

ISUZU

ISUZU MOTORS LIMITED
ANNUAL REPORT 2016

Year ended March 31, 2016

**Actively
Driving Growth**



Corporate Statement

Trucks for life

ISUZU

Our Corporate Vision

Isuzu will always mean the best

A leader in transportation, commercial vehicles and diesel engines, supporting our customers and respecting the environment

Our Corporate Mission

Trust, Action, Excellence

A global team delivering inspired products and services committed to exceeding expectations

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Forward-Looking Statements

This annual report contains forward-looking statements about Isuzu Motors Limited's plans, strategies, beliefs and future performance. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industries in which Isuzu Motors Limited operates, and management's beliefs and assumptions. As the expectations, estimates, forecasts and projections are subject to a number of risks, uncertainties and assumptions, actual results may differ materially from those projected. Isuzu urges readers to exercise due diligence when making investment decisions.





Profile



Isuzu Motors Limited was founded in 1916, making it one of Japan's oldest automobile manufacturers.

In addition to the manufacture and sale of commercial vehicles (CV) and light commercial vehicles (LCV) including heavy-duty trucks and buses, light-duty trucks, and pickup trucks, core group businesses include the manufacture and sale of engine components and related businesses in Japan and overseas.

As well as manufacturing and assembling heavy-duty trucks and light-duty trucks at our Fujisawa Plant in Japan, we practice a local approach to production under which components supplied from the plant are assembled at affiliated plants worldwide.

Pickup trucks are produced in Thailand and exported worldwide. Engines, one of the Company's principal non-vehicle products, are produced in Japan, Asia and the United States.

In Japan, products are sold through domestic sales companies. Overseas, products are sold through Isuzu Group companies' sales networks, General Motors Group companies' sales networks, trading companies, and other partners.

Susumu Hosoi

Chairman and Representative Director

Masanori Katayama

President and Representative Director

1 Principal products

● Light- to heavy-duty trucks



● Buses



● Pickup trucks



● Industrial diesel engines



2 Features

- In Japan, Isuzu boasts No. 1 share in the light-duty truck market and No. 2 share in the medium- and heavy-duty truck markets. (CY 2015 actual results)
- Isuzu products are sold in well over 100 countries worldwide, and overseas sales account for more than 60% of our business.

Consolidated Financial Highlights

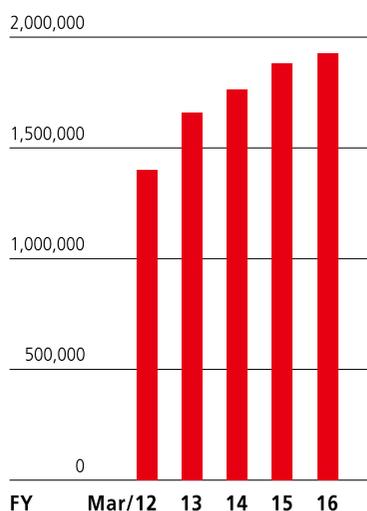
Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
For the Year:			
Net sales	¥ 1,926,967	¥ 1,879,442	\$ 17,101,233
Profit attributable to owners of parent	114,676	117,060	1,017,719
At Year-End:			
Total assets	¥ 1,809,270	¥ 1,801,918	\$ 16,056,710
Net assets	897,650	914,451	7,966,365

Per Share:	Yen		U.S. dollars
	2016	2015	2016
Profit attributable to owners of parent – primary	¥ 138.43	¥ 139.34	\$ 1.22

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥112.68 = US\$1; the approximate exchange rate prevailing on the Foreign Exchange Market on March 31, 2016.

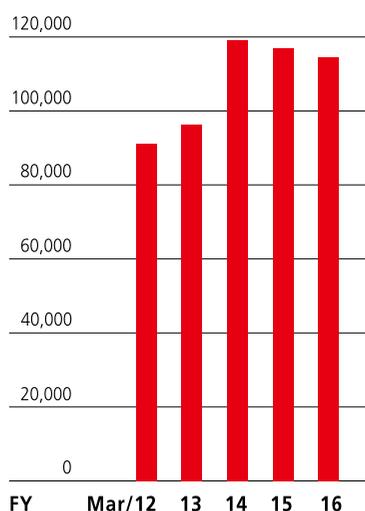
Net Sales

(Millions of yen)



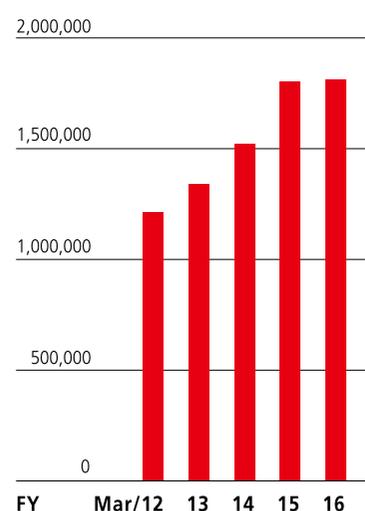
Profit Attributable to Owners of Parent

(Millions of yen)



Total Assets

(Millions of yen)





Major Press Releases

Business-related

July 29, 2015

Isuzu and SAF of Uzbekistan Sign a Share Acquisition Agreement

Isuzu held a signing ceremony to mark an agreement on the acquisition of shares in Samarkand Automobile Factory LLC. Uzbekistan is an important market for Isuzu, and one that is expected to develop in the future. The cooperation of the Uzbekistani government played an important role in Isuzu's decision to strengthen its relationship with SAF.

September 4, 2015

Isuzu, ITOCHU, Russian Machines and GAZ Group Conclude an MOU for a Strategic and Comprehensive Alliance

Isuzu has signed a memorandum of understanding to facilitate the development of strategic and comprehensive relationships between itself and Russian Machines, a Basic Element Group company responsible for cultivating and developing the group's machinery manufacturing business; the GAZ Group, Russia's largest commercial vehicle manufacturer; and ITOCHU Corporation.

Going forward, Isuzu will study the possibility of wide-ranging cooperation with its new partners, including vehicle production, sales, development, and supply of engines and other components for GAZ vehicles.

November 20, 2015

Isuzu Establishes an After-sales Service Support Company

Isuzu established Isuzu Global Service Corporation (IGSC) to strengthen its operational support business in line with its Mid-Term Business Plan, and the new company began operations.

IGSC will hire nationally-certified automotive technicians in the Philippines, help them master Japan's high level of service technology and expertise through classes and practical training that has been specially designed for Isuzu products, and also support after-sales service offered by dealers in a number of countries.

December 25, 2015

Isuzu Makes "SOLLERS ISUZU" a Consolidated Subsidiary

Isuzu has increased its stake in CJSC "SOLLERS ISUZU", which imports, manufactures, and distributes Isuzu commercial vehicles in Russia, to make the company a consolidated subsidiary.

The deal will allow Isuzu to exercise leadership in boosting its business in the Russian market, where the commercial vehicle segment is expected to grow. In doing so, Isuzu will enhance and increase its commercial vehicle brand, product portfolio, and sales.

February 16, 2016

Isuzu and UD Trucks Reach Basic Agreement on the Supply of Medium-duty Trucks

Isuzu and UD Trucks reached a basic agreement under which Isuzu will supply medium-duty trucks to UD Trucks for sale in the Japanese market in or around 2017.

April 27, 2016

Isuzu Motors India Holds Ceremony to Open its Manufacturing Plant in India

Isuzu Motors India, Isuzu's manufacturing and sales subsidiary in India, held a ceremony to open its newly completed light commercial vehicle (LCV) manufacturing plant.

Following its establishment in August 2012 to develop a new LCV business

in the fast-growing Indian market, Isuzu Motors India started importing and selling completely assembled pickup trucks and derivatives in March 2013. Now that the LCV manufacturing plant is ready for operation, the company is committed to further expanding and strengthening its local sales network and manufacturing organization in India, and developing fully-fledged business activities in the country.



Overview of Isuzu Motors India plant

Plaque Unveiling

May 27, 2016

Isuzu and Hino Agree to Develop Automated Systems: ITS technologies and Advanced Driver Assistance in Trucks and Buses

In the past, Isuzu and Hino have worked separately to popularize safety technologies, for example by actively incorporating driver assistance technology into the trucks and buses they manufacture. Now the two companies have entered into an agreement to jointly develop two technologies that will serve as the basis for the commercialization of automated driving systems: ITS (Intelligent Transport Systems), which facilitate communications between individual vehicles and between vehicles and roadways; and advanced driver assistance technologies, which facilitate automated steering and convoy-style driving. The partners are seeking to streamline the development process by adopting a joint approach.

Isuzu and Hino will contribute to the realization of a safe and secure transportation-oriented society by incorporating jointly developed ITS and advanced driver assistance technologies into their future trucks and buses, and by working to promote the widespread use of those technologies.

Product-related

November 10, 2015

Isuzu Announces Improvements to its Medium-duty FORWARD Truck

Isuzu has announced a series of improvements designed to enhance the safety of its FORWARD line of medium-duty trucks. Enhancements include augmenting the Lane Departure Warning System (LDWS) and Isuzu Electronic Stability Control (IESC) by equipping some models with newly available, optional pre-crash braking and millimeter-wave following-distance warning functions.

The newly available pre-crash braking and millimeter-wave following-distance warning functions combine millimeter-wave radar and a camera to provide high-precision detection capability. In addition, vehicles that are equipped with the pre-crash braking function also feature special meters and a steering wheel designed for superior visibility and operability to enable safe operation that doesn't impose a heavy workload on the driver.



Medium-duty truck FORWARD

At a Glance

CV/LCV: Actively driving leadership in growth markets worldwide

Isuzu Motors continues its drive to invest resources in building a manufacturing system centered on the ASEAN region, China, and India, actively work to expand sales in fast-growing emerging markets, and to maintain and streamline its businesses in developed markets.

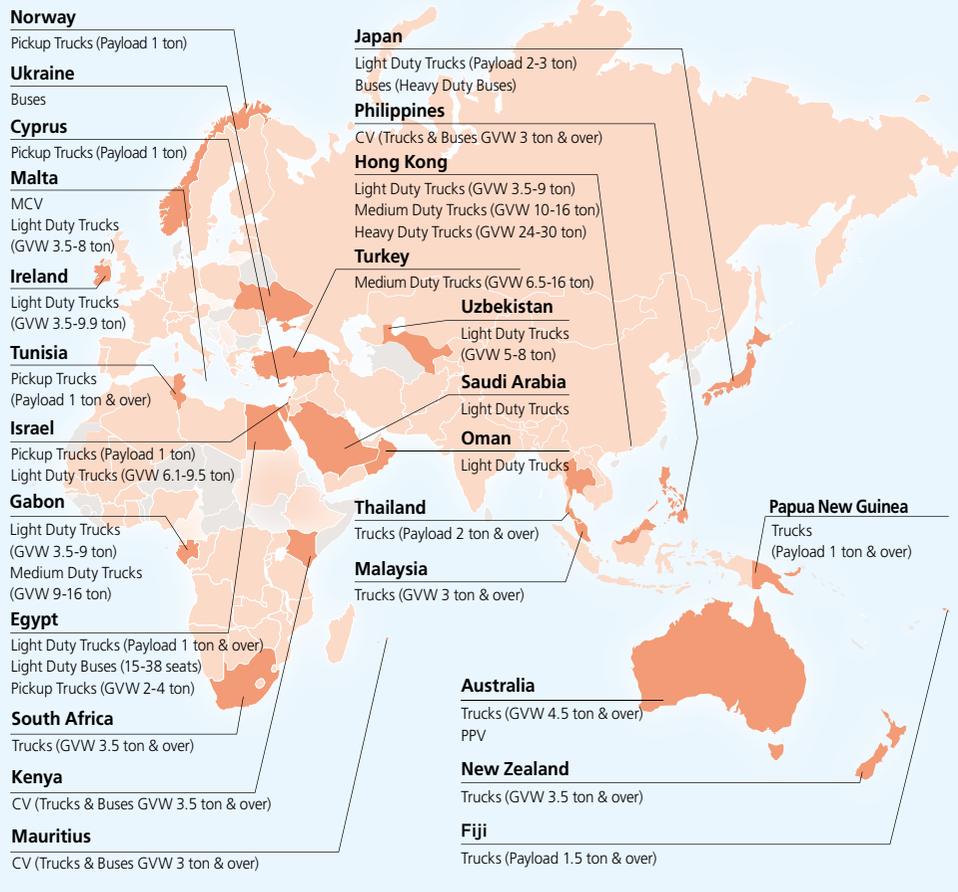
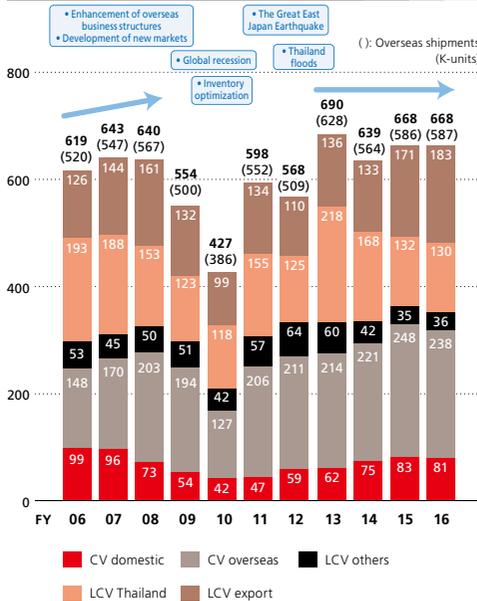
For the fiscal year ended March 31, 2016, demand grew in nearly all markets during the first half of the year, before softening starting in the second half in resource-producing and emerging nations in the face of major changes in the market environment. In contrast, demand remained steady from the first half into the second half in the developed markets of Japan, North America, and Australia as shipments of CVs and LCVs held steady at 668,000 units, close to the same levels as FY 2015. Exports of LCVs (pickup trucks and derivatives) from Thailand surged to a record high despite continued sluggishness in the Thai market.

No. 1 Market Share in 2015

(Based on sales figures compiled by Isuzu) Source: Isuzu Motors

Global CV/LCV Shipments

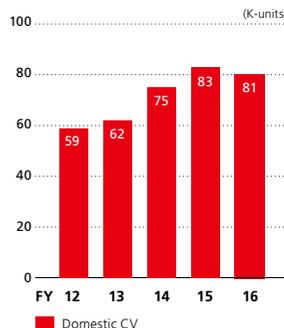
Finished vehicles, KD sets, and others



Japan

Despite firming demand for heavy-duty cargo trucks for use in distribution, shipments declined slightly during FY 2015 compared to the previous year, when shipments from Isuzu exceeded actual demand due to the need to accommodate rising demand levels. The Group has actively launched products with exceptional environmental and safety performance, including trucks and buses featuring next-generation, high-efficiency diesel engines with excellent environmental performance and world-class preventive safety technologies.

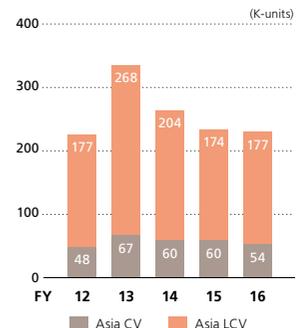
The Group achieved No. 1 share in the heavy-duty bus market for the first time in three years.



Asia

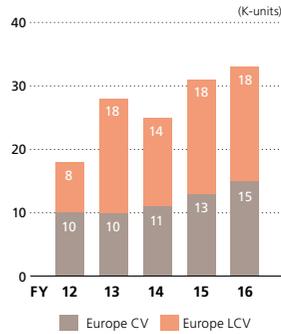
Shipments of CVs fell due primarily to shrinking demand in Indonesia. Shipments of LCVs rose thanks to the popularity of the new SUV mu-X in the Philippines.

Isuzu retained the No. 1 market share for CVs in Thailand, the Philippines, Malaysia, and other countries in the region.



