

# FY2019 Second Quarter Consolidated Financial Results (Japan GAAP)

(April 1, 2018 through September 30, 2018)

## English Translation of the Original Japanese-Language Document



November 2, 2018

Company name : ISUZU MOTORS LIMITED  
 Stock exchange on which the shares are listed : Tokyo Stock Exchange in Japan  
 Code number : 7202  
 URL : <http://www.isuzu.co.jp/world/investor/index.html>  
 Representative : Masanori Katayama, President  
 Contact :

Scheduled date for submission of quarterly financial statements : November 9, 2018  
 Expected starting date for distribution of cash dividends : November 30, 2018  
 The supplement materials of the quarterly financial results : Yes  
 Holding of the quarterly financial results meeting : Yes

(Amounts are rounded down to the nearest million yen.)

### 1. Consolidated Financial Highlights (April 1, 2018 through September 30, 2018)

<1> Consolidated Financial Results (% indicates increase/decrease from previous 2nd quarter.)

|                    | Net Sales       |     | Operating Income |      | Ordinary Income |      | Net Income attributable to owners of parent |      |
|--------------------|-----------------|-----|------------------|------|-----------------|------|---|------|
|                    | millions of yen | %   | millions of yen  | %    | millions of yen | %    | millions of yen                             | %    |
| FY2019 2nd Quarter | 1,035,043       | 5.1 | 87,491           | 18.1 | 93,292          | 12.7 | 56,434                                      | 7.2  |
| FY2018 2nd Quarter | 984,686         | 8.4 | 74,113           | 8.4  | 82,798          | 14.5 | 52,657                                      | 35.9 |

[Note] Comprehensive Income  
 FY2019 2nd Quarter 79,842 millions of yen 10.0%  
 FY2018 2nd Quarter 72,591 millions of yen -%

|                    | Net Income per Share | Net Income per Share after Dilution of Potential Stock |
|--------------------|----------------------|--|
|                    | yen                  | yen  |
| FY2019 2nd Quarter | 72.99                | -  |
| FY2018 2nd Quarter | 66.86                | -  |

### <2> Consolidated Financial Position

|                    | Total Assets    | Net Assets      | Shareholders' Equity Ratio |
|--------------------|-----------------|-----------------|----------------------------|
|                    | millions of yen | millions of yen | %                          |
| FY2019 2nd Quarter | 2,047,131       | 1,055,710       | 43.7                       |
| FY2018             | 2,066,539       | 1,086,510       | 44.5                       |

[Note] Total Amount of Shareholders' Equity  
 FY2019 2nd Quarter 895,111 millions of yen  
 FY2018 919,586 millions of yen

[Note] The "partially revised "Accounting Standards for Tax Effect Accounting"" (Corporate Accounting Standard No.28, February 16, 2018), etc. have been adopted as of the beginning of the first quarter of the current consolidated accounting period. The revision, etc. are reflected on the previous fiscal-year amounts shown above.

### 2. Cash Dividends

|                  | Dividend per Share |             |             |          |       |
|------------------|--------------------|-------------|-------------|----------|-------|
|                  | 1st Quarter        | 2nd Quarter | 3rd Quarter | Year-End | Total |
|                  | yen                | yen         | yen         | yen      | yen   |
| FY2018           | -                  | 16.00       | -           | 17.00    | 33.00 |
| FY2019           | -                  | 18.00       | -           | -        | -     |
| FY2019(Forecast) | -                  | -           | -           | 18.00    | 36.00 |

[Note] Revision to the projected dividend for FY2019: None

### 3. Consolidated Financial Forecast for FY2019 (April 1, 2018 through March 31, 2019)

(% indicates increase/decrease from previous term.)

|        | Net Sales       |     | Operating Income |      | Ordinary Income |      | Net Income attributable to owners of parent |      | Net Income per Share |
|--------|-----------------|-----|------------------|------|-----------------|------|---|------|----------------------|
|        | millions of yen | %   | millions of yen  | %    | millions of yen | %    | millions of yen                             | %    | yen                  |
| FY2019 | 2,170,000       | 4.8 | 184,000          | 10.3 | 192,000         | 10.6 | 118,000                                     | 11.7 | 156.19               |

[Note] Revision to Consolidated Financial Forecast for FY2019: Yes

Pursuant to a resolution at a meeting of the Board of Directors held on August 3, 2018, the Company acquired its treasury shares.

