Annual Report 2015 (Year ended March 31, 2015)

ANNUAL REPORT 2015

Innovation for Tomorrow

DAIHATSU

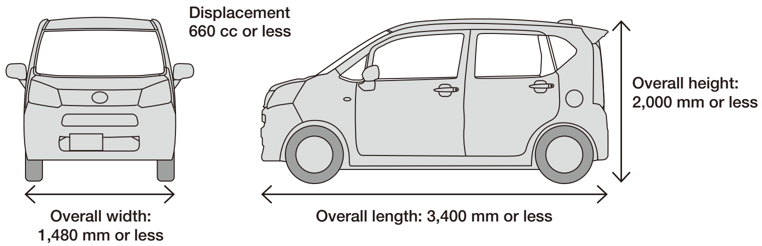
Innovation for Tomorrow

Daihatsu Motor Co., Ltd. (“Daihatsu”) can trace its history back to 1907, a time when Japan was rapidly modernizing. Originally established as Hatsudoki Seizo Kabushiki Kaisha a company to produce domestic internal-combustion engines through industrial-academic cooperation, Daihatsu released three-wheeled cars mounted with a 500cc gasoline engine in 1931. Since then, it has engaged in business centered on mini vehicles, guided by a corporate mission to manufacture compact cars that appeal to consumers all over the world. In 1998, Toyota Motor Corporation (“Toyota”) acquired a majority of Daihatsu’s shares. Today, Daihatsu operates as a member of the Toyota Group and focuses on three main business domains: domestic, overseas, and consigned production and OEM businesses. Daihatsu seeks to manufacture cars that offer fuel efficiency, affordability, and high added value.

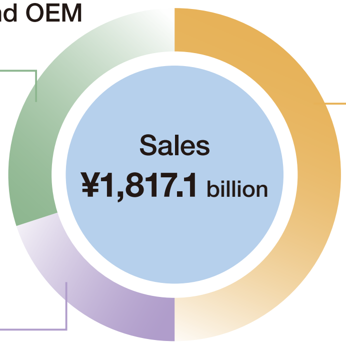
What are mini vehicles?

Economical and eco-friendly category unique to Japan

Mini vehicles are super small-sized cars unique to Japan. The first specifications for these vehicles were established in 1949. According to present day specifications, mini vehicles have an overall length of less than 3.4 m, an overall width of less than 1.48 m, an overall height of less than 2 m, and an engine displacement of less than 660 cc. Although they form the world’s smallest class of vehicles, they can comfortably accommodate four adults, steadily drive at 100km/h, and offer a level of safety equal to that of compact cars. Many users choose mini vehicles for their outstanding economic performance and their convenience in use in driving on narrow roads in Japan. In addition to offering great fuel efficiency, the limited amount of materials used in manufacturing mini vehicles places them in the world’s top class in terms of environmental performance. Daihatsu has been manufacturing mini vehicles since the early days of the company, and with the accumulated know-how and strong product merchantability backed by its superior technology, it has won the largest market share in the mini vehicle market for the ninth consecutive fiscal year.



Sales Breakdown (fiscal year ended March 31, 2015)



Consigned Production and OEM

About 30%

As a member of the Toyota Group, we engage in consigned production, joint development, and OEM supply (products sold under a customer company’s brand)

Overseas Business

About 20%

We aim to further strengthen the management foundation by focusing on Indonesia and Malaysia as the main markets.

Domestic Business

About 50%

We primarily engage in the development, manufacturing, and sales of mini vehicles.

Strengths of Daihatsu

Mini Vehicle Sales Share in Japan

Nine Consecutive Fiscal Years
(Years ended March 31, 2007 to 2015)

No.1 (31.6%)

Production Share in the Indonesian Market

Year ended March 31, 2015
*Daihatsu research

No.1 (39.0%)

Sales Share in Malaysia

Nine Consecutive Years
(2006 – 2014*)

No.1 (29.3%)

*Perodua’s fiscal year: January – December

Contents

DAIHATSU MOTOR CO., LTD.

A specialist in advanced mini vehicle technologies that customers trust.

Chairman
Koichi Ina

President
Masanori Mitsui

Launch of six new models helped secure the No.1 market share for mini vehicles in Japan for the ninth consecutive fiscal year.

The fiscal year under review (April 1, 2014 to March 31, 2015) saw tough market conditions in both Japan and Indonesia, which are our major markets. The market in Japan contracted with a reactionary fall following the rush demand ahead of the consumption tax hike in April 2014. In the Indonesian market, we were unable to avoid a decline in the number of units sold due to the economic slowdown and intensifying competition.

To overcome these conditions, we launched six new models in Japan. We started by carrying out a full model change of the COPEN mini convertible sports vehicle in June, which attracted great attention. We moved aggressively by launching the all new Wake and the fully redesigned Move, both of which are high-yield models. Thanks to these moves, we achieved the No.1 market share for mini vehicles for the ninth consecutive fiscal year.

However, conditions in the mini vehicle market remained tough due to the mini vehicle tax hike in April 2015 and the review of the standards for eco-car tax breaks, which has affected our current sales of mini vehicles. The first quarter of the fiscal year ending March 31, 2016 saw our income decline in the domestic segment, although income in the overseas segment grew positively. Both sales and income declined on a consolidated basis, with net sales at ¥412.1 billion (down 4% year on year) and operating income at ¥16.1 billion (down 36% year on year). Thus, in preparation for sales in the second half of the fiscal year, we will strengthen sales by launching new products both in Japan and overseas, put forward our best efforts to achieve our original forecast. For the fiscal year ending March 31, 2016, we forecast net sales of ¥1,770 billion (down 3% year on year), operating income of ¥100 billion (down 10% year on year), ordinary income of ¥110 billion (down 13% year on year), and net income attributable to owners of the parent of ¥60 billion (down 12% year on year).

In regards to our medium-term measures, we have started to take actions for fundamental reforms in the fiscal year ending March 31, 2016 and the following fiscal year. These actions will ensure that we can build on our achievements in the future. In our domestic business, we will strive to strengthen the business structure of the company by implementing measures to increase our market share in East Japan, where we have been weak, and reinforce the business structure of distributors. In Indonesia and Malaysia, which represent our main overseas markets, we will further strengthen our business, building upon on the idea of providing optimal products for each country on a timely basis. At the same time, we will expand our business in the Asian region by deepening our collaboration with Toyota, largely in the area of compact cars in emerging countries.

In May 2015, we began supplying transmissions to Tianjin FAW Xiali Automobile Co., Ltd. We will pursue new possibilities for this business in an effort to build it up in China. We will also move forward with measures to improve the development capabilities of the Daihatsu Group Kyushu Development Center to speed up development, develop and apply our own technologies, reduce costs as a way of pursuing the intrinsic value of mini vehicles, and create new technologies.

The business environment has been changing rapidly both in Japan and other countries. In response, we will accelerate these fundamental reforms to readily identify customer needs and create products that will be appreciated by customers more than ever before.

To ensure the sustainable growth of the Daihatsu Group, we will realize sound and transparent corporate governance and improve our corporate value from a long-term perspective through fair information disclosure and dialogue with shareholders and investors. We will also disclose even more information, including information about our business strategies, business plans, and our views of our financial indicators. We humbly ask our shareholders and investors for their continued support.

August 2015

Progress and development of e:S Technology for better fuel efficiency, more affordable prices, and improved eco-friendliness

Our aim is to earn the affection of customers around the world through the creation of fuel-efficient, affordable, and eco-friendly vehicles. The core technology we apply for this purpose is e:S Technology (Energy Saving Technology), which is our proprietary technology for improving fuel efficiency that we announced in July 2011.

This technology has enabled us to achieve the highest level of environmental performance without the use of costly additional equipment, such as a motor, by radically improving existing technologies. Examples include raising the efficiency of engines and CVT to the highest possible levels, creating lightweight and highly rigid vehicle bodies, reducing the level of air resistance, improving the thermal management of the engine room, creating the Eco-Idle system to stop idling when the car slows down to a stop, and recovering kinetic energy. The creation of efficient designs to reduce the number of parts makes it possible to save on the resources used for the entire vehicle body.

We have been applying the e:S Technology to subsequent new models, while at the same time further developing it. This technology has been continued in the Ayla, a car that we released in Indonesia ahead of other manufacturers. The Ayla exhibits a form optimally adapted to the needs of the Indonesian market, and conforms to the nation's Low Cost Green Car (LCGC) policy. In Malaysia, we have applied and developed the technologies and expertise for the Axia, which enabled the model to become the first Energy Efficient Vehicle (EEV) in the country. The e:S Technology will continue evolving and be applied to future models.

2011

The first model to feature the e:S Technology

Mira e:S

Key point of the e:S Technology

Low fuel consumption realized through the uncompromising pursuit of higher efficiency

Data

Japan

2012

Move

Greater efficiency enabled by thermal management

Data

2013

Tanto

A turbo car developed in pursuit of high fuel efficiency

Data

2014

Mira e:S

Higher thermal efficiency enabled by the use of the Atkinson cycle

Data

2014

Move

Pursuit of higher aerodynamic performance fully reflected in the design details

Data

Overseas

2013

The first global A-segment model

Ayla (Indonesia)

The first model that conforms to the Low Cost Green Car (LCGC) policy of Indonesia

Data

2014

The second global A-segment model

Axia (Malaysia)

The first Energy Efficient Vehicle (EEV) in Malaysia

Data

Advanced technologies that enable both high performance and low prices

High environmental performance, economic efficiency, and convenience are the major points of appeal of mini vehicles. While affordable prices are naturally expected, an increasing number of users are switching to mini vehicles from higher-class models. As a result, mini vehicle users demand a level of equipment and comfort, usability, safety, and even the pleasure of ownership that are on the same level as compact cars.

Responding quickly to these needs, we took action to reduce the price of the automatic braking system, which used to be regarded as an item of equipment for luxury cars only, and incorporated it within a mini vehicle for the first time. We have also transformed it into an advanced system with a camera that we intend to apply to other models in the future.

Our packaging technology enables us to create a large interior space which surpasses that of a compact car, all within the limited outer size of a mini vehicle. This is another strength of Daihatsu based on the expertise in mini vehicle production that we have developed over the years. In addition, we also work on new and original ideas, such as a unique production line that enables the small-lot production of mini sports vehicles, and the DRESS-FORMATION concept that lets users enjoy customizing their vehicles as they like by replacing the resin outer body panels.

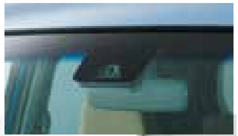
Smart Assist, an automatic braking system that has dramatically improved the safety of mini vehicles

The Smart Assist, which was first installed in the Move in December 2012, detects cars and other obstacles in front of the vehicle while it is travelling and warns the driver of a potential collision with a beeping sound and visual alert displayed on the meter. If the driver does not conduct an evasive maneuver, the system activates the emergency brake. This makes it possible to avoid a collision when the relative speed is approximately 20 km/h or lower, and helps reduce the damage when the relative speed is between approx. 20 km/h and 30 km/h.

The system also possess a function that controls the engine output if the driver steps on the accelerator by mistake when there is an obstacle within 4 meters of the front of the vehicle, helping to avoid a collision. Another function lets the driver know when the vehicle in front has started to move. In December of the fiscal year under review, we added a new function for avoiding collisions. This function controls the engine output when the driver attempts to reverse the vehicle by mistake when there is an obstacle behind it.

In April 2015, this function evolved further through the addition of a camera, becoming Smart Assist II. The added features of Smart Assist II include detecting pedestrians in front of the vehicle and alerting the driver, as well as alerting the driver when the vehicle is about to deviate from its lane. The collision warning function for detecting other vehicles in front has been enhanced by significantly expanding its applicable speed to the range of 4-100 km/h. The speed at which the automatic brake can be activated has also been expanded dramatically to 4-50 km/h. The product attributes created through the combination of superior basic performance, advanced technologies, and affordable prices have been highly acclaimed.

■ Smart Assist II



Packaging technology that maximizes the vehicle interior space within

In terms of the size standard, mini vehicles belong to the lowest class of cars in the world. As a pioneer in mini vehicle production, we have continued striving to develop highly-efficient packaging technologies to realize the largest possible size and optimal comfort of interior space within the limited outer dimensions.

For the first-generation Tanto launched in 2003, we created a wide interior space which surpassed that of a compact car. With the revolutionary "width" of mini vehicles, we have created a new category named Kei More Space (mini vehicles with extra space).

For the Wake, a new mini vehicle launched in November 2014, we have further developed the above concept by focusing on better visibility and a wider luggage space. We realized an overall height of 1,835 mm and interior height of 1,455 mm. This not only ensures that four adults can travel comfortably, it also provides enough space in which to change clothes when out enjoying leisure activities such as skiing and camping.

This is supported by our chassis technologies ensuring the steering stability which allows the user to enjoy driving with a sense of security despite the extra overall height.

■ Superior packaging

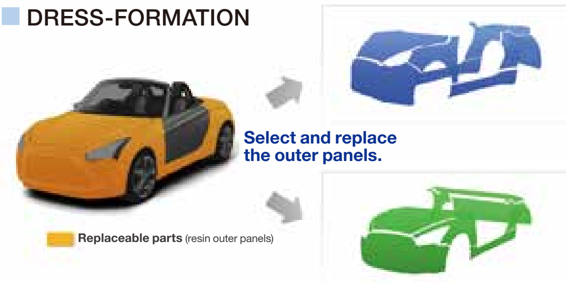
DRESS-FORMATION – A detachable structure which allows customers to choose their favorite outer panels

While we believe that fuel efficiency, affordable prices, and eco-friendliness are the essential factors of mini vehicles, we have also been actively engaged in product planning to broaden the possibilities of these vehicles, and thus we actually offer a diverse range of models. One of these models is the COPEN mini convertible sports vehicle. This two-seater vehicle boasts impressive travelling performance and is designed in a way that allows users to express themselves.

To commercialize sports vehicles, which are produced in small volume, we have built a dedicated compact production line. We have also introduced new initiatives, such as the creation of a factory tour course that allows customers to view the production line.

The COPEN also features the D-Frame structure, which provides for strength and rigidity entirely through the body frame structure. For this model, we also offer the DRESS-FORMATION, which allows owners to customize their vehicles easily through the use of resin outer panels for most parts other than the doors. The results of our research, such as the development of a method for joining the metal framework and resin outer panels that expand at different rates when the temperature rises as well as uniform coating, have also been applied for the fenders of other models.

■ DRESS-FORMATION



Trends in the fiscal year ended March 31, 2015

Economic and market trends

We secured the same level of sales as the previous fiscal year thanks to the launch of six new models.

During the fiscal year under review, the Japanese economy could not avoid a reactionary fall following the rush demand ahead of the consumption tax hike (from 5% to 8%) that was implemented in April of the fiscal year. The number of mini vehicle units sold in the fiscal year was 2,173,000 (down 4% year on year). The number of Daihatsu mini vehicle units sold during the year was 687,000 (down 2% year on year), which means we performed well compared to the decline in the overall market. As a result, our share of the mini vehicle market in Japan increased slightly from 30.9% for the previous fiscal year, when we enjoyed our largest level of sales ever, to 31.6%

While the number of mini vehicle units sold in the fourth quarter of the fiscal year under review was 635,000 (down 14% year on year), we were able to sell 203,000 units (down 9% year on year). This result reflected our aggressive launching of new vehicles. The well-received Wake and Move, which were launched in November and December, contributed greatly to this result.

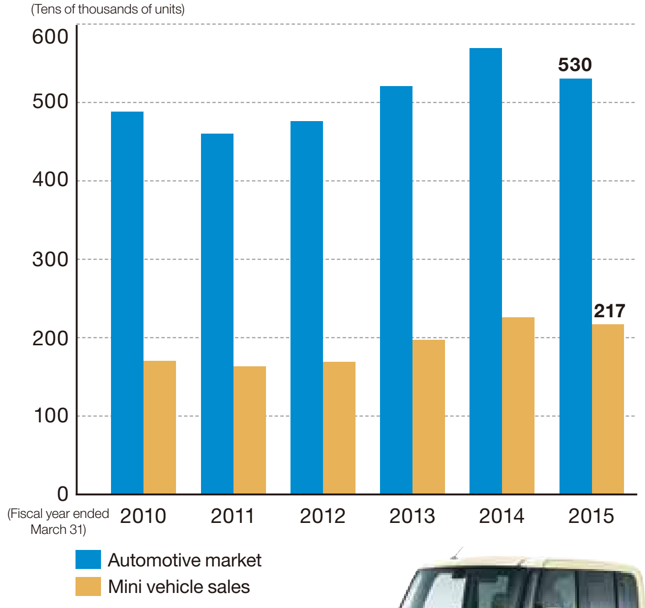
While the economy shows signs of recovery, competition in the mini vehicle market continues to grow fiercer. However, thanks to the enhanced lineup with products newly launched in the fiscal year under review, we were able to reach the same level of units sold as the previous fiscal year, when we enjoyed our largest-ever level of sales.

