine production volume at licensees in China to sharply decrease, there may be discord in the medium-term plan to aim for share expansion for Daihatsu-branded engines in tandem with Chinese licensee engines.

2. Overview of the Corporate Group

The Group is comprised of the Company and its 22 subsidiaries and other companies, and engages in the businesses such as production and distribution of internal combustion engines and industrial equipment as well as real estate leasing.

Concerning the industrial equipment business, all deliveries are made to one other associated company.

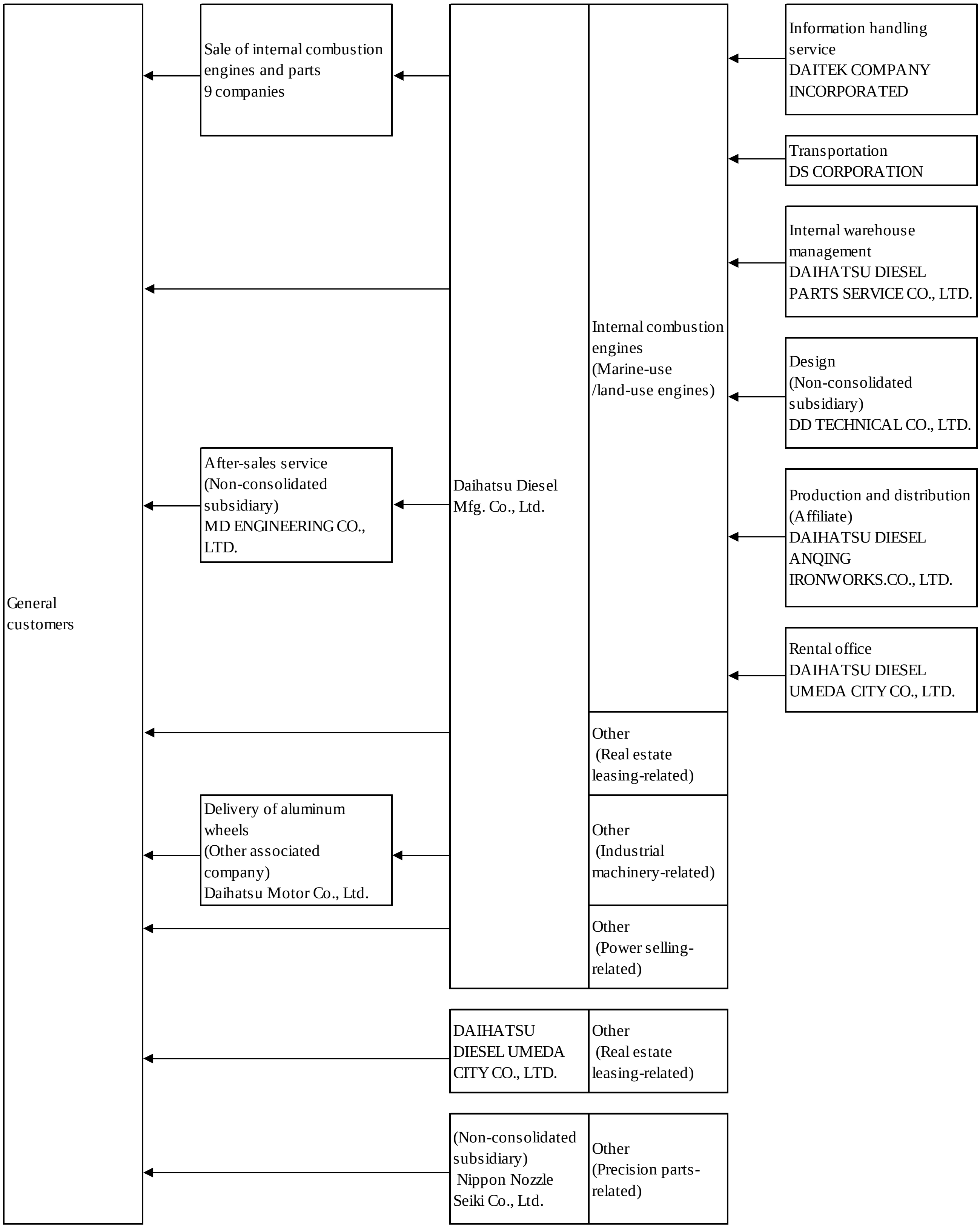
Businesses and the position of the Company and each subsidiary and associated companies within the relevant business are as follows.

Category		Main Products (Business)	Major Companies
Internal combustion engines	Marine-use/ land-use engines	Diesel engines for marine-use Diesel engines for land-use Gas turbine Sales of parts for the above	Daihatsu Diesel Mfg. Co., Ltd., DAIHATSU DIESEL EAST JAPAN CO., LTD., DAIHATSU DIESEL NAKANIHON CO., LTD., DAIHATSU DIESEL SHIKOKU CO., LTD., DAIHATSU DIESEL NISHINIHON CO., LTD. DAIHATSU DIESEL (ASIA PACIFIC) PTE. LTD. DAIHATSU DIESEL (EUROPE) LTD. DAIHATSU DIESEL (AMERICA), INC. DAIHATSU DIESEL (SHANGHAI) CO., LTD.
		Information handling service Transportation Internal warehouse management Design Production and distribution After-sales service	DAITEK COMPANY INCORPORATED DS CORPORATION DAIHATSU DIESEL PARTS SERVICE CO., LTD., DD TECHNICAL CO., LTD.[*1] DAIHATSU DIESEL ANQING IRONWORKS.CO., LTD.[*2] MD ENGINEERING CO., LTD.[*1]
Other	Industrial equipment	Sale of aluminum wheels	Daihatsu Diesel Mfg. Co., Ltd.
	Real estate leasing	Rental office	Daihatsu Diesel Mfg. Co., Ltd., DAIHATSU DIESEL UMEDA CITY CO., LTD.
	Precision parts	Precision parts	Nippon Nozzle Seiki Co., Ltd.[*1]

(Notes)

1. Marked with *1: Non-consolidated subsidiaries
2. Marked with *2: Associated companies
3. Aside from the above, there is a consolidated subsidiary "DAIHATSU DIESEL HIMEJI CO., LTD." It is not included as the company is in business preparation phase.

The chart shows the relationship stated above.



(Notes)
1. DAIHATSU DIESEL UMEDA CITY CO., LTD. partially owns the “Umeda Sky Building,” and is in the rental office business.
2. Aside from the above, there is a consolidated subsidiary “DAIHATSU DIESEL HIMEJI CO., LTD.” It is not included as the company is in business preparation phase.