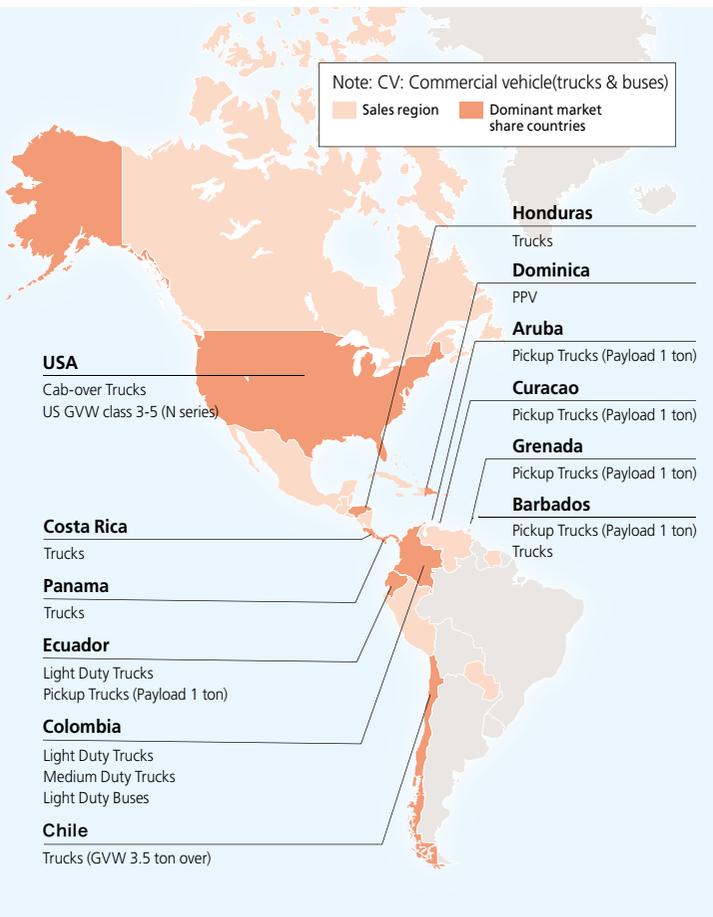
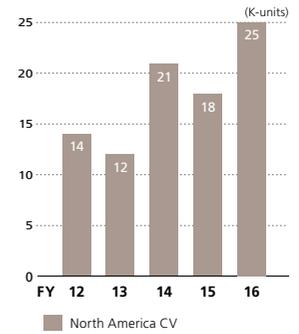
Europe

- Shipments of CVs rose in Western Europe. In Norway, Isuzu achieved No. 1 market share for the first time in the LCV market (payload of 1 ton).



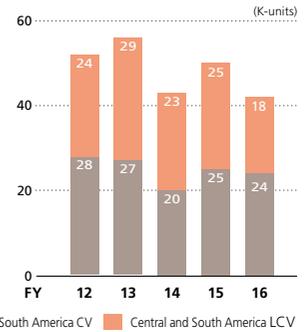
North America

- The market has firmed.
- Isuzu maintained high market share in the cab-over truck segment (classes 3 to 5). Isuzu has enjoyed No. 1 market share in this segment for 30 years running.



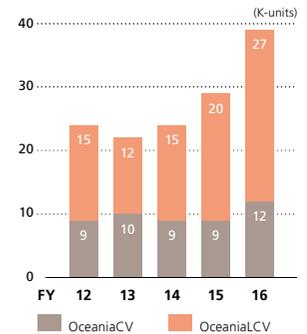
Central and South America

- Shipments fell due to the effects of an economic slowdown in oil-producing countries such as Colombia, where Isuzu maintained No. 1 market share in every class of light- and medium-duty truck.



Oceania

- Isuzu has enjoyed No. 1 market share for 27 straight years in the Australian CV market (GVW of 4.5 tons and over). In addition, LCV market share and shipments rose dramatically.

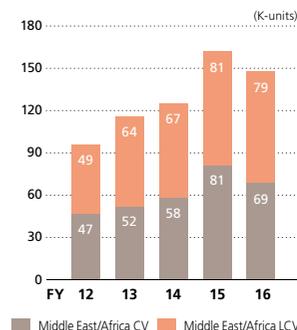


Middle East/Africa

- Although demand remained firm in the Middle East through the first half of the year, shipments declined as the market softened due to the effects of the falling price of crude oil. In Saudi Arabia, Isuzu continued to maintain dominant market share in the compact truck segment.
- In South Africa, Isuzu continued its

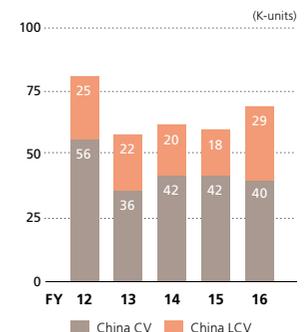


performance from the previous year by maintaining No. 1 market share for CVs with a GVW of 3.5 tons and over.



China

- Demand faltered in China due to the country's economic slowdown. Shipments of LCVs rose following the start of LCV production and sales by Jiangxi Isuzu Motors, a joint venture between Isuzu and a local Chinese company.



Message from the President

Actively Driving Growth

Steadily implementing our Mid-Term Business Plan and improving profitability

Financial results for FY2016

During the fiscal year ended March 2016, domestic vehicle sales volume for FY2016 fell 2,271 units (down 3.1%) from the previous year to 70,529 units. Overseas sales volume fell 924 units (down 0.2%) from the previous year to 437,567 units as strong sales in North America and other developed nations were offset by slowing sales in emerging markets and resource-producing countries.

Net sales rose ¥47.6 billion (up 2.5%) from the previous year to ¥1,927.0 billion on increased vehicle sales resulting from changes in the model lineup, and steady increases in after-sales business. This figure includes domestic sales of ¥693.1 billion (up 1.7%) and overseas sales of ¥1,233.8 billion (up 3.0%).

As a result of steady cost reductions and other efforts to

improve the bottom line, we were able to grow operating income to ¥171.6 billion (up 0.3%) despite increased investment in R&D and other growth strategy-related expenses. Ordinary income fell 0.4% to ¥186.7 billion, while profit attributable to owners of parent fell 2.0% to ¥114.7 billion.

FY2017 forecast

During the fiscal year ending March 2017, we expect firm demand to continue in developed markets in Japan, North America, and Australia, while uncertainty remains in emerging markets and resource-producing countries. Abrupt fluctuations in exchange rates will have an unavoidable impact on operations.

We will address our expectations concerning the business environment by continuing to make growth strategy-related





investments while working to improve profitability by boosting domestic sales, after-sales business and continuing efforts to improve our bottom line, for example by cutting costs and optimizing pricing.

As a result of the above, we expect net sales of ¥1,860.0 billion, operating income of ¥175.0 billion, ordinary income of ¥187.0 billion, and profit attributable to owners of parent of ¥115.0 billion in FY2017.

Mid-Term Business Plan (April 2015 to March 2018)

FY2017 is the second year of the Mid-Term Business Plan. Amid significant changes in the business environment in the years since the plan's formulation, we are working to steadily implement the measures and priorities it sets forth, in order to achieve growth and build partnerships by linking engineering, purchasing, and manufacturing operations with after-sales

support operations to minimize downtime.

Our mission at Isuzu Motors is to help enrich people's lives by reliably and unequivocally meeting expectations in Japan and around the world for commercial vehicles and diesel engines. To that end, we will continue to embrace the challenge of playing an essential role in people's lives worldwide.

As we actively drive growth to achieve these goals, we at Isuzu Motors look forward to your renewed understanding and support.

Masanori Katayama
President and Representative Director

GIGA heavy-duty truck undergoes first full redesign in 21 years

On October 28, 2015, Isuzu announced and launched the first fully redesigned GIGA heavy-duty truck in 21 years.

The new GIGA represents an evolution from the pursuit of single-vehicle performance to a true transport system that provides a new level of support for customer operations. It was engineered in response to issues such as labor shortages and the need to lower operating costs, as well as increasing demand for environmental friendliness and safety. Based on a careful examination of customer needs and Isuzu's own vision for next-generation trucks, Isuzu refined the model's performance from five perspectives: delivering a comfortable driving environment; pursuing improved fuel efficiency; pursuing comprehensive safety; ensuring high capacity; and offering remote support via telematics.

Five-star truck: The new GIGA

★ Delivering a comfortable driving environment Semi-round instrument panel combines a spacious design with ease-of-use

Giving the instrument panel a semi-round shape creates a roomy driving space notable for ease-of-use. Switches and equipment that are easier to see and operate contribute to safe driving, while helping to reduce driver fatigue. The DIN space was modified to accommodate 7 standard-sized components, as well as dramatically improve the ease with which equipment can be installed. The state-of-the-art cockpit is the result of a meticulous analysis of the movements of drivers of large trucks while driving, and a similarly rigorous study of how best to design the space.



GIGA interior

★ Pursuing fuel efficiency Delivering exceptional aerodynamic performance with a form optimized for a van body

The width of the front of the cab has been limited and airflows refined so that air flows around the vehicle's corners. In addition, the adoption of a streamlined shape helps lower drag as air flows toward the sides of the rear body. This design contributes to exceptional aerodynamic performance and improved fuel economy. A front grille with a large opening boosts engine cooling without sacrificing aerodynamic performance.

Improved Engine Combustion Performance

Every facet of the engine was redesigned, from the supercharger to cooling to the fuel injection systems, to boost low-speed torque and combustion efficiency while enhancing combustion performance, which is the key to fuel-efficient operation.

ECON Mode

Thanks to Smart Shift Control, Smart Acceleration Control, and Smart Glide Control, in standard ECON mode the advanced Smoother-Gx automated manual transmission implements fuel-efficient automatic shifting that makes extensive use of the engine's low-fuel-consumption operating range.

Smart Shift Control

The Smart Shift Control automatic shifting control system has been engineered to deliver both drivability and fuel efficiency. It automatically selects the optimal drive gear based on the road gradient and vehicle load to ensure fuel-efficient operation without sacrificing driving feel.

Smart Acceleration Control

Smart Acceleration Control is designed to save fuel by automatically controlling excess torque and acceleration while driving on level roads. Automatic control extends to vehicle acceleration while driving in the top gear to limit acceleration while empty or lightly loaded, so that it more closely tracks performance while loaded.

Smart Glide Control

When the system determines that it is possible to operate at a low level of fuel consumption by taking advantage of the vehicle's inertia while cruising at a constant speed, for example on downhill gradients, Smart Glide Control automatically changes the gear to neutral to limit unnecessary fuel consumption.

Eco Stop

Eco Stop automatically stops the engine while the vehicle is stopped, for example when waiting at traffic lights. In this way, it reduces wasteful fuel consumption by eliminating unnecessary idling.



★ Pursuing comprehensive safety

Pre-crash braking (collision avoidance/collision damage reduction)

The new GIGA's millimeter wave radar and a camera constantly scan and analyze the area in front of the vehicle while driving. The driver is automatically alerted, and braking control automatically applied, as the distance to the vehicle ahead closes to a dangerous level. If the risk of a collision increases due to a slow vehicle ahead, the system alerts the driver and quickly applies full braking to help avoid a collision. If a collision is deemed to be unavoidable, the system automatically engages the brakes to reduce the speed of the collision and thereby lessen damage.

Lane Departure Warning System (LDWS)

The new GIGA's Lane Departure Warning System (LDWS) uses a camera to detect the white lane markers to the left and right of the vehicle's path of travel, and warns the driver if the vehicle is about to depart the lane with both an audible alert from the left or right speaker, and a warning shown on the multi-information display.

Isuzu Electronic Stability Control (IESC)

Isuzu Electronic Stability Control (IESC) detects driver inputs and vehicle behavior with sensors, and alerts the driver if it detects an unstable vehicle attitude that might develop into a skid or rollover. The engine brake is automatically engaged at the same time to help limit the risk of an accident.

★ Ensuring high cargo capacity

Minimizing weight increases created by changes during the full redesign.

★ Remote monitoring via telematics

The new GIGA comes standard with MIMAMORI, a system for remotely analyzing vehicle data in a way that combines telematics with the Internet. MIMAMORI not only provides a variety of useful services to ensure legal compliance and encourage environmentally friendly driving practices, but also enables customers to easily check on the vehicle's condition via the Internet, a capability that is not possible with

conventional trucks.

PREISM, an advanced genuine maintenance service that utilizes vehicle data obtained in advance from MIMAMORI, provides robust backup to help customers ensure their fleets operate in a stable manner, in the form of high-quality maintenance that only an authorized dealer can offer.

Launch of the new GIGA CNG heavy-duty truck

In the past, Isuzu has offered various light- and medium-duty trucks and buses powered by compressed natural gas (CNG) for use in short-distance transport applications in urban settings. On December 24, 2015, we launched a new CNG-powered heavy-duty truck that is capable of long-distance transport (i.e., capable of driving between Tokyo and Osaka on a single refuel of its CNG gas tanks.

The diversification of fuel sources not only contributes to energy security, but also lowers the CO₂ emissions from inter-city trucking. It helps to reduce the environmental impact of operations thanks to the unique environmental performance of CNG vehicles, which are characterized by lower NO_x emissions and close to nonexistent levels of PM emissions.



ERGA heavy-duty bus undergoes first full redesign in 15 years

On August 18, 2015, Isuzu announced and launched the first fully redesigned ERGA heavy-duty bus in 15 years.



Putting smiles on users' faces with ERGA

Barrier-free universal design

Isuzu improved safety around priority seats by orienting them so that they face forward, and adding new handrails. We also added inverted ramps to simplify and speed wheelchair access, and new retractable belts for securing wheelchairs in place to make that process less labor-intensive.

The fuel tank was moved to the upper portion of the left front wheel well to facilitate a flat floor in the interior. This design change allows the priority seats to be oriented so that they face forward and increases the size of the non-step area. As an additional benefit, the vehicle can hold more passengers.



Inside overall view



Inverted ramp

Exterior

Lengthening ERGA's wheelbase without changing its overall length enabled an increase in the size of the non-step area. In addition, shorter front and rear overhangs and accompanying increases in approach and departure angles give the vehicle an ability to negotiate abrupt gradient changes such as steep ramps that is on par with that of a one-step vehicle.

To increase interior height, the ERGA's total height is higher than current non-step models but lower than current one-step models. The result is a bus with a comfortable interior as well as excellent ability to negotiate grade changes.

A new 11.1 m class model is also available for use in high-capacity applications. This model offers a non-step area of unprecedented size.

Engine

The ERGA uses a lightweight, compact 250 hp 4HK1-TCS diesel engine fitted with a two-stage turbo that improves fuel efficiency by bringing the benefits of high-efficiency turbocharging to the entire RPM range.

It also uses a diesel particulate diffuser (DPD) and urea selective catalytic reduction (SCR) to treat emissions.

The ERGA's fuel efficiency exceeds the 2015 heavy-vehicle fuel efficiency standard for vehicles weighing more than 14 tons equipped with an automated manual transmission by 10%, and the standard for vehicles weighing more than 14 tons equipped with an automatic transmission by 5%. The ERGA also qualifies as an Outstanding Low-emissions Vehicle under the 2009 standard adopted by a certification program for low-pollution vehicles endorsed by nine Japanese prefectures and cities.

Refinements to the body structure and adoption of a lower-displacement engine save about 600 kg in overall vehicle weight, while further improving fuel efficiency.

Transmissions

The ERGA is available with either an automated manual transmission (AMT) or an automatic transmission (AT). The AMT preserves manual shifting but eliminates the need to operate a clutch, allowing the vehicle to be driven using just the accelerator and brake pedals. It can also creep forward like an AT. This design enables the bus to be operated by drivers of any age or gender, even those with little driving experience.

Prognosis functionality was added to the control panel for AT-equipped vehicles. This function monitors the condition of the oil and filter, and activates a service indicator to alert the driver at the optimal time to change the oil.

D-MAX pickup truck undergoes redesign in Thailand

On November 13, 2015, Isuzu announced and launched a redesigned D-MAX pickup truck in Thailand.

The new D-MAX is available with either a 1.9- or 3.0-liter engine. The 1.9-liter engine in particular offers a significant improvement in fuel efficiency compared to the 2.5-liter engine used in the previous model. The new models also feature new exterior and interior designs.



