These documents have been translated from the Japanese original documents for reference purposes only. In the event of any discrepancy between these translated documents and the Japanese original, the original shall prevail. The financial statements included in the following translation have been prepared in accordance with Japanese GAAP.

ITEMS DISCLOSED ON INTERNET CONCERNING NOTICE OF CONVOCATION OF THE 118TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

SYSTEMS FOR ENSURING THE PROPRIETY OF OPERATIONS AND STATUS OF OPERATIONS OF THE SYSTEMS

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN NET ASSETS

NOTES ON THE FINANCIAL STATEMENTS

(April 1, 2019 to March 31, 2020)

June 12, 2020

ISUZU MOTORS LIMITED

SYSTEMS FOR ENSURING THE PROPRIETY OF OPERATIONS AND STATUS OF OPERATIONS OF THE SYSTEMS

"Basic policies regarding the development of systems for ensuring the propriety of operations" which was resolved by the Board of Directors Meeting in accordance with the Companies Act and the Regulation for Enforcement of the Companies Act and "general descriptions of the status of operations of systems" which was confirmed by the Board of Directors Meeting are as follows:

The Company has constructed and maintains a system to ensure the propriety of its operations by adopting the following basic policies:

1) System for ensuring that Directors of the Board and employees execute their duties in compliance with the laws and regulations and the Articles of Incorporation	<General description of contents of resolution> The Company places utmost importance on thorough compliance. The Company defines "compliance" to mean that all Directors of the Board, Audit & Supervisory Board Members and employees comply with the laws, and behave in line with high ethical standards to gain the trust of society. To secure thorough compliance, we will make sure that all Directors of the Board, Audit & Supervisory Board Members and employees are familiar with and fully understand the "Basic Policy Measures Relating to Compliance" and the "Code of Conduct Relating to Compliance." The Compliance Committee including outside experts provides the Company with objective advice, supervision, and assessments regarding its compliance promotion system and activities. The Compliance Management Group of the Legal Dept. manages and promotes compliance activities. Additionally, compliance-related internal auditing functions are secured via auditing by the Internal Audit Group of Corporate Audit Dept. These efforts will continue in the future. The Company has independent Outside Directors of the Board to bring more objectivity, neutrality, and transparency to the Board of Directors in their function as supervisors of our business operations. This will continue in the future. The Company rejects any relationships with antisocial forces or groups, and will respond to them resolutely and refuse their unreasonable demands in the future. <General description of the status of operations of systems> The Compliance Committee responds to advice, supervision, and assessments provided regarding the Company's compliance measures, as well as issues that are reported to the meyasubako (helpline) sited at an outside law firm. The Committee held three meetings during the current business term. To increase the effectiveness of internal compliance activities, the Company distributes compliance guidebooks to Directors of the Board, Audit & Supervisory Board Members, and employees, and ensures that they are familiar with and fully understand policies and standards. Also, the Company periodically holds council meetings for promoting compliance among the members, who are elected from each department to promote compliance, internally develop compliance-related measures, and monitor the activities of each department. To eliminate relationships with antisocial forces or groups, the Company incorporates a clause concerning the elimination of antisocial forces in all written agreements with domestic corporations.