3. Management Policies

(1) Basic Management Policies of the Company

The Company holds as its corporate philosophy, "to strive unstintingly for the betterment of society and symbiosis with our neighbours, drawing on the bold spirit of creativity and yearning for technological achievement we nurture within ourselves."

Under this corporate philosophy, the Company holds the management policy of "(1) providing new products and services to satisfy customers, (2) business expansion that is in harmony with the trend of protecting the earth environment, and (3) building an energetic and positive-minded corporate environment, on a strong but flexible management structure which enable the Company to swiftly respond to changes in the business world and secure necessary profits." By implementing these management policies, each Group company will expand its business activities in a unified way, and the Group aims for further growth and prosperity as a corporate group that is recognized as a significant presence for all persons that come into contact with the Company, including customers, shareholders, transaction partners, and employees.

(2) Target Management Indices

To enhance its corporate value, the Group considers that the improvement of the net sales to ordinary income ratio and the equity ratio are important.

(3) Medium- and Long-Term Business Strategies and Issues to be Addressed

In the shipbuilding and maritime industry, which is the mainstay sales target for the Group, demand for ships undergoes peaks and valleys, and currently, the current supply-demand gap is at an unprecedented level as resolution for overinvestment from prior to the 2008 global financial crisis fails to progress, and it is forecast that an extremely harsh business environment will persist. Amid a market where such fluctuations in the market are fierce, the Group recognizes that establishing a structure that can continuously grow and expand moving forward through securing continuous sales and profits at a certain level is its largest management issue. The Company prioritizes the following three strategies in the medium- to long-term management strategies to resolve such issue.

1. Solidification and expansion of existing businesses

To solidify sales of the Group's mainstay engines, it will advance product development that meets the market needs and pursue high-quality, low-cost production with short lead-time. It will clarify priority markets and strategic goals and promote initiatives for continuous expansion of engine sales while advancing structural reform including restructuring of the global sales network and after-sales service structure and human resource development.

2. Growth through expansion of peripheral business domains

By leveraging the management resources in existing businesses, with respect to businesses such as the environment-friendly products business and the accessories business, the Group will advance measures toward expanding business into new business domains while considering the use of outside resources.

3. Initiatives for future business development in preparation for 100th anniversary

The Company will celebrate its 50th anniversary since its founding in May 2016. Toward continuous growth in view of the 100th anniversary, the Company will restructure businesses across the entire group in order to improve its market value, and advance measures toward transforming into a highly profitable corporation.

4. Basic Policy Concerning Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements among companies, the Group prepares its consolidated financial statements using Japanese GAAP.

With regard to International Financial Reporting Standards, the Group's policy is to respond appropriately based on consideration of the situation in Japan and overseas.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	23,299	21,412
Notes and accounts receivable - trade	16,325	16,967
Inventories	9,382	12,148
Deferred tax assets	1,747	1,873
Other	2,091	1,548
Allowance for doubtful accounts	(14)	(9)
Total current assets	52,830	53,940
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,755	6,690
Machinery, equipment and vehicles, net	4,178	3,648
Land	3,085	4,403
Construction in progress	458	674
Other, net	644	729
Total property, plant and equipment	15,122	16,146
Intangible assets	605	728
Investments and other assets		
Investment securities	1,109	1,715
Long-term loans receivable	3	2
Deferred tax assets	1,894	2,048
Other	520	510
Allowance for doubtful accounts	(15)	(33)
Total investments and other assets	3,513	4,244
Total non-current assets	19,241	21,119
Total assets	72,071	75,060

(Million yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,384	7,941
Electronically recorded obligations - operating	1,948	4,284
Short-term loans payable	4,355	6,563
Lease obligations	234	287
Income taxes payable	815	1,249
Provision for bonuses	647	713
Provision for directors' bonuses	60	85
Accrued expenses	3,403	2,867
Other	2,473	3,118
Total current liabilities	24,323	27,110
Non-current liabilities		
Long-term loans payable	6,492	3,304
Lease obligations	538	621
Provision for directors' retirement benefits	399	463
Net defined benefit liability	6,136	6,718
Asset retirement obligations	135	137
Other	2,483	2,480
Total non-current liabilities	16,186	13,725
Total liabilities	40,509	40,836
Net assets		
Shareholders' equity		
Capital stock	2,434	2,434
Capital surplus	2,170	2,170
Retained earnings	26,933	30,275
Treasury shares	(10)	(10)
Total shareholders' equity	31,528	34,870
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	275	205
Deferred gains or losses on hedges	(4)	-
Foreign currency translation adjustment	69	39
Remeasurements of defined benefit plans	(324)	(910)
Total accumulated other comprehensive income	15	(665)
Non-controlling interests	17	19
Total net assets	31,562	34,224
Total liabilities and net assets	72,071	75,060

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Net sales	62,304	57,019
Cost of sales	46,895	40,584
Gross profit	15,409	16,435
Selling, general and administrative expenses		
Selling expenses	7,975	8,005
General and administrative expenses	2,745	2,937
Total selling, general and administrative expenses	10,720	10,942
Operating income	4,689	5,493
Non-operating income		
Interest income	29	27
Dividend income	24	30
Fiduciary obligation fee	23	82
Reversal of allowance for doubtful accounts	88	2
Miscellaneous income	81	77
Total non-operating income	248	220
Non-operating expenses		
Interest expenses	140	121
Foreign exchange losses	20	113
Miscellaneous loss	39	40
Total non-operating expenses	200	275
Ordinary income	4,736	5,438
Extraordinary income		
Gain on sales of non-current assets	27	5
Insurance income	104	-
Compensation income	67	-
Gain on sales of investment securities	-	7
Other	1	-
Total extraordinary income	200	12
Extraordinary losses		
Loss on abandonment of non-current assets	49	18
Loss on sales of non-current assets	0	0
Loss on valuation of golf club membership	1	0
Impairment loss	87	5
Other	0	1
Total extraordinary losses	138	25
Profit before income taxes	4,798	5,425
Income taxes - current	1,460	1,828
Income taxes - deferred	331	(1)
Total income taxes	1,792	1,827
Profit	3,005	3,598
Profit attributable to non-controlling interests	1	1
Profit attributable to owners of parent	3,004	3,596

