

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 [Japanese GAAP]



April 28, 2020

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 Annual General Meeting of Shareholders: June 26, 2020  
 Scheduled date of commencing dividend payments: June 29, 2020  
 Scheduled date of filing annual securities report: June 26, 2020  
 Availability of supplementary briefing material on annual financial results: Available  
 Schedule of annual financial results briefing session: Scheduled

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

## 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(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	%
Fiscal year ended								
March 31, 2020	60,087	4.9	2,674	1.9	2,915	13.2	1,996	9.8
March 31, 2019	57,270	(4.8)	2,626	(13.7)	2,576	(17.0)	1,818	(13.2)

(Note) Comprehensive income: Fiscal year ended March 31, 2020: 1,878 million yen [14.0%]

Fiscal year ended March 31, 2019: 1,648 million yen [(21.9)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2020	62.80	-	5.0	3.5	4.5
March 31, 2019	57.11	-	4.7	3.2	4.6

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2020: (23) million yen  
 Fiscal year ended March 31, 2019: - 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, 2020	85,558	40,645	47.5	1,276.43
As of March 31, 2019	82,512	39,263	47.5	1,232.01

(Reference) Equity: As of March 31, 2020: 40,598 million yen

As of March 31, 2019: 39,219 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, 2020	1,614	(1,137)	(77)	20,495
March 31, 2019	4,792	(5,178)	109	20,143

## 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, 2019	-	0.00	-	15.00	15.00	477	26.3	1.2
March 31, 2020	-	0.00	-	15.00	15.00	477	23.9	1.2
Fiscal year ending March 31, 2021 (Forecast)	-	0.00	-	15.00	15.00		-	

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

The consolidated financial results forecast remains pending due to the difficulty at this stage in making reasonable forecast calculations. Once this becomes possible going forward, the consolidated financial results forecast will be announced promptly.

### \* 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: No
  - 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, 2020: 31,850,000 shares
    - March 31, 2019: 31,850,000 shares
  - 2) Total number of treasury shares at the end of the period:
    - March 31, 2020: 43,535 shares
    - March 31, 2019: 16,235 shares
  - 3) Average number of shares during the period:
    - Fiscal Year ended March 31, 2020: 31,790,050 shares
    - Fiscal Year ended March 31, 2019: 31,833,765 shares

(Reference) Summary of Non-consolidated Financial Results

## 1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2020	52,239	5.0	32	(95.5)	1,609	(5.3)	1,484	16.9
March 31, 2019	49,755	(5.9)	711	(47.6)	1,698	(28.6)	1,270	(34.8)

Fiscal year ended	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
March 31, 2020	46.70		-	
March 31, 2019	39.89		-	

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2020	77,876	33,348	42.8	1,048.46
March 31, 2019	74,690	32,382	43.4	1,017.23

(Reference) Equity: As of March 31, 2020: 33,348 million yen  
As of March 31, 2019: 32,382 million yen

## 2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

The Non-consolidated financial results forecast remains pending due to the difficulty at this stage in making reasonable forecast calculations. Once this becomes possible going forward, the consolidated financial results forecast will be announced promptly.

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

\* 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 2 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)

A briefing session for institutional investors and analysts is scheduled to be held on Friday, May 22, 2020. 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 continued to be on a moderate recovery trend against a backdrop of an improvement in the employment environment. However, the future outlook remained uncertain due to factors such as the stagnation of China's economy impacted by trade friction between the United States and China, and the slowdown in the global economy as a result of the spread of the coronavirus disease (COVID-19) at the end of the fiscal year.

In the shipbuilding and maritime industry, the primary industry in which the Company makes its sales, global completed construction volume for newly-built vessels during 2019 was 66,140 thousand gross tons, a 14.4% increase year-on-year, while order volume for new vessels fell to 41,490 thousand gross tons, a 17.7% decrease year-on-year, amid signs that orders were being curtailed as the result of tightened environmental regulations in January 2020. Excess shipping capacity remains unresolved, and it is believed that it will take some time for demand for new shipbuilding to achieve a full-fledged recovery.

Under such a corporate environment, consolidated net sales for the fiscal year under review increased by 4.9% year-on-year to 60,087 million yen, operating profit increased by 1.9% year-on-year to 2,674 million yen, ordinary profit increased by 13.2% year-on-year to 2,915 million yen, and profit attributable to owners of parent increased by 9.8% year-on-year to 1,996 million yen.

Performance by business segment of the Company and the consolidated Group for the fiscal year under review is as follows.

#### <Internal combustion engines>

##### 1. Marine-use

Due to sales of engines to the Ministry of Defense, which is a new business initiative for the Company, increased maintenance-related sales, and other factors, net sales increased by 7.4% year-on-year to 47,739 million yen, and segment income increased by 1.4% year-on-year to 3,894 million yen.

