

ISUZU

ISUZU MOTORS LIMITED
ANNUAL REPORT 2014

Year ended March 31, 2014



**Passion and Drive
for Excellence** →



Corporate Statement

Trucks for life

ISUZU

Our Corporate Vision

Isuzu will always mean the best

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

Our Corporate Mission

Trust, Action, Excellence

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

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Forward-Looking Statements

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



Profile



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

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

As well as manufacturing and assembling heavy-duty trucks and light-duty trucks at our Fujisawa Plant in Japan, we practice a local approach to production under which components supplied from the plant are assembled at affiliated plants worldwide. Pickup trucks are produced in Thailand and exported worldwide. Engines, one of the Company's principal non-vehicle products, are produced in Japan, Asia and the United States.

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

Susumu Hosoi
President & Representative Director

1 Principal products

● Light- to heavy-duty trucks



● Buses



● Pickup trucks



● Industrial diesel engines



2 Features

- In Japan, Isuzu boasts No. 1 share in the light-duty truck market and No. 2 share in the medium- and heavy-duty truck market. (CY 2013 actual results)
- Isuzu products are sold in well over 100 countries worldwide, and overseas sales account for more than 60% of our business.

Consolidated Financial Highlights

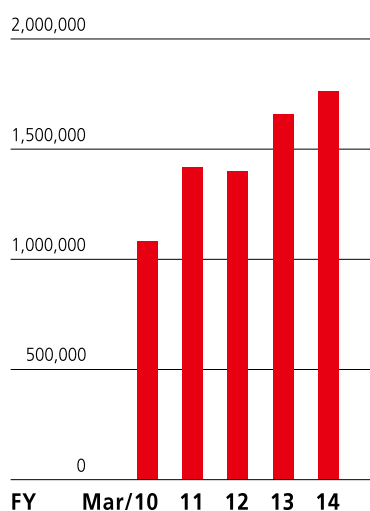
Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
For the Year:			
Net sales	¥ 1,760,858	¥ 1,655,588	\$ 17,109,003
Net income	119,316	96,537	1,159,309
At Year-End:			
Total assets	¥ 1,521,757	¥ 1,340,822	\$ 14,785,832
Net assets	768,953	620,959	7,471,374

Per Share:	Yen		U.S. dollars
	2014	2013	2014
Net income – primary	¥ 70.43	¥ 56.98	\$ 0.68

Note: U.S. dollar figures have been calculated at the rate of ¥102.92=U.S.\$1, the approximate rate of exchange prevailing on the Foreign Exchange Market on March 31, 2014.

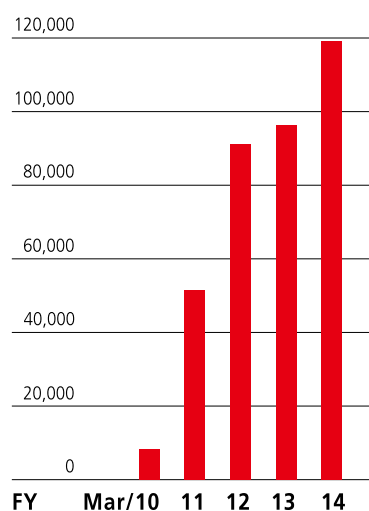
Net Sales

(Millions of yen)



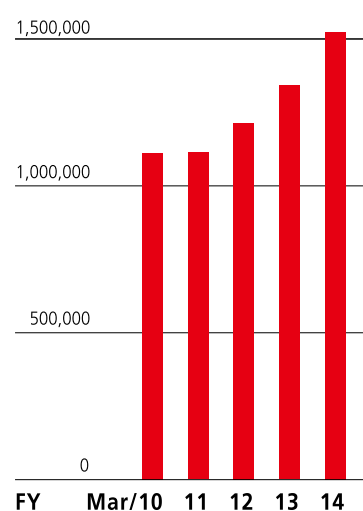
Net Income

(Millions of yen)



Total Assets

(Millions of yen)



Major Press Releases

Business-related

April 1, 2013

Isuzu Establishes New Auto-lease Company: Isuzu Leasing Service Ltd. (ILS) in Japan

The Isuzu Group will put structures in place to meet a broad range of customer needs by adding financial services to its existing life cycle business.

October 1, 2013

Subsidiary Establishes IJT Technology Holdings Co., Ltd.

Isuzu subsidiary I Metal Technology Co., Ltd., reached a basic agreement on establishing a joint holding company and integrating their management through a joint share transfer with Isuzu affiliates TDF Corporation and Jidosha Buhin Kogyo Co., Ltd. The joint holding company and its three subsidiaries will become Isuzu subsidiaries.

Isuzu expects integrating management of the three companies through the establishment of the joint holding company and making them subsidiaries will contribute to the future development of the Isuzu Group's businesses by facilitating: (1) rapid development and expansion of Isuzu's overseas business with a focus on the ASEAN region; (2) evolution of the role of Isuzu's domestic business as a base for technological improvement and development; and (3) enhancing Isuzu's ability to propose new products, new technologies, and low-cost products.

October 17, 2013

Isuzu's Business in South Africa: Isuzu to Raise Stake in Isuzu Truck South Africa (Pty) Limited



Announcing in South Africa, Vice President Katayama explains Isuzu's decision to increase its stake in ITSA.

Isuzu has decided to increase its stake in Isuzu Truck South Africa (Pty) Limited (ITSA), with a view to stepping up its production and sales of commercial vehicles in South Africa, a market with significant growth prospects.

ITSA is currently owned by Isuzu and GM South Africa (GMSA, a 100% GM subsidiary), each of which holds a 50% share. Isuzu will purchase shares from GMSA to increase its ownership to 70%.

As part of its newly increased stake, Isuzu will strengthen its involvement in manufacturing and financial affairs at ITSA, enhancing and strengthening the commercial vehicle business in southern Africa with the aim of achieving sales of 10,000 units in the future.

January 24, 2014

Isuzu Establishes After-sales Center in Singapore

Isuzu has established an After-sales Center (ASC) at Isuzu Motors Asia Ltd., which oversees Isuzu's business in the ASEAN region, with the goal of enhancing after-sales support in ASEAN countries.

With more Isuzu vehicles being localized to meet customer needs in ASEAN countries, in which a large number of Isuzu vehicles are in operation and further economic growth is expected, ASC will help Isuzu on the after-sales front to work more closely with local distributors, and support their work to minimize downtime for customers' vehicles.

March 31, 2014

Isuzu Establishes New Company in Thailand to Oversee Truck Development for Emerging Markets

Isuzu has established the Isuzu Global CV Engineering Center (IGCE) to oversee development of trucks for emerging markets, with the goal of further enhancing the competitiveness of its commercial vehicles in these markets, which continue to grow.

By taking the lead in commercial vehicle development for emerging markets and working closely with part suppliers and Isuzu Group affiliates in ASEAN, China, and worldwide, IGCE will speed decision-making extending from compiling market information to product introduction, allowing faster development of commercial vehicles offering high cost performance to meet emerging market needs.

Going forward, Isuzu will continue to work to optimize development, production, purchasing, and other structures, in an effort to accelerate the introduction of products that have been optimized to meet local market needs by locating development decision-making closer to customers in overseas markets.

Product-related

March 19, 2014

Isuzu Launches Improved Gala Large Tour Bus

The bus features advanced safety functionality enhancements, for example by augmenting the vehicle's standard brakes which are designed to reduce damage in the event of a collision, with a function that helps drivers to avoid collisions with vehicles ahead. Isuzu has also enhanced the vehicle's fuel efficiency through improved engine control.



Gala tour bus

At a Glance

CV/LCV: Consolidating a leading position in growth markets worldwide.

Overseas CV shipments post a record high for the fourth consecutive year.

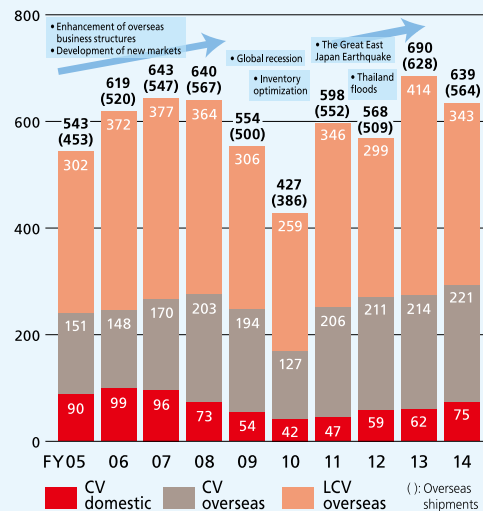
In addition to actively investing resources in building a manufacturing system centered on the ASEAN region, China, and India, Isuzu Motors is working to expand sales in fast-growing emerging markets, and to stabilize and streamline its businesses in developed markets.

Shipments of CVs and LCVs during FY2014 fell by 51,000 units (7%) from the previous year to 639,000 units. Shipments of LCVs (pickup trucks and derivatives) fell, mainly due to a slowdown in the Thai market, while overseas shipments of CVs (commercial vehicles) reached record levels for the fourth year running.



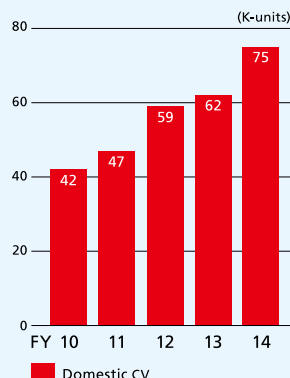
Global CV / LCV Shipments (K-units)

Finished vehicles, KD sets, and others



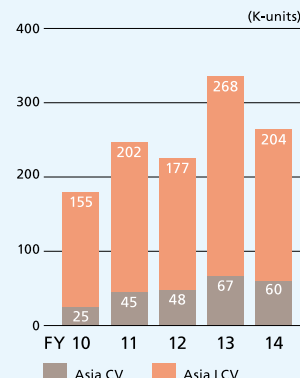
Japan

- Demand in Japan continued to grow as economic stimulation measures put in place by the government, adding to demand driven by the ongoing reconstruction effort following the Great East Japan Earthquake. The Group has actively launched products with exceptional environmental and safety performance, including trucks and buses featuring next-generation, high-efficiency diesel engines with excellent environmental performance and world-class preventive safety technologies.



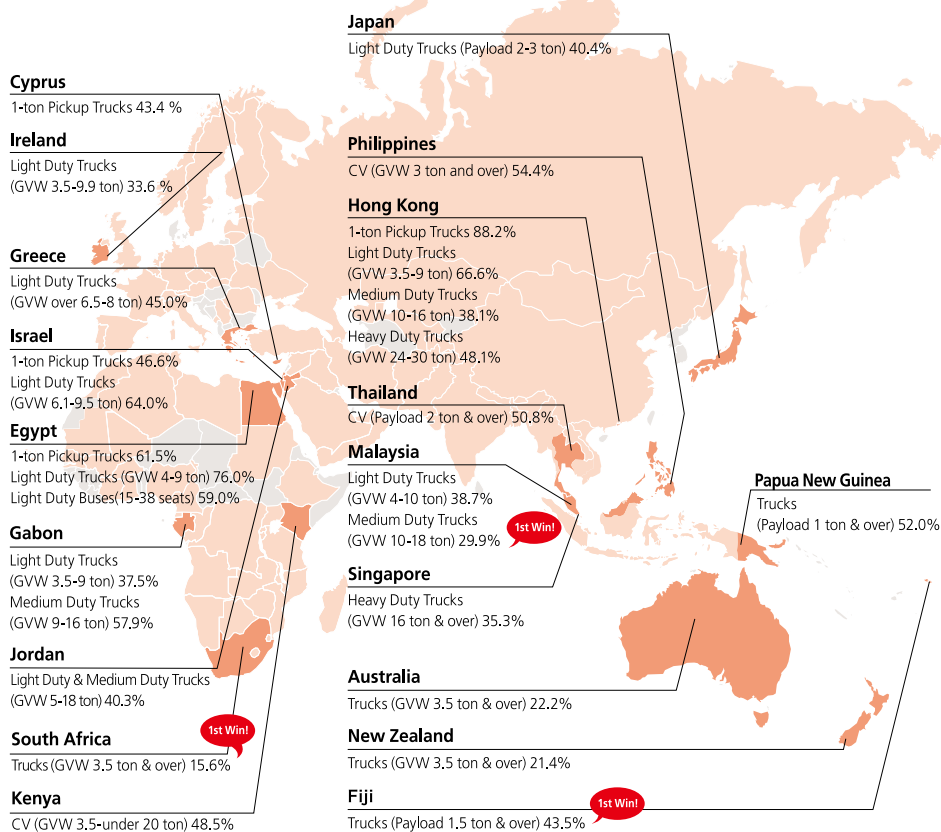
Asia

- Despite an overall decline in sales volume due primarily to market conditions in Thailand, sales are generally increasing in other countries.
- Isuzu achieved No. 1 market share in the medium-duty CV class (GVW 10-18 tons) in Malaysia.