Mini Vehicle Units Sold and Share of Mini Vehicle Market

Brand	Units sold	Share (%)
Daihatsu	687,394	31.6
Suzuki	679,357	31.3
Honda	381,424	17.6
Nissan	233,483	10.7
Mitsubishi	75,193	3.5
Subaru	36,773	1.7
Mazda	52,096	2.4
Toyota	27,293	1.3
Others	118	0
Total	2,173,131	

Source: Japan Mini Vehicles Association

Automotive Market/Mini Vehicle Sales



Initiatives

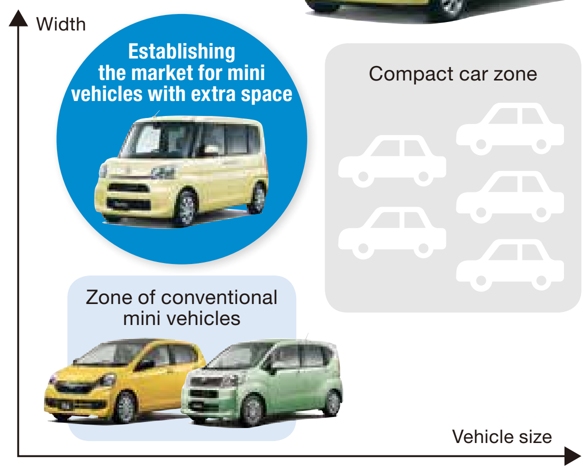
Tanto ranked No.1 in new four-wheeled mini vehicle units sold

Daihatsu maintained the No.1 market share for mini vehicles in Japan for the ninth consecutive fiscal year. The driving force behind this achievement was the Tanto, the pioneer mini vehicle that offers passengers extra space. This model has been highly acclaimed by customers, including women with children, thanks to the unique technologies that made a number of features possible, such as one of the largest interior spaces in the vehicle's class and the improved usability of the Miracle Open Door, a special door that no other mini vehicle has. It has continued to post strong sales since its full model change in October 2013.

Our sustained efforts enabled us to launch six new models, including the model changes of the COPEN mini convertible sports vehicle and the Hijet Truck, a mini commercial vehicle. These initiatives came to completion with the Wake, a new mini vehicle, and the Move, which underwent a full model change. The Wake combines a large interior space that surpasses even that of the Tanto, and offers superior usability that makes the model suitable for a wide variety of uses, such as leisure activities. The Move boasts a superb balance of economic efficiency, practical utility, comfort, and other benefits. Both vehicles are high-yield models, and thus we expect them to contribute greatly to our future business performance.

In regards to measures for approaching customers, we established the Copen Local Base Kamakura, a drivers' café that offers information about the fun of driving, and developed and proposed a mini commercial vehicle that appeals to women as well by participating in the *Nogyo Joshi Project* (agricultural women project) of the Ministry of Agriculture, Forestry and Fisheries. We are also actively trying new endeavors, such as the Cocokawa Project in which women play the leading role in proposing a Mira Cocoa model customized to fit the characteristics of each region.

Position of the Tanto



Continual launch of attractive products that satisfy a diverse range of needs

Launching attractive products is one definitive means for strengthening the management of automotive manufacturers. At Daihatsu, we launched six new models in the fiscal year under review, thereby enhancing our presence in the mini vehicle market, and produced solid results. Specifically, we carried out a full model change of the COPEN mini sports vehicle, which allows people to enjoy the exhilaration of open-air driving, to offer a wide lineup that caters to the diverse needs of customers. We also conducted partial upgrades of the Mira e:S, a basic car, and achieved a fuel consumption of 35.2 km/L[*2], which is the lowest among gasoline-powered vehicles[*1]. In addition to improving the basic performance as a utility vehicle, we added an option named the Black Interior Package, which mainly features black seat upholstery, to help the vehicle match a wider variety of tastes.

In making the minor changes to the Mira Cocoa, we conducted a comprehensive customer survey examining the product characteristics, taking into account that women account for 90% of its customer base. As a result, we were able to produce as many as 160 different combinations of exterior designs, body colors, and interior colors, offering users the fun of choosing their favorite combination. In addition, we also launched a project spearheaded by our female employees in which we divided the country into 11 regions, and then introduced customized models only available in specified regions.

The Hijet Truck, for which a total of more than 3.98 million units have been produced since its launch in 1960[*3], underwent a full model change for the first time in 15 years. We improved the basic performance, incorporating feedback we had received from customers all over Japan. In addition, we offer a wider variety of colors to choose from, and a number of optional packages designed to serve various purposes. They include a special package intended for women, which was developed as a part of the *Nogyo Joshi Project* (agricultural women project). This project is promoted by the Ministry of Agriculture, Forestry and Fisheries as a part of the Abenomics Growth Strategy.

We also launched the Wake, for which we created the widest possible interior space within the largest framework for a mini vehicle. The Wake is designed to serve a wide range of purposes, from daily use to leisure activities. We have also conducted a full model change of the Move, a vehicle that boasts a balance between traveling performance, practical utility, economic efficiency, and other benefits. We have positioned the Move as a mainstream mini vehicle. Moving forward, we will continue to launch diverse models needed by customers on a timely basis.

*1: As of July 9, 2014/ Excludes hybrid vehicles. (Data from a survey conducted by Daihatsu)
*2: 2WD JC08 mode fuel consumption (MLIT survey values)
*3: Cumulative production for the period between November 1960 to July 31, 2014 (Data from a survey conducted by Daihatsu)

COPEN

A vehicle that boasts impressive travelling performance and allows users to express themselves

Data

Mira e:S

A model boasting a low fuel consumption of 35.2 km/L[*2], the lowest among gasoline-powered vehicles[*1]

Data

Mira Cocoa

Offers the fun of choosing your favorite design with more than 160 different combinations.

Data

Hijet Truck

Improved basic performance is available with a wide variety of optional packages to choose from.

Data

Wake

This mini vehicle offers a versatile interior space along with safe and secure basic performance.

Data

Move

A newly-developed lightweight, highly-rigid body has allowed for significant improvements to its basic performance.

Data

Prospects for the fiscal year ending March 31, 2016 (April 2015 to March 2016)

Economic and market trends

Securing income even in tough market conditions

During the first quarter of the current fiscal year, economic indicators started to show slightly positive signs in Japan, with an increase in capital spending by companies that benefited from the weak yen, low crude oil prices, high stock prices, and other factors. However, the recovery of consumer spending has remained slow, which in turn has kept the Japanese economy stagnant.

In this economic environment, the mini vehicle market has also slowed down due to the mini vehicle tax hike in April 2015 and the review of standards for eco-car tax breaks, which has affected our current sales of mini vehicles. At present, sales of mini vehicles in the overall market are expected to reach 1.9 million units (down 13% year on year) during the current fiscal year. We forecast our sales of mini vehicles to reach 630,000 units (down 8% year on year).

Although we have maintained the No.1 market share for mini vehicles for nine consecutive fiscal years, the conditions in the market have been extremely tough. Instead of remaining satisfied with holding the No.1 market share, we must accelerate reforms to transform our business structure into one that will produce profits in any environment. To make the most of the limited business opportunities available, we will sincerely respond to customer requests and put products on the market that will be appreciated by customers more than ever before.

Move (with Smart Assist II)

Future directions and initiatives

Promoting the expansion of sales of high-value-added products and sales reforms

While the Japan Automobile Manufacturers Association, Inc. forecasts the sales of mini vehicles in the overall market to reach 1.9 million units (down 13% year on year), we forecast sales of our mini vehicles to reach 630,000 units (down 8% year on year), exceeding the performance of the overall market. The basis of this forecast consists of the continued aggressive launch of new products from the previous fiscal year and our initiatives for sales reform.

The six new models we launched in the previous fiscal year have been highly acclaimed. The Move and the Wake have contributed greatly to our business performance, thanks to their high added value that was achieved in spite of exhaustive efforts to reduce costs. One of the greatest contributing factors was the Smart Assist automatic braking system. This system has evolved into Smart Assist II, which features a camera, and was added to the Move and the Tanto in April this year.

In the current fiscal year, we will continue to launch new products with high appeal to steadily enhance our presence in the market. One example of this is the Cero, the third COPEN model, which we released in June. We will sell replacement parts for DRESS-FORMATION, and plan to release a new product under a new name and category in September. This will expand the variety of our products and aid our efforts to boost demand in the market.

In regards to sales activities, we will move forward with measures to reinforce the business structure of distributors. At the same time, we will take advantage of the organizational reform implemented in April this year to grow stronger in East Japan, where we have been weak, and increase our market shares in that region, where our shares have been slightly smaller than those in the West Japan market. We will also focus our efforts on enhancing value chain business such as maintenance, insurance, and credit, in addition to expanding our new vehicle business. Our initiatives include establishing IT infrastructure and developing new products in the value chain domain. To broaden the base of own businesses in which they can take advantage of the IT infrastructure and new products, our distributors aim to increase the number of retained customers, which currently stands at 9 million, to 10 million by 2020.

COPEN Cero
(The third COPEN model)

COPEN Robe **COPEN XPLAY**

Our approach to overseas business

Approach ①

Application of the e:S Technology in our main markets of Indonesia and Malaysia

The main focus of our overseas business consists of Indonesia and Malaysia, where economic growth has fueled the rise in the number of car owners. We have been responding to needs in these countries with appealing products and the technologies we have built up through mini vehicle production.

For the Ayla (Toyota brand "Agya"), a model marketed exclusively in Indonesia, and the Axia, a model for Malaysia only, we applied our technologies and expertise for improving fuel efficiency and achieving an affordable price. We created these technologies when we developed the Mira e:S, a mini vehicle we market in Japan. The platform for these two vehicles is a global A-segment platform that we developed by applying our mini vehicle technologies. We have taken this platform and adapted it to create the optimal platform for Indonesia and Malaysia. We involved local staff members in the development, which enabled us to reflect the local market needs and create competitive products. They are equipped with the newly-developed 1,000cc engine, for which we took thorough measures to reduce the amount of energy lost. This has resulted in a combination of superior environmental performance and outstanding economic efficiency.

In the overseas markets, we will develop our comprehensive technologies based on those for mini vehicles to the highest possible level, and procure parts globally. Currently, we are working quickly to develop a system for independent evaluations at the Daihatsu Group Kyushu Development Center. We would like to conduct evaluations under different environmental conditions, such as those in ASEAN countries, so that we can better develop products that respond to local needs.

Approach ②

Application of the SSC (Simple, Slim, and Compact) production concept

The key to both thorough cost reduction and quality improvement, which are essential for mini vehicle production, lies in our unique production technologies. The Daihatsu Motor Kyushu Oita (Nakatsu) Plant 2, which began operation in 2007, is our model plant where extensive measures have been taken to simplify the facilities and consolidate the tasks in line with the concept of "Simple, Slim, and Compact (SSC)."

At the ADM Karawang Assembly Plant in Indonesia and Perodua Global Manufacturing (PGMSB) in Malaysia, we established production systems by applying the SSC concept in ways that best fit each country. While applying the SSC concept in these countries, we continue to adapt the Japanese production philosophy underlying the manufacture of high-quality products in a way that suits the local environment of each country. One specific example of this is the adoption of the Quality Gate, in which we repair defective products by stopping the production line instead of sending them to the following process. We have also implemented a bright, quiet, and comfortable work environment that incorporates countermeasures against heat.

PGMSB of Malaysia began the operation of a new plant in August 2014, signifying the result of its efforts to build a high-quality plant that is competitive internationally. The Axia, the latest model produced in this new plant, has won wide acclaim for being the first compact car to conform to the Energy Efficient Vehicle (EEV), the Malaysian government's policy on eco-friendly cars. It is an internationally competitive model that was developed in preparation for trade liberalization through the AFTA and TPP.

We are confident that our technologies and expertise, which have been highly refined by fierce competition in the mini vehicle market in Japan, will be applied in Indonesia and Malaysia in the best possible way, and help contribute to the development of the automotive industries in these two nations.

■ Application of the SSC (Simple, Slim, and Compact) production concept

Japan

Daihatsu Motor Kyushu
Simple, Slim, and Compact
Thorough pursuit of the Simple, Slim, and Compact concept as an exclusive production concept for mini vehicles

Oita (Nakatsu) Plant 2
Start of operation: November 2007
Building area: 53,000 m²
Production capacity: 230,000 units (two shifts with no overtime)

Indonesia

Astra Daihatsu Motor Just fit for Indonesia
A production plant where the SSC concept is applied in the optimal way for Indonesia

Karawang Assembly Plant
Start of operation: October 2012
Building area: 73,000 m²
Production capacity: 200,000 units (two shifts with no overtime)

Malaysia

Perodua Global Manufacturing
Transformation for Global Customer
A high-quality plant that is internationally competitive
Start of operation: August 2014
Building area: 60,000 m²
Production capacity: 100,000 units (one shift with no overtime)

Trends in Indonesia in the fiscal year ended March 31, 2015

Economic and market trends

Market expected to grow in the medium to long term

Indonesia has a population of 249 million, the fourth largest in the world. In 2011, its per capita GDP exceeded 3,000 dollars, which is believed to be the level at which automobiles become widely prevalent. This market is expected to grow even further in the future. The annual economic growth rate of Indonesia has remained stable even after the Lehman Brothers collapse, staying between 5% and 6%. Automobile sales in Indonesia exceeded 1 million units in FY2013 and 1.2 million units in FY2014, and the market has become the largest in the ASEAN region, overtaking even Thailand.

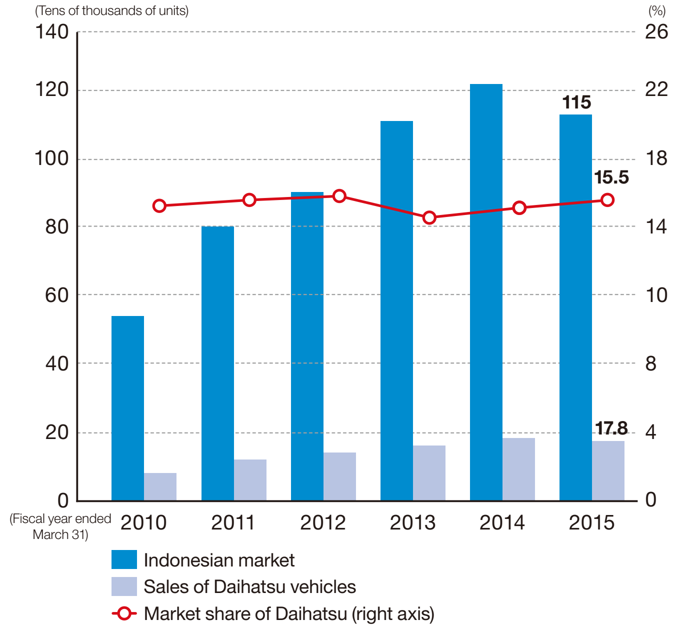
We entered Indonesia in 1968 to establish CKD assembly operations, and over the course of 40 years we have built up a firm track record. We have positioned Indonesia as one of our top-priority markets, and are committed to making investments, developing human resources, and promoting localization efforts there. This commitment to the Indonesian market has enabled us to build a relationship of trust with local suppliers and dealers.

In the fiscal year under review, automobile sales in Indonesia were 1,149,000 units (down 7% year on year), and sales of Astra Daihatsu Motor (ADM) stood at 178,000 units (down 5% year on year) due to the impact of the economic slowdown, which is partly due to the depreciation of the rupiah, the local currency. The market environment is expected to remain tough due in part to the intensified competition that is expected as manufacturers from other countries begin to enter Indonesia. However, we believe that the market will grow in the medium to long run.

History of Daihatsu's operations in Indonesia

1968:	CKD (Complete Knock Down)* assembly operations are started. *A method of export in which automotive parts are exported to the destination country and assembled at a local plant.
1992:	Daihatsu establishes ADM, a vehicle production company, in a joint venture with Astra International (Current investment ratio: 61.75%)
2007:	A second production line is established in response to increased demand. Production capacity is increased to a level of 200,000 units/ year (two shifts with no overtime).
2012:	A new plant with a production capacity at 120,000 units/ year begins operation. The total production capacity in Indonesia is increased to 430,000 units/ year (two shifts with no overtime).
2013:	Daihatsu releases the Ayla, a compact car that conforms to the Low Cost Green Car (LCGC) policy.
2014:	Production capacity is increased to 530,000 units/ year in total (two shifts with no overtime).
2015:	Engine production line is enhanced.

Market/Sales and share of Daihatsu vehicles



Ayla

Gran Max

Initiatives

We maintain the second largest market share, thanks to the contribution made by the sales of the Ayla and the Gran Max.

While multi-purpose vehicles (MPVs) dominate the premium segment of the Indonesian market, the Ayla enjoyed strong sales as a fuel-efficient, affordable compact car. Sales of the Gran Max, a commercial vehicle popular for its fuel efficiency and ability to turn in a small radius, also remained steady given the increased demand for small cargo delivery and the rise in the number of sole proprietors.

An R&D center with Indonesia's first test course is operating next to Karawang Assembly Plant where the Ayla is produced. The local content rate of the Ayla has reached approximately 85% in Indonesia, and we are striving to make additional cost reductions and quality improvements. In regards to sales activities, we sought to expand sales in the stagnant market by focusing on the Ayla and the Gran Max. As a result, the sales share of ADM increased slightly, and it now ranks second to Toyota. The production share of Toyota cars, including consigned production and OEM, remains the largest.

At the Indonesia International Motor Show held in September, we unveiled the UFC3 and the SUV Concept, which are new MPVs, the CUV2 crossover vehicle, and the Ayla GT2 for the first time in the world. We also exhibited the COPEN as a model for market release, and began selling it in May 2015.

Trends in Malaysia in the fiscal year ended December 31, 2014

Economic and market trends

The market remained steady.

The per capita GDP of Malaysia exceeded 10,000 dollars in 2012. It is a mature market with a population of approximately 30 million people, while the demand for automobiles is 600,000 to 700,000 units per year. The economic growth rate for Malaysia in the fiscal year under review was 6.0%, and its economy is expected to continue growing steadily.