##### 2. Land-use

Net sales decreased by 1.0% year-on-year to 9,470 million yen and segment income decreased by 14.5% to 684 million yen due to deteriorating profitability for engines in addition to a drop in items sold, and other factors.

Consequently, including parts sales and maintenance construction, net sales for the segment increased by 5.9% year-on-year to 57,210 million yen, and segment income decreased by 1.3% year-on-year to 4,579 million yen.

#### <Other>

##### 1. Industrial machinery-related

In the aluminum wheel division, net sales decreased and segment income edged down due to a decline in sales volume.

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

In real estate leasing-related, net sales edged down while segment income increased slightly.

##### 3. Electricity sales-related

In electricity sales-related, net sales declined while segment income increased.

##### 4. Precision parts-related

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

Consequently, net sales for the segment decreased by 11.7% year-on-year to 2,876 million yen, and segment income increased by 22.6% year-on-year to 411 million yen.

In the Mid-term Management Plan covering the period from April 1, 2015 to March 31, 2020, the Company has identified its management issue to be “Developing existing business models based on engines and parts + secure robust earnings platform through involvement and expansion of peripheral businesses.” To this end, we have worked on the four priorities to “Speed up growth of existing businesses and overhaul earnings model,” “Speed up production reform and initiate developments at Moriyama and Himeji,” “Take in added value

leveraging external resources and speed up strengthening of management structure,” and “Reconfigure management resources and prepare for next phase of growth.”

We were able to achieve a certain degree of success, including an expanded lineup of larger engines and dual fuel engines, building strengthened collaborative relationships with licensees in China aimed at reorganizing the range of engine classes and the expansion of the Daihatsu brand market share, manufacturing reforms including cost planning, and the clarification of business execution responsibilities through the introduction of an executive officer system. However, the demand for new shipbuilding did not achieve a full-fledged recovery as predicted when formulating the Mid-term Management Plan, preventing us from achieving our initial management targets.

From the next fiscal year onwards, partly due to the impact from the spread of COVID-19, the environment is expected to remain severe amidst an uncertain economic outlook. However, our key management issue will be to endeavor utilizing the restructured management base and further improve profitability.

## 2) Outlook for the next fiscal year

Concerning the outlook for the next fiscal year, with no end in sight to the spread of COVID-19, the impact on the global situation, including the marine cargo market, will be significant and concerns are starting to arise over the growing effect of strengthened global infection prevention measures on the supply chain. Since it is unclear how long this situation will continue, we are unable to make any forecasts regarding the Group’s domestic and overseas business results, and the outlook therefore remains pending. Financial results forecasts for the fiscal year ending March 31, 2021 will be promptly disclosed once it becomes possible to make appropriate and reasonable calculations.

## (2) Analysis of Financial Position

In assets as of the end of the fiscal year under review, notes and accounts receivable - trade increased by 1,721 million yen from the end of the previous fiscal year while the turnover period of accounts receivable was 109.4 days (compared with 107.3 days at the end of the previous fiscal year). In addition, inventories increased by 2,704 million yen while the turnover period was 70.8 days (compared with 66.4 days at the end of the previous fiscal year). Meanwhile, property, plant and equipment decreased by 1,267 million yen compared with the end of the previous fiscal year. Total assets as of March 31, 2020 amounted to 85,558 million yen, an increase of 3,045 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 increased by 825 million yen from the end of the previous fiscal year while their turnover period was 79.4 days (compared with 77.9 days at the end of the previous fiscal year). In addition, due to the newly procured working capital, etc., short-term borrowings and long-term borrowings in total increased by 1,081 million yen. The ratio of interest-bearing liabilities (excluding lease obligations) to net sales at the end of the current fiscal year was 24.1%, an increase of 0.7 point from the end of the previous fiscal year. As a result, total liabilities increased by 1,663 million yen from the end of the previous fiscal year to 44,912 million yen.

In net assets, retained earnings increased by 1,517 million yen from the end of the previous fiscal year to 36,578 million yen. Total net assets increased by 1,382 million yen from the end of the previous fiscal year to 40,645 million yen. As a result, the equity ratio at the end of the fiscal year under review was 47.5%.

## (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 “enhancing dividend payout ratio” as a target under the Mid-term Management Plan period (April 1, 2020 to March 31, 2023).

## (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, 2020 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 60,087 million yen while interest-bearing debt (excluding lease obligations) was 14,492 million yen. In addition, cash and cash equivalents at the end of the fiscal year under review increased by 351 million yen. 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 influence 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) Securing human resources

The future success of the Group is highly dependent on securing outstanding human resources in such fields as research, development, technology, manufacturing, and management. With Japan's population on a declining trend, competition to secure outstanding human resources is growing. In addition, if employees currently employed retire, or if it is not possible to acquire talented personnel, the Group's businesses, business results or financial conditions may be adversely affected.