A reliable pickup with truck DNA

Exterior

- Design based on the concept of “strong, emotional, and sporty”
- New front design elements including the grille and headlamps
- Newly designed wheels and rear tailgate
- Superior power and speed compared to previous versions
- Excellent fuel efficiency and quietness thanks to a sophisticated aerodynamic design
- Two new exterior colors: Iceberg Silver and Quartz Brazilian

Interior

- Modern design that advances the universal design concept to a new level, along with convenience and comfort
- New leather seats in black are more luxurious than the previous brown
- Meter cluster featuring a “3D shape point” design for additional clarity and sportiness, larger color multi-information display
- Upgrade from exciters to in-roof speakers

Navigation and infotainment

- Isuzu Connect World, a specially designed app that connects the driver, vehicle, and world
- System that pairs with smartphones in the vehicle and provides entertainment media
- More advanced version of Isuzu Insight, which encourages fuel-efficient driving and allows results to be viewed on a smartphone

New engine

- Name: Isuzu 1.9Ddi Blue Power Engine
- Model: RZ4E-TC
- Displacement: 1,989 cc (1.9 L)
- Maximum horsepower: 150 hp
- Maximum torque: 350 Nm

Development concept:
The Power of Less

1.9/3.0 Ddi
BLUEPOWER

New D-MAX (new engine development concept) **The Power of Less**

- ▼ Less Weight
- ▼ Less Friction
- ▼ Less Noise
- ▼ Less CO₂
- ▼ Less Maintenance
- ▲ More Power
- ▲ More Torque
- ▲ More Durability
- ▲ More Fuel Efficiency
- ▲ More Environmental Friendliness

(comparison of new and previous engines)

- Horsepower **10% up**
- Torque **9% up**
- Weight **20% down**
- Fuel Efficiency **19% up**



Durability

- Engine test bench: 30,000 hours
 - Road testing: 1,400,000 km
 - Bangkok-Urumqi non-stop durability test: 5,755 km
- The new engine has passed numerous tests to confirm its durability.

Emissions

- Lowest CO₂ emissions in its class at 161 g/km
- Also complies with the future Euro6 standard

CSR *Corporate Social Responsibility*

CSR activities

Through Isuzu’s CSR activities, aimed at implementing Isuzu’s corporate vision, Isuzu contributes to sustainable development of our society fulfilling corporate social responsibilities and winning trust from society.

CSR policies

In order to achieve sustainable development together with society, it is important for Isuzu to fulfill Isuzu’s corporate social responsibilities and implement our Corporate Vision while establishing credible relationship with the stakeholders.

Isuzu has defined Isuzu Motors CSR activities as activities by all

employees that aim at implementing Isuzu’s Corporate Vision through their actions upon understanding the above.

Isuzu will fulfill corporate social responsibilities and win trust from the community and contribute to the sustainable development of our society through our CSR activities.

■ Isuzu CSR activities



The policy of activities

- | | | |
|---|---|---|
| 1 | Winning trust from our customers | Isuzu aims to win trust from our customers by providing meaningful products and services to society, and thus contribute to the creation of a prosperous society. |
| 2 | Promoting fair and reasonable business | Isuzu business is based on transactions under fair and free competition. Isuzu also keeps sound and proper relationships with the government and politicians, and as a corporate citizenship, acts strongly against anti-social forces and organizations. |
| 3 | Ensuring appropriate disclosure of corporate information | Isuzu broadly communicates with our stakeholders in society (not limited to shareholders), and ensures timely, appropriate and fair disclosure of our corporate information. |
| 4 | Showing respect for employees | Isuzu creates a safe and comfortable work environment respecting each employee's personality and character so that everyone can fully demonstrate his/her capabilities. |
| 5 | Making a contribution to preserving our environment | Isuzu actively works on environmental protection not only through our business activities but also as a corporate citizen residing on earth by involving ourselves with social and regional environmental conservation activities. |
| 6 | Contributing to society | Isuzu proactively undertakes social contribution activities as a good corporate citizen. |
| 7 | Ensuring harmony with international and regional communities | Isuzu respects the cultures and customs of nations and regions we are involved in, and contributes to their development through our business activities. |

Corporate Governance

Striving to ensure integrity, compliance and transparency in management

Isuzu is striving to strengthen corporate governance structures to ensure its ability to earn the trust of all stakeholders.

Basic approach to corporate governance

The Company believes that the establishment of corporate governance structures that provide a framework for discipline is indispensable to its ability to generate consistent profits and enhance corporate value through its business activities.

Recognizing that the primary purpose of corporate governance is to respect the positions of stakeholders and build smooth relationships, the Company endeavors to ensure fairness and transparency in its corporate affairs through the timely and appropriate disclosure of important information. In particular, the Company understands that implementing internal controls and maintaining an environment that protects the rights and interests of shareholders, while assuring equality among them, is an important element of corporate governance.

Furthermore, to this end the Company considers it essential that the Board of Directors and Audit Committee, which are tasked with supervision of the Company's management, function adequately and fulfill their duty of accountability toward shareholders.

Overview of Isuzu's corporate governance structures

The Company has established a Board of Directors and an Audit Committee as internal bodies to oversee and audit important management decisions.

To speed up managerial decision-making and business operations, Isuzu has set up a Management Meeting that meets every other week as a rule to examine and make decisions on critical management concerns, in accordance with resolutions of the Board of Directors.

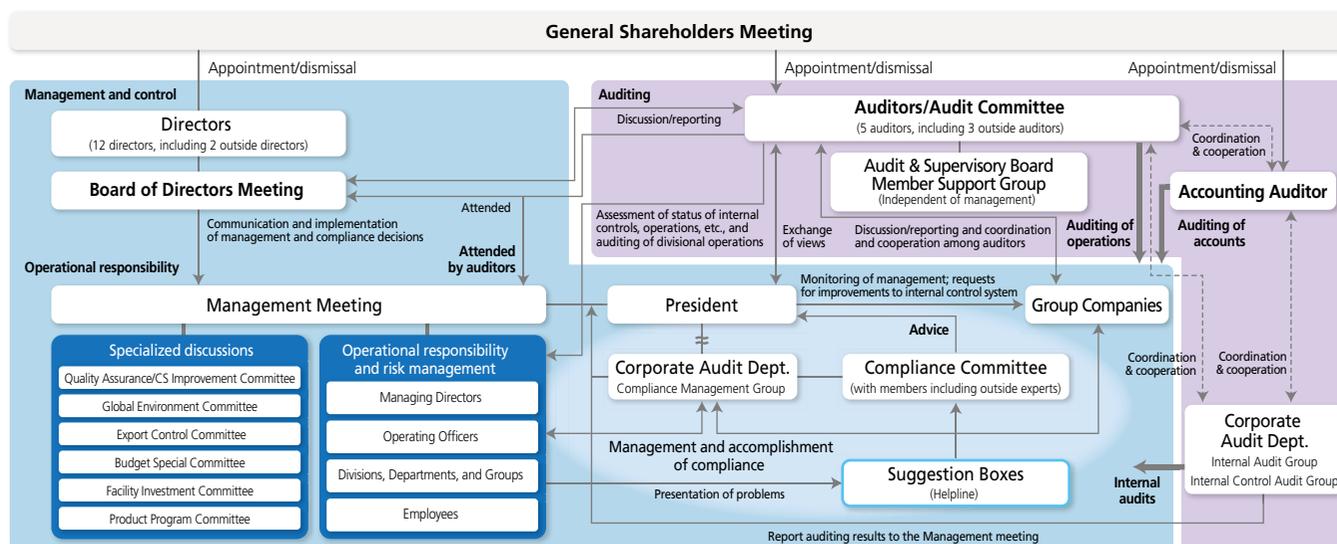
Furthermore, the Company has created various committees that report to the Management Meeting in order to streamline discussion of issues in various specialized areas.

In addition, we have introduced an executive officer system for properly supporting our directors' business operations.

In addition to attending Board of Directors meetings and other important meetings, auditors solicit reports from directors and other leaders concerning the execution of their responsibilities, review important decision-making documents and other materials, investigate operational and financial conditions at the head office and major worksites, request reports from subsidiaries as needed, and audit Company operations.

We have appointed two outside directors (part-time) and three outside auditors (of whom one is full-time). There is nothing noteworthy to report with regard to the personal relationships of these outside officers and the company, associated transactions, or other interests. With regard to capital relationships, some officers own Company shares, but nothing of noteworthy importance was found.

Overview of Internal Structures Related to Isuzu's Internal Control System



Executive Compensation

The Company's directors receive compensation packages that have been finalized by the Board of Directors within the range of figures approved by the General Shareholders Meeting while taking into account factors such as levels of compensation at other companies and the Company's business performance. The amount of compensation received by each director reflects his or her position, as well as the performance of the Company and the individual in question.

The Company's auditors receive compensation packages that have been finalized by mutual consultations among auditors within the range of figures approved by the General Shareholders Meeting, while taking into account factors such as levels of compensation at other companies and the Company's business performance.

Board of Directors



Susumu Hosoi
Chairman and Representative
Director



Masanori Katayama
President and Representative
Director



Takao Shiomi
Executive Vice President and
Director



Kuniharu Nakagawa
Director of the Board and
Managing Executive Officer



Makoto Kawahara
Director of the Board and
Managing Executive Officer



Yoshifumi Komura
Director of the Board and
Managing Executive Officer



Kazuhiko Ito
Director of the Board and
Managing Executive Officer



Hiroshi Nakagawa
Director of the Board and
Managing Executive Officer



Jun Motoki
Director of the Board and
Senior Executive Officer



Yukio Narimatsu
Director of the Board



Kazuhiro Mori
Director of the Board



Hiroyuki Maekawa
Director of the Board

Managing Executive Officer
Senior Executive Officers

Toru Nakata
Toshihiro Uehara
Hiroyoshi Sakai
Keiichiro Maegaki
Shigeo Tsuzuki
Shinichi Takahashi
Etsuo Yamamoto
Ichiro Murato
Yuzo Kato
Takashi Odaira
Masanori Ota
Takashi Kikuchi
Yuichiro Takahashi

Executive Officers

Koichi Seto
Satoshi Yamaguchi
Shinsuke Minami
Hisao Sasaki
Tetsuo Tsuzaki
Koichi Sakamoto
Kazuya Igeta
Haruyasu Tanishige
Satoru Fujikura
Hajime Wakuda
Eisuke Ota
Tetsuya Ikemoto
Yoichi Masuda

**Standing Audit &
Supervisory Board
Members**

**Audit &
Supervisory Board
Members**

Chikao Mitsuzaki
Fumihide Kumazawa
Tetsuhiko Shindo
Yasuharu Nagashima
Tadashi Takahashi

(As of June 29, 2016)

Financial Section



ISUZU MOTORS LIMITED

Annual Report 2016

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Consolidated Five-Year Summary

	Millions of yen					Thousands of U.S. dollars
	2016	2015	2014	2013	2012	2016
For the Year:						
Net sales	¥ 1,926,967	¥1,879,442	¥1,760,858	¥1,655,588	¥1,400,074	\$ 17,101,233
Cost of sales	1,574,885	1,543,661	1,441,483	1,400,877	1,189,109	13,976,619
Gross profit	352,081	335,780	319,374	254,710	210,964	3,124,614
Selling, general and administrative expenses	180,522	164,669	145,125	123,927	113,591	1,602,078
Operating income	171,559	171,111	174,249	130,783	97,373	1,522,535
Profit before extraordinary items	186,690	187,411	186,620	141,719	102,893	1,656,815
Profit before income taxes	186,379	184,251	188,448	138,213	101,881	1,654,058
Profit attributable to owners of parent	114,676	117,060	119,316	96,537	91,256	1,017,719
At Year-End:						
Total assets	¥ 1,809,270	¥1,801,918	¥1,521,757	¥1,340,822	¥1,213,402	\$ 16,056,710
Net assets	897,650	914,451	768,953	620,959	479,644	7,966,365

Non-Consolidated Five-Year Summary

	Millions of yen					Thousands of U.S. dollars
	2016	2015	2014	2013	2012	2016
For the Year:						
Net sales	¥ 1,076,360	¥ 1,060,028	¥ 986,822	¥ 967,489	¥ 943,656	\$ 9,552,364
Cost of sales	914,721	895,517	824,606	814,986	800,826	8,117,870
Gross profit	161,638	164,510	162,215	152,502	142,829	1,434,494
Selling, general and administrative expenses	97,334	98,616	88,603	80,614	76,722	863,810
Operating income	64,304	65,893	73,612	71,888	66,106	570,684
Income before extraordinary items	108,624	78,931	79,358	76,603	73,615	964,007
Income before income taxes	107,554	78,131	79,748	78,815	72,187	954,516
Net income	91,905	67,070	56,543	53,689	79,029	815,635
At Year-End:						
Total assets	¥ 965,977	¥ 936,803	¥ 848,411	¥ 841,816	¥ 836,916	\$ 8,572,746
Net assets	475,388	468,720	438,677	400,589	356,397	4,218,926

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥112.68 = US\$1; the approximate exchange rate prevailing on the Foreign Exchange Market on March 31, 2016.

Management's Discussion and Analysis of Financial Condition and Results of Operation

The following provides an analysis of the financial condition and results of operation in fiscal 2016. The following information contains forward-looking statements that reflect the judgment of management as of June 29, 2016.

(1) Significant accounting policies and estimates

The consolidated financial statements of the Isuzu Group are prepared in accordance with generally accepted accounting principles of Japan. In the preparation of these statements, the amounts recorded for items including allowance for doubtful accounts, inventory, investments, income taxes, retirement benefits, and provision for product warranties are estimates that reflect the judgment of management. Due to the uncertain nature of estimates, in some cases actual results may vary from initial estimates, and this may have a negative impact on business results.

(2) Results of operations

1. Overview of fiscal 2016

The Company posted sales of ¥1,926.9 billion (up 2.5% from the previous year), operating income of ¥171.5 billion (up 0.3% from the previous year), ordinary income of ¥186.6 billion (down 0.4% from the previous year), and profit attributable to owners of parent of ¥114.6 billion (down 2.0% from the previous year).

2. Net Sales

In fiscal 2016, Isuzu's consolidated-basis sales rose 2.5% from the previous year to ¥1,926.9 billion.

In the domestic commercial vehicle market, Isuzu maintained its high market share through the introduction of products with superior fuel efficiency and economy, capturing 33.4% of the medium-duty and heavy-duty truck markets (down 1.1 points from the previous year) and 39.2% of the light-duty (2-3 ton) truck market (down 1.4 point from the previous year). Demand for medium- and heavy-duty trucks rose to 88,263 (up 0.7% from the previous year) and demand for light-duty trucks rose to 98,161 (up 1.7% from the previous year) due in part to brisk replacement demand and economic stimulus measures put in place by the national government. As a result, domestic sales rose to ¥693.1 billion (up 1.7% from the previous year).

Sales in Asia rose 3.2% from the previous year to ¥541.4 billion. Although the market environment in Thailand remained sluggish, the Group continued to maintain its high share with 33% of the Thai market.

North American sales rose 12.2% from the previous year to ¥141.2 billion, reflecting local promotional measures as well as growth in total demand due to robust economic conditions in the region.

Sales to other regions grew 0.7% to ¥551.0 billion, reflecting increased sales, particularly in Oceania, Europe, and other regions.

3. Operating income

Operating income in fiscal 2016 was ¥171.5 billion, up 0.3% from a year earlier.

Cost reduction activities and exchange rate fluctuations caused by the weakness of the yen contributed ¥21.0 billion and ¥7.5 billion, respectively, while economic fluctuations added ¥7.3 billion.

Offsetting these were factors including ¥25.1 billion in growth strategy-related investments, ¥6.1 billion in increased costs associated with growth in sales, and ¥4.1 billion in sales and model mix fluctuations.

As a result, Isuzu's operating margin fell to 8.9%, compared to 9.1% for the previous year.

4. Non-operating gains/losses

In fiscal 2016, Isuzu posted a non-operating gain of ¥15.1 billion, a decrease of ¥1.1 billion from the previous year.

