

**Consolidated Financial Results**  
**for the Nine Months Ended December 31, 2017**  
**[Japanese GAAP]**



January 25, 2018

Company name: Daihatsu Diesel Mfg. Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 6023

URL: <http://www.dhtd.co.jp/>

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

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Not available

Schedule of quarterly financial results briefing session: Not scheduled

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

**1. Consolidated Financial Results for the Nine Months Ended December 31, 2017 (April 1, 2017 to December 31, 2017)**

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2017	42,872	3.6	1,940	(2.3)	2,084	9.1	1,405	14.5
December 31, 2016	41,375	3.9	1,986	(36.5)	1,910	(38.2)	1,227	(40.2)

(Note) Comprehensive income: Nine months ended December 31, 2017: 1,552 million yen [20.6%]

Nine months ended December 31, 2016: 1,287 million yen [(36.3)%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2017	44.14		-	
December 31, 2016	38.56		-	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of December 31, 2017	77,834		37,534		48.2	
As of March 31, 2017	78,981		36,460		46.1	

(Reference) Equity: As of December 31, 2017: 37,490 million yen

As of March 31, 2017: 36,414 million yen

**2. Dividends**

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2017	Yen -	Yen 0.00	Yen -	Yen 15.00	Yen 15.00
Fiscal year ending March 31, 2018	-	0.00	-		
Fiscal year ending March 31, 2018 (Forecast)				15.00	15.00

(Note) Revision to the forecast for dividends announced most recently: None

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	60,000	1.8	3,500	0.1	3,500	1.7	2,400	3.5	75.35

(Note) Revision to the financial results forecast announced most recently: None

#### \* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: No
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):
    - December 31, 2017: 31,850,000 shares
    - March 31, 2017: 31,850,000 shares
  - 2) Total number of treasury shares at the end of the period:
    - December 31, 2017: 16,235 shares
    - March 31, 2017: 16,170 shares
  - 3) Average number of shares during the period:
    - Nine months ended December 31, 2017: 31,833,770 shares
    - Nine months ended December 31, 2016: 31,833,830 shares

\* These quarterly financial results are outside the scope of quarterly review procedures.

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

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 "Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 3 of the attached material for the assumptions the financial results forecasts are based on, and notes on their use.

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## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Operating Results

During the nine months under review (from April 1, 2017 to December 31, 2017), the Japanese economy was on a moderate recovery track due mainly to the government's economic policies. However, uncertainty about the global economy such as concerns over policy management in the United States and political situations in Europe, as well as heightened geopolitical risks in East Asia, led to conditions for which the outlook remained uncertain.

Under such a corporate environment, as a result of active business expansion, consolidated net sales increased by 3.6% year-on-year to 42,872 million yen. In terms of profit, operating profit decreased by 2.3% year-on-year to 1,940 million yen, ordinary profit increased by 9.1% year-on-year to 2,084 million yen, and profit attributable to owners of parent increased by 14.5% year-on-year to 1,405 million yen.

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

#### <Internal combustion engines>

##### 1. Marine-use

Although unit sales of engines and maintenance-related sales decreased, owing to an increase in the ratio of large engines mainly for mainstay auxiliary power generators and the effects of a weaker yen, net sales increased by 0.7% year-on-year to 35,109 million yen, and segment income increased by 16.0% year-on-year to 3,972 million yen.

##### 2. Land-use

Although items sold grew in size, net sales increased by 28.8% year-on-year to 5,037 million yen, and segment loss amounted to 299 million yen (segment income of 145 million yen in the previous corresponding period) due mainly to a decrease in maintenance-related sales.

Consequently, net sales for the segment increased by 3.5% year-on-year to 40,147 million yen, and segment income increased by 2.9% year-on-year to 3,672 million yen.

#### <Other>

##### 1. Industrial machinery-related

In the aluminum wheel division, both net sales and segment income increased due to an increase in unit sales.

##### 2. Real estate leasing-related

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

##### 3. Electricity sales-related

In electricity sales-related, both net sales and segment income decreased slightly.

##### 4. Precision parts-related

In precision parts-related, net sales increased slightly and segment income decreased.

Consequently, net sales for the segment increased by 5.5% year-on-year to 2,725 million yen, and segment income decreased by 16.5% year-on-year to 281 million yen.

