ISUZU

ISUZU MOTORS LIMITED Annual Report **2019** Year ended March 31, 2019

Innovating Future Growth

60th Anniversary

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

ANNUAL REPORT 2019

Forward-Looking Statements

Isuzu's CSR Activities

Isuzu considers its social contribution activities to be a way of meeting society's expectations and needs. Through the activities, we strive to become a partner worthy of society's trust and contribute to the development of our local communities.

Isuzu Workshops

In 2014, Isuzu began hosting a series of Isuzu Monzukuri Hands-on Workshops conceived by employees involved in production and development as a way to allow children to experience the joy and importance of craftsmanship. Since this inaugural workshop held at Isuzu Plaza next to the Fujisawa Plant, we have hosted similar classes in the city of Fujisawa and disaster-affected areas in the Tohoku region. The program includes casting classes, where participants use casting technology utilized to manufacture engine parts and everyday household items to create tin versions of their favorite Isuzu characters (Giga-kun, Elf-kun, and Erga-chan).

Co-sponsoring the Kanagawa Philharmonic Orchestra Factory

Isuzu co-sponsors Orchestra Factory, a project of the Kanagawa Philharmonic Orchestra that aims to foster the creativity and enrich the artistic sensitivity of children by offering opportunities to experience music. In addition to listening to live performances by the orchestra, participating children practice and perform together with the orchestra. The program provides these children a valuable opportunity to experience an authentic full orchestra performance.

Profile

Since the start of business in 1916, Isuzu Motors has focused on developing and manufacturing commercial vehicles (CVs), light commercial vehicles (LCVs), and diesel engines to provide our customers with optimal products. We offer an array of products to customers worldwide, from pickup trucks to tractors with large 16-liter displacement engines. We have consistently contributed to the sustained development of individual communities and society as a whole by safeguarding vehicle operation throughout the product life cycle. We support our customers from initial purchase to after-sales service. Our industrial engines, which feature an array of powertrain technologies, can be found in construction machinery, commercial boats and vessels, generators, and other products.

The automotive industry is currently undergoing a once-in-a-century revolution. The shape of distribution is changing. We are facing an ongoing diversification and evolution of global needs. In this environment, Isuzu Motors has embraced the goal of supporting rich and satisfying lifestyles worldwide by supporting the transport of goods. This commitment began more than 100 years ago with the start of our business, and it continues unabated today.

Going forward, we will continue to strive to achieve the goal set forth in our Midterm Business Plan of “becoming a company that inspires broad admiration for its exceptional CV, LCV, and powertrain products that support human lifestyles.” We will continue new challenges, utilizing the vehicle and powertrain technologies we have developed over our history. Our sincere commitment and dedication to manufacturing remain unchanged as we actively strive towards our goal.

Message from the President

FY2019: Posted record-high net sales and operating income.

FY2020: Continue to consistently implement our Midterm Business Plan.

Financial results for FY2019

During the fiscal year ended March 2019, domestic vehicle sales volume rose 2,169 units (up 3.0%) from the previous year to 74,431 units on the back of last-minute demand ahead of a switchover to new emissions regulations for light-duty trucks.

Overseas sales volume rose 28,261 units (up 6.6%) from the previous year to 457,891 units driven by market recoveries in Asia and Africa, as well as strong sales of pickup trucks in the Thai market. As a result, combined consolidated domestic and overseas sales volume rose 30,430 units (up 6.1%) from the previous year to 532,322 units.

Concerning sales of non-vehicle products, sales of parts for overseas production fell ¥14.2 billion (down 19.8%) from the previous year to ¥57.3 billion, while sales of industrial engines and components rose ¥16.5 billion (up 13.0%) from the previous year to ¥143.5 billion thanks to sales volume growth. Other sales rose ¥23.9 billion (up 5.8%) from the previous year to ¥432.8 billion on growth in after-sales and related businesses.

As a result of the above, net sales rose ¥78.8 billion (up 3.8%) from the previous year to ¥2,149.1 billion thanks to growth in pickup trucks in the Thai market, engines and components, as well as in other Group businesses. This figure includes domestic sales of ¥819.1 billion (up 4.1%) and overseas sales of ¥1,329.9 billion (up 3.6%).

Operating income rose to ¥176.7 billion (up 6.0%) from the previous year thanks to the sales growth described above and cost reduction activities. Profit before extraordinary items rose 8.9% to ¥189.0 billion, while profit attributable to owners of the parent rose 7.4% to ¥113.4 billion.

FY2020 forecast

We expect revenue to rise thanks to growth in industrial engine sales and other Group businesses.

With regard to profits, we expect the business environment to become more challenging due to the worsening foreign exchange environment for emerging nation currencies and rising raw material costs.

As a result of the above, we expect to post net sales of ¥2,160.0 billion, operating income of ¥165.0 billion, profit before extraordinary items of ¥170.0 billion, and profit attributable to owners of the parent of ¥100.0 billion in FY2020.

Midterm Business Plan (April 2018 to March 2021)

Our Midterm Business Plan sets forth the twin priorities of “deepening existing businesses” and “developing new engagements for the next generation”. Although the fiscal year ending March 2020 marks just the second year of the Plan, the environment in which the Group operates has already diverged significantly from the assumptions that underlay its creation. Some regions, including the Middle East, are generating demand that falls beneath the levels envisioned in the Plan. Responding to these changes, we remain committed to consistent implementation of the measures set forth in the Plan.

Steps taken to advance the goal of “deepening existing businesses”, includes the start of exports of heavy-duty trucks manufactured in China. Steady growth is seen in the sales of TRAGA light-weight trucks in the Indonesian market. Our global sales network is one of the distinctive characteristics—and a key strength—of Isuzu. We bolstered the parts depot of Isuzu Motors International FZE, a wholly-owned subsidiary in the United Arab Emirates, adding functions as a distributor of commercial vehicles. This structure enables us to offer comprehensive support extending from new-vehicle sales to after-sales services to our customers in the Middle East and Africa. Our Indian business began exports to surrounding countries in 2018, and we are working on adding exports to the Middle East.

Furthermore, we have taken steps to strengthen our powertrain

business, where the production volume has grown over recent years. We established the Powertrain Business Headquarters in April 2019 with the aim of enhancing the business by gathering our planning, manufacturing, and sales functions under one headquarters. In May 2019, we signed the Isuzu Cummins Powertrain Partnership Agreement with U.S. manufacturer Cummins Inc., committing us to a common architecture* for next-generation powertrains to streamline development and boost cost-competitiveness. Under the agreement, we will accelerate the collaboration by creating a dedicated organization comprised of experts from both companies and an Alliance Board consisting of executives from both companies.

To advance the other priority set forth in the Midterm Business Plan, "developing new engagements for the next generation", we began a monitoring program for the "Elf EV" electric truck in 2019 in order to expand our line of environmentally friendly powertrains demanded by our customers. By providing us valuable information about how customers use the vehicle and the issues they face, this program is a joint effort with customers to commercialize the "Elf EV" as a vehicle that delivers not only environmental performance, but also economic efficiency and ease of use. We believe it is Isuzu's mission as a commercial vehicle manufacturer to develop electric trucks that are even more environmentally friendly.

Although Isuzu Motors has already established connectivity-based operational support services, by taking advantage of vehicle information that has been accumulated to date, we will create new solution businesses that go beyond operational support. To that end, in April 2019 we established the Connected Business Planning Department, tasked to expand the potential of connected services and Isuzu Motors during the CASE (Connected, Autonomous, Sharing, Electric) era.

As we actively drive to innovate future growth and achieve goals set out in our Midterm Business Plan, we at Isuzu Motors look forward to your renewed understanding and support.

***Common architecture:** A shared design concept specifying individual elemental functions and combinations of the same in order to implement a product's required performance

Masanori Katayama
President and Representative Director

Major Product Lineup

Light- to heavy-duty truck business

N-Series, F-Series, C&E Series, TRAGA

N-Series F-Series C&E Series TRAGA

Customers around the world choose Isuzu for the exceptional economy, reliability, durability, and advanced environmental performance of its products.

Manufacturing and selling vehicles is just the start of our relationship with our customers. To help save fuel and ensure safe driving, we launched the Mimamori-kun Online Service in 2004 to help customers by assessing the operational data of commercial vehicles in real time. In 2015 we launched PREISM, an advanced genuine maintenance service that uses vehicle data to advise customers to receive preventive maintenance at the most suitable timing to minimize downtime resulting from breakdowns.

Bus business

ERGA, GALA, ERGA Mio, GALA Mio, and ERGA Duo

ERGA GALA

Offering a wide range of models designed to meet a variety of needs, Isuzu buses have earned customers' trust by delivering excellent comfort and safety. In addition to diesel engines, we sell hybrid models, and are currently conducting trial and performance testing programs to commercialize biodiesel fuel extracted from microalgae as a joint research project with Euglena Co., Ltd. Working with Hino Motors, Ltd., we launched the first articulated bus to be offered by a Japanese manufacturer in May 2019.

Key Events in the History of ISUZU

F-Series

Isuzu Milestones

1900-1949

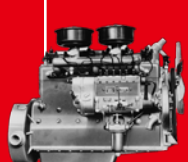
1916 Business start: Tokyo Ishikawajima Shipbuilding & Engineering Co., Ltd., and Tokyo Gas & Electric Co. (Isuzu's predecessors) plan a venture to manufacture automobiles.

1922 The company completes the Wolseley A9, the first passenger car to be produced in Japan.

1936 The company completes the DA4 and DA6, Japan's first air-cooled diesel engines.

1937 Founding: Tokyo Automobile Industries Co., Ltd., (the predecessor of today's Isuzu Motors Limited) is established.

1949 The company is listed on the Tokyo Stock Exchange. Changes its name to Isuzu Motors Limited.



Diesel engine - the DA6 model

Tokyo Automobile Industries Co., Ltd.

1950-1969

1959 Isuzu announces the N-Series (Elf in Japan) light-duty truck.

1961 Fujisawa Factory (currently the Fujisawa Plant) starts operations.

1966 Isuzu Motors Co., (Thailand) Ltd., (IMCT) is established.

N-Series

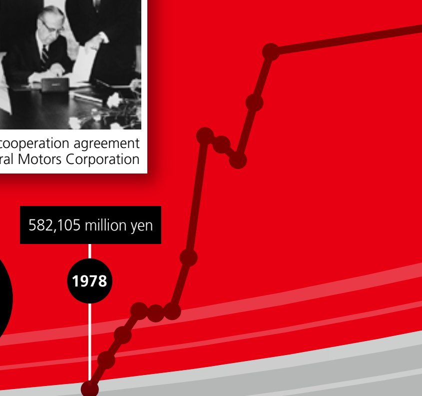
1970-1989

1970 Isuzu announces the F-Series (Forward in Japan) 4-ton truck.

1971 Isuzu signs a basic cooperation agreement with General Motors Corporation.

1972 Tochigi Factory (currently the Tochigi Plant) starts operations.

Signing ceremony for cooperation agreement with General Motors Corporation



(disclosed starting with the fiscal year ended in October 1978)

World Milestones

1914 World War I begins.

1939 World War II begins.

1950 The Korean War begins (spurring a special procurement boom).

Light commercial vehicle business
(pickup trucks, SUVs, etc.)
D-MAX and mu-X

D-MAX mu-X

Isuzu pickup trucks, which are manufactured primarily in Thailand, are the best-selling models in their segment in numerous markets worldwide. Isuzu has agreed to supply next-generation pickup trucks to Mazda Motor Corporation in 2016.

Production volume:
- 288,000 (FY2017)
- 314,000 (FY2018)
- 324,000 (FY2019)

Powertrain business

Diesel engines boast better fuel efficiency and lower CO_2 emissions than their gasoline counterparts. Isuzu diesel engines go even further by drawing on proprietary technology to deliver best-in-class power and low emissions. These engines are used not only in trucks, pickup trucks, and buses, but also in numerous industrial applications such as construction machinery, generators, and commercial boats and vessels.

Production volume:
- 731,000 (FY2017)
- 805,000 (FY2018)
- 847,000 (FY2019)

After Sales business

Isuzu offers after-sales services as described below to maximize the effectiveness and efficiency of customer operations. Our PREISM operations support service has been standard on light- to heavy-duty trucks since 2019.

- **PREISM connectivity-based operations support** (preventive maintenance based on failure prediction and faster maintenance in the event of a malfunction)
- **Technologically sophisticated maintenance service offered by our sales dealers**
- **Leasing business** (maintenance leases, finance leases, maintenance contracts)
- **Used-vehicle sales** (auction business, domestic/international sales)

1990 -1999

1993 Isuzu ends production of passenger vehicles.
1994 Isuzu redesigns its heavy-duty trucks and launches it as the C&E Series (Giga in Japan).
1996 Isuzu launches the GALA large-size tour bus.
1997 Isuzu signs an agreement to lead development of diesel engines for the GM Group.
1998 Isuzu signs an agreement to take the responsibility of developing commercial vehicles for the GM Group.
1999 GM raises its equity share in Isuzu to 49% through a third-party allocation.
Isuzu redesigns its medium-size buses and launches them as the ERGA Mio and GALA Mio Series.

C&E Series

1992 Japan adopts NOx and particulate regulations for automobiles.
1997 The Asian currency crisis occurs.
1999 Tokyo Governor Shintaro Ishihara announces "Say No to Diesel Vehicles" campaign.

2000 -2009

2000 Isuzu redesigns its large-size route and private-use buses and launches them as the ERGA Series.
2001 Isuzu announces the Isuzu V-Plan, its Mid-term Business Plan.
Isuzu develops Mimamori-kun vehicle operations diagnostics system.
2002 Isuzu redesigns its pickup truck for the Thai market and announces the D-MAX.
2003 Pickup truck production at the Fujisawa Plant is transferred to Thailand.
2004 Isuzu launches its Mimamori-kun online telematics service for commercial vehicles.
2006 Isuzu dissolves its equity tie-up with GM.
Isuzu enters into a basic agreement on developing small diesel engines with Toyota.

Isuzu redesigns its pickup truck for the Thai market and announces the D-MAX.

2001 The September 11 terrorist attacks occur in the U.S.
2008 The bankruptcy of Lehman Brothers in the U.S. triggers a global financial crisis.
2009 GM files for federal bankruptcy protection.

2010-

2012 Isuzu Motors India Private Limited (IMI) is established.
2014 Isuzu Global CV Engineering Center (IGCE) is established in Thailand to coordinate development of trucks for developing nations.
2015 Isuzu launches PREISM, an advanced genuine maintenance service.
2018 Isuzu launches the TRAGA lightweight truck for emerging markets.
Isuzu dissolves its equity tie-up with Toyota.