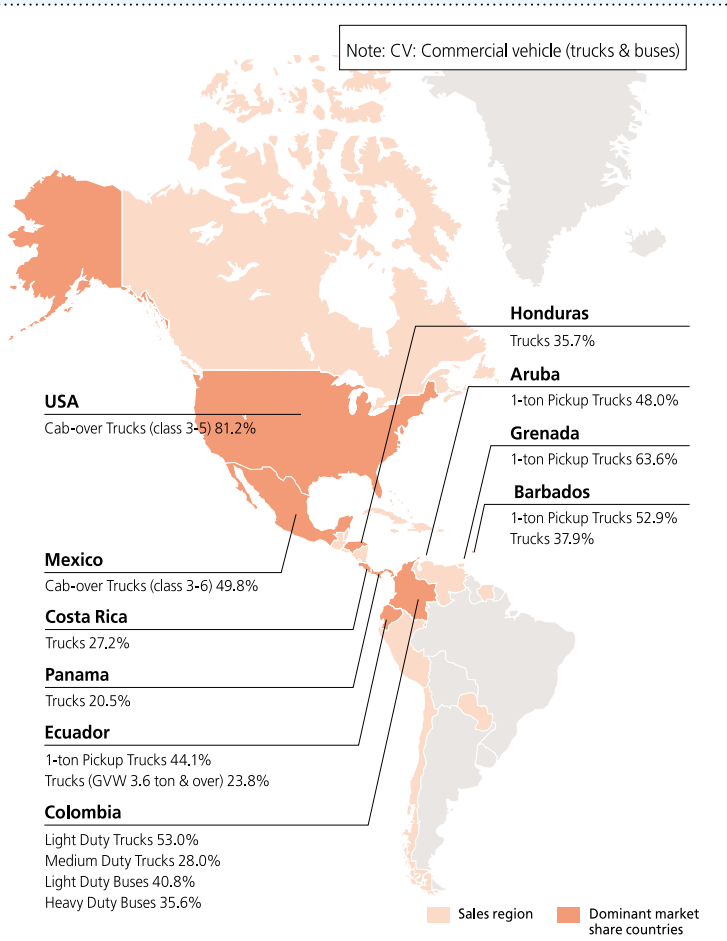
No. 1 Market Share in 2013 (Based on sales figures compiled by Isuzu)

Source: Isuzu Motors



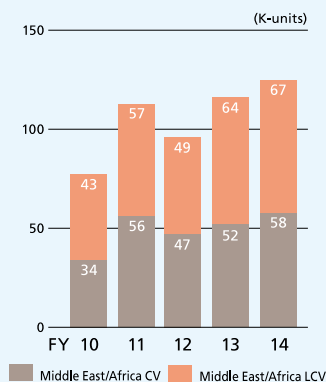


Note: CV: Commercial vehicle (trucks & buses)



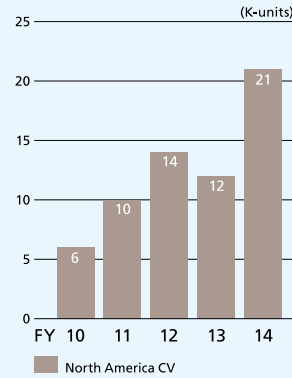
Middle East/Africa

- Isuzu's N series light-duty trucks continued to maintain dominant market share in Saudi Arabia.
- In South Africa, Isuzu achieved No. 1 market share for CVs with a GVW of 3.5 tons and over for the first time.



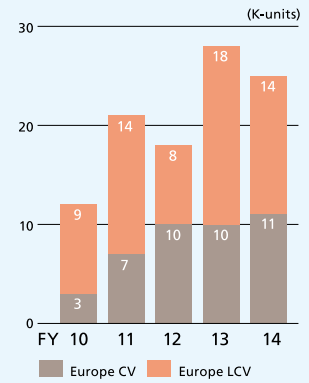
North America

- The market is recovering.
- Isuzu maintained high-market share in the cab-over truck segment (classes 3 to 5). Isuzu has enjoyed No. 1 market share in this segment for 28 years running.



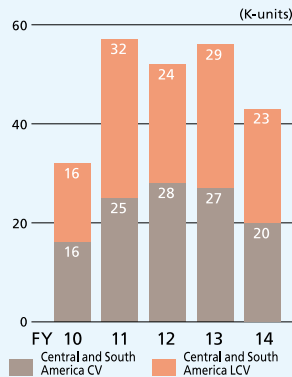
Europe

- Sales grew slightly thanks in part to increased CV (commercial vehicle) sales in Russia and other locations.



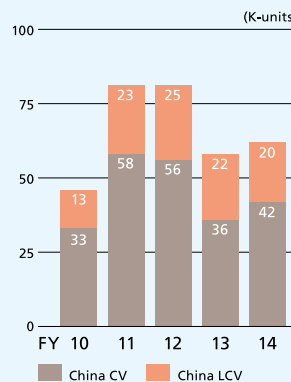
Central and South America

- Although the economic slowdown in Colombia affected last year's performance, Isuzu maintained its No. 1 market share in every class of light- and medium-duty truck in Colombia this year.



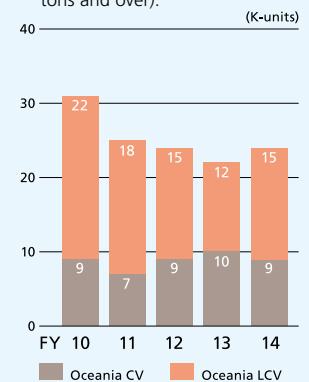
China

- Demand for CVs began to recover slightly during the previous fiscal year.



Oceania

- Isuzu has enjoyed No. 1 market share for 25 straight years in the Australian CV market (GVW of 3.5 tons and over).



Message from the President



Strengthening our corporate structure and business base to facilitate future growth

Financial results for FY2014

During the fiscal year ended March 2014, the overall state of the world economy was one of gradual recovery, although performance remained sluggish in certain sectors. Moderate, sustained improvement continued to characterize the Japanese economy as well.

Sales were healthy in the domestic market thanks to factors including recovery-driven demand and economic stimulus measures implemented by the government. Overseas, a greater-than-expected slowdown in demand in Thailand, a key market for Isuzu, led to a year-on-year decline in total sales volume, including pickup trucks. However, (commercial) truck sales were generally brisk in North America, the Middle East, Africa, and other regions. As a result, we shipped a record number of trucks overseas for the fourth year in a row.

With regard to financial results, net sales rose ¥105.3 billion (up 6.4%) from the previous year to ¥1,760.9 billion on increased truck sales volume as described above. Operating income rose ¥43.4 billion (up 33.2%) to ¥174.2 billion as the effects of sales growth and cost structure improvements combined with a correction of yen strength to overcome increases in up-front costs associated with efforts to implement the policies outlined in our Mid-term Business Plan. Ordinary income grew ¥44.9 billion (up 31.7%) to ¥186.6 billion, while net income increased ¥22.8 billion (up 23.6%) to ¥119.3 billion. Each of these profit figures represents an all-time record for the second year running.

FY2015 forecast

During the fiscal year ending March 2015, we expect sales to remain brisk in the domestic market. Looking overseas, although a recovery in demand in Thailand is likely to remain elusive, we expect demand to remain strong in other markets



and are working to increase revenue. At the same time, we will pursue a program of active expenditures and investments to strengthen our corporate structure and business base in an effort to lay the foundation for future growth and expansion.

As a result of the above, we expect net sales of ¥1,840.0 billion (up ¥79.1 billion from FY 2014), operating income of ¥165.0 billion (down ¥9.2 billion), ordinary income of ¥175.0 billion (down ¥11.6 billion), and net income of ¥100.0 billion (down ¥19.3 billion).

Although the specific details of the next Mid-term Business Plan remain under consideration, we will continue to bring to market “eco-friendly products” and “products meeting specific needs of emerging markets,” to implement a growth strategy in emerging markets and maintain our business in advanced markets in order to “aim at excellence in respecting the environment to meet the demands of society,

maximizing vehicle operating rates and minimizing life-cycle costs to meet customers’ needs.” To that end, in addition to strengthening our corporate structure and business base, we will seek to give shape to and accelerate the growth-oriented initiatives of “Enhancement of the CV Business in Emerging Markets,” “Enhancement and Expansion of the LCV Business,” and “Stabilization of Business in Japan.”

As we look to the future and apply our passion and drive for excellence, we at Isuzu Motors thank you for your continued understanding and support.

Susumu Hosoi
President & Representative Director



Special Feature

Fifty years of manufacturing Isuzu trucks in Thailand



Last year marked 50 years since Isuzu manufacturing operations were launched in Thailand in 1963. Production began with the assembly of just 124 vehicles per year, and gradually expanded to include other functions. Today, Thailand has grown into a critical base for Isuzu, exporting LCVs around the world. This special feature marks the 50th anniversary of production in Thailand by looking at the history of Isuzu's operations in the country and their future prospects.



From 50 years of 'contributing' to 50 years of 'initiating'

Isuzu's 'mother' plant for pickup trucks

For Isuzu, Thailand is home to an unparalleled 'mother' plant specializing in pickup trucks. During its 50-year history, the company has expanded beyond the production of pickup trucks to a number of important functions that include development, procurement, and export, resulting in a range of business operations that are similar to Isuzu itself. With a local procurement rate of 90% and higher, and contribution to pickup trucks and derivatives in more than 110 countries worldwide, Isuzu's Thailand operations are the largest of any of Isuzu's overseas businesses, in terms of both net sales and profit. Just as Japan serves as the company's production and development base for commercial vehicles (CVs), Thailand serves as its production and development base for LCVs (pickup trucks and derivatives).

Making a significant contribution to the development of the automotive industry in Thailand

The pickup truck has proven to be an extremely good match for the needs of the Thai market. Thanks in part to their general utility both at work and at home, tough diesel engine, and high level of water resistance and durability, Isuzu pickup trucks spread rapidly throughout Thailand, a country which is characterized by numerous unpaved roads and flooding nearly every year.

Due to the automotive industry's broad base and its ability to create and expand employment, Thailand's government aimed to transform the segment into one of the country's major industries by implementing a series of measures to support local production, including setting high import duties. Isuzu responded



At the time of the plant's foundation, the water tower in the center was the symbol of Isuzu. It was designed to evoke a similar water tower at the company's Fujisawa Plant, which still stands today.

Dedication of the new Gateway Plant (2012)

to the Thai government's program of fostering the development of a national industry by building a supply chain of companies in Thailand and neighboring countries, with components ranging from engines and transmissions (from the Philippines) to forged and cast parts (from Indonesia). It is fair to say these and other related measures were responsible for creating Thailand's pickup truck market, and transforming the pickup truck into what can be called Thailand's national car, a vehicle with a utility that is recognized worldwide.

Renewing a focus on exports and technical support

Isuzu Motors Co. (Thailand) recognizes that its task for the future is to expand the breadth of its business to other countries, by leveraging the manufacturing DNA it has inherited together with the technologies and expertise it has developed over the last 50 years.

First up are products. As growth in Thailand's domestic economy stalls, all automotive manufacturers in Thailand are looking toward overseas markets, making it important to supply products that are competitive in terms of both quality and cost to customers, as quickly as possible. Isuzu Motors International Operations (Thailand) (IMIT), which was established in 2011, is already working to enhance the export business.

In addition, if the launch of the ASEAN Economic Community (AEC) proves successful, this new bloc is like to spur changes

in distribution throughout ASEAN, and to Isuzu's approach to business. Thailand is offering technical support to nearby countries such as China and India as a model case for overseas business. Since its establishment in 2013, Isuzu (Thailand) Manufacturing Training Center has been focusing its efforts on boosting human resources development to new levels. If the last 50 years was a time for contributing to the development of Thailand's automotive industry, we are striving to make the next 50 years a time of originating and initiating both products and information.



Gateway Plant

Completed in 1996, the Gateway Plant includes chassis, paint, and final assembly plants for pickup trucks and commercial vehicles, as well as final inspection, vehicle evaluation and testing facilities. New manufacturing equipment for pickup trucks was added in October 2012, marking the site's transformation into a large-scale vehicle plant.