#### 5) 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.

#### 6) 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.

#### 7) Risk of natural disasters, etc.

The production of the Group's mainstay diesel engines is concentrated in two locations, at the Moriyama Factory in Moriyama City, Shiga Prefecture, and the Himeji Factory in Himeji City, Hyogo Prefecture. However, there is the possibility that production activities may be obstructed in the event of a natural disaster such as a large-scale earthquake, storm, flood, etc. as well as a fire, or an epidemic, etc. In addition, in the event that these disasters or accidents occur within the Group's supply chain, such as suppliers of parts, etc., or product delivery destinations, the shortage of supply or interrupted supply of parts, etc. from suppliers and the suspension or reduction of production activities at product delivery destinations could have a significant adverse effect on the Group's production activities, sales activities and other activities.

#### 8) Information management

In addition to information about customers and other companies, the Group handles its own trade secrets (technical information of the Group, etc.). It is possible that this information could be leaked externally as the result of intentional acts, including unauthorized system access and cyber attacks, or negligence. The Company is working on security measures to protect itself from external threats, but in the event of unexpected intrusion through networks, external information leaks due to unauthorized operations, the suspension of services, and the impact on production processes, etc., we could face liabilities for damage and significant countermeasure costs, which could have an adverse effect on the Group's businesses, business results or financial conditions.

#### 9) Risk of overseas 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 23 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.

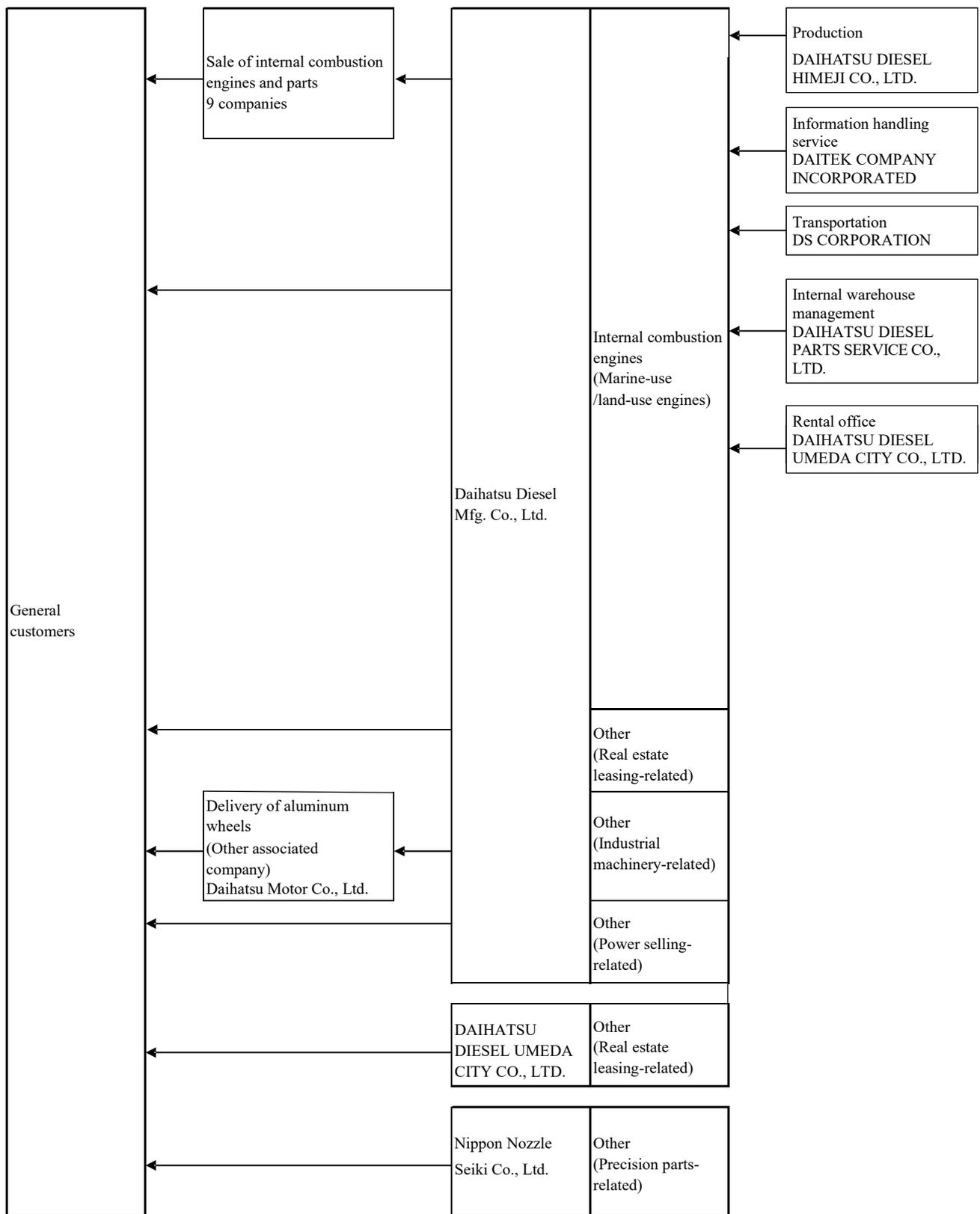
Category		Main Products (Business)	Major Companies
Internal combustion engines	Marine-use/land-use engines	Diesel engines for marine-use Diesel engines for land-use Gas turbine Sales of parts for the above	Daihatsu Diesel Mfg. Co., Ltd., DAIHATSU DIESEL HIMEJI CO., LTD.
		Diesel engines for marine-use 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.* <sup>1</sup> DAIHATSU DIESEL ANQING IRONWORKS.CO., LTD.* <sup>2</sup> MD ENGINEERING CO., LTD.* <sup>1</sup>
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.
	Electricity sales	Solar power generation business	Daihatsu Diesel Mfg. Co., Ltd.
	Precision parts	Precision parts	Nippon Nozzle Seiki Co., Ltd.

