

**Consolidated Financial Results**  
**for the Three Months Ended June 30, 2019**  
**[Japanese GAAP]**



July 26, 2019

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

Stock exchange listing: Tokyo Stock Exchange

Code number: 6023

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

Representative: Shigeki Kinoshita, President

Contact: Osamu Goda, Vice president

Phone: +81-6-6454-2331

Scheduled date of filing quarterly securities report: August 9, 2019

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 Three Months Ended June 30, 2019 (April 1, 2019 to June 30, 2019)**

(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	%
Three months ended June 30, 2019	11,802	(6.4)	(56)	-	(26)	-	(36)	-
June 30, 2018	12,616	(17.8)	215	(58.2)	273	(52.7)	171	(56.8)

(Note) Comprehensive income: Three months ended June 30, 2019: (162) million yen [(302.5)%]

Three months ended June 30, 2018: 80 million yen [(82.3)%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2019	(1.15)		-	
June 30, 2018	5.40		-	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2019	82,779	38,545	46.5
As of March 31, 2019	82,512	39,263	47.5

(Reference) Equity: As of June 30, 2019: 38,504 million yen

As of March 31, 2019: 39,219 million yen

**2. Dividends**

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2019	Yen -	Yen 0.00	Yen -	Yen 15.00	Yen 15.00
Fiscal year ending March 31, 2020	-				
Fiscal year ending March 31, 2020 (Forecast)		0.00	-	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, 2020 (April 1, 2019 to March 31, 2020)

(% 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
First half	26,000	(2.7)	200	(68.0)	200	(73.4)	0	(100.0)	0.00
Full year	62,000	8.3	3,000	14.2	3,000	16.4	2,100	15.5	65.93

(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):
    - June 30, 2019: 31,850,000 shares
    - March 31, 2019: 31,850,000 shares
  - 2) Total number of treasury shares at the end of the period:
    - June 30, 2019: 136,235 shares
    - March 31, 2019: 16,235 shares
  - 3) Average number of shares during the period:
    - Three months ended June 30, 2019: 31,785,264 shares
    - Three months ended June 30, 2018: 31,833,765 shares

\* These quarterly financial results are outside the scope of quarterly review procedures conducted by a certified public accountant or audit corporation.

#### \* 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.

## Table of Contents

1. Qualitative Information on Quarterly Financial Results for the Period under Review .....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Position .....	2
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information .....	3
2. Quarterly Consolidated Financial Statements and Primary Notes.....	4
(1) Quarterly Consolidated Balance Sheets .....	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income.....	6
(3) Notes to the Quarterly Consolidated Financial Statements .....	8
(Notes on going concern assumption).....	8
(Notes in the case of significant changes in shareholders' equity) .....	8
(Segment information, etc.) .....	8
3. Supplementary Information .....	10
(1) Status of Production, Orders Received, and Sales .....	10

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

### (1) Explanation of Operating Results

During the three months under review (from April 1, 2019 to June 30, 2019), the Japanese economy remained on a moderate recovery trend including steady capital investments and a rebound in consumer spending against a backdrop of improvements in the corporate earnings and the employment environment. However, the future outlook remained uncertain due to factors such as slowdown in the Chinese economy affected by the prolonged trade frictions between the United States and China and the impact of the issue of the UK's withdrawal from the EU.

Under such a corporate environment, consolidated net sales decreased by 6.4% year-on-year to 11,802 million yen. In terms of profit, the Company recorded operating loss of 56 million yen (operating profit of 215 million yen in the previous corresponding period), ordinary loss of 26 million yen (ordinary profit of 273 million yen in the previous corresponding period) and loss attributable to owners of parent of 36 million yen (profit attributable to owners of parent of 171 million yen in the previous corresponding period).

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

#### <Internal combustion engines>

##### 1. Marine-use

Due partly to worsening profitability in addition to a drop in sales of engines, particularly those for overseas use, net sales decreased by 4.0% year-on-year to 10,313 million yen, and segment income decreased by 9.1% year-on-year to 758 million yen.