Samrong Plant

The history of Isuzu vehicle production began in 1963 at the Samrong Plant. The complex consisted of five buildings: chassis, paint, and frame plants; a final assembly plant with the final assembly line for pickup trucks; and a UA plant where pickup trucks and PPVs are assembled. There was also a head office building.





50 years of Thai production

1957-1962

Raising the curtain on Isuzu's Thai business

The launch of an Isuzu diesel truck by Isuzu-Mitsubishi Corporation in 1957 marked the start of Isuzu's Thai business.



1963-1969

Start of production

In November 1963, Isuzu completed its first overseas plant in Thailand. The new facility began assembling trucks that previously had been imported from Japan in a partially assembled state.



1970-1979

Start of pickup truck production

Reacting to growing domestic demand, Isuzu began producing pickup trucks in Thailand in 1974. The company introduced a series of products that met market needs, leading to excellent penetration for the Isuzu brand throughout the country.



Cumulative production reaches 30,000 vehicles (1973).

1980-1989

Start of localization of parts

Demand for automobiles grew rapidly starting during the second half of the 1980s. In response to increasingly high production volumes and measures to facilitate the domestic production of automotive parts by the Thai government, Isuzu worked to produce parts locally.



Cumulative production reaches 100,000 vehicles (1980).

1990-1999

Start of global expansion

After weathering the ASEAN financial crisis in 1997, Isuzu began exporting pickup trucks to Australia in 1999, marking the start of the business's overseas expansion.



2000-2009

Transformation of Thailand into a base for pickup truck production

Isuzu moved to concentrate pickup production in Thailand. As the pace of plant automation picked up, the company unveiled a completely redesigned D-MAX in May 2002, and began manufacturing and sales of the new vehicle.



2010-2014

An era of rapid progress

When large-scale flooding struck Thailand in October 2011, Group companies and employees came together to restore the supply chain and secure production equipment, enabling Isuzu to fast-track the resumption of production.

To keep pace with growing sales of pickup trucks, including exports, Isuzu constructed a new Gateway Factory, which began mass-production in September 2012.



Toward the next 50 years



Product line



CSR in Thailand

Corporate Social Responsibility



Achieving harmony with international society and local communities through CSR and our services

Achieving harmony with international society and local communities

As companies with a global focus, Isuzu and its Group companies are committed to taking into consideration and respecting the culture and customs of each country and region in which they do business. In this way, we strive to play our role as a good corporate citizen on the international stage.

Our Activities in Thailand

We believe the growth of our business in Thailand has been fueled by more than just manufacturing trucks. Thanks to a management philosophy that emphasizes being a company that benefits society, and through a series of initiatives like those below which are closely connected to various regions and communities, Isuzu has been embraced by local society. This approach has allowed us to move forward together with Thai society.

Sample initiatives

Isuzu Group Foundation

In 1987, in commemoration of the 30th anniversary of the start of truck imports to Thailand, Tri Petch Isuzu Sales Co., Ltd., (TIS) donated funds to establish the Tri Petch Isuzu Foundation (TPF). Then, in 1993, Isuzu Motors Co., (Thailand) Ltd. (IMCT) and Isuzu Engine Manufacturing Co., (Thailand) Ltd. (IEMT) donated funds to TPF and changed the organization's name to the Isuzu Group Foundation (ITF). The foundation funds a broad range of activities, including donations to the royal family, management of a scholarship program, and initiatives to promote automobile technologies in Thailand.



Scholarship award ceremony



Donation of tools and equipment to the Faculty of Engineering at Thammasat University

Isuzu Social Club

Local employees of Isuzu Motors Co., (Thailand) Ltd. (IMCT) are involved in a wide range of community service activities.

The Isuzu Social Club (ISC), a club-style group of local employee volunteers, started its activities in 1981 and was officially recognized by IMCT in 1991. In 2005, IMCT began offering financial support to the group for its activities that include (1) planting trees and protecting water resources; (2) donating textbooks and sports supplies to local schools; and (3) providing lunches to underprivileged children.



Donation of playground equipment for use by local children



A blood donor drive at IMCT

"Isuzu gives water ... for life" project

As a way to commemorate the 55th anniversary of the start of truck imports to the country, in 2012 eighteen Group companies in Thailand launched a joint project to install water purification systems to provide clean drinking water to schools dealing with contaminated drinking water supplies.

The project, which is being pursued in partnership with local water resource bureaus that are affiliated with Thailand's Ministry of Natural Resources and Environment, installs water purification systems at six schools a year. It promises to improve the lives not only of students and teachers at the school, but also of nearby residents. As of March 2014, the project had installed the system at seven schools since its launch.



Water purification system presentation ceremony



Happy children with clean water

CSR

Corporate Social Responsibility

CSR activities

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

CSR policies

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

Isuzu has defined Isuzu Motors CSR activities as activities by

all employees that aim at implementing Isuzu's Corporate Vision through their actions upon understanding the below.

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

Isuzu CSR activities



The policy of activities

- 1 **Winning trust from our customers**
Isuzu aims to win trust from our customers by providing meaningful products and services to the society, and thus contribute to the creation of a prosperous society.
- 2 **Promoting fair and reasonable business**
Isuzu business is based on transactions under fair and free competition. Isuzu also keep sound and proper relationship with the government and politicians, and as a corporate citizenship, acts strongly against anti-social forces and organizations.
- 3 **Ensuring appropriate disclosure of corporate information**
Isuzu broadly communicates with our stakeholders in society (not limited to shareholders), and ensure timely, appropriate and fair disclosure of our corporate information.

- 4 **Showing respect for employees**
Isuzu creates a safe and comfortable work environment respecting each employee's personality and character so that everyone can fully demonstrate his/her capabilities.
- 5 **Making a contribution to preserving our environment**
Isuzu actively works on environmental protection not only through our business activities but also as a corporate citizen residing on earth by involving ourselves with social and regional environmental conservation activities.
- 6 **Contributing to society**
Isuzu proactively undertakes social contribution activities as a good corporate citizen.
- 7 **Ensuring harmony with international and regional communities**
Isuzu respects the cultures and customs of nations and regions we involved in, and contributes to their development through our business activities.

DeUSEL

MIDORIMUSHI BIO FUEL

Contributing to the global environment through our activities



Contributing to society through CSR

Isuzu and Euglena launch the DeuSEL® project, a joint effort to commercialize next-generation biodiesel

Isuzu Motors and Euglena have concluded a joint research agreement in an effort to commercialize next-generation biodiesel fuel derived from the microscopic algae *Euglena gracilis*. As a first step in the project, on July 1, 2014 Isuzu began operating a scheduled shuttle bus service at its Fujisawa Plant using DeuSEL®*, the world's first biodiesel produced from the *Euglena gracilis* microscopic algae using a process developed by Euglena.

*The name DeuSEL® was created by combining the words "diesel" and "euglena". Isuzu and Euglena jointly registered the trademark as an easy-to-understand way to refer to biodiesel fuel produced from *Euglena gracilis*.

As global warming has become a more pressing issue in recent years, many companies have been working to reduce carbon dioxide emissions. Development of biofuels has attracted significant attention as researchers worldwide work to develop fuel using microscopic algae.

Euglena is working to develop a biofuel derived from microscopic algae by using its technology—the only one of its kind in the world—for culturing *Euglena gracilis* in large quantities outdoors. Having realized the need to develop biodiesel fuel for long-distance shipping, a segment of the economy where demand for diesel is expected to grow in the future, the two companies launched the DeuSEL® project. The aim is to conduct joint research with the goal of commercializing a next-generation biodiesel fuel derived from the algae that can be used without stressing the engine, even at concentrations of 100%. Through this project, the partners are working to establish the necessary technology by 2018, with Euglena responsible for research, development, and production, and Isuzu responsible for evaluation of the resulting fuel.



Board of Directors



Susumu Hosoi
President and Representative
Director



Masanori Katayama
Executive Vice President and
Director



Takanobu Furuta
Executive Vice President and
Director



Kazuhiko Ito
Director of the Board and
Managing Executive Officer



Katsumasa Nagai
Director of the Board and
Managing Executive Officer



Makoto Kawahara
Director of the Board and
Senior Executive Officer



Kuniharu Nakagawa
Director of the Board and
Senior Executive Officer



Hiroyuki Miyagaki
Director of the Board and
Senior Executive Officer



Chikao Mitsuzaki
Director of the Board



Kazuhiro Mori
Director of the Board

Senior Executive Officers

- Shinichi Takahashi
- Masashi Harada
- Naoto Hakamata
- Ichiro Murato
- Kengo Baba
- Masaru Odajima
- Toshihiro Uehara
- Jun Motoki
- Yukio Narimatsu
- Masayuki Fujimori
- Yuichiro Takahashi

Executive Officers

- Hiroki Mitsui
- Hiroshi Ikeda
- Kenji Miyazaki
- Yasuo Ogawara
- Tetsuhiko Irino
- Shinsuke Minami
- Keiichiro Maegaki
- Masahiko Haneda
- Haruyasu Tanishige
- Shigeo Tsuzuki
- Etsuo Yamamoto
- Takashi Odaira
- Masanori Ota
- Hiroyasu Miura

Standing Corporate Auditors

- Hiroshi Oyama
- Fumihide Kumazawa
- Tetsuhiko Shindo

Auditors

- Yasuharu Nagashima
- Tadashi Takahashi

(As of June 27, 2014)



Financial Section

ISUZU MOTORS LIMITED

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Consolidated Five-Year Summary

	Millions of yen					Thousands of U.S. dollars
	2014	2013	2012	2011	2010	2014
For the Year:						
Net sales	¥1,760,858	¥1,655,588	¥1,400,074	¥1,415,544	¥1,080,928	\$ 17,109,003
Cost of sales	1,441,483	1,400,877	1,189,109	1,213,996	962,056	14,005,867
Gross profit	319,374	254,710	210,964	201,548	118,872	3,103,136
Selling, general and administrative expenses	145,125	123,927	113,591	113,328	107,862	1,410,083
Operating income	174,249	130,783	97,373	88,220	11,010	1,693,053
Income before extraordinary items	186,620	141,719	102,893	91,258	11,393	1,813,254
Income before income taxes	188,448	138,213	101,881	76,700	9,139	1,831,021
Net income	119,316	96,537	91,256	51,599	8,401	1,159,309
At Year-End:						
Total assets	¥1,521,757	¥1,340,822	¥1,213,402	¥1,112,459	¥1,110,383	\$ 14,785,832
Net assets	768,953	620,959	479,644	387,058	354,534	7,471,374

Non-Consolidated Five-Year Summary

	Millions of yen					Thousands of U.S. dollars
	2014	2013	2012	2011	2010	2014
For the Year:						
Net sales	¥ 986,822	¥ 967,489	¥ 943,656	¥ 870,575	¥ 649,533	\$ 9,588,244
Cost of sales	824,606	814,986	800,826	742,952	570,685	8,012,111
Gross profit	162,215	152,502	142,829	127,623	78,847	1,576,132
Selling, general and administrative expenses	88,603	80,614	76,722	80,201	72,658	860,897
Operating income	73,612	71,888	66,106	47,422	6,188	715,235
Income before extraordinary items	79,358	76,603	73,615	55,258	5,151	771,072
Income before income taxes	79,748	78,815	72,187	43,937	3,221	774,858
Net income	56,543	53,689	79,029	39,036	14,250	549,388
At Year-End:						
Total assets	¥ 848,411	¥ 841,816	¥ 836,916	¥ 781,001	¥ 811,200	\$ 8,243,405
Net assets	438,677	400,589	356,397	275,682	245,296	4,262,310

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥102.92 = US\$1; the approximate exchange rate prevailing on the Foreign Exchange Market on March 31, 2014.

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 2014. The following information contains forward-looking statements that reflect the judgment of management as of June 27, 2014.

(1) Significant accounting policies and estimates

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

(2) Results of operations

1. Overview of fiscal 2014

The Company posted sales of ¥1,760.8 billion (up 6.4% from the previous year), operating income of ¥174.2 billion (up 33.2% from the previous year), ordinary income of ¥186.6 billion (up 31.7% from the previous year), and net income of ¥119.3 billion (up 23.6% from the previous year).

2. Net sales

In fiscal 2014, Isuzu's consolidated-basis sales rose 6.4% from the previous year to ¥1,760.8 billion.