"Net income per share" in the consolidated business forecasts take into account the impact of the share acquisition as of September 30, 2018.

\*Notes

<1> Changes in significant subsidiaries during this period : None

<2> Adoption of specific accounting methods for presenting quarterly consolidated financial statements : None

<3> Changes in accounting policies, accounting estimates and retrospective restatement

Changes in accounting policies due to revisions of accounting standards : Yes

Changes in accounting policies due to factors other than revisions of accounting standards : None

Changes in accounting estimates : None

Retrospective restatement : None

Note: For more information, please refer to

"2. Notes on Consolidated Quarterly Financial Statements

(7) Changes in Accounting Policies"

<4> Number of shares issued (common stock)

|   |                    |             |        |
|---|--------------------|-------------|--------|
| Number of shares issued and outstanding | FY2019 2nd Quarter | 848,422,669 | Shares |
|---|--------------------|-------------|--------|

|  |        |             |        |
|--|--------|-------------|--------|
| at the end of the term (inclusive of treasury stock) | FY2018 | 848,422,669 | Shares |
|--|--------|-------------|--------|

|  |                    |             |        |
|--|--------------------|-------------|--------|
| Number of treasury stocks at the end of the term | FY2019 2nd Quarter | 110,641,144 | Shares |
|--|--------------------|-------------|--------|

|  |        |            |        |
|--|--------|------------|--------|
|  | FY2018 | 60,889,462 | Shares |
|--|--------|------------|--------|

|                                 |                    |             |        |
|---------------------------------|--------------------|-------------|--------|
| Average number of stocks issued | FY2019 2nd Quarter | 773,157,231 | Shares |
|---------------------------------|--------------------|-------------|--------|

|  |                    |             |        |
|--|--------------------|-------------|--------|
|  | FY2018 2nd Quarter | 787,528,509 | Shares |
|--|--------------------|-------------|--------|

Note: "Number of treasury stocks at the end of the term" include stocks owned by the Company and by the fund whose beneficiaries are directors of the Company.

"Average number of stocks issued" does not include stocks owned by the Company and by the fund whose beneficiaries are directors of the Company.

\*Consolidated financial results (Japan GAAP) are not subject to audit procedures.

\*Cautionary Statements with Respect to Forward-Looking Statements and Other Notes

•The financial forecast and other descriptions of the future presented in this document are based on currently available information and assumptions which are deemed reasonable at present. Consequently, the actual financial performance may vary significantly from the forecast due to various factors. For such assumptions and notes with respect to performance forecast, please refer to

"1. Qualitative Information Concerning Consolidated Financial Results for FY2019 Second Quarter

(3)Overview of Future Estimates such as Consolidated Financial Forecast "

•The Company has posted its financial results on its web site on November 2, 2018.

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# 1. Qualitative Information Concerning Consolidated Financial Results for FY2019 Second Quarter

## (1) Overview of Consolidated Financial Results

In the current fiscal year's first six months ended on September 30, 2018, vehicle sales volume in Japan decreased by 1,607 units (4.3%) compared with the same period last fiscal year to 35,553 units due to drops in market share in medium- and heavy-duty trucks. Vehicle sales volume combining trucks and pickups outside Japan increased by 16,432 units (8.2%) over the same period last fiscal year to 216,196 units as unit sales increased in Thailand and Africa. As a result, total vehicle unit sales in Japan and abroad increased by 14,825 units (6.3%) year-on-year to 251,749 units.

With regards to sales amounts of products other than vehicles, sales of parts for overseas production rose by 0.2 billion yen (0.9%) compared with the same period last fiscal year to 29.3 billion yen, engine and component sales increased by 8.3 billion yen (13.7%) over the same period last fiscal year to 69.4 billion yen, and other sales went up by 8.0 billion yen (4.0%) year-on-year to 209.1 billion yen as a result of growth in the vehicle life-cycle management business such as after-sales services.