Equity-method investment income fell ¥500 million from the previous year to ¥9.1 billion.

A drop in interest and dividends earned spurred an increase in net interest (interest and dividends earned minus interest expenses) of ¥3.2 billion, a deterioration of ¥700 million compared to the previous year. This increase was augmented by a foreign exchange gain of ¥2.6 billion, a decrease of ¥1.3 billion from the previous year. At the same time, payments made in connection with legal settlements fell ¥1.0 billion.

5. Extraordinary gains/losses

In fiscal 2015, Isuzu posted an extraordinary loss of ¥3.1 billion, reflecting extraordinary losses including loss on the disposal of noncurrent assets and impairment loss, and extraordinary income including gain on sale of noncurrent assets and gain on sales of subsidiaries' stock.

In fiscal 2016, Isuzu posted an extraordinary loss of ¥300 million, an improvement of ¥2.8 billion from the previous year. Key factors reflect extraordinary losses, including loss on disposal of noncurrent assets and impairment loss, and extraordinary income, including gain on sale of noncurrent assets and loss on step acquisitions.

6. Taxes

Isuzu's net tax expense in fiscal 2015 including current income taxes and deferred income taxes was ¥44.2 billion. In fiscal 2016, the net tax expense was ¥50.0 billion.

7. Non-controlling interests

Non-controlling interests consist primarily of profits returned to the non-controlling shareholders of Isuzu's locally incorporated subsidiaries in the ASEAN region, China, and North America, and its Japanese parts manufacturers. Non-controlling interests in fiscal 2016 decreased to ¥21.6 billion, compared to ¥22.9 billion in fiscal 2015.

8. Profit attributable to owners of parent

The Group posted a profit attributable to owners of parent of ¥114.6 billion in fiscal 2016, a decline of ¥2.3 billion from the previous year. Profit attributable to owners of parent per share came to ¥138.43.

(3) Financial conditions

1. Cash flow

Isuzu generated cash and cash equivalents ("net cash") of ¥259.2 billion in fiscal 2016, down ¥46.2 billion from the previous year. Net

cash of ¥132.9 billion provided by operating activities offset net cash of ¥96.7 billion used in investing activities and net cash of ¥66.6 billion used in financing activities.

Free cash flow, calculated by subtracting cash flow provided by investing activities from cash flow provided by operating activities, resulted in a net cash inflow of ¥36.2 billion (down 33.2% from the previous year).

Cash flow from operating activities

Cash flow from operating activities declined 12.3% from the previous year to ¥132.9 billion.

Net cash outflows of ¥17.3 billion due to increases in receivables, ¥26.6 billion due to increases in inventory, ¥20.5 billion for lease receivables and lease investment assets, and ¥53.4 billion for income tax and other payments offset net cash inflows of ¥186.3 billion from the effects of accounting for profit before income taxes and majority interests and ¥58.6 billion from depreciation and amortization.

Cash flow from investing activities

Net cash used in investing activities decreased 0.6% to ¥96.7 billion due primarily to an increase of ¥106.2 billion in expenditures associated with the purchase of fixed assets.

Cash flow from financing activities

Net cash used in financing activities totaled ¥66.6 billion (compared to ¥14.5 billion provided by financing activities during the previous year).

Net cash outflows of ¥53.3 billion for repayment of long-term debt, ¥26.6 billion for payment of dividends, ¥49.5 billion for payments to acquire treasury stock, and ¥22.7 billion for payments of dividends to non-controlling interests offset net cash inflows of ¥88.0 billion from long-term borrowing.

2. Assets

As of March 31, 2016, combined consolidated assets totaled ¥1,809.2 billion, an increase of ¥7.3 billion from the previous year.

While cash and time deposits and investment securities fell ¥54.0 billion and ¥11.5 billion, respectively, lease receivables and lease investment assets rose ¥20.5 billion; inventory, ¥16.0 billion; property, plant and equipment, ¥26.6 billion; and deferred tax assets, ¥6.9 billion.

3. Liabilities

Total liabilities at March 31, 2016, increased ¥24.1 billion from the previous year to ¥911.6 billion.

Principal factors in the change were an increase of ¥30.9 billion in interest-bearing debt and a decrease of ¥3.4 billion in notes and accounts payable.

4. Net assets

Net assets decreased ¥16.8 billion in fiscal 2015 to ¥897.6 billion.

Principal factors offsetting profit attributable to owners of parent of ¥114.6 billion included ¥26.6 billion in retained earnings associated with dividends, ¥49.5 billion in acquisition of treasury stock, ¥32.2 billion in foreign currency translation adjustments, and ¥13.6 billion in non-controlling interests.

As a result, Isuzu's equity ratio decreased 0.4 points from a year earlier to 41.5%.

Risks

There are certain risks that could have a significant impact on our earnings results, financial condition, and other information contained in the annual securities report, or share prices, and these risks are outlined below. (The following information includes forward-looking statements that reflect the judgment of management as of June 29, 2016).

1. Economic situation/supply and demand trends in Isuzu's major markets

Vehicles account for an important portion of the Isuzu Group's worldwide operating revenue, and demand for these vehicles is affected by the economic situation in the various countries and regions where Isuzu sells vehicles. Therefore, economic recession and an ensuing decline in demand in the Group's major markets could have a negative impact on the Group's performance and financial position. Price competition also entails the risk of price fluctuation for Isuzu products.

2. Interest rate fluctuations

The Isuzu Group is constantly working to tighten its cash flow management. Concerning the cost of financing, the Group remains vulnerable to the risk of higher interest payments having a negative impact on its performance and financial position should market rates rise sharply.

3. Foreign exchange fluctuations

The business of the Isuzu Group includes the manufacture and sale of products in several regions around the world. Local currency amounts for sales, expenses, assets, debt, and other items are therefore converted into Japanese yen in the preparation of Isuzu's consolidated financial statements. Depending on the exchange rate in effect at the time of conversion, the yen amount for these items may change even if the underlying currency value has not changed. Moreover, because exchange rate fluctuations influence the prices paid by the Group for raw materials denominated in foreign currencies as well as the pricing of the products the Group sells, they may have a negative impact on the Group's performance and financial position.

4. Dependence on major customers

The Isuzu Group supplies its products in the form of vehicles and vehicle components to large customers including Tri Petch Isuzu Sales Co., Ltd., (Bangkok, Thailand) as well as General Motors Corporation (Detroit, MI) and its affiliates. Sales to these customers are affected by fluctuations in production and sales at these customer companies and other factors over which the Isuzu Group has no control, and therefore they could have a negative impact on the Group's performance and financial position.

5. Suppliers and other providers of parts, materials, etc.

The Isuzu Group sources the raw materials, components, and products required for production from outside suppliers. Should supply-demand conditions significantly exceed suppliers' capacity, or should that capacity be dramatically reduced due to an accident or

other unforeseen contingency affecting supplier facilities, it is possible that Isuzu may be unable to source these items in sufficient volume. Shortages or delays in the supply of parts and other materials could have a negative impact on the Group's performance and financial position. It is also possible that a tight supply-demand situation would result in price increases for raw materials and other supplies, which could also have a negative impact on the Group's performance and financial position by triggering rising costs if the increases cannot be absorbed internally, for example through improved productivity, or passed on to sales prices.

6. Research and development

The business environment in which the Isuzu Group operates is expected to reflect intensifying competition and the diversification of product needs among individual markets. In order to prosper in this type of environment while pursuing a manufacturing business that supports transport, it will be essential for the Group to undertake research and development initiatives that supply advanced technologies and products based on a precise understanding of market needs. However, failure or delay in achieving the required level of technological sophistication or assessing market needs properly could have a negative impact on the Group's performance and financial position.

7. Product defects

At its plants both inside and outside Japan, the Isuzu Group manufactures products according to the strictest globally accepted quality control standards. However, in the unusual event of a large-scale recall or product liability award (the Group is covered by product liability insurance, but in the case of costs exceeding insurance coverage), there could be a negative impact on the Group's performance and financial position.

8. Joint ventures

The Isuzu Group engages in business in some countries in the form of joint ventures due to legal and other requirements in those countries. Changes in the management policy, operating environment, etc., of these joint ventures could affect their performance, which could in turn produce a negative impact on the Group's performance and financial position.

9. Disasters, power outages, and other interruptions

Although the Isuzu Group regularly conducts disaster prevention inspections and facilities examinations at all sites in order to minimize the potential of a negative impact due to an interruption in the manufacturing process, it may not be possible to completely eliminate or minimize the impact that would arise from a disaster, power outage, or other interruption.

Additionally, a new H1N1 virus or other infectious disease pandemic could pose significant obstacles to the Group's production and sales activities.

10. Securities investments

The Isuzu Group invests in securities to produce, sell, and distribute its products as well as to build and maintain good relationships with its business partners. For marketable securities, a downturn in share

prices could have a negative impact on the Group's performance and financial position. In addition, if the financial condition of the companies in which Isuzu has invested, including through non-marketable securities, were to deteriorate due to factors such as a worsening business environment, this could have a negative impact on the Group's performance and financial position.

11. Fluctuations in accounting estimates

The Company develops "liabilities associated with retirement benefits," "deferred tax assets," and other estimates as necessary in compiling its consolidated financial statements in line with rational standards. However, due to the uncertain nature of estimates, actual results may vary from estimated amounts, and this could have a negative impact on the Group's performance and financial position.

12. Potential risks associated with international activities and foreign ventures

The Isuzu Group conducts its manufacturing and marketing activities in a broad range of overseas markets in addition to the Japanese domestic market. The following risks are inherent in such overseas business development and could have a negative impact on the Group's performance and financial position:

- Unfavorable changes in the political or business climate
- Difficulties in recruiting and retaining personnel
- Inadequate technological infrastructure could have a negative impact on the Group's manufacturing activities or its customers' support of its products and services
- Potential negative tax consequences
- Social unrest stemming from terrorism, war, natural disasters or other factors

13. Limits on intellectual property protection

The Isuzu Group has accumulated technology and expertise that differentiate it from its rivals; however, in certain regions due to legal restrictions the Group is unable to fully protect, or can only partly protect, its proprietary technology and expertise through intellectual property rights. As a result, the Group may be unable to effectively prevent third parties from using its intellectual property to make similar products.

14. Legal requirements

The Isuzu Group is subject to various government regulations in the countries in which it does business, such as business and investment approvals, statutes related to national security, tariffs, and other import and export regulations. The Group is also subject to legal requirements concerning areas such as commerce, antitrust, patents, consumer rights, taxation, foreign exchange, environment conservation, recycling, and safety. Unexpected changes or interpretations of these regulations could have a negative impact on the Group's performance and financial position. Exhaust emissions regulations are generally being tightened amid growing environmental awareness. Since substantial investment is required to comply with these regulations, failure to generate sufficient sales to recover this investment could have a negative impact on the Group's performance and financial position.

Consolidated Balance Sheets (As of March 31, 2016 and 2015)

Assets	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Current Assets:			
Cash and time deposits (Note 2)	¥ 285,686	¥ 339,747	\$ 2,535,380
Receivable:			
Notes and accounts receivable	249,331	250,137	2,212,742
Less: allowance for doubtful receivable	(935)	(1,039)	(8,304)
Lease receivables and lease investment assets	64,728	44,141	574,446
Inventories	249,075	233,035	2,210,469
Deferred tax assets (Note 6)	32,460	31,196	288,072
Other current assets	49,358	42,217	438,036
Total Current Assets	929,705	939,436	8,250,845
Property, Plant and Equipment (Note 4)			
Land (Note 8)	276,225	274,750	2,451,417
Buildings and structures	332,546	324,404	2,951,243
Machinery and equipment	777,273	756,220	6,898,062
Lease assets	17,964	16,564	159,432
Vehicles on operating leases	25,794	16,140	228,922
Construction in progress	23,261	36,167	206,435
Less: accumulated depreciation	(808,708)	(806,533)	(7,177,039)
Net Property, Plant and Equipment	644,357	617,714	5,718,473
Intangible Assets			
Goodwill	3,303	1,709	29,321
Others	13,145	12,253	116,661
Total Intangible Assets	16,449	13,962	145,983
Investments and Advances:			
Investment securities (Note 3)			
Unconsolidated subsidiaries and affiliated companies	85,869	79,985	762,064
Others	59,819	77,287	530,877
Long-term loans	1,466	1,598	13,013
Net defined benefit asset	367	29	3,262
Deferred tax assets (Note 6)	33,319	27,642	295,702
Other investments and advances	39,852	46,137	353,679
Less: allowance for doubtful accounts	(1,937)	(1,876)	(17,191)
Total Investments and Advances	218,757	230,804	1,941,407
Total Assets	¥ 1,809,270	¥ 1,801,918	\$ 16,056,710

See accompanying notes to consolidated financial statements.



Liabilities and Net Assets	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Current Liabilities:			
Short-term loans	¥ 68,530	¥ 81,597	\$ 608,184
Electronically recorded obligations - operating	23,297	21,072	206,756
Notes and accounts payable	328,621	332,092	2,916,413
Lease obligations	3,184	3,311	28,263
Accrued expenses	65,522	64,476	581,493
Provision for directors' bonuses	100	—	887
Accrued income taxes (Note 6)	21,415	21,499	190,059
Deposits received	3,235	3,433	28,715
Other current liabilities	51,369	57,610	455,886
Total Current Liabilities	565,277	585,093	5,016,660
Long-term Debt (Note 4)	187,025	142,864	1,659,791
Net Defined Benefit Liability (Note 5)	102,911	101,963	913,308
Deferred Tax Liabilities (Note 6)	2,161	2,746	19,181
Deferred Tax Liabilities Related to Land Revaluation (Note 8)	42,135	44,535	373,941
Other Long-term Liabilities	12,108	10,262	107,460
Contingent Liabilities (Note 9)			
Net Assets			
Shareholders' Equity (Note 7)			
Common and preferred stock			
Common stock:	40,644	40,644	360,710
Capital surplus	41,610	41,786	369,277
Retained earnings	635,691	547,465	5,641,565
Less: treasury stock	(70,259)	(20,716)	(623,533)
Total Shareholders' Equity	647,686	609,181	5,748,020
Accumulated Other Comprehensive Income			
Unrealized holding gains on securities	12,025	23,644	106,720
Unrealized gain (loss) on hedging instruments	174	(25)	1,544
Revaluation reserve for land (Note 8)	84,212	82,147	747,359
Foreign currency translation adjustments	20,302	52,569	180,177
Remeasurements of defined benefit plans	(13,036)	(12,972)	(115,695)
Total accumulated other comprehensive income	103,677	145,362	920,107
Non-Controlling Interests	146,285	159,907	1,298,237
Total Net Assets	897,650	914,451	7,966,365
Total Liabilities and Net Assets	¥ 1,809,270	¥ 1,801,918	\$ 16,056,710

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income (For the years ended March 31, 2016 and 2015)

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Net Sales	¥ 1,926,967	¥ 1,879,442	\$ 17,101,233
Cost of Sales	1,574,885	1,543,661	13,976,619
Gross Profit	352,081	335,780	3,124,614
Selling, General and Administrative Expenses	180,522	164,669	1,602,078
Operating Income	171,559	171,111	1,522,535
Other Income (Expenses):			
Interest and dividend income	5,282	6,252	46,877
Interest expense	(1,982)	(2,193)	(17,595)
Equity in earnings of unconsolidated subsidiaries and affiliates	9,191	9,789	81,572
Foreign exchange gain	2,601	3,945	23,091
Others, net	37	(1,494)	333
Profit before Extraordinary Items	186,690	187,411	1,656,815
Extraordinary Items:			
Gain on sales of investment securities	47	1	418
Gain on sales of subsidiaries securities	—	56	—
Gain on sales or disposal of property, plant and equipment, net	1,905	272	16,908
Unrealized holding loss on non-consolidated subsidiaries and affiliates	0	(38)	0
Impairment loss on fixed assets (Note 13)	(342)	(829)	(3,036)
Gain on step acquisitions	888	—	7,883
Others, net	(2,809)	(2,620)	(24,931)
Profit before Income Taxes and Non-Controlling Interests	¥ 186,379	¥ 184,251	\$ 1,654,058
Income Taxes (Note 6):			
Current	51,655	52,260	458,424
Deferred	(1,612)	(7,971)	(14,308)
Profit	136,336	139,962	1,209,942
Profit Attributable to:			
Non-Controlling Interests	21,659	22,902	192,223
Owners of Parent	¥ 114,676	¥ 117,060	\$ 1,017,719

	Yen		U.S. dollars
	2016	2015	2016
Per Share of Common Stock			
Profit Attributable to Owners of Parent			
—Basic	¥ 138.43	¥ 139.34	\$ 1.22

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income (For the years ended March 31, 2016 and 2015)

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Profit	¥ 136,336	¥ 139,962	\$ 1,209,942
Other Comprehensive Income			
Unrealized holding gain (loss) on securities	(11,743)	11,723	(104,222)
Unrealized gains on hedging instruments	199	76	1,773
Foreign currency translation adjustments	(42,094)	49,560	(373,576)
Revaluation reserve for land	2,039	4,521	18,102
Remeasurements of defined benefit plans	(503)	5,031	(4,468)
Share of other comprehensive income of associates accounted for using the equity method	(6,672)	8,835	(59,214)
Total other comprehensive income (Note 14)	(58,774)	79,749	(521,605)
Comprehensive Income (Note 14)	77,561	219,711	688,337
Comprehensive Income Attributable to			
Owners of parent	72,966	183,057	647,555
Non-controlling interests	¥ 4,595	¥ 36,654	\$ 40,781

See accompanying notes to consolidated financial statements.