(Notes)

1. Marked with \*1: Non-consolidated subsidiaries

2. Marked with \*2: Associated companies

3. DAITEK COMPANY INCORPORATED reached a resolution to dissolve on February 27, 2020, and is in the process of liquidation.



(Notes)

1. DAIHATSU DIESEL UMEDA CITY CO., LTD. partially owns the Umeda Sky Building, and is in the rental office business.
2. DAITEK COMPANY INCORPORATED reached a resolution to dissolve on February 27, 2020, and is in the process of liquidation.

### 3. Basic Stance Concerning Choice 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.

4. Consolidated Financial Statements and Primary Notes  
(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2019	As of March 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	20,905	21,170
Notes and accounts receivable - trade	17,098	18,820
Inventories	10,269	12,974
Other	1,931	2,125
Allowance for doubtful accounts	(12)	(13)
Total current assets	50,193	55,078
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,883	10,254
Machinery, equipment and vehicles, net	6,899	6,366
Land	5,088	5,088
Construction in progress	113	132
Other, net	836	714
Total property, plant and equipment	23,821	22,554
Intangible assets	1,442	1,139
Investments and other assets		
Investment securities	2,836	2,583
Long-term loans receivable	1	0
Deferred tax assets	3,589	3,586
Other	681	671
Allowance for doubtful accounts	(53)	(55)
Total investments and other assets	7,055	6,786
Total non-current assets	32,319	30,480
Total assets	82,512	85,558

(Million yen)

	As of March 31, 2019	As of March 31, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	7,297	7,661
Electronically recorded obligations - operating	5,328	5,789
Short-term borrowings	6,193	4,455
Lease obligations	562	511
Income taxes payable	414	645
Accrued expenses	2,851	2,724
Provision for bonuses	703	670
Provision for bonuses for directors (and other officers)	45	51
Other	1,900	1,838
Total current liabilities	25,296	24,347
Non-current liabilities		
Long-term borrowings	7,217	10,036
Lease obligations	1,077	737
Provision for retirement benefits for directors (and other officers)	521	76
Retirement benefit liability	6,618	6,913
Asset retirement obligations	206	193
Other	2,310	2,608
Total non-current liabilities	17,953	20,565
<b>Total liabilities</b>	<b>43,249</b>	<b>44,912</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,434	2,434
Capital surplus	2,191	2,191
Retained earnings	35,060	36,578
Treasury shares	(10)	(28)
Total shareholders' equity	39,675	41,175
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	180	155
Foreign currency translation adjustment	7	(141)
Remeasurements of defined benefit plans	(643)	(591)
Total accumulated other comprehensive income	(455)	(576)
Non-controlling interests	43	46
<b>Total net assets</b>	<b>39,263</b>	<b>40,645</b>
<b>Total liabilities and net assets</b>	<b>82,512</b>	<b>85,558</b>