Automobile sales in the fiscal year under review (January to December 2014) stood at 666,000 units (up 2% year on year). Sales of our local joint venture Perodua were 196,000 units (unchanged from the previous fiscal year), and its sales share was 29.3%.

Currently, the Malaysian market is in a transition period. The country has expressed its intention to join the TPP, while in 2014 it introduced the Energy Efficient Vehicle (EEV) policy to reward the manufacturers of fuel-efficient cars.

History of Daihatsu's operations in Malaysia

1993: Perodua (a joint venture involving Daihatsu)* is established as a national car manufacturer.
The company begins to manufacture and sell entry cars in the low price range that the general public can afford.

2005: Release of the Myvi, a national car developed jointly by Perodua and Daihatsu.

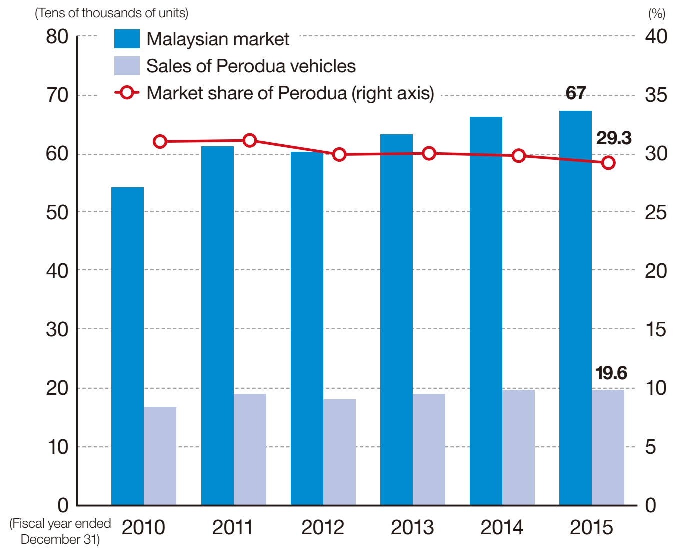
2014: A new plant with capacity of 100,000 units/year (one shift no overtime) begins operation.
The Axia, a national car, is released.

2016: A new engine production plant is scheduled to begin operation.

*The shareholders of this company are Malaysian investment firms, Daihatsu, and two holding companies in which trading companies invest.

The term "national car" refers to a car created under the Malaysian government's National Car Project. The primary aim of this project is to promote industrialization by focusing on the automotive industry, providing citizens with additional forms of transportation other than public transportation.

Market/Sales and share of Perodua



Initiatives

Maintained the No.1 market share for the ninth consecutive year, thanks to the strength of the Axia, a new vehicle

Axia

*: EU mode fuel consumption

Daihatsu, which established Perodua in 1993 as the second national car manufacturer of Malaysia, has maintained the No.1 market share in the country for nine consecutive years since 2006. In August 2014, we launched a new vehicle named the Axia, the first EEV in Malaysia with a low fuel consumption of 21.6 km/L* (5MT) made possible through the use of the e:S Technology. We involved local staff in Malaysia in the development of the Axia, which enabled us to deliver the high product appeal and outstanding quality of vehicle that reflected the needs of local customer. We were also able to offer the vehicle at an affordable price, thanks to thorough structural reforms that were made. When it was released in September, the number of orders received (including advance orders) reached four times the targeted figure in an approximately one month period. This positive response reflects the high acclaim this vehicle has received.

Producing high quality, low cost, and internationally competitive vehicles at a new plant

For PGMSB, where the Axia is produced, we have applied the SSC concept cultivated at the Daihatsu Motor Kyushu Oita (Nakatsu) Plant 2, our mother plant, in a way that best fits the conditions in Malaysia. Here we created a culture of vehicle production from scratch that emphasizes a high level of quality and a climate of discipline. The staff members are all new, and some of them are being groomed to become future leaders. When we developed the Axia, we involved the local staff in each phase, from planning and R&D to the procurement of parts and supplies. This enabled us to develop the Axia in a short amount of time and make it internationally competitive in terms of cost and quality.

Malaysia has expressed its intention to join TPP, which has made future market liberalization unavoidable. The EEV policy, which rewards the manufacturers of fuel-efficient vehicles, aims to transform the country into a major manufacturing base of energy-saving vehicles in the ASEAN region, help expand exports, and achieve a low level of prices that encourages people to purchase their own car. The Axia, which was the first vehicle to be recognized as an EEV, was developed in response to these requirements. This model, which is also internationally competitive, is a pioneer of next-generation products.

Prospects for the fiscal year ending March 31, 2016 (April 2015 to March 2016)

Economic and market trends

Although conditions in the environment are expected to remain tough in the immediate future, we will continue to focus our efforts in anticipation of growth in the long term.

While the political situation and economy of Indonesia have been relatively stable, the growth of its real GDP has slowed down, and is expected to be 5.2% in 2015 (source: World Bank). In addition to the gasoline price increase and the elimination of gasoline subsidy in the previous fiscal year, rising loan interest rates and other factors have caused inflation to accelerate, affecting the overall domestic demand of Indonesia.

The automotive market has also witnessed a downturn in consumer confidence attributed to the economic slowdown. At the moment, however, the market forecast for the current fiscal year is 1.15 million units (unchanged from the previous fiscal year), with the number of vehicles sold by Daihatsu expected to be around 180,000 units (up 1% year on year). At Daihatsu, we will make minor changes to Xenia, our mainstay model, in an attempt to boost demand and thereby maintain the same level of sales as the previous fiscal year. The Xenia comes with a new engine and a newly developed platform, which have delivered significant improvements in fuel efficiency and basic performance. The base part of the new engine mounted in the Xenia was developed jointly with Toyota, while we worked on our own to make the engine compatible with rear-wheel drive. This new engine, which is manufactured on the new production line of ADM's Karawang engine plant, will also be manufactured by a new engine company in Malaysia that is going to begin operation in the middle of 2016.

In Malaysia, which continues to enjoy steady growth, the weak local currency (Ringgit), the low crude oil price, and the introduction of the consumption tax are all current causes of concern. However, the impact of the effect of introducing consumption tax is considered to have largely run its course, and the market forecast for the current fiscal year is 700,000 units (up 5% year on year), while Perodua is expected to sell around 230,000 units (up 17% year on year). We are expanding sales by focusing on the Axia, which has done well, and implementing structural reforms aimed at improving our competitiveness at existing plants, following on from PGMSB.

We are also strengthening our businesses in Indonesia and Malaysia, and aim to develop new businesses in other countries. In line with this goal, we began supplying automatic transmissions to Tianjin FAW Xiali Automobile Co., Ltd. of China in May this year.

Xenia

Model shop by Nagoya Daihatsu (Malaysia)

Future directions and initiatives

Improving international competitiveness by promoting the e:S Technology and SSC concept

Our future initiatives in all markets will be supported by the continued promotion of two strengths we possess: the e:S Technology for improving fuel efficiency, and the SSC concept for production technology. The e:S Technology possesses superior features that will help reduce fuel consumption and the prices of cars while ensuring a high level of quality. The Ayla for Indonesia and the Axia for Malaysia were developed through the application of this technology and concept, and by reflecting the needs of the local customers in each market. They not only give customers the pleasure of owning a vehicle, but also make them globally competitive.

We intend to establish an even more efficient production system by introducing the SSC concept at existing plants, following the lead of the Karawang Assembly Plant in Indonesia and PGMSB in Malaysia. We will also work together with suppliers to improve the quality of our products and reduce costs by promoting open and fair local procurement practices. These efforts will be further accelerated by the start of operation of the new engine production line in Indonesia during the current fiscal year, and the establishment of a new engine company in Malaysia scheduled for the next fiscal year.

We will also focus our efforts on the value chain business, such as maintenance and insurance, in addition to new vehicle business to cope with the maturation of the market. In the overseas markets, where distributors and service providers have operated independent of each other, we seek also to satisfy our customers with our after-sales services and make Daihatsu a familiar presence in their lives. In Indonesia and Malaysia, we have already moved forward with distribution reforms that have further integrated distributors and service providers.

Business Structure

Consigned Production

Production at Daihatsu plants of vehicles and engines designed by customer companies for their brands

Joint Development

Joint development by the customer company and Daihatsu (consigned production of vehicles of customer company brands)

OEM Supply

Production and supply of vehicles developed and manufactured by Daihatsu to be sold under other companies' brands

Initiatives

Expanding OEM Business by Leveraging the Development Capabilities Cultivated over the Years

Daihatsu provides a variety of car bodies and engines to Toyota and Fuji Heavy Industries in the Toyota Group. The total number of car bodies provided by Daihatsu both in Japan and overseas is approximately 480,000 units per year. Daihatsu began handling the consigned production of Toyota's vehicles in 1969, and since then it has expanded its businesses by providing OEM to Toyota and, since 2009, to Fuji Heavy Industries. Daihatsu now produces a total of approximately 180,000 consigned production vehicles and OEM vehicles per year in Japan.

In addition, the number of car bodies Daihatsu provides overseas comes to 300,000 units. This figure includes car bodies for the *Avanza*, a car jointly developed with Toyota in Indonesia, and the Agya, for which Daihatsu began OEM supply to Toyota in September 2013.

Along with developing a production structure, Daihatsu is committed to contributing to the development of the Toyota Group by utilizing its unique capabilities, while seeking future opportunities for collaboration within the Group.

Production in Japan

Arrangement	Brand	Model
Consigned Production	Toyota	Probox/Succeed
Joint Development/Consigned Production	Toyota	Passo, bB
OEM Supply	Toyota	Rush, Pixis Space, Pixis Van/Truck, Pixis Epoch, Pixis Mega
OEM Supply	Subaru (Fuji Heavy)	Dias Wagon, Pleo, Pleo Van, Stella, Sambar Van/Truck, Pleo Plus

Production Overseas

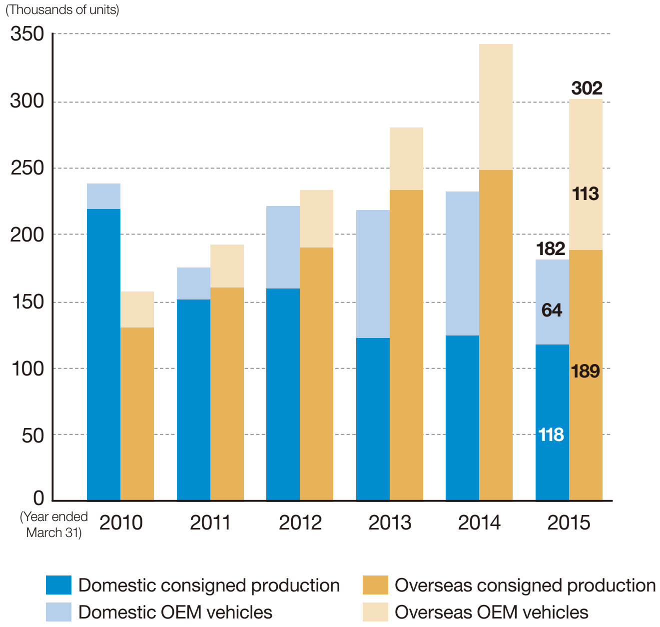
Consigned Production	Country of Production	Brand	Company of Production	Model
Joint Development/Consigned Production	Indonesia	Toyota	ADM	Avanza
OEM Supply	Indonesia	Toyota	ADM	Rush, Townace/Liteace (for export to Japan), Agya/Wigo

Consigned Production (Engines)

Engine Type	Displacement	Brand	Equipped Models
KR*1	1000 cc gasoline	Toyota	Vitz, Passo, iQ
NR*1	1300 cc gasoline	Toyota	Passo, iQ, Corolla, Yaris, Ist, Auris, Porte, Spade, Vitz, Axio
SZ*2	1300/1500 cc gasoline	Toyota	bB, Rush
TR	2700 cc gasoline	Toyota	Hiace, Coaster, Land Cruiser Prado
KD	3000 cc diesel	Toyota	Land Cruiser Prado, Hiace, Dyna, Toyoace
B	3700/4100 cc diesel	Toyota	Dyna, Coaster

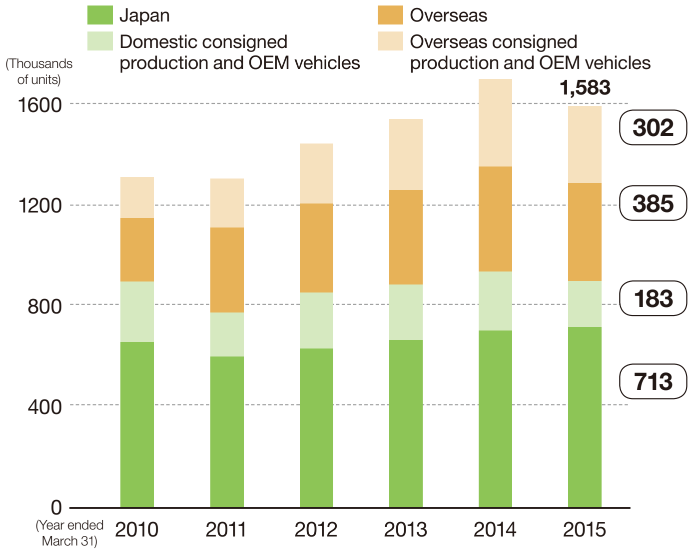
*1 Mounted in the Daihatsu Boon
*2 Mounted in the Daihatsu Be-go and FAW Xenia

Consigned Production and OEM vehicles/Production (units) (Japan & overseas)

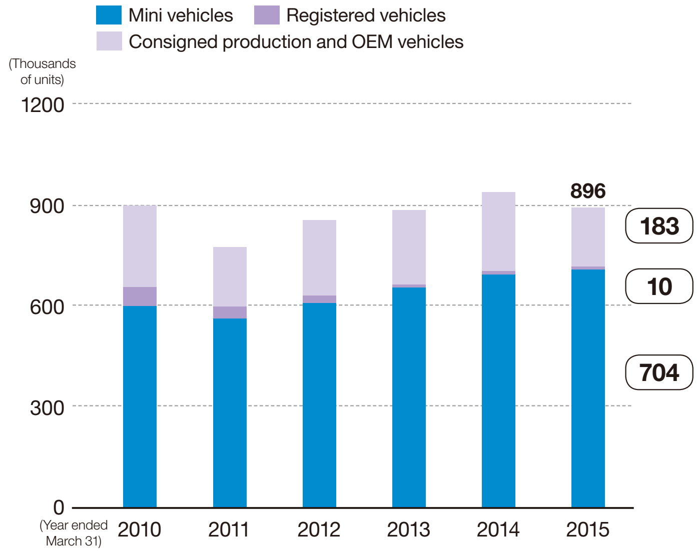


Production

Units Produced Globally

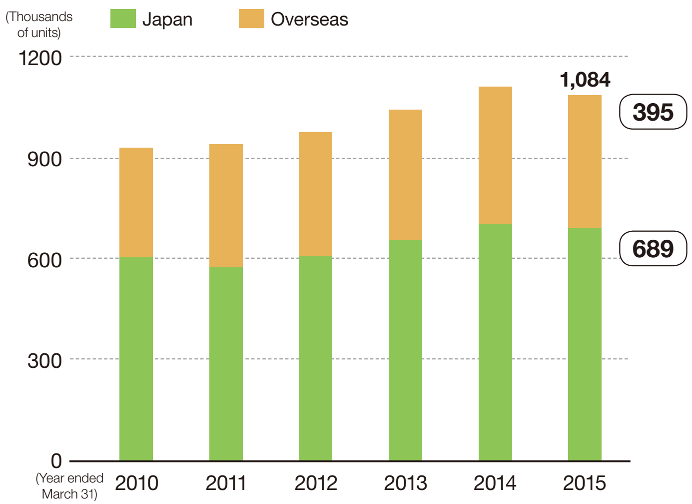


Units Produced Domestically

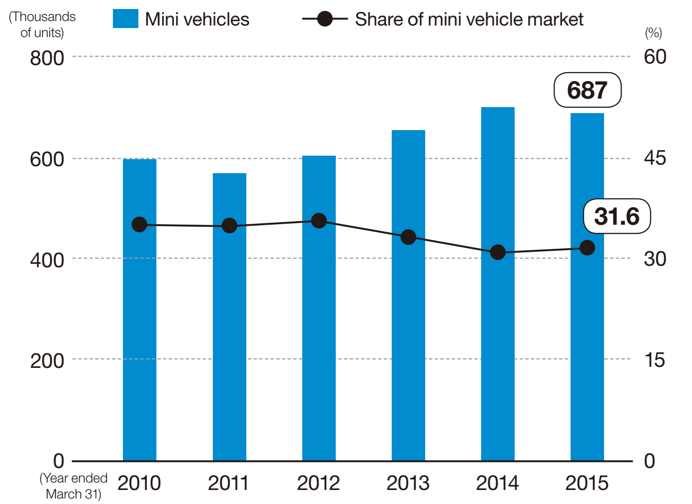


Sales

Units Sold Globally



Domestic Mini Vehicle Units Sold and Share of Mini Vehicle Market in Japan



Strengthen Corporate Governance to Maintain Fair and Highly Trustworthy Management