2019

2,149,168 million yen

Isuzu Motors India Private Limited (IMI)

2011 The Great East Japan Earthquake.
Thailand suffers massive flooding.

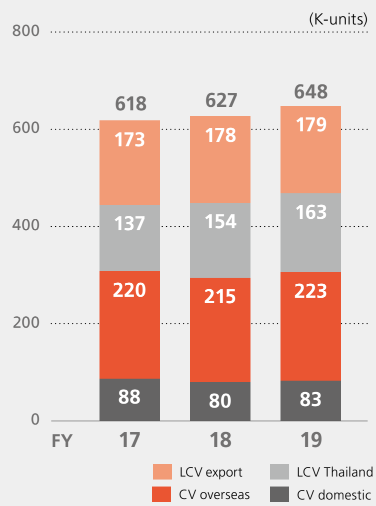
At a Glance

Expanding sales of CVs and LCVs by actively meeting customer needs worldwide

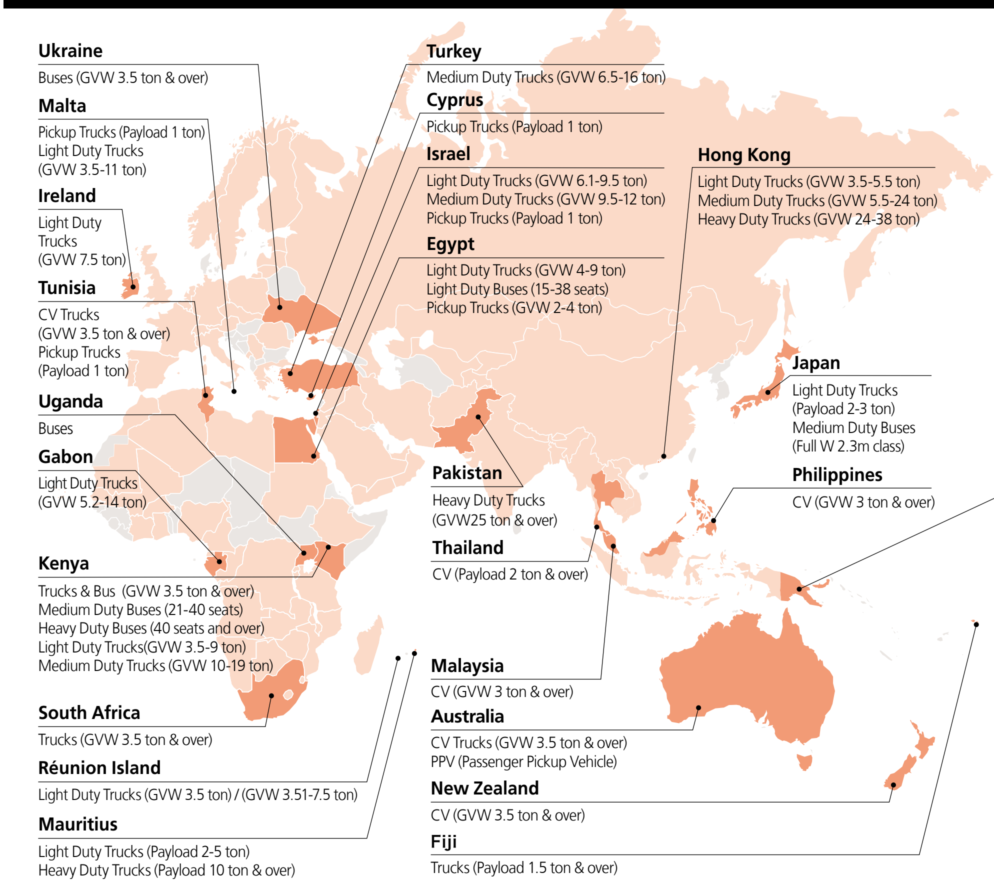
Isuzu Motors continues to work to expand sales by taking advantage of the global network built under the previous Midterm Business Plan, pro-actively anticipating and delivering vehicles to meet changes in customers' operations and usage.

During the fiscal year ended March 2019, global sales units rose for both CVs (commercial vehicles) and LCVs (pickup trucks and derivatives), with the combined global sales units of both categories increasing 21,000 units (+3.4%) from the previous year to 648,000 units. Sales units rose in Indonesia and Egypt for CVs, and primarily in Thailand for LCVs.

Global Sales Units



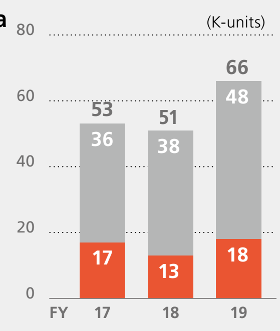
No. 1 Market Share in 2018 (Based on sales figures compiled by Isuzu)



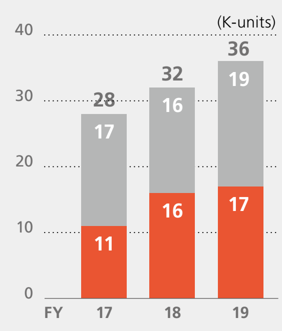
Africa

Total demand recovers in Egypt
Isuzu takes over LCV business in South Africa

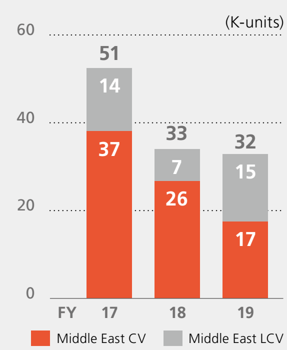
- Total sales volume for both CVs and LCVs grew in Africa thanks to the economic recovery in Egypt, where Isuzu enjoys overwhelming dominance of market share in the light-duty truck and pickup truck segments. To expand its sales area, Isuzu Motors took over the South African LCV business in 2018.



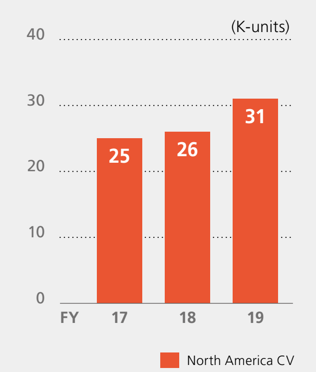
Europe



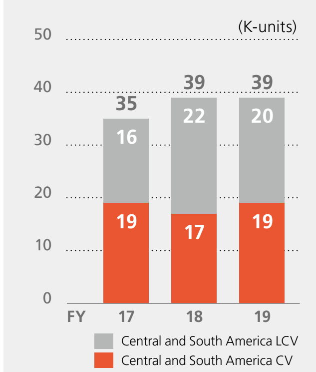
Middle East



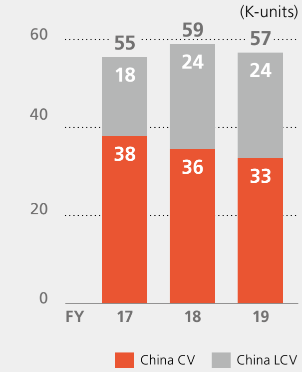
North America



Central and South America



China

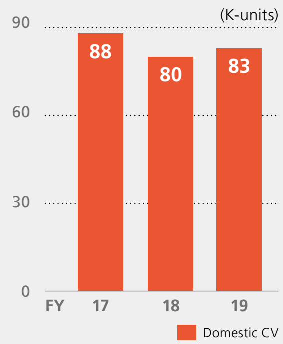


Source: Isuzu Motors

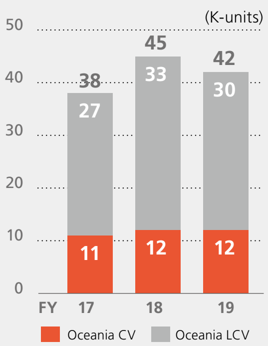
Japan

New minor change N-Series (Elf in Japan) launched in October 2018

- Although Isuzu's share of the heavy- and medium-duty truck market (4 tons and above) fell during the fiscal year ended March 2019, sales units grew as the Group effectively captured rush demand for light-duty trucks (2 to 3 tons) ahead of the September 2019 entry into force of Japan's 2016 emissions regulations.
- PREISM, an advanced genuine maintenance service, became standard on F-Series (Forward in Japan) medium-duty trucks in March 2019, bringing the system to all Isuzu truck lines sold in Japan (with some exceptions). PREISM helps customers optimize operation of their fleets, reducing downtime by integrating advanced diagnostics and preventive maintenance.



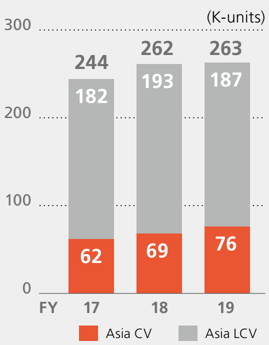
Oceania



Asia

Solid demand in Thailand while the Indonesian market welcomes TRAGA

- While total sales units fell in the Philippines as the market was affected by changes in emissions regulations and the tax code, sales units grew in anticipation of recovery in the Thai economy, and in Indonesia where construction demand rose. TRAGA, the lightweight truck newly introduced in 2018, sold well in Indonesia.
- By 2021, Isuzu will start exporting LCVs manufactured in India to other countries worldwide.



Feature 1: Celebrating the 60th anniversary of N-Series Sales

The N-Series (Elf in Japan) light-duty truck was launched 60 years ago, on August 26, 1959.

The N-Series light-duty truck marks the 60th anniversary of its launch in 2019. Despite being the 4th domestic manufacturer to launch a small truck in Japan, the model garnered praise for having the first cab-over design and diesel engine in its class. It has earned No. 1 market share in Japan a dominant 52 times (according to research by Isuzu).

Overseas sales of the N-Series began when Isuzu exported two gasoline-powered trucks to New Guinea in 1961. Sales subsequently expanded around the world, and today the model is sold in 146 countries and regions. The N-Series earned No. 1 market share in 26 countries and regions in 2018 (according to research by Isuzu). Cumulative production exceeds 6.5 million units.

From the start, N-Series were developed to meet and even anticipate the needs in response to market and customer feedback. As we strive to be a leader in transportation, the N-Series will continue to evolve along with its customers to support the transport of goods worldwide.

Milestones

1959
Isuzu develops the first-generation N-Series.

The model became the first in its class to offer a cab-over design boosting cargo space and loading efficiency. Featured a 1.5-liter gasoline engine.

1960
The N-Series becomes the first vehicle in its class to offer a 2-liter diesel engine. Earned praise from the market for its fuel efficiency, durability, and reliability.

1968
Isuzu debuts the second-generation N-Series.

1975
Isuzu debuts the third-generation N-Series.

1978
Cumulative production reaches 1 million units.

1980s
Improving ease of maintenance. Launch of a wide-cab model.

1984
Isuzu debuts the fourth-generation N-Series.
The new model debuts with a linear design and white body color. Subsequently, white became the color of choice for light-duty trucks.

1988
Cumulative production reaches
2 million units.

1990s
The market expresses a preference for higher-horsepower designs. Isuzu combines larger engines with driver comfort.

1993
Isuzu debuts the fifth-generation N-Series.

1995
Cumulative production reaches
3 million units.

1996
Isuzu debuts an N-Series model powered by compressed natural gas (CNG).

After 2000s
Diversifying the powertrain and responding to stricter emissions regulations.

2004
Cumulative production reaches
4 million units.

2005
Isuzu debuts a diesel hybrid N-Series.

2006
Isuzu debuts the sixth-generation N-Series.

2010
Cumulative production reaches
5 million units.

2016
Cumulative production reaches
6 million units.

2019
Isuzu starts trials of the EV N-Series.

Feature 2: New N-Series

60th Anniversary N SERIES

'Driving', 'Stopping', and 'Connecting': A new page for the N-Series light-duty truck

The redesigned N-Series was launched in October, 2018.

Meeting changing market needs, Isuzu improved the N-Series light-duty truck, launching a redesigned model focusing on environmental performance, advanced safety technologies, and connectivity in order to continue offering excellent support for the transport of goods.

Driving

All-new 4JZ1 engine featuring environmentally friendly technology

This fully redesigned engine offers performance that is both clean and fuel-efficient thanks to Isuzu's aggressive commitment to delivering a powertrain that reflects how commercial vehicles are actually used. Its improved environmental performance complies with Japan's 2016 emissions regulations, which impose the strictest standards in the world. It also incorporates leading-edge technologies that are being adopted for the first time in a light-duty commercial vehicle.

Stopping

Advanced safety technologies

The new N-Series comes standard with the latest advanced safety technologies. For example, the first stereo camera system to be featured on a light-duty truck detects obstacles such as other vehicles, pedestrians, and cyclists both daytime and nighttime. It helps the driver to avoid a collision or mitigate damage in the event one is deemed likely. The cameras are mounted on top of the instrument panel in a divergence from on top of the front windows used in passenger vehicles. This enables the system to detect pedestrians just 115 centimeters tall, the average height of a first-grade elementary school student.

Stereo camera system

Other advanced safety systems in the new N-Series

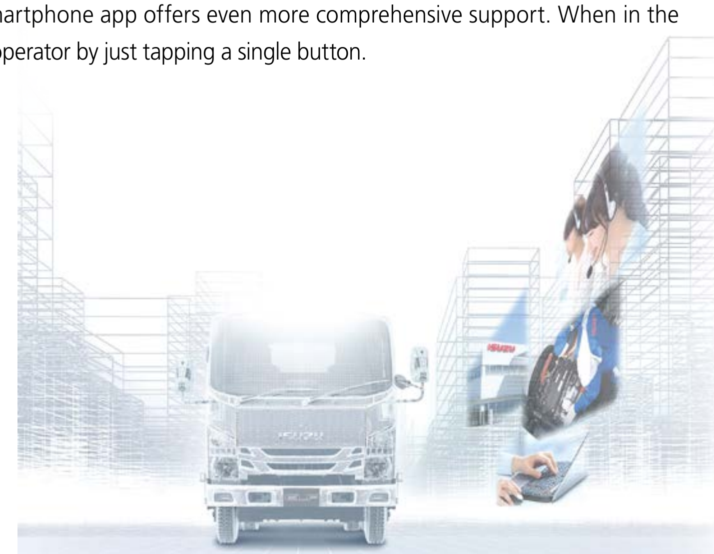
- Pre-crash braking (collision avoidance/collision damage mitigation)
- Inter-vehicle distance warning
- Unintended start-off prevention function (Smoother-Ex models only)
- Lane Departure Warning System (LDWS)
- Isuzu Electronic Stability Control system (IESC)
- Preceding vehicle start notification

Connecting

Connectivity support

The new N-Series features a telematics terminal as standard to offer PREISM, an advanced genuine maintenance service that uses remote data. The PREISM service helps drivers minimize the occurrence and frequency of downtime using vehicle data from the telematics terminal to facilitate preventive maintenance and immediate repairs. Preventive maintenance involves detecting signs of failure and replacing parts at the time of regular inspections etc. Immediate repairs includes continuous monitoring of vehicle data with a focus on the engine, DPD, and transmission, which together account for 70% of all failures.

The newly released PREISM smartphone app offers even more comprehensive support. When in the need, customers can speak to an operator by just tapping a single button.

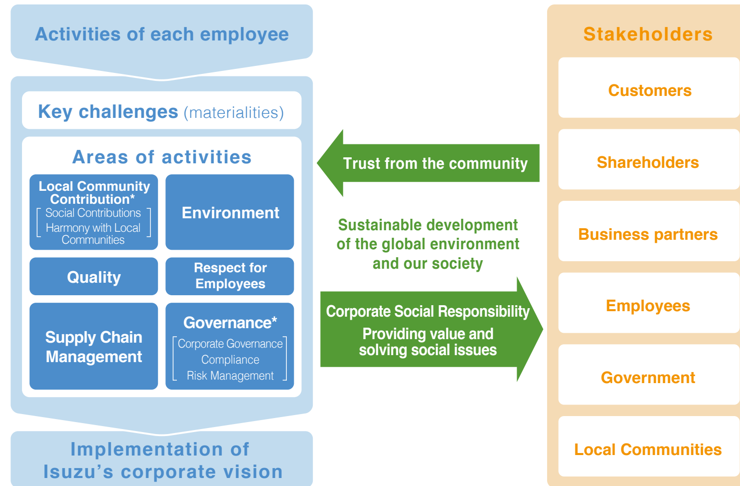


CSR Corporate Social Responsibility

CSR activities

Basic Ideas

Aimed at implementing Isuzu's corporate vision, Isuzu contributes to the sustainable development of society by fulfilling its corporate social responsibilities and winning trust from society through its CSR activities.



*Activities in [ ] indicates activities before integration and organization of CSR activities

Isuzu's key challenges

Approach

In keeping with its Corporate vision of becoming "a leader in transportation, commercial vehicles and diesel engines, supporting our customers and respecting the environment", Isuzu has globalized its business operations while taking into account expectations toward the company as a member of the international society. In recent years, the nature of the Isuzu Group's social responsibility has changed along with the economic environment, fueling expectations for more strategic initiatives that align with international trends.

In response to these social demands, Isuzu has identified key challenges (materialities) that deserve priority in our initiatives.

Isuzu's key challenges

Isuzu has categorized its key challenges as either social issues that it would like to solve through its business or CSR issues.