Consequently, net sales grew by 50.3 billion yen (5.1%) compared with the same period last fiscal year to 1,035.0 billion yen owing to unit sales growth in Thailand and sales growth in engines and components. This comprised 391.4 billion yen posted for Japan, up 0.2% over the same period last fiscal year, and 643.6 billion yen for the rest of the world, up 8.3% year-on-year.

On the profit and loss front, the afore-mentioned sales growth coupled with steady efforts to improve profitability based on cost reduction activities raised operating income by 18.1% compared with the same period last fiscal year to 87.4 billion yen and ordinary income by 12.7% year-on-year to 93.2 billion yen. Quarterly net income attributable to owners of the parent rose by 7.2% over the same period last fiscal year to 56.4 billion yen.

## (2) Overview of Consolidated Financial Position

Total assets as of the end of the current fiscal year's second quarter fell by 19.4 billion yen from March 31, 2018 to 2,047.1 billion yen. This is due mainly to decreases in cash and deposits of 42.6 billion yen and in notes and accounts receivable-trade of 26.4 billion yen, which more than cancelled out increases in inventories of 31.4 billion yen, in property, plant and equipment of 10.1 billion yen, and in investment securities of 8.7 billion yen.

Liabilities grew by 11.3 billion yen from March 31, 2018 to 991.4 billion yen. This is mainly due to an increase in accrued expenses of 11.5 billion yen.

Net assets decreased by 30.7 billion yen from March 31, 2018 to 1,055.7 billion yen. The decline is largely due to negative factors including decreases in retained earnings of 13.4 billion yen as a result of dividend payments and in acquisition, etc. of treasury shares of 78.6 billion yen, despite a positive factor such as an upswing of 56.4 billion yen in quarterly net income attributable to owners of the parent recorded for the first half of the current term.

The capital adequacy ratio stood at 43.7%, compared with 44.5% as of March 31, 2018. Interest-bearing liabilities rose by 0.6 billion yen from March 31, 2018 to 280.2 billion yen.

## (3) Overview of Future Estimates such as Consolidated Financial Forecast

The Company has revised upward the consolidated financial forecast for the current fiscal year ending March 2019 based on the consolidated financial results of the current fiscal year's first half ended on September 30, 2018 as well as on the shipment plan that has reflected the latest economic performances and trends in markets around the world.

The Company expects an increase in sales for the current fiscal year's second half, as a drop in sales expected in some markets facing challenging conditions is forecast to be more than offset by sales increases in overseas operations as a whole as well as by growth in the industrial engine business and vehicle life-cycle management business.

On the profit and loss front, the Company pursues a growth in profits by maximizing sales through an upside momentum in the overseas markets, etc. in addition to changing exchange rate assumptions, even though the cost to advance technologies is anticipated to go up.

The Company forecasts the consolidated business results for the year ending March 31, 2019 as follows:

[Revised Forecast of Full-Year Consolidated Financial Results]

|   |                   |
|---|-------------------|
| Net sales                                   | 2,170 billion yen |
| Operating Income                            | 184 billion yen   |
| Ordinary Income                             | 192 billion yen   |
| Net Income Attributable to Owners of Parent | 118 billion yen   |

\*This forecast is considered reasonable by the Company in light of information available today. Actual financial results may differ considerably from this forecast as it is subject to risk factors and uncertainties: world economic and market conditions and foreign exchange rate, etc. The forecast above, therefore, shall not be the sole basis for making any investment decision.

## 2. Notes on Consolidated Quarterly Financial Statements

### (1) Consolidated Quarterly Balance Sheets

(millions of yen)