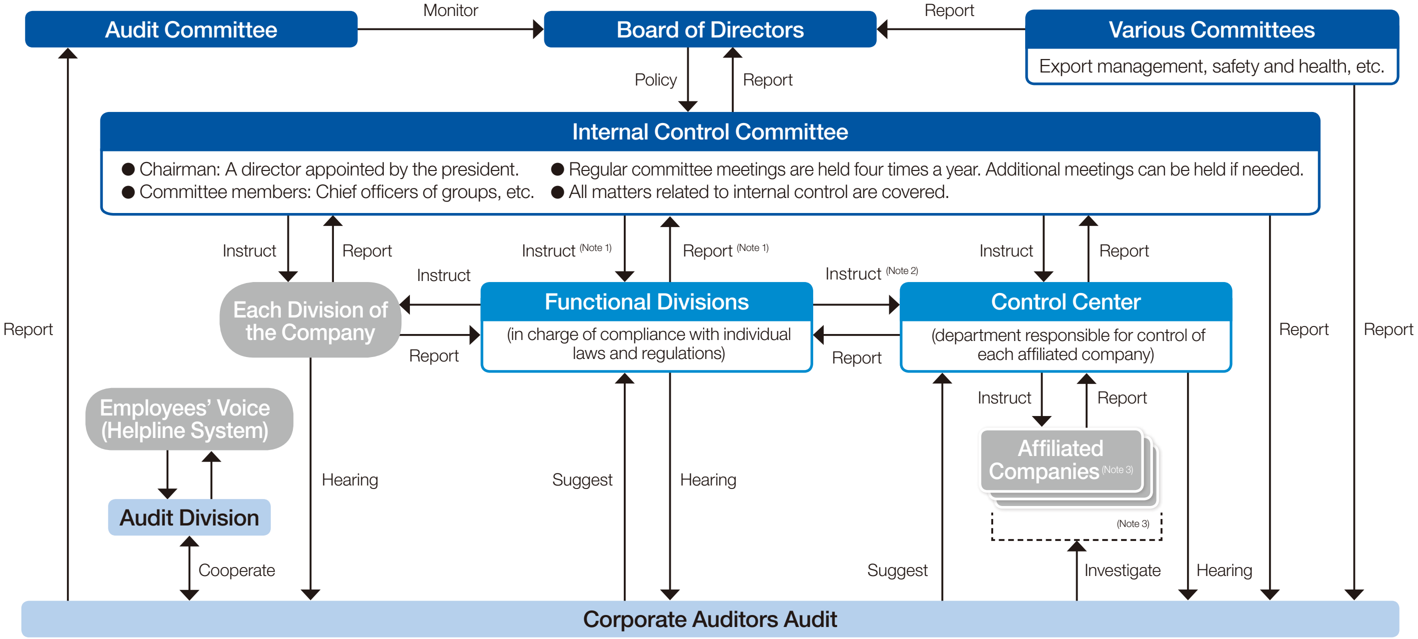
Daihatsu has established the Daihatsu Group Philosophy, the Daihatsu Group's Basic CSR Principles and the Daihatsu Group Action Guidelines. Together, they provide the framework that guides Daihatsu as it strives to fulfill its mission of "manufacturing compact cars that appeal to consumers all over the world," while at the same time transform itself into a truly global Group. Driven by this philosophy, set of principles, and guidelines, Daihatsu works as a corporate group to share the management direction and values to meet the expectations of all stakeholders, including shareholders and customers. In March 2015, Daihatsu reviewed the Daihatsu Group's Basic CSR Principles and reflected the changes in the business environment, both in Japan and overseas, including the falling birthrate and aging population in Japan, improved awareness of rights among workers in emerging economies, and worsening environmental issues. This review helped to clarify the stance of the Daihatsu Group's initiatives and make them easier to understand.

Daihatsu's Corporate Governance System

Daihatsu has 11 directors (as of June 26, 2015) and a Board of Directors (which in principle meets once a month). The board makes decisions on the execution of important operations, and supervises the directors in the execution of their duties. There is also a vice president's meeting (which in principle meets once a week), which is attended by the directors and full-time corporate auditors. During the meeting, the participants discuss and report on management matters of importance. Daihatsu has also introduced the executive officer system and the functional business groups system to respond to the globalization of business areas, as well as enhance corporate governance and strengthen the management structure. It promotes the idea of realizing "a clear delineation of responsible parties" and "an organization that follows through on its missions" by strengthening and accelerating business execution functions, and having each functional business group ensure that each business is performed to completion. Daihatsu is also working towards a more strategic use of human resources by binding its organization together. At the 174th Ordinary General Meeting of Shareholders held in June 2015, Daihatsu elected one Outside Director to reflect the views of external parties within its management decision making, thereby further strengthening its corporate governance. Daihatsu believes that the Outside Director, drawing upon his or her expert knowledge and experience, will be able to provide the group advice on management decisions.

Daihatsu has established a structure in which the Board of Directors, including the Outside Director, multilaterally checks whether the management decisions made by Directors are appropriate. In addition, Daihatsu has also adopted a corporate auditor system in which three Outside Corporate Auditors conduct audits from an objective and neutral standpoint to monitor and supervise Directors in the execution of their duties.

Internal Control Structure



(Note 1) Depending on the functional division, the issuing of instructions and presentation of reports are carried out by individual committees instead of the Internal Control Committee.
(Note 2) Functional divisions may directly provide affiliated companies with instruction on measures (by holding liaison meetings or through other methods), rather than working through the Control Center.
(Note 3) Affiliated companies refer to Daihatsu's subsidiaries and equity method affiliates. Compliance measures may be issued to companies other than those described above.

Current Status of Internal Control System and Risk Management System

Daihatsu's internal control system reflects the fact that it has adopted a corporate auditor system as stipulated in the Corporate Law of Japan. This system involves the supervision of business execution and the related decision-making by the Board of Directors, as well as auditing by the corporate auditors and the Audit Committee. In addition, Daihatsu conducts audits through the Internal Auditing Department on a regular basis to examine and evaluate activities and systems according to the Company's management policies from a fair and just position. The Company is also audited by an accounting auditor, and its corporate auditors exchange opinions with this auditor as needed.

Daihatsu has established the Internal Control Committee, chaired by a director whom the president appoints, with the chief officers of the groups of the Company acting as committee members. The purpose of this committee is to improve corporate value and ensure the reliability of financial reports and compliance with laws and regulations. The Internal Control Committee adjusts internal control systems in accordance with the Financial Instruments and Exchange Act and the U.S. Sarbanes-Oxley Act, and seeks to enhance the companywide internal control system by including personal and other classified information. For the Company's subsidiaries and other Group companies, we ensure the enforcement of internal control activities through the affiliated company management system. In addition to the control activities that are carried out on a regular basis, for operations that require control, risk management, and compliance in each division, we ensure that internal audit activities are conducted under the supervision of the Export Management Committee, the Daihatsu Environmental Meeting, the Joint Labor-Management Conference, and the Functional Labor-Management Coordinating Committee. For the Company's subsidiaries and other Group companies, we have set up a system for managing affiliated companies to ensure that internal control activities are properly performed. Daihatsu has published the Employee Action Guidelines, which provides an overview of appropriate conduct as a corporation as well as the basic attitude and employee conduct policies concerning relationships with society, business partners, and external organizations.

Group-wide efforts include the release of the Anti-Corruption Guidelines and the establishment of rules for advance reporting and consultation with the Company, the parent company, and subsidiaries.

Daihatsu has published the Daihatsu Group Action Guidelines to help guide the actions of its employees. This set of guidelines provides an overview of appropriate conduct as a corporation, as well as the basic attitude and employee conduct policies concerning relationships with society, business partners, and external organizations. Through these efforts, Daihatsu ensures that compliance is thoroughly implemented internally and throughout the Group.

In addition, Daihatsu has also established the Employees' Voice Helpline system. This system allows employees to anonymously offer information about the risk of acts at the workplace in violation of laws, social ethics, human rights, or internal company regulations, as well as report violations that have already occurred. The system helps the Company implement measures to prevent the occurrence of these acts, as well as take quick action in the event of an emergency.

Outside Directors and Outside Corporate Auditors

Daihatsu considers it is standard practice to ensure it is aware of the role it plays in society, that it performs this role in a fair manner without favoring specific interested parties, and that management performs its duties in an objective and neutral manner. To help maintain this standard, it elected one Outside Director and three Outside Corporate Auditors (June 26, 2015).

The Outside Director is involved in the administrative judgments and decision making at Daihatsu. This director offers a great deal of advice, drawing upon his extensive experience and knowledge in wide a range of fields, including his own fields of specialty.

The Outside Corporate Auditors take part in the meetings of the Board of Directors. They use their broad perspective to provide advice to Directors, and exchange views with other Corporate Auditors. Prior to holding meetings of the Board of Directors, Daihatsu notifies both the Outside Director and Outside Corporate Auditors about the agendas of the meetings and explains the relevant matters.

Environmental Conservation Activities

Daihatsu considers tackling environmental problems to be one of its top priority management issues. It also positions making a sustained contribution to the future of society through the provision of eco-friendly compact cars with a limited impact on the environment as the key element of its environmental policies. To this end, it has established the Environmental Affairs Department to promote the environmental activities of all the Daihatsu Group companies. The Group as a whole has implemented measures to address environmental problems throughout all stages, from products and production to recycling. Daihatsu has obtained ISO14001 certification, an international environmental management system standard, for all of its production plants, and has been working in an organized and consistent manner to reduce the environmental burden of its business activities.

Environmental Accounting

In accordance with the Ministry of the Environment's Environmental Accounting Guidelines, Daihatsu monitors its environmental-related investments and maintenance costs. In the year ended March 31, 2015, environmental conservation costs came to ¥11.975 billion, or about 1.0% of nonconsolidated net sales.

Daihatsu Selected for FTSE4Good Index
(July 2015 to June 2016)

Daihatsu has been selected for inclusion in the FTSE4Good Index. Created and managed by the FTSE Group, a British index company, the FTSE4Good is one of the most widely recognized global indexes for socially responsible investment. The companies selected for inclusion in the index are those judged to have excellent overall environmental, social, and governance initiatives.

FTSE4Good

Policies and Measures to Encourage the Active Role of Women

The Company proactively maintains an environment conducive to both work and raising children so that women can play an active role at the workplace. To date, the Company has introduced various programs to support its female employees. These programs include a childcare leave system that lasts until the child reaches the age of two (which is longer than the legal statutes); shortened hours and a child-care leave system for female employees with children 10 years old or younger; a maternity leave system for pregnant employees; and the return-to-work system for female employees who have to resign because their spouse was transferred.

In addition, Daihatsu has implemented measures to help female employees play an active role at manufacturing facilities, such as actively stationing women on the production lines.

(Million yen)

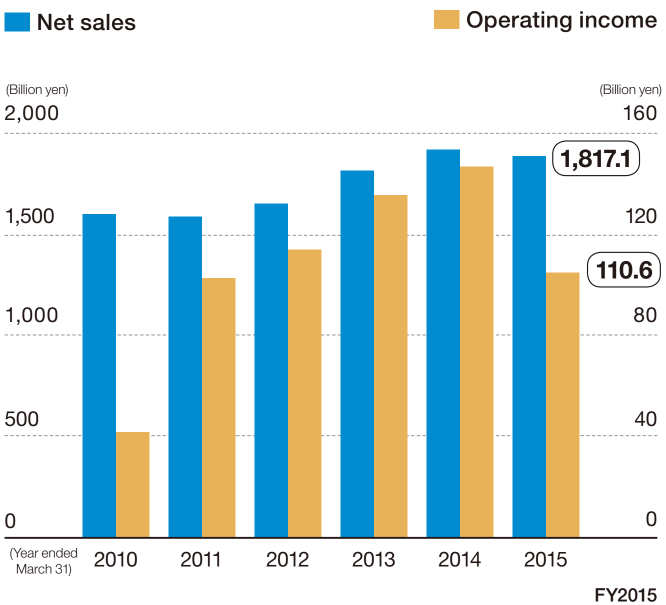
Environmental Conservation Cost	Year ended March 31, 2015		Year ended March 31, 2014	
Category	Investment	Cost	Investment	Cost
1. Business Area Cost	504	2,435	499	2,417
① Pollution Prevention Cost	238	1,483	235	1,479
② Global Environmental Conservation Cost	207	372	205	377
③ Resource Recycling Cost	60	581	59	561
2. Upstream/Downstream Cost	0	0	0	0
3. Environmental Conservation Cost (Administrative)	21	789	21	787
4. Environmental Conservation Cost (R&D)	260	7,917	393	8,053
5. Environmental Conservation Cost (Social Activity)	0	0	0	0
6. Environmental Remediation Cost	0	48	0	3
Subtotal	**785**	**11,190**	**913**	**11,259**
Total	**11,975**		**12,173**	

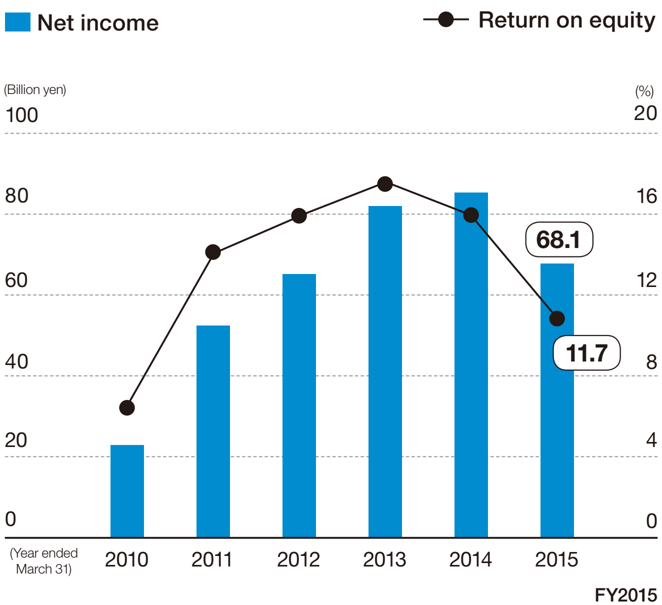
Consolidated Financial Information for Years ended March 31

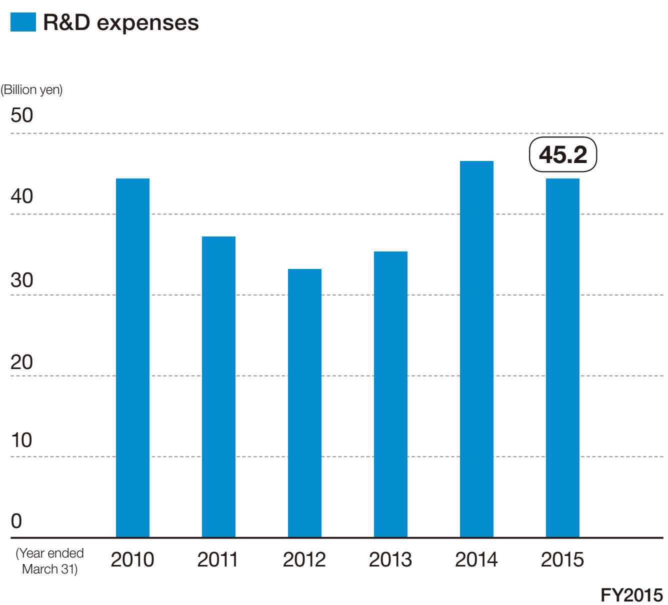
*1 Excludes assets for lease.
*2 Free cash flow represents the sum of the cash flows from operating and investing activities.