### (2) Explanation of Financial Position

In assets as of the end of the third quarter under review, notes and accounts receivable - trade decreased by 2,983 million yen from the end of the previous fiscal year due to a progress in collection of trade receivables at the end of the previous fiscal year. Meanwhile, inventories increased by 318 million yen compared with the end of the previous fiscal year. In addition, property, plant and equipment increased by 1,809 million yen. As a result, total assets as of December 31, 2017 amounted to 77,834 million yen, a decrease of 1,146 million yen compared with the end of the previous fiscal year.

In liabilities, notes and accounts payable - trade and electronically recorded obligations - operating in total decreased by 843 million yen from the end of the previous fiscal year. Furthermore, due to scheduled repayment, short-term loans payable and long-term loans payable in total decreased by 397 million yen. As a result, total liabilities decreased by 2,220 million yen from the end of the previous fiscal year to 40,300 million yen.

In net assets, retained earnings increased by 927 million yen. As a result, total net assets increased by 1,073 million yen from the end of the previous fiscal year to 37,534 million yen.

### (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

As to the consolidated financial results forecast for the fiscal year ending March 31, 2018, no revisions have been made to the forecast announced on October 16, 2017.

The forecasts stated herein are based on information available to the Company as of the date of publication of this document. Actual results may differ from these forecasts due to a wide range of factors that may arise in the future.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2017	As of December 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	24,302	24,469
Notes and accounts receivable - trade	15,791	12,807
Inventories	12,426	12,745
Deferred tax assets	1,852	1,584
Other	1,645	1,348
Allowance for doubtful accounts	(75)	(23)
<b>Total current assets</b>	<b>55,942</b>	<b>52,932</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,818	7,201
Machinery, equipment and vehicles, net	4,045	3,561
Land	5,054	5,047
Construction in progress	1,643	3,683
Other, net	1,001	879
<b>Total property, plant and equipment</b>	<b>18,563</b>	<b>20,372</b>
Intangible assets	1,026	1,109
Investments and other assets		
Investment securities	1,094	1,128
Long-term loans receivable	2	1
Deferred tax assets	1,846	1,832
Other	520	510
Allowance for doubtful accounts	(13)	(53)
<b>Total investments and other assets</b>	<b>3,449</b>	<b>3,419</b>
<b>Total non-current assets</b>	<b>23,039</b>	<b>24,902</b>
<b>Total assets</b>	<b>78,981</b>	<b>77,834</b>

(Million yen)

	As of March 31, 2017	As of December 31, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	7,398	6,794
Electronically recorded obligations - operating	5,063	4,824
Short-term loans payable	3,991	4,251
Lease obligations	381	422
Income taxes payable	773	194
Provision for bonuses	684	239
Provision for directors' bonuses	66	49
Accrued expenses	2,378	2,528
Other	2,745	2,701
<b>Total current liabilities</b>	<b>23,483</b>	<b>22,007</b>
<b>Non-current liabilities</b>		
Long-term loans payable	8,686	8,029
Lease obligations	824	902
Provision for directors' retirement benefits	473	434
Net defined benefit liability	6,379	6,348
Asset retirement obligations	165	167
Other	2,509	2,412
<b>Total non-current liabilities</b>	<b>19,037</b>	<b>18,293</b>
<b>Total liabilities</b>	<b>42,521</b>	<b>40,300</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,434	2,434
Capital surplus	2,190	2,191
Retained earnings	32,101	33,028
Treasury shares	(10)	(10)
<b>Total shareholders' equity</b>	<b>36,716</b>	<b>37,644</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	248	303
Deferred gains or losses on hedges	(5)	-
Foreign currency translation adjustment	6	24
Remeasurements of defined benefit plans	(550)	(480)
<b>Total accumulated other comprehensive income</b>	<b>(301)</b>	<b>(153)</b>
<b>Non-controlling interests</b>	<b>45</b>	<b>43</b>
<b>Total net assets</b>	<b>36,460</b>	<b>37,534</b>
<b>Total liabilities and net assets</b>	<b>78,981</b>	<b>77,834</b>

## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

## Quarterly Consolidated Statements of Income

For the nine months ended December 31

(Million yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
Net sales	41,375	42,872
Cost of sales	31,431	32,996
Gross profit	9,943	9,875
Selling, general and administrative expenses		
Selling expenses	6,038	5,922
General and administrative expenses	1,918	2,013
Total selling, general and administrative expenses	7,957	7,935
Operating profit	1,986	1,940
Non-operating income		
Interest income	9	11
Dividend income	16	38
Fiduciary obligation fee	59	105
Reversal of allowance for doubtful accounts	1	16
Miscellaneous income	32	80
Total non-operating income	118	252
Non-operating expenses		
Interest expenses	84	75
Foreign exchange losses	99	11
Miscellaneous loss	10	20
Total non-operating expenses	194	108
Ordinary profit	1,910	2,084
Extraordinary income		
Gain on sales of non-current assets	0	0
State subsidy	69	-
Total extraordinary income	69	0
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on abandonment of non-current assets	39	12
Other	0	-
Total extraordinary losses	39	12
Profit before income taxes	1,939	2,072
Income taxes - current	380	444
Income taxes - deferred	330	224
Total income taxes	710	668
Profit	1,229	1,404
Profit (loss) attributable to non-controlling interests	1	(0)
Profit attributable to owners of parent	1,227	1,405