Isuzu believes the social issues that it would like to solve through its business can be addressed by implementing our Midterm Business Plan. Isuzu is striving to make a direct contribution to their resolution through its business. Further, we have identified the CSR issues as themes that inform our social responsibility as they will make our business platform more robust.

Social issues that Isuzu aims to solve through its businesses	Relationship with SDGs
Improving productivity in the logistics industry (to address Japan's declining labor force)	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Streamlining logistics to eliminate traffic accidents and congestion	3 GOOD HEALTH AND WELL-BEING; 11 SUSTAINABLE CITIES AND COMMUNITIES
Supporting the living environment when facing disasters and emergency situations	11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION
Resolving global environmental problems and promoting economic development (CO_2 and emissions)	7 AFFORDABLE AND CLEAN ENERGY; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
Ending poverty	1 NO POVERTY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES

CSR issues	Relationship with SDGs
Improving safety technologies and supplying reliable products	3 GOOD HEALTH AND WELL-BEING; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES
Respecting employees and pursuing diversity	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
Realizing coexistence and co-prosperity with the local communities and stakeholders	4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH; 17 PARTNERSHIPS FOR THE GOALS
Strengthening governance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

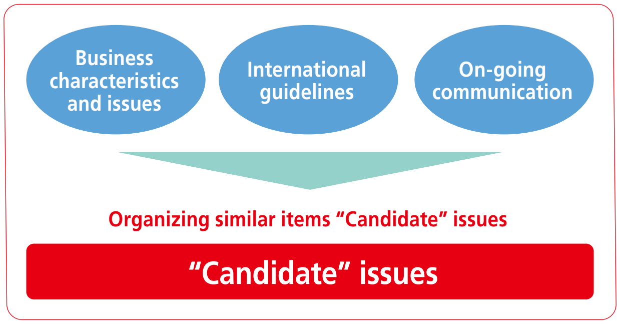
Isuzu's key challenges

Formulation process

STEP 1

Identifying and organizing potential key challenges

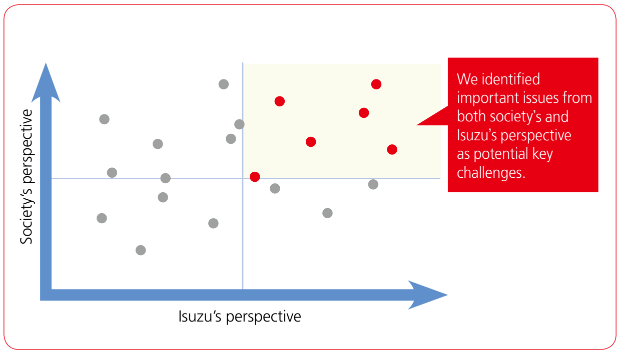
In the process of identifying key challenges, we first compiled a list of "candidate" issues that we felt deserve study. The candidates were identified considering the characteristics of the Isuzu Group's businesses, issues affecting those businesses, international guidelines (GRI, ISO 26000, SDGs, SASB, etc.), and on-going communication with stakeholders.



STEP 2

Establishing and analyzing hypotheses on issues from the perspective of society and Isuzu

First, we verified "candidate" issues by evaluating them from society's perspective and from Isuzu's perspective. We then conducted an analysis in which we assigned priority levels from the two perspectives based on social trends, industry trends, the environment in which Isuzu operates, associated characteristics and strategies, and the status of our CSR activities.



STEP 3

Linking "candidate" key challenges with the Midterm Business Plan

By revising our own perspective and the "candidate" key challenges, we worked to link key challenges to our Midterm Business Plan, which was being reviewed at the same time. As a final step, we categorized the key challenges as either social issues we wish to solve through its businesses or CSR issues.

STEP 4

Verifying and finalizing key challenges from society's perspective through dialogue

We verified the suitability of the "candidate" key challenges anew from society's perspective by holding a dialogue to which we invited two experts in order to ascertain the expectations that society places on Isuzu. Managers responsible for implementing CSR at Isuzu attended the dialogue, and we refined the "candidate" key challenges through the ensuing exchange of views with these experts.

Ultimately, we verified the suitability of the "candidate" key challenges at the dialogue and finalized them as Isuzu's key challenges at the Management Meeting.

The dialogue can be found in the CSR Report 2018.

Future plans **Going forward, we plan to establish KPIs for the key challenges and initiatives to address them.**

Corporate Governance

Basic approach

Isuzu's basic approach to corporate governance is built on the belief that a structural framework to regulate its corporate activities is essential in order to generate consistent profit and enhance corporate value. In particular, we believe that developing an internal environment and structures to safeguard all stakeholders' rights and interests and ensure all stakeholders are treated equally is a key element of corporate governance.

Furthermore, we believe it is essential that the Board of Directors and Audit Committee, which together are responsible for overseeing the company's management, function effectively and fulfill their accountability to all stakeholders.

Corporate governance systems (Board of Directors and Audit Committee)

Isuzu has adopted the corporate auditor system and established the Board of Directors and the Audit Committee to decide, oversee, and audit important operational matters.

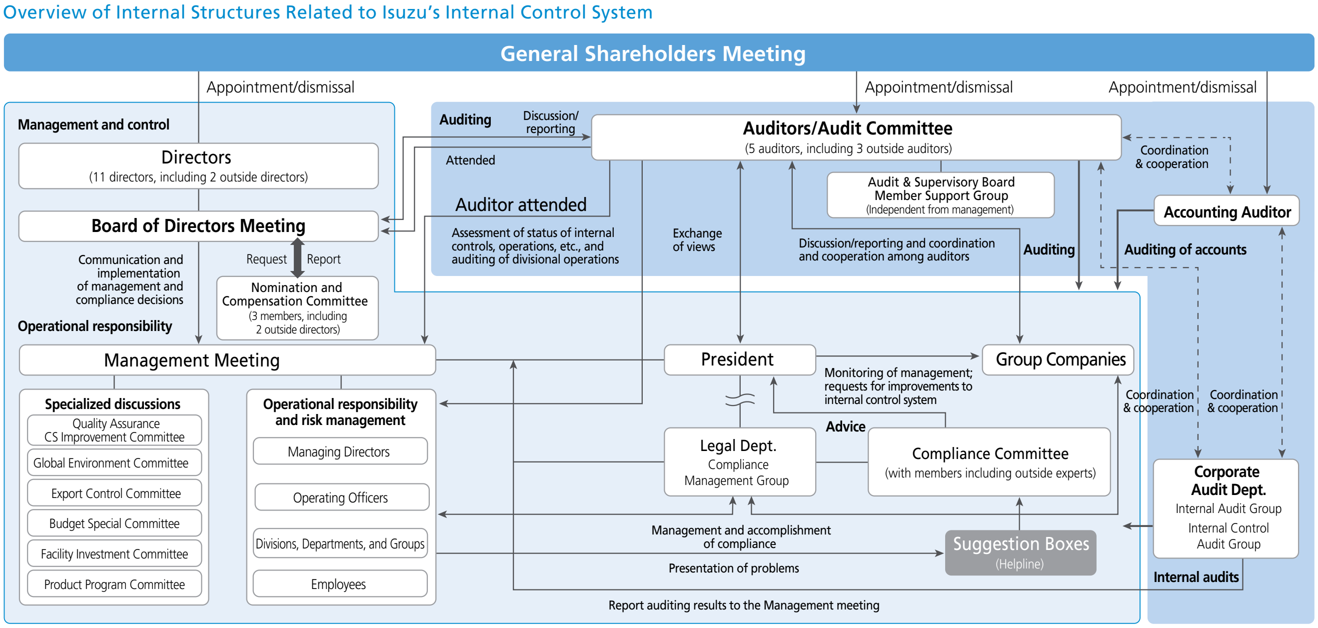
The Board of Directors, which consists of 11 directors, is chaired by President and Representative Director Masanori Katayama. In addition to a monthly meeting, the Board of Directors convenes when necessary to discuss and make decisions regarding important operational matters.

The Audit Committee, which consists of five auditors, is chaired by Standing Audit & Supervisory Board member Chikao Mitsuzaki. In addition to attending Board of Directors meetings, auditors conduct audits of operational performance of directors in accordance with the audit plan formulated by the Audit Committee.

Whereas the Board of Directors functions to implement management decision-making and operational execution, the Audit Committee, which consists of five auditors, including three outside auditors, is responsible for auditing the management. The Board of Directors also includes two elected outside directors to enhance its objectivity, neutrality, and transparency.

In addition to the above legally mandated bodies, Isuzu established a Nomination and Compensation Committee at a Board of Directors meeting held on June 26, 2019. As a voluntary corporate governance body, the Nomination and Compensation Committee will strengthen the independence, objectivity, and accountability of the Board of Directors regarding nomination of executive candidates, selection of individuals to serve as key management positions, determination of executive compensation, and other related matters. The Committee's membership consists of President and Representative Director Masanori Katayama and two outside directors (Hiroyuki Maekawa and Mitsuyoshi Shibata). It is chaired by President and Representative Director Masanori Katayama. The Committee discusses matters requested from the Board of Directors, to which it reports its findings.

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



(As of June 26, 2019)

Overview of corporate governance systems

In order to live up to the mandate and trust placed on Isuzu by stakeholders to increase corporate value, managers must strive to act in the joint interest of the company and of all stakeholders. Managers must also balance the interests of individual groups of stakeholders without favoring their own perspectives or the interests of particular groups of stakeholders.

To maintain trust from all stakeholders, Isuzu has chosen from a number of corporate governance mechanisms to establish an Audit Committee. 2 of the 11 seats on its Board of Directors are held by outside directors.

We chose to create an Audit Committee because we feel that it offers a better way, while maintaining fast, strategic decision-making and management capability, of implementing management oversight through committee-led monitoring processes that take advantage of outside expertise and objectivity while maintaining the management functions of the Board of Directors thorough knowledge of Isuzu's businesses and management issues.

Whether the Board of Directors is able to carry out its operational responsibilities—decision-making and management—depends on whether each director possess deep managerial knowledge and experience, and on whether they have the skills and abilities necessary to make appropriate decisions and speak appropriately based on adequate knowledge of the Isuzu's business, the automotive industry, and their experience. In addition to having been able to promote directors from internal candidates with a high level of discernment and skill, we have appointed multiple outside directors with extensive knowledge of corporate management and related areas. By offering management advice and suggestions, the outside directors have helped increase the diversity of discussion and decision-making of the Board of Directors and strengthened its oversight function.

To better enable these outside directors to participate in, and offer advice to, the Board of Directors, we have held advance briefings for them before each meeting to explain the content of proposals and associated materials. Going forward, to strengthen objectivity and accountability, we will augment this effort by working to enrich discussion and study, particularly of important matters such as nominations and compensation, through discussions by the Nomination and Compensation Committee described above.

In addition, to strengthen the auditors' management supervision function in order to ensure that these bodies are able to properly carry out their review and monitoring functions, we are working to enhance collaboration between the Audit Committee, including outside auditors, and the Board of Directors. We are also pursuing a variety of initiatives to ensure the Company's management is supervised from an independent perspective, including Management Audit Meetings held prior to regular meetings of the Board of Directors and attended by all auditors.

We believe that introducing mechanisms and systems ensure healthy management oversight of the Isuzu's management from a perspective that is independent of its management and operational execution. Nonetheless, going forward we will continue to study how to further strengthen internal monitoring functions for the Board of Directors with a focus on empowering outside directors to make an even greater contribution.

Management Meeting and committees

To speed up management's decision-making and operational execution, Isuzu has established the Management Meeting, whose responsibilities include discussion and decision-making of important matters based on the decisions of the Board of Directors. We have also established the Quality Assurance & Customer Satisfaction Improvement Committee, Global Environment Committee, Export Control Committee, Budget Special Committee, Facility Investment Committee, and Product Program Committee under the aegis of the Management Meeting in order to streamline discussion in each of those areas.

In addition, we have introduced an executive officer system to offer appropriate support for directors as they work to fulfill their operational responsibilities. Information about directors' execution is reported at regular meetings of the Board of Directors, which are generally held every month.

Internal audits and audits by the Audit & Supervisory Board

Isuzu's five auditors (including three outside auditors), three of whom are standing auditors (including one outside auditor), all have considerable expertise in finance and accounting. The Audit & Supervisory Board Member Support Group consisting two staffs provides administrative support and report directly to the Audit Committee. It was established in April 2006 to help auditors fulfill their responsibilities. Rules governing assistants to auditors were adopted in May 2006 to ensure the group's independence as well as the effectiveness of instructions issued to staff.

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 the Company's operations. In addition, they work to ensure communication based on "Communications with Those Charged with Governance" (Japanese Institute of CPAs Auditing Standards Committee Statement No. 260), and refer to recommendations in the "Joint Research Report on Collaboration between Auditors and Audit Committees" (Japan Audit & Supervisory Board members Association and Japanese Institute of CPAs) in order to facilitate smooth and effective communication.

The Corporate Audit Department's Internal Audit Group and Internal Control Audit Group work to improve legal compliance, the reliability of financial reports, and the validity and efficiency of corporate operations. These are conducted through internal control audits, which are designed to ensure the reliability of financial reports in accordance with Japan's Financial Instruments and Exchange Act, and operational and topical audits of the Company and group companies. In making the same department responsible for both evaluating internal controls and conducting internal audits, we are working to create linkages between these two functions and to streamline and deepen associated operations. Furthermore, the Accounting Department and Legal Department cooperate with internal audits, if necessary. Together, the Internal Audit Group and Internal Control Audit Group consisted of 18 employees (excluding the General Manager) as of the end of the fiscal year ending March 31, 2019.

Management

Directors of the Board

Masanori Katayama
President and Representative Director

Shinichi Takahashi
Director of the Board, Managing Executive Officer
Engineering Division Executive

Masatoshi Ito
Director of the Board, Managing Executive Officer
Manufacturing Division Executive

Shinsuke Minami
Director of the Board, Senior Executive Officer
Quality Assurance Division Senior Division Executive
Corporate Planning & Finance Division Executive

Tetsuya Aiba
Director of the Board, Senior Executive Officer
Administration Division Executive

Kazuya Igeta
Director of the Board, Senior Executive Officer
Sales Planning Division Executive

Shigeji Sugimoto
Director of the Board, Senior Executive Officer
After Sales Division Executive

Koichi Seto
Director of the Board, Senior Executive Officer
Industrial Solutions & Powertrain Business Division Executive

Tetsuya Ikemoto
Director of the Board, Senior Executive Officer
President, and Representative Director, Isuzu Motors Sales Ltd.