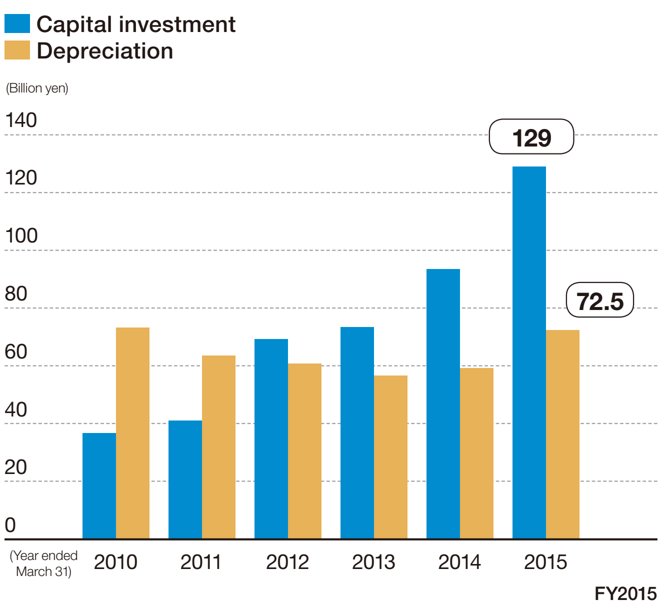
(Million yen)

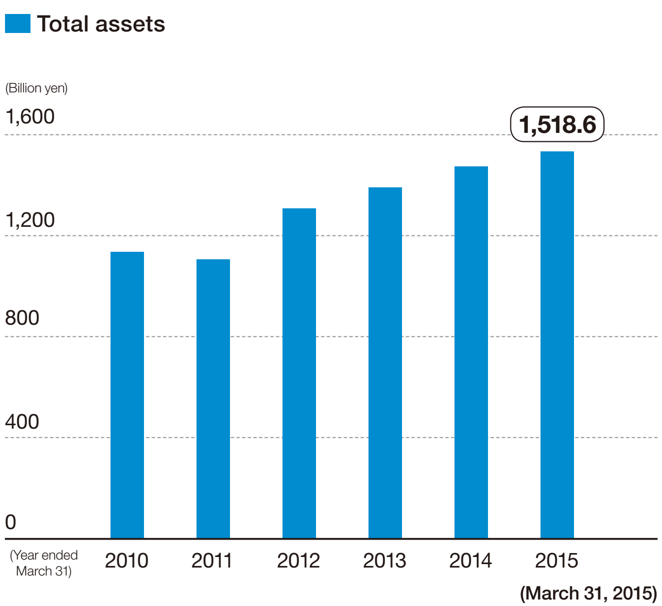
Operating performance	2010	2011	2012	2013	2014	**2015**
Net sales	1,574,727	1,559,412	1,631,320	1,764,976	1,913,259	**1,817,103**
Operating income	40,747	103,443	115,462	133,040	146,743	**110,613**
Net income	21,162	52,555	65,138	81,406	83,698	**68,145**
R&D expenses	43,734	38,227	33,830	35,701	46,482	**45,205**
Capital investment*1	36,745	40,614	69,336	73,181	97,339	**129,031**
Depreciation*1	72,945	63,728	61,072	56,244	59,601	**72,535**
Cash flow						
Cash flow from operating activities	132,011	144,107	205,815	129,788	139,383	**100,676**
Cash flow from investing activities	(47,234)	(42,022)	(60,673)	(65,125)	(125,151)	**(116,665)**
Cash flow from financing activities	(37,521)	(27,791)	(37,831)	(38,556)	(22,434)	**(19,384)**
Free cash flow*2	84,777	102,085	145,142	64,663	14,232	**(15,989)**
Financial position						
Total assets	1,134,105	1,102,981	1,277,415	1,344,542	1,449,542	**1,518,604**
Total net assets	396,332	448,332	504,329	591,750	665,617	**751,173**
Financial indicators (%)						
Return on equity	6.4	14.5	16.0	17.5	15.9	**11.7**
Equity ratio	30.2	34.8	33.7	37.2	38.0	**40.7**
Per share information (¥)						
Net income-basic	49.66	123.34	152.86	191.05	196.41	**159.90**
Cash dividends	12.00	30.00	45.00	56.00	56.00	**48.00**
Other indicators						
Number of employees	39,985	39,760	40,076	39,862	40,761	**42,575**

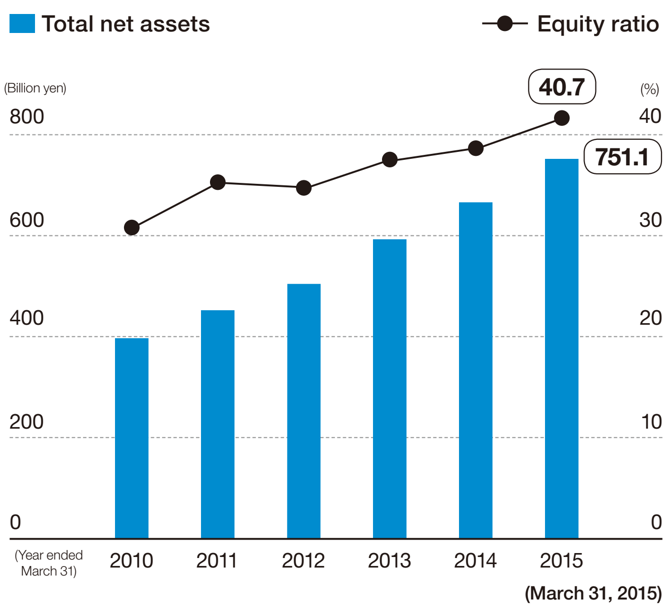

Net sales
Operating income
(Billion yen)
(Billion yen)
1,817.1
110.6
(Year ended March 31)
2010
2011
2012
2013
2014
2015
FY2015


Net income
Return on equity
(Billion yen)
(%)
68.1
11.7
(Year ended March 31)
2010
2011
2012
2013
2014
2015
FY2015


R&D expenses
(Billion yen)
45.2
(Year ended March 31)
2010
2011
2012
2013
2014
2015
FY2015


Capital investment
Depreciation
(Billion yen)
129
72.5
(Year ended March 31)
2010
2011
2012
2013
2014
2015
FY2015


Total assets
(Billion yen)
1,518.6
(Year ended March 31)
2010
2011
2012
2013
2014
2015
(March 31, 2015)


Total net assets
Equity ratio
(Billion yen)
(%)
40.7
751.1
(Year ended March 31)
2010
2011
2012
2013
2014
2015
(March 31, 2015)

Million yen

		FY2015	FY2014
ASSETS			
Current assets:			
Cash on hand and in banks		¥ 135,872	¥ 150,341
Deposits		171,996	208,316
Trade notes and accounts receivable		332,444	309,786
Electronically recorded monetary claims-operating		5,745	6,159
Merchandise and finished products		52,898	30,733
Work in process		16,313	16,489
Raw materials and supplies		26,574	25,564
Deferred tax assets		24,645	28,672
Others		79,700	79,140
Less allowance for doubtful accounts		(1,755)	(1,644)
Total current assets		844,436	853,559
Fixed assets:			
Property, plant and equipment:			
Buildings and structures, net	(2) (4)	172,154	148,168
Machinery, equipment and vehicles, net	(2) (4)	166,099	129,153
Land	(2) (4)	135,338	129,839
Construction in progress		20,311	30,681
Others, net	(4)	43,068	30,149
Total property, plant and equipment	(1)	536,972	467,991
Intangible fixed assets		8,007	6,940
Investments and other assets:			
Investment securities	(2) (3)	111,043	96,017
Long-term loans receivable		782	845
Deferred tax assets		9,465	18,270
Net defined benefit asset		3,315	452
Others		4,800	5,726
Less allowance for doubtful accounts		(220)	(261)
Total investments and other assets		129,187	121,051
Total fixed assets		674,167	595,982
Total assets		¥1,518,604	¥1,449,542

Million yen

		FY2015	FY2014
LIABILITIES			
Current liabilities:			
Trade notes and accounts payable		¥ 191,280	¥ 214,708
Electronically recorded monetary claims		99,278	66,493
Short-term debt	(2)	129,025	113,901
Accrued income taxes		10,144	22,353
Accrued expenses		72,272	82,616
Provision for bonuses for directors and corporate auditors		442	454
Provision for product warranties		15,506	15,769
Others		112,407	114,752
Total current liabilities		630,358	631,050
Long-term liabilities:			
Long-term debt	(2)	62,330	59,805
Deferred tax liabilities		5,484	2,532
Provision for retirement benefits for directors and corporate auditors		1,773	1,650
Net defined benefit liability		62,290	83,265
Others		5,193	5,620
Total long-term liabilities		137,072	152,873
Total liabilities		767,430	783,924
NET ASSETS			
Shareholders' equity:			
Common stock		28,404	28,404
Additional paid-in capital		10,963	10,949
Retained earnings		572,337	514,793
Treasury stock, at cost		(610)	(610)
Total shareholders' equity		611,094	553,536
Accumulated other comprehensive income:			
Net unrealized holding gain (loss) on securities		26,204	18,382
Deferred gain (loss) on hedges		0	(14)
Foreign currency translation adjustments		(4,298)	(7,521)
Remeasurements of defined benefit plans		(14,492)	(13,342)
Total accumulated other comprehensive income		7,414	(2,496)
Minority interests		132,664	114,577
Total net assets		751,173	665,617
Total liabilities and net assets		¥1,518,604	¥1,449,542

Million yen

		FY2015	FY2014
Net sales		¥1,817,103	¥1,913,259
Cost of sales	(2)	1,446,747	1,481,630
Gross profit		370,355	431,628
Selling, general and administrative expenses	(1) (2)	259,742	284,885
Operating income		110,613	146,743
Other income:			
Interest income		6,750	6,254
Dividend income		1,168	939
Gain on sales of fixed assets		162	469
Equity in earnings of affiliates		6,611	6,429
Foreign exchange gains		3,768	3,022
Miscellaneous income		3,241	4,891
Total other income		21,702	22,006
Other expenses:			
Interest expenses		1,324	1,671
Loss on sales and disposals of fixed assets		1,916	1,696
Miscellaneous expenses		1,974	1,888
Total other expenses		5,215	5,256
Ordinary income		¥ 127,100	¥ 163,494
Extraordinary income:			
Subsidy for facilities	(3)	881	523
Total extraordinary income		881	523
Extraordinary loss:			
Impairment loss	(4)	31	1,793
Loss on reduction of fixed assets	(5)	667	523
Total extraordinary loss		698	2,316
Income before income taxes and minority interests		127,283	161,701
Income taxes:			
Current		29,490	52,319
Deferred		5,784	384
Total income taxes		35,274	52,704
Income before minority interests		92,009	108,996
Minority interests in net income of consolidated subsidiaries		23,863	25,298
Net income		¥ 68,145	¥ 83,698

Million yen

		FY2015	FY2014
Income before minority interests		**¥92,009**	¥108,996
Other comprehensive income:			
Net unrealized holding gain (loss) on securities		**7,751**	3,024
Deferred gain (loss) on hedges		**24**	48
Foreign currency translation adjustments		**6,987**	3,373
Adjustment relating to retirement benefits		**(1,224)**	–
Share of other comprehensive income of equity method affiliates		**1,876**	2,426
Total other comprehensive income	(1)	**15,416**	8,873
Comprehensive income		**107,425**	117,869
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent		**78,056**	87,506
Comprehensive income attributable to minority interests		**¥29,368**	¥ 30,363

Consolidated Statements of Changes in Net Assets March 31, 2015 and 2014

Million yen

	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain (loss) on securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at April 1, 2013	¥28,404	¥10,896	¥454,978	¥(667)	¥493,611	¥15,390	¥(71)	¥(8,280)	–	¥7,038	¥91,099	¥591,750
Cumulative effect of change in accounting policy					–							–
Balance at the beginning of year reflecting change in accounting policy	28,404	10,896	454,978	(667)	493,611	15,390	(71)	(8,280)	–	7,038	91,099	591,750
Changes during the year												
Dividends from retained earnings			(23,882)		(23,882)							(23,882)
Net income			83,698		83,698							83,698
Acquisition of treasury stock				(7)	(7)							(7)
Disposal of treasury stock		52		64	116							116
Net change in items other than shareholders' equity during the year						2,992	56	759	(13,342)	(9,535)	23,477	13,942
Total changes during the year	–	52	59,815	56	59,924	2,992	56	759	(13,342)	(9,535)	23,477	73,867
Balance at April 1, 2014	**¥28,404**	**¥10,949**	**¥514,793**	**¥(610)**	**¥553,536**	**¥18,382**	**¥(14)**	**¥(7,521)**	**¥(13,342)**	**¥(2,496)**	**¥114,577**	**¥665,617**
Cumulative effect of change in accounting policy			**13,281**		**13,281**						**112**	**13,393**
Balance at the beginning of year reflecting change in accounting policy	**28,404**	**10,949**	**528,075**	**(610)**	**566,818**	**18,382**	**(14)**	**(7,521)**	**(13,342)**	**(2,496)**	**114,689**	**679,011**
Changes during the year												
Dividends from retained earnings			**(23,882)**		**(23,882)**							**(23,882)**
Net income			**68,145**		**68,145**							**68,145**
Acquisition of treasury stock				**(4)**	**(4)**							**(4)**
Disposal of treasury stock		**13**		**3**	**17**							**17**
Net change in items other than shareholders' equity during the year						**7,821**	**15**	**3,223**	**(1,149)**	**9,910**	**17,974**	**27,885**
Total changes during the year	**–**	**13**	**44,262**	**(0)**	**44,276**	**7,821**	**15**	**3,223**	**(1,149)**	**9,910**	**17,974**	**72,162**
Balance at March 31, 2015	**¥28,404**	**¥10,963**	**¥572,337**	**¥(610)**	**¥611,094**	**¥26,204**	**¥ 0**	**¥(4,298)**	**¥(14,492)**	**¥7,414**	**¥132,664**	**¥751,173**

Million yen

	FY2015	FY2014
Cash flows from operating activities:		
Income before income taxes and minority interests	¥127,283	¥161,701
Depreciation	80,824	66,747
Increase (decrease) in allowance for doubtful accounts	56	141
Interest and dividend income	(7,918)	(7,193)
Interest expenses	1,324	1,671
Foreign exchange losses (gains)	(0)	(492)
Equity in (earnings) loss of affiliates	(6,611)	(6,429)
Loss (gain) on sales of property, plant and equipment	(162)	(469)
Loss on disposal of property, plant and equipment	1,916	1,696
Loss (gain) on sales of short-term and long-term investment securities	(5)	(22)
Loss (gain) on valuation of short-term and long-term investment securities	0	4
Decrease (increase) in notes and accounts receivable	(20,516)	(25,978)
Decrease (increase) in inventories	(22,144)	3,390
Increase (decrease) in notes and accounts payable	7,020	(16,071)
Increase (decrease) in provision for retirement benefits for directors and corporate auditors	106	110
Increase (decrease) in net defined benefit liability	(20,974)	19,967
Increase (decrease) in consumption taxes payable	1,049	58
Others	(7,517)	(13,127)
Subtotal	133,730	185,704
Interest and dividends received	10,109	9,120
Interest paid	(1,306)	(1,691)
Income taxes paid	(44,081)	(53,966)
Income taxes refunded	2,224	217
Net cash provided by operating activities	100,676	139,383

Million yen

	FY2015	FY2014
Cash flows from investing activities:		
Payments into time deposits	(153)	(131)
Proceeds from refund of time deposits	263	127
Payments into deposits	(58,000)	(37,000)
Proceeds from return of due from banks	76,000	–
Payments for acquisition of property, plant and equipment	(137,849)	(90,257)
Proceeds from sales of property, plant and equipment	1,952	2,375
Payments for acquisition of investment securities	(7)	(87)
Proceeds from sales of investment securities	6	36
Purchase of investments in subsidiaries	(6)	(0)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(498)	–
Proceeds from purchase of investment in a subsidiary resulting in change in scope of consolidation	861	–
Decrease (increase) in short-term loans receivable	699	(1,264)
Payments for long-term loans receivable	(509)	(379)
Proceeds from collection of long-term loans receivable	575	1,429
Net cash used in investing activities	(116,665)	(125,151)
Cash flows from financing activities:		
Net increase (decrease) in short-term debt	10,047	2,582
Proceeds from long-term debt	29,993	33,532
Repayments of long-term debt	(22,943)	(28,107)
Payments for acquisition of treasury stock	(0)	(5)
Dividends paid	(23,882)	(23,882)
Dividends paid to minority interests in consolidated subsidiaries	(14,497)	(9,451)
Proceeds from minority interests	2,695	2,985
Repayments of lease obligations	(827)	(87)
Others	30	–
Net cash provided by financing activities	(19,384)	(22,434)
Effect of exchange rate changes	2,564	5,034
Net decrease in cash and cash equivalents	(32,808)	(3,168)
Cash and cash equivalents at beginning of year	321,524	324,692
Cash and cash equivalents at end of year	(1) ¥288,715	¥321,524

(Significant Accounting Policies Forming the Basis of Presentation of the Consolidated Financial Statements)

1. Scope of consolidation

(Consolidated subsidiaries: 58)

All subsidiaries are included in the scope of consolidation.

National Engine Manufacturing Sdn. Bhd. (pending registration with the government) was newly incorporated during the fiscal year under review and included in the scope of consolidation.

Fukui Daihatsu Corporation and Shinwa Building Co., Ltd., which until the previous consolidated fiscal year had been accounted for using the equity method, became subsidiaries of the Company through the additional acquisition of their shares and have been included in the scope of consolidation from the fiscal year under review.

Daihatsu Techner Co., Ltd., which until the previous consolidated fiscal year was a wholly owned subsidiary of the Company, was extinguished as a result of the merger with Business Support Center Co., Ltd., another wholly owned subsidiary of the Company. The surviving company's name was changed to Daihatsu Business Support & Engineering Center Co., Ltd.

2. Equity method

(a) Affiliates accounted for by the equity method: 16

The major affiliates accounted for using the equity method are Daihatsu Diesel Mfg. Co.., Ltd., Metalart Corporation, and Osaka Daihatsu Corporation.

Fukui Daihatsu Corporation and Shinwa Building Co., Ltd. were excluded from the scope of companies accounted for using the equity method as a result of their conversion into consolidated subsidiaries.

(b) Affiliated companies not accounted for by the equity method (a total of three companies, including Tono Daihatsu Co., Ltd.) are excluded because they do not have a material impact on consolidated net income, retained earnings and others individually or in the aggregate.

(c) As for affiliates accounted for by the equity method, when their fiscal year-end is different from the Company's fiscal year-end, their financial statements as of their fiscal year-end are used.

3. Fiscal year of consolidated subsidiaries

The fiscal year-end for the following six consolidated subsidiaries is December 31: Perodua Auto Corporation Sdn. Bhd., Perodua Manufacturing Sdn. Bhd., Perodua Engine Manufacturing Sdn. Bhd., Perodua Global Manufacturing Sdn. Bhd., Tianjin Daihatsu Precision Machinery Co., Ltd., and Daihatsu (Shanghai) Co., Ltd. For these subsidiaries, their financial statements as of December 31 are used in the preparation of the Company's consolidated financial statements. When significant transactions occur at those subsidiaries between their fiscal year-end and the Company's fiscal year-end, these transactions are included in the consolidated financial statements as necessary.