In the domestic commercial vehicle market, Isuzu maintained its high market share through the introduction of products with superior fuel efficiency and economy, capturing 33.4% of the medium-duty and heavy-duty trucks market (down 0.5 points from the previous year) and 39.6% of the light-duty (2-3 ton) truck market (up 0.1 points from the previous year). Demand for medium- and heavy-duty trucks rose to 79,929 (up 16.6% from the previous year) and demand for light-duty trucks rose to 91,520 (up 21.0% from the previous year) due in part to post-earthquake reconstruction demand and the government's economic stimulation measures. As a result, domestic sales rose to ¥630.5 billion (up 6.5% from the previous year).

Sales in Asia fell 1.2% from the previous year to ¥595.7 billion. Although the market environment in Thailand slowed more than had been expected at the beginning of the fiscal year, the Group continued to maintain its high share with 31% of the Thai market.

North American sales rose 36.3% from the previous year to ¥98.6 billion, reflecting growth in demand due to a trend towards recovery in the U.S. economy.

Sales to other regions grew 12.3% to ¥435.8 billion, reflecting increased sales, particularly in the Middle East, Africa, and other regions.

3. Operating income

Operating income in fiscal 2014 was ¥174.2 billion, up 33.2% from a year earlier.

Exchange rate fluctuations caused by the weakness of the yen combined with material cost reductions to contribute ¥25.3 billion and ¥20.2 billion, respectively, while sales and model mix fluctuations added ¥7.2 billion. Offsetting these were factors including a ¥4.8 billion increase in costs associated with the growth in sales and ¥4.5 billion in economic fluctuations.

As a result, Isuzu's operating margin increased to 9.9%, compared to 7.9% for the previous year.

4. Non-operating gains/losses

In fiscal 2014, Isuzu posted a non-operating gain of ¥12.3 billion, an improvement of ¥1.4 billion from the previous year.

Equity-method investment income fell ¥300 million from the previous year to ¥10.5 billion.

Reduction of interest-bearing debt resulted in a net interest (interest and dividends minus interest expenses) gain of ¥1.9 billion, an improvement of ¥1.6 billion compared to the previous year. This was augmented by a foreign exchange gain of ¥100 million, compared to a foreign exchange loss of ¥1.7 billion for the previous year.

5. Extraordinary gains/losses

In fiscal 2013, Isuzu posted an extraordinary loss of ¥3.5 billion, reflecting extraordinary losses including loss on disposal of noncurrent assets, impairment loss, and loss on reevaluation of investments in nonconsolidated subsidiaries and credit obligations, and extraordinary income including gain from the sale of fixed assets, gain on sale of investment securities, and compensation income for expropriation.

In fiscal 2014, Isuzu posted an extraordinary gain of ¥1.8 billion, reflecting an improvement of ¥5.3 billion from the previous year. Key factors reflect extraordinary losses, including loss on disposal of noncurrent assets, loss on change in equity, and loss on step acquisitions, and extraordinary income including gain from the sale of fixed assets, gain on sale of investment securities, and gain on negative goodwill.

6. Taxes

Isuzu's net tax expense in fiscal 2013 including current income taxes and deferred income taxes was ¥28.3 billion. In fiscal 2014, the net tax expense was ¥44.6 billion.

7. Minority interests

Minority interests consist primarily of profits returned to the minority shareholders of Isuzu's locally incorporated subsidiaries in the ASEAN region, China, and North America, and its Japanese parts manufacturers. Minority interests in fiscal 2014 increased to ¥24.4 billion, compared to ¥13.3 billion in fiscal 2013.

8. Net income

The Group posted a net profit of ¥119.3 billion in fiscal 2014, an improvement of ¥22.7 billion from the previous year. Net income per share came to ¥70.43.

(3) Financial conditions

1. Cash flow

Isuzu generated cash and cash equivalents (“net cash”) of ¥210.7 billion in fiscal 2014, up ¥32.8 billion from the previous year. Net cash of ¥159.2 billion provided by operating activities offset net cash of ¥110.3 billion used in investing activities and net cash of ¥38.4 billion used in financing activities.

Free cash flow, calculated by subtracting cash flow provided by investing activities from cash flow provided by operating activities, resulted in a net cash inflow of ¥48.8 billion (down 38.7% from the previous year).

Cash flow from operating activities

Cash flow from operating activities rose 16.1% to ¥159.2 billion from the previous year.

Net cash inflows of ¥188.4 billion from the effects of accounting for income before income taxes and majority interests and ¥42.0 billion from depreciation and amortization offset net cash outflows of ¥55.6 billion stemming from income tax and other payments.

Cash flow from investing activities

Net cash used in investing activities increased 92.1% to ¥110.3 billion due primarily to an increase in expenditures associated with the purchase of fixed assets.

Cash flow from financing activities

Net cash used in financing activities fell 46.7% to ¥38.4 billion.

The change was due primarily to the Group’s repayment of interest-bearing debt and its payment of dividends.

2. Assets

As of March 31, 2014, combined consolidated assets totaled ¥1,521.7 billion, an increase of ¥180.9 billion from the previous year.

The figure includes ¥50.0 billion in cash and time deposits as well as ¥71.7 billion in property, plant and equipment.

3. Liabilities

Total liabilities at March 31, 2014, increased ¥32.9 billion from the previous year to ¥752.8 billion.

A decline in accrued retirement benefits of ¥68.7 billion associated with the application of new accounting standards offset an increase of ¥97.4 billion in liabilities associated with retirement benefits.

4. Net assets

Net assets increased ¥147.9 billion in fiscal 2014 to ¥768.9 billion.

Key factors included net income of ¥119.3 billion.

As a result, Isuzu’s equity ratio improved 2.1 points from a year earlier to 41.6%.

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 27, 2014).

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 vehicle components to General Motors Corporation (Detroit, MI) and its affiliates as well as to other vehicle manufacturers. Sales to these customers are affected by fluctuations in production and sales at these customer companies and other factors over which the Isuzu Group has no control, and therefore they could have a negative impact on the Group’s performance and financial position.

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

The Isuzu Group sources the raw materials, components, and products required for production from outside suppliers. Should supply-demand conditions significantly exceed suppliers’ capacity,

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

6. 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.

7. 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.

8. Disasters, power outages, and other interruptions

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

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

9. 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.

10. Fluctuations in accounting estimates

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

11. 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

12. 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.

13. Legal requirements

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

Consolidated Balance Sheets (As of March 31, 2014 and 2013)

Assets	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Current Assets:			
Cash and time deposits (Note 2)	¥ 234,849	¥ 184,764	\$ 2,281,860
Receivable:			
Notes and accounts receivable	253,140	254,644	2,459,586
Less: allowance for doubtful receivable	(1,022)	(824)	(9,930)
Lease investment assets	18,526	—	180,008
Inventories	182,865	175,923	1,776,777
Deferred tax assets (Note 6)	29,286	27,147	284,558
Other current assets	28,297	24,556	274,949
Total Current Assets	745,944	666,212	7,247,811
Investments and Advances:			
Investment securities (Note 3)			
Unconsolidated subsidiaries and affiliated companies	69,364	72,042	673,969
Others	59,548	50,380	578,587
Long-term loans	1,103	1,378	10,724
Deferred tax assets (Note 6)	26,483	19,266	257,321
Other investments and advances	37,123	22,087	360,702
Less: allowance for doubtful accounts	(1,910)	(1,558)	(18,560)
Total Investments and Advances	191,713	163,596	1,862,745
Property, Plant and Equipment (Note 4)			
Land (Note 8)	275,149	264,705	2,673,425
Buildings and structures	300,006	275,173	2,914,947
Machinery and equipment	689,778	620,204	6,702,085
Lease assets	14,750	14,200	143,315
Vehicles on operating leases	6,816	—	66,230
Construction in progress	44,459	14,307	431,978
Less: accumulated depreciation	(758,160)	(687,569)	(7,366,499)
Net Property, Plant and Equipment	572,799	501,020	5,565,483
Other Assets	11,299	9,992	109,791
Total Assets	¥ 1,521,757	¥ 1,340,822	\$ 14,785,832

See accompanying notes to consolidated financial statements.

Liabilities and Net Assets	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Current Liabilities:			
Short-term loans	¥ 51,178	¥ 59,972	\$ 497,262
Electronically recorded obligations - operating	9,003	—	87,483
Notes and accounts payable	309,194	315,266	3,004,217
Lease obligations	3,626	2,916	35,237
Accrued expenses	57,968	53,430	563,234
Accrued income taxes (Note 6)	25,883	33,014	251,493
Deposits received	2,594	2,652	25,207
Other current liabilities	50,960	43,536	495,147
Total Current Liabilities	510,409	510,789	4,959,283
Long-term Debt (Note 4)	83,180	80,724	808,204
Accrued Retirement Benefits (Note 5)	—	68,769	—
Net Defined Benefit Liability (Note 5)	97,437	—	946,731
Deferred Tax Liabilities (Note 6)	3,852	2,002	37,432
Deferred Tax Liabilities Related to Land Revaluation (Note 8)	49,057	49,142	476,660
Other Long-term Liabilities	8,866	8,435	86,144
Contingent Liabilities (Note 9)			
Net Assets			
Shareholders' Equity (Note 7)			
Common and preferred stock			
Common stock:	40,644	40,644	394,917
Authorized 3,369,000,000 shares in 2014 and 2013			
Issued 1,696,845,339 shares in 2014 and 2013			
Capital surplus	50,554	50,427	491,200
Retained earnings	463,492	364,477	4,503,428
Less: treasury stock, at cost 2,260,843 common shares in 2014	(677)	(686)	(6,579)
Total Shareholders' Equity	554,014	454,863	5,382,966
Accumulated Other Comprehensive Income			
Unrealized holding gains on securities	12,095	10,531	117,523
Unrealized losses on hedging instruments	(101)	(420)	(990)
Revaluation reserve for land (Note 8)	77,625	79,342	754,229
Foreign currency translation adjustments	7,750	(15,362)	75,304
Remeasurements of defined benefit plans	(18,003)	—	(174,931)
Total accumulated other comprehensive income	79,365	74,091	771,135
Minority Interests	135,573	92,005	1,317,272
Total Net Assets	768,953	620,959	7,471,374
Total Liabilities and Net Assets	¥ 1,521,757	¥ 1,340,822	\$ 14,785,832

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

(For the years ended March 31, 2014 and 2013)

Millions of yen

Thousands of
U.S. dollars

	2014	2013	2014
Net Sales	¥ 1,760,858	¥ 1,655,588	\$ 17,109,003
Cost of Sales	1,441,483	1,400,877	14,005,867
Gross Profit	319,374	254,710	3,103,136
Selling, General and Administrative Expenses	145,125	123,927	1,410,083
Operating Income	174,249	130,783	1,693,053
Other Income (Expenses):			
Interest and dividend income	4,030	2,853	39,157
Interest expense	(2,071)	(2,583)	(20,123)
Equity in earnings of unconsolidated subsidiaries and affiliates	10,535	10,871	102,363
Others, net	(123)	(205)	(1,195)
Income before Extraordinary Items	186,620	141,719	1,813,254
Extraordinary Items:			
Gain on sales of investment securities	580	138	5,642
Gain on sales or disposal of property, plant and equipment, net	393	1,414	3,822
Gain on negative goodwill	6,387	90	62,063
Unrealized holding loss on non-consolidated subsidiaries and affiliates	(11)	(3,504)	(116)
Impairment loss on fixed assets (Note 13)	(370)	(266)	(3,602)
Loss on change in equity	(2,880)	—	(27,984)
Loss on step acquisitions	(1,161)	—	(11,285)
Others, net	(1,108)	(1,378)	(10,772)
Income before Income Taxes and Minority Interests	¥ 188,448	¥ 138,213	\$ 1,831,021
Income Taxes (Note 6):			
Current	47,236	38,893	458,965
Deferred	(2,587)	(10,530)	(25,141)
Income Before Minority Interests	143,799	109,850	1,397,196
Minority Interests in Income of Consolidated Subsidiaries	24,483	13,313	237,887
Net Income	¥ 119,316	¥ 96,537	\$ 1,159,309
		Yen	U.S. dollars
Per Share of Common Stock			
Net Income			
—Basic	¥ 70.43	¥ 56.98	\$ 0.68

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

(For the years ended March 31, 2014 and 2013)

 Thousands of
 U.S. dollars

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Income Before Minority Interests	¥ 143,799	¥ 109,850	\$ 1,397,196
Other Comprehensive Income			
Unrealized holding gains on securities	1,588	3,015	15,433
Unrealized losses on hedging instruments	318	(203)	3,092
Foreign currency translation adjustments	14,481	26,746	140,709
Revaluation reserve for land	84	227	822
Share of other comprehensive income of associates accounted for using the equity method	8,417	9,020	81,791
Total other comprehensive income (Note 14)	24,891	38,806	241,848
Comprehensive Income (Note 14)	168,690	148,657	1,639,045
Comprehensive Income Attributable to			
Comprehensive income attributable to owners of the parent	142,593	125,591	1,385,483
Comprehensive income attributable to minority interests	¥ 26,096	¥ 23,066	\$ 253,561

See accompanying notes to consolidated financial statements.