|   | As of March 31,<br>2018 | As of September 30,<br>2018 |
|---|-------------------------|-----------------------------|
| <b>[ASSETS]</b>                               |                         |                             |
| <b>CURRENT ASSETS</b>                         |                         |                             |
| Cash and deposits                             | 346,818                 | 304,135                     |
| Notes and accounts receivable-trade           | 279,401                 | 252,904                     |
| Lease receivables and lease investment assets | 103,223                 | 109,471                     |
| Merchandise and finished goods                | 186,267                 | 204,335                     |
| Work in process                               | 29,639                  | 27,372                      |
| Raw materials and supplies                    | 60,173                  | 75,841                      |
| Other   | 58,942                  | 52,337                      |
| Allowance for doubtful accounts               | (1,472)                 | (1,234)                     |
| <b>Total Current Assets</b>                   | <b>1,062,993</b>        | <b>1,025,162</b>            |
| <b>NON-CURRENT ASSETS</b>                     |                         |                             |
| <b>Property, plant and equipment</b>          |                         |                             |
| Buildings and structures, net                 | 175,535                 | 175,986                     |
| Machinery, equipment and vehicles, net        | 159,264                 | 156,862                     |
| Land  | 279,756                 | 282,550                     |
| Leased assets, net                            | 8,082                   | 7,685                       |
| Vehicles on operating leases, net             | 41,967                  | 47,875                      |
| Construction in progress                      | 24,891                  | 28,432                      |
| Other, net                                    | 16,356                  | 16,651                      |
| <b>Total Property, Plant and Equipment</b>    | <b>705,854</b>          | <b>716,044</b>              |
| <b>Intangible assets</b>                      |                         |                             |
| Goodwill                                      | 10,093                  | 8,520                       |
| Other   | 16,618                  | 17,693                      |
| <b>Total Intangible Assets</b>                | <b>26,711</b>           | <b>26,214</b>               |
| <b>Investments and other assets</b>           |                         |                             |
| Investment securities                         | 178,628                 | 187,411                     |
| Long-term loans receivable                    | 1,479                   | 1,424                       |
| Net defined benefit asset                     | 1,479                   | 1,699                       |
| Deferred tax assets                           | 53,487                  | 52,264                      |
| Other   | 37,194                  | 38,205                      |
| Allowance for doubtful accounts               | (1,289)                 | (1,295)                     |
| <b>Total Investments and Other Assets</b>     | <b>270,979</b>          | <b>279,709</b>              |
| <b>Total Non-Current Assets</b>               | <b>1,003,545</b>        | <b>1,021,969</b>            |
| <b>TOTAL ASSETS</b>                           | <b>2,066,539</b>        | <b>2,047,131</b>            |

(millions of yen)

|   | As of March 31,<br>2018 | As of September 30,<br>2018 |
|---|-------------------------|-----------------------------|
| <b>[LIABILITIES]</b>                                  |                         |                             |
| <b>CURRENT LIABILITIES</b>                            |                         |                             |
| Notes and accounts payable-trade                      | 350,555                 | 339,057                     |
| Electronically recorded obligations - operating       | 29,439                  | 45,561                      |
| Short-term loans payable                              | 73,955                  | 59,384                      |
| Lease obligations                                     | 3,187                   | 2,857                       |
| Income taxes payable                                  | 24,539                  | 19,998                      |
| Accrued expenses                                      | 52,730                  | 64,254                      |
| Provision for bonuses                                 | 20,481                  | 19,967                      |
| Provision for directors' bonuses                      | 178                     | -                           |
| Provision for product warranties                      | 6,333                   | 6,730                       |
| Deposits received                                     | 3,464                   | 4,544                       |
| Other   | 54,770                  | 50,365                      |
| <b>Total Current Liabilities</b>                      | <b>619,636</b>          | <b>612,722</b>              |
| <b>NON-CURRENT LIABILITIES</b>                        |                         |                             |
| Long-term loans payable                               | 196,777                 | 212,416                     |
| Lease obligations                                     | 5,689                   | 5,565                       |
| Deferred tax liabilities                              | 1,487                   | 1,502                       |
| Deferred tax liabilities for land revaluation         | 42,135                  | 42,135                      |
| Provision for maintenance costs                       | 4,776                   | 5,610                       |
| Provision for management board incentive plan trust   | 364                     | 100                         |
| Net defined benefit liability                         | 97,947                  | 98,099                      |
| Long-term deposits received                           | 1,426                   | 1,512                       |
| Other   | 9,787                   | 11,754                      |
| <b>Total Non-Current Liabilities</b>                  | <b>360,392</b>          | <b>378,698</b>              |
| <b>TOTAL LIABILITIES</b>                              | <b>980,029</b>          | <b>991,421</b>              |
| <b>[NET ASSETS]</b>                                   |                         |                             |
| <b>SHAREHOLDERS' EQUITY</b>                           |                         |                             |
| Capital stock   | 40,644                  | 40,644                      |
| Capital surplus                                       | 42,127                  | 42,127                      |
| Retained earnings                                     | 785,096                 | 828,089                     |
| Treasury shares                                       | (71,362)                | (150,054)                   |
| <b>Total Shareholders' Equity</b>                     | <b>796,506</b>          | <b>760,807</b>              |
| <b>ACCUMULATED OTHER COMPREHENSIVE INCOME</b>         |                         |                             |
| Valuation difference on available-for-sale securities | 36,545                  | 44,140                      |
| Deferred gains or losses on hedges                    | 662                     | (87)                        |
| Revaluation reserve for land                          | 83,880                  | 83,880                      |
| Foreign currency translation adjustment               | 10,267                  | 13,616                      |
| Remeasurements of defined benefit plans               | (8,276)                 | (7,246)                     |
| <b>Total Accumulated Other Comprehensive Income</b>   | <b>123,079</b>          | <b>134,304</b>              |
| <b>NON-CONTROLLING INTERESTS</b>                      | <b>166,923</b>          | <b>160,599</b>              |
| <b>TOTAL NET ASSETS</b>                               | <b>1,086,510</b>        | <b>1,055,710</b>            |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>               | <b>2,066,539</b>        | <b>2,047,131</b>            |