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Profit	3,005	3,598
Other comprehensive income		
Valuation difference on available-for-sale securities	98	(69)
Deferred gains or losses on hedges	(4)	4
Foreign currency translation adjustment	103	(30)
Remeasurements of defined benefit plans, net of tax	249	(586)
Total other comprehensive income	447	(681)
Comprehensive income	3,452	2,916
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,451	2,915
Comprehensive income attributable to non-controlling interests	1	1

(3) Consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2015

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,434	2,170	24,662	(8)	29,258
Cumulative effects of changes in accounting policies			(478)		(478)
Restated balance	2,434	2,170	24,183	(8)	28,780
Changes of items during period					
Dividends of surplus			(254)		(254)
Profit attributable to owners of parent			3,004		3,004
Purchase of treasury shares				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,749	(1)	2,748
Balance at end of current period	2,434	2,170	26,933	(10)	31,528

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	176	-	(34)	(574)	(431)	16	28,843
Cumulative effects of changes in accounting policies							(478)
Restated balance	176	-	(34)	(574)	(431)	16	28,365
Changes of items during period							
Dividends of surplus							(254)
Profit attributable to owners of parent							3,004
Purchase of treasury shares							(1)
Net changes of items other than shareholders' equity	98	(4)	103	249	447	1	448
Total changes of items during period	98	(4)	103	249	447	1	3,196
Balance at end of current period	275	(4)	69	(324)	15	17	31,562

For the fiscal year ended March 31, 2016

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,434	2,170	26,933	(10)	31,528
Effect of changes in accounting standards applied to foreign subsidiaries					
Restated balance	2,434	2,170	26,933	(10)	31,528
Changes of items during period					
Dividends of surplus			(254)		(254)
Profit attributable to owners of parent			3,596		3,596
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	3,342	(0)	3,341
Balance at end of current period	2,434	2,170	30,275	(10)	34,870

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	275	(4)	69	(324)	15	17	31,562
Effect of changes in accounting standards applied to foreign subsidiaries			(9)		(9)		(9)
Restated balance	275	(4)	60	(324)	6	17	31,552
Changes of items during period							
Dividends of surplus							(254)
Profit attributable to owners of parent							3,596
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	(69)	4	(20)	(586)	(672)	1	(670)
Total changes of items during period	(69)	4	(20)	(586)	(672)	1	2,671
Balance at end of current period	205	-	39	(910)	(665)	19	34,224

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	4,798	5,425
Depreciation	2,106	2,152
Increase (decrease) in allowance for doubtful accounts	(97)	12
Increase (decrease) in provision for bonuses	(0)	66
Increase (decrease) in provision for directors' bonuses	5	25
Increase (decrease) in net defined benefit liability	(564)	(328)
Increase (decrease) in provision for directors' retirement benefits	57	63
Interest and dividend income	(54)	(58)
Interest expenses	140	121
Loss (gain) on sales of property, plant and equipment	(26)	(5)
Loss on abandonment of non-current assets	49	18
Impairment loss	87	5
Insurance income	(104)	-
Decrease (increase) in notes and accounts receivable - trade	(321)	(776)
Decrease (increase) in inventories	(1,457)	(2,767)
Increase (decrease) in notes and accounts payable - trade	(1,520)	65
Decrease/increase in consumption taxes receivable/payable	(1,001)	576
Increase (decrease) in guarantee deposits received	(2)	(1)
Other, net	(148)	263
Subtotal	1,943	4,858
Interest and dividend income received	53	58
Interest expenses paid	(141)	(122)
Proceeds from compensation	-	73
Proceeds from insurance income	104	-
Income taxes paid	(2,181)	(1,430)
Net cash provided by (used in) operating activities	(221)	3,437
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,505)	(2,819)
Proceeds from sales of property, plant and equipment	3	49
Purchase of intangible assets	(9)	(19)
Purchase of investment securities	(0)	-
Proceeds from sales of investment securities	1	23
Proceeds from redemption of investment securities	-	1
Purchase of shares of subsidiaries	(20)	(726)
Payments of loans receivable	(52)	(351)
Collection of loans receivable	29	216
Proceeds from withdrawal of time deposits	492	1,183
Payments into time deposits	(441)	(812)
Net cash provided by (used in) investing activities	(1,503)	(3,256)

(Million yen)

	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(3,705)	-
Repayments of finance lease obligations	(218)	(274)
Proceeds from long-term loans payable	4,200	-
Repayments of long-term loans payable	(2,742)	(980)
Purchase of treasury shares	(1)	(0)
Cash dividends paid	(254)	(254)
Net cash provided by (used in) financing activities	(2,722)	(1,510)
Effect of exchange rate change on cash and cash equivalents	239	(105)
Net increase (decrease) in cash and cash equivalents	(4,207)	(1,434)
Cash and cash equivalents at beginning of period	26,247	22,040
Cash and cash equivalents at end of period	22,040	20,606

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Important matters that form the basis for preparing Consolidated Financial Statements)

1. Scope of consolidation

(1) Numbers of consolidated subsidiaries: 13

Principal companies:

DAIHATSU DIESEL EAST JAPAN CO., LTD., DAIHATSU DIESEL NISHINIHON CO., LTD.

DAIHATSU DIESEL SHIKOKU CO., LTD., DAIHATSU DIESEL NAKANIHON CO., LTD.,

DAIHATSU DIESEL (ASIA PACIFIC) PTE. LTD., DAIHATSU DIESEL (EUROPE) LTD.,

DAIHATSU DIESEL (AMERICA), INC., DAIHATSU DIESEL (SHANGHAI) CO., LTD.

(2) Major non-consolidated subsidiaries:

DD TECHNICAL CO., LTD.

MD ENGINEERING CO., LTD.

Nippon Nozzle Seiki Co., Ltd.

Reasons for exclusion from scope of consolidation

These companies are excluded from the scope of consolidation as they are small in size and do not have material impact on the Consolidated Financial Statements with respect to total assets, net sales, profit or loss and retained earnings (corresponding to the percentage of shares).

2. Application of the equity method

Major non-consolidated subsidiaries and affiliates not accounted for by the equity method:

DD TECHNICAL CO., LTD.

MD ENGINEERING CO., LTD.

Nippon Nozzle Seiki Co., Ltd.

DAIHATSU DIESEL ANQING IRONWORKS.CO., LTD.

Reason for not applying equity method:

As those companies have only minor impact on the consolidated profit (loss) and retained earnings, and their overall impact is not material, the investments in these companies are accounted for at cost rather than by the equity method.