2) System for maintaining and managing information relating to Directors' performance of their duties	<General description of contents of resolution> Minutes of the Board of Directors Meetings and other information relating to the Directors of the Board's performance of their duties are appropriately maintained and managed by different departments in accordance with laws and regulations, the "Board of Directors Regulation," and the Company's other bylaws, designating what information is handled by which department. The Chief Executive for Confidential Information Management manages confidential information appropriately in accordance with laws and regulations and the "Rules for Handling Confidential Information." <General description of the status of operations of systems> The Company appropriately maintains and manages the minutes of Board of Directors Meetings in accordance with laws and regulations, and the "Board of Directors Regulation." Other information relating to the performance of duties by Directors of the Board is appropriately maintained and managed by designated departments in accordance with the Company's bylaws, such as "Rules for Handling Confidential Information."
3) Rules and other systems for managing loss risk	<General description of contents of resolution> The Risk Manager of each department in the Company manages all risks in his/her Division in accordance with the "Rules for Risk Management." The Chief Executive for Risk Management controls company-wide risks. Members of the Management Meeting occasionally follow up and assess the status of risk management. In a crisis, the Company ensures thorough risk management by having the members of the Management Meeting deliberate, decide, and implement proper responses (including implementation systems), and report on their progress to the Board of Directors as necessary. <General description of the status of operations of systems> In carrying out its activities, the Company regularly implements the PDCA cycle in accordance with "Rules for Risk Management." It also shared information and evaluated management's track record and its responses to company-wide risks at the Management Meeting held in April 2020. No issues required a crisis response during the current business term.
4) System for assuring Directors of the Board's efficient execution of their duties	<General description of contents of resolution> The Company has established a Board of Directors to formulate a Mid-term Business Plan and a business plan for each business term, develop an organizational system, formulate specific measures for each department to realize such plans, and make decisions regarding principal operations, while establishing the Management Meeting as a subordinate organ. In addition, the Quality Assurance & Customer Satisfaction Improvement Committee, the Global Environment Committee, the Export Control Committee, the Budget Special Committee, the Facility Investment Committee, and the Product Program Committee have been established as a subordinate to ensure efficient deliberations in their respective areas of expertise. The Company continues to employ the Executive Officer System to help the Directors of the Board perform their duties properly.

	<General description of the status of operations of systems> The Company prescribes matters to be decided by the Board of Directors in the “Board of Directors Regulation” and the Board of Directors acts in accordance with this Regulation. The Company held Board of Directors Meetings 13 times during the current business term. The Board discussed and decided on important matters and received reports from Directors of the Board and other officers who were responsible for major departments on the operation of their businesses. During the current business term, the Company held Management Meetings 22 times and meetings of organizations under the Management Meeting including: the Quality Assurance & Customer Satisfaction Improvement Committee, 20 times; the Global Environment Committee, four times; the Export Control Committee, once; the Budget Special Committee, 6 times; the Facility Investment Committee, 8 times; and the Product Program Committee, which is divided into CV, LCV, and Powertrain, 53 times in total. The Company elected Executive Officers at the meetings of the Board of Directors, and these Executive Officers performed their duties under the authority delegated by the Board of Directors in an appropriate and efficient manner.
5) System for ensuring the propriety of operations of the Corporate Group consisting of the Company and its subsidiaries	<General description of contents of resolution> With the objective of enhancing public trust in the Company and the Group based on our policy of serving society in meaningful ways, the Company has established the “Group Vision,” the “Corporate Mission,” and the “Group Basic Compliance Initiative.” The Company takes proper measures to ensure that all Directors of the Board, Audit & Supervisory Board Members and employees of the Group act in accordance with the “Group Vision,” the “Corporate Mission,” and the “Group Basic Compliance Initiative.” The Company has asked the Group companies to develop their own compliance systems suited to their respective circumstances and to fully implement said systems. The Company has established “Group Company Management Rules” and “Detailed Rules for Group Company Management,” and taken steps to strengthen systems for ensuring the propriety of the Group company operations. Company Management continually monitors the activities of the Group companies’ managements, receives reports on the status of compliance and risk management and systems for ensuring business efficiency at the Group companies, and requests improvements if the Company determines that they are necessary. The Company has adopted a system to ensure the reliability of financial reports made under the Financial Instruments and Exchange Act. This system will continue to be used.