4. Accounting policies

(a) Fair values of marketable securities and investment securities

Other securities

With market quotations

Stated at the market price on March 31, 2015

(with any unrealized valuation difference regarded under net assets, and with cost computed using the moving-average method)

Without market quotations

Stated at cost, cost being determined by the moving-average method

(b) Inventory valuation standards and methods

Finished products (manufactured vehicles)

Mainly stated at cost as determined by the cost average method (method of reducing book value in line with decreases in profitability)

Merchandise (parts/components)

Mainly stated at cost as determined by the cost average method (method of reducing book value in line with decreases in profitability)

Merchandise (purchased vehicles)

Mainly stated at cost as determined by the identified cost method (method of reducing book value in line with decreases in profitability)

Raw materials and supplies

Mainly stated at cost as determined by the cost average method (method of reducing book value in line with decreases in profitability)

Work in process

Mainly stated at cost as determined by the cost average method (method of reducing book value in line with decreases in profitability)

(c) Depreciation methods for significant depreciable assets

Property, plant and equipment (excluding lease assets)

Depreciation is principally computed using the declining balance method.

However, the depreciation of buildings (excluding attached facilities) acquired on or after April 1, 1998, is computed using the straight line method.

Furthermore, acquisitions made by the Company and its domestic consolidated subsidiaries on or before March 31, 2007, that have been depreciated down to their final depreciation limit are depreciated in equal amounts of the difference between 5% of their acquisition price and their memorandum value over a five-year period from the fiscal year after the fiscal year in which their depreciation limit reached zero.

Intangible fixed assets

Depreciated principally using the straight line method

Lease assets

Lease assets related to finance lease transactions that do not transfer ownership are depreciated using the straight line method over lease period, which corresponds to the number of years of useful life, with a residual value of zero.

Of finance lease transactions other than those recognized as transferring ownership of the leased properties to the borrower, transactions that commenced before March 31, 2008, are treated for accounting purposes as operating lease transactions.

(d) Policy for significant reserve allowances

Allowance for doubtful accounts

An allowance against losses caused by doubtful receivables and other bad debts is made based on historical credit loss ratios. With specific claims where there is an identified credit risk, an allowance is made for estimated uncollectible amounts based on assessment of the recoverability of individual receivables.

Provision for bonuses for directors and corporate auditors

To provide for the payment of bonuses for directors and corporate auditors, the shares of estimated bonuses to be paid to directors and corporate auditors for the fiscal year ended March 31, 2015 are accrued.

Provision for retirement benefits for directors and corporate auditors

To prepare for the payment of retirement benefits to directors, executive officers and corporate auditors, a necessary amount determined in accordance with the internal rules is accrued at the end of the fiscal year.

Provision for product warranties

To provide for expenses for after-sales service based on warranty certificates, service expenses in the amount estimated to be incurred over the warranty period are accrued.

(e) Accounting method for retirement benefits

(Method of attributing benefits to period of service)

As a method of attributing benefits to period up to the end of the fiscal year under review, the benefit formula standards are used to calculate retirement benefit obligations.

(Accounting method for actuarial differences and past service costs)

Past service costs are amortized chiefly on a straight line method over the average estimated remaining service period of employees (17 years) at the time of occurrence. Actuarial differences are amortized ratably from the following fiscal year, chiefly on a straight line method over the average estimated remaining service period of employees (17 years) at the time of occurrence in each fiscal year.

(Adoption of a simplified method at small companies, etc.)

Certain consolidated subsidiaries adopt a simplified method of using amounts payable for voluntary retirement associated with retirement benefits at the end of the fiscal year as retirement benefit obligations to calculate net defined benefit liability and retirement benefit expenses.

Certain consolidated subsidiaries adopt a multi-employer pension plan and record as net defined benefit liability the difference between the amount equivalent to retirement benefit obligations and the amount equivalent to pension plan assets based on the balance of the minimum funding standard in the calculation of pension financing.

(f) Goodwill amortization and amortization periods

Goodwill is recognized as a loss or a gain as incurred, due to immateriality.

(g) Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents are composed of cash on hand, deposits that may be withdrawn on demand and highly liquid investments purchased with original maturities of three months or less and that present a low risk of fluctuation in value.

(h) Accounting procedure of consumption tax

The tax-excluded method is adopted.

(Changes in accounting policy)

(Adoption of the Accounting Standard for Retirement Benefits, etc.)

Starting in the fiscal year under review, the provisions of the main text of Item 35 of the Accounting Standard for Retirement Benefits. (Statement No. 26 issued by the Accounting Standards Board of Japan (ASBJ) on May 17, 2012; hereinafter "The Accounting Standard for Retirement Benefits") and the main text of Item 67 of the Implementation Guidance (ASBJ Guidance No. 25 Guidance on Accounting Standard for Retirement Benefits, March 26, 2015; hereinafter "Guidance on Accounting Standard for Retirement Benefits") have been applied. Accordingly, the method for calculating liabilities for retirement benefits and service costs has been revised. In addition, the period attribution method for the estimated amount of all retirement benefits has been changed from the standards for the periodic fixed-amount benefit to the benefit formula standards. Likewise, the method for determining the discount rate has been changed from the method for determining the period of bonds based on the number of years close to the average remaining service years of employees to the method of using a singular weighted average discount rate that reflects the period during which the payment of retirement benefits are expected and the amount of payment for that period.

For the adoption of the Accounting Standard for Retirement Benefits, etc., the effect of the change in the method for calculating liabilities for retirement benefits and service costs has been added to or subtracted from retained earnings at the beginning of the consolidated fiscal year under review in accordance with the provisional measures specified in Item 37 of the Accounting Standard for Retirement Benefits.

Consequently, liabilities for retirement benefits at the beginning of the consolidated fiscal year under review decreased ¥18,540 million, assets for retirement benefits increased ¥2,502 million yen, and retained earnings increased ¥13,281 million yen.

Compared with the previous accounting method, net assets per share in the fiscal year under review increased ¥31.16. The impact of this change on income/loss, segment information, and net income per share for the fiscal year under review was immaterial.

(Accounting Standards that have not yet been applied)

- Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013)
- Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013)
- Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013)
- Accounting Standard for Net Income per Share (ASBJ Statement No. 2, September 13, 2013)
- Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance on Accounting Standards No. 10, September 13, 2013)
- Guidance on Accounting Standard for Net Income per Share (ASBJ Guidance on Accounting Standards No. 4, September 13, 2013)

(1) Overview

These Accounting Standards have been revised mainly to address (i) changes in the parent's ownership interests as a result of the additional acquisition of stock from a subsidiary while retaining controlling financial interests in the subsidiary, (ii) expenses related to the acquisition, (iii) presentation of net income and change from minority interests to non-controlling interests, and (iv) provisional accounting treatment.

(2) Planned date of application

These Accounting Standards are planned to be applied at the beginning of the fiscal year ending March 31, 2016. The provisional accounting treatment is planned to be applied to business combinations that are to be implemented after the beginning of the fiscal year ending March 31, 2016.

(3) Impact of the adoption of said Accounting Standards

The Company is currently evaluating the impact of adopting the aforementioned Accounting Standards as of the time these consolidated financial statements were prepared.

(Changes in reporting method)

(Consolidated statement of income)

For the purpose of increasing the overall intelligibility and clarity of the consolidated statement of income, "selling, general and administrative expenses", which was recorded by expense item in the previous consolidated fiscal year, has been recorded under the single title of "selling, general and administrative expenses" from the current consolidated fiscal year, with major expense items and respective amounts explained in note format. Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

The major items under "selling, general and administrative expenses" and the amounts in the previous consolidated accounting year and the current consolidated accounting year have been set out under Notes to Consolidated Financial Statements (Consolidated Statement of Income).

(Additional information)

(Tax cases filed with court in Indonesia)

PT Astra Daihatsu Motor, a consolidated subsidiary of the Company in Indonesia, filed a suit in a tax court against the notice of correction issued by the Indonesian tax authorities. The Company and consolidated subsidiary have been asserting the legitimacy of their views on the values of the royalty transactions between affiliated companies during the fiscal years ended March 31, 2008 and March 31, 2009. In response to the aforementioned notice of correction, the Company and consolidated subsidiary recognized a certain amount in "accrued income taxes" under current liabilities based on the estimates of future taxation risks relating to the transactions for the relevant period, including the period for which amounts of taxes to be imposed have not yet been determined.

In January 2015, the Company and the consolidated subsidiary received a judgment document from the tax court. Because the court ruling recognized that the accusation by the Indonesian tax authorities was not reasonable and that the views of the Company and consolidated subsidiary were reasonable, the amount of accrued tax income was revised, and the amount representing a partial reversal (¥4,199 million) has been recognized under "Income taxes - current".

In addition, the Company and consolidated subsidiary filed another suit in a tax court against the notice of correction issued by the Indonesian tax authorities regarding the values of sales transactions between affiliated companies during the fiscal year ended March 31, 2009. The Company and consolidated subsidiary have been asserting the legitimacy of their views. In January 2015, the Company and consolidated subsidiary received a judgment document from the tax court. The court ruling recognized that the accusation by the Indonesian tax authorities was not reasonable and that the views of the Company and consolidated subsidiary were reasonable.

(Notes to consolidated balance sheets)

1.

(1) Accumulated depreciation on property, plant and equipment

Million yen

	FY2015
Accumulated depreciation on property, plant and equipment	849,274

(2) Other assets pledged as collateral

Million yen

(Assets pledged as collateral)	FY2015
Buildings and structures	5,766
Machinery, equipment and vehicles	6
Land	12,268
Investment securities	62
Total	18,103

Million yen

(Liabilities associated with the above)	FY2015
Short-term debt	9,160
Long-term debt (including current portion)	554
Total	9,714

(3) Investments in Affiliates

Million yen

	FY2015
Investment securities (shares)	59,129

(4) The Company received government and other subsidies (a special subsidy for corporate structural investment, a subsidy for development and diffusion of a low-emission vehicle, a subsidy for companies located in industrial parks in the city of Nakatsu, a subsidy for supporting new energy business, a subsidy from the city of Kurume for the transfer of industry, a regional business promotion subsidy from Fukuoka Prefecture, a subsidy for the business for promoting the introduction of the in-house power generation facility, Kurume City's "green Asia international strategy synthesis special ward business promotion grant, and subsidies for projects promoting domestic location, etc."). Accordingly, the following amounts are directly deducted from acquisition costs: buildings of ¥721 million, structures of ¥8 million, machinery of ¥1,719 million, tools and equipment of ¥5 million and land of ¥402 million.

2. Guarantee obligation

Million yen

The insured	FY2015	
	Balance of guarantee obligation	Details of the obligations guaranteed
Employees	8	Funds borrowed from financial institutions (home loans)

(Notes to consolidated statements of income)

(1) Selling, general and administrative expenses include the following major items and amounts as well as their percentages.

Million yen

	FY2015
Sales incentive	26,481
Provision for product guarantee	12,800
Salaries and bonuses	85,224
Retirement benefit expenses	4,175
Provisions for doubtful receivables	73

(2) Research and development expenses included in general and administrative expenses and manufacturing costs are as follows.

Million yen

FY2015
45,205

(3) Subsidy for facilities comprises delivered amounts of subsidies for projects promoting domestic location, etc., Fukuoka Prefecture's "grant for promoting industrial locations" and Kurme City's "green Asia international strategy synthesis special ward business promotion grant."

(4) The Group recorded impairment loss on the following assets:

Use	Type	Location
Idle assets	Land	Shizuoka Prefecture, etc.

For the purpose of impairment testing, assets of the Group are grouped into the categories of automobile-related assets and idle assets.

The carrying amount of the idle assets was reduced to the recoverable amount as there is no plan for future use and the fair value has declined significantly. The decrease in the carrying amount (¥31 million) was recognized as an "impairment loss" in "extraordinary loss." The recoverable amount was measured at the net realizable value and the fair value of land was measured based on the amount equivalent to the publicly notified land price calculated on the basis of the assessed value of real estate for property tax purposes as the amount was insignificant.

(5) Loss on reduction of fixed assets is direct reduction of acquisition cost related to the subsidies for facilities discussed in (3).

(Notes to consolidated statements of comprehensive income)

(1) The amount of reclassification adjustment and tax effect relating to other comprehensive income

	Million yen FY2015
Net unrealized holding gain (loss) on securities	
Amount during the period	¥10,123
Reclassification adjustments	–
Adjustments of tax effects	10,123
Tax effects	(2,371)
Net unrealized holding gain (loss) on securities	¥7,751
Deferred gain (loss) on hedges	
Amount during the period	¥39
Reclassification adjustments	(6)
Adjustments of tax effects	32
Tax effects	(8)
Deferred gain (loss) on hedges	¥24
Foreign currency translation adjustments	
Amount during the period	¥7,040
Reclassification adjustments	–
Adjustments of tax effects	7,040
Tax effects	(53)
Foreign currency translation adjustments	¥6,987
Adjustment relating to retirement benefits	
Amount during the period	¥(4,515)
Reclassification adjustments	2,840
Adjustments of tax effects	(1,675)
Tax effects	451
Adjustment relating to retirement benefits	¥(1,224)
Share of other comprehensive income of equity method affiliates	
Amount during the period	¥ 1,699
Reclassification adjustments	176
Share of other comprehensive income of equity method affiliates	1,876
Other comprehensive income	¥15,416

(Notes to consolidated statements of changes in net assets)

1. Issued shares

Class of shares	Common stock (shares)
April 1, 2014	427,122,966
Increase	–
Decrease	–
March 31, 2015	427,122,966

2. Treasury stock

Class of shares	Common stock (shares)
April 1, 2014	959,963
Increase	5,935
Decrease	15,200
March 31, 2015	950,698

Note: Breakdown of the increase in the number of treasury stock (common stocks) is as follows:
Increased shares by purchasing the financial shares 232 shares
Changes in the Company's percentage holdings in affiliates resulted in an increase of 5,703 treasury shares
Breakdown of the decrease in the number of treasury stockholders (common stocks) is as follows:
Treasury stocks (the Company's shares) sold by affiliated companies, which belong to the Company 15,200 shares

3. Items related to share options

None

4. Cash dividends

(1) Dividends paid in the fiscal year ended March 31, 2015

	Resolution	
	Annual general meeting of shareholders held on June 27, 2014	Board of Directors meeting held on October 30, 2014
Class of shares	Common stock	Common stock
Total dividends (Million yen)	¥14,500	¥9,382
Cash dividends per share	¥34	¥22
Basis date	March 31, 2014	September 30, 2014
Effective date	June 30, 2014	November 28, 2014

(2) Dividends whose basis date belongs to the fiscal year ended March 31, 2015, but effective date of dividends falls in the fiscal year ending March 31, 2016.

	Resolution
	Annual general meeting of shareholders held on June 26, 2015
Class of shares	Common stock
Source of dividends	Retained earnings
Total dividends (Million yen)	¥11,088
Cash dividends per share	¥26
Basis date	March 31, 2015
Effective date	June 29, 2015

(Notes to consolidated statements of cash flows)

1.

(1) Cash and cash equivalents at the end of the period are reconciled to items on the consolidated balance sheets as follows:

Million yen

	FY2015
Cash on hand and in banks	¥135,872
Time deposits with original maturities of more than 3 months	(153)
Deposits	171,996
Deposits with original maturities of more than 3 month	(19,000)
Total	¥288,715

2. Details of significant non-monetary transactions

The amounts of assets and liabilities for finance lease transactions are as follows

Million yen

	FY2015
Amounts of assets and liabilities for finance lease transactions	¥415

(Lease transactions)

Finance lease transactions that do not transfer ownership prior to the first year of application of accounting standards for lease transactions

(As a lessee)

(1) Pro forma information regarding acquisition cost, accumulated depreciation and net book value of lease assets was as follows:

Million yen

	FY2015
Acquisition cost equivalent	
Machinery, equipment and vehicles	¥499
Others (property, plant and equipment)	–
Total	499
Accumulated depreciation equivalent	
Machinery, equipment and vehicles	440
Others (property, plant and equipment)	–
Total	440
Net book value equivalent	
Machinery, equipment and vehicles	58
Others (property, plant and equipment)	–
Total	¥58

(2) Future minimum lease payments equivalent:

Million yen

	FY2015
Due within one year	¥36
Due after one year	22
Total	¥58

The amounts equivalent to the acquisition cost of lease assets and future minimum lease payments are calculated based upon the input interest expense method because future minimum lease payments account for only a small proportion of property, plant and equipment.

(3) Lease payments and depreciation equivalent:

Million yen

	FY2015
Lease payments	¥109
Depreciation equivalent	¥109

(4) Method of calculating depreciation equivalent amount for leases:

The depreciation equivalent amount of the leases is calculated using the straight line method over the lease period, which corresponds to the number of years of useful life, with a residual value of zero.

1. Finance lease transactions

(As a lessee)

(1) Lease assets

Finance lease transactions that do not transfer ownership

Property, plant and equipment

Primarily, large-scale computing and peripheral equipment, and molds

(2) Method of depreciating lease assets

Straight line method over the lease period, which corresponds to the number of years of useful life, with a residual value of zero

2. Operating lease transactions

(As a lessee)

Future minimum lease payments:

	Million yen FY2015
Due within one year	¥272
Due after one year	940
Total	¥1,213

(As a lessor)

Future minimum lease income:

	Million yen FY2015
Due within one year	¥76
Due after one year	564
Total	¥641

(Financial instruments)

1. Financial instruments

(1) Policies on financial instruments

The Daihatsu Group raises funds through borrowings from banks and other financial institutions for such purposes as sales financing and the acquisition of property, plant and equipment. Temporary surpluses are placed in short-term deposits with its parent company, Toyota Motor Corporation, and banks and other financial institutions. Derivative transactions are used to hedge exchange rate fluctuation risks on trade liabilities and financial obligations denominated in foreign currencies. The Company does not engage in speculative trading.