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

Consolidated Quarterly Statements of Income

(millions of yen)

| For the second six months ended                               | FY2018 2nd Quarter<br>September 30, 2017 | FY2019 2nd Quarter<br>September 30, 2018 |
|---|--|--|
| Net sales   | 984,686                                  | 1,035,043                                |
| Cost of sales   | 812,028                                  | 846,414                                  |
| <b>GROSS PROFIT</b>   | <b>172,657</b>                           | <b>188,628</b>                           |
| Selling, general and administrative expenses                  | 98,543                                   | 101,137                                  |
| <b>OPERATING PROFIT</b>                                       | <b>74,113</b>                            | <b>87,491</b>                            |
| <b>Non-operating income</b>                                   |  |  |
| Interest income   | 1,269                                    | 2,208                                    |
| Dividend income   | 1,535                                    | 1,670                                    |
| Foreign exchange gains  | 1,137                                    | -  |
| Share of profit of entities accounted for using equity method | 5,541                                    | 4,582                                    |
| Other   | 1,790                                    | 1,738                                    |
| <b>Total non-operating income</b>                             | <b>11,273</b>                            | <b>10,200</b>                            |
| <b>Non-operating expenses</b>                                 |  |  |
| Interest expenses   | 1,047                                    | 1,093                                    |
| Foreign exchange losses                                       | -  | 257                                      |
| Litigation settlement   | -  | 213                                      |
| Compensation expenses   | -  | 1,298                                    |
| Other   | 1,541                                    | 1,537                                    |
| <b>Total non-operating expenses</b>                           | <b>2,588</b>                             | <b>4,399</b>                             |
| <b>ORDINARY INCOME</b>  | <b>82,798</b>                            | <b>93,292</b>                            |
| <b>Extraordinary income</b>                                   |  |  |
| Gain on sales of non-current assets                           | 137                                      | 485                                      |
| Gain on step acquisitions                                     | 4,076                                    | -  |
| Gain on sales of investment securities                        | 74                                       | -  |
| Gain on bargain purchase                                      | -  | 2,264                                    |
| <b>Total extraordinary income</b>                             | <b>4,288</b>                             | <b>2,750</b>                             |
| <b>Extraordinary losses</b>                                   |  |  |
| Loss on disposal of non-current assets                        | 1,014                                    | 523                                      |
| Impairment loss   | 356                                      | 10                                       |
| Loss on sales of shares of subsidiaries                       | -  | 161                                      |
| Loss on disaster  | -  | 1,378                                    |
| Other   | 81                                       | -  |
| <b>Total extraordinary losses</b>                             | <b>1,453</b>                             | <b>2,073</b>                             |
| <b>PROFIT BEFORE INCOME TAXES</b>                             | <b>85,633</b>                            | <b>93,970</b>                            |
| Income taxes  | 23,581                                   | 25,218                                   |
| <b>PROFIT</b>   | <b>62,051</b>                            | <b>68,751</b>                            |
| Profit attributable to non-controlling interests              | 9,393                                    | 12,317                                   |
| Profit attributable to owners of the parent                   | 52,657                                   | 56,434                                   |