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

## Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Net sales	57,270	60,087
Cost of sales	44,160	47,667
Gross profit	13,109	12,419
Selling, general and administrative expenses		
Selling expenses	8,132	7,429
General and administrative expenses	2,351	2,315
Total selling, general and administrative expenses	10,483	9,745
Operating profit	2,626	2,674
Non-operating income		
Interest income	12	11
Dividend income	45	45
Foreign exchange gains	49	–
Outsourcing service income	226	47
Reversal of allowance for doubtful accounts	3	0
Miscellaneous income	133	345
Total non-operating income	469	450
Non-operating expenses		
Interest expenses	104	100
Share of loss of entities accounted for using equity method	–	23
Foreign exchange losses	–	30
Miscellaneous loss	415	54
Total non-operating expenses	519	209
Ordinary profit	2,576	2,915
Extraordinary income		
Gain on sales of non-current assets	0	0
National subsidies	239	–
Subsidy income	–	112
Other	8	110
Total extraordinary income	247	222
Extraordinary losses		
Loss on abandonment of non-current assets	11	18
Loss on sales of non-current assets	–	2
Loss on valuation of investment securities	–	47
Loss on valuation of golf club membership	4	–
Total extraordinary losses	15	68
Profit before income taxes	2,808	3,070
Income taxes - current	750	1,069
Income taxes - deferred	239	1
Total income taxes	990	1,070
Profit	1,818	1,999
Profit attributable to non-controlling interests	0	3
Profit attributable to owners of parent	1,818	1,996

## Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Profit	1,818	1,999
Other comprehensive income		
Valuation difference on available-for-sale securities	(75)	(24)
Foreign currency translation adjustment	2	(29)
Remeasurements of defined benefit plans, net of tax	(97)	51
Share of other comprehensive income of entities accounted for using equity method	–	(118)
Total other comprehensive income	(170)	(121)
Comprehensive income	1,648	1,878
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,648	1,875
Comprehensive income attributable to non-controlling interests	0	3

(3) Consolidated Statements of Changes in Equity  
For the fiscal year ended March 31, 2019

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,434	2,191	33,719	(10)	38,334
Changes during period					
Dividends of surplus			(477)		(477)
Profit attributable to owners of parent			1,818		1,818
Purchase of treasury shares					
Disposal of treasury shares					
Transfer of loss on disposal of treasury shares					
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,340	-	1,340
Balance at end of period	2,434	2,191	35,060	(10)	39,675

	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 period	255	-	5	(545)	(285)	42	38,092
Changes during period							
Dividends of surplus							(477)
Profit attributable to owners of parent							1,818
Purchase of treasury shares							-
Disposal of treasury shares							-
Transfer of loss on disposal of treasury shares							-
Change in ownership interest of parent due to transactions with non-controlling interests							-
Net changes in items other than shareholders' equity	(75)	-	2	(97)	(170)	0	(169)
Total changes during period	(75)	-	2	(97)	(170)	0	1,170
Balance at end of period	180	-	7	(643)	(455)	43	39,263

For the fiscal year ended March 31, 2020

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,434	2,191	35,060	(10)	39,675
Changes during period					
Dividends of surplus			(477)		(477)
Profit attributable to owners of parent			1,996		1,996
Purchase of treasury shares				(77)	(77)
Disposal of treasury shares		(1)		59	58
Transfer of loss on disposal of treasury shares		1	(1)		
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,517	(17)	1,500
Balance at end of period	2,434	2,191	36,578	(28)	41,175

	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 period	180	-	7	(643)	(455)	43	39,263
Changes during period							
Dividends of surplus							(477)
Profit attributable to owners of parent							1,996
Purchase of treasury shares							(77)
Disposal of treasury shares							58
Transfer of loss on disposal of treasury shares							-
Change in ownership interest of parent due to transactions with non-controlling interests							-
Net changes in items other than shareholders' equity	(24)	-	(148)	51	(121)	3	(118)
Total changes during period	(24)	-	(148)	51	(121)	3	1,382
Balance at end of period	155	-	(141)	(591)	(576)	46	40,645

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	2,808	3,070
Depreciation	2,670	2,771
Increase (decrease) in allowance for doubtful accounts	(10)	3
Increase (decrease) in provision for bonuses	5	(33)
Increase (decrease) in provision for bonuses for directors (and other officers)	(6)	6
Increase (decrease) in retirement benefit liability	(142)	208
Increase (decrease) in provision for retirement benefits for directors (and other officers)	61	(445)
Interest and dividend income	(57)	(57)
Interest expenses	104	100
Loss (gain) on valuation of investment securities	–	47
Loss on valuation of golf club memberships	4	–
Loss (gain) on sales of property, plant and equipment	(0)	2
Loss on abandonment of non-current assets	11	18
Decrease (increase) in trade receivables	(525)	(1,788)
Decrease (increase) in inventories	287	(2,706)
Increase (decrease) in trade payables	840	913
Decrease/increase in consumption taxes receivable/payable	377	(205)
Increase (decrease) in guarantee deposits received	(87)	(19)
Other, net	(402)	547
Subtotal	5,939	2,433
Interest and dividends received	57	57
Interest paid	(104)	(101)
Income taxes paid	(1,099)	(775)
Net cash provided by (used in) operating activities	4,792	1,614
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,781)	(1,214)
Proceeds from sales of property, plant and equipment	0	2
Purchase of intangible assets	(2)	(50)
Proceeds from sales of investment securities	0	–
Purchase of shares of subsidiaries	–	(24)
Purchase of shares of subsidiaries and associates	(1,859)	–
Collection of loans receivable	0	0
Proceeds from withdrawal of time deposits	1,340	750
Payments into time deposits	(876)	(711)
Other, net	–	110
Net cash provided by (used in) investing activities	(5,178)	(1,137)