Hiroyuki Maekawa
Director of the Board

Mitsuyoshi Shibata
Director of the Board

Outside Director of the Board

Audit & Supervisory Board Members

Chikao Mitsuzaki
Standing Audit & Supervisory Board Member

Masayuki Fujimori
Standing Audit & Supervisory Board Member

Tetsuhiko Shindo
Standing Audit & Supervisory Board Member

Takashi Mikumo
Audit & Supervisory Board Member

Kanji Kawamura
Audit & Supervisory Board Member

Outside Audit & Supervisory Board Members

Executive Vice President
Toru Nakata

Managing Executive Officers
Shigeo Tsuzuki
Keiichiro Maegaki

Senior Executive Officers
Tetsuhiko Irino
Yoichi Masuda
Hajime Wakuda
Etsuo Yamamoto
Yuzo Kato
Satoshi Yamaguchi
Hisao Sasaki
Takashi Odaira
Haruyasu Tanishige

Executive Officers
Masayuki Umeda
Yasuyuki Niijima
Toshio Ichimasa
Shun Fujimori
Naoto Nakamata
Naohiro Yamaguchi
Hirokazu Ookubo
Hiroshi Yamamoto
Satoshi Okuyama
Katsumi Adachi
Kimitoshi Kurokawa

(As of June 26, 2019)

ISUZU MOTORS LIMITED

Annual Report 2019

Financial Section

Consolidated Five-Year Summary

	Millions of yen					Thousands of U.S. dollars
	2019	2018	2017	2016	2015	2019
For the Year:						
Net sales	**¥ 2,149,168**	¥2,070,359	¥1,953,186	¥1,926,967	¥1,879,442	**$ 19,363,624**
Cost of sales	**1,765,270**	1,700,726	1,623,948	1,574,885	1,543,661	**15,904,770**
Gross profit	**383,898**	369,632	329,238	352,081	335,780	**3,458,854**
Selling, general and administrative expenses	**207,116**	202,867	182,793	180,522	164,669	**1,866,083**
Operating income	**176,781**	166,765	146,444	171,559	171,111	**1,592,771**
Profit before extraordinary items	**189,001**	173,616	152,022	186,690	187,411	**1,702,868**
Profit before income taxes	**186,108**	176,095	148,921	186,379	184,251	**1,676,804**
Profit attributable to owners of parent	**113,444**	105,663	93,858	114,676	117,060	**1,022,117**
At Year-End:						
Total assets	**¥2,130,894**	¥2,066,539	¥1,879,853	¥1,808,377	¥1,800,998	**$ 19,198,979**
Net assets	**1,116,335**	1,086,510	962,107	897,650	914,451	**10,057,978**

Non-Consolidated Five-Year Summary

	Millions of yen					Thousands of U.S. dollars
	2019	2018	2017	2016	2015	2019
For the Year:						
Net sales	**¥ 1,130,825**	¥ 1,081,384	¥1,065,886	¥1,076,360	¥1,060,028	**$ 10,188,532**
Cost of sales	**976,838**	931,700	919,225	914,721	895,517	**8,801,143**
Gross profit	**153,986**	149,684	146,661	161,638	164,510	**1,387,388**
Selling, general and administrative expenses	**104,136**	103,139	96,391	97,334	98,616	**938,254**
Operating income	**49,849**	46,544	50,269	64,304	65,893	**449,133**
Income before extraordinary items	**100,413**	71,745	100,330	108,624	78,931	**904,708**
Income before income taxes	**95,422**	69,875	98,927	107,554	78,131	**859,741**
Net income	**83,719**	58,476	87,310	91,905	67,070	**754,300**
At Year-End:						
Total assets	**¥ 1,035,508**	¥ 1,053,710	¥1,025,050	¥ 965,977	¥ 936,803	**$ 9,329,748**
Net assets	**573,641**	593,999	544,117	475,388	468,720	**5,168,407**

Note: U.S dollar amounts are translated from yen, for convenience only, at the rate of ¥110.99 = US$1; the approximate exchange rate prevailing on the Foreign Exchange Market on March 31, 2019.

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 2019. The following information contains forward-looking statements that reflect the judgment of management as of June 26, 2019.

(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, inventories, 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 2019

During the consolidated fiscal year, Isuzu overcame a business environment that was more challenging than anticipated as well as adverse economic conditions and exchange rates. Isuzu successfully posted record sales and operating income by addressing the seven key challenges set forth in the Midterm Business Plan. The business environment is expected to pose even greater challenges going forward, but Isuzu will continue to pursue the plan's seven key challenges.

2. Net Sales

In fiscal 2019, Isuzu's consolidated-basis sales volume in the domestic commercial vehicle market rose 2,169 vehicles (3.0%) from the previous year to 74,431 vehicles.

Isuzu maintained high market share of 31.8% for heavy- and medium-duty trucks (down 2.4% from the previous year) and 40.6% for 2- to 3-ton trucks (up 2.1% from the previous year) despite introductions of redesigned heavy- and medium-duty truck models by other manufacturers. Total market demand for heavy- and medium-duty trucks rose to 91,468 vehicles (up 0.4%). For 2- and 3-ton trucks, total market demand rose to 109,243 (up 4.9%). The engines and components business and other businesses also enjoyed steady growth in sales. As a result, Isuzu's domestic sales rose 4.1% to 819.1 billion.

Sales in Asia rose 0.7% from the previous year to ¥644.5 billion. In Thailand, despite market share declining 2.7% from the previous year, the Group maintained a large, 31.7% share of the LCV (light commercial vehicle) market.

North American sales surged 16.5% from the previous year to ¥166.7 billion thanks to strong sales of light-duty trucks and industrial engines.

Sales to other regions rose 3.7% from the previous year to ¥518.6 billion, with a recovery in demand in Egypt leading to increased sales in Africa.

3. Operating income

Operating income in fiscal 2019 was ¥176.7 billion, up 6.0% from the previous fiscal year.

Fluctuations in steel and oil prices, etc. and foreign exchange rate fluctuations of ¥7.8 billion and ¥7.1 billion, respectively, affected performance negatively, while cost reduction activities contributed ¥14.2 billion, and sales/model mix fluctuations, ¥18.1 billion.

As a result, Isuzu's operating margin rose to 8.2%, compared to 8.1% for the previous year.

4. Non-operating gains/losses

In fiscal 2019, Isuzu posted a non-operating gain of ¥12.2 billion, an increase of ¥5.3 billion from the previous year.

Equity in earnings of unconsolidated subsidiaries and affiliates rose ¥1.3 billion from the previous year to ¥7.9 billion.

An increase in interest and dividend income resulted in net interest (interest and dividends income minus interest expenses) of ¥5.2 billion, an improvement of ¥1.4 billion from the previous year. Foreign exchange losses improved ¥900 million from the previous year.

5. Extraordinary gains/losses

In fiscal 2019, Isuzu posted an extraordinary loss of ¥2.8 billion, a deterioration of ¥5.3 billion from the previous year. Principal factors were extraordinary losses including loss on the disposal of property, plant and equipment, impairment loss on fixed assets, losses due to natural disasters, and loss on reevaluation of investments in securities, and extraordinary gains including gains on the sale of property, plant and equipment, gains on negative goodwill, and gains on step acquisitions.

6. Taxes

Isuzu's net tax expense in fiscal 2019 including current income taxes and deferred income taxes was ¥48.0 billion. In fiscal 2018, the net tax expense was ¥49.0 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 and North America, and Japanese parts manufacturers. Non-controlling interests in fiscal 2019 rose to ¥24.6 billion, compared to ¥21.3 billion in fiscal 2018.

8. Profit attributable to owners of parent

The Group posted a profit attributable to owners of parent of ¥113.4 billion in fiscal 2019, an increase of ¥7.7 billion from the previous year. Profit attributable to owners of parent per share came to ¥150.18.

(3) Financial conditions

1. Cash flow

Isuzu generated cash and cash equivalents ("net cash") of ¥305.3 billion in fiscal 2019, down ¥24.6 billion from the previous year. Net cash of ¥156.5 billion provided by operating activities offset net cash of ¥86.5 billion used in investing activities and net cash of ¥106.9 billion used in financing activities.

Free cash flow, calculated by subtracting cash flow used in investing activities from cash flow provided by operating activities, resulted in a net cash inflow of ¥69.9 billion (up 0.3% from the previous year).

Cash flow from operating activities

Cash flow from operating activities decreased 11.5% from the previous year to ¥156.5 billion.

Profit before income taxes and non-controlling interests of ¥186.1 billion and depreciation of ¥69.9 billion offset net cash outflows including

¥17.9 billion due to an increase in receivables, ¥29.8 billion due to an increase in inventories, ¥14.5 billion due to an increase in lease receivables and lease investment assets, and ¥53.2 billion in income tax payments.

Cash flow from investing activities

Net cash used in investing activities fell 19.1% to ¥86.5 billion due primarily to ¥94.7 billion in expenditures associated with the purchase of property, plant and equipment.

Cash flow from financing activities

Net cash used in financing activities totaled ¥106.9 billion (compared to a net cash outflow of ¥4.4 billion during the previous fiscal year).

Net cash outflows of ¥79.4 billion for acquisition of treasury stock, ¥35.6 billion for repayment of long-term debt, ¥26.6 billion for payment of dividends, and ¥19.1 billion for payment of dividends to non-controlling shareholders offset net cash inflows of ¥50.0 billion from long-term borrowing.

2. Assets

As of March 31, 2019, assets totaled ¥2,130.8 billion, an increase of ¥64.3 billion from the previous year.

The growth reflects increases of ¥31.4 billion in inventories, ¥25.4 billion in property, plant and equipment, and ¥21.3 billion in receivables, which collectively offset a decrease of ¥18.7 billion in cash and time deposits.

3. Liabilities

Total liabilities as of March 31, 2019, increased ¥34.5 billion from the previous year to ¥1,014.5 billion.

Principal factors in the change were an increase of ¥17.7 billion in interest-bearing debt, of ¥1.0 billion in maintenance costs, and of ¥7.2 billion in notes and accounts payable and electronically recorded obligations.

4. Net assets

Net assets increased ¥29.8 billion in fiscal 2019 to ¥1,116.3 billion.

Principal factors contributing to an increase in net assets were increases of ¥86.7 billion in retained earnings and of ¥19.6 billion in non-controlling interests, while principal factors contributing to a decrease in net assets included an increase of ¥79.1 billion in treasury stock mainly due to buybacks.

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 26, 2019).

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 and sells 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 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 influenza virus or other infectious disease pandemic could pose significant obstacles to the Group's production and sales activities.

10. IT risks

Collection and use of customer information, utilization of technical information as trade secrets, and use of information technologies such as automatic control of equipment have become essential aspects of business operations in recent years. Despite the Isuzu Group's efforts to implement a variety of countermeasures to secure information technologies and IT networks, system failures, computer viruses, cyber-attacks, and other potential security threats could lead to an interruption in operations or loss of data, adversely impacting the Group's brand image, performance, or financial condition.

11. Information security

Although the Isuzu Group takes steps to ensure compliance with laws and regulations, including through information security initiatives conceived to ensure the privacy of personal and confidential information, leaks of information resulting from unforeseen circumstances or similar events could have an adverse impact on the Group's performance and financial condition, for example by compromising public trust or exposing the Group to liability for damage sustained by customers.

12. 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.

13. Fluctuations in accounting estimates

The Company develops, net defined benefit liability, 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.

14. 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

15. 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.

16. 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.

17. Compliance and reputation

The Group is developing measures to prevent violations of laws and other regulations as well as structures to respond quickly in the event of compliance incidents. However, it is not possible to dismiss the possibility of legal violations in the future. The fact ofsuch violations as well as any inadequacies in terms of factors such as the nature and speed of the Group's response could have a serious impact on its credibility with the general public, adversely affecting its performance and financial position.

Consolidated Balance Sheets (As of March 31, 2019 and 2018)

	Millions of yen		Thousands of U.S. dollars
Assets	2019	2018	2019
Current Assets:			
Cash and time deposits (Note 2)	**¥ 328,114**	¥ 346,818	**$ 2,956,256**
Receivable :			
Notes and accounts receivable	**300,768**	279,401	**2,709,866**
Less : allowance for doubtful receivable	**(1,601)**	(1,472)	**(14,429)**
Lease receivables and lease investment assets	**117,730**	103,223	**1,060,734**
Inventories	**307,517**	276,080	**2,770,675**
Other current assets	**60,040**	58,942	**540,956**
Total Current Assets	**1,112,570**	1,062,993	**10,024,059**
Property, Plant and Equipment (Note 4)			
Land (Note 8)	**282,623**	279,756	**2,546,386**
Buildings and structures	**401,129**	389,686	**3,614,103**
Machinery and equipment	**723,872**	698,299	**6,521,962**
Lease assets	**18,453**	16,036	**166,265**
Vehicles on operating leases	**76,177**	56,315	**686,344**
Construction in progress	**34,050**	24,891	**306,785**
Others	**126,711**	121,442	**1,141,647**
Less : accumulated depreciation	**(931,674)**	(880,571)	**(8,394,217)**
Net Property, Plant and Equipment	**731,344**	705,854	**6,589,278**
Intangible Assets			
Goodwill	**7,058**	10,093	**63,599**
Others	**18,320**	16,618	**165,064**
Total Intangible Assets	**25,379**	26,711	**228,664**
Investments and Advances:			
Investment securities (Note 3)			
Unconsolidated subsidiaries and affiliated companies	**78,513**	81,735	**707,396**
Others	**97,413**	96,892	**877,674**
Long-term loans	**981**	1,479	**8,839**
Net defined benefit asset	**1,642**	1,479	**14,798**
Deferred tax assets (Note 6)	**54,938**	53,487	**494,982**
Other investments and advances	**28,579**	37,194	**257,499**
Less : allowance for doubtful accounts	**(467)**	(1,289)	**(4,214)**
Total Investments and Advances	**261,600**	270,979	**2,356,975**
Total Assets	**¥ 2,130,894**	¥ 2,066,539	**$ 19,198,979**

See accompanying notes to consolidated financial statements.

Liabilities and Net Assets	Millions of yen 2019	2018	Thousands of U.S. dollars 2019
Current Liabilities:			
Short-term loans	¥ **71,191**	¥ 73,955	$ **641,425**
Electronically recorded obligations - operating	**47,240**	29,439	**425,631**
Notes and accounts payable	**339,997**	350,555	**3,063,315**
Lease obligations	**3,931**	3,187	**35,417**
Accrued expenses	**73,089**	73,212	**658,526**
Provision for directors' bonuses	**441**	178	**3,976**
Accrued income taxes (Note 6)	**20,636**	24,539	**185,930**
Deposits received	**4,174**	3,464	**37,608**
Other current liabilities	**65,625**	61,103	**591,272**
Total Current Liabilities	**626,328**	619,636	**5,643,106**
Long-term Debt (Note 4)	**222,275**	202,467	**2,002,660**
Net Defined Benefit Liability (Note 5)	**97,506**	97,947	**878,518**
Deferred Tax Liabilities (Note 6)	**2,862**	1,487	**25,786**
Deferred Tax Liabilities Related to Land Revaluation (Note 8)	**42,135**	42,135	**379,635**
Provision for Maintenance Costs	**5,815**	4,776	**52,400**
Provision for Management Board Incentive Plan Trust	**209**	364	**1,888**
Other Long-term Liabilities	**17,425**	11,213	**157,003**
Contingent Liabilities (Note 10)			
Net Assets			
Shareholders' Equity (Note 7)			
Common and preferred stock			
Common stock :	**40,644**	40,644	**366,202**
Capital surplus	**42,129**	42,127	**379,575**
Retained earnings	**871,845**	785,096	**7,855,175**
Less: treasury stock	**(150,485)**	(71,362)	**(1,355,844)**
Total Shareholders' Equity	**804,134**	796,506	**7,245,109**
Accumulated Other Comprehensive Income			
Unrealized holding gain (loss) on securities	**38,754**	36,545	**349,169**
Unrealized gain (loss) on hedging instruments	**131**	662	**1,181**
Revaluation reserve for land (Note 8)	**83,880**	83,880	**755,748**
Foreign currency translation adjustments	**10,195**	10,267	**91,863**
Remeasurements of defined benefit plans	**(7,314)**	(8,276)	**(65,905)**
Total accumulated other comprehensive income	**125,647**	123,079	**1,132,058**
Non-controlling interests	**186,553**	166,923	**1,680,810**
Total Net Assets	**1,116,335**	1,086,510	**10,057,978**
Total Liabilities and Net Assets	¥ **2,130,894**	¥ 2,066,539	$ **19,198,979**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income (For the years ended March 31, 2019 and 2018)

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Net Sales	¥ 2,149,168	¥ 2,070,359	$ 19,363,624
Cost of Sales	1,765,270	1,700,726	15,904,770
Gross profit	383,898	369,632	3,458,854
Selling, General and Administrative Expenses	207,116	202,867	1,866,083
Operating income	176,781	166,765	1,592,771
Other Income (Expenses):			
Interest and dividend income	7,450	5,751	67,127
Interest expense	(2,168)	(1,892)	(19,541)
Equity in earnings of unconsolidated subsidiaries and affiliates	7,955	6,619	71,678
Foreign exchange loss	(91)	(1,036)	(828)
Others, net	(925)	(2,591)	(8,338)
Profit before extraordinary items	189,001	173,616	1,702,868
Extraordinary Items:			
Gain on sales of investment securities	1	125	15
Gain on sales or disposal of property, plant and equipment, net	805	386	7,259
Gain on negative goodwill	2,264	—	20,407
Impairment loss on fixed assets (Note 14)	(1,202)	(404)	(10,836)
Gain on step acquisitions	667	4,076	6,016
Loss on disaster	(1,393)	—	(12,553)
Loss on valuation of investment securities	(2,734)	(81)	(24,633)
Others, net	(1,302)	(1,624)	(11,738)
Profit before income taxes and non-controlling interests	¥ 186,108	¥ 176,095	$ 1,676,804
Income Taxes (Note 6):			
Current	50,754	49,453	457,290
Deferred	(2,715)	(398)	(24,468)
Profit	138,069	127,040	1,243,983
Profit Attributable to:			
Non-Controlling interests	24,624	21,376	221,865
Owners of Parent	¥ 113,444	¥ 105,663	$ 1,022,117

Per Share of Common Stock	Yen		U.S. dollars
Profit Attributable to Owners of Parent			
—Basic	¥ 150.18	¥ 134.17	$ 1.35

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income (For the years ended March 31, 2019 and 2018)

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Profit	¥ 138,069	¥ 127,040	$ 1,243,983
Other Comprehensive Income			
Unrealized holding gain (loss) on securities	2,190	16,631	19,732
Unrealized gain (loss) on hedging instruments	(531)	381	(4,789)
Foreign currency translation adjustments	7,527	3,589	67,817
Remeasurements of defined benefit plans	1,092	1,473	9,842
Share of other comprehensive income of associates accounted for using the equity method	(6,879)	980	(61,981)
Total other comprehensive income (Note 15)	3,398	23,056	30,621
Comprehensive Income (Note 15)	141,468	150,096	1,274,604
Comprehensive Income Attributable to :			
Owners of parent	116,012	126,331	1,045,249
Non-controlling interests	¥ 25,456	¥ 23,765	$ 229,354

See accompanying notes to consolidated financial statements.