(2) Financial instrument content and risk

Trade notes, accounts receivable and electronically recorded monetary claims-operating, which are claimable assets, are subject to customer credit risk. Investment securities, most of which are equity securities held to cement operations with business partners, are subject to price fluctuation risk.

Trade notes and accounts payable, which are trade liabilities, are payable within one year.

Bank loans, which are taken out to fund working capital and capital investment, are subject to interest rate fluctuation risk in line with changes in market and credit conditions. Some of these are denominated in foreign currencies and are exposed to foreign exchange rate fluctuation risk and interest rate fluctuation risk, which, however, are hedged using derivative trading (interest-rate and currency swap transactions).

As derivative transactions are used to hedge the risk of future exchange rate fluctuations, risk involved in foreign currency denominated trade payables and debts is hedged using forward foreign exchange contracts, etc.

(3) System for managing risks related to financial products

With regard to trade liabilities, the Company manages transactions for each business partner by payment due date and balance. Market prices on investment securities are periodically checked and reported to the Board of Directors.

Reports on the Group's status on bank loans are submitted to the Board of Directors.

The counterparties to all such transactions are highly credible banks; therefore, the credit risk is extremely low. These transactions are made based on internal regulations and in-house rules approved by the Board of Directors, and are reported on a regular basis to the Board of Directors and other important meetings.

2. Fair value of financial instruments

Fair values as of March 31, 2015 (the end of the fiscal year ended March 31, 2015) and differences between fair values and consolidated balance sheet amounts are as follows:

Million yen

	Carried on consolidated balance sheet	Fair value	Difference
(1) Cash on hand and in banks	¥135,872	¥135,872	–
(2) Deposits	171,996	171,996	–
(3) Trade notes and accounts receivable	332,444	322,270	¥(10,174)
(4) Electronically recorded monetary claims-operating	5,745	5,745	–
(5) Investment securities	64,427	60,565	¥ (3,861)
(6) Long-term loans receivable	782	782	–
Total assets	¥711,269	¥697,233	¥(14,035)
(1) Trade notes and accounts payable	¥191,280	¥191,280	–
(2) Electronically recorded monetary claims	99,278	99,278	–
(3) Short-term debt	129,025	129,025	–
(4) Accrued Income taxes	10,144	10,144	–
(5) Long-term debt	62,330	62,429	99
Total liabilities	¥492,058	¥492,157	99
Derivative transactions	¥ (8)	¥ (8)	–

Note 1. Method of calculating fair values of financial instruments and matters related to securities and derivative transactions

Assets

(1) Cash on hand and in banks, (2) Deposits and (4) Electronically recorded monetary claims-operating

As settlement terms on these items are short, and their fair values are nearly equal to their book values, their book values are taken as their fair values.

(3) Trade notes and accounts receivable

Fair value is calculated by grouping these receivables by period and discounting each to their present value by a rate that takes into account their periods to maturity and credit risk.

(5) Investment securities

Quoted prices on securities exchanges are taken as fair value.

For details on investment securities, refer to the section entitled "(Securities)."

(6) Long-term loans receivable

Fair value is calculated by discounting these instruments to their present value, adding a percentage for the credit spread to the appropriate indicator.

Liabilities

(1) Trade notes and accounts payable, (2) Electronically recorded monetary claims, (3) Short-term debt and (4) Accrued income taxes

As settlement terms on these items are short, and their fair values are nearly equal to their book values, their book values are taken as their fair values.

(5) Long-term debt

The fair value of long-term debt is determined based on the present value, etc. of the total amount of principal and interest discounted by the assumed interest rate that would be charged for similar new borrowing.

Derivative transactions

For details on derivative transactions, refer to the section entitled "(Derivative transactions)."

Note 2. As unlisted equity securities (value stated in the consolidated balance sheets of ¥46,616 million) have no quoted market value and their fair value is not readily available, they are not included in "(5) Investment securities."

Note 3. Expected redemption amounts of financial obligations with maturities and securities after the balance sheet date.

Million yen

Type	1 year or less	More than 1 year to 5 years	More than 5 years to 10 years	More than 10 years
Cash on hand and in banks	¥135,872	–	–	–
Trade notes and accounts receivable	225,729	104,660	2,055	–
Electronically recorded monetary claims-operating	5,745	–	–	–
Long-term loans receivable	224	558	–	–
Total	¥367,571	¥105,218	¥2,055	–

Note 4. Expected repayment amounts of debt falling due after the consolidated balance sheet date.

Million yen

Type	1 year or less	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years
Short-term debt	¥102,082	–	–	–	–	–
Long-term debt	26,942	31,465	27,348	3,479	35	–
Total	¥129,025	¥31,465	¥27,348	¥3,479	¥35	–

(Securities)

1. Other securities (March 31, 2015)

Type	Consolidated balance sheet amount	Acquisition cost	Difference
	Million yen		
Securities whose carrying value exceeds their acquisition cost:			
Stocks	49,801	11,485	38,316
Subtotal	¥49,801	¥11,485	¥38,316
Securities whose carrying value does not exceed their acquisition values:			
Stocks	275	324	(49)
Subtotal	275	324	(49)
Total	¥50,077	¥11,809	¥38,267

Note: The market values of listed marketable securities are principally determined by closing prices on the Tokyo Stock Exchange.

2. Other securities sold in the fiscal year ended March 31, 2015

Category	Proceeds from sales	Total gain on sales	Total loss on sales
	Million yen		
Stocks	–	–	–
Total	–	–	–

(Derivative transactions)

1. Derivative transactions for which hedge accounting is not applied

(Currency-related)

Type	Type	Contractual amount	Over 1 year of contractual amount	Fair value	Valuation gains or losses
		Million yen			
Transactions other than market transactions	Forward exchange contracts				
	Purchased US dollars	2,010	–	(9)	(9)
	Purchased yen	1,250	–	0	0
Total		¥3,261	–	¥(9)	¥(9)

Note: Fair value is determined based on, among others, the prices reported by the financial institutions that are the counterparties to the transactions.

2. Derivative transactions for which hedge accounting is applied

(Currency-related)

Hedge accounting method	Type	Main hedge coverage	Contractual amount	Over 1 year of contractual amount	Fair value
			Million yen		
Forward exchange contract principle handling	Forward exchange contract transactions				
	Purchased yen	Trade notes and accounts payable	2,840	–	(7)
Total			¥2,840	–	¥(7)

Note: Fair value is determined based on, among others, the prices reported by the financial institutions that are the counterparties to the transactions.

(Interest rate and currency related)

Hedge accounting method	Type	Main hedge coverage	Contractual amount	Over 1 year of contractual amount	Fair value
			Million yen		
Integrated handling of interest rate swap (special handling and allotment handling)	Interest rate and currency swap transactions				
	Purchased U.S. dollar	Long-term debt	1,436	1,436	(Note)
	Purchased yen	Long-term debt	1,951	1,951	(Note)
Total			¥3,388	¥3,388	–

Note: The market value of items based on the integrated handling of interest rate and currency swaps (special handling and allotment handling) is handled together with long-term debt, the object of hedging, and is therefore stated by including it in the market value of long-term debt.

(Retirement benefits)

1. Outline of the adopted retirement benefit plan

The Company and its consolidated subsidiaries have adopted the defined benefit plan and the defined contribution plan. As a defined benefit plan, the corporate pension fund system, the general establishment welfare pension fund system and the retirement allowance plan are established.

The retirement benefit trust is established for certain of the corporate pension fund systems and the general establishment welfare pension fund systems (all are multiple-employer systems), which are the defined benefit corporate pension plans (all are funding-type plans), and lump-sum allowances and pensions are paid based on the years of service and job qualifications, etc. Retirement allowances are paid based on the years of service and job qualifications, etc. under the retirement allowance plan. (This is a non-funding plan. However, as a result of the establishment of the retirement benefit trust, part of it is a funding plan.)

Retirement benefit liability and retirement benefit expenses are calculated using the simplified method for the defined benefit corporate pension plan and the retirement allowance plan of certain of the consolidated subsidiaries.

2. Defined benefit plan

(a) Table of adjustment of the starting balance and term-end balance of retirement benefit liability (excluding plans using the simplified method)

	Million yen FY2015
Starting balance of retirement benefit liability	¥135,097
Cumulative effect of change in accounting policy	(21,042)
Balance at the beginning of year reflecting change in accounting policy	114,054
Service cost	4,469
Interest cost	1,794
Amount of differences in actuarial calculations	11,654
Amount of paid retirement benefits	(5,058)
Accrued amount of past service costs	–
Others	129
Term-end balance of retirement benefit liability	¥127,042

(b) Table of adjustment of the starting balance and term-end balance of pension assets (excluding plans using the simplified method)

	Million yen FY2015
Starting balance of pension assets	¥74,913
Expected yield on investment	1,033
Amount of differences in actuarial calculations	7,139
Amount of employer contributions	6,529
Amount of paid retirement benefits	(3,533)
Others	2
Term-end balance of pension assets	¥86,084

(c) Adjustment of the starting balance and term-end balance of retirement benefit liability of plans using the simplified method (including the multiple-employer system)

	Million yen FY2015
Starting balance of retirement benefit liability	¥22,628
Retirement benefit expenses	(2,848)
Amount of paid retirement benefits	(768)
Amount of contributions to the plan	(1,009)
Others	15
Term-end balance of pension benefit liability	¥18,017

(d) Table of adjustment of the starting balance and term-end balance of retirement benefit liability and pension assets and retirement benefit liability and assets for retirement benefits that are recorded on the consolidated balance sheet (including the multiple-employer system)

	Million yen FY2015
Retirement benefit liability for funding plan	¥111,246
Pension assets	(103,223)
	8,023
Retirement benefit liability for non-funding plan	50,952
Net amount of liabilities and assets recorded on consolidated balance sheet	58,974
Retirement benefit liability	62,290
Assets for retirement benefits	(3,315)
Net amount of liabilities and assets recorded on consolidated balance sheet	¥ 58,974

Note: Including plans to which the simplified method is applied.

(e) Retirement benefit expenses and their breakdown

	Million yen FY2015
Service cost	¥4,469
Interest cost	1,794
Expected yield on investment	(1,033)
Amount of differences in actuarial calculations, which was treated as cost	3,335
Amount of past service cost, which was treated as cost	(495)
Retirement benefit expenses calculated using the simplified method (including the multiple-employer system)	(2,848)
Retirement benefit expenses for the defined benefit plan	¥5,222

(f) Adjustment relating to retirement benefits

The breakdown of items posted under amounts of adjustment relating to retirement benefits (before deductions for the effect of income taxes) is as follows.

Million yen

	FY2015
Amount of past service cost	¥ 495
Amount of differences in actuarial calculations	1,180
Others	–
Total	¥1,675

(g) Accumulated amount of adjustment for retirement benefits

The breakdown of items (before the deduction of the tax effect) recorded as the accumulated amount of adjustment for retirement benefits is as shown below.

Million yen

	FY2015
Unrecognized past service cost	¥ (4,939)
Differences in unrecognized actuarial calculations	27,204
Others	–
Total	¥22,265

(h) Matters regarding pension assets

(i) Major breakdown of pension assets

The ratio of major assets to total pension assets is as shown below.

	FY2015
Bonds	36%
Stock	31%
General accounts	28%
Others	5%
Total	100%

Note: Total pension assets include 10% of the retirement benefit trust, which is established for the corporate pension plan.

(ii) Method of determining the expected long-term yield on investment

To determine the expected long-term yield on investment for the pension assets, the current allocation and expected allocation of pension assets and the current and expected long-term yield for various assets constituting the pension assets were taken into consideration.

(i) Matters regarding calculation bases for actuarial calculations

Major calculation bases for actuarial calculations at the end of the fiscal year under review

	FY2015
Discount rate	Predominantly 0.7%
Expected long-term yield on investment	Predominantly 1.4%
Anticipated rate of increase in salary	Predominantly 2.2%

3. Defined contribution plan

The amount of contributions required for the defined contribution plans of the Company and its consolidated subsidiaries is ¥1,357 million.

(Tax effect accounting)

1. The main components of deferred tax assets and liabilities are as follows:

Million yen

Type	FY2015
Deferred tax assets:	
Net defined benefit liability	¥19,008
Accrued expenses	14,311
Deferred expenses for sales promotion, etc. under the corporate income tax law	1,451
Provision for product warranties	4,026
Allowance for doubtful accounts	454
Others	11,734
Subtotal	50,986
Less valuation allowance	(213)
Total deferred tax assets	50,773
Deferred tax liabilities:	
Net unrealized holding gain (loss) on securities	(12,355)
Reserve for advanced depreciation of property, plant and equipment	(3,928)
Others	(5,864)
Total deferred tax liabilities	(22,147)
Net deferred tax assets	¥28,625

Note: Net deferred tax assets for the fiscal year ended March 31, 2015 are included in the following consolidated balance sheet line items.

Million yen

Type	FY2015
Current assets–Deferred tax assets	¥24,645
Fixed assets–Deferred tax assets	9,465
Current liabilities–Deferred tax liabilities	–
Long-term liabilities–Deferred tax liabilities	¥ (5,484)

2. Main components of the significant differences between the statutory tax rate and the effective tax rate after adjustments:

Type	FY2015 (Million yen)
Statutory tax rate	35.5%
(Adjustments)	
Equity in earnings (losses) of affiliates	(1.8%)
Difference in effective tax rate for overseas subsidiaries	(3.0%)
Tax credit	(2.6%)
Entertainment expenses and others	0.3%
Valuation allowance	0.1%
Adjustment to reduce the ending balance of deferred tax assets due to change in tax rates	1.4%
Others	(2.2%)
Effective tax rate after adjustments	27.7%

3. Revision of the amount of deferred tax assets and deferred tax liabilities due to a change in the rate of corporation tax, etc.

Following the introduction on March 31, 2015 of the Act on the Partial Revision of the Income Tax Act and Other Acts (Act No. 9 of 2015) and the Act on the Partial Revision of the Local Tax Act and Other Acts (Act No. 2 of 2015), the statutory effective tax rate used for the calculation of deferred tax assets and deferred tax liabilities for the fiscal year under review (limited to those to be eliminated on and after April 1, 2015) has been changed from 35.4% in the previous fiscal year to 33.0% for those that are expected to be recovered or paid from April 1, 2015 to March 31, 2016 and to 32.2% for those which are expected to be recovered or paid on and after April 1, 2016.

As a result, the amount of deferred tax assets (after offsetting deferred tax liabilities) decreased ¥1,148 million, while income taxes-deferred and valuation difference on available-for-sale securities and cumulative adjustments relating to retirement benefits payment, which were posted in the fiscal year under review, increased ¥1,835 million, ¥1,260 million and minus ¥573 million, respectively.

(Asset retirement obligations)

This note has been omitted because there is little significance.

(Investment and rental property)

As the amount of investment and rental property owned by the Company is insignificant, this note has been omitted.

(Segment information)

1. Overview of reportable segments

The Company's reportable segments are constituent units for which separate financial information can be gathered and are the subject of regular scrutiny by the Board of Directors for the purposes of deciding management resource allocations and assessing business performance.

The Daihatsu Group is engaged primarily in business activities consisting of the manufacture and sale of automobiles and has built organizations for manufacturing and selling automobiles and automobile parts in Japan and other countries, as well.

The Company, therefore, consists of two geographic reportable segments – the "domestic" segment and the "overseas" segment – underpinned by separate manufacturing and sales organizations.

2. Methods for calculating sales, income, and asset amount by reportable segment

The accounting treatments used for the Company's reportable segments are the same as those discussed in the "Significant Accounting Policies Forming the Basis of Presentation of the Consolidated Financial Statements."

Segment income figures are based on operating income figures and inter-segment sales and transfers are based on market prices.

3. Information about sales, income, assets and other items by reportable segment

Million yen

	Domestic	Overseas	Total
Net sales			
Sales to external customers	¥1,210,811	¥606,291	¥1,817,103
Internal sales or transfers between segments	107,387	36,052	143,439
Total	1,318,198	642,344	1,960,542
Segment income	58,252	52,085	110,338
Segment assets	1,158,216	375,349	1,533,565
Others			
Depreciation	60,250	20,574	80,824
Amortization of goodwill	6	0	6
Investment for affiliates accounted for by the equity method	58,151	–	58,151
Increase in property, plant and equipment and intangible fixed assets	¥ 70,424	¥ 58,727	¥ 129,152

4. Reconciliation of differences between total amounts of reportable segments and amounts appearing in the consolidated financial statements

Million yen

Income	Amount
Total of reportable segments	¥110,338
Elimination between segments	275
Operating income of consolidated financial statements	¥110,613

Million yen

Assets	Amount
Total of reportable segments	¥1,533,565
Elimination between segments	(14,961)
Assets of consolidated financial statements	¥1,518,604

Million yen

Others	Total of reportable segments	Adjustment	Carried on consolidated financial statements
Depreciation	¥ 80,824	–	¥ 80,824
Amortization of goodwill	6	–	6
Investment for affiliates accounted for by the equity method	58,151	–	58,151
Increase in property, plant and equipment and intangible fixed assets	¥129,152	–	¥129,152

Related information

1. Information by product and service

Sales to external customers of individual finished products and services accounted for more than 90% of net sales reported in the consolidated financial statements. This note has been omitted.

2. Information by region

(1) Net sales

Million yen

Japan	Indonesia	Malaysia	Others	Total
¥1,187,143	¥379,048	¥228,068	¥22,842	¥1,817,103

Note: Net sales are reported based on the countries or regions in which customers are located.