(Million yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Cash flows from financing activities		
Proceeds from long-term borrowings	2,500	4,250
Repayments of long-term borrowings	(1,333)	(3,020)
Purchase of treasury shares	–	(77)
Dividends paid	(477)	(477)
Net increase (decrease) in short-term borrowings	–	(155)
Repayments of finance lease obligations	(579)	(597)
Net cash provided by (used in) financing activities	109	(77)
Effect of exchange rate change on cash and cash equivalents	(1)	(47)
Net increase (decrease) in cash and cash equivalents	(276)	351
Cash and cash equivalents at beginning of period	20,420	20,143
Cash and cash equivalents at end of period	20,143	20,495

## (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: 14

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.

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

(1) Number of affiliates accounted for by the equity method: 1

OFFICINE MECCANICHE TORINO S.p.A

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

DD TECHNICAL CO., LTD.

MD ENGINEERING 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)

They are depreciated using the straight-line method.

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, 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.

(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. Method for calculating net sales, profit (loss), assets, liabilities, and other by reportable segment

For the fiscal year ended March 31, 2019

	Reportable segment			Other (Notes)*1	Total	Adjustment (Notes) *2	(Million yen)
	Marine-use engines	Land-use engines	Total				Amount recorded in Consolidated Financial Statements (Notes)*3
Net sales							
(1) Net sales to outside customers	44,448	9,564	54,013	3,256	57,270	-	57,270
(2) Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	44,448	9,564	54,013	3,256	57,270	-	57,270
Segment income	3,840	801	4,641	335	4,977	(2,351)	2,626
Other							
Depreciation	1,799	379	2,178	331	2,510	159	2,670

(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 Consolidated Statements of Income.

\*4 Assets are not allocated to the business segments.

For the fiscal year ended March 31, 2020

(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	47,739	9,470	57,210	2,876	60,087	-	60,087
(2) Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	47,739	9,470	57,210	2,876	60,087	-	60,087
Segment income	3,894	684	4,579	411	4,990	(2,315)	2,674
Other Depreciation	1,914	370	2,285	337	2,622	148	2,771

(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 Consolidated Statements of Income.

\*4 Assets are not allocated to the business segments.

(Related information)

For the fiscal year ended March 31, 2019

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
30,752	18,640	2,210	5,667	57,270

(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, 2020

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
32,627	18,674	1,761	7,023	60,087

(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, 2019	For the fiscal year ended March 31, 2020
Net assets per share	1,232.01 yen	1,276.43 yen
Basic earnings per share	57.11 yen	62.80 yen

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

Category	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	1,818	1,996
Amount not attributable to shareholders of common shares (Million yen)	-	-
Profit attributable to owners of parent relating to common shares (Million yen)	1,818	1,996
Average number of shares of common shares outstanding during each fiscal year	31,833,765 shares	31,790,050 shares

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

(Significant subsequent events)

Not applicable.

5. Non-consolidated Financial Statements  
(1) Non-consolidated Balance Sheets

(Million yen)

	As of March 31, 2019	As of March 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	17,813	17,308
Notes receivable - trade	1,090	999
Accounts receivable - trade	15,412	17,902
Raw materials	96	107
Work in process	9,685	12,314
Prepaid expenses	630	610
Short-term loans receivable	870	885
Other	1,036	1,072
Allowance for doubtful accounts	(4)	(4)
Total current assets	46,631	51,196
Non-current assets		
Property, plant and equipment		
Buildings	4,895	4,660
Structures	1,632	1,501
Machinery and equipment	6,052	5,549
Vehicles	351	299
Tools, furniture and fixtures	757	653
Land	4,511	4,511
Construction in progress	110	123
Total property, plant and equipment	18,311	17,299
Intangible assets		
Software	1,423	1,117
Other	7	12
Total intangible assets	1,431	1,130
Investments and other assets		
Investment securities	745	655
Shares of subsidiaries and associates	3,956	3,981
Long-term loans receivable	1	0
Deferred tax assets	3,205	3,254
Other	414	367
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	8,315	8,251
Total non-current assets	28,058	26,680
Total assets	74,690	77,876

(Million yen)