3. Accounting Standards

(1) Valuation standards and methods for important assets

A. Securities

(a)Held-to-maturity securities

Stated at amortized cost

(b)Available-for-sale securities

Fair market values available …………	Stated at fair market value based on the market value, etc. of the closing date (All valuation gains or losses are treated as a component of net assets, and cost of sales is computed by the moving-average method.)
Fair market values not available ……	Stated at cost using the moving-average method

B. Inventories

Finished goods/work in process/raw materials

Stated at cost using the periodic average method (The book value will be written down for decreased profitability)

(2) Depreciation methods for significant depreciable assets

A. Property, plant and equipment (excluding lease assets)

However, certain consolidated subsidiaries use the declining-balance method.

Those acquired on or before March 31, 2007 will be depreciated in equal amounts over the five-year period beginning with the year following the completion of depreciation to the permissible limit.

B. Intangible assets (excluding lease assets)

They are depreciated using the straight-line method.

Software for internal use is depreciated using the straight-line method based on their estimated useful lives (5 years).

C. Lease assets

Lease assets under finance leases wherein ownership of the leased asset does not transfer to the lessee

These assets are depreciated using the straight-line method over respective lease periods without residual value.

(3) Accounting standards for significant reserves

A. Allowance for doubtful accounts

In order to prepare for probable losses on collection, estimated amount uncollectible is provided for in accordance with the historical write-off ratio in the case of ordinary receivables and provided against estimated future losses on collection based on the detailed credit analysis in the case of doubtful accounts and other specific receivables.

B. Provision for bonuses

To provide for payment of bonuses to employees, provision for bonuses is provided for based on the estimated amount of payments attributable to the current fiscal year.

C. Provision for directors' bonuses

To provide for payment of bonuses to directors, provision for directors' bonuses is provided for based on the estimated amount of payments attributable to the current fiscal year.

D. Provision for directors' retirement benefits

To prepare for the payment of retirement benefits to directors, the Company and certain consolidated subsidiaries provide for the amount of year-end payments pursuant to internal rules of retirement benefits for directors.

(4) Accounting method for retirement benefits

A. Periodic allocation of projected retirement benefits

In calculating projected benefits obligations, periodic allocation of projected retirement benefits up to the end of current period is based on the benefit formula basis.

B. Method of amortizing actuarial differences and prior service costs

Prior service costs are recorded as expense over a certain number of years within the average remaining years of service of the corresponding employees at the time of occurrence (10 years) using the straight-line method.

Actuarial differences are accounted for as expenses over a certain number of years within the average remaining years of service of the corresponding employees (10 years) using the straight-line method, commencing with the consolidated fiscal year following the one in which they were incurred.

(5) Significant hedge accounting

A. Hedge accounting

Deferred hedging is applied. The appropriation procedure is applied to foreign currency receivables and payables for which forward exchange contracts have been entered.

The special accounting procedure is applied to interest rate swap contracts that qualify for hedge accounting.

B. Hedging instruments and hedged items

Hedging instruments and hedged items for which hedge accounting was applied for the current fiscal year are as follows:

(a)

Hedging instruments: Forward foreign exchange contracts

Hedged items: Foreign currency trade receivables resulting from product export and future anticipated transactions denominated in foreign currency

(b)

Hedging instruments: Interest rate swap contracts

Hedged items: Loans payable

C. Hedging policy

The Group conducts derivative transactions to hedge against foreign exchange and interest-rate risks in accordance with the "Derivative Transaction Handling and Risk Management Regulations."

D. Evaluation of hedge effectiveness

For forward exchange contract and interest rate swap, the evaluation of hedge effectiveness is omitted because important conditions for hedge instruments and hedged items are identical, and it can be assumed that market fluctuations will be completely eliminated at the time hedging begins and at any time thereafter.

(6) Capital covered by Consolidated Statements of Cash Flows

Capital comprises cash on hand, deposits available for withdrawal as needed, and short-term investments due for redemption within three months from the date of acquisition, which are easily cashable and are subject to minimal risk of fluctuation in value.

(7) Other significant matters on presenting Consolidated Financial Statements

Accounting for consumption taxes

Consumption taxes are accounted for by the tax exclusion method.

(Changes in accounting policies)

The “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013, hereinafter the “Business Combinations Standard”), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013, hereinafter the “Consolidated Financial Statements Standard”), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013, hereinafter the “Business Divestitures Standard”) have been applied from the current fiscal year. Differences arising from changes in holdings of subsidiaries in cases where the Company continues to have control are now recorded in capital surplus, and acquisition expenses for business combinations are now treated as expenses in the consolidated financial statements for the year in which they in which they arise. For business combinations which occur after the beginning of the current fiscal year, any changes to the allocation of the acquisition cost arising from adjustment of the provisional accounting treatment shall be reflected in the consolidated financial statements for the fiscal year in which the business combination occurred. Additionally, a change in presentation has been made to the previous “net income” category, and the previous “minority interests” has changed to “non-controlling interests.” To reflect these changes in presentation, certain items in the consolidated financial statements for the previous fiscal year have been reclassified.

The Group has adopted these accounting standards prospectively from the beginning of the current fiscal year, in accordance with transitional treatment based on Article 58-2 (4) of the Business Combinations Standards, Article 44-5 (4) of the Consolidated Financial Statements Standards, and Article 57-4 (4) of the Business Divestitures Standards.

In the consolidated statements of cash flows for the current fiscal year, the cash flows related to purchase or sale of investments in subsidiaries not resulting in change in the scope of consolidation is included in cash flows from financing activities, and the cash flows related to the expenses for purchase of investments in subsidiaries resulting in change in the scope of consolidation or expenses for purchase or sale of investments in subsidiaries not resulting in change in the scope of consolidation is included in cash flows from operating activities.

None of these changes affect the Consolidated Financial Statements and per share information for the current fiscal year.

(Notes to Consolidated Balance Sheets)

1. Accumulated depreciation of property, plant and equipment

(Million yen)

	As of March 31, 2015	As of March 31, 2016
Accumulated depreciation of property, plant and equipment	35,027	36,323

2. Investments in non-consolidated subsidiaries

(Million yen)

	As of March 31, 2015	As of March 31, 2016
Investment securities (shares)	158	777

3. Pledged assets and secured payables

Assets pledged for foundation mortgage and secured liabilities are as follows.

(Million yen)

	As of March 31, 2015	As of March 31, 2016
Pledged assets	2,749	2,605
Secured liabilities	- (Note)	- (Note)

(Note) Revolving mortgage with regards to bank transactions is set for the assets of the above factory foundation. There are no secured liabilities.