Consolidated Statements of Change in Net Assets (Note 7) (For the years ended March 31, 2016 and 2015)

	Millions of yen									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gains on securities	Revaluation reserve for land	Unrealized losses on hedging instruments	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-controlling interests
Balance at March 31, 2014	¥ 40,644	¥ 50,554	¥ 463,492	¥ (677)	¥ 12,095	¥ 77,625	¥ (101)	¥ 7,750	¥ (18,003)	¥ 135,573
Cumulative effect of changes in accounting policies			(11,169)							
Restated balance at the beginning of the current period	40,644	50,554	452,323	(677)	12,095	77,625	(101)	7,750	(18,003)	135,573
Cash dividends			(21,917)							
Profit attributable to owners of parent			117,060							
Acquisition of treasury stock				(20,038)						
Purchase of shares of consolidated subsidiaries		(8,767)								
Net changes on items other than shareholders' equity					11,548	4,521	76	44,818	5,031	24,334
Balance at March 31, 2015	¥ 40,644	¥ 41,786	¥ 547,465	¥ (20,716)	¥ 23,644	¥ 82,147	¥ (25)	¥ 52,569	¥ (12,972)	¥ 159,907
Cumulative effect of changes in accounting policies										
Restated balance at the beginning of the current period	40,644	41,786	547,465	(20,716)	23,644	82,147	(25)	52,569	(12,972)	159,907
Cash dividends			(26,671)							
Reversal of revaluation reserve for land			220							
Profit attributable to owners of parent			114,676							
Acquisition of treasury stock				(49,543)						
Purchase of shares of consolidated subsidiaries		(176)								
Net changes on items other than shareholders' equity					(11,618)	2,065	199	(32,266)	(63)	(13,622)
Balance at March 31, 2016	¥ 40,644	¥ 41,610	¥ 635,691	¥ (70,259)	¥ 12,025	¥ 84,212	¥ 174	¥ 20,302	¥ (13,036)	¥ 146,285

	Thousands of U.S. dollars									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gains on securities	Revaluation reserve for land	Unrealized losses on hedging instruments	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-controlling interests
Balance at March 31, 2015	\$ 360,710	\$ 370,841	\$ 4,858,590	\$ (183,849)	\$ 209,835	\$ 729,030	\$ (229)	\$ 466,535	\$ (115,127)	\$ 1,419,133
Cumulative effect of changes in accounting policies										
Restated balance at the beginning of the current period	360,710	370,841	4,858,590	(183,849)	209,835	729,030	(229)	466,535	(115,127)	1,419,133
Cash dividends			(236,700)							
Reversal of revaluation reserve for land			1,956							
Profit attributable to owners of parent			1,017,719							
Acquisition of treasury stock				(439,683)						
Purchase of shares of consolidated subsidiaries		(1,564)								
Net changes on items other than shareholders' equity					(103,114)	18,328	1,773	(286,358)	(567)	(120,895)
Balance at March 31, 2016	\$ 360,710	\$ 369,277	\$ 5,641,565	\$ (623,533)	\$ 106,720	\$ 747,359	\$ 1,544	\$ 180,177	\$ (115,695)	\$ 1,298,237

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows (Note 15)

(For the years ended March 31, 2016 and 2015)

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Cash Flows from Operating Activities			
Profit before income taxes and non-controlling interests	¥ 186,379	¥ 184,251	\$ 1,654,058
Depreciation and amortization	59,535	50,322	528,357
Equity in earnings of unconsolidated subsidiaries and affiliates	(9,191)	(9,789)	(81,572)
Decrease (Increase) in provision for allowance for product warranty	(686)	2,189	(6,094)
Increase in provision for bonus accounts	814	1,032	7,229
Increase in provision for directors' bonuses	100	—	887
Decrease in provision for allowance for doubtful accounts	(51)	(35)	(458)
Increase (decrease) in net defined benefit liability	600	(849)	5,326
Interest and dividend income	(5,282)	(6,252)	(46,877)
Interest expenses	1,982	2,193	17,595
Gain on disposal of property assets	(1,905)	(272)	(16,908)
Loss on disposal of property assets	2,809	2,320	24,931
Gain (loss) on sales of securities, net	(47)	(19)	(418)
Loss on impairment of fixed assets	342	829	3,036
Other extraordinary loss (income)	(888)	41	(7,883)
Decrease (Increase) in notes and accounts receivable	(17,357)	27,404	(154,038)
Decrease (Increase) in lease receivables and lease investment assets	(20,587)	(25,615)	(182,703)
Decrease (Increase) in inventories	(26,667)	(31,907)	(236,664)
Decrease (Increase) in other current assets	(9,962)	(12,515)	(88,411)
Increase (Decrease) in notes and accounts payable	16,883	9,912	149,834
Increase (Decrease) in accrued expenses and taxes	675	4,412	5,998
Increase (Decrease) in deposits received	(172)	867	(1,534)
Increase (Decrease) in other current liabilities	(374)	4,028	(3,323)
Others	1,780	(144)	15,797
Cash received from interest and dividends	9,545	9,956	84,710
Cash paid for interest	(1,843)	(2,222)	(16,364)
Cash paid for income taxes	(53,457)	(58,583)	(474,420)
Net Cash Provided by Operating Activities	132,972	151,558	1,180,088
Cash Flows from Investing Activities			
Payment on purchase of investment securities	(2,141)	(2,724)	(19,001)
Proceeds from sales of investment securities	220	214	1,957
Payment on purchase of property, plant and equipment	(106,275)	(87,293)	(943,163)
Proceeds from sales of property, plant and equipment	5,812	3,735	51,588
Payment on long-term loans receivable	(269)	(300)	(2,392)
Collection of long-term loans receivable	264	330	2,351
Increase (Decrease) in short-term loans receivable	22	(300)	202
Increase (Decrease) in fixed deposits	6,834	(5,773)	60,653
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	416	—
Payment on purchase of shares of subsidiaries resulting in change in scope of consolidation	(568)	—	(5,045)
Others	(654)	(5,655)	(5,804)
Net Cash Used in Investing Activities	(96,754)	(97,352)	(858,663)
Cash Flows from Financing Activities			
Increase (Decrease) in short-term debt	(2,516)	(5,271)	(22,329)
Proceeds from long-term debt	88,000	118,759	780,972
Repayment on long-term debt	(53,379)	(32,399)	(473,723)
Proceeds from non-controlling shareholders	3,374	7,453	29,946
Repayment of lease obligations	(2,937)	(2,874)	(26,066)
Payment on acquisition of treasury stock	(49,542)	(20,037)	(439,675)
Payment on dividends made by parent company	(26,667)	(21,912)	(236,663)
Payment on dividends to non-controlling shareholders	(22,796)	(19,101)	(202,308)
Purchase of subsidiaries stock resulting in no changes in scope of consolidation	(226)	(10,046)	(2,012)
Net Cash Used in Financing Activities	(66,690)	14,569	(591,860)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(17,355)	25,971	(154,023)
Net Increase (Decrease) in Cash and Cash Equivalents	(47,828)	94,747	(424,458)
Cash and Cash Equivalents at Beginning of the Year	305,563	210,710	2,711,782
Increase (Decrease) in Cash and Cash Equivalents Due to Change in Scope of Consolidation	1,540	105	13,674
Cash and Cash Equivalents at End of the Year (Note 2)	¥ 259,276	¥ 305,563	\$ 2,300,998

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Basis of Presenting the Financial Statements

The accompanying consolidated financial statements of Isuzu Motors Limited ("the Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirement of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

In order to facilitate the understanding of readers outside Japan, certain reclassifications have been made to the consolidated financial statements prepared for domestic purposes and relevant notes have been added.

The yen amounts are rounded down in millions. Therefore, total or subtotal amounts do not correspond with the aggregation of such account balances.

U.S. dollar amounts have been translated from Japanese yen for convenience only at the rate of ¥112.68 = US\$1, the approximate exchange rate prevailing on the Foreign Exchange Market on March 31, 2016. The translations should not be construed as a representation that Japanese yen have been or could be converted into U.S. dollars at that rate. The U.S. dollar amounts are then rounded down in thousands.

Certain reclassifications have been made in the 2015 financial statements to conform to the presentation for 2016.

2. Summary of Significant Accounting Policies

a) Consolidation

The consolidated financial statements include the accounts of the Company and significant subsidiaries. All significant inter-company balances and transactions have been eliminated in consolidation.

The excess of cost of investments in the subsidiaries and affiliates over the fair value of the net assets of the acquired subsidiaries at the dates of acquisition is recognized as a consolidation goodwill, which is being amortized over an estimated periods not exceeding 20 years.

b) Foreign Currency Translation

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate of the balance sheet date, and differences arising from the translation are included in the financial statements of income as a gain or loss. The Company translates the balance sheet accounts of foreign consolidated subsidiaries into Japanese yen at the exchange rate of the balance sheet date of each of those subsidiaries. Financial statements of income accounts of consolidated overseas subsidiaries are translated using the average exchange rate of the statements of income's period. Differences arising from the translation are presented as foreign currency translation adjustments and non-controlling interests in the balance sheet.

c) Securities

The accounting standard for financial instruments requires that securities be classified into three categories: trading, held-to-maturity or other securities.

Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

d) Inventories

Inventories of the Company are valued at cost using the weighted average method. (Balance sheet values are measured by the lower of cost or market method.) Inventories of consolidated subsidiaries are principally valued at cost using the specific identification method. (Balance sheet values are measured by the lower of cost or market method.)

e) Property, Plant and Equipment (excluding lease assets)

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated subsidiaries is calculated principally by the straight-line method based on the estimated useful lives. Depreciation of property, plant and equipment of few consolidated subsidiaries is calculated by the declining balance method.

f) Software (excluding lease assets)

Software used by the Company and its consolidated subsidiaries is amortized using the straight-line method, based on the estimated useful lives (generally 5 years).

g) Leases

The company, as a lessor, leases properties under arrangements. Sales and cost of sales relating to finance lease transactions are recognized on receipt of lease payments.

The company is also a lessee of various assets. Lease assets relating to finance lease transactions without transfer of ownership are depreciated over the lease period by the straight-line method, assuming the residual value is zero.

In addition, lease transactions whose commencement dates were on or prior to March 31, 2008 are accounted for on a basis similar to that for an operating lease.

h) Employees' Retirement Benefits

The Company and its consolidated subsidiaries have defined benefit pension plans. Consolidated subsidiaries have also defined contribution pension plans.

The estimated amount of all retirement benefits to be paid at future retirement dates is allocated to each service year using the benefit formula method. Prior service costs are being amortized as incurred by the straight-line method over periods, which are shorter than the average remaining years of service of the eligible employees (about

10 years). Actuarial gains or losses are amortized by the straight-line method over the period within the average remaining years of service of the eligible employees (about 10 years) commencing with the following periods.

Some of the consolidated subsidiaries are adopting the simplified method of calculating their retirement benefit obligations and its cost.

In the method, the amount which would be required to be paid if all eligible employees of its subsidiaries voluntarily terminated their employment as of the balance sheet date is recognized as the retirement benefit obligation.

i) Income Taxes

Income taxes are accounted for on an accrual basis. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of change in tax rate is recognized in income in the period of the change.

j) Profit Attributable to Owners of Parent per Share

Profit attributable to owners of parent per share of common stock is calculated based upon the weighted average number of shares of common stock outstanding during each year.

Basis for the calculation of profit attributable to owners of parent per share as of March 31, 2016 is as follows:

	Millions of yen	Thousands of U.S. dollars
Profit attributable to owners of parent	¥ 114,676	\$ 1,017,719
Profit attributable to owners of parent pertaining to common stock	¥ 114,676	\$1,017,719
Average number of outstanding shares:		
Common stock:	828,435,751	

k) Appropriation of Retained Earnings

The appropriation of retained earnings is recorded in the fiscal year in which such appropriation is approved by the board of directors or shareholders.

l) Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Reference for the reconciliation between cash and cash equivalents at end of the consolidated financial year is in Note 15. Consolidated statements of cash flows, (1) Reconciliation for cash status between balance sheets and cash flows.

m) Unapplied Accounting Standards and Guidances

(Adoption of Implementation Guidance on Recoverability of Deferred Tax Assets)

1) Overview

“Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26; March 28, 2016) stipulates the guideline for recoverability of deferred tax asset in the case of applying “Tax Effect Accounting” issued by Business Accounting Council.

The implementation guidance and auditing guidance (relating only to the accounting process) for recoverability of deferred tax assets was transferred to ASBJ from the Japanese Institute of Certified Public Accountants (JICPA). As a result of this transfer, following the framework of the Auditing Guidance No. 66, “Auditing Treatment for Judgment of Recoverability of Deferred Assets,” in which companies are categorized into five categories and deferred tax assets are estimated according to each of these categories, ASBJ conducted a necessary review, though partially, as to the definition of categorization and the treatment of deferred tax assets.

(Reconsideration of definition for allocation of items and treatment of deferred tax assets)

- Treatment of companies which does not satisfy any requirements for category 1 through 5.
- Category requirements for category 2 and 3.
- Treatment of future temporary difference which cannot be scheduled for a company which qualifies to category 2.
- Treatment of reasonable period foreseeable of future tax-deducted income with temporary difference not being added for a company which qualifies to category 3.
- Treatment of a company which qualifies to category 4 and at the same time also to category 2 or 3.

2) Scheduled date of adoption

The company expects to adopt them from the beginning of the fiscal year ended March 31, 2017.

3) The impact of the application of these accounting standards and guidances

The impact of the application of “Implementation Guidance on Recoverability of Deferred Tax Assets” to the consolidated financial statements is still to be evaluated.

n) Changes in Presentation

(Changes relating to the accounting standards for business combination)

By applying the provisions of Article 39 of “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22; September 13, 2013), the presentation of net income, etc., has been changed and the presentation of “minority interests” has been changed to “non-controlling interests.” To reflect these changes in presentation, the consolidated financial statements for the previous consolidated fiscal year have been restated.