## Consolidated Quarterly Statements of Comprehensive Income

(millions of yen)

| For the second six months ended   | FY2018 2nd Quarter<br>September 30, 2017 | FY2019 2nd Quarter<br>September 30, 2018 |
|---|--|--|
| <b>Profit</b>   | 62,051                                   | 68,751                                   |
| <b>Other comprehensive income</b>   |  |  |
| Valuation difference on available-for-sale securities                             | 5,426                                    | 7,659                                    |
| Deferred gains or losses on hedges  | (274)                                    | (750)                                    |
| Foreign currency translation adjustment   | 5,319                                    | 6,831                                    |
| Remeasurements of defined benefit plans, net of tax                               | 1,336                                    | 1,031                                    |
| Share of other comprehensive income of entities accounted for using equity method | (1,268)                                  | (3,681)                                  |
| Total other comprehensive income  | <b>10,540</b>                            | <b>11,090</b>                            |
| <b>Comprehensive income</b>   | <b>72,591</b>                            | <b>79,842</b>                            |
| <b>Comprehensive income attributable to:</b>                                      |  |  |
| owners of the parent  | 62,184                                   | 67,659                                   |
| non-controlling interests   | 10,407                                   | 12,183                                   |



**(3) Consolidated Quarterly Statements of Cash Flows**

(millions of yen)

| For the first six months ended  | FY2018 2nd Quarter<br>September 30, 2017 | FY2019 2nd Quarter<br>September 30, 2018 |
|---|--|--|
| <b>Cash Flows from Operating Activities</b>   |  |  |
| Profit before income taxes  | 85,633                                   | 93,970                                   |
| Depreciation  | 32,995                                   | 34,284                                   |
| Amortization of goodwill  | 1,163                                    | 1,314                                    |
| Share of (profit) loss of entities accounted for using equity method  | (5,541)                                  | (4,582)                                  |
| Increase (decrease) in provision for product warranties   | (436)                                    | 396                                      |
| Increase (decrease) in provision for bonuses  | 619                                      | (557)                                    |
| Increase (decrease) in provision for directors' bonuses   | (142)                                    | (178)                                    |
| Increase (decrease) in allowance for doubtful accounts  | 176                                      | (228)                                    |
| Increase (decrease) in net defined benefit liability  | (367)                                    | 895                                      |
| Increase (decrease) in provision for maintenance costs  | 848                                      | 833                                      |
| Increase (decrease) in provision for management board incentive plan trust  | 99                                       | (263)                                    |
| Interest and dividend income  | (2,804)                                  | (3,879)                                  |
| Interest expenses   | 1,047                                    | 1,093                                    |
| Loss (gain) on sales of non-current assets  | (137)                                    | (485)                                    |
| Loss (gain) on disposal of non-current assets   | 1,014                                    | 523                                      |
| Loss (gain) on sales of investment securities   | (74)                                     | —  |
| Impairment loss   | 356                                      | 10                                       |
| Other extraordinary loss (income)   | (3,995)                                  | (725)                                    |
| Decrease (increase) in notes and accounts receivable-trade  | 17,608                                   | 29,709                                   |
| Net decrease (increase) in lease receivables and investment assets  | (7,109)                                  | (6,247)                                  |
| Decrease (increase) in inventories  | (11,391)                                 | (27,371)                                 |
| Decrease (increase) in other current assets   | (153)                                    | 6,490                                    |
| Increase (decrease) in notes and accounts payable-trade   | (4,041)                                  | 2,421                                    |
| Increase (decrease) in accrued expenses   | 3,999                                    | 8,812                                    |
| Increase (decrease) in deposits received  | 263                                      | 1,161                                    |
| Increase (decrease) in other liabilities  | (7,711)                                  | (5,391)                                  |
| Other, net  | (320)                                    | (491)                                    |
| (Subtotal)  | <b>101,599</b>                           | <b>131,514</b>                           |
| Interest and dividends income received  | 6,047                                    | 7,347                                    |
| Interest expenses paid  | (1,056)                                  | (1,092)                                  |
| Income taxes paid   | (21,051)                                 | (33,262)                                 |
| Net cash provided by (used in) operating activities   | <b>85,539</b>                            | <b>104,506</b>                           |
| <b>Cash Flows from Investing Activities</b>   |  |  |
| Purchase of investment securities   | (603)                                    | (79)                                     |
| Proceeds from sales of investment securities  | 156                                      | —  |
| Purchase of non-current assets  | (42,989)                                 | (46,044)                                 |
| Proceeds from sales of non-current assets   | 1,291                                    | 2,379                                    |
| Payments of long-term loans receivable  | (145)                                    | (167)                                    |
| Collection of long-term loans receivable  | 142                                      | 251                                      |
| Decrease (increase) in short-term loans receivable  | 26                                       | 147                                      |
| Decrease (increase) in time deposits  | 311                                      | 6,933                                    |
| Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation                         | —  | 27                                       |
| Proceeds from purchase of share of subsidiaries resulting in change in scope of consolidation                       | 284                                      | —  |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation                                    | (8,329)                                  | —  |
| Proceeds from acquisition of business   | —  | 3,268                                    |
| Other, net  | 2,634                                    | 266                                      |
| Net cash provided by (used in) investing activities   | <b>(47,221)</b>                          | <b>(33,017)</b>                          |
| <b>Cash Flows from Financing Activities</b>   |  |  |
| Net increase (decrease) in short-term loans payable   | 5,265                                    | (9,321)                                  |
| Proceeds from long-term loans payable   | 26,000                                   | 22,500                                   |
| Repayment of long-term loans payable  | (16,034)                                 | (12,084)                                 |
| Repayments of lease obligations   | (680)                                    | (1,503)                                  |
| Purchase of treasury shares   | (5)                                      | (79,005)                                 |
| Cash dividends paid   | (12,614)                                 | (13,401)                                 |
| Dividends paid to non-controlling interests   | (11,799)                                 | (18,393)                                 |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | (1,470)                                  | —  |
| Net cash provided by (used in) financing activities   | <b>(11,340)</b>                          | <b>(111,211)</b>                         |
| <b>Effect of Exchange Rate Change on Cash and Cash Equivalents</b>  | <b>3,935</b>                             | <b>4,383</b>                             |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>   | <b>30,913</b>                            | <b>(35,338)</b>                          |
| <b>Cash and Cash Equivalents at Beginning of Period</b>   | <b>260,678</b>                           | <b>329,949</b>                           |
| <b>Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries</b>                 | <b>—</b>                                 | <b>22</b>                                |
| <b>Cash and Cash Equivalents at End of Period</b>   | <b>291,592</b>                           | <b>294,632</b>                           |