(Notes to Consolidated Statements of Income)

1. Major breakdown of selling, general and administrative expenses

(Million yen)

	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Salaries/wages/bonuses	3,433	3,564
Provision for bonuses	285	329
Retirement benefit expenses	371	234
Provision for directors' retirement benefits	79	186

(Notes to Consolidated Statements of Comprehensive Income)

1. Reclassification adjustment and tax effect relating to other comprehensive income

(Million yen)

	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Valuation difference on available-for-sale securities		
Amount incurred during the period	129	(95)
Reclassification adjustment	(1)	(7)
Before tax effect adjustment	128	(102)
Tax effect	(30)	33
Valuation difference on available-for-sale securities	98	(69)
Deferred gains or losses on hedges		
Amount incurred during the period	(6)	6
Tax effect	2	(2)
Deferred gains or losses on hedges	(4)	4
Foreign currency translation adjustment		
Amount incurred during the period	103	(30)
Tax effect	-	-
Foreign currency translation adjustment	103	(30)
Remeasurements of defined benefit plans		
Amount incurred during the period	(90)	(896)
Reclassification adjustment	503	63
Before tax effect adjustment	412	(833)
Tax effect	(162)	247
Remeasurements of defined benefit plans, net of tax	249	(586)
Total other comprehensive income	447	(681)

(Notes to Consolidated Statements of Changes in Equity)

For the fiscal year ended March 31, 2015

1. Number of issued shares

(Shares)

Class of shares	Number of shares at beginning of period	Increase	Decrease	Number of shares at end of period
Common shares	31,850,000	-	-	31,850,000

2. Number of treasury shares

(Shares)

Class of shares	Number of shares at beginning of period	Increase	Decrease	Number of shares at end of period
Common shares	14,275	1,570	-	15,845

Increase by purchase of shares in less than a share-trading unit. 1,570 shares

3. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total cash dividends	Dividend per share	Record date	Effective date
June 27, 2014 Annual General Meeting of Shareholders	Common shares	254 million yen	Ordinary dividend 8 yen	March 31, 2014	June 30, 2014

(2) Dividends for which the record date falls in the current period, but the effective date falls in the following period

Resolution	Class of shares	Funds for dividends	Total cash dividends	Dividend per share	Record date	Effective date
June 26, 2015 Annual General Meeting of Shareholders	Common shares	Retained earnings	254 million yen	Ordinary dividend 8 yen	March 31, 2015	June 29, 2015

For the fiscal year ended March 31, 2016

1. Number of issued shares

(Shares)

Class of shares	Number of shares at beginning of period	Increase	Decrease	Number of shares at end of period
Common shares	31,850,000	-	-	31,850,000

2. Number of treasury shares

(Shares)

Class of shares	Number of shares at beginning of period	Increase	Decrease	Number of shares at end of period
Common shares	15,845	325	-	16,170

Increase by purchase of shares in less than a share-trading unit 325 shares

3. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total cash dividends	Dividend per share	Record date	Effective date
June 26, 2015 Annual General Meeting of Shareholders	Common shares	254 million yen	Ordinary dividend 8 yen	March 31, 2015	June 29, 2015

(2) Dividends for which the record date falls in the current period, but the effective date falls in the following period

Resolution	Class of shares	Funds for dividends	Total cash dividends	Dividend per share	Record date	Effective date
June 29, 2016 Annual General Meeting of Shareholders	Common shares	Retained earnings	477 million yen	Ordinary dividend 10 yen Commemorative dividend 5 yen	March 31, 2016	June 30, 2016

(Notes to Consolidated Statements of Cash Flows)

1. Relationship between cash and cash equivalents at the fiscal year end and account items listed in the Consolidated Balance Sheets

(Million yen)

	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Cash and deposits	23,299	21,412
Time deposits with deposit terms of more than three months	(1,259)	(806)
Cash and cash equivalents	22,040	20,606

(Business combinations)

There is no relevant information.

(Segment information, etc.)

(Segment information)

1. Description of reportable segments

The reportable segments of the Company categorize the business composition of the Company with respect to financial information and are based on the financial reporting for performance evaluation with regard to annual business plan for each business at periodical meetings of the Board of Directors.

The Company's main business is the manufacture and sale of internal combustion engines; it also provides products that are not related to internal combustion engines to certain affiliates, and conducts business to utilize the real estate held by the Company.

The operative conditions of internal combustion engines, which comprise the majority of the Company's business, are significantly different between marine-use and land-use, and the Company conducts management and evaluation by categorizing production, sales, and after-sales service business activities for engines into marine-use and land-use.

As a result, the Company's reportable segments are Marine-use engines and Land-use engines.

2. Information on net sales, profit (loss), assets, liabilities, and other by reportable segment

For the fiscal year ended March 31, 2015

(Million yen)

	Reportable segment			Other (Notes)*1	Total	Adjustment (Notes) *2	Amount recorded in Consolidated Financial Statements (Notes)*3
	Marine-use engines	Land-use engines	Total				
Net sales							
(1) Net sales to outside customers	52,303	7,742	60,046	2,257	62,304	-	62,304
(2) Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	52,303	7,742	60,046	2,257	62,304	-	62,304
Segment income	6,752	294	7,046	388	7,434	(2,745)	4,689
Other							
Depreciation	1,578	228	1,806	207	2,013	92	2,106

(Notes) *1 The "Other" category is a business segment that is not included in reportable segments, and includes the industrial machinery-related business, the real estate leasing-related business, and the electricity sales-related business.

*2 The adjustment for segment income represents corporate expenses, largely consisting of selling, general and administrative expenses not attributable to the reportable segments.

*3 Segment income is adjusted with operating income on the Consolidated Statements of Income.

*4 Assets are not allocated to the business segments.

For the fiscal year ended March 31, 2016

(Million yen)

	Reportable segment			Other (Notes)*1	Total	Adjustment (Note) *2	Amount recorded in Consolidated Financial Statements (Notes)*3
	Marine-use engines	Land-use engines	Total				
Net sales							
(1) Net sales to outside customers	44,129	10,475	54,605	2,414	57,019	-	57,019
(2) Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	44,129	10,475	54,605	2,414	57,019	-	57,019
Segment income	7,431	564	7,995	434	8,430	(2,937)	5,493
Other							
Depreciation	1,471	338	1,810	203	2,013	139	2,152

(Notes) *1 The “Other” category is a business segment that is not included in reportable segments, and includes the industrial machinery-related business, the real estate leasing-related business, and the electricity sales-related business.