Consolidated Statements of Change in Net Assets (Note 7)

(For the years ended March 31, 2014 and 2013)

	Millions of yen									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gains on securities	Revaluation reserve for land	Unrealized losses on hedging instruments	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Minority interests
Balance at March 31, 2012	¥ 40,644	¥ 50,427	¥ 280,032	¥ (653)	¥ 7,505	¥ 79,114	¥ (216)	¥ (41,366)	—	¥ 64,155
Cash dividends			(11,863)							
Reversal of revaluation reserve for land			(227)							
Net income			96,537							
Acquisition of treasury stock				(33)						
Disposal of treasury stock										
Change of scope of equity method										
Net changes on items other than shareholders' equity					3,025	227	(203)	26,004		27,849
Balance at March 31, 2013	40,644	50,427	364,477	(686)	10,531	79,342	(420)	(15,362)	—	92,005
Cash dividends			(20,337)							
Reversal of revaluation reserve for land										
Net income			119,316							
Acquisition of treasury stock				(75)						
Disposal of treasury stock		126		84						
Change of scope of equity method			36							
Net changes on items other than shareholders' equity					1,564	(1,717)	318	23,112	(18,003)	43,568
Balance at March 31, 2014	¥ 40,644	¥ 50,554	¥ 463,492	¥ (677)	¥ 12,095	¥ 77,625	¥ (101)	¥ 7,750	¥ (18,003)	¥ 135,573

	Thousands of U.S. dollars									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gains on securities	Revaluation reserve for land	Unrealized losses on hedging instruments	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Minority interests
Balance at March 31, 2013	\$ 394,917	\$ 489,968	\$ 3,541,369	\$ (6,672)	\$ 102,323	\$ 770,913	\$ (4,082)	\$ (149,262)	—	\$ 893,947
Cash dividends			(197,601)							
Reversal of revaluation reserve for land										
Net income			1,159,309							
Acquisition of treasury stock				(730)						
Disposal of treasury stock		1,232		823						
Change of scope of equity method			351							
Net changes on items other than shareholders' equity					15,199	(16,684)	3,092	224,567	(174,931)	423,325
Balance at March 31, 2014	\$ 394,917	\$ 491,200	\$ 4,503,428	\$ (6,579)	\$ 117,523	\$ 754,229	\$ (990)	\$ 75,304	\$ (174,931)	\$ 1,317,272

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows (Note 15) (For the years ended March 31, 2014 and 2013)

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Cash Flows from Operating Activities			
Net income before income taxes and minority interests	¥ 188,448	¥ 138,213	\$ 1,831,021
Depreciation and amortization	42,698	35,896	414,871
Equity in earnings of unconsolidated subsidiaries and affiliates	(10,535)	(10,871)	(102,363)
Increase in provision for retirement benefits	—	2,076	—
Decrease (Increase) in provision for allowance for product warranty	1,614	938	15,684
Increase in provision for bonus accounts	1,292	638	12,557
Decrease in provision for allowance for doubtful accounts	(66)	1,238	(648)
Increase (Decrease) in net defined benefit liability	1,454	—	14,136
Interest and dividend income	(4,030)	(2,853)	(39,157)
Interest expenses	2,071	2,583	20,123
Gain on disposal of property assets	(393)	(1,414)	(3,822)
Loss on disposal of property assets	1,124	1,440	10,921
Gain (Loss) on sales of securities, net	(580)	(14)	(5,642)
Loss on impairment of fixed assets	370	266	3,602
Other extraordinary loss (income)	(2,503)	(2,513)	(24,328)
Decrease (Increase) in notes and accounts receivable	22,550	2,503	219,111
Decrease (Increase) in lease investment assets	(18,526)	—	(180,008)
Decrease (Increase) in inventories	5,149	(7,186)	50,030
Decrease (Increase) in other current assets	(4,008)	3,091	(38,947)
Increase (Decrease) in notes and accounts payable	(17,806)	(23,848)	(173,013)
Increase (Decrease) in accrued expenses and taxes	651	769	6,333
Increase (Decrease) in deposit received	(191)	(764)	(1,861)
Increase (Decrease) in other current liabilities	(2,187)	9,749	(21,252)
Others	982	(557)	9,548
Cash received from interest and dividend	9,450	8,970	91,824
Cash paid for interest	(2,164)	(2,741)	(21,028)
Cash paid for income taxes	(55,656)	(18,481)	(540,771)
Net Cash Provided by Operating Activities	159,209	137,125	1,546,920
Cash Flows from Investing Activities			
Payment on purchase of investment securities	(9,103)	(5,838)	(88,456)
Proceeds from sales of investment securities	5,532	79	53,759
Payment on purchase of property, plant and equipment	(79,591)	(51,280)	(773,331)
Proceeds from sales of property, plant and equipment	2,575	3,854	25,027
Payment on long-term loans receivable	(144)	(709)	(1,402)
Collection of long-term loans receivable	232	323	2,259
Increase (Decrease) in short-term loans receivable	1,792	19	17,416
Increase (Decrease) in fixed deposits	(17,242)	(5,430)	(167,537)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	119	—	1,160
Others	(14,566)	1,512	(141,533)
Net Cash Used in Investing Activities	(110,395)	(57,470)	(1,072,637)
Cash Flows from Financing Activities			
Increase (Decrease) in short-term debt	7,170	(3,706)	69,675
Proceeds from long-term debt	27,410	1,536	266,328
Repayment on long-term debt	(48,476)	(39,242)	(471,007)
Redemption of bonds	—	(20,000)	—
Proceeds from minority shareholders	4,522	6,978	43,941
Repayment of lease obligations	(2,862)	(3,180)	(27,816)
Proceeds from sales of treasury shares	330	—	3,211
Payment on acquisition of treasury stock	(58)	(26)	(564)
Payment on dividends made by parent company	(20,318)	(11,842)	(197,423)
Payment on dividends to minority shareholders	(6,192)	(2,671)	(60,166)
Net Cash Used in Financing Activities	(38,473)	(72,155)	(373,822)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	13,321	8,547	129,434
Net Increase (Decrease) in Cash and Cash Equivalents	23,660	16,046	229,894
Cash and Cash Equivalents at Beginning of the Year	177,879	160,665	1,728,323
Increase (Decrease) in Cash and Cash Equivalents due to change in scope of consolidation	9,171	1,166	89,109
Cash and Cash Equivalents at End of the Year (Note 2)	¥ 210,710	¥ 177,879	\$ 2,047,327

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Basis of Presenting the Financial Statements

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

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

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

U.S. dollar amounts have been translated from Japanese yen for convenience only at the rate of ¥102.92 = US\$1, the approximate exchange rate prevailing on the Foreign Exchange Market on March 31, 2014. 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 2013 financial statements to conform to the presentation for 2014.

2. Summary of Significant Accounting Policies

a) Consolidation

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

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

b) Foreign Currency Translation

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

c) Securities

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

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

d) Inventories

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

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

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

f) Software (excluding lease assets)

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

g) Leases

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

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

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

h) Employees’ Retirement Benefits

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

The estimated amount of all retirement benefits to be paid at future retirement dates is allocated equally to each service year using the estimated number of total service years. 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. Actuarial gains or losses are amortized by the straight-line method over periods within the average remaining years of service of the eligible employees commencing with the following periods.

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

In the method, the amount which would be required to be paid if all eligible employees of its subsidiaries voluntarily terminated their employment as of the balance sheet date is recognized as 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) Net Income per Share

Net income 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 net income per share at March 31, 2014 is as follows:

	Millions of yen	Thousands of U.S. dollars
Net Income	¥ 119,316	\$ 1,159,309
Net income pertaining to common stock		
Average number of outstanding shares:	¥ 119,316	\$ 1,159,309
Common stock:	1,694,184,445	

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

m) Adoption of New Accounting Standard

The Company adopted "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26 of May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25 of May 17, 2012) (except for certain provisions described in the main clause of Section 35 of the standard and in the main clause of Section 67 of the guidance) as of

the end of the current fiscal year ended March 31, 2014. These accounting standards require entities to apply a revised method for recording the retirement benefit obligation, after deducting pension plan assets, as a liability for retirement benefits. In addition, unrecognized actuarial differences and unrecognized prior service costs are recorded as a liability for retirement benefits. Concerning the application of the Accounting Standard for Retirement Benefits, based on the provisional treatment set out in Clause 37 of the standard, the effects of such changes in the current fiscal year have been recorded in retirement benefits liability adjustments through accumulated other comprehensive income. As a result of this change, an asset and a liability for retirement benefits were recognized in the amount of 983 million yen (\$9,553 thousands) and 97,437 million yen (\$946,731 thousands) respectively and accumulated other comprehensive income and minority interest decreased by 18,003 million yen (\$174,931 thousands) and 696 million yen (\$6,770 thousands) respectively as of March 31, 2014. In addition, net assets per share decreased by 10.62 yen (\$0.1).

n) Unapplied Accounting Standards, etc.

On May 17, 2012, the ASBJ issued "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25), which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000 and the other related practical guidance being followed by partial amendments from time to time through 2009.

(1) Overview

The standard provides guidance for the accounting for unrecognized actuarial difference and unrecognized prior costs, the calculation methods for retirement benefit obligation and service costs, and enhancement of disclosures taking into consideration improvements to financial reporting and international trends.

(2) Scheduled date of adoption

The revised accounting standard and guidance were adopted as of the end of the fiscal year ended March 31, 2014. However, revisions to the calculation method for the retirement benefit obligation and service costs are scheduled to be adopted from the beginning of the current fiscal year ending March 31, 2015.

(3) Impact of adopting revised accounting standard and guidance

As a result of this adoption the impact on operating income, ordinary income and income before income taxes and minority interests for the current fiscal year ended March 31, 2015 will be immaterial, respectively.

3. Securities

Fair value information of other securities as of March 31, 2014 and 2013 are as follows:

2014	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:	¥ 33,303	¥ 52,086	¥ 18,783	\$ 323,587	\$ 506,089	\$ 182,501
Total	¥ 33,303	¥ 52,086	¥ 18,783	\$ 323,587	\$ 506,089	\$ 182,501
Unrealized loss:						
Stocks:	¥ 1,325	¥ 1,163	¥ (162)	\$ 12,879	\$ 11,303	\$ (1,575)
Total	¥ 1,325	¥ 1,163	¥ (162)	\$ 12,879	\$ 11,303	\$ (1,575)

2013	Millions of yen		
	Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:			
Stocks:	¥ 29,950	¥ 45,991	¥ 16,040
Total	¥ 29,950	¥ 45,991	¥ 16,040
Unrealized loss:			
Stocks:	¥ 2,713	¥ 2,515	¥ (198)
Total	¥ 2,713	¥ 2,515	¥ (198)

Proceeds from sales of securities classified as other securities amounted to ¥651 million (\$6,333 thousands) with an aggregate gain on sales of ¥293 million (\$2,854 thousands) for the year ended March 31, 2014.

Non-marketable securities classified as other securities at March 31, 2014 amounted to ¥6,298 million (\$61,194 thousands).