	<General description of the status of operations of systems> The Company has established the “Group Vision,” the “Corporate Mission,” and the “Group Basic Compliance Initiative,” while ensuring that the Group companies thoroughly comply with them. Activities to enhance compliance for the Group companies are carried out by the Compliance Management Group of the Legal Dept. as the secretariat for all the domestic sales companies and business companies. Specifically, the Company convened in principle on a monthly basis the Group Company Compliance Promotion Meeting, whose members were from domestic group companies and were responsible for compliance. They promoted the development of compliance systems in each Group company and strengthened compliance of the entire Group through information exchanges among companies. Once a year, Company Management solicits the opinions of managers of each Group company about the state of the management in their company, and also receives reports on the state of compliance and risk management and systems for improving business efficiency at Group companies. To enhance the effectiveness of internal controls over financial reports in accordance with the practice standards of the Financial Services Agency, the Company develops company-wide internal controls and operational process controls and evaluates how these controls are performed. After evaluating 35 Group companies, the Company determined that internal controls over the financial standing and reporting of the Company were effective as of the last day of the current business term.
6) Matters regarding employees who assist Audit & Supervisory Board Members in their duties when Audit & Supervisory Board Members request the assignment of such employees	<General description of contents of resolution> At the request of Audit & Supervisory Board Members, the Company has set up a division called “the Audit & Supervisory Board Member Support Group,” and has assigned employees to assist the Audit & Supervisory Board Members with their duties. <General description of the status of operations of systems> The Company has set up the Audit & Supervisory Board Member Support Group and assigned full-time employees to it. They assist Audit & Supervisory Board Members with their duties to ensure the effectiveness of audits, while carrying out administrative duties pertaining to audits by Audit & Supervisory Board Members as well as the affairs of the secretariat of the Audit & Supervisory Board and the Management Audit Meeting.
7) Maintaining the independence of employees who assist Audit & Supervisory Board Members from Director of the Board and enhancing the effectiveness of instructions to employees	<General description of contents of resolution> The Company ensures that employees who assist Audit & Supervisory Board Members with their duties are independent from the Directors of the Board and that instructions to such employees are effective. It does this by placing such employees under the direct control and supervision of Audit & Supervisory Board Members and obtaining the prior consent of Audit & Supervisory Board Members when changing, assessing, rewarding, or punishing them. <General description of the status of operations of systems> The Company has established “Regulations for Employees who Assist Audit & Supervisory Board Members” to ensure independence from Director of the Board. The Company listens to Audit & Supervisory Board Members’ opinions in advance and assigns, changes, and assesses employees who belong to the Audit & Supervisory Board Member Support Group with the consent of Audit & Supervisory Board Members.

8) System for encouraging Directors of the Board, employees, and others of the Company and its subsidiaries to report to Audit & Supervisory Board Members	<General description of contents of resolution> The Company has adopted and will continue to use a system in which Directors of the Board and Executive Officers and those of equivalent rank and employees of the Company and the Group companies report to Audit & Supervisory Board Members on the status of business operations, the status of the Company's and the Group companies' management, and any other matters that need to be reported as agreed by the Company and Audit & Supervisory Board Members, to disclose or report necessary and sufficient information whenever requested by Audit & Supervisory Board Members. This system will continue to be used. The Company cooperates with a liaison conference held on a regular basis to enhance and strengthen audits of the entire Group through mutual collaboration among Audit & Supervisory Board Members of the Company and the Group as necessary. This cooperation will continue. <General description of the status of operations of systems> Requests concerning the audit plan for the current business term formulated by the Audit & Supervisory Board and for ensuring the effectiveness of the Audit & Supervisory Board Members' audit were reported to the Board of Directors' meeting held in August 2019. Directors of the Board were asked to understand and cooperate with the Audit & Supervisory Board Member's audit. At the meeting, it was decided to have Standing Audit & Supervisory Board Members attend important meetings, such as the Management Meeting, as necessary and, under the system for reporting to Audit & Supervisory Board Members, regularly or temporarily make reports on necessary matters as agreed with Audit & Supervisory Board Members. Also, minutes of meetings and materials for which regular interviews or access is required were presented in a specific manner. During the current business term, Audit & Supervisory Board Members carried out these activities smoothly in conjunction with their regular audits. Further, the Company has asked Directors of the Board and employees to comply with requests from Audit & Supervisory Board Members for explanations and reports. During the current business term, they promptly explained and reported information whenever requested by Audit & Supervisory Board Members. Moreover, Isuzu Group Standing Audit & Supervisory Board Members Liaison Conferences, whose members are the Standing Audit & Supervisory Board Members of 17 domestic Group companies and Standing Audit & Supervisory Board Members of the Company, were held twice, in July and December 2019, at which members discussed sharing and exchanging information on procedures for audits of the Isuzu Group by Audit & Supervisory Board Members.
9) System for ensuring that those who make a report to Audit & Supervisory Board Members are not treated unfairly for making such a report	<General description of contents of resolution> The Company prohibits any discriminatory treatment of those who has made a report to the Audit & Supervisory Board Members in accordance with the preceding Paragraph, and ensures that all Directors of the Board, Audit & Supervisory Board Members and employees of the Company and Group companies are familiar with and fully understand the above. <General description of the status of operations of systems> The Company has ensured that all Directors of the Board, Audit & Supervisory Board Members, and employees were familiar with and fully understood that it is prohibited to treat those who make a report to Audit & Supervisory Board Members unfairly for doing so. During the current business term, there were no cases of anyone being treated unfairly on such grounds.
10) Policy for advance payment or reimbursement of expenses relating to Audit & Supervisory Board Members' execution of duties and other handling of expenses or obligations	<General description of contents of resolution> If an Audit & Supervisory Board Member requests the Company to make an advance payment of expenses, reimburse expenses, or fulfill obligations related to the execution of his or her duties, the Company promptly deals with such expenses or obligations in accordance with laws and regulations. This will continue in the future. The Company will annually allot an appropriate budget to pay expenses arising from the execution of duties by Audit & Supervisory Board Members and other costs.