Consolidated Statements of Change in Net Assets (Note 7) (For the years ended March 31, 2019 and 2018)

	Millions of yen									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gain (loss) on securities	Revaluation reserve for land	Unrealized gain (loss) on hedging instruments	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Non-controlling interests
Balance at March 31, 2017	¥ 40,644	¥ 42,081	¥704,664	¥ (71,364)	¥ 19,951	¥ 83,880	¥ 281	¥ 8,080	¥ (9,782)	¥ 143,669
Cash dividends			(25,230)							
Profit attributable to owners of parent			105,663							
Acquisition of treasury stock				(15)						
Disposal of treasury stock				18						
Purchase of shares of consolidated subsidiaries		46								
Net changes on items other than shareholders' equity					16,594	—	381	2,186	1,505	23,254
Balance at March 31, 2018	¥ 40,644	¥ 42,127	¥785,096	¥ (71,362)	¥ 36,545	¥ 83,880	¥ 662	¥ 10,267	¥ (8,276)	¥ 166,923
Cash dividends			(26,695)							
Profit attributable to owners of parent			113,444							
Acquisition of treasury stock				(79,436)						
Disposal of treasury stock				314						
Change in capital surplus due to transactions with non-controlling interests		1								
Net changes on items other than shareholders' equity					2,208	—	(531)	(71)	962	19,629
Balance at March 31, 2019	¥ 40,644	¥ 42,129	¥ 871,845	¥ (150,485)	¥ 38,754	¥ 83,880	¥ 131	¥ 10,195	(7,314)	¥ 186,553

	Thousands of U.S. dollars									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gain (loss) on securities	Revaluation reserve for land	Unrealized gain (loss) on hedging instruments	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Non-controlling interests
Balance at March 31, 2018	$ 366,202	$ 379,565	$7,073,580	$ (642,965)	$ 329,272	$ 755,748	$ 5,971	$ 92,505	$ (74,572)	$1,503,951
Cash dividends			(240,522)							
Profit attributable to owners of parent			1,022,117							
Acquisition of treasury stock				(715,709)						
Disposal of treasury stock				2,830						
Change in capital surplus due to transactions with non-controlling interests		9								
Net changes on items other than shareholders' equity					19,896	—	(4,789)	(641)	8,667	176,859
Balance at March 31, 2019	$ 366,202	$ 379,575	$7,855,175	$(1,355,844)	$ 349,169	$ 755,748	$ 1,181	$ 91,863	$ (65,905)	$1,680,810

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows (Note 16) (For the years ended March 31, 2019 and 2018)

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Cash Flows from Operating Activities			
Profit before income taxes and non-controlling interests	¥ 186,108	¥ 176,095	$ 1,676,804
Depreciation and amortization	72,620	68,884	654,299
Equity in earnings of unconsolidated subsidiaries and affiliates	(7,955)	(6,619)	(71,678)
Increase (decrease) in provision for allowance for product warranty	(491)	(1,434)	(4,428)
Increase (decrease) in provision for bonus accounts	123	2,210	1,116
Increase (decrease) in provision for directors' bonuses	256	36	2,306
Increase (decrease) in provision for allowance for doubtful accounts	(687)	311	(6,190)
Increase (decrease) in net defined benefit liability	890	(783)	8,024
Increase (decrease) in provision for maintenance costs	1,039	1,729	9,365
Increase (decrease) in provision for management board incentive plan trust	(154)	203	(1,394)
Interest and dividend income	(7,450)	(5,751)	(67,127)
Interest expenses	2,168	1,892	19,541
Gain on disposal of property assets	(1,192)	(386)	(10,746)
Loss on disposal of property assets	1,905	1,624	17,166
Gain (loss) on sales of securities, net	4	(125)	36
Gain (loss) on impairment of fixed assets	1,202	404	10,836
Other extraordinary loss (income)	973	(3,994)	8,770
Decrease (increase) in notes and accounts receivable	(17,947)	(12,857)	(161,701)
Decrease (increase) in lease receivables and lease investment assets	(14,507)	(15,666)	(130,707)
Decrease (increase) in inventories	(29,898)	(5,168)	(269,381)
Decrease (increase) in other current assets	(1,961)	(3,444)	(17,671)
Increase (decrease) in notes and accounts payable	5,781	6,730	52,092
Increase (decrease) in accrued expenses and taxes	(1,896)	4,372	(17,087)
Increase (decrease) in deposits received	831	(462)	7,490
Increase (decrease) in other current liabilities	7,198	2,266	64,853
Others	1,850	573	16,668
Cash received from interest and dividends	13,180	9,743	118,756
Cash paid for interest	(2,166)	(1,905)	(19,522)
Cash paid for income taxes	(53,279)	(41,671)	(480,039)
Net Cash Provided by Operating Activities	156,546	176,804	1,410,451
Cash Flows from Investing Activities			
Payment on purchase of investment securities	(92)	(807)	(837)
Proceeds from sales of investment securities	17	226	157
Payment on purchase of property, plant and equipment	(94,768)	(99,437)	(853,844)
Proceeds from sales of property, plant and equipment	4,904	3,044	44,192
Payment on long-term loans receivable	(345)	(279)	(3,111)
Collection of long-term loans receivable	404	289	3,646
Increase (decrease) in short-term loans receivable	159	52	1,432
Increase (decrease) in fixed deposits	(1,640)	(2,141)	(14,780)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	27	—	246
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	284	—
Payment on purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(8,329)	—
Proceeds from transfer of business	3,268	—	29,447
Others	1,495	61	13,473
Net Cash Used in Investing Activities	(86,569)	(107,035)	(779,977)
Cash Flows from Financing Activities			
Increase (decrease) in short-term debt	1,166	14,701	10,510
Proceeds from long-term debt	50,000	42,000	450,491
Repayment on long-term debt	(35,677)	(25,071)	(321,443)
Proceeds from non-controlling shareholders	5,945	6,597	53,565
Repayment of lease obligations	(3,094)	(2,843)	(27,883)
Payment on acquisition of treasury stock	(79,435)	(14)	(715,701)
Payment on dividends made by parent company	(26,694)	(25,195)	(240,515)
Payment on dividends to non-controlling shareholders	(19,124)	(13,135)	(172,307)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(1,470)	—
Net Cash Used in Financing Activities	(106,914)	(4,432)	(963,284)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	4,815	3,932	43,387
Net Increase (Decrease) in Cash and Cash Equivalents	(32,122)	69,270	(289,422)
Cash and Cash Equivalents at Beginning of the Year	329,949	260,678	2,972,781
Increase in cash and cash equivalents resulting from merger	7,485	—	67,441
Cash and Cash Equivalents at End of the Year (Note 2)	¥ 305,311	¥ 329,949	$ 2,750,800

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 ("IFRS"), 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 ¥110.99 = US$1, the approximate exchange rate prevailing on the Foreign Exchange Market on March 31, 2019. 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 2018 financial statements to conform to the presentation for 2019.

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 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 consolidated 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. Revenue and expense accounts of consolidated overseas subsidiaries are translated using the average exchange rate during the year. 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 certain 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 leased under finance lease contracts without transfer of ownership; these assets are depreciated over their respective lease periods by the straight-line method with residual values as specified in the lease contracts or a residual value of zero.

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 (mainly 10 years). Actuarial gains or losses are amortized by the straight-line method or the declining balance method over the period within the average remaining years of service of the eligible employees (mainly 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 simplified 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, 2019 is as follows:

	Millions of yen	Thousands of U.S. dollars
Profit attributable to owners of parent	¥ 113,444	$ 1,022,117
Profit attributable to owners of parent pertaining to common stock	¥ 113,444	$ 1,022,117
Average number of outstanding shares: Common stock:	755,414,265	

In the calculation of basic earnings per share, the number of shares of the Company's stock owned by the management board incentive plan (BIP) trust is included in treasury stock. Therefore, the number of those shares is deducted in calculating the number of shares of common stock outstanding at the end of the year and the weighted average number of shares of common stock outstanding during the year.

The weighted average number of shares of common stock is 788,590 shares for the year ended March 31, 2019.

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 fiscal year is in Note 16. Consolidated statements of cash flows, (1) Reconciliation for cash status between balance sheets and cash flows.

m) Adoption of New Accounting Standard

(Adoption of IFRS 15)

Effective from the beginning of the fiscal year ended March 31, 2019, the Company's overseas consolidated subsidiaries, except those located in the United States, are required to comply with IFRS 15 (Revenue from Contracts with Customers).

In accordance with IFRS 15, an entity is required to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The impact of the adoption of IFRS 15 on the Company's consolidated financial statements was immaterial.

n) Unapplied Accounting Standards

[Overseas Consolidated Subsidiaries, except those located in the United States]

IFRS 16 "Leases"

(1) Overview

In accordance with IFRS 16, a lessee, in principle, is required to record all leases on the balance sheet as assets and liabilities.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard from the beginning of the fiscal year ending March 31, 2020.

(3) Impact of adoption of IFRS 16

The impact of the adoption of IFRS 16 on the Company's consolidated financial statements is currently under evaluation.

[Consolidated subsidiaries in the United States]

ASU 2014-09 "Revenue from Contracts with Customers"

(1) Overview

In accordance with ASU 2014-09, an entity is required to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standards from the beginning of the fiscal year ending March 31, 2020.

(3) Impact of adoption of ASU 2014-09

The impact of the adoption of ASU 2014-90 on the Company's consolidated financial statements is currently under evaluation.

ASU 2016-02 "Leases"

(1) Overview

In accordance with ASU 2016-02, a lessee is required to recognize assets or liabilities for all leases on the balance sheet in principle.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standards from the beginning of the fiscal year ending March 31, 2021.

(3) Impact of adoption of ASU 2016-02

The impact of the adoption of ASU 2016-02 on the Company's consolidated financial statements is currently under evaluation.

[The Company and Domestic Consolidated Subsidiaries]

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2018) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 30, 2018)

(1) Overview

The International Accounting Standards Board (IASB) and US Financial Accounting Standards Board (FASB) jointly developed comprehensive accounting standards regarding revenue recognition, and released "Revenue from Contracts with Customers" in May 2014 (IFRS 15 by the IASB and Topic 606 by the FASB). Considering the fact that IFRS 15 is being applied from fiscal years beginning on or after January 1, 2018 and Topic 606 applied from fiscal years beginning after December 15, 2017, the ASBJ developed comprehensive accounting standards regarding revenue recognition and released the standards along with the implementation guidance.

In developing its business accounting standards regarding revenue recognition, the basic policy of the ASBJ was to include the basic principles of IFRS 15 in the accounting standards from a viewpoint of comparability between financial statements, which is one of the benefits of being in conformity with IFRS 15. However, if there is any item that needs particular consideration in light of Japanese business practices, a substitute treatment may be employed to the extent that it does not impair the comparability.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of adoption of accounting standard and implementation guidance

The impact of the adoption of the accounting standard and implementation guidance on the Company's consolidated financial statements is currently under evaluation.

"Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements" (Practical Issues Task Force ("PITF") No.18, revised September 14, 2018) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (PITF No.24, revised September 14, 2018)

(1) Overview

With regard to foreign subsidiaries applying IFRS 9, "Financial Instruments," the accounting treatment for measuring subsequent changes in fair value of equity instruments recognized in accumulated other comprehensive income has been clarified as follows: any gain or loss on the sale of equity instruments or impairment loss on equity instruments should be reclassified to profit or loss for the corresponding period in preparing the consolidated financial statements.

(2) Scheduled date of adoption

The Company expects to adopt the revised implementation guidance from the beginning of the fiscal year ending March 31, 2020.

(3) Impact of adoption of revised practical solutions

The impact of the adoption of these practical solutions on the Company's consolidated financial statements is currently under evaluation.

"Accounting Standard for Business Combinations" (ASBJ statement No.21, revised January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, revised January 16, 2019)

(1) Overview

The revised standards prescribe the accounting treatment applicable when a portion of consideration paid is subsequently returned under a contingent consideration provision.

(2) Scheduled date of adoption

The Company expects to adopt the revised accounting standard and implementation guidance to business combinations for which the acquisition date is on or after the beginning of the fiscal year ending March 31, 2020.

(3) Impact of adoption of revised accounting standard and implementation guidance

The impact of the adoption of the revised accounting standard and implementation guidance on the Company's consolidated financial statements is currently under evaluation.

o) Change in Presentation

(Consolidated Balance Sheets)

Partial Amendments to Accounting Standard for Tax Effect Accounting

The Company and its consolidated subsidiaries have adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018) (hereinafter, the "Partial Amendments") from the beginning of the fiscal year ended March 31, 2019. As such, deferred tax assets and deferred tax liabilities are included within investments and other assets and long-term liabilities, respectively, and related income tax disclosures have been expanded.

As a result, ¥32,176 million of deferred tax assets in current assets previously presented in the consolidated balance sheet as of March 31, 2018 have been reclassified and included within ¥31,195 million of deferred tax assets in investments and other assets.

Deferred tax assets and deferred tax liabilities of individual tax paying entities subject to consolidation are offset, with the resulting net value presented on the consolidated balance sheets; total assets after the application of the Partial Amendments decreased by ¥980 million compared with the amount before such application.

Also, "Note 6 Income Taxes" in the notes to the consolidated financial statements has been expanded in accordance with Note 8 and Note 9 of Interpretive Notes to Accounting for Tax Effect Accounting. However, comparative information for the year ended March 31, 2018 has not been disclosed in Note 6 in accordance with the transitional provisions set forth in Article 7 of the Partial Amendments.

p) Additional Information

(Performance-based Stock Compensation Plan for Directors and Corporate Officers)

The Company established a compensation plan to deliver the Company's shares to the Board Directors and Corporate Officers (excluding outside directors; hereinafter referred to as "Directors").

(1) Outline of the plan

Performance-based Stock Compensation Plan for Directors and Corporate Officers (hereinafter, "the plan") was introduced in the 114th Ordinary General Meeting of Shareholders held on June 29, 2016.