	As of March 31, 2019	As of March 31, 2020
<b>Liabilities</b>		
Current liabilities		
Notes payable - trade	968	1,095
Accounts payable - trade	6,164	6,429
Electronically recorded obligations - operating	5,361	5,765
Short-term borrowings	3,375	3,220
Current portion of long-term borrowings	2,764	1,191
Lease obligations	554	501
Accounts payable	322	131
Accrued expenses	2,611	2,671
Income taxes payable	55	99
Advances received	379	506
Deposits received	4,824	5,324
Provision for bonuses	531	504
Provision for bonuses for directors (and other officers)	45	45
Other	222	179
Total current liabilities	28,181	27,665
Non-current liabilities		
Long-term borrowings	7,120	9,983
Lease obligations	1,061	717
Long-term guarantee deposits	10	10
Provision for retirement benefits	5,362	5,713
Provision for retirement benefits for directors (and other officers)	443	–
Asset retirement obligations	129	115
Other	–	322
Total non-current liabilities	14,126	16,863
Total liabilities	42,307	44,528
<b>Net assets</b>		
Shareholders' equity		
Share capital	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 tax purpose reduction entry of non-current assets	234	216
Reserve for special depreciation	1	0
General reserve	25,600	26,390
Retained earnings brought forward	1,572	1,807
Total other retained earnings	27,408	28,414
Total retained earnings	27,630	28,636
Treasury shares	(10)	(28)
Total shareholders' equity	32,204	33,193
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	177	154
Total valuation and translation adjustments	177	154
Total net assets	32,382	33,348
Total liabilities and net assets	74,690	77,876

## (2) Non-consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Net sales	49,755	52,239
Cost of sales	41,741	45,393
Gross profit	8,013	6,846
Selling, general and administrative expenses	7,302	6,813
Operating profit	711	32
Non-operating income		
Interest and dividend income	1,079	1,371
Miscellaneous income	392	321
Total non-operating income	1,472	1,693
Non-operating expenses		
Interest expenses	102	100
Miscellaneous loss	382	16
Total non-operating expenses	484	116
Ordinary profit	1,698	1,609
Extraordinary income		
Gain on sales of non-current assets	0	0
National subsidies	232	-
Subsidy income	-	112
Total extraordinary income	233	112
Extraordinary losses		
Loss on abandonment of non-current assets	9	17
Loss on valuation of investment securities	-	47
Loss on valuation of shares of subsidiaries and associates	299	-
Loss on valuation of golf club membership	4	-
Total extraordinary losses	313	65
Profit before income taxes	1,618	1,656
Income taxes - current	111	200
Income taxes - deferred	236	(28)
Total income taxes	348	172
Profit	1,270	1,484

## (3) Non-consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2019

(Million yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings					
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Reserve for tax purpose reduction entry of non-current assets	Reserve for special depreciation	General reserve	Retained earnings brought forward	
Balance at beginning of period	2,434	2,150	-	2,150	221	91	17	24,200	2,306	26,837
Changes during period										
Dividends of surplus									(477)	(477)
Provision of general reserve								1,400	(1,400)	-
Reversal of reserve for special depreciation							(15)		15	-
Provision of reserve for tax purpose reduction entry of non-current assets						161			(161)	-
Reversal of reserve for tax purpose reduction entry of non-current assets						(19)			19	-
Profit									1,270	1,270
Purchase of treasury shares										
Disposal of treasury shares										
Transfer of loss on disposal of treasury shares										
Net changes in items other than shareholders' equity										
Total changes during period	-	-	-	-	-	142	(15)	1,400	(733)	792
Balance at end of period	2,434	2,150	-	2,150	221	234	1	25,600	1,572	27,630

	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 period	(10)	31,412	251	-	251	31,663
Changes during period						
Dividends of surplus		(477)				(477)
Provision of general reserve		-				-
Reversal of reserve for special depreciation		-				-
Provision of reserve for tax purpose reduction entry of non-current assets		-				-
Reversal of reserve for tax purpose reduction entry of non-current assets		-				-
Profit		1,270				1,270
Purchase of treasury shares		-				-
Disposal of treasury shares		-				-
Transfer of loss on disposal of treasury shares		-				-
Net changes in items other than shareholders' equity			(74)	-	(74)	(74)
Total changes during period	-	792	(74)	-	(74)	718
Balance at end of period	(10)	32,204	177	-	177	32,382

For the fiscal year ended March 31, 2020

(Million yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings					
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Reserve for tax purpose reduction entry of non-current assets	Reserve for special depreciation	General reserve	Retained earnings brought forward	
Balance at beginning of period	2,434	2,150	-	2,150	221	234	1	25,600	1,572	27,630
Changes during period										
Dividends of surplus									(477)	(477)
Provision of general reserve								790	(790)	-
Reversal of reserve for special depreciation							(0)		0	-
Provision of reserve for tax purpose reduction entry of non-current assets						5			(5)	-
Reversal of reserve for tax purpose reduction entry of non-current assets						(23)			23	-
Profit									1,484	1,484
Purchase of treasury shares										
Disposal of treasury shares			(1)	(1)						-
Transfer of loss on disposal of treasury shares			1	1					(1)	(1)
Net changes in items other than shareholders' equity										
Total changes during period	-	-	-	-	-	(17)	(0)	790	234	1,006
Balance at end of period	2,434	2,150	-	2,150	221	216	0	26,390	1,807	28,636