4. Long-Term Debt

Long-term debt at March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Loans	¥ 104,995	¥ 122,541	\$ 1,020,163
Lease obligations	9,473	8,940	92,051
Less: current portion	31,288	50,758	304,011
Total long-term debts	¥ 83,180	¥ 80,724	\$ 808,204

The annual maturities of long-term debt at March 31, 2014 are summarized as follows:

Planned maturity date	Millions of yen	Thousands of U.S. dollars
Over 1 year within 2 years	¥ 44,424	\$ 431,642
Over 2 years within 3 years	33,144	322,040
Over 3 years within 4 years	3,500	34,013
Thereafter	2,110	20,507
Total	¥ 83,180	\$ 808,201

The assets pledged as collateral for certain loans and other liabilities at March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Building and structures	¥ 11,255	¥ 10,371	\$ 109,358
Machinery and equipment	11,687	6,654	113,559
Land	13,101	5,662	127,300
Others	202	84	1,965

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

1. Defined benefit plans as of March 31, 2014 are follows;

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

Changes in benefit obligation:	Millions of yen		Thousands of U.S. dollars
	2014	2014	2014
Projected benefit obligation at beginning of the year	¥ 150,442		\$ 1,461,740
Service cost	6,886		66,908
Interest cost on projected benefit obligation	2,285		22,205
Actuarial loss	562		5,462
Benefit paid	(8,135)		(79,048)
Prior service cost	837		8,136
Increased by newly consolidated subsidiaries	2,867		27,860
Others	3,845		37,363
Projected benefit obligation at end of the year	¥ 159,590		\$ 1,550,626

[Note]

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

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

	Thousands of U.S. dollars	
	Millions of yen	2014
Changes in plan assets:	2014	2014
Plan assets at beginning of the year	¥ 53,633	\$ 521,123
Expected return on plan assets	1,253	12,182
Actuarial gain on plan assets	2,289	22,244
Employer's contributions	8,375	81,373
Benefit paid during the current fiscal year	(4,790)	(46,547)
Others	2,374	23,071
Plan assets at end of the year	¥ 63,136	\$ 613,448

[Note]

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, 2014

	Thousands of U.S. dollars	
	Millions of yen	2014
Projected benefit obligation under funded schemes	¥ 96,257	\$ 935,261
Plan assets	(63,136)	(613,448)
	33,120	321,812
Projected benefit obligation under non-funded schemes	63,333	615,365
Asset and liability on the consolidated balance sheet, net	¥ 96,454	\$ 937,178
Net defined benefit liability	97,437	946,731
Net defined benefit assets	(983)	(9,553)
Net liability for retirement benefits in the balance sheet	¥ 96,454	\$ 937,178

[Notes]

- Assets related to retirement benefit plans are included in the consolidated balance sheet, investment and advances, other investment and advances.
- Plan assets and projected benefit obligations in certain subsidiaries calculated by the simplified method are included.

(4) Breakdown of retirement benefit cost

	Thousands of U.S. dollars	
	Millions of yen	2014
Service cost	¥ 6,886	\$ 66,908
Interest cost on projected benefit obligation	2,285	22,205
Expected return on plan assets	(1,253)	(12,182)
Amortization of actuarial net loss	4,360	42,370
Amortization of prior service cost	38	378
Net retirement benefit cost to defined benefit plans	¥ 12,317	\$ 119,679

[Note]

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

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

	Thousands of U.S. dollars	
	Millions of yen	2014
Unrecognized prior service cost	¥ 1,113	\$ 10,817
Unrecognized actuarial loss	22,945	222,948
Total	¥ 24,059	\$ 233,765

(6) Allocation of plan assets

	Ratio
	2014
Debt securities	33%
Equity securities	34%
Cash and deposits	9%
Life insurance company general accounts	21%
Other assets	3%
Total	100%

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

(7) Actuarial assumptions used to determine costs and obligations for retirement benefits (Weighted Average)

	2014
Discount rate	1.6%
Expected long-term return rates on plan asset	2.5%

2. Defined contribution pension plans and multi-employer pension plans as of March 31, 2014 are follows;

Required contributions of certain subsidiaries to defined contribution pension plans are ¥251million (\$2,439 thousands).

Required contributions of multi-employer pension, which are accounted for by the same method with as defined contribution pension plans to welfare pension fund plans is ¥134million (\$1,305 thousands).

The funded status of multi-employer pension as of March 31, 2013

	Thousands of U.S. dollars	
	Millions of yen	2014
Plan Assets	¥ 10,936	\$ 106,264
Projected benefit obligation in pension financing	15,772	153,250
Difference	¥ (4,835)	\$ (46,986)

The main factor of the difference indicated above, is the 3,414 million-yen (\$33,173 thousands) balance of the prior service cost. In this multi-employer pension plan, the prior service cost is being amortized evenly over the period of 20 years and the remaining period is 11 years at the end of the current fiscal year. The Company and its subsidiaries have

expensed the special contribution of 49 million yen (\$477 thousands) made in the current fiscal year in the current consolidated financial statements.

	2014
The ratio of contributions of the Company and its consolidated subsidiaries in the total contributions of multi-employer pension plan	11.2%

The rate, indicated above, is not equal to the actual percentage of contributions the Company and its subsidiaries have made to the multi-employer plan.

3. Retirement benefit plan as of March 31, 2013 accounted for with the legacy policy are follows;

(1) Retirement benefit obligation as of March 31, 2013

	Millions of yen	Thousands of U.S. dollars
	2013	2013
Retirement benefit obligation at end of the year	¥ (150,442)	\$ (1,599,599)
Fair value of plan assets	53,633	570,270
Accrued retirement benefits	68,769	731,196
Prepaid pension cost	(1,265)	(13,456)
Net	¥ (29,304)	\$ (311,587)
(Details on net amount)		
Unrecognized actuarial loss	¥ (29,077)	\$ (309,175)
Unrecognized prior service cost	¥ (226)	\$ (2,412)
Net	¥ (29,304)	\$ (311,587)

[Notes]

- The government-sponsored portion of the benefits under the welfare pension fund plans has been included in the amounts shown in the above table.
- Certain subsidiaries apply the simplified method for the calculation of retirement benefits.

(2) Retirement benefit cost for the years ended March 31 is as follows:

	Millions of yen	Thousands of U.S. dollars
	2013	2013
Service cost	¥ 7,322	\$ 77,849
Interest cost on projected benefit obligation	2,807	29,846
Expected return on plan assets	(1,323)	(14,070)
Amortization of actuarial net loss	4,808	51,123
Amortization of prior service cost	(56)	(604)
Net retirement benefit cost	¥ 13,557	\$ 144,143
Other	211	2,248
Total	¥ 13,768	\$ 146,392

(3) Actuarial assumptions used to determine costs and obligations for retirement benefits

	2013
Discount rates	1.0-2.5%
Expected rates of return on plan assets	1.3-2.5%

Amortization periods of prior service cost

1-10 years
(Straight line method)

Amortization periods of actuarial net loss (gain)

10-19 years
(Straight line or Declining balance method)

Amortization periods of net obligation arising from accounting changes

1 year

6. Income Taxes

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

The significant components of the Company and its consolidated subsidiaries' deferred tax assets and liabilities as of March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Deferred tax assets:			
Accrued retirement benefits	—	¥ 22,992	—
Net defined benefit liability	¥ 32,398	—	\$ 314,790
Loss on write-down of investments in subsidiaries and allowance for doubtful accounts	12,766	12,272	124,044
Accrued expenses	11,084	7,037	107,697
Accrued bonus	5,981	5,404	58,116
Loss on inventory write down	1,158	1,212	11,253
Loss carry-forward	4,934	7,394	47,947
Unrealized profit eliminated in consolidation etc.	16,684	12,519	162,114
Others	13,006	19,341	126,378
Total gross deferred tax assets	¥ 98,015	¥ 88,175	\$ 952,343
Valuation allowance	(34,992)	(36,365)	(339,996)
Total deferred tax assets	¥ 63,022	¥ 51,810	\$ 612,346
Deferred tax liabilities:			
Reserve for reduction entry of fixed assets	(310)	(31)	(3,015)
Unrealized holding gain on securities	(5,757)	(4,409)	(55,938)
Others	(1,184)	(955)	(11,513)
Total deferred tax liabilities	¥ (7,252)	¥ (5,396)	\$ (70,467)
Net deferred tax assets	¥ 55,770	¥ 46,413	\$ 541,879
Deferred tax liabilities:			
Reserve for reduction entry of fixed assets	(900)	(1,215)	(8,745)
Unrealized holding gain on securities	(140)	(79)	(1,366)
Others	(2,811)	(707)	(27,320)
Net deferred tax liabilities	¥ (3,852)	¥ (2,002)	\$ (37,432)

A reconciliation between effective statutory tax rate and the effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2014 and 2013 are as follows:

	2014	2013
Effective statutory tax rate	38.0%	38.0%
Tax credit	(5.0)	(7.3)
Net valuation allowance	0.5	(3.3)
Difference in tax rates applied at foreign subsidiaries	(11.3)	(7.6)
Loss for this fiscal year by consolidated subsidiaries	0.6	0.5
Equity in earnings of unconsolidated subsidiaries and affiliates	(2.2)	(3.0)
Foreign withholding tax	1.7	2.5
Per capital levy of inhabitant tax	0.1	0.1
Decrease in deferred tax assets due to change in corporation tax rates	0.7	—
Others	0.7	0.7
Effective tax rate	23.7	20.5

■ Correction of amounts of Deferred tax assets and Deferred tax liabilities due to changes in Corporation Tax Rates, Etc.

The “Act for Partial Revision of the Income Tax Act, etc.” (Law No. 10 of 2014) was promulgated on March 31, 2014, as a result of which the Company is no longer subject to the special reconstruction corporation tax effective the fiscal year beginning on or after April 1, 2014. In conjunction with this promulgation, the effective statutory tax rate used to measure deferred tax assets and deferred tax liabilities with respect to the temporary difference expected to be eliminated in the fiscal year beginning on April 1, 2014 is changed from the previous 38.0% to 35.6%.

As a result of this change, deferred tax assets (after deduction of deferred tax liabilities) decreased by 1,337 million yen (\$12,995 thousands), and unrealized gain or loss from hedging activities increased by 1 million yen (\$14 thousands) and income taxes (deferred) increased by 1,338 million yen (\$13,009 thousands).

7. Shareholders' Equity

Changes in the numbers of shares issued and outstanding for the years ended March 31, 2014 and 2013 are as follows:

	2014	2013
Common stock outstanding		
Balance at beginning of the year	1,696,845,339	1,696,845,339
Increase due to convertible stocks converted	—	—
Balance at end of the year	1,696,845,339	1,696,845,339
Treasury stock outstanding		
Balance at beginning of the year	2,584,146	2,512,857
Increase due to purchase of odd stocks	148,858	71,289
Decrease due to sale of stocks	(472,161)	—
Balance at end of the year	2,260,843	2,584,146

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 for the fiscal year ended March 31, 2014.

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 basis for calculation of Landholding Tax as stipulated in article 16 of the Landholding Tax Law. Appropriate adjustments for the shape of land and the timing of the assessment have been made. The land price for the revaluation for some of the land is based on appraisal value.

The difference between the total fair value of business land, based on the article 10 of the Enforcement Ordinance on Law concerning Revaluation of Land, as of the end of the current fiscal year and the total book value after revaluation revalued was ¥65,510 million (\$636,514 thousands).

9. Contingent Liabilities

Contingent liabilities at March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Guarantees of bank loans	¥ 697	¥ 1,128	\$ 6,776

Other contingencies

Isuzu Motors Co., (Thailand) Ltd., a subsidiary of the Company in Thailand engaged in production and distribution of vehicles, was in discussions with the relevant authorities in Thailand over preferential custom duty related to the past transactions. At present it is difficult to make a reasonable estimate of the potential monetary impact resulting from those discussions and the impact has not been reflected to the current consolidated financial statements.