#### **(4) Notes on Premise of a Going Concern**

None

#### **(5) Segment Information**

The Second Quarter Cumulative Period of Fiscal Year 2018

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

The Second Quarter Cumulative Period of Fiscal Year 2019

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

#### **(6) Notes in the case of a Significant Change in Shareholders' Equity**

Acquisition of treasury shares

At its meeting held on August 3, 2018, the Board of Directors approved a resolution to acquire 50 million treasury shares. As a result, in the second quarter year-to-date period the value of treasury shares increased by 79,000 million yen.

#### **(7) Changes in Accounting Policies**

(IFRS 15)

Starting the first quarter of the current consolidated accounting period, the Company's overseas consolidated subsidiaries are required to adhere to IFRS 15 (Revenue from Contracts with Customers).

The impact of the application of IFRS 15 on the Company's consolidated financial statements is immaterial.

#### **(8) Additional Information**

(Adoption of the "partially revised "Accounting Standards for Tax Effect Accounting'", etc.)

Since the "partially revised "Accounting Standards for Tax Effect Accounting'" (Corporate Accounting Standard No.28, February 16, 2018), etc. have been adopted as of the beginning of the first quarter of the current consolidated accounting period, the classifications of deferred tax assets and deferred tax liabilities are now listed under investment and other assets and non-current liabilities respectively.