The purpose of the plan is to clarify the link between the market value of the Company's shares based on the Company's performance and remuneration of Directors. Under the plan, the Directors share with the shareholders not only the benefits deriving from future appreciation of share prices, but also the risks associated with a fall in the same. This is intended ultimately to enhance the awareness of the Directors with respect to making a contribution to an improvement in the Company's mid and long-term performance and its corporate value.

The management board incentive plan trust (the Trust) will acquire the Company's shares from the stock market by using the funds entrusted under the Trust establishment in accordance with the instructions of the Trust administrator. Then, delivery of the stock compensation will be made depending on achievement of performance targets in the medium-term management plan in accordance with predetermined regulations of stock compensation of the Company.

(2) The Company's shares remaining in the Trust.

The Company's shares remaining in the Trust are included in treasury stock in net assets at the carrying value (excluding related costs) in the Trust. As of March 31, 2019, the corresponding carrying value and the number of shares of the Company's stock are ¥1,187 million ($10,698 thousand) and 880,710 shares, respectively.

3. Securities

Fair value information of other securities as of March 31, 2019 and 2018 are as follows:

2019	Millions of yen			Thousands of U.S. dollars		
	Acquisition costs	Carrying value	Unrealized gain (loss)	Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:						
Stocks:	¥ 35,560	¥ 92,133	¥ 56,573	$320,395	$830,109	$509,714
Total	¥ 35,560	¥ 92,133	¥ 56,573	$320,395	$830,109	$509,714
Unrealized loss:						
Stocks:	¥ 3,332	¥ 2,953	¥ (379)	$ 30,028	$ 26,610	$ (3,418)
Total	¥ 3,332	¥ 2,953	¥ (379)	$ 30,028	$ 26,610	$ (3,418)

2018	Millions of yen		
	Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:			
Stocks:	¥ 37,009	¥ 90,714	¥ 53,704
Total	¥ 37,009	¥ 90,714	¥ 53,704
Unrealized loss:			
Stocks:	¥ 4,626	¥ 3,824	¥ (802)
Total	¥ 4,626	¥ 3,824	¥ (802)

Proceeds from sales of securities classified as other securities amounted to ¥17 million ($158 thousand) with an aggregate profit on sales of ¥1 million ($16 thousand), an aggregate loss on sales of ¥5 million ($53 thousand) for the year ended March 31, 2019.

Non-marketable securities classified as other securities as of March 31, 2019 amounted to ¥2,325 million ($20,954 thousand).

4. Long-Term Debt

Long-term debt as of March 31, 2019 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Loans	¥ 252,274	¥ 239,963	$2,272,950
Lease obligations	11,221	8,876	101,102
Less: current portion	41,220	46,372	371,391
Total long-term debt	¥ 222,275	¥ 202,467	$2,002,660

The annual maturities of long-term debt as of March 31, 2019 are summarized as follows:

Planned maturity date	Millions of yen	Thousands of U.S. dollars
Over 1 year within 2 years	¥ 42,234	$ 380,522
Over 2 years within 3 years	39,547	356,320
Over 3 years within 4 years	43,009	387,503
Thereafter	97,484	878,314
Total	¥ 222,275	$ 2,002,660

The assets pledged as collateral for certain loans and other liabilities as of March 31, 2019 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Building and structures	¥ 771	¥ 753	$ 6,947
Machinery and equipment	637	649	5,746
Land	1,026	1,026	9,245
Others	2,657	4,935	23,947

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.

Certain of the Company's consolidated subsidiaries have changed the calculation method for net defined benefit liability from the simplified method to the standard method effective from the end of the fiscal year ended March 31, 2019.

1. Defined benefit plans as of March 31, 2019 and 2018 are follows;

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

	Millions of yen		Thousands of U.S. dollars
Changes in benefit obligation:	2019	2018	2019
Projected benefit obligation at beginning of the year	¥ 185,113	¥180,424	$ 1,667,842
Service cost	8,267	8,346	74,487
Interest cost on projected benefit obligation	2,032	2,050	18,311
Actuarial gain (loss)	341	2,383	3,076
Increase due to change from simplified method to standard method	827	—	7,460
Benefit paid	(7,568)	(7,982)	(68,187)
Others	616	(109)	5,555
Projected benefit obligation at the end of the year	¥189,631	¥ 185,113	$1,708,546

[Remarks]

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

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

Changes in plan assets:	Millions of yen 2019	Millions of yen 2018	Thousands of U.S. dollars 2019
Plan assets at beginning of the year	¥ 88,645	¥ 82,056	$798,681
Expected return on plan assets	1,742	1,684	15,699
Actuarial gain (loss) on plan assets	(1,868)	1,390	(16,834)
Employer's contributions	8,349	8,466	75,229
Benefit paid during the current fiscal year	(3,554)	(4,378)	(32,029)
Others	452	(574)	4,078
Plan assets at end of the year	¥ 93,767	¥ 88,645	$844,825

[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, 2019 and 2018

	Millions of yen 2019	Millions of yen 2018	Thousands of U.S. dollars 2019
Projected benefit obligation under funded schemes	¥ 110,227	¥ 108,798	$ 993,132
Plan assets	(93,767)	(88,645)	(844,825)
	16,460	20,152	148,307
Projected benefit obligation under non-funded schemes	79,403	76,315	715,413
Asset and liability on the consolidated balance sheet, net	¥ 95,864	¥ 96,468	$ 863,720
Net defined benefit liability	97,506	97,947	878,518
Net defined benefit assets	(1,642)	(1,479)	(14,798)
Net liability for retirement benefits on the balance sheet	¥ 95,864	¥ 96,468	$ 863,720

[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 2019	Millions of yen 2018	Thousands of U.S. dollars 2019
Service cost	¥ 8,267	¥ 8,346	$ 74,487
Interest cost on projected benefit obligation	2,032	2,050	18,311
Expected return on plan assets	(1,742)	(1,684)	(15,699)
Amortization of actuarial net loss	3,375	3,073	30,414
Amortization of prior service cost	158	174	1,429
Expenses posted due to change from simplified method to standard method	827	—	7,460
Net retirement benefit cost to defined benefit plans	¥ 12,919	¥ 11,961	$ 116,402

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

(5) Components of remeasurements of defined benefit plans (before tax effects) included in other comprehensive income

	Millions of yen 2019	Millions of yen 2018	Thousands of U.S. dollars 2019
Prior service cost	¥ 158	¥ 174	$ 1,429
Actuarial loss	1,165	2,080	10,503
Total	¥ 1,324	¥ 2,255	$ 11,932

(6) Components of remeasurements of defined benefit plans (before tax effects) included in accumulated other comprehensive income

	Millions of yen 2019	Millions of yen 2018	Thousands of U.S. dollars 2019
Unrecognized prior service cost	¥ 434	¥ 554	$ 3,911
Unrecognized actuarial loss	8,919	10,111	80,363
Total	¥ 9,353	¥ 10,665	$ 84,274

(7) Allocation of plan assets

In order to determine the expected long-term rate of return on assets, the Company and its consolidated subsidiaries considers the current and expected future allocation of the pension assets and the variety of the properties constituting the pension assets.

	Ratio 2019	Ratio 2018
Debt securities	29%	29%
Equity securities	32%	33%
Cash and deposits	5%	3%
Life insurance company general accounts	26%	27%
Other assets	8%	8%
Total	100%	100%

*"Other assets" includes alternative investments

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

	2019	2018
Discount rates	1.3%	1.2%
Expected long-term return rates on plan assets	2.0%	2.2%
Expected rate of pay raises	3.5%	3.5%

2. Defined contribution pension plans are as follows;

Required contributions of certain subsidiaries to defined contribution pension plans were ¥777 million ($7,002 thousand) for the year ended March 31, 2019, and ¥766 million for the year ended March 31, 2018.

6. Income Taxes

Accrued income taxes in the consolidated 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, 2019 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Deferred tax assets:			
Net defined benefit liability	¥ 27,887	¥ 27,244	$ 251,261
Loss on write-down of investments in subsidiaries and allowance for doubtful accounts	11,924	10,540	107,435
Accrued expenses	15,157	12,051	136,570
Accrued bonus	6,816	6,782	61,415
Loss on inventory write-down	2,710	2,364	24,421
Loss carry-forward (Note 2)	17,314	2,852	155,999
Unrealized profit eliminated in consolidation etc.	23,340	24,650	210,295
Others	9,628	10,215	86,749
Total gross deferred tax assets	¥ 114,780	¥ 96,700	$1,034,148
Valuation allowance for net operating loss carryforwards (Note 2)	(15,877)	—	(143,054)
Valuation allowance for deductible temporary differences	(16,478)	—	(148,473)
Subtotal of valuation allowance (Note 1)	(32,356)	(17,576)	(291,527)
Total deferred tax assets	¥ 82,423	¥ 79,124	$ 742,620
Deferred tax liabilities:			
Reserve for reduction entry of fixed assets	1,058	763	9,537
Unrealized holding gain on securities	15,542	15,222	140,030
Retained earnings in subsidiaries	7,931	7,233	71,464
Others	2,953	2,416	26,606
Total deferred tax liabilities	¥ 27,485	¥ 25,636	$ 247,639
Net deferred tax assets	¥ 54,938	¥ 53,487	$ 494,981
Deferred tax liabilities:			
Reserve for reduction entry of fixed assets	179	18	1,621
Unrealized holding gain on securities	1	54	15
Subsidiaries' land evaluation	1,954	1,286	17,605
Others	726	130	6,543
Net deferred tax liabilities	¥ 2,862	¥ 1,487	$ 25,786

Notes:

1. The variance in the valuation allowance is due mainly to the increase in the valuation allowance related to the net operating loss carryforwards of Isuzu Motors India Private Limited, a consolidated subsidiary of the Company.

2. A breakdown of net operating loss carryforwards and valuation allowance by expiry date as of March 31, 2019 is as follows:

Millions of yen

	Due in 1 Year or Less	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years	Total
Net operating loss carryforwards (a)	¥ 524	¥ 4,106	¥ 1,538	¥ 2,596	¥ 2,890	¥ 5,657	¥17,314
Valuation allowance	¥ (250)	¥(3,752)	¥(1,445)	¥(2,594)	¥(2,888)	¥(4,946)	(15,877)
Deferred tax assets	¥ 274	¥ 354	¥ 93	¥ 1	¥ 1	¥ 711	¥ 1,436 (b)

Thousands of U.S. dollars

	Due in 1 Year or Less	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years	Total
Net operating loss carryforwards (a)	$ 4,729	$36,997	$13,865	$23,392	$26,041	$50,973	$155,999
Valuation allowance	$ 2,255	$33,806	$13,025	$23,375	$26,024	$44,565	$(143,054)
Deferred tax assets	$ 2,473	$ 3,190	$ 840	$ 16	$ 16	$ 6,407	$ 12,945 (b)

(a) The amount is determined by multiplying the corresponding net operating loss carryforwards by the effective statutory tax rate.

(b) Deferred tax assets related to net operating loss carryforwards arose in the following consolidated subsidiaries of the Company: P.T. TJ Forge Indonesia, Isuzu North America Corporation, and Isuzu Hicom Malaysia Sdn. Bhd. The said deferred tax assets are judged recoverable, based on evaluation on their taxable incomes estimated on the basis of their future profitability.

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, 2019 and 2018 are as follows:

	2019	2018
Effective statutory tax rate	30.6%	30.8%
Tax credit	(3.8)	(4.2)
Net valuation allowance	2.1	1.1
Difference in tax rates applied at foreign subsidiaries	(6.0)	(5.2)
Equity in earnings of unconsolidated subsidiaries	(1.4)	(1.2)
Foreign withholding tax	3.7	3.7
Per capita levy of inhabitant tax	0.2	0.2
Retained earnings in subsidiaries	0.4	1.0
Decrease in deferred tax assets due to change in corporate tax rates	—	0.9
Others	0.1	0.8
Effective tax rate	25.8%	27.9%

7. Shareholders' Equity

Changes in the numbers of shares issued and outstanding for the years ended March 31, 2019 and 2018 are as follows:

Common stock outstanding	2019	2018
Balance at the beginning of the year	848,422,669	848,422,669
Decrease	—	—
Balance at the end of the year	848,422,669	848,422,669

Treasury stock outstanding	2019	2018
Balance at the beginning of the year	60,889,462	60,894,345
Increase	50,275,663	9,709
Decrease	(252,198)	(14,592)
Balance at end of the year	110,912,927	60,889,462

The balance of treasury stock as of March 31, 2019 includes 880,710 shares, as of March 31, 2018 includes 864,808 shares of the Company held by the BIP trust.

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, 2019.

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 ¥63,154 million ($569,012 thousand).

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 31, 2019 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Limit of overdraft	¥138,687	¥106,000	$1,249,541
Borrowing outstanding	25,402	16,800	228,868
Available commitment lines	¥ 113,285	¥ 89,200	$1,020,673

10. Contingent Liabilities

Contingent liabilities as of March 31, 2019 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Guarantees of bank loans	¥ 8	¥ 6	$ 79

11. Lease Transactions

1. Lessor

(1) Finance lease

i) Net investments in direct financing leases as of March 31, 2019 and 2018 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Total minimum lease payments to be received	¥ 89,695	¥ 83,730	$ 808,143
Estimated unguaranteed residual value of leased assets	13,883	12,056	125,086
Amounts equivalent to interest income	(6,371)	(6,029)	(57,410)
Net investment in direct financing leases	¥ 97,207	¥ 89,757	$875,820

ii) Maturities of future minimum lease payments as per lease receivables and lease investment assets as of March 31, 2019 and 2018 are as follows:

Millions of yen

2019	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	¥ 5,446	¥ 5,771	¥ 4,678	¥ 3,409	¥ 1,719	¥ 388
Lease investment assets	¥29,925	¥24,300	¥18,098	¥11,484	¥ 5,022	¥ 863

Thousands of U.S. dollars

2019	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	$ 49,071	$ 52,001	$ 42,152	$ 30,716	$ 15,494	$ 3,502
Lease investment assets	$269,623	$218,942	$163,068	$103,474	$ 45,251	$ 7,783

Millions of yen

2018	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	¥ 3,890	¥ 3,041	¥ 3,216	¥ 2,354	¥ 1,272	¥ 280
Lease investment assets	¥27,814	¥22,851	¥17,163	¥10,891	¥ 4,362	¥ 647

(2) Operating lease

i) Maturities of future minimum lease payments as of March 31, 2019 and 2018 are as follows:

	Millions of yen 2019	Millions of yen 2018	Thousands of U.S. dollars 2019
Due within 1 year	¥ 11,940	¥ 9,089	$ 107,585
Thereafter	25,321	19,403	228,144
Total	¥ 37,262	¥ 28,493	$ 335,729

2. Lessee

Operating lease

(1) Finance lease

Finance lease transactions, except for those which substantially transfer the ownership to the lessee, are omitted.