10. Lease Transactions

1. Lessor

(1) Finance lease

i) Net investments in direct finance leases as of March 31, 2014 are as follows:

	Thousands of U.S. dollars	
	Millions of yen	2014
Total minimum lease payments to be received	¥ 18,573	\$ 180,467
Estimated unguaranteed residual value of leased assets	1,821	17,697
Amounts equivalent to interest income	(1,868)	(18,155)
Net investment in direct finance leases	18,526	180,008

ii) Future minimum lease payments to be received after the end of the fiscal year are as follows:

	Thousands of U.S. dollars	
	Millions of yen	2014
Due within 1 year	¥ 3,914	\$ 38,032
Over 1 year within 2 years	3,867	37,578
Over 2 years within 3 years	3,854	37,454
Over 3 years within 4 years	3,838	37,296
Over 4 years within 5 years	2,898	28,163
Thereafter	199	1,940
Total	18,573	180,467

(2) Operating lease

i) Future minimum lease payments to be received after the end of the fiscal year are as follows:

	Thousands of U.S. dollars	
	Millions of yen	2014
Due within 1 year	¥ 1,685	\$ 16,379
Thereafter	5,857	56,914
Total	7,543	73,293

11. Derivatives

Derivatives recognized in the consolidated financial statements for the fiscal year ended March 31, 2014 are as follows:

1. Derivative transactions for which hedge accounting is not applied

(1) Foreign exchange-related

Classification	Type of derivative transactions	Millions of yen				Thousands of U.S. dollars			
		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	5,056	—	(66)	(66)	49,125	—	(648)	(648)
	U.S. dollar	706	—	8	8	6,866	—	83	83
	Foreign exchange forward contracts Sell								
	Australian dollar	4,566	—	(102)	(102)	44,373	—	(999)	(999)
	U.S. dollar	1,510	—	(4)	(4)	14,677	—	(39)	(39)
	Others	785	—	1	1	7,633	—	10	10
	Total	12,623	—	(163)	(163)	122,674	—	(1,593)	(1,593)

2. Lessee

(1) Finance lease

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

i) Amounts equivalent to acquisition costs, accumulated depreciation and net book value of the finance lease assets as of March 31, 2014 and 2013

	Thousands of U.S. dollars		
	Millions of yen	2014	2013
Acquisition costs	¥ 446	¥ 1,129	\$ 4,335
Accumulated depreciation	392	976	3,813
Net balance	53	152	521

ii) Future minimum lease payments of finance lease as of March 31, 2014 and 2013 are as follows:

	Thousands of U.S. dollars		
	Millions of yen	2014	2013
Due within 1 year	¥ 28	¥ 105	\$ 276
Thereafter	23	56	231
Total	52	161	508

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

(2) Operating lease

Future minimum lease payments of operating lease as of March 31, 2014 and 2013 are as follows:

	Thousands of U.S. dollars		
	Millions of yen	2014	2013
Due within 1 year	¥ 1,768	¥ 1,277	\$ 17,179
Thereafter	6,119	5,472	59,458
Total	7,887	6,749	76,637

2. Derivative transactions for which hedge accounting is applied

(1) Foreign exchange-related

Hedge accounting method	Type of derivative transactions	Main hedged items	Millions of yen			Thousands of U.S. dollars		
			Contract amount	Over one year	Fair value	Contract amount	Over one year	Fair value
Principal accounting method	Foreign exchange forward contracts							
	Buy Japanese yen	Accounts payable	4,457	—	(14)	43,308	—	(138)
	Sell U.S. dollar	Accounts receivable	11,306	—	6	109,855	—	65
	Australian dollar		3,858	—	(86)	37,486	—	(844)
Foreign exchange forward contracts under the designated hedge accounting method	Foreign exchange forward contracts							
	Sell U.S. dollar	Accounts receivable	4,201	—	(1*)	40,819	—	(1*)
	Australian dollar		6,140	—	—	59,664	—	—
Total			29,962	—	(94)	291,134	—	(916)

(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

Hedge accounting method	Type of derivative transactions	Main hedged items	Millions of yen			Thousands of U.S. dollars		
			Contract amount	Over one year	Fair value	Contract amount	Over one year	Fair value
Principal accounting method	Interest rate swaps							
	Pay fixed receive floating	Long-term debt	—	—	—	—	—	—
Interest rate swaps under the exceptional accounting method	Interest rate swaps							
	Pay fixed receive floating	Long-term debt	38,859	36,349	(2*)	377,573	353,178	(2*)
Total			38,859	36,349	—	377,573	353,178	—

(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.

12. Financial Instruments

Financial instruments recognized in the consolidated financial statements for the fiscal year ended March 31, 2014 are as follows. Financial instruments, whose fair values are not readily available, are not included in the following table.

	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
(1) Cash and time deposits	234,849	234,849	—	2,281,860	2,281,860	—
(2) Notes and accounts receivable	253,140	253,140	—	2,459,586	2,459,586	—
(3) Lease investment assets	18,526	18,984	458	180,008	184,460	4,451
(4) Investment securities	53,250	53,250	—	517,393	517,393	—
(5) Notes and accounts payable	(309,194)	(309,194)	—	(3,004,217)	(3,004,217)	—
(6) Electronically recorded obligations - operating	(9,003)	(9,003)	—	(87,483)	(87,483)	—
(7) Short-term loans	(23,516)	(23,516)	—	(228,488)	(228,488)	—
(8) Accrued expenses	(41,623)	(41,623)	—	(404,426)	(404,426)	—
(9) Long-term debt	(104,995)	(105,407)	(412)	(1,020,163)	(1,024,170)	(4,006)
(10) Derivatives	(257)	(257)	—	(2,510)	(2,510)	—

The figures in parenthesis indicate those posted in liabilities

Because market prices of unlisted equity securities of ¥6,298 million (\$61,194 thousands) and equity securities of non-consolidated subsidiaries and affiliates of ¥69,364 million (\$673,969 thousands) 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 after the end of the fiscal year is as follows:

	Millions of yen		Thousands of U.S. dollars	
	Within one year	Over one year	Within one year	Over one year
Cash and time deposits	¥ 234,849	—	\$ 2,281,860	—
Notes and receivable	¥ 253,140	—	\$ 2,459,586	—
Lease investment assets	¥ 3,904	¥ 14,622	\$ 37,936	\$ 142,072
Total	¥ 491,894	¥ 14,622	\$ 4,779,383	\$ 142,072

13. Impairment Loss on Fixed Assets

Impairment loss on fixed assets recognized in the consolidated financial statements for the fiscal year ended March 31, 2014 is as follows:

Location	Usage	Type	Millions of yen	Thousands of U.S. dollars
Fujisawa-shi, Kanagawa prefecture	Idle assets	Machinery, Buildings and other	¥ 236	\$ 2,294
Shimotsuga-gun, Tochigi prefecture	Idle assets	Machinery	8	85
Kita Kyushu-shi, Fukuoka prefecture	Idle assets	Buildings and structures	79	773
Sendai-shi Miyagi prefecture	Idle assets	Structures	46	448
Total			¥ 370	\$ 3,602

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 business assets, idle assets that were in need for impairment due to the decline in fair value of land, and business assets to be disposed of, their carrying values were written down to the recoverable amounts.

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

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

Type	Millions of yen	Thousands of U.S. dollars
Land	¥ 166	\$ 1,612
Machinery and equipment	20	200
Construction in progress	88	859
Other	95	929

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.

14. Notes to Consolidated Statements of Comprehensive Income

(1) Comprehensive income for the fiscal year ended March 31, 2013

	Millions of yen
Comprehensive income attributable to owners of the parent	¥ 125,591
Comprehensive income attributable to minority interests	23,066
Total	¥ 148,657

(2) Other comprehensive income for the fiscal year ended March 31, 2013

	Millions of yen
Unrealized holding gain on securities	¥ 3,015
Unrealized gain from hedging instruments	(203)
Revaluation reserve for land	227
Foreign currency translation adjustments	26,746
Share of other comprehensive income of non-consolidated subsidiaries and affiliates accounted for using the equity method	9,020
Total	¥ 38,806

Reclassification adjustments for other comprehensive income for the fiscal year ended March 31, 2014 are as follows:

Details	Millions of yen	Thousands of U.S. dollars
Unrealized holding gain on securities:		
Gains arising during the current period	¥ 3,069	\$ 29,821
Reclassification adjustment for loss realized	(281)	(2,738)
Net current period change, before income taxes	2,787	27,082
Income taxes on net current period change	(1,138)	(11,059)
Net unrealized holding gain on securities	¥ 1,588	\$ 15,433

Unrealized loss from hedging instruments:		
Losses arising during the current period	¥ 668	\$ 6,496
Reclassification adjustment for gain realized	(374)	(3,637)
Net current period change, before income taxes	294	2,859
Income taxes on net current period change	23	233
Net unrealized loss from hedging instruments	¥ 318	\$ 3,092

Revaluation reserve for land:		
Losses arising during the current period	¥ 84	\$ 823
Income taxes on net current period change	0	1
Net revaluation reserve for land	¥ 84	\$ 822

Foreign currency translation adjustments:		
Losses arising during the current period	¥ 14,520	\$ 141,080
Reclassification adjustment for gain realized	(39)	(379)
Net current period change, before income taxes	14,481	140,701
Income taxes on net current period change	—	—
Net foreign currency translation adjustments	¥ 14,481	\$ 140,701

Share of other comprehensive income of unconsolidated subsidiaries and affiliates accounted for using the equity method:		
Losses arising during the current period	¥ 10,244	\$ 99,540
Reclassification adjustment for loss realized	(1,826)	(17,749)
Net current period change, before income taxes	8,417	81,791
Income taxes on net current period change	—	—
Net share of other comprehensive income of unconsolidated subsidiaries and affiliates accounted for using the equity method	¥ 8,417	\$ 81,791
Total other comprehensive income	¥ 24,891	\$ 241,848

15. Consolidated Statements of Cash Flows

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

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Cash on hand and in banks	¥ 234,849	¥ 184,764	\$2,281,860
Time deposits with maturities exceeding three months	(24,138)	(6,885)	(234,532)
Cash and cash equivalents	¥ 210,710	¥ 177,879	\$2,047,327

(2) Contents of important non-cash transactions

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Assets and liabilities relating to finance lease transactions	¥ 4,341	¥ 3,654	\$ 42,181

16. Business Combination

Business combinations by means of acquisition

Establishment of IJT Technology Holdings Co., Ltd. by means of joint share transfer

IJT Technology Holdings Co., Ltd. was established as of October 1, 2013, by means of joint share transfer from I Metal Technology Co., Ltd. (hereinafter called I Metal Technology), a subsidiary of the Company and Jidosha Buhin Kogyo Co., Ltd. (hereinafter called Jidosha Buhin Kogyo) and TDF Corporation (hereinafter called TDF), both of which are affiliated with the Company. The transaction was accounted for by the purchase method, provided in the accounting standard for business combinations, assuming I Metal Technology as the acquirer and Jidosha Buhin Kogyo and TDF as acquirees.

1. Outline of the business combination

(1) Names and business description of the acquirees

Names of the acquirees: Jidosha Buhin Kogyo Co., Ltd.
TDF Corporation

Description of their businesses: Manufacture of automobile parts and others

(2) Objectives of the business combination

The companies involved in the business combination are a subsidiary and two affiliates of the Company and they are the Company's important business partners.

Integration of their operations and becoming subsidiaries of the Company, will enable the following:

- 1) Agile development and expansion of overseas business centering on the ASEAN region.
- 2) Evolving function of Japan operation as a hub for technological improvements and developments.
- 3) Strengthened capability for offering for new products, new technologies, and low-cost products.

(3) Effective date of the business combination

October 1, 2013

(4) Legal form of the business combination

Establishment of a joint holding company by transferring shares

(5) Name of the joint holding company after the share transfer
IJT Technology Holdings Co., Ltd.

(6) Percentage of the acquired voting rights..... 41.62%

(7) Reason for the determination of the acquirer company

I Metal Technology Co., Ltd. was determined as an acquirer because it was a subsidiary of the Company.

2. Period for which the acquirees' business results are included in the Company's consolidated financial statements

From April 1, 2013 to December 31, 2013

The business results for the period of April 1, 2013 to September 31, 2013 were presented as on equity in earning of affiliates under the equity method.

3. Cost of acquisition of the acquired companies and its breakdown

Consideration

JT Technology Holdings' common shares
..... 17,131 million yen (\$166,458 thousands)
Cost of acquisition 17,131 million yen (\$166,458 thousands)

4. Share exchange ratio, method of calculating the ratio, and number of shares issued

(1) Share exchange ratio

- 1) For one share of common stock of I Metal Technology, 0.34 share of common stock of IJT Technology Holdings
- 2) For one share of common stock of Jidosha Buhin Kogyo, 1 share of common stock of IJT Technology Holdings
- 3) For one share of common stock of TDF, 0.4 share of common stock of IJT Technology Holdings

(2) Method of calculation

The calculation of the share exchange ratios was performed by several third-party financial advisors and the concerned parties determined the ratios based on the valuation report from those financial advisors.

(3) Number of shares issued 49,154,282 shares

5. Amount and cause of gain recognized from negative goodwill

(1) Amount of gain recognized from negative goodwill.....
..... 6,387 million yen (\$62,063 thousands)

(2) Cause of negative goodwill

The negative goodwill arose due to the gap between our equity interest in each of the acquiree companies and the acquisition cost.

6. Assets acquired and liabilities assumed as of the date of the business combination.

Current assets	31,990 million yen (\$310,832 thousands)
Fixed assets	33,603 million yen (\$326,499 thousands)
Total assets	65,594 million yen (\$637,331 thousands)
Current liabilities	24,002 million yen (\$233,216 thousands)
Fixed liabilities	10,073 million yen (\$97,875 thousands)
Total liabilities	34,076 million yen (\$331,092 thousands)

7. Estimated impact of the business combination on the consolidated profit and loss statement of this current fiscal year, and the method of estimation, assuming that this business combination were completed on the beginning of the current fiscal year.

As the impact on the consolidated profit and loss statement is immaterial, disclosure is omitted.

17. Subsequent Event

1. Acquisition of treasury stock

The Company made a resolution at a meeting of its Board of Directors held on May 12, 2014, on matters relating to an acquisition of treasury stock pursuant to the provisions of Article 156 of the Corporation Law as applied by replacing the provisions of Section 3, Article 165 of the Corporation Law, as described below.