### 3. Supplementary Information

#### (1) Sales Condition

<Sales Results by Region>

|                               |                               | FY2018<br>(Fiscal year ending<br>September 30, 2017) |                             | FY2019<br>(Fiscal year ending<br>September 30, 2018) |                             | Change            |                             |
|-------------------------------|-------------------------------|--|-----------------------------|--|-----------------------------|-------------------|-----------------------------|
|                               |                               | Volume<br>(units)                                    | Amount<br>(millions of yen) | Volume<br>(units)                                    | Amount<br>(millions of yen) | Volume<br>(units) | Amount<br>(millions of yen) |
| HD/MD vehicles                | Japan                         | 16,440   | 144,096                     | 14,426   | 132,777                     | (2,014)           | (11,319)                    |
|                               | Overseas                      | 20,071   | 101,035                     | 21,873   | 107,302                     | 1,802             | 6,266                       |
| HD/MD vehicles                |                               | 36,511   | 245,132                     | 36,299   | 240,079                     | (212)             | (5,052)                     |
| LD vehicles, etc              | Japan                         | 20,720   | 69,145                      | 21,127   | 71,069                      | 407               | 1,923                       |
|                               | Overseas                      | 179,693  | 379,080                     | 194,323  | 415,882                     | 14,630            | 36,802                      |
| LD vehicles, etc              |                               | 200,413  | 448,225                     | 215,450  | 486,951                     | 15,037            | 38,725                      |
| Total vehicles                | Japan                         | 37,160   | 213,242                     | 35,553   | 203,846                     | (1,607)           | (9,395)                     |
|                               | Overseas                      | 199,764  | 480,116                     | 216,196  | 523,185                     | 16,432            | 43,069                      |
| Total vehicles                |                               | 236,924  | 693,358                     | 251,749  | 727,031                     | 14,825            | 33,673                      |
| Parts for overseas production | Overseas                      | -  | 29,091                      | -  | 29,367                      | -                 | 276                         |
|                               | Parts for overseas production | -  | 29,091                      | -  | 29,367                      | -                 | 276                         |
| Engines / Components          | Japan                         | -  | 32,416                      | -  | 37,650                      | -                 | 5,233                       |
|                               | Overseas                      | -  | 28,644                      | -  | 31,806                      | -                 | 3,161                       |
| Engines / Components          |                               | -  | 61,061                      | -  | 69,456                      | -                 | 8,395                       |
| Other                         | Japan                         | -  | 144,923                     | -  | 149,927                     | -                 | 5,004                       |
|                               | Overseas                      | -  | 56,251                      | -  | 59,259                      | -                 | 3,008                       |
| Other                         |                               | -  | 201,175                     | -  | 209,187                     | -                 | 8,012                       |
| Sales amount                  | Japan                         | -  | 390,582                     | -  | 391,424                     | -                 | 841                         |
|                               | Overseas                      | -  | 594,103                     | -  | 643,618                     | -                 | 49,515                      |
| Sales amount                  |                               | -  | 984,686                     | -  | 1,035,043                   | -                 | 50,356                      |

(Note) The above amounts do not include consumption tax.

<Overseas Sales>

FY2018 (April 1, 2017 through September 30, 2017)

(millions of yen)

|  | North America | Asia      | Other     | Total     |
|--|---------------|-----------|-----------|-----------|
| 1 Overseas sales                           | 72,920        | 287,081   | 234,101   | 594,103   |
| 2 Consolidated sales                       | -             | -         | -         | 984,686   |
| 3 Overseas sales<br>per Consolidated sales | %<br>7.4      | %<br>29.2 | %<br>23.8 | %<br>60.3 |

FY2019 (April 1, 2018 through September 30, 2018)

(millions of yen)

|  | North America | Asia      | Other     | Total     |
|--|---------------|-----------|-----------|-----------|
| 1 Overseas sales                           | 86,710        | 311,067   | 245,840   | 643,618   |
| 2 Consolidated sales                       | -             | -         | -         | 1,035,043 |
| 3 Overseas sales<br>per Consolidated sales | %<br>8.4      | %<br>30.1 | %<br>23.8 | %<br>62.2 |

1. This segmentation is based on the geographical area.

2. Major countries or areas included

(1) North America---USA

(2) Asia---Thailand, China, Indonesia, Philippines

(3) Other---Saudi Arabia, Australia, Mexico, South Africa, Italy

3. Overseas sales are sales to all countries and areas excluding Japan

made by the parent company and consolidated subsidiaries.