*2 The adjustment for segment income represents corporate expenses, largely consisting of selling, general and administrative expenses not attributable to the reportable segments.

*3 Segment income is adjusted with operating income on the Consolidated Statements of Income.

*4 Assets are not allocated to the business segments.

(Related information)

For the fiscal year ended March 31, 2015

1. Information by product and service

This is omitted as similar information is disclosed in Segment information.

2. Information by geographical area

1) Net sales (Million yen)

Japan	Asia	Latin America	Other	Total
26,849	28,754	2,107	4,593	62,304

(Note) Country and region categories are based on geographic proximity.

2) Property, plant and equipment

This is omitted as the amount of property, plant and equipment located in Japan exceeds 90% of that stated in the consolidated balance sheet.

3. Information by major customer

This is omitted as there were no external customers whose net sales account for more than 10% of net sales in the consolidated statements of income.

For the fiscal year ended March 31, 2016

1. Information by product and service

This is omitted, as similar information is disclosed in Segment information.

2. Information by geographical area

1) Net sales (Million yen)

Japan	Asia	Latin America	Other	Total
30,588	19,134	2,160	5,136	57,019

(Note) Country and region categories are based on geographic proximity.

2) Property, plant and equipment

This is omitted as the amount of property, plant and equipment located in Japan exceeds 90% of that stated in the consolidated balance sheet.

3 Information by major customer

This is omitted because there were no external customers whose net sales account for more than 10% of net sales in the consolidated statements of income.

(Per share information)

Category	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Net assets per share	990.89 yen	1,074.47 yen
Basic earnings per share	94.37 yen	112.98 yen

(Note) The basis for the calculation of basic earnings per share is as follows.

Category	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	3,004	3,596
Amount not attributable to shareholders of common shares (Million yen)	-	-
Profit attributable to owners of parent relating to common shares (Million yen)	3,004	3,596
Average number of shares of common shares outstanding during each fiscal year	31,835,100 shares	31,833,944 shares

(Note) Diluted earnings per share are not presented as there is no share outstanding with dilutive effect.

(Significant subsequent events)

Not applicable.

(Omission of disclosure)

Disclosure is omitted regarding notes on lease transactions, financial instruments, securities, derivative transactions, retirement benefit, tax effect accounting, asset retirement obligations, investment and rental properties, and transactions with related parties since the Company considers there to be no material necessity for disclosing such information in the Financial Results.

6. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Million yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	19,379	16,963
Notes receivable - trade	1,240	1,027
Accounts receivable - trade	15,468	15,894
Raw materials	66	80
Work in process	9,232	12,019
Prepaid expenses	125	133
Deferred tax assets	1,602	1,761
Short-term loans receivable	1,050	1,073
Other	1,654	994
Allowance for doubtful accounts	(5)	(4)
Total current assets	49,815	49,945
Non-current assets		
Property, plant and equipment		
Buildings	2,057	2,086
Structures	475	474
Machinery and equipment	4,131	3,597
Vehicles	22	27
Tools, furniture and fixtures	618	709
Land	2,818	4,140
Construction in progress	457	674
Total property, plant and equipment	10,581	11,710
Intangible assets		
Software	578	706
Other	6	7
Total intangible assets	584	714
Investments and other assets		
Investment securities	932	813
Shares of subsidiaries and associates	1,361	2,173
Long-term loans receivable	3	2
Deferred tax assets	1,708	1,614
Other	238	261
Allowance for doubtful accounts	(8)	(28)
Total investments and other assets	4,236	4,838
Total non-current assets	15,402	17,262
Total assets	65,217	67,207

(Million yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes payable - trade	3,552	1,217
Accounts payable - trade	6,567	6,564
Electronically recorded obligations - operating	1,948	4,284
Short-term loans payable	3,375	3,375
Current portion of long-term loans payable	980	3,188
Lease obligations	230	283
Accounts payable - other	331	423
Accrued expenses	3,200	2,735
Income taxes payable	422	849
Advances received	401	829
Deposits received	4,580	4,267
Provision for bonuses	542	596
Provision for directors' bonuses	60	85
Other	255	218
Total current liabilities	26,450	28,917
Non-current liabilities		
Long-term loans payable	6,492	3,304
Lease obligations	531	614
Long-term guarantee deposited	10	10
Provision for retirement benefits	5,510	5,264
Provision for directors' retirement benefits	351	412
Asset retirement obligations	100	101
Total non-current liabilities	12,996	9,707
Total liabilities	39,446	38,624
Net assets		
Shareholders' equity		
Capital stock	2,434	2,434
Capital surplus		
Legal capital surplus	2,150	2,150
Total capital surpluses	2,150	2,150
Retained earnings		
Legal retained earnings	221	221
Other retained earnings		
Reserve for advanced depreciation of non-current assets	120	114
Reserve for special depreciation	62	48
General reserve	17,000	19,600
Retained earnings brought forward	3,523	3,820
Total other retained earnings	20,707	23,583
Total retained earnings	20,929	23,805
Treasury shares	(10)	(10)
Total shareholders' equity	25,504	28,380
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	270	202
Deferred gains or losses on hedges	(4)	-
Total valuation and translation adjustments	266	202
Total net assets	25,770	28,583
Total liabilities and net assets	65,217	67,207

(2) Non-consolidated Statements of Income

Non-consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Net sales	56,123	50,689
Cost of sales	45,610	39,432
Gross profit	10,512	11,257
Selling, general and administrative expenses	7,567	7,882
Operating income	2,945	3,374
Non-operating income		
Interest and dividend income	758	1,006
Miscellaneous income	151	134
Total non-operating income	910	1,141
Non-operating expenses		
Interest expenses	142	123
Miscellaneous loss	83	119
Total non-operating expenses	225	242
Ordinary income	3,630	4,272
Extraordinary income		
Gain on sales of non-current assets	25	0
Insurance income	104	-
Compensation income	67	-
Gain on sales of investment securities	-	7
Total extraordinary income	197	7
Extraordinary losses		
Loss on abandonment of non-current assets	44	18
Other	0	1
Total extraordinary losses	45	20
Profit before income taxes	3,782	4,260
Income taxes - current	845	1,163
Income taxes - deferred	293	(34)
Total income taxes	1,138	1,129
Profit	2,643	3,131

(3) Non-consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2015

(Million yen)