(1) Reason for acquisition of treasury stock

Primarily to improve capital efficiency and implement a flexible capital policy.

(2) Type and number of shares to be acquired

Common stock Up to: 20,000,000 shares

(1.18% of the total number of outstanding shares excluding treasury stock as of March 31, 2014)

(3) Total acquisition cost

Up to: 10,000,000,000 yen (\$97,162 thousands)

(4) Acquisition period

From May 13, 2014 to June 30, 2014

2. Consolidation of shares, etc.

The Company resolved at a meeting of its Board of Directors held on May 12, 2014, to carry out a consolidation of shares (at a rate of one share for every two shares), a change in the number of shares making up one unit (from 1,000 shares to 100 shares) and a change in the total number of shares issuable by the Company (from 3,369,000,000 shares to 1,700,000,000 shares) with the aim of enhancing the ease of trading the Company's shares, and improving their liquidity, and to submit proposals regarding these changes at the 112th Annual General Meeting of Shareholders held on June 27, 2014. This proposal was approved at the Annual General Meeting of Shareholders and the effective date for the consolidation of shares and all the other changes is October 1, 2014.

Per share information for the current fiscal year calculated on the assumption that the consolidation of shares and other changes were carried out at the beginning of the current fiscal year is as follows:

Net Assets per Share: 747.53 yen (\$7.26)

Net Income per Share: 140.85 yen (\$1.36)

18. Segment Information

(1) Segment information

Year ended March 31, 2014

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

Therefore the disclosure of segment information is omitted.

(2) Related information

Year ended March 31, 2014

a) Information by product and service

	Millions of yen				
	Vehicles	Parts for overseas production	Engines and components	Other	Total
Sales to third parties	1,269,489	79,806	112,456	299,105	1,760,858

	Thousands of U.S. dollars				
	Vehicles	Parts for overseas production	Engines and components	Other	Total
Sales to third parties	12,334,718	775,426	1,092,661	2,906,197	17,109,003

b) Geographical information

(i) Net sales

Millions of yen			
Japan	Thailand	Other	Total
630,586	432,663	697,609	1,760,858

Thousands of U.S. dollars			
Japan	Thailand	Other	Total
6,126,953	4,203,878	6,778,171	17,109,003

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

(ii) Property, plant and equipment

Millions of yen			
Japan	Thailand	Other	Total
469,643	69,621	33,535	572,799

Thousands of U.S. dollars			
Japan	Thailand	Other	Total
4,563,189	676,461	325,832	5,565,483

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

c) Information by each major customer

Millions of yen	
Name of customers	Net sales
Tri Petch Isuzu Sales Co., Ltd.	425,584
ITOCHU Corporation	134,695

Thousands of U.S. dollars	
Name of customers	Net sales
Tri Petch Isuzu Sales Co., Ltd.	4,135,099
ITOCHU Corporation	1,308,736

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

Year ended March 31, 2014

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

Therefore the disclosure of this information is omitted.

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

Year ended March 31, 2014

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

Therefore the disclosure of this information is omitted.

(5) Information on negative goodwill by business segment

Year ended March 31, 2014

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

Therefore the disclosure of this information is omitted.

Report of Independent Auditors



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Independent Auditor's Report

The Board of Directors
Isuzu Motors Limited

We have audited the accompanying consolidated financial statements of Isuzu Motors Limited and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, 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, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

We draw attention to Note 17, Subsequent Event to the consolidated financial statements, which describes an acquisition of treasury stock and consolidation of shares. Our opinion is not qualified in respect of this matter.

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 27, 2014
TOKYO, Japan

Corporate Directory

PRINCIPAL DOMESTIC SUBSIDIARIES AND AFFILIATES

Isuzu Motors Sales Ltd.

Isuzu Motors Syutoken Co., Ltd.

Isuzu Motors Kinki Co., Ltd.

Isuzu Motors Tokaihokuriku Co., Ltd.

Isuzu Leasing Services Ltd.

IJT Technology Holdings Co., Ltd.

Isuzu LINEX Co., Ltd.

Shonan Unitec Co., Ltd.

J-Bus Limited

Nippon Fruehauf Co., Ltd.

PRINCIPAL OVERSEAS SUBSIDIARIES AND AFFILIATES

Asia

Isuzu Motors Asia Ltd. (IMA)

3 Temasek Avenue #22-03, Centennial Tower Singapore
039190

Tel: 65-6339-9301

Isuzu (China) Holding Co., Ltd.

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

Qingling Motors Co., Ltd.

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

ISUZU (Shanghai) Tradetech Co., Ltd.

4F, No. 710 Dong Fang Road, Pudong New Area, Shanghai,
The People's Republic of China
Tel: 86-21-6876-2718

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

Metro Plaza 18F, No. 555, Loushan-guan Rd.,
Shanghai 200051, The People's Republic of China
Tel: 86-21-6236-8395

**QINGLING ISUZU (CHONGQING) ENGINE
CO., LTD.**

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

**ISUZU QINGLING (CHONGQING) ENGINEERING
CO., LTD.**

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Chongqing, The People's Republic of China
Tel: 86-23-6525-3662

**ISUZU QINGLING (CHONGQING) AUTOPARTS
CO., LTD.**

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

Jiangxi Isuzu Motors Co., Ltd.

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

Jiangxi Isuzu Engine Co., Ltd.

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

Isuzu Philippines Corporation (IPC)

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

**Isuzu Autoparts Manufacturing Corporation
(IAMC)**

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

Isuzu Vietnam Co., Ltd. (IVC)

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

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

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Tel: 66-2-326-0916-9

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

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

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

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

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

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

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

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Tel: 66-2-966-2626

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

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Samrong-Tai, Phrapradaeng, Samutprakan 10130,
Thailand
Tel: 66-2-394-2541

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

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Khwang, Bangkok 10310, Thailand
Tel: 66-2-168-3335

P.T. Isuzu Astra Motor Indonesia

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Sunter II, Jakarta 14350, Indonesia
Tel: 62-21-6501000

P.T. Asian Isuzu Casting Center (AICC)

JL. TOL Jakarta-Cikampek km47, Kawasan Kiic Lot 6-9,
Karawang, Indonesia
Tel: 62-21-8904590

Isuzu Hicom Malaysia Sdn. Bhd.

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Tel: 60-9-424-3800

Isuzu Malaysia Sendirian Berhad

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Damansara Uptown, 47400 Petaling Jaya, Selangor Darul
Ehsan, Malaysia
Tel: 60-3-7723-9777

SML Isuzu Limited

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

Isuzu Motors India Private Limited (IMI)

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

Middle East

Isuzu Motors Middle East FZE

S3A2SR10 Jebel Ali Free Zone P.O.BOX 263188 Dubai,
United Arab Emirates
Tel: 971-(0)4-8809192

Isuzu Motors Saudi Arabia Co., Ltd (IMSAC)

Dammam 2nd Industrial City in Dammam, Kingdom of
Saudi Arabia

Europe

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

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

Isuzu Motors Europe NV (ISZE)

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

Isuzu Truck (UK) Ltd.

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

**Isuzu Motors International Operations
(Europe) GmbH**

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

CJSC "SOLLERS-ISUZU"

German Centre, Business Centre "I-Land," Building
6, Andropov prospect 18, Moscow, 115432, Russian
Federation
Tel: 7-495-228-3045

Africa

General Motors Egypt S.A.E.

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

Isuzu Truck South Africa (Pty) Limited

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

North America

Isuzu Motors America, LLC. (ISZA)

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

Isuzu Commercial Truck of America, Inc. (ICTA)

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

DMAX, Ltd.

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

Isuzu North America Corporation (INAC)

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

Central and South America

Isuzu Motors de Mexico S.de R.L.

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

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

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

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

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

Oceania

Isuzu Australia Limited (IAL)

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

Corporate History

Date	Event
April 1937	Tokyo Automobile Industries Co., Ltd., (currently Isuzu Motors Limited) is established with capital of one million yen.
July 1938	The Kawasaki Plant begins operations.
April 1941	The Company's name is changed to Diesel Automobile Industry Co., Ltd.
May 1949	Company shares are listed on the Tokyo Stock Exchange.
July 1949	The Company's name is changed to Isuzu Motors Limited.
February 1953	Isuzu signs a technical assistance agreement with Rootes, Ltd., of the U.K. for the Hillman passenger car.
January 1962	The Fujisawa Plant begins operations.
October 1964	Isuzu Sales and Finance Co., Ltd., (predecessor of IFCO Inc.) is established.
July 1971	Isuzu signs a basic agreement outlining an across-the-board alliance with General Motors Corporation (GM).
June 1972	The Tochigi Works (currently the Tochigi Plant) opens.
June 1975	Isuzu Motors America, Inc., (ISZA) is established.
June 1980	American Isuzu Motors Inc. (AIMI) is established.
June 1984	Hokkaido Plant begins operations.
February 1987	Isuzu signs a joint venture agreement on local production in the U.S. with Fuji Heavy Industries Ltd.
May 1991	Isuzu's headquarters relocates to the company's new Head Office Building (6-26-1 Minami-oi, Shinagawa-ku).
May 1994	Shatai-Kogyo Co., Ltd., (capitalization: 10 million yen) merges with Isuzu.
January 1997	Isuzu Motors Polska Sp. zo.o. (ISPOL) is established.
September 1998	ISZA and GM establish DMAX, Ltd. (DMAX) as a joint venture with a 60:40 ownership split.
October 2000	Tokyo Isuzu Motors Ltd. is converted into a wholly owned subsidiary of Isuzu by means of a share exchange.
September 2001	Eighty percent of outstanding shares in IFCO Inc., which had been a wholly owned subsidiary of Isuzu, are sold to Orix Corporation.
November 2002	ISZA sells 20% of its stake in DMAX to GM.
November 2002	After transferring 100% of ISPOL's outstanding shares to wholly owned Isuzu subsidiary ISPOL-IMG Holding B.V. (IIH) as an in-kind investment, 60% of IIH's outstanding shares are sold to General Motors Limited, a wholly owned subsidiary of GM. Then, IIH changed its company name to ISPOL Holdings B.V. Isuzu held 40% of ISPOL Holdings B.V.'s outstanding shares and then sold its shares to GM in April 2013.
January 2003	Subaru-Isuzu Automotive Inc., a joint venture between Fuji Heavy industries Ltd. and Isuzu, is dissolved.
January 2004	AIMI is absorbed by ISZA.
July 2004	Isuzu increases its share of voting rights in Isuzu Motors Co., (Thailand) Ltd. from 47.9% to 70.9% and converts both that company and Isuzu Engine Manufacturing Co., (Thailand) Ltd. into consolidated subsidiaries.
September 2004	All IFCO Inc. shares owned by Isuzu are sold to Orix Corporation and IFCO Inc.
May 2005	The Kawasaki Plant is closed.
April 2006	Isuzu and GM agree to dissolve their equity tie-up. GM sells all its Isuzu shares to Mitsubishi Corporation, ITOCHU Corporation, and Mizuho Corporate Bank, Ltd.
November 2008	Isuzu Motors America LLC (ISZA-LLC) is established and subsequently absorbs ISZA.
April 2013	Isuzu established new auto-lease company: Isuzu Leasing Services Ltd. (ILS) in Japan

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, 2014)

	Common Stock
Shares authorized:	3,369,000,000
Shares issued:	1,696,845,339
No. of shareholders:	53,930

No changes in the total of shares issued at the end of March 31, 2014

Major Shareholders

(As of March 31, 2014)

Common Stock	Number of shares held	Percentage of ownership (%)
Mitsubishi Corporation	156,487	9.22
Japan Trustee Services Bank, Ltd. (Trust Account)	144,998	8.55
Itochu Corporation	135,098	7.96
Toyota Motor Corporation	100,000	5.89
The Master Trust Bank of Japan, Ltd. (Trust Account)	62,971	3.71
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS	31,931	1.88
Mizuho Corporate Bank, Ltd.	28,869	1.70
JFE Steel Corporation	26,366	1.55
National Mutual Insurance Federation of Agricultural Cooperatives	25,300	1.49
Trust & Custody Services Bank, Ltd. (Trust Account)	24,157	1.42
Total	736,178	43.39

Note: 1. Percentage of ownership shares are rounded off to two decimal places.

2. Shares are rounded down in thousands.

Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation

10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081, Japan

(As of June 27, 2014)

Trucks for life
ISUZU

ISUZU MOTORS LIMITED

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