(2) Operating lease

Future minimum lease payments of operating lease as of March 31, 2019 and 2018 are as follows:

	Millions of yen 2019	Millions of yen 2018	Thousands of U.S. dollars 2019
Due within 1 year	¥ 2,756	¥ 2,133	$ 24,835
Thereafter	9,552	8,648	86,064
Total	¥ 12,308	¥ 10,782	$ 110,899

12. Derivatives

Derivatives recognized in the consolidated financial statements as of March 31, 2019 and 2018 are as follows:

1. Derivative transactions for which hedge accounting is not applied

(1) Foreign exchange-related

		As of March 31, 2019 Millions of yen				As of March 31, 2018 Millions of yen				As of March 31, 2019 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)	Contract amount	Over one year	Fair value	Unrealized gain (loss)
Non-market transaction	Foreign exchange forward contracts Buy												
	Japanese yen	¥14,775	—	¥ (428)	¥ (428)	¥ 9,707	¥ 38	¥ 12	¥ 12	$133,122	—	$ (3,864)	$ (3,864)
	Australian dollar	2,843	—	(4)	(4)	4,662	—	(13)	(13)	25,615	—	(38)	(38)
	U.S. dollar	4,877	—	13	13	2,432	—	(8)	(8)	43,941	—	123	123
	Thai baht	106	—	3	3	782	—	6	6	959	—	32	32
	Others	2,102	—	(17)	(17)	938	—	(3)	(3)	18,944	—	(159)	(159)
	Foreign exchange forward contracts Sell												
	Japanese yen	98	—	(0)	(0)	604	—	4	4	883	—	(3)	(3)
	Australian dollar	135	—	(0)	(0)	13	—	(0)	(0)	1,219	—	(0)	(0)
	U.S. dollar	794	—	(5)	(5)	580	106	(11)	(11)	7,155	—	(49)	(49)
	Thai baht	4,431	—	15	15	4,314	—	(37)	(37)	39,926	—	142	142
	Others	2,043	—	(10)	(10)	789	—	0	0	18,412	—	(94)	(94)
Total		¥32,207	—	¥ (434)	¥ (434)	¥24,826	¥ 145	¥ (49)	¥ (49)	$290,180	—	$ (3,912)	$ (3,912)

(2) Interest rate-related

		As of March 31, 2019 Millions of yen				As of March 31, 2018 Millions of yen				As of March 31, 2019 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)	Contract amount	Over one year	Fair value	Unrealized gain (loss)
Non-market transaction	Interest rate swaps Pay fixed receive floating	¥ 0	—	¥ (0)	¥ (0)	¥ 3	¥ 0	¥ (2)	¥ (2)	$ 8	—	$ (4)	$ (4)

2. Derivative transactions for which hedge accounting is applied

(1) Foreign exchange-related

			As of March 31, 2019			As of March 31, 2018			As of March 31, 2019		
			Millions of yen			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	Contract amount	Over one year	Fair value
Principle accounting method	Foreign exchange forward contracts										
	Buy										
	Japanese yen	Accounts payable	¥ 4,865	—	¥ 65	¥ 11,339	—	¥ 274	$ 43,839	—	$ 585
	Thai baht		1,117	—	30	2,538	—	(87)	10,069	—	275
	Euro		110	—	(0)	—	—	—	997	—	(2)
	Sell										
	U.S. dollar	Accounts receivable	20,415	—	216	14,390	—	598	183,937	—	1,953
	Australian dollar		4,839	—	8	6,344	—	278	43,599	—	73
Foreign exchange forward contracts under the designated hedge accounting method	Foreign exchange forward contracts										
	Sell										
	U.S. dollar	Accounts receivable	3,932	—	(1*)	3,057	—	(1*)	35,427	—	(1*)
	Australian dollar		6,609	—		6,228	—		59,550	—	
	Total		¥ 41,890	—	¥ 320	¥ 43,899	—	¥ 1,063	$ 377,423	—	$ 2,885

(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, 2019			As of March 31, 2018			As of March 31, 2019		
			Millions of yen			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	Contract amount	Over one year	Fair value
Principle accounting method	Interest rate swaps Pay fixed receive floating	Long-term debt	¥ 45,000	¥ 45,000	¥ (35)	¥ 45,000	¥ 45,000	¥ 77	$ 405,441	$ 405,441	$ (323)
Interest rate swaps under the exceptional accounting method	Interest rate swaps Pay fixed receive floating	Long-term debt	1,975	—	(※2)	6,575	1,975	(2*)	17,794	—	(2*)
Total			¥ 46,975	¥ 45,000	¥ (35)	¥ 51,575	¥ 46,975	¥ 77	$ 423,236	$ 405,441	$ (323)

(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, 2019 and 2018 are as follows. Financial instruments, whose fair values are not readily available, are not included in the following table.

	As of March 31, 2019			As of March 31, 2018			As of March 31, 2019		
	Millions of yen			Millions of yen			Thousands of U.S. dollars		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
(1) Cash and time deposits	¥ 328,114	¥ 328,114	—	¥ 346,818	¥ 346,818	—	$2,956,256	$2,956,256	—
(2) Notes and accounts receivable	300,768	300,768	—	279, 401	279, 401	—	2,709,866	2,709,866	—
(3) Lease investment assets and lease receivables	117,730	117,797	¥ 66	103,223	103,324	¥ 100	1,060,734	1,061,336	$ 602
(4) Investment securities	95,087	95,087	—	94,538	94,538	—	856,719	856,719	—
(5) Notes and accounts payable	(339,997)	(339,997)	—	(350,555)	(350,555)	—	(3,063,315)	(3,063,315)	—
(6) Electronically recorded obligations - operating	(47,240)	(47,240)	—	(29,439)	(29,439)	—	(425,631)	(425,631)	—
(7) Short-term loans	(33,902)	(33,902)	—	(30,770)	(30,770)	—	(305,451)	(305,451)	—
(8) Accrued expenses	(52,455)	(52,455)	—	(52,730)	(52,730)	—	(472,616)	(472,616)	—
(9) Long-term debt	(252,274)	(252,304)	(29)	(239,963)	(240,726)	(763)	(2,272,950)	(2,273,218)	(268)
(10) Derivatives	(150)	(150)	—	1,089	1,089	—	(1,354)	(1,354)	—

The figures in parenthesis indicate those posted in liabilities

Because market prices of unlisted equity securities of ¥2,325 million ($20,954 thousand) as of March 31, 2019 and ¥2,353 million as of March 31, 2018 and equity securities of non-consolidated subsidiaries and affiliates of ¥78,513 million ($707,396 thousand) as of March 31, 2019 and ¥81,735 million as of March 31, 2018, 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, 2019 and 2018 are as follows:

	As of March 31, 2019		As of March 31, 2018		As of March 31, 2019	
	Millions of yen		Millions of yen		Thousands of U.S. dollars	
	Within one year	Over one year	Within one year	Over one year	Within one year	Over one year
Cash and time deposits	¥ 328,114	—	¥ 346,818	—	$ 2,956,256	—
Notes and accounts receivable	300,768	—	279,401	—	2,709,866	—
Lease investment assets and lease receivables	37,479	¥ 80,251	33,468	¥ 69,755	337,684	$ 723,049
Total	¥ 666,361	¥ 80,251	¥ 659,687	¥ 69,755	$ 6,003,808	$ 723,049

14. Impairment Loss on Fixed Assets

Impairment loss on fixed assets recognized in the consolidated financial statements for the year ended March 31, 2019 is as follows:

Location	Usage	Type	Millions of yen	Thousands of U.S. dollars
Tomakomai-shi, Hokkaido prefecture	Assets for rent and, idle assets	Building, structure and other	¥ 135	$ 1,216
Yufutsugun Mukawacho, Hokkaido prefecture	Business assets	Building, structure and other	7	71
Fukushima-shi, Fukushima prefecture	Idle assets	Building	58	530
Tochigi-shi, Tochigi prefecture	Business assets and, assets for rent	Building, structure and other	44	400
Fujisawa-shi, Kanagawa prefecture	Idle assets	Building, machinery and other	7	63
Port-Elizabeth, Eastern Cape Province, the Republic of South Africa	Business assets	Machinery, furniture, fixtures and other	949	8,553
Total			¥1,202	$10,836

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 asset's value has declined or to be disposed of, their carrying values were written down to the recoverable amounts.

Breakdown of the impairment loss by asset type for 2019 is as follows:

Type	Millions of yen	Thousands of U.S. dollars
Building and structure	¥ 279	$ 2,518
Machinery and equipment	593	5,345
Other	329	2,972

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, 2019 and 2018:

Details	Millions of yen 2019	Millions of yen 2018	Thousands of U.S. dollars 2019
Unrealized holding gain (loss) on securities:			
Gain (loss) arising during the current period	¥ 482	¥ 23,963	$ 4,351
Reclassification adjustment for gain (loss) realized	2,731	11	24,609
Net current period change, before income taxes	3,214	23,975	28,960
Income taxes on net current period change	(1,024)	(7,343)	(9,228)
Net unrealized holding gain (loss) on securities	2,190	16,631	19,732
Unrealized gain (loss) on hedging instruments:			
Gain (loss) arising during the current period	(1,756)	220	(15,826)
Reclassification adjustment for gain (loss) realized	990	327	8,926
Net current period change, before income taxes	(765)	548	(6,899)
Income taxes on net current period change	234	(167)	2,109
Net unrealized gain (loss) on hedging instruments	(531)	381	(4,789)
Foreign currency translation adjustments:			
Gain (loss) arising during the current period	7,302	3,589	65,790
Reclassification adjustment for gain (loss) realized	224	—	2,026
Net foreign currency translation adjustments	7,527	3,589	67,817
Remeasurements of defined benefit plans			
Gain (loss) arising during the current period	(2,209)	(993)	(19,911)
Reclassification adjustment for gain (loss) realized	3,534	3,248	31,843
Net current period change, before income taxes	1,324	2,255	11,932
Income taxes on net current period change	(231)	(781)	(2,089)
Net remeasurements of defined benefit plans	1,092	1,473	9,842
Share of other comprehensive income of associates accounted for using the equity method:			
Gain (loss) arising during the current period	(6,288)	993	(56,659)
Reclassification adjustment for gain (loss) realized	(590)	(12)	(5,322)
Net share of other comprehensive income of associates accounted for using the equity method	(6,879)	980	(61,981)
Total other comprehensive income	¥ 3,398	¥ 23,056	$ 30,621

16. Consolidated Statements of Cash Flows

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

	Millions of yen 2019	Millions of yen 2018	Thousands of U.S. dollars 2019
Cash and time deposits	¥ 328,114	¥ 346,818	$ 2,956,256
Time deposits with maturities exceeding three months	(22,803)	(16,869)	(205,455)
Cash and cash equivalents	¥ 305,311	¥ 329,949	$ 2,750,800

(2) Contents of important non-cash transactions

	Millions of yen 2019	Millions of yen 2018	Thousands of U.S. dollars 2019
Assets and liabilities relating to finance lease transactions	¥ 6,006	¥ 2,288	$ 54,114

17. Business Combinations

1. Transfer of business

The Company decided that the pickup truck business owned and operated by General Motors South Africa (Pty) Limited in the Republic of South Africa would be transferred to its consolidated subsidiary, Isuzu Motors South Africa (Pty) Limited; on May 17, 2017 the business transfer agreement was executed, and the business was transferred on January 1, 2018.

(1) Overview of the business combination

i) Names and business descriptions of the companies involved in the business combination

	1) Transferee	2) Transferor
Name	Isuzu Motors South Africa (Pty) Limited	General Motors South Africa (Pty) Limited
Business description	Assembly, sales and after-sales services of Isuzu's commercial vehicles for the Republic of South Africa and neighboring countries.	Assembly, sales and after-sales services of pickup trucks in the Republic of South Africa.

ii) Main reason for the business combination

To strengthen the Isuzu Group's commercial vehicle and pickup truck businesses in the South African market.

iii) Date of the business combination

January 1, 2018

iv) Legal form of the business combination

Transfer of business

v) Name of the company after the business combination

Isuzu Motors South Africa (Pty) Limited

vi) Basis for determining the acquirer

The pickup truck business was transferred to the Company's consolidated subsidiary, Isuzu Motors South Africa (Pty) Limited, with cash as the consideration.

(2) Accounting period of the acquired business included in the consolidated financial statements

From January 1, 2018 through December 31, 2018 (the fiscal year of the transferee ends on December 31).

(3) Acquisition cost of the acquired business and breakdown by class of consideration

Consideration for the acquisition: Cash and deposits

	¥ (3,268) million	$(29,448) thousand
Acquisition cost	¥ (3,268) million	$(29,448) thousand

Isuzu Motors South Africa (Pty) Limited received cash and deposits from General Motors South Africa (Pty) Limited.

(4) Descriptions and amounts of major acquisition-related costs

Advisory fees and commissions ¥66 million ($599 thousand)

(5) Amount and reason for gain on bargain purchase

Since the fair value of the net assets acquired at the time of the business combination exceeded the acquisition cost, gain on bargain purchase in the amount of ¥2,264 million ($20,407 thousand) was recognized.

(6) Breakdown of assets acquired and liabilities assumed at the date of the business combination and the corresponding amounts

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 3,168	$ 28,549
Non-current assets	3,958	35,661
Total assets	7,126	64,210
Current liabilities	2,398	21,614
Non-current liabilities	5,731	51,637
Total liabilities	8,130	73,251

(Note) Cash and deposits acquired in the amount of ¥3,268 million ($29,448 thousand) are not included.

(7) Pro forma information

Pro forma information, assuming that the business combination had been completed on the beginning of the fiscal year ended March 31, 2019 is omitted since the date of the business combination was at the beginning of the fiscal year.

2. Merger of Chinese joint ventures

The Company decided the merger of the following companies: its consolidated subsidiary, ISUZU QINGLING (CHONGQING) AUTOPARTS CO., LTD., and its equity-method affiliate, QINGLING ISUZU (CHONGQING) ENGINE CO., LTD., both located in the People's Republic of China; the merger agreement was executed on October 2, 2018, and the merger procedure was completed on December 29, 2018.

(1) Overview of the business combination

i) Name and business description of the acquired company

Name: QINGLING ISUZU (CHONGQING) ENGINE CO., LTD.

Business description: production, assembly and sales of engines

ii) Main reason for the business combination

To further develop the Isuzu Group's business structure and strengthen its corporate functions in the Chinese market, based on the prospects for the future economic growth and stricter regulations on emissions and the auto industry there.

iii) Date of the business combination

December 29, 2018

iv) Legal form of the business combination

Absorption-type merger with, from the legal standpoint, QINGLING ISUZU (CHONGQING) ENGINE CO., LTD. as the absorbing (surviving) company and ISUZU QINGLING (CHONGQING) AUTOPARTS CO., LTD. as the absorbed company.

v) Name of the company after the business combination

QINGLING ISUZU (CHONGQING) ENGINE CO., LTD.

vi) Ratio of the voting rights acquired

Ratio of the voting rights held by the Company before the business combination:	50.00%
Ratio of the voting rights acquired additionally on the business combination date:	0.61%
Ratio of the voting rights held after the business combination:	50.61%

vii) Basis for determining the acquirer

ISUZU QINGLING (CHONGQING) AUTOPARTS CO., LTD. is defined as the acquiring company and QINGLING ISUZU (CHONGQING) ENGINE CO., LTD. as the acquired company, according to the approach for determining an acquiring company stipulated in "Accounting Standard for Business Combinations" (ASBJ Statement No.21) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10).

(2) Accounting period of the acquired company included in the consolidated financial statements

From January 1, 2018 through December 31, 2018

Please note that the equity method was applied for the period from January 1, 2018 through September 30, 2018 (the latter date regarded as the deemed acquisition date) and that related profit for the corresponding nine-month period was posted as share of profit of entities accounted for using the equity method.

(3) Acquisition cost of the acquired company and breakdown by class of consideration

Consideration for the acquisition

Fair value of the ownership interest held by the Company in QINGLING ISUZU (CHONGQING) ENGINE CO., LTD.:	¥7,499 million	($67,563 thousand)
Fair value of the ownership interest additionally acquired on the business combination date:	¥91 million	($827 thousand)
Acquisition cost:	¥7,590 million	($68,390 thousand)

(4) Descriptions and amounts of major acquisition-related costs
There are no descriptions or amounts of major acquisition-related costs to be disclosed by the Company.

(5) Difference between the acquisition cost of the acquired company and the total amount of the acquisition costs of transactions to make the acquired company a consolidated subsidiary of the Company.

Gain on step acquisitions	¥667 million	$6,016 thousand

(6) Breakdown of assets acquired and liabilities assumed at the date of the business combination and the corresponding amounts

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 13,278	$ 119,635
Non-current assets	3,355	30,235
Total assets	16,634	149,870
Current liabilities	1,360	12,257
Non-current liabilities	—	—
Total liabilities	1,360	12,257

(7) Pro forma information
Pro forma information, assuming that the business combination had been completed on the beginning of the fiscal year ended March 31, 2019, is omitted since the impact on the consolidated statement of income was immaterial.