##### 2. Land-use

Net sales decreased by 32.0% year-on-year to 724 million yen and segment loss amounted to 301 million yen (segment loss of 69 million yen in the previous corresponding period) due mainly to a decrease in maintenance-related sales in addition to a decline in items sold.

Consequently, net sales for the segment decreased by 6.5% year-on-year to 11,037 million yen, and segment income decreased by 40.3% year-on-year to 456 million yen.

#### <Other>

##### 1. Industrial machinery-related

In the aluminum wheel division, net sales increased but due to the deterioration of profit margins, segment income decreased.

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

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

##### 3. Electricity sales-related

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

##### 4. Precision parts-related

In precision parts-related, net sales decreased and segment loss expanded.

Consequently, net sales for the segment decreased by 5.3% year-on-year to 764 million yen, and segment income decreased by 25.6% year-on-year to 42 million yen.

### (2) Explanation of Financial Position

In assets as of the end of the first quarter under review, cash and deposits increased by 1,871 million yen from the end of the previous fiscal year. Also, inventories increased by 2,523 million yen. Meanwhile, notes and accounts receivable - trade decreased by 3,343 million yen compared with the end of the previous fiscal year due to a progress in collection of trade receivables at the end of the previous fiscal year. As a result, total assets as of June 30, 2019 amounted to 82,779 million yen, an increase of 266 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 44 million yen from the end of the previous fiscal year. Meanwhile, due to the newly procured working capital, etc., short-term borrowings and long-term borrowings in total increased by 888 million yen. As a result, total liabilities increased by 983 million yen from the end of the previous fiscal year to 44,233 million yen.

In net assets, retained earnings decreased by 514 million yen due mainly to payment of cash dividends. As a result, total net assets decreased by 717 million yen from the end of the previous fiscal year to 38,545 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, 2020, no revisions have been made to the forecast announced on April 25, 2019.

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, 2019	As of June 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	20,905	22,777
Notes and accounts receivable - trade	17,098	13,755
Inventories	10,269	12,793
Other	1,931	1,624
Allowance for doubtful accounts	(12)	(11)
Total current assets	50,193	50,940
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,883	10,727
Machinery, equipment and vehicles, net	6,899	6,690
Land	5,088	5,088
Construction in progress	113	166
Other, net	836	811
Total property, plant and equipment	23,821	23,483
Intangible assets	1,442	1,414
Investments and other assets		
Investment securities	2,836	2,736
Long-term loans receivable	1	1
Deferred tax assets	3,589	3,637
Other	681	619
Allowance for doubtful accounts	(53)	(53)
Total investments and other assets	7,055	6,941
Total non-current assets	32,319	31,839
Total assets	82,512	82,779

(Million yen)

	As of March 31, 2019	As of June 30, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	7,297	7,374
Electronically recorded obligations - operating	5,328	5,207
Short-term borrowings	6,193	4,423
Lease obligations	562	564
Income taxes payable	414	99
Provision for bonuses	703	253
Provision for bonuses for directors (and other officers)	45	12
Accrued expenses	2,851	2,530
Other	1,900	3,261
Total current liabilities	25,296	23,728
Non-current liabilities		
Long-term borrowings	7,217	9,876
Lease obligations	1,077	1,041
Provision for retirement benefits for directors (and other officers)	521	70
Retirement benefit liability	6,618	6,677
Asset retirement obligations	206	208
Other	2,310	2,630
Total non-current liabilities	17,953	20,504
Total liabilities	43,249	44,233
Net assets		
Shareholders' equity		
Share capital	2,434	2,434
Capital surplus	2,191	2,191
Retained earnings	35,060	34,546
Treasury shares	(10)	(87)
Total shareholders' equity	39,675	39,084
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	180	168
Foreign currency translation adjustment	7	(104)
Remeasurements of defined benefit plans	(643)	(643)
Total accumulated other comprehensive income	(455)	(579)
Non-controlling interests	43	41
Total net assets	39,263	38,545
Total liabilities and net assets	82,512	82,779