	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 period	(10)	32,204	177	-	177	32,382
Changes during period						
Dividends of surplus		(477)				(477)
Provision of general reserve		-				-
Reversal of reserve for special depreciation		-				-
Provision of reserve for tax purpose reduction entry of non-current assets		-				-
Reversal of reserve for tax purpose reduction entry of non-current assets		-				-
Profit		1,484				1,484
Purchase of treasury shares	(77)	(77)				(77)
Disposal of treasury shares	59	58				58
Transfer of loss on disposal of treasury shares		-				-
Net changes in items other than shareholders' equity			(22)	-	(22)	(22)
Total changes during period	(17)	988	(22)	-	(22)	965
Balance at end of period	(28)	33,193	154	-	154	33,348

6. Other

(1) Status of Production, Orders Received, and Sales (April 1, 2019 to March 31, 2020)

1) Production

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

(Million yen)

Segment	Volume	Amount	Year-on-year change	
				%
Internal combustion engines	Horsepower			
Marine-use engines	1,110,134	47,739		7.4
Land-use engines	88,400	9,470		(1.0)
Other	-	2,238		(14.4)
Total		59,449		5.0

(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	Orders received			Order backlogs		
	Volume	Amount	Year-on-year change	Volume	Amount	Year-on-year change
Internal combustion engine	Horsepower		%	Horsepower		%
Marine-use engines	1,121,444	46,518 [26,240]	(0.4)	1,183,078	27,196 [8,414]	(4.3)
Land-use engines	90,206	9,380 [959]	(1.1)	118,246	5,163 [588]	(1.7)
Other	-	2,446 [-]	(3.7)	-	689 [-]	43.2
Total		58,345 [27,200]	(0.6)		33,049 [9,003]	(3.2)

(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 current fiscal year are as follows:

(Million yen)

Segment	Volume	Amount	Export ratio	Year-on-year change
	Horsepower		%	%
Internal combustion engine				
Marine-use engines	1,110,134	47,739 [26,799]	56.1	7.4
Land-use engines	88,400	9,470 [659]	7.0	(1.0)
Other	-	2,876 [-]	-	(11.7)
Total		60,087 [27,459]	45.7	4.9

(Notes)

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

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

Asia (68.0%), Europe (20.0%), Latin America (6.4%), North America (3.2%), Others (2.4%)

\*3 The "Other" segment includes precision parts-related (1,298 million yen), industrial machinery-related (940 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 on June 26, 2020)

#### 1. Changes in Representatives

Newly Promoted Director:

Chairman and Representative Director      Shigeki Kinoshita (currently President and Representative Director)

President and Representative Director      Yoshinobu Hotta (currently Vice President and Representative Director)

#### 2. Candidates for Newly Appointed Directors:

Toshiki Sanaga (currently Managing Executive Officer)

Hiroko Ameno (currently Professor, Faculty of Business and Commerce,  
Kansai University,  
Outside Director of SENKO Group Holdings Co., Ltd.)

#### 3. Retiring Directors:

Takeshi Harada (currently Chairman)

Osamu Goda (currently Vice President and Representative Director)

Isamu Teraoka (currently Director and Managing Executive Officer)

(Reference)

New Management Team (Scheduled on June 26, 2020)

(Directors)

Chairman	Shigeki Kinoshita
President and Representative	Yoshinobu Hotta
Director	
Director and Managing Executive Officer	Yoichi Hayata
Director and Managing Executive Officer	Hideki Asada
Director and Managing Executive Officer	Takashi Mizushima
Director and Managing Executive Officer	Shinichi Nanba
Director and Managing Executive Officer	Toshiki Sanaga
Outside Director	Tamon Tsuda (currently Certified Public Accountant)
Outside Director	Kazuo Komatsu (currently Attorney-at-law, Kitahama Partners, Foreign Law Joint Enterprise)
Outside Director	Hiroko Ameno (currently Professor, Faculty of Business and Commerce, Kansai University)

(Statutory Auditors)

Standing Statutory Auditor	Atsumi Masada
Outside Statutory Auditor	Noriyoshi Matsushita (currently Director, Daihatsu Motor Co.,Ltd.)
Outside Statutory Auditor	Norihide Bessyo (currently Standing Statutory Auditor, Daihatsu Motor Co.,Ltd.)

(Executive Officers)

Executive Officer	Tetsuya Bando
Executive Officer	Takashi Hanamura
Executive Officer	Shuji Kawano
Executive Officer	Tomohiro Miyoshi
Executive Officer	Isao Wakamiya
Executive Officer	Masaki Hama
Executive Officer	Shunji Minami