(2) Property, plant and equipment

Million yen

Japan	Asia	Total
¥377,861	¥159,111	¥536,972

3. Information by Major Customer

Name of customer	Net sales (Million yen)	Related segment name
Toyota Motor Corporation	¥237,879	Domestic
PT. Toyota Motor Manufacturing Indonesia	¥199,894	Overseas
Perodua Sales Sdn. Bhd.	¥225,700	Overseas

Information on impairment loss of fixed assets by reportable segment

Million yen

	Domestic	Overseas	Elimination or total	Total
Impairment loss	¥31	–	–	¥31

Information on unamortization of goodwill by reportable segment

There is nothing to report.

Information on accrual profit of negative goodwill by reportable segment

This note has been omitted because there is little significance.

Related party information

1. Related party transaction

Parent company and major shareholders, etc.

Type	Name of related company	Address	Common stock/ Investments in capital	Principal business	Owning (or owned) shares with voting rights	Business relationship	Contents of transaction	Amount of transaction	Account	Balance at year-end
			Million yen		%			Million yen	Electronically recorded monetary claims-operating	Million yen
Parent Company	Toyota Motor Corporation	Toyota, Aichi Prefecture	397,049	Automobile manufacturing	(Owned) Directly 51.36 Indirectly 0.14	Provision of consigned vehicles and OEM vehicles Concurrent directors, etc.	Sales of consigned cars, and others	**237,879**	Accounts receivable and accounts receivable-other	**30,077**
							Purchase of automobile parts	**98,901**	Accounts payable, accrued expenses, and other	**19,474**
							Deposits for cash management system	**165,935**	Deposits	**171,996**

Notes: 1. Amount of transaction stated above does not include consumption taxes, while balance at year-end includes consumption taxes.
2. Terms of transactions and decision-making policy of the terms
(a) The sales prices for consigned cars are determined, in the same way as the terms of ordinary transactions, by negotiation based on our proposed price while paying due consideration to the market prices.
(b) The purchase prices of automobile parts are determined, in the same way as terms of ordinary transactions, by negotiation while paying due consideration to the given quotes and market prices.
(c) The interest rate of the deposits for cash management system is determined by considering the market interest rate. The amounts of transaction recorded are the average balances during the period.

Companies under the common parent company and subsidiaries of other affiliates of the consolidated financial statements submitting company

Type	Name of related company	Address	Common stock/ Investments in capital	Principal business	Owning (or owned) shares with voting rights	Business relationship	Contents of transaction	Amount of transaction	Account	Balance at year-end
			Thousands of Indonesian rupiahs					Million yen		Million yen
Parent company's subsidiary	PT. Toyota Motor Manufacturing Indonesia (Toyota Motor Corporation's subsidiary)	Jakarta, Indonesia	19,523,503	Automobile manufacturing	—	Provision of consigned vehicles and OEM vehicles	Sales of consigned cars, and others	**199,894**	Accounts receivable	**5,907**

Notes: 1. Amount of transaction stated above does not include consumption taxes, while balance at year-end includes consumption taxes.
2. Terms of transactions and decision-making policy of the terms
(a) The sales prices for consigned cars are determined, in the same way as the terms of ordinary transactions, by negotiation based on our proposed price while paying due consideration to the market prices.

Non-consolidated subsidiaries and affiliates, etc.

Type	Name of related company	Address	Common stock/ Investments in capital	Principal business	Owning (or owned) shares with voting rights	Business relationship	Contents of transaction	Amount of transaction	Account	Balance at year-end
			RM		%			Million yen		Million yen
Affiliate (including affiliate's subsidiary)	Perodua Sales Sdn. Bhd. (subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd.)	Shah Alam, Malaysia	10,000,000	Sales of automobiles	(Owned) Indirectly 20.93	Provision of vehicles Concurrent directors, etc.	Sales of automobiles	225,700	Accounts receivable	20,959

Notes: 1. Amount of transaction stated above does not include consumption taxes, while balance at year-end includes consumption taxes.
2. Terms of transactions and decision-making policy of the terms
(a) The sales prices of automobiles, etc. are determined, in the same way as the terms of ordinary transactions, by negotiation based on our proposed price while paying due consideration to market prices.

2. Notes regarding the parent company or affiliated companies

(a) Information regarding the parent company

Toyota Motor Corporation

(Listed on the Tokyo Stock Exchange, Nagoya Stock Exchange, Fukuoka Stock Exchange, Sapporo Stock Exchange, New York Stock Exchange and the London Stock Exchange)

(b) Overview of financial information of important affiliated companies

There is nothing to report.

(Per share information)

	Yen
	FY2015
Net assets per share	¥1,451.31
Net income per share	¥159.90

Notes: 1. Diluted net income per share is not listed in the above since there was no potential share dilution.

2. Net income per share is calculated based on the following items:

	Million yen
	FY2015
Net income	¥ 68,145
Amount not attributable to common stocks	–
Net income for common stocks	68,145
Average number of issued and outstanding common stocks during the fiscal year (thousand shares)	¥426,164

3. Net assets per share is calculated based on the following items:

	Million yen
	FY2015
Total net assets	¥751,173
Amount deducted from total net assets	132,664
(Of the above amount, minority interests)	(132,664)
Total net assets for common stocks	618,508
Number of common stocks at the fiscal year-end used for the calculation of the net assets per share (thousand shares)	426,172

(Subsequent events)

No applicable matter.

Consolidated supplementary schedule

Schedule of Borrowings

	Million yen		%	
	As of April 1, 2014	As of March 31, 2015	Average interest rate	Repayment period
Short-term debt	¥ 91,704	¥102,082	0.25	–
Current portion of long-term debt	22,196	26,942	0.77	–
Current portion of lease obligations	448	202	2.58	–
Long-term debt (excluding current portion) (Note 2)	59,805	62,330	0.57	April 2016 to November 2019
Lease obligations (excluding current portion) (Note 2)	449	268	1.71	January 2017 to January 2029
Subtotal	¥174,604	¥191,826	–	–

Notes: 1. “Average interest rate” refers to the weighted average interest rate on all the balance of total borrowings at the end of the fiscal year.

2. Long-term debt and lease obligations (excluding the current portion) coming due within five years of the balance sheet date are as follows.

	Million yen			
Type	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years
Long-term debt	¥31,465	¥27,348	¥3,479	¥35
Lease obligations	90	58	47	28

Schedule of asset retirement obligations

Detailed information on asset retirement obligations as of April 1, 2014 and March 31, 2015 has been omitted because the amounts recorded were less than 1% of the sum of liabilities and net assets.

Others

Quarterly information for the year ended March 31, 2015

	Million yen			
Cumulative period	First quarter (April 1, 2014 to June 30, 2014)	Second quarter (April 1. 2014 to September 30, 2014)	Third quarter (April 1, 2014 to December 31, 2014)	Fourth quarter (April 1, 2014 to March 31, 2015)
Net sales	¥429,551	¥848,633	¥1,268,052	¥1,817,103
Income before income taxes	29,484	45,797	63,746	127,283
Net income	13,845	20,454	27,913	68,145
Net income per share (Yen)	32.49	48.00	65.50	159.90

	Yen			
Accounting period	First quarter (April 1, 2014 to June 30, 2014)	Second quarter (July 1, 2014 to September 30, 2014)	Third quarter (October 1, 2014 to December 31, 2014)	Fourth quarter (January 1, 2015 to March 31, 2015)
Net income per share	¥32.49	¥15.51	¥17.50	¥94.40

Litigation

The details are as described in the section Additional Information.

Corporate Data (As of March 31, 2015)

Company Name	Daihatsu Motor Co., Ltd.
Founded	March 1,1907
Paid-in Capital	¥28,404 million
Number of Employees	11,446

Shares of Common Stock (As of March 31, 2015)

Authorized	1,600,000,000 shares
Issued	427,122,966 shares
Share Unit	100 shares
Number of Shareholders	32,395
Services Corporation	Osaka Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation
Shareholders Register Manager	Mitsubishi UFJ Trust and Banking Corporation

Major Shareholders and Ownership (As of March 31, 2015)

Name	Ratio of shares held against shares issued (%)
Toyota Motor Corporation	**51.19**
The Master Trust Bank of Japan, Ltd. (Trust account)	**1.71**
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST (Standing proxy: Hongkong Shanghai Banking Corporation Limited, Tokyo Branch)	**1.63**
Japan Trustee Services Bank, Ltd. (Trust account)	**1.58**
Ohgi Shokai Co., Ltd.	**1.24**
BBH FOR VANGUARD INTERNATIONAL VALUE FUND – ARGA (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd)	**1.05**
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS (Standing proxy: Hongkong Shanghai Banking Corporation Limited, Tokyo Branch)	**1.02**
Aioi Nissay Dowa Insurance Co., Ltd.	**0.96**
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	**0.92**
Sumitomo Mitsui Banking Corporation	**0.69**
Total	**62.01**

Directors, Corporate Auditors and Executive Officers (As of June 26, 2015)

Chairman	**Koichi Ina**
President	**Masanori Mitsui**
Executive Vice President	**Hiroyuki Yokoyama**
Directors	**Yasunori Nakawaki** (Senior Managing Executive Officer) **Sudirman Maman Rusdi** **Masahiro Fukutsuka** (Senior Managing Executive Officer) **Hitoshi Horii** (Senior Managing Executive Officer) **Ichiro Yoshitake** (Senior Managing Executive Officer) **Shinsuke Hori** (Senior Managing Executive Officer) **Kenji Yamamoto***1 **Mitsuhisa Kato**
Technical Executive	**Kosuke Shiramizu**
Full-time Corporate Auditor	**Kunihiko Morita**
Corporate Auditors	**Kosuke Ikebuchi***2 **Yoshiki Kitajima***2 **Fusahiro Yamamoto***2
Senior Managing Executive Officers	**Takamasa Kurinami** **Tsuneo Itagaki** **Katsuhiro Ikoma** **Shigeharu Toda**
Senior Executive Officers	**Yasumitsu Morita** **Miki Ibaraki** **Hajime Nishimura** **Hiromasa Hoshika** **Katsumi Marutani** **Takuji Izutani** **Norihide Bessho**
Executive Officers	**Toru Ueda** **Saburou Yagi** **Takashi Iida** **Tadao Nasu** **Hideki Teramae**

*1 Outside Director under the Companies Act
*2 Outside Corporate Auditor under the Companies Act

Outside Director Kenji Yamamoto is a partner of Kitahama Partners. Daihatsu pays attorney's fees to Kitahama Partners. However, considering the nature and the amount of the fees, the independence of Mr. Yamamoto is unlikely to be compromised, and shareholders and investors are unlikely to be affected in their judgment. Mr. Kenji Yamamoto and Daihatsu have no specific interests in each other. He is registered in the Tokyo Stock Exchange as an Independent Officer that is unlikely to cause a conflict of interests with general shareholders. He provides advice based on the expert knowledge and experience he has built up over the years as a lawyer.

Mr. Kosuke Ikebuchi, one of the three Outside Corporate Auditors, is an advisor and technical executive of Toyota, Daihatsu's parent company. Mr. Kosuke Ikebuchi and Daihatsu have no specific interests in each other. He was an employee of Toyota and has extensive knowledge about Daihatsu's operations. By using his knowledge and experience from handling actual operations, Mr. Kosuke Ikebuchi provides the management with advice and guidance.

Mr. Yoshiki Kitajima, who was elected at the 174th Ordinary General Meeting of Shareholders held in June 2015, is the Representative Director of Toyota Corolla Tokushima Corporation ("Toyota Corolla Tokushima"). Daihatsu and Toyota Corolla Tokushima trade with each other. However, it is ordinary trading as general consumers, and thus in light of the scale and the nature of transactions, Daihatsu judges that shareholders and investors are unlikely to be affected in their judgment. Moreover, Mr. Yoshiki Kitajima was once the executing person at the parent company of Daihatsu, but the period of his services was very short and almost thirty years have passed since he left the company. For these reasons, Daihatsu judges that he is unlikely to cause a conflict of interests with general shareholders. Mr. Yoshiki Kitajima has been involved in the management of Toyota Corolla Tokushima for many years. Drawing upon the experience and perspective he has acquired through his career as a management specialist, Mr. Yoshiki Kitajima is expected to provide the management with advice and guidance. Mr. Fusahiro Yamamoto, who was elected at the 174th Ordinary General Meeting of Shareholders held in June 2015 in the same manner as Mr. Yoshiki Kitajima, is the Head of Yamamoto Accounting Office. No business relationship exists between Daihatsu and Yamamoto Accounting Office. Mr. Fusahiro Yamamoto was the executing person of the accounting auditor of Daihatsu. However, he has never actually been directly involved in the auditing of Daihatsu, and has already left the company. As a result, Daihatsu judges that Mr. Fusahiro Yamamoto is unlikely to cause a conflict of interests with general shareholders. Incidentally, Mr. Fusahiro Yamamoto is within the third degree of kinship of an employee of a company that has special relationship with Daihatsu. Mr. Fusahiro Yamamoto possesses extensive insight and knowledge of actual auditing operations as an accountant, and by applying this quality, he is expected to provide the management with advice and guidance. In addition, Daihatsu has appointed Mr. Yoshiki Kitajima and Mr. Fusahiro Yamamoto as Independent Officers.

Major Domestic Offices / Sales and Service Network

Head Office
1-1, Daihatsu-cho, Ikeda, Osaka 563-8651, Japan
Phone: +81-72-751-8811
http://www.daihatsu.co.jp (Japanese)
http://www.daihatsu.com (English)

Tokyo Office
2-10, Nihonbashi-Honcho, 2-chome, Chuo-ku, Tokyo 103-0023, Japan

Sales and Service Network
Domestic distributors: 60 companies (Consolidated: 35, Equity method affiliated: 4)
Domestic direct-sales offices for new cars: 695

Major Domestic Plants

*1: Consigned vehicles *2: OEM vehicles

Name	Location	Established	Product
Head (Ikeda) Plant	Ikeda, Osaka	May 1939 (Plant No. 1)	Press parts and press molds
		May 1961 (Plant No. 2)	Boon/Passo*1, bB*1, Be-go/Rush*2, Copen
Shiga (Ryuo) Plant	Gamo, Shiga	April 1974 (Plant No. 1)	Engines, transmissions, and cast components, etc.
		January 1989 (Plant No. 2)	Move/Stella*2, Tanto
Kyoto Plant	Otokuni, Kyoto	April 1973	Move/Stella*2, Probox*1, Succeed*1
Daihatsu Motor Kyushu Co., Ltd. Oita (Nakatsu) Plant	Nakatsu, Oita	November 2004 (Plant No. 1)	Hijet Truck/Pixis Truck*2/Sambar Truck*2, Hijet Cargo/Pixis Van*2/Sambar Van*2, Atrai Wagon/Dias Wagon*2, Wake/Pixis Mega*2
		November 2007 (Plant No. 2)	Mira/Pleo*2, Mira e:S/Pixis Epoch*2/Pleo Plus*2, Mira Cocoa, Move Conte/Pixis Space*2
Daihatsu Motor Kyushu Co., Ltd. Kurume Plant	Kurume, Fukuoka	August 2008	Engines, Transmission parts

Major Domestic and Overseas Affiliated Companies

*1: Consigned vehicles *2: OEM vehicles

Name	Location	Capital or investment (Million yen)	Major products and lines of business
Major consolidated subsidiaries			
Daihatsu Motor Kyushu Co., Ltd.	Nakatsu, Oita	6,000	Manufacture of automobiles, industrial vehicles, and engines
Aoi Machine Industry Co., Ltd.	Konan, Shiga	300	Manufacture of stamped vehicle body parts and parts for agricultural equipment
Akashi-Kikai Industry Co., Ltd.	Kako, Hyogo	1,000	Manufacture of vehicle control devices, engine parts, transmissions, and hydraulic components
Daihatsu Metal Co., Ltd.	Kawanishi, Hyogo	205	Manufacture of vehicle parts, diesel engine parts for marine and land vehicles, hydraulic components, construction machine parts, and industrial machinery
Daihatsu Credit Co., Ltd.	Ikeda, Osaka	300	Sales finance of automobiles, leasing, and other financial activities
Daihatsu Transportation Co., Ltd.	Ikeda, Osaka	30	Cargo transportation, vehicle transportation, automobile leasing, industrial vehicles, other vehicles, and related parts and supplies
Daihatsu Tokyo Sales Co., Ltd.	Chuo, Tokyo	490	Retail sale of automobiles and automobile parts
Perodua Manufacturing Sdn. Bhd.	Shah Alam, Malaysia	RM 140.0 million	Manufacture of Myvi, Alza, and Axia
PT Astra Daihatsu Motor	Jakarta, Indonesia	RP 894.37 billion	Manufacture of Xenia/Avanza*1, Terios/Rush*2, Gran Max/Townace*2, Liteace*2, Luxio, and Ayla/Agya*2/Wigo*2
Major affiliates accounted for by the equity method			
Daihatsu Diesel Mfg. Co., Ltd.	Osaka, Osaka	2,434	Manufacture and sale of marine diesel engines, land diesel engines, and industrial machines
Metalart Corporation	Kusatsu, Shiga	2,143	Manufacture, sales, and machining of precise, closed-die-forged products for automobiles, construction machinery, agricultural machinery, ships, other industrial machinery, and the creation of dies for hot forging and warm forging, and precise dies for cold forging
Asano Gear Co., Ltd.	Osaka Sayama, Osaka	324	Manufacture of precision gears, axles for car chassis front and rear, gear boxes, transmissions, and machine tools

Overseas Offices

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Kuntai International Mansion, Building 1,Yi No12 Chaowaistreet,
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