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

## Quarterly Consolidated Statements of Income

For the three months ended June 30

(Million yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019
Net sales	12,616	11,802
Cost of sales	9,690	9,437
Gross profit	2,925	2,364
Selling, general and administrative expenses		
Selling expenses	2,103	1,865
General and administrative expenses	606	556
Total selling, general and administrative expenses	2,710	2,421
Operating profit (loss)	215	(56)
Non-operating income		
Interest income	0	1
Dividend income	21	33
Share of profit of entities accounted for using equity method	–	4
Foreign exchange gains	36	–
Outsourcing service income	24	19
Reversal of allowance for doubtful accounts	1	1
Miscellaneous income	10	51
Total non-operating income	95	111
Non-operating expenses		
Interest expenses	24	26
Foreign exchange losses	–	13
Miscellaneous loss	13	40
Total non-operating expenses	37	81
Ordinary profit (loss)	273	(26)
Extraordinary income		
Gain on sales of non-current assets	0	0
Other	–	15
Total extraordinary income	0	15
Extraordinary losses		
Loss on sales of non-current assets	–	2
Loss on abandonment of non-current assets	4	3
Other	4	–
Total extraordinary losses	9	5
Profit (loss) before income taxes	264	(16)
Income taxes - current	77	65
Income taxes - deferred	15	(43)
Total income taxes	93	22
Profit (loss)	170	(38)
Loss attributable to non-controlling interests	(1)	(1)
Profit (loss) attributable to owners of parent	171	(36)

Quarterly Consolidated Statements of Comprehensive Income

For the three months ended June 30

(Million yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019
Profit (loss)	170	(38)
Other comprehensive income		
Valuation difference on available-for-sale securities	(21)	(11)
Deferred gains or losses on hedges	(1)	–
Foreign currency translation adjustment	4	(23)
Remeasurements of defined benefit plans, net of tax	(72)	(0)
Share of other comprehensive income of entities accounted for using equity method	–	(87)
Total other comprehensive income	(89)	(124)
Comprehensive income	80	(162)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	81	(160)
Comprehensive income attributable to non-controlling interests	(1)	(1)

### (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 three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

There is no relevant information.

(Segment information, etc.)

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

For the three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

	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	10,742	1,065	11,808	807	12,616	-	12,616
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	10,742	1,065	11,808	807	12,616	-	12,616
Segment income (loss)	834	(69)	764	57	822	(606)	215

(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.

For the three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

(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	10,313	724	11,037	764	11,802	-	11,802
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	10,313	724	11,037	764	11,802	-	11,802
Segment income (loss)	758	(301)	456	42	499	(556)	(56)

(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 loss on the Quarterly Consolidated Statements of Income.

### 3. Supplementary Information

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

For the three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

##### 1) Production

Production by segment for the three months ended June 30, 2019 is as follows:

(Million yen)

Segment	Volume	Amount	Year-on-year change
			%
	Horsepower		
Internal combustion engines			
Marine-use engines	249,462	10,313	(4.0)
Land-use engines	256	724	(32.0)
Other	-	602	(6.5)
Total		11,640	(6.5)

(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 three months ended June 30, 2019 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	271,614	10,892 [6,051]	(3.8)	1,193,920	28,997 [8,957]	8.4
Land-use engines	71,642	3,720 [791]	34.5	187,826	8,250 [948]	17.4
Other	-	698 [-]	11.9	-	576 [-]	7.8
Total		15,311 [6,843]	4.1		37,824 [9,906]	10.2

(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 three months ended June 30, 2019 are as follows:

(Million yen)

Segment	Volume	Amount	Export ratio	Year-on-year change
	Horsepower		%	%
Internal combustion engine				
Marine-use engines	249,462	10,313 [6,067]	58.8	(4.0)
Land-use engines	256	724 [131]	18.2	(32.0)
Other	-	764 [-]	-	(5.3)
Total		11,802 [6,199]	52.5	(6.4)

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

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

Asia (67.6%), Europe (20.7%), Latin America (6.5%), North America (4.5%), Others (0.7%)

\*3 The "Other" segment includes precision parts-related (326 million yen), industrial machinery-related (276 million yen) and real estate leasing-related (162 million yen).

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