arising from the execution of such duties	<General description of the status of operations of systems> The Company paid expenses arising from the execution of duties of Audit & Supervisory Board Members promptly after they were incurred. Although the Company allocated a budget in advance, a system has been developed so that Audit & Supervisory Board Members may ask the Company to pay expenses if they exceed the budget on an emergency or a temporary basis.
11) Other systems for ensuring effective audits by Audit & Supervisory Board Members	<General description of contents of resolution> The Company ensures opportunities for Audit & Supervisory Board Members to attend Management Meetings, which will continue in the future. In addition, with the aim of establishing systems to help Audit & Supervisory Board Members audit effectively, the Company holds regular discussions with Audit & Supervisory Board Members and takes necessary steps to meet their requests. <General description of the status of operations of systems> Audit & Supervisory Board Members had meetings with the President twice, in September 2019 and March 2020, to enhance the effectiveness of audits by Audit & Supervisory Board Members. At the meetings, they reported their auditing activities and heard the President's opinions on the management policy and management challenges. When necessary, they also solicited the Directors of the Board's opinions regarding the performance of their duties, and actively expressed their opinions from the perspectives of the Audit & Supervisory Board. A Three-way Liaison Conference on the audit of internal controls (Audit & Supervisory Board Members, Independent Auditor and Corporate Audit Dept.) was held three times, in May and August 2019 and January 2020, during which information and opinions were exchanged on the audit plan and the status of its implementation, and reports were received on the results of internal audits and when necessary, the results of audits by Independent Auditors with the aim of strengthening collaboration.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2019 through March 31, 2020)

(millions of yen)

	SHAREHOLDERS' EQUITY				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	**40,644**	**42,129**	**871,845**	**(150,485)**	**804,134**
Cumulative effect of change in accounting policies			(287)		(287)
Restated balance at the beginning of the current period	40,644	42,129	871,558	(150,485)	803,847
Changes of items during period					
Dividends of surplus			(28,061)		(28,061)
Profit attributable to owners of parent			81,232		81,232
Reversal of revaluation reserve for land			(0)		(0)
Acquisition of treasury shares				(5)	(5)
Disposal of treasury shares				50	50
Change in capital surplus due to transactions with non-controlling interests		374			374
Net changes of items other than shareholders' equity					
Total change of items during period	–	374	53,171	44	53,589
Balance at the end of current period	**40,644**	**42,503**	**924,729**	**(150,441)**	**857,436**