	Shareholders' equity								
		Capital surplus		Retained earnings					
					Other retained earnings				
	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings	Reserve for advanced depreciation of non-current assets	Reserve for special depreciation	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	2,434	2,150	2,150	221	114	74	14,500	4,108	19,018
Cumulative effects of changes in accounting policies								(478)	(478)
Restated balance	2,434	2,150	2,150	221	114	74	14,500	3,629	18,540
Changes of items during period									
Dividends of surplus								(254)	(254)
Provision of general reserve							2,500	(2,500)	-
Reversal of reserve for special depreciation						(14)		14	-
Provision of reserve for advanced depreciation of non-current assets					13			(13)	-
Reversal of reserve for advanced depreciation of non-current assets					(12)			12	-
Adjustment to reserve due to change in tax rate					5	2		(8)	-
Profit								2,643	2,643
Purchase of treasury shares									
Net changes of items other than shareholders' equity									
Total changes of items during period	-	-	-	-	6	(11)	2,500	(105)	2,388
Balance at end of current period	2,434	2,150	2,150	221	120	62	17,000	3,523	20,929

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current period	(8)	23,594	174	-	174	23,769
Cumulative effects of changes in accounting policies		(478)				(478)
Restated balance	(8)	23,116	174	-	174	23,290
Changes of items during period						
Dividends of surplus		(254)				(254)
Provision of general reserve		-				-
Reversal of reserve for special depreciation		-				-
Provision of reserve for advanced depreciation of non-current assets		-				-
Reversal of reserve for advanced depreciation of non-current assets		-				-
Adjustment to reserve due to change in tax rate		-				-
Profit		2,643				2,643
Purchase of treasury shares	(1)	(1)				(1)
Net changes of items other than shareholders' equity			96	(4)	92	92
Total changes of items during period	(1)	2,387	96	(4)	92	2,479
Balance at end of current period	(10)	25,504	270	(4)	266	25,770

For the fiscal year ended March 31, 2016

(Million yen)

	Shareholders' equity								
		Capital surplus		Retained earnings					
					Other retained earnings				
	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings	Reserve for advanced depreciation of non-current assets	Reserve for special depreciation	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	2,434	2,150	2,150	221	120	62	17,000	3,523	20,929
Cumulative effects of changes in accounting policies								-	-
Restated balance	2,434	2,150	2,150	221	120	62	17,000	3,523	20,929
Changes of items during period									
Dividends of surplus								(254)	(254)
Provision of general reserve							2,600	(2,600)	-
Reversal of reserve for special depreciation						(15)		15	-
Provision of reserve for advanced depreciation of non-current assets					-			-	-
Reversal of reserve for advanced depreciation of non-current assets					(8)			8	-
Adjustment to reserve due to change in tax rate					2	1		(3)	-
Profit								3,131	3,131
Purchase of treasury shares									
Net changes of items other than shareholders' equity									
Total changes of items during period	-	-	-	-	(6)	(14)	2,600	296	2,876
Balance at end of current period	2,434	2,150	2,150	221	114	48	19,600	3,820	23,805

	Shareholders’ equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders’ equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current period	(10)	25,504	270	(4)	266	25,770
Cumulative effects of changes in accounting policies		-				-
Restated balance	(10)	25,504	270	(4)	266	25,770
Changes of items during period						
Dividends of surplus		(254)				(254)
Provision of general reserve		-				-
Reversal of reserve for special depreciation		-				-
Provision of reserve for advanced depreciation of non-current assets		-				-
Reversal of reserve for advanced depreciation of non-current assets		-				-
Adjustment to reserve due to change in tax rate		-				-
Profit		3,131				3,131
Purchase of treasury shares	(0)	(0)				(0)
Net changes of items other than shareholders' equity			(68)	4	(63)	(63)
Total changes of items during period	(0)	2,876	(68)	4	(63)	2,812
Balance at end of current period	(10)	28,380	202	-	202	28,583

(4) Notes to the Non-consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Significant accounting policies)

1. Valuation standards and methods for securities

(1) Investments in subsidiaries and affiliates

………Stated at cost using the moving-average method

(2) Held-to-maturity securities

………Stated at amortized cost

(3) Available-for-sale securities

Fair market values available …………	Stated at fair market value based on the market value, etc. of the closing date (All valuation gains or losses are treated as a component of net assets, and cost of sales is computed by the moving-average method.)
Fair market values not available ……	Stated at cost using the moving-average method

2. Valuation standards and methods for inventories

Work in process/raw materials

………Stated at cost using the periodic average method (The book value will be written down for decreased profitability)

3. Depreciation methods for non-current assets

(1) Property, plant and equipment (excluding leased assets)

They are depreciated using the straight-line method.

Those acquired on or before March 31, 2007 will be depreciated in equal amounts over the five-year period beginning with the year following the completion of depreciation to the permissible limit.

(2) Intangible assets (excluding leased assets)

They are amortized using the straight-line method.

Software for internal use is depreciated under the straight-line method based on their estimated useful lives (5 years).

(3) Leased assets

Lease assets under finance leases wherein ownership of the leased asset does not transfer to the lessee

These assets are depreciated using the straight-line method over respective lease periods without residual value.

4. Accounting standards for reserves

(1) Allowance for doubtful accounts

In order to prepare for probable losses on collection, estimated amount uncollectible is provided for in accordance with the historical write-off ratio in the case of ordinary receivables and provided against estimated future losses on collection based on the detailed credit analysis in the case of doubtful accounts and other specific receivables.

(2) Provision for bonuses

To provide for payment of bonuses to employees, provision for bonuses is provided for based on the estimated amount of payments attributable to the current fiscal year.

(3) Provision for directors' bonuses

To provide for payment of bonuses to directors, provision for directors' bonuses is provided for based on the estimated amount of payments attributable to the current fiscal year.

(4) Provision for retirement benefits

In order to prepare for payments of employees' retirement benefits, the amount deemed accrued at the end of the current fiscal year is provided for, based on the projected retirement benefit obligation at that time.

A. Periodic allocation of projected retirement benefits

In calculating projected benefits obligations, periodic allocation of projected retirement benefits up to the end of the current fiscal year is based on the benefit formula basis.

B. Method of amortizing actuarial differences and prior service costs

Prior service costs are recorded as expense over a certain number of years within the average remaining years of service of the corresponding employees at the time of occurrence (10 years) using the straight-line method.

Actuarial differences are accounted for as expenses over a certain number of years within the average remaining years of service of the corresponding employees (10 years) using the straight-line method, commencing with the consolidated fiscal year following the one in which they were incurred.