3. Securities

Fair value information of other securities as of March 31, 2016 and 2015 are as follows:

2016	Millions of yen			Thousands of U.S. dollars			2015	Millions of yen		
	Acquisition costs	Carrying value	Unrealized gain (loss)	Acquisition costs	Carrying value	Unrealized gain (loss)		Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:										
Stocks:	¥ 29,131	¥ 47,342	¥ 18,211	\$ 258,528	\$ 420,154	\$ 161,625	¥ 35,632	¥ 70,049	¥ 34,416	
Total	¥ 29,131	¥ 47,342	¥ 18,211	\$ 258,528	\$ 420,154	\$ 161,625	¥ 35,632	¥ 70,049	¥ 34,416	
Unrealized loss:										
Stocks:	¥ 7,698	¥ 6,399	¥ (1,299)	\$ 68,321	\$ 56,790	\$ (11,531)	¥ 1,113	¥ 1,067	¥ (46)	
Total	¥ 7,698	¥ 6,399	¥ (1,299)	\$ 68,321	\$ 56,790	\$ (11,531)	¥ 1,113	¥ 1,067	¥ (46)	

Proceeds from sales of securities classified as other securities amounted to ¥119 million (\$1,056 thousands) with an aggregate gain on sales of ¥47 million (\$418 thousands) for the year ended March 31, 2016.

Non-marketable securities classified as other securities as of March 31, 2016 amounted to ¥6,077 million (\$53,933 thousands).

4. Long-Term Debt

Long-term debt as of March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Loans	¥224,309	¥189,964	\$1,990,679
Lease obligations	10,142	9,834	90,009
Less: current portion	47,426	56,934	420,897
Total long-term debts	¥ 187,025	¥ 142,864	\$ 1,659,979

The annual maturities of long-term debt as of March 31, 2016 are summarized as follows:

Planned maturity date	Millions of yen	Thousands of U.S. dollars
Over 1 year within 2 years	¥ 31,393	\$ 278,609
Over 2 years within 3 years	44,743	397,088
Over 3 years within 4 years	38,734	343,757
Thereafter	72,153	640,336
Total	¥ 187,025	\$ 1,659,791

The assets pledged as collateral for certain loans and other liabilities as of March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Building and structures	¥ 8,788	¥ 9,655	\$ 77,991
Machinery and equipment	5,547	6,780	49,233
Land	5,863	5,864	52,038
Others	35	61	312

5. Retirement Benefit Plans

The Company has defined benefit plans, i.e., corporate pension fund and lump-sum payment plans. Certain consolidated subsidiaries have defined benefit plans, i.e., corporate pension fund, welfare pension fund plans, and lump-sum payment plans and defined contribution pension

plans. The Company and its consolidated subsidiaries occasionally make severance payments in addition to the retirement benefits noted above.

Some of the consolidated subsidiaries are adopting the simplified method of calculating their retirement benefit obligations. In addition, the Company and some of its consolidated subsidiaries have joined the multi-employer welfare pension fund plan. Among the above-mentioned plans, those, for which it is possible to figure out, in a rational manner, the amount of the pension assets which corresponds to the amount of the contributions to be made by the Company, are included in the notes on the defined benefit plan. Those, for which it is impossible to calculate, in a rational manner, the amount of the pension assets which corresponds to the amount of the contributions to be made by the Company are accounted for in the same way as the defined contribution pension plan.

1. Defined benefit plans as of March 31, 2016 and 2015 are follows:

(1) The reconciliation between beginning and ending balance of projected benefit obligation

Changes in benefit obligation:	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Projected benefit obligation			
at beginning of the year	¥176,867	¥159,590	\$1,569,646
Cumulative effect of changes			
in accounting policies	—	11,216	—
Restated balance at the			
beginning of the current period	176,867	170,806	1,569,646
Service cost	7,841	6,938	69,591
Interest cost on projected			
benefit obligation	2,087	1,987	18,530
Actuarial loss	1,689	2,567	14,997
Benefit paid	(8,262)	(7,593)	(73,329)
Prior service cost	—	(107)	—
Others	(183)	2,268	(1,626)
Projected benefit obligation			
at the end of the year	¥180,041	¥176,867	\$1,597,810

[Remarks]

*Benefit obligations in certain subsidiaries calculated by the simplified method are included.

(2) The reconciliation between beginning and ending balance of plan assets

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Changes in plan assets:			
Plan assets at beginning of the year	¥ 74,933	¥ 63,136	\$ 665,008
Expected return on plan assets	985	2,285	8,749
Actuarial gain on plan assets	(3,100)	4,872	(27,513)
Employer's contributions	8,110	8,174	71,976
Benefit paid during the current fiscal year	(2,924)	(4,215)	(25,953)
Others	(507)	680	(4,505)
Plan assets at end of the year	¥ 77,497	¥ 74,933	\$ 687,763

[Remarks]

*Plan assets in certain subsidiaries calculated by the simplified method are included.

(3) The reconciliation between ending balance of projected benefit obligation and plan assets and those balances on consolidated balance sheet as of March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Projected benefit obligation under funded schemes	¥107,974	¥106,751	\$ 958,243
Plan assets	(77,497)	(74,933)	(687,763)
	30,477	31,818	270,480
Projected benefit obligation under non-funded schemes	72,066	70,116	639,566
Asset and liability on the consolidated balance sheet, net	¥102,544	¥101,934	\$ 910,047
Net defined benefit liability	102,911	101,963	913,309
Net defined benefit assets	(367)	(29)	(3,262)
Net liability for retirement benefits on the balance sheet	¥102,544	¥101,934	\$ 910,047

[Remarks]

*Plan assets and projected benefit obligations in certain subsidiaries calculated by the simplified method are included.

(4) Breakdown of retirement benefit cost

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Service cost	¥ 7,841	¥ 6,938	\$ 69,591
Interest cost on projected benefit obligation	2,087	1,987	18,530
Expected return on plan assets	(985)	(2,285)	(8,749)
Amortization of actuarial net loss	4,465	4,022	39,626
Amortization of prior service cost	19	47	170
Net retirement benefit cost to defined benefit plans	¥ 13,427	¥ 10,710	\$ 119,168

[Remarks]

*Retirement benefit cost in certain subsidiaries calculated by the simplified method are included.

(5) Adjustment to retirement benefit (before tax effects)

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Prior service cost	¥ 19	¥ 47	\$ 170
Actuarial loss	(325)	5,733	(2,887)
Total	¥ (306)	¥ 5,780	\$ (2,717)

(6) Items recorded to accumulated other comprehensive income, re-measurements of defined benefit plans (before related tax effects)

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unrecognized prior service cost	¥ 1,046	¥ 1,065	\$ 9,289
Unrecognized actuarial loss	16,951	17,212	150,442
Total	¥ 17,998	¥ 18,278	\$ 159,731

(7) Allocation of plan assets

1) In order to determine the expected long-term rate of return on assets, we considered the current and expected future allocation of the pension assets and the variety of the properties constituting the pension assets.

	Ratio	
	2016	2015
Debt securities	32%	29%
Equity securities	28%	37%
Cash and deposits	5%	3%
Life insurance company general accounts	27%	20%
Other assets	8%	11%
Total	100%	100%

*"Other assets" includes alternative investments

2) Determination of expected long-term rate of return on assets

To determine expected long-term rate of return on assets of pension plan, the company also takes into consideration the allocation of present and future pension assets and long-term rate of return on assets for present and future expected by various assets which consist pension plan.

(8) Actuarial assumptions used to determine costs and obligations for retirement benefits (weighted average)

	2016	2015
Discount rates	1.2%	1.3%
Expected long-term return rates on plan assets	2.4%	2.4%
Expected rate of pay raises	4.0%	3.9%

2. Defined contribution pension plans as of March 31, 2015 and 2016 are as follows:

Required contributions of certain subsidiaries to defined contribution pension plans were ¥380 million (\$3,379 thousands) as of March 31, 2016, and ¥377 million (\$3,351 thousands) as of March 31, 2015.

6. Income Taxes

Accrued income taxes in the balance sheets include corporation tax, inhabitant tax and enterprise tax.

The significant components of the Company and its consolidated subsidiaries' deferred tax assets and liabilities as of March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of
	2016	2015	U.S. dollars
Deferred tax assets:			
Net defined benefit liability	¥ 30,957	¥ 33,573	\$ 274,740
Loss on write-down of investments in subsidiaries and allowance for doubtful accounts	11,460	11,475	101,705
Accrued expenses	12,296	12,032	109,128
Accrued bonus	6,054	5,934	53,733
Loss on inventory write-down	2,102	2,068	18,663
Loss carry-forward	4,266	4,405	37,864
Unrealized profit eliminated in consolidation etc.	21,200	19,228	188,143
Others	11,651	12,475	103,407
Total gross deferred tax assets	¥ 99,990	¥ 101,193	\$ 887,387
Valuation allowance	(21,177)	(22,498)	(187,940)
Total deferred tax assets	¥ 78,813	¥ 78,695	\$ 699,446
Deferred tax liabilities:			
Reserve for reduction entry of fixed assets	(883)	(984)	(7,837)
Unrealized holding gain on securities	(4,474)	(10,211)	(39,713)
Retained earnings in subsidiaries	(6,090)	(6,156)	(54,050)
Others	(1,585)	(2,503)	(14,069)
Total deferred tax liabilities	¥ (13,033)	¥ (19,856)	\$ (115,671)
Net deferred tax assets	¥ 65,779	¥ 58,839	\$ 583,775
Deferred tax liabilities:			
Reserve for reduction entry of fixed assets	(79)	(99)	(702)
Unrealized holding gain on securities	(21)	(214)	(191)
Subsidiaries' land evaluation	(1,954)	(1,954)	(17,344)
Others	(106)	(478)	(943)
Net deferred tax liabilities	¥ (2,161)	¥ (2,746)	\$ (19,181)

Reconciliation between the effective statutory tax rate and the effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2016 and 2015 are as follows:

	2016	2015
Effective statutory tax rate	33.0%	35.6%
Tax credit	(4.8)	(5.3)
Net valuation allowance	(1.2)	(4.3)
Difference in tax rates applied at foreign subsidiaries	(4.6)	(9.5)
Loss for this fiscal year by consolidated subsidiaries	2.1	0.9
Equity in earnings of unconsolidated subsidiaries	(1.6)	(1.9)
Foreign withholding tax	4.6	1.6
Per capital levy of inhabitant tax	0.2	0.2
Retained earnings in subsidiaries	(0.0)	2.9
Decrease in deferred tax assets due to change in corporate tax rates	1.0	1.9
Others	(1.7)	1.9
Effective tax rate	26.9%	24.0%

Revision of Amounts of Deferred Tax Assets and Deferred Tax Liabilities due to Changes in Tax Rate such as Corporate Tax, Etc.

The "Act for Partial Revision of the Income Tax, etc." (Act No.15 of 2016) and the "Act for Partial Revision of the Local Tax, etc." (Act No.13 of 2016) were enacted on March 29, 2016 and the corporate income tax rate has been reduced from the consolidated fiscal year beginning April 1, 2016. As a result, the effective tax rate used for the measurement of a deferred tax asset and a deferred tax liability was changed from 32.2% for the previous fiscal year to 30.8% for deductive temporary differences which is expected to be realized by the consolidated fiscal year starting April 1, 2016 and 30.6% for those expected to be cleared by the consolidated fiscal year beginning April 1, 2017 or further.

By these tax rate changes the amount of deferred tax assets (after deferred tax liability was deducted) was decreased by 1,932 million yen (\$17,149 thousands), and that of deferred income taxes, valuation difference on other securities and unrealized gain on hedging instruments increased by 1,882 million yen (\$16,706 thousands), 230 million yen (\$2,046 thousands) and 5 million yen (\$44 thousands), respectively, while accumulated adjustment for retirement benefits decreased by 283 million yen (\$ 2,518 thousands) as of and for the year ended March 31, 2016.

In addition, deferred tax liability for re-evaluation of land decreased by 2,285 million yen (\$20,285 thousands), adding the same amount to difference in re-evaluation of land.

7. Shareholders' Equity

Changes in the numbers of shares issued and outstanding for the years ended March 31, 2016 and 2015 are as follows:

Common stock outstanding	2016	2015
	Balance at the beginning of the year	848,422,669
Decrease	—	848,422,670
Balance at the end of the year	848,422,669	848,422,669
Treasury stock outstanding	2016	2015
	Balance at the beginning of the year	14,996,522
Increase	45,010,633	21,973,050
Decrease	—	(9,237,371)
Balance at end of the year	60,007,155	14,996,522

8. Land Revaluation

In accordance with the Law concerning Revaluation of Land enacted on March 31, 1999, the land used for business owned by the Company and its domestic consolidated subsidiaries was revalued, and the unrealized gain on the revaluation of land, net of deferred tax, was reported as "Revaluation Reserve for Land" within net assets, and the relevant deferred tax was reported as "Deferred Tax Liabilities related to Land Revaluation" in liabilities as of March 31, 2016.

Revaluation Date: March 31, 2000

In accordance with the Law concerning Revaluation of Land enacted on March 31, 1998, the land used for business owned by certain consolidated subsidiaries accounted for by the equity method was revalued.

Revalued Date: March 31, 2001

The method of revaluation is as follows:

Under article 2-4 of the Enforcement Ordinance on Law concerning Revaluation of Land, the land price for the revaluation was determined based on the official notice prices assessed and published by the Commissioner of National Tax Agency of Japan as the basis for calculation of Landholding Tax as stipulated in article 16 of the Landholding Tax Law. Appropriate adjustments for the shape of land and the timing of the assessment have been made. The land price for the revaluation for some of the land is based on appraisal value.

The difference between the total fair value of business land, based on the article 10 of the Enforcement Ordinance on Law concerning Revaluation of Land, as of the end of the current fiscal year and the total book value after revaluation revalued was ¥65,830 million (\$584,227 thousands).

9. Commitment Lines

The Company and certain consolidated subsidiaries entered into contracts for overdraft with banks for efficient financing. Available commitment lines with banks as of March, 2016 and 2015 are as follow:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Limit of overdraft	¥ 161,000	¥ 160,000	\$ 1,428,824
Borrowing outstanding	15,000	5,950	133,120
Available commitment lines	¥ 146,000	¥ 154,050	\$ 1,295,704

10. Contingent Liabilities

Contingent liabilities as of March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Guarantees of bank loans	¥ 39	¥ 119	\$ 346

11. Lease Transactions

1. Lessor

(1) Finance lease

i) Net investments in direct financing leases as of March 31, 2016 and 2015 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Total minimum lease payments to be received	¥ 59,156	¥ 40,264	\$ 524,998
Estimated unguaranteed residual value of leased assets	6,312	3,815	56,024
Amounts equivalent to interest income	(4,762)	(3,596)	(42,269)
Net investment in direct financing leases	¥ 60,706	¥ 40,482	\$ 538,753

ii) Maturities of future minimum lease payments as per lease receivables and lease investment assets as of March 31, 2016 and 2015 are as follows:

	Millions of yen					
	Due within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Thereafter
2015						
Lease receivables	¥ 756	¥ 757	¥ 727	¥ 1,079	¥ 223	¥ 289
Lease investment assets	¥ 9,460	¥ 9,392	¥ 9,310	¥ 8,277	¥ 3,525	¥ 297

	Millions of yen					
	Due within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Thereafter
2016						
Lease receivables	¥ 1,015	¥ 877	¥ 1,221	¥ 416	¥ 401	¥ 247
Lease investment assets	¥ 15,702	¥ 15,447	¥ 14,325	¥ 9,420	¥ 3,895	¥ 365



2016	Thousands of U.S. dollars					
	Due within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Thereafter
Lease receivables	\$ 9,014	\$ 7,783	\$ 10,841	\$ 3,694	\$ 3,559	\$ 2,200
Lease investment assets	\$ 139,351	\$ 137,094	\$ 127,134	\$ 83,599	\$ 34,572	\$ 3,247

(2) Operating lease

i) Maturities of future minimum lease payments as of March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Due within 1 year	¥ 4,671	¥ 2,933	\$ 41,454
Thereafter	11,677	8,743	103,630
Total	¥ 16,348	¥ 11,677	\$ 145,085

2. Lessee

(1) Financing lease

Finance lease transactions, except for those which substantially transfer the ownership to the lease, are as follows:

i) Amounts equivalent to acquisition costs, accumulated depreciation and net book value of the finance lease assets as of March 31, 2016 and 2015 :

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Acquisition costs	¥ 57	¥ 174	\$ 507
Accumulated depreciation	54	158	482
Net balance	¥ 2	¥ 16	\$ 25

12. Derivatives

Derivatives recognized in the consolidated financial statements as of March 31, 2016 and 2015 are as follows:

1. Derivative transactions for which hedge accounting is not applied

(1) Foreign exchange-related

As of March 31, 2016		Millions of yen				Thousands of U.S. dollars			
Classification	Type of derivative transactions	Contract amount	Over one year	Fair value	Unrealized gain (loss)	Contract amount	Over one year	Fair value	Unrealized gain (loss)
Non-market transaction	Foreign exchange forward contracts Buy								
	Japanese yen	¥ 8,473	—	¥ (25)	¥ (25)	\$ 75,202	—	\$ (229)	\$ (229)
	Australian dollar	13	—	0	0	119	—	4	4
	U.S. dollar	102	—	(1)	(1)	905	—	(13)	(13)
	Others	102	—	1	1	913	—	14	14
	Foreign exchange forward contracts Sell								
	Australian dollar	3,625	—	(31)	(31)	32,175	—	(281)	(281)
U.S. dollar	2,198	—	1	1	19,515	—	16	16	
Others	935	—	(8)	(8)	8,301	—	(77)	(77)	
Total		¥ 15,452	—	¥ (63)	¥ (63)	\$ 137,133	—	\$ (566)	\$ (567)

ii) Future minimum lease payments of financing lease as of March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Due within 1 year	¥ 3	¥ 15	\$ 30
Thereafter	—	4	—
Total	¥ 3	¥ 19	\$ 30

Amounts equivalent to interest expenses are calculated by the interest method based on an excess of the sum of lease payments over amounts equivalent to acquisition costs.