Quarterly Consolidated Statements of Comprehensive Income

For the nine months ended December 31

(Million yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
Profit	1,229	1,404
Other comprehensive income		
Valuation difference on available-for-sale securities	64	54
Deferred gains or losses on hedges	(1)	5
Foreign currency translation adjustment	(17)	17
Remeasurements of defined benefit plans, net of tax	11	70
Total other comprehensive income	57	147
Comprehensive income	1,287	1,552
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,285	1,553
Comprehensive income attributable to non-controlling interests	1	(0)

### (3) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the case of significant changes in shareholders' equity)

For the nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

There is no relevant information.

(Segment information, etc.)

#### 1. Information on net sales and profit (loss) by reportable segment

For the nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

	Reportable segment			Other (Notes)*1	Total	Adjustment (Notes)*2	(Million yen)
	Marine-use engines	Land-use engines	Total				Amount recorded in Quarterly Consolidated Statements of Income (Notes)*3
Net sales							
Net sales to outside customers	34,880	3,910	38,790	2,584	41,375	-	41,375
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	34,880	3,910	38,790	2,584	41,375	-	41,375
Segment income	3,423	145	3,568	336	3,905	(1,918)	1,986

(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, the electricity sales-related business and the precision parts-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 profit on the Quarterly Consolidated Statements of Income.

For the nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

(Million yen)

	Reportable segment			Other (Notes)*1	Total	Adjustment (Notes)*2	Amount recorded in Quarterly Consolidated Statements of Income (Notes)*3
	Marine-use engines	Land-use engines	Total				
Net sales							
Net sales to outside customers	35,109	5,037	40,147	2,725	42,872	-	42,872
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	35,109	5,037	40,147	2,725	42,872	-	42,872
Segment income (loss)	3,972	(299)	3,672	281	3,953	(2,013)	1,940

(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, the electricity sales-related business and the precision parts-related business.

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

\*3 Segment income (loss) is adjusted with operating profit on the Quarterly Consolidated Statements of Income.

### 3. Supplementary Information

#### (1) Status of Production, Orders Received, and Sales

For the nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

##### 1) Production

Production by segment for the nine months ended December 31, 2017 is as follows:

(Million yen)

Segment	Volume	Amount	Year-on-year change	
				%
	Horsepower			%
Internal combustion engines				
Marine-use engines	1,024,710	35,109		0.7
Land-use engines	65,595	5,037		28.8
Other	-	2,244		6.8
Total		42,391		3.7

(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 nine months ended December 31, 2017 are as follows:

(Million yen)

Segment	Orders received			Order backlogs		
	Volume	Amount	Year-on-year change	Volume	Amount	Year-on-year change
	Horsepower		%	Horsepower		%
Internal combustion engine						
Marine-use engines	721,915	32,224 [14,051]	0.6	1,394,679	28,612 [10,668]	(17.9)
Land-use engines	102,169	8,310 [777]	2.4	129,632	8,467 [469]	6.6
Other	-	2,186 [-]	2.4	-	546 [-]	3.6
Total		42,720 [14,828]	1.1		37,626 [11,138]	(13.2)

(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 nine months ended December 31, 2017 are as follows:

(Million yen)

Segment	Volume	Amount	Export ratio	Year-on-year change
	Horsepower		%	%
Internal combustion engine				
Marine-use engines	1,024,710	35,109 [19,887]	56.6	0.7
Land-use engines	65,595	5,037 [521]	10.3	28.8
Other	-	2,725 [-]	-	5.5
Total		42,872 [20,408]	47.6	3.6

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

\*2 Major export destinations and compositions are as follows:

Asia (75.8%), Europe (15.0%), Latin America (6.6%), North America (2.1%), Others (0.5%)

\*3 The "Other" segment includes precision parts-related (1,174 million yen), industrial machinery-related (1,069 million yen) and real estate leasing-related (481 million yen).

\*4 The figures above do not include consumption taxes.