18. Subsequent Event

There are no subsequent events to be disclosed by the Company.

19. Segment Information

(1) Segment information
Year ended March 31, 2019
The Company and its consolidated subsidiaries compose a single business segment, primarily engaged in the manufacture and sale of vehicles and its components and industrial engines.
Therefore the disclosure of segment information is omitted.

(2) Related information
Year ended March 31, 2019
a) Information by product and service

	Millions of yen				
	Vehicles	Parts for overseas production	Engines and components	Other	Total
Sales to third parties	1,515,370	57,397	143,525	432,876	2,149,168

	Thousands of U.S. dollars				
	Vehicles	Parts for overseas production	Engines and components	Other	Total
Sales to third parties	13,653,214	517,138	1,293,135	3,900,135	19,363,624

b) Geographical information
(i) Net sales

Millions of yen			
Japan	Thailand	Other	Total
819,175	418,388	911,604	2,149,168

Thousands of U.S. dollars			
Japan	Thailand	Other	Total
7,380,621	3,769,607	8,213,394	19,363,624

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

(ii) Property, plant and equipment

Millions of yen			
Japan	Thailand	Other	Total
587,636	75,549	68,157	731,344

Thousands of U.S. dollars			
Japan	Thailand	Other	Total
5,294,503	680,686	614,089	6,589,278

c) Information by major customer

	Net sales	
Name of customers	Millions of yen	Thousands of U.S. dollars
Tri Petch Isuzu Sales Co., Ltd.	397,869	3,584,730

(3) Information on impairment loss of noncurrent assets by business segment
Year ended March 31, 2019
The Company and its consolidated subsidiaries are composed of a single business segment, primarily engaged in the manufacture and sale of vehicles and its components and 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, 2019
The Company and its consolidated subsidiaries are composed of a single business segment, primarily engaged in the manufacture and sale of vehicles and its components and industrial engines.
Therefore the disclosure of this information is omitted.

(5) Information on negative goodwill by business segment
Year ended March 31, 2019
The Company and its consolidated subsidiaries are composed of a single business segment, primarily engaged in the manufacture and sale of vehicles and its components and industrial engines.
Therefore the disclosure of this information is omitted.

Independent Auditor's Report

Ernst & Young ShinNihon LLC
Hibiya Mitsui Tower, Tokyo Midtown Hibiya
1-1-2 Yurakucho, Chiyoda-ku
Tokyo 100-0006, Japan

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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, 2019 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, 2019, 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.

Ernst & Young Shinnihon LLC

June 26, 2019
Tokyo, Japan

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, 2019)

	Common Stock
Shares authorized:	1,700,000,000
Shares issued:	848,422,669
No. of shareholders:	38,083

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

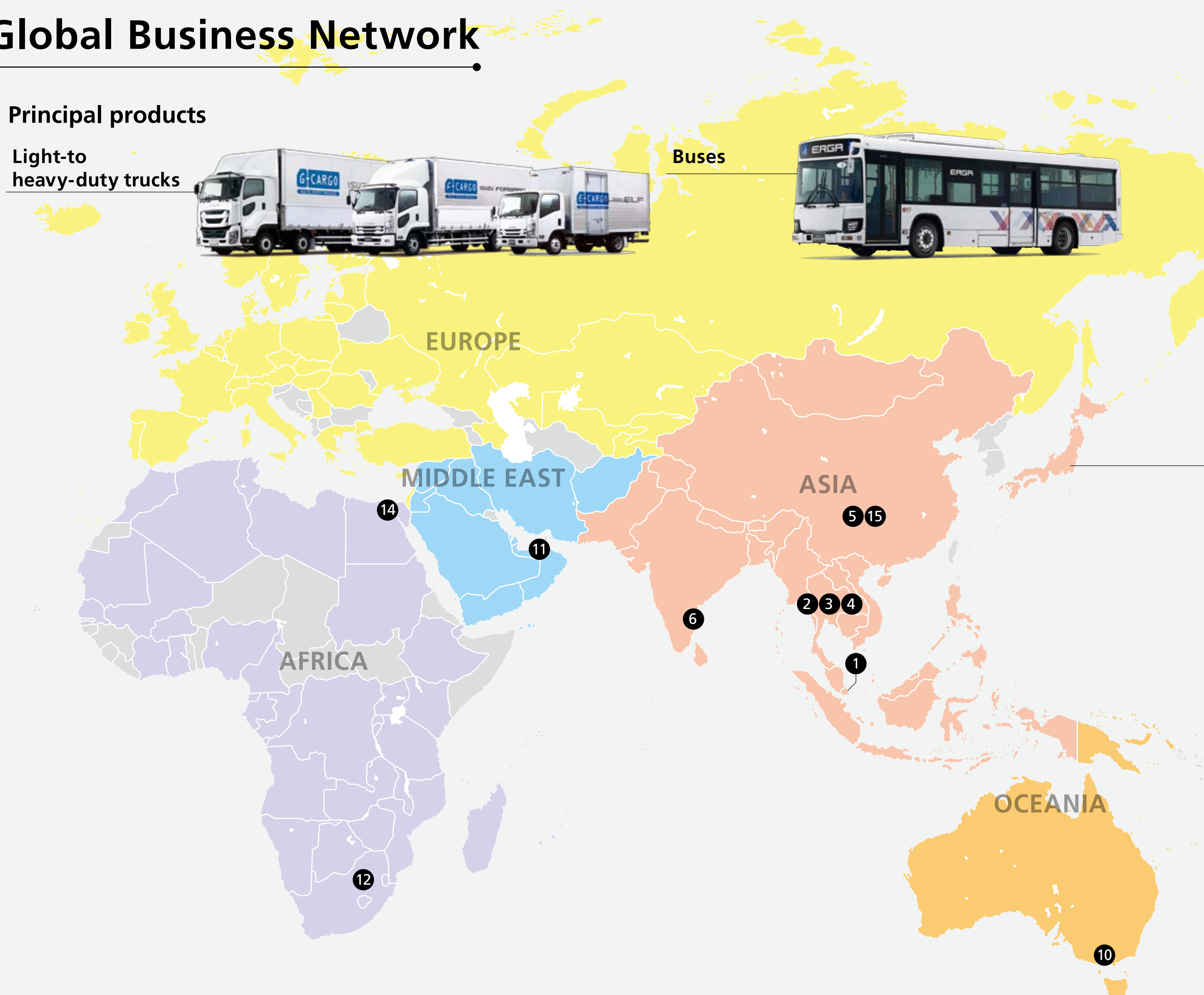
Major Shareholders
(As of March 31, 2019)

Common Stock	Number of shares held	Percentage of ownership (%)
Mitsubishi Corporation	63,633	8.62
ITOCHU AUTOMOBILE INVESTMENT L.L.C.	52,938	7.17
The Master Trust Bank of Japan, Ltd. (Trust Account)	49,871	6.75
Japan Trustee Services Bank, Ltd. (Trust Account)	45,213	6.12
BNYM AS AGT/CLTS 10 PERCENT	26,983	3.65
Mizuho Bank, Ltd.	15,965	2.16
JFE Steel Corporation	14,434	1.95
Development Bank of Japan Inc.	13,183	1.79
National Mutual Insurance Federation of Agricultural Cooperatives	12,650	1.71
Japan Trustee Services Bank, Ltd. (Trust Account 5)	12,403	1.68
Total	307,277	41.60

Note: 1. The Company holds 109,972,660 shares of treasury shares, but is excluded from the above major shareholders.
2. Percentage of ownership shares are rounded off to two decimal places.
3. Shares are rounded down in thousands.

Transfer Agent
Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan

Global Business Network

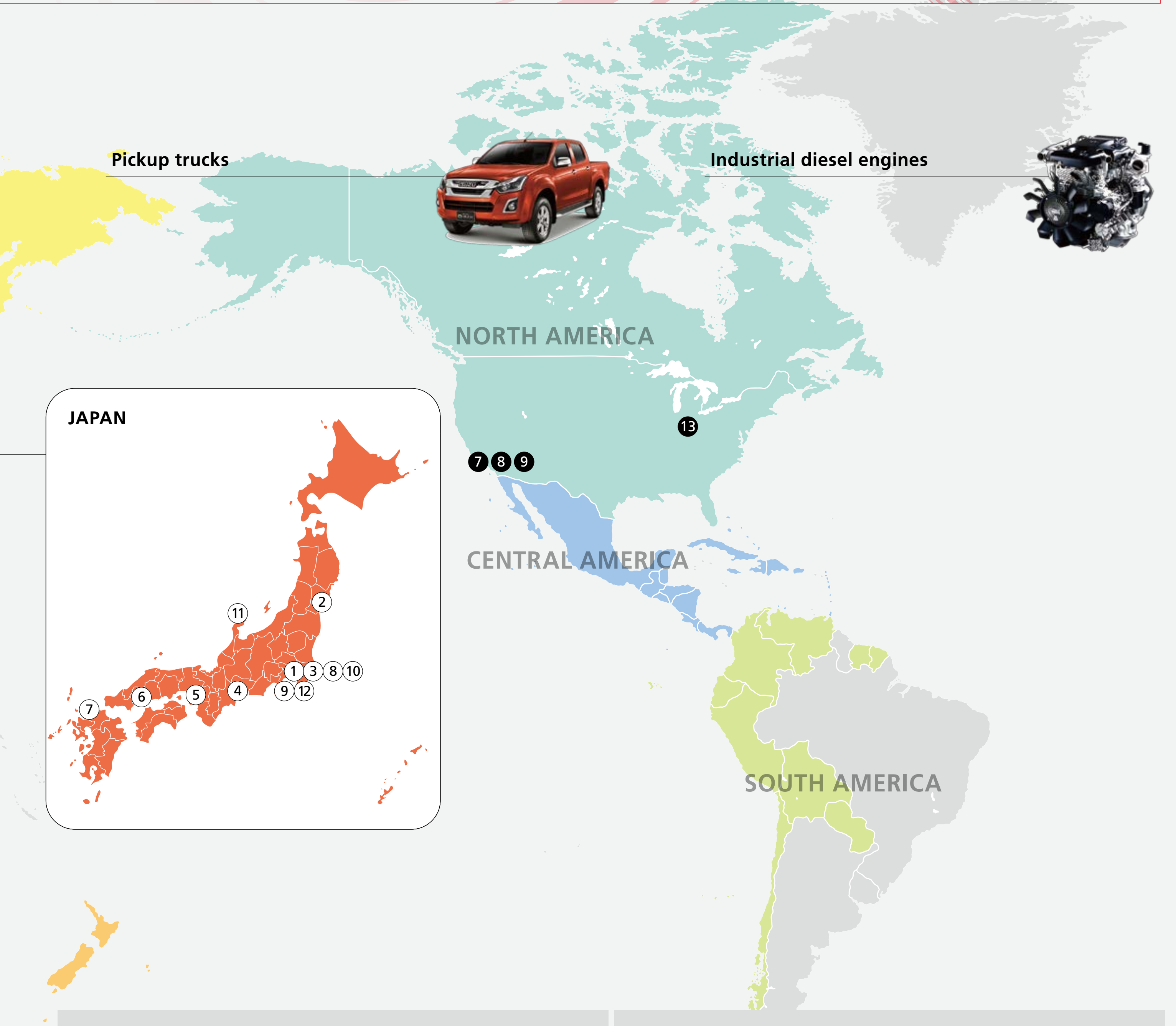


PRINCIPAL DOMESTIC SUBSIDIARIES AND AFFILIATES

No.	Company name	Address	Equity stake	Businesses
1	**Isuzu Motors Sales Ltd.**	Tokyo, Japan	75%	Sales of trucks, buses, and other products
2	**Isuzu Motors Tohoku Co., Ltd.**	Miyagi, Japan	75%	Sales and repair of commercial vehicles and buses
3	**Isuzu Motors Syutoken Co., Ltd.**	Tokyo, Japan	75%	Sales and repair of commercial vehicles and buses
4	**Isuzu Motors Chubu Co., Ltd.**	Aichi, Japan	75%	Sales and repair of commercial vehicles and buses
5	**Isuzu Motors Kinki Co., Ltd.**	Osaka, Japan	75%	Sales and repair of commercial vehicles and buses
6	**Isuzu Motors Chugoku-Shikoku Co., Ltd.**	Hiroshima, Japan	75%	Sales and repair of commercial vehicles and buses
7	**Isuzu Motors Kyushu Co., Ltd.**	Fukuoka, Japan	75%	Sales and repair of commercial vehicles and buses
8	**Isuzu Leasing Services Ltd.**	Tokyo, Japan	75%	Commercial vehicle leasing and acceptance of contracts for commercial vehicle maintenance services
9	**IJTT Co., Ltd.**	Kanagawa, Japan	42.45%	Manufacture of engine and powertrain parts, forged parts, and cast parts
10	**Isuzu LINEX Co., Ltd.**	Tokyo, Japan	100%	Warehousing and transportation
11	**J-Bus Limited**	Ishikawa, Japan	50%	Manufacture and sales of buses
12	**Nippon Fruehauf Co., Ltd.**	Kanagawa, Japan	34%	Manufacture of trailers, automobile chassis, and shipping containers

PRINCIPAL OVERSEAS SUBSIDIARIES AND AFFILIATES

No.	Company name	Address	Equity stake	Businesses
1	**Isuzu Motors Asia Ltd. (IMA)**	Singapore	100%	Import and sales of parts for vehicle production
2	**Isuzu Motors International Operations (Thailand) Co., Ltd. (IMIT)**	Thailand	70%	Export of pickup trucks
3	**Isuzu Motors Co., (Thailand) Ltd. (IMCT)**	Thailand	71.15%	Manufacture of commercial vehicles and pickup trucks; export and wholesale of components and parts



No.	Company name	Address	Equity stake	Businesses
4	**Isuzu Engine Manufacturing Co., (Thailand) Ltd. (IEMT)**	Thailand	98.56%	Manufacture and sales of diesel engines
5	**QINGLING ISUZU (CHONGQING) ENGINE CO., LTD. (QIEC)**	The People's Republic of China	50.61%	Manufacture, assembly, and sales of engines
6	**Isuzu Motors India Private Limited (IMI)**	India	62%	Import, assembly, and wholesales of pickup trucks and derivatives
7	**Isuzu North America Corporation (INAC)**	United States of America	100%	General control and indirect/administration operations for subsidiaries in North Amnerica, import and wholesales of commercial vehicles and spare parts; import and assembly of production parts
8	**Isuzu Motors America, LLC (ISZA)**	United States of America	100%	Import and sales of industrial engines and spare parts
9	**Isuzu Commercial Truck of America, Inc. (ICTA)**	United States of America	80%	Import and wholesales of commercial vehicles and spare parts; import and supply of components

No.	Company name	Address	Equity stake	Businesses
10	**Isuzu Australia Limited (IAL)**	Australia	100%	Import and sales of commercial vehicles, parts, and engines
11	**Isuzu Motors International FZE (IIF)**	United Arab Emirates	100%	Vehicle sales and life cycle business; spare part sales and after-sales training; provision of back-office support to Isuzu affiliates in the Middle East and Africa
12	**Isuzu Motors South Africa (Pty) Limited (IMSAf)**	Republic of South Africa	100%	Production and sales of commercial vehicles, buses, and light commercial vehicles for South Africa and nearby countries
13	**DMAX, Ltd.**	United States of America	40%	Manufacture and sales of diesel engines
14	**General Motors Egypt S.A.E. (GME)**	Egypt	20%	Assembly and sales of passenger vehicles and light commercial vehicles
15	**Qingling Motors Co., Ltd.**	The People's Republic of China	20%	Manufacture and sales of commercial vehicles, pickup trucks, and SUVs

Trucks for life

ISUZU

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