(2) Operating lease

Future minimum lease payments of operating lease as of March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Due within 1 year	¥ 1,280	¥ 2,233	\$ 11,364
Thereafter	2,841	6,642	25,216
Total	¥ 4,121	¥ 8,876	\$ 36,580

As of March 31, 2015		Millions of yen				Thousands of U.S. dollars			
Classification	Type of derivative transactions	Contract amount	Over one year	Fair value	Unrealized gain (loss)	Contract amount	Over one year	Fair value	Unrealized gain (loss)
Non-market transaction	Foreign exchange forward contracts								
	Buy								
	Japanese yen	¥ 13,988	—	¥ (21)	¥ (21)	\$ 116,408	—	\$ (180)	\$ (180)
	Australian dollar	6	—	0	0	56	—	0	0
	U.S. dollar	0	—	0	0	0	—	0	0
	Others	83	—	(1)	(1)	698	—	(11)	(11)
	Sell								
Australian dollar	858	—	10	10	7,142	—	84	84	
U.S. dollar	2,908	—	14	14	24,204	—	120	120	
Others	496	—	3	3	4,133	—	23	23	
Total		¥ 18,342	—	¥ 4	¥ 4	\$ 152,642	—	\$ 34	\$ 34

2. Derivative transactions for which hedge accounting is applied

(1) Foreign exchange-related

As of March 31, 2016			Millions of yen			Thousands of U.S. dollars		
Hedge accounting method	Type of derivative transactions	Main hedged items	Contract amount	Over one year	Fair value	Contract amount	Over one year	Fair value
Principal accounting method	Foreign exchange forward contracts							
	Buy							
	Japanese yen	Accounts payable	¥ 4,240	—	¥ (71)	\$ 37,634	—	\$ (631)
	Sell							
	U.S. dollar	Accounts receivable	12,271	—	408	108,904	—	3,621
	Australian dollar		4,479	—	(105)	39,755	—	(940)
Foreign exchange forward contracts under the designated hedge accounting method	Foreign exchange forward contracts							
	Sell	Accounts receivable						
	U.S. dollar		3,371	—	(1*)	29,916	—	(1*)
	Australian dollar		5,331	—	—	47,314	—	—
Total			¥ 29,693	—	¥ 230	\$ 263,524	—	\$ 2,049

As of March 31, 2015			Millions of yen			Thousands of U.S. dollars		
Hedge accounting method	Type of derivative transactions	Main hedged items	Contract amount	Over one year	Fair value	Contract amount	Over one year	Fair value
Principal accounting method	Foreign exchange forward contracts							
	Buy							
	Japanese yen	Accounts payable	¥ 5,852	—	¥ 38	\$ 48,702	—	\$ 319
	Sell							
	U.S. dollar	Accounts receivable	16,071	—	(115)	133,737	—	(964)
	Australian dollar		4,321	—	146	35,962	—	1,223
Foreign exchange forward contracts under the designated hedge accounting method	Foreign exchange forward contracts							
	Sell	Accounts receivable						
	U.S. dollar		3,426	—	(1*)	28,514	—	(1*)
	Australian dollar		5,304	—	—	44,141	—	—
Total			¥ 34,976	—	¥ 69	\$ 291,055	—	\$ 578

(1*) Since foreign exchange forward contracts under the designated hedge accounting method are accounted for as an integral part of accounts receivable, the hedged item, their fair values are included in the fair value of the underlying accounts receivables.

(2) Interest rate-related

As of March 31, 2016			Millions of yen			Thousands of U.S. dollars		
Hedge accounting method	Type of derivative transactions	Main hedged items	Contract amount	Over one year	Fair value	Contract amount	Over one year	Fair value
Interest rate swaps under the exceptional accounting method	Interest rate swaps Pay fixed receive floating	Long-term debt	¥ 29,512	¥ 12,101	(2*)	\$ 261,909	\$ 107,392	(2*)
Total			¥ 29,512	¥ 12,101	—	\$ 261,909	\$ 107,392	—

As of March 31, 2015			Millions of yen			Thousands of U.S. dollars		
Hedge accounting method	Type of derivative transactions	Main hedged items	Contract amount	Over one year	Fair value	Contract amount	Over one year	Fair value
Interest rate swaps under the exceptional accounting method	Interest rate swaps Pay fixed receive floating	Long-term debt	¥ 55,724	¥ 29,512	(2*)	\$ 463,710	\$ 245,592	(2*)
Total			¥ 55,724	¥ 29,512	—	\$ 463,710	\$ 245,592	—

(2*) Since interest rate swaps under the exceptional accounting method are accounted for as an integral part of long-term debt, the hedged item, their fair values are included in the fair value of the underlying long-term debt.

13. Financial Instruments

Financial instruments recognized in the consolidated financial statements as of March 31, 2016 and 2015 are as follows. Financial instruments, whose fair values are not readily available, are not included in the following table.

As of March 31, 2016	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
(1) Cash and time deposits	¥ 285,686	¥ 285,686	—	\$ 2,535,380	\$ 2,535,380	—
(2) Notes and accounts receivable	249,331	249,331	—	2,212,742	2,212,742	—
(3) Lease investment assets and lease receivables	64,728	65,058	¥ 330	574,446	577,383	\$ 2,937
(4) Investment securities	53,742	53,742	—	476,944	476,944	—
(5) Notes and accounts payable	(328,621)	(328,621)	—	(2,916,414)	(2,916,414)	—
(6) Electronically recorded obligations - operating	(23,297)	(23,297)	—	(206,757)	(206,757)	—
(7) Short-term loans	(24,288)	(24,288)	—	(215,550)	(215,550)	—
(8) Accrued expenses	(47,279)	(47,279)	—	(419,591)	(419,591)	—
(9) Long-term debt	(224,309)	(225,182)	(872)	(1,990,679)	(1,998,425)	(7,746)
(10) Derivatives	167	167	—	1,482	1,482	—

As of March 31, 2015	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
(1) Cash and time deposits	¥ 339,747	¥ 339,747	—	\$ 2,827,220	\$ 2,827,220	—
(2) Notes and accounts receivable	250,137	250,137	—	2,081,530	2,081,530	—
(3) Lease investment assets and lease receivables	44,141	44,229	¥ 87	367,326	368,057	\$ 731
(4) Investment securities	71,116	71,116	—	591,801	591,801	—
(5) Notes and accounts payable	(332,092)	(332,092)	—	(2,763,523)	(2,763,523)	—
(6) Electronically recorded obligations - operating	(21,072)	(21,072)	—	(175,358)	(175,358)	—
(7) Short-term loans	(27,974)	(27,974)	—	(232,792)	(232,792)	—
(8) Accrued expenses	(47,003)	(47,003)	—	(391,141)	(391,141)	—
(9) Long-term debt	(189,964)	(190,248)	(284)	(1,580,793)	(1,583,161)	(2,367)
(10) Derivatives	73	73	—	612	612	—

The figures in parenthesis indicate those posted in liabilities.

Because market prices of unlisted equity securities of ¥6,077 million (\$53,933 thousands) as of March 31, 2016 and ¥6,170 million (\$51,351 thousands) as of March 31, 2015 and equity securities of non-consolidated subsidiaries and affiliates of ¥85,869 million (\$530,877 thousands) as of March 31, 2016 and ¥79,985 million (\$665,606 thousands) as of March 31, 2015, respectively, are not readily available, and their future cash flow cannot be estimated, it is extremely difficult to assume their fair values. Therefore, they are not included in "(4) Investment securities" mentioned above.

The redemption schedule for monetary receivables and marketable securities with maturity dates as of March 31, 2016 and 2015 are as follows:

As of March 31, 2016	Millions of yen		Thousands of U.S. dollars	
	Within one year	Over one year	Within one year	Over one year
Cash and time deposits	¥ 285,686	—	\$ 2,535,380	—
Notes and accounts receivable	¥ 249,331	—	\$ 2,212,742	—
Lease investment assets	¥ 17,085	¥ 47,643	\$ 151,627	\$ 422,819
Total	¥ 552,103	¥ 47,643	\$ 4,899,750	\$ 422,819

As of March 31, 2015	Millions of yen		Thousands of U.S. dollars	
	Within one year	Over one year	Within one year	Over one year
Cash and time deposits	¥ 339,747	—	\$ 2,827,220	—
Notes and accounts receivable	¥ 250,137	—	\$ 2,081,530	—
Lease investment assets	¥ 10,453	¥ 33,688	\$ 86,986	\$ 280,339
Total	¥ 600,337	¥ 33,688	\$ 4,995,737	\$ 280,339

14. Impairment Loss on Fixed Assets

Impairment loss on fixed assets recognized in the consolidated financial statements as of March 31, 2016 is as follows:

Location	Usage	Type	Millions of yen	Thousands of U.S. dollars
Fujisawa-shi, Kanagawa prefecture	Business assets	Buildings, structures and other	¥ 317	\$ 2,814
Kawasaki-shi, Kanagawa prefecture and other	Idle assets and Business assets	Buildings, structures, machines, vehicles, construction in progress and other	25	221
Total			¥ 342	\$ 3,036

As a general rule, assets were grouped into business assets, idle assets and assets for rent. Idle assets and assets for rent were individually grouped by each item. For rent assets and idle assets that were in need for impairment due to the decline in fair value of land, and business assets to be disposed of, their carrying values were written down to the recoverable amounts.

As for business assets that had been decided to be disposed, impairment loss, if any, is recognized at the point of time when the decision is made on the disposal.

Breakdown of the impairment loss by asset type for 2016 is as follows:

Type	Millions of yen	Thousands of U.S. dollars
Building and structure	¥ 328	\$ 2,913
Machinery and equipment	5	48
Construction in progress	6	55
Other	2	18

The recoverable amounts of assets are estimated based on the net amount that those assets could be sold (net selling amount) for land and buildings. The net selling amount is determined by the appraisal value based on real estate appraisal standards. Residual value is used in assessing the value of other assets except the above-mentioned when their recoverable amounts are difficult to obtain.

15. Notes to Consolidated Statements of Comprehensive Income

The following table presents reclassification adjustments and tax effects allocated to each component of other comprehensive income as of March 31, 2016 and 2015:

Details	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unrealized holding gain on securities:			
Gain (loss) arising during the current period	¥ (17,601)	¥ 16,138	\$ (156,204)
Reclassification adjustment for loss realized	—	(0)	—
Net current period change, before income taxes	(17,601)	16,137	(156,204)
Income taxes on net current period change	5,857	(4,414)	51,982
Net unrealized holding gain on securities	(11,743)	11,723	(104,222)
Unrealized loss from hedging instruments:			
Losses arising during the current period	239	191	2,129
Reclassification adjustment for gain realized	31	(80)	275
Net current period change, before income taxes	270	111	2,404
Income taxes on net current period change	(71)	(35)	(630)
Net unrealized loss from hedging instruments	199	76	1,773
Revaluation reserve for land:			
Gain (loss) arising during the current period	(346)	0	(3,075)
Income taxes on net current period change	2,386	4,521	21,178
Net revaluation reserve for land	2,039	4,521	18,102
Foreign currency translation adjustments:			
Gain (loss) arising during the current period	(42,094)	49,560	(373,576)
Reclassification adjustment for gain realized	—	—	—
Net foreign currency translation adjustments	(42,094)	49,560	(373,576)
Remeasurements of defined benefit plans			
Gain (loss) arising during the current period	(4,637)	1,774	(41,152)
Reclassification adjustment for loss realized	4,330	4,006	38,435
Net current period change, before income taxes	(306)	5,780	(2,717)
Income taxes on net current period change	(196)	(749)	(1,751)
Net remeasurements of defined benefit plans	(503)	5,031	(4,468)

Details	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Share of other comprehensive income of unconsolidated subsidiaries and affiliates accounted for using the equity method:			
Gain (loss) arising during the current period	(6,672)	8,835	(59,214)
Reclassification adjustment for loss realized	—	—	—
Net share of other comprehensive income of unconsolidated subsidiaries and affiliates accounted for using the equity method	(6,672)	8,835	(59,214)
Total other comprehensive income	¥ (58,774)	¥ 79,749	\$ (521,605)

16. Consolidated Statements of Cash Flows

(1) Reconciliation for cash status between balance sheets and cash flows.

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Cash and time deposits	¥ 285,686	¥ 339,747	\$ 2,535,380
Time deposits with maturities exceeding three months	(26,410)	(34,183)	(234,382)
Cash and cash equivalents	¥ 259,276	¥ 305,563	\$ 2,300,998

(2) Contents of important non-cash transactions

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Assets and liabilities relating to finance lease transactions	¥ 3,482	¥ 3,349	\$ 30,901

17. Subsequent Event

We have no subsequent events for the current fiscal year.

18. Segment Information

(1) Segment information

Year ended March 31, 2016

The Company and its consolidated subsidiaries compose a single business segment, primarily engaged in manufacture and sale of vehicles and its components, industrial engines.

Therefore the disclosure of segment information is omitted.

(2) Related information

Year ended March 31, 2016

a) Information by product and service

	Millions of yen				Total
	Vehicles	Parts for overseas production	Engines and components	Other	
Sales to third parties	1,382,027	81,764	93,101	370,073	1,926,967

	Thousands of U.S. dollars				Total
	Vehicles	Parts for overseas production	Engines and components	Other	
Sales to third parties	12,265,062	725,635	826,249	3,284,285	17,101,233

b) Geographical information

(i) Net sales

Millions of yen				Total
Japan	Thailand	Other		
693,148	342,760	891,058		1,926,967

Thousands of U.S. dollars				Total
Japan	Thailand	Other		
6,151,474	3,041,893	7,907,865		17,101,233

(Notes) Net sales are geographically classified by country or region in which customers are located.

(ii) Property, plant and equipment

Millions of yen				Total
Japan	Thailand	Other		
512,170	75,433	56,753		644,357

Thousands of U.S. dollars				Total
Japan	Thailand	Other		
4,545,350	669,452	503,670		5,718,473

c) Information by major customer

Name of customers	Net sales	
	Millions of yen	Thousands of U.S. dollars
Tri Petch Isuzu Sales Co., Ltd	310,801	2,758,263

(3) Information on impairment loss of noncurrent assets by business segment

Year ended March 31, 2016

The Company and its consolidated subsidiaries are composed of a single business segment, primarily engaged in manufacture and sale of vehicles and its components, industrial engines.

Therefore the disclosure of this information is omitted.