(5) Provision for directors' retirement benefits

To prepare for the payment of retirement benefits to directors, the amount of year-end payments pursuant to internal rules of retirement benefits for directors is provided for.

5. Hedge accounting

(1) Hedge accounting

Deferred hedging is applied.

The appropriation procedure is applied to foreign currency receivables and payables for which forward exchange contracts have been entered.

Special accounting procedures are applied to interest rate swap contracts that qualify for hedge accounting.

(2) Hedging instruments and hedged items

Hedging instruments and hedged items for which hedge accounting was applied for the year under review are as follows:

(a)

Hedging instruments: Forward foreign exchange contracts

Hedged items: Foreign currency trade receivables resulting from product export and future anticipated transactions denominated in foreign currency

(b)

Hedging instruments: Interest rate swap contracts

Hedged items: Loans payable

(3) Hedging policy

The Company conducts derivative transactions to hedge against foreign exchange and interest-rate risks in accordance with the "Derivative Transaction Handling and Risk Management Regulations."

(4) Evaluation of hedge effectiveness

For forward exchange contract and interest rate swap, the evaluation of hedge effectiveness is omitted because important conditions for hedge instruments and hedged items are identical, and it can be assumed that market fluctuations will be completely eliminated at the time hedging begins and at any time thereafter.

6. Other significant matters on presenting Non-consolidated Financial Statements

(1) Accounting method for retirement benefits

The accounting treatment for the balance of unrecognized actuarial differences and unrecognized past service costs for retirement benefits is different from the treatment for these items in the consolidated financial statements.

(2) Accounting for consumption taxes

Consumption taxes are accounted for by the tax exclusion method.

(Notes to Non-consolidated Balance Sheets)

1 Pledged assets and secured payables

(Million yen)

	As of March 31, 2015	As of March 31, 2016
Pledged assets	2,749	2,605
Payables to said assets	- (Note)	- (Note)

(Note) Revolving mortgage with regards to bank transactions is set for the assets of the above factory foundation. There are no secured liabilities.

2 Balance with subsidiaries and associates

The amounts included in each item other than those listed separately are as follows:

	As of March 31, 2015	As of March 31, 2016
Short-term monetary assets	12,807	13,507
Short-term monetary liabilities	6,062	6,080

(Notes to Consolidated Statements of Income)

1 Transactions with subsidiaries and associates

(Million yen)

	For the fiscal year ended March 31, 2015	For the fiscal year ended March 31, 2016
Sales to subsidiaries and associates	41,473	39,392
Purchases from subsidiaries and associates	5,310	5,376
Non-operational transactions with subsidiaries and associates	105	59

(Significant subsequent events)

Not applicable.

7. Other

(1) Status of production, orders received, and sales (April 1, 2015 to March 31, 2016)

1) Production

Production by segment for the current fiscal year are as follows:

(Million yen)

Segment	Volume	Amount	Year-on-year change
	Horsepower		%
Internal combustion engines			
Marine-use engines	940,138	44,129	(15.6)
Land-use engines	145,240	10,475	35.3
Other	-	1,776	9.2
Total		56,381	(8.6)

(Notes)

*1 Amounts are based on sales prices.

*2 The figures above do not include consumption taxes.

2) Orders received

Orders by segment for the current fiscal year are as follows:

(Million yen)

Segment	Order received			Order backlogs		
	Volume	Amount	Year-on-year quarterly change	Volume	Amount	Year-on-year change
	Horsepower		%	Horsepower		%
Internal combustion engine						
Marine-use engines	1,632,609	51,474 [32,164]	5.1	1,999,331	37,723 [23,201]	24.2
Land-use engines	116,505	10,273 [558]	14.5	90,443	3,739 [13]	(5.1)
Other	-	1,747 [-]	6.1	-	103 [-]	(22.1)
Total		63,495 [32,722]	6.6		41,566 [23,215]	20.6

(Notes)

*1 Amounts are based on sales prices.

*2 Figures in brackets [ ] indicate export orders received and the balance of export orders outstanding, and are included in totals.

*3 The figures above do not include consumption taxes.

3) Sales results

Sales by segment for the current fiscal year are as follows:

(Million yen)

Segment	Volume	Amount	Export ratio	Year-on-year change
	Horsepower		%	%
Internal combustion engine				
Marine-use engines	940,138	44,129 [25,858]	58.6	(15.6)
Land-use engines	145,240	10,475 [571]	5.5	35.3
Other	-	2,414 [-]	-	6.9
Total		57,019 [26,430]	46.4	(8.5)

(Notes)

*1 Figures in brackets [ ] indicate export volume, and are included in totals.

*2 Major export destinations and compositions are as follows:
Asia (72.4%), Europe (15.8%), Latin America (8.2%), North America (3.1%), Others (0.5%)

*3 The “Other” segment includes industrial machinery-related (1,776 million yen) and real estate leasing-related (638 million yen).

*4 The figures above do not include consumption taxes.

(2) Changes in Directors and Corporate Auditors (Scheduled for June 29, 2016)

1. Candidates for new Directors

Isamu Teraoka	(Current position: Deputy General Manager, Customer Satisfaction Promotion Division)
Takashi Iida	(Current position: Advisor)
Kazuo Komatsu	(Current position: Attorney, Joint Foreign Legal Business, Kitahama Partners)

2. Candidates for new Statutory Auditors

Shinichiro Ogura	(Current position: Senior General Manager, Corporate Planning Department)
Noriyoshi Matsushita	(Current position: Senior Managing Executive Officer, Daihatsu Motor Co., Ltd.)

3. Directors scheduled to retire

Ryotaro Nakajima	(Current position: Managing Director)
Masafumi Yamashita	(Current position: Managing Director)
Takashi Okauchi	(Current position: Director)

4. Statutory Auditors scheduled to retire

Hideki Yamada	(Current position: Standing Statutory auditor)
Ryuichi Narano	(Current position: Chief Auditor, Outside Statutory Auditor, Daihatsu Motor Co., Ltd.)

5. Appointment scheduled at the Board of Directors meeting to be held after the conclusion of the Annual General Meeting of Shareholders)

Chairman & Representative Director	Takeshi Harada	(Current position: President & Representative Director)
President & Representative Director	Shigeki Kinoshita	(Current position: Representative Senior Managing Director)
Senior managing director	Osamu Gouda	(Current position: Managing Director)
Managing director	Yuichi Uemura	(Current position: Director)
Managing director	Toshiyuki Fujita	(Current position: Director)
Managing director	Takashi Saito	(Current position: Director)