(4) Information on amortization expense of goodwill and remaining unamortized balance by business segment

Year ended March 31, 2016

The Company and its consolidated subsidiaries are composed of a single business segment, primarily engaged in manufacture and sale of vehicles and its components, industrial engines.

Therefore the disclosure of this information is omitted.

(5) Information on negative goodwill by business segment

Year ended March 31, 2016

The Company and its consolidated subsidiaries are composed of a single business segment, primarily engaged in manufacture and sale of vehicles and its components, industrial engines.

Therefore the disclosure of this information is omitted.

Report of Independent Auditors



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Independent Auditor's Report

The Board of Directors
Isuzu Motors Limited

We have audited the accompanying consolidated financial statements of Isuzu Motors Limited and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2016 and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Isuzu Motors Limited and its consolidated subsidiaries as at March 31, 2016, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

June 29, 2016
TOKYO, Japan

Corporate Directory

PRINCIPAL DOMESTIC SUBSIDIARIES AND AFFILIATES

Isuzu Motors Sales Ltd.
Isuzu Motors Syutoken Co., Ltd.
Isuzu Motors Kinki Co., Ltd.
Isuzu Motors Tokaihokuriku Co., Ltd.
Isuzu Leasing Services Ltd.
IJT Technology Holdings Co., Ltd.
Isuzu LINEX Co., Ltd.
Shonan Unitec Co., Ltd.
J-Bus Limited
Nippon Fruehauf Co., Ltd.

PRINCIPAL OVERSEAS SUBSIDIARIES AND AFFILIATES

Asia

Isuzu Motors Asia Ltd. (IMA)

3 Temasek Avenue #22-03, Centennial Tower Singapore
039190
Tel: 65-6339-9301

Isuzu (China) Holding Co., Ltd.

Room 1605A, Building, Tian Yuan Gaug Center, No. C2
Dong Sen Huan Bei-Lu, Chao Yang District, Beijing,
The People's Republic of China
Tel: 86-10-6590-8950

Qingling Motors Co., Ltd.

1, Xiexing Road, Zhong Liang Shan, Jiu Long Po District,
Chongqing, The People's Republic of China
Tel: 86-23-6526-4125

ISUZU (CHINA) BUSINESS MANAGEMENT CO., LTD.

5F No.523 Loushanguan Road, ChangNing District Shanghai
20051, The People's Republic of China
Tel: 86-21-6876-2718

Isuzu Motors Off-Highway Diesel Engine (Shanghai) Co., Ltd.

5F No.523 Loushanguan Road, ChangNing District Shanghai
20051, The People's Republic of China
Tel: 86-21-6236-8395

QINGLING ISUZU (CHONGQING) ENGINE CO., LTD.

1, Xiexing Road, Zhong Liang Shan, Jiu Long Po District,
Chongqing, The People's Republic of China
Tel: 86-23-6525-1782

ISUZU QINGLING (CHONGQING) ENGINEERING CO., LTD.

1, Xiexing Road, Zhong Liang Shan, Jiu Long Po District,
Chongqing, The People's Republic of China
Tel: 86-23-6525-3662

ISUZU QINGLING (CHONGQING) AUTOPARTS CO., LTD.

1, Xiexing Road, Zhong Liang Shan, Jiu Long Po District,
Chongqing, The People's Republic of China
Tel: 86-23-6526-1902

Jiangxi Isuzu Motors Co.,Ltd.

666 Jinagling Road, Wangcheng New District, Nanchang,
Jiangxi, The People's Republic of China
Tel: 86-0791-8367-5220

Jiangxi Isuzu Engine Co.,Ltd.

366 Jinsha Road, Xiaolan Economic Development Zone,
Nanchang, Jiangxi, The People's Republic of China
Tel: 86-0791-8597-5888

Isuzu Philippines Corporation (IPC)

114 Technology Avenue, Phase II, Laguna Technopark, Binan,
Laguna 4024, Philippines
Tel: 63-2-757-6070

Isuzu Autoparts Manufacturing Corporation (IAMC)

114 North Main Avenue, Phase III, Special Economic Zone,
Laguna Technopark, Binan, Laguna 4024, Philippines
Tel: 63-49-541-1458

Isuzu Vietnam Co.,Ltd. (IVC)

695 Quang Trung St. Ward 8, Go Vap District, Ho Chi Minh
City, Vietnam
Tel: 84-8-38959203

Isuzu Motors Co., (Thailand) Ltd. (IMCT)

38 Kor. Moo9 Poochaosamingprai Road, Samrong-Tai,
Phrapradaeng, Samutprakan 10130, Thailand
Tel: 66-2-394-2541

Isuzu Engine Manufacturing Co., (Thailand) Ltd. (IEMT)

131, 133 Soi Chalongsong 31, Chalongsong Rd.,
Lamplatew, Latkrabang, Bangkok 10520, Thailand
Tel: 66-2-326-0916~9

Thai International Die Making Co., Ltd. (TID)

331 Mu 4, Bangpu Industrial Estate, Soi 6 Sukhumvit Road,
T.Praksa, Amphur Muang Samutprakan 10280, Thailand
Tel: 66-2-324-0511

IT Forging (Thailand) Co., Ltd. (ITF)

Siam Eastern Industrial Park 60/7 Moo 3.T.Mabyangporn A.
Pluakdaeng, Rayong 21140, Thailand
Tel: 66-38-891-380

Tri Petch Isuzu Sales Co., Ltd. (TIS)

1088 Vibhavadi Rangsit Road, Chatuchak, Bangkok 10900,
Thailand
Tel: 66-2-966-2111

Isuzu Motors International Operations (Thailand) Co., Ltd.

1010 Shinawatra Tower III, Vibhavadi Rangsit Road,
Chatuchak Sub-district, Chatuchak District, Bangkok
10900, Thailand
Tel: 66-2-966-2626

Isuzu Technical Center of Asia Co., Ltd. (ITA)

38Kor. Moo9 Poochaosamingprai Road, Samrong-Tai,
Phrapradaeng, Samutprakan 10130, Thailand
Tel: 66-2-394-2541

Isuzu Global CV Engineering Center Co., Ltd. (IGCE)

Cyber World Tower A, 90 Ratchadaphisek Rd, Huai
Khwang, Bangkok 10310, Thailand
Tel: 66-2-168-3340

P.T. Isuzu Astra Motor Indonesia

JL. DANAU SUNTER UTARA Block 03 KAWLING 30
Sunter II, Jakarta 14350, Indonesia
Tel: 62-21-6501000

P.T. Asian Isuzu Casting Center (AICC)

Karawang International Industrial City (KIIC) Lot N6-9 Jl.Toll
Jakarta-Cikampek Km.47 Karawang 41361, Indonesia
Tel: 62-21-8904590

P.T. TJ Forge Indonesia (TJFI)

Kawasan Industri KIIC Jl. Maligi V Lot N-10, Karawang
41361, Jawa Barat, Indonesia
Tel: 62-21-8911-4352

Isuzu Hicom Malaysia Sdn. Bhd.

Kawasan Perindustrian, Peramu Jaya, P.O.BOX 6, 26607
Pekan, Pahang Darul Makmur, Malaysia
Tel: 60-9-424-3800

Isuzu Malaysia Sendirian Berhad

501D, Level 5, Tower D, Uptown 5, No. 5, Jalan SS21/39,
Damansara Uptown, 47400 Petaling Jaya, Selangor Darul
Ehsan, Malaysia
Tel: 60-3-7723-9777

SML Isuzu Limited

S.C.O. 204-205, Sector 34-A Chandigarh- 160135, India
Tel: 91-172-2647700-10

Isuzu Motors India Private Limited (IMI)

Prestige Centre Court - Office Block, Vijaya Forum Mall,
No. 183, N S K Salai, Vadapalani, Chennai, India
Tel: 91-44-6611-1700

Middle East

Isuzu Motors Middle East FZE

S3A25R10 Jebel Ali Free Zone P.O.BOX 263188 Dubai,
United Arab Emirates
Tel: 971-(0)4-8809192

Isuzu Motors Saudi Arabia Co., Ltd (IMSAC)

Dammam 2nd Industrial City in Dammam, Kingdom of
Saudi Arabia
Tel: 966-13-808-3860

Europe

Anadolu Isuzu Otomotiv Sanayi Ve Ticaret A.S. (AIOS)

Sekerpinar Mah. Otomotiv Cad. No:2, 41435 Cayirova,
Kocaeli, Turkey
Tel: 90-262-658-8433

Isuzu Motors Europe NV (ISZE)

Bist 12 2630 Aartselaar Belgium
Tel: 323-870-81-80

Isuzu Truck (UK) Ltd.

164 Great North Road, Hatfield, Hertfordshire AL9 5JN, U.K.
Tel: 44-1707-28-2930

Isuzu Motors International Operations (Europe) GmbH

Weierfeld 2, 65462 Ginsheim-Gustavsburg, Germany
Tel: 49-6134-558-528

JSC "ISUZU RUS"

Office B-602, Building 1, st. Tverskaya 16, Moscow, 125009,
Russian Federation
Tel: 7-495-228-3045

Africa

General Motors Egypt S.A.E.

Sofitel Maadi, Misr International Tower 18th floor, Apt.
1802 & 1803, Cornishe El-Nil, Maadi, Cairo, Egypt
Tel: 202-3828-0280/202-2529-9444

Isuzu Truck South Africa (Pty) Limited

Woodmead North Office Park, 54 Maxwell Drive,
Jukskei View Ext 7, Sandton, Gauteng, Republic of South
Africa
Tel: 27-11-563-4000

North America

Isuzu Motors America, LLC. (ISZA)

1400 S. Douglass Road, Suite 100, Anaheim, CA 92806, U.S.A.
Tel: 1-714-935-9300

Isuzu Commercial Truck of America, Inc. (ICTA)

1400 S. Douglass Road, Suite 100, Anaheim, CA 92806, U.S.A.
Tel: 1-714-935-9300

DMAX, Ltd.

3100 Dryden Road, Moraine, Ohio 45439, U.S.A.
Tel: 1-937-425-9721

Isuzu North America Corporation (INAC)

1400 S. Douglass Road, Suite 100, Anaheim, CA 92806, U.S.A.
Tel: 1-714-935-9300

Central and South America

Isuzu Motors de Mexico S.de R.L.

Paseo de la Reforma 350, piso 18-B, Col. Juarez, Del.
Cuauhtemoc, Mexico, D.F. 06600
Tel: 52-55-5328-1300

GM-Isuzu Camiones Andinos de Colombia, Ltda. (GMICA-Colombia)

Avenida Boyaca (Calle 56 A Sur) No. 33-53, Bogota D.C.,
Colombia.

GM-Isuzu Camiones Andinos de Ecuador, Ltda. (GMICA-Ecuador)

Panamericana Norte Km. 5 1/2 y, Jose de la Rea, Quito,
Ecuador

Oceania

Isuzu Australia Limited (IAL)

858 Lorimer Street, Port Melbourne, Victoria 3207, Australia
Tel: 61-3-9644-6666

Corporate History

Date	Event
April 1937	Tokyo Automobile Industries Co., Ltd., (currently Isuzu Motors Limited) is established with capital of one million yen.
July 1938	The Kawasaki Plant begins operations.
April 1941	The Company's name is changed to Diesel Automobile Industry Co., Ltd.
May 1949	Company shares are listed on the Tokyo Stock Exchange.
July 1949	The Company's name is changed to Isuzu Motors Limited.
February 1953	Isuzu signs a technical assistance agreement with Rootes, Ltd., of the U.K. for the Hillman passenger car.
January 1962	The Fujisawa Plant begins operations.
October 1964	Isuzu Sales and Finance Co., Ltd., (predecessor of IFCO Inc.) is established.
July 1971	Isuzu signs a basic agreement outlining an across-the-board alliance with General Motors Corporation (GM).
June 1972	The Tochigi Works (currently the Tochigi Plant) opens.
June 1975	Isuzu Motors America, Inc., (ISZA) is established.
June 1980	American Isuzu Motors Inc. (AIMI) is established.
June 1984	Hokkaido Plant begins operations.
February 1987	Isuzu signs a joint venture agreement on local production in the U.S. with Fuji Heavy Industries Ltd.
May 1991	Isuzu's headquarters relocates to the company's new Head Office Building (6-26-1 Minami-oi, Shinagawa-ku).
May 1994	Shatai-Kogyo Co., Ltd., (capitalization: 10 million yen) merges with Isuzu.
January 1997	Isuzu Motors Polska Sp. zo.o. (ISPOL) is established. (Shares owned by Isuzu were sold to GM in 2013.)
September 1998	ISZA and GM establish DMAX, Ltd. (DMAX) as a joint venture with a 60:40 ownership split.
October 2000	Tokyo Isuzu Motors Ltd. is converted into a wholly owned subsidiary of Isuzu by means of a share exchange.
September 2001	80% of outstanding shares in IFCO Inc., which had been a wholly owned subsidiary of Isuzu, are sold to Orix Corporation.
November 2002	ISZA sells 20% of its stake in DMAX to GM.
January 2003	Subaru-Isuzu Automotive Inc., a joint venture between Fuji Heavy industries Ltd. and Isuzu, is dissolved.
January 2004	AIMI is absorbed by ISZA.
July 2004	Isuzu increases its share of voting rights in Isuzu Motors Co., (Thailand) Ltd. from 47.9% to 70.9% and converts both that company and Isuzu Engine Manufacturing Co., (Thailand) Ltd. into consolidated subsidiaries.
September 2004	All IFCO Inc. shares owned by Isuzu are sold to Orix Corporation and IFCO Inc.
May 2005	The Kawasaki Plant is closed.
April 2006	Isuzu and GM agree to dissolve their equity tie-up. GM sells all its Isuzu shares to Mitsubishi Corporation, ITOCHU Corporation, and Mizuho Corporate Bank, Ltd.
November 2008	Isuzu Motors America LLC (ISZA-LLC) is established and subsequently absorbs ISZA.
April 2013	Isuzu established new auto-lease company, Isuzu Leasing Services Ltd. (ILS) in Japan
October 2013	Isuzu subsidiary I Metal Technology Co., Ltd., and affiliates TDF Corporation and Jidosha Buhin Kogyo Co., Ltd., formed the joint holding company IJT Technology Holdings Co., Ltd., as an Isuzu subsidiary by means of a share transfer.



Corporate Data

Isuzu Motors Limited

Date of Establishment

April 9, 1937

Head Office

26-1, Minami-oi 6-chome, Shinagawa-ku, Tokyo 140-8722, Japan
 Tel: +81-3-5471-1141
 Fax: +81-3-5471-1043

Plants

Tochigi Plant Manufacturing of engines and parts
 Fujisawa Plant Manufacturing of trucks, engines, components and parts



Head Office



Tochigi Plant



Fujisawa Plant

Common Stock and Number of Shareholders (As of March 31, 2016)

	Common Stock
Shares authorized:	1,700,000,000
Shares issued:	848,422,669
No. of shareholders:	52,369

Effective October 1, 2014, the Company's common shares were consolidated to a 1-for-2 shares

Major Shareholders

(As of March 31, 2016)

Common Stock	Number of shares held	Percentage of ownership (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	81,744	9.63
Mitsubishi Corporation	63,633	7.50
Itochu Corporation	52,938	6.24
Toyota Motor Corporation	50,000	5.89
The Master Trust Bank of Japan, Ltd. (Trust Account)	30,921	3.64
THE BANK OF NEW YORK MELLON SA/NV 10	18,698	2.20
Mizuho Corporate Bank, Ltd.	15,965	1.88
JFE Steel Corporation	14,434	1.70
Development Bank of Japan	13,183	1.55
National Mutual Insurance Federation of Agricultural Cooperatives	12,650	1.49
Total	354,168	41.74

Note: 1. Percentage of ownership shares are rounded off to two decimal places.
 2. Shares are rounded down in thousands.

Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation
 10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081, Japan

(As of June 29, 2016)

Trucks for life
ISUZU

ISUZU MOTORS LIMITED

6-26-1, Minami-oi, Shinagawa-ku
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Tel: +81-3-5471-1141 Fax: +81-3-5471-1043

<http://www.isuzu.co.jp/world/>