	ACCUMULATED OTHER COMPREHENSIVE INCOME						NON-CONTROLLING INTEREST	TOTAL NET ASSETS
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of current period	**38,754**	**131**	**83,880**	**10,195**	**(7,314)**	**125,647**	**186,553**	**1,116,335**
Cumulative effect of change in accounting policies								(287)
Restated balance at the beginning of the current period	38,754	131	83,880	10,195	(7,314)	125,647	186,553	1,116,047
Changes of items during period								
Dividends of surplus								(28,061)
Profit attributable to owners of parent								81,232
Reversal of revaluation reserve for land								(0)
Purchase of treasury stocks								(5)
Disposal of treasury shares								50
Change in capital surplus due to transactions with non-controlling interests								374
Net changes of items other than shareholders' equity	(13,156)	170	0	(15,713)	(1,446)	(30,143)	(6,110)	(36,254)
Total change of items during period	(13,156)	170	0	(15,713)	(1,446)	(30,143)	(6,110)	17,335
Balance at the end of current period	**25,597**	**302**	**83,881**	**(5,517)**	**(8,760)**	**95,503**	**180,442**	**1,133,381**

NOTE: Amounts have been rounded down to the nearest one million yen.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

Basis for Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 88

(2) Principal subsidiaries: ISUZU MOTORS SALES LTD.; Isuzu Motors Kinki Co., Ltd.; ISUZU MOTOR SYUTOKEN CO., LTD.; Isuzu Motors America, LLC.; Isuzu Motors Co., (Thailand) Ltd.

(3) Changes in scope of consolidation

1) TDF Corporation, I Metal Technology Co., Ltd. and Jidosha Buhin Kogyo Co., Ltd. have been excluded from the scope of consolidation because they were merged through absorption with IJTT Co., Ltd.
2) ISUZU RS Ltd. has been excluded from the scope of consolidation following the completion of liquidation.

(4) Principal non-consolidated subsidiaries: Hakodate Isuzu Motors Ltd.

(5) Reasons for excluding subsidiaries from consolidation

The non-consolidated subsidiaries are small in terms of their total assets, net sales, net income or loss, and retained earnings (attributed to the Company earnings). Thus, they only have minor effects on the consolidated financial statements.

2. Scope of Equity Method

(1) Number of companies accounted for by the equity method: 51

(2) Principal companies accounted for by the equity method

Non-consolidated subsidiaries: ISUZU INSURANCE SERVICE Limited
Affiliates: J-Bus Limited

(3) Changes in scope of equity method accounting

There were no changes to the scope of non-consolidated subsidiaries or affiliates accounted for by the equity method during the current consolidated fiscal year.

(4) Principal companies not accounted for by the equity method

Non-consolidated subsidiaries: Hakodate Isuzu Motors Ltd.
Affiliates: Suzuki Unyu Ltd.

(5) Reasons for not accounting by the equity method

These companies are not accounted for by the equity method because their effect on the consolidated financial statements is not significant, either individually or collectively.

3. Fiscal Period of Consolidated Subsidiaries

Of the consolidated subsidiaries, the accounting date for 20 overseas subsidiaries is December 31.

In preparing consolidated financial statements, the Company uses the respective financial statements of subsidiaries as of the accounting date. If significant transactions have been made between the two accounting dates, the Company may make the necessary adjustments.

The accounting date for 32 domestic subsidiaries and 36 overseas subsidiaries are the same as the consolidated accounting date.

4. Significant Accounting Policies

(1) Valuation methods for securities

Other securities

i) Marketable securities

Marketable securities are measured at fair value. Changes in unrealized holding gain or loss are directly included in net assets. The cost of securities sold is calculated by the moving average method.

ii) Non-marketable securities

Non-marketable securities are measured at cost determined by the moving average

method.

(2) Valuation methods for inventories

i) Parent company
Inventories are measured at the cost determined by the gross average method.
(Balance sheet values are measured by the method of devaluing book price to reflect decreases in profitability.)

ii) Consolidated subsidiaries
Inventories are principally measured at cost determined by the specific identification method. (Balance sheet values are measured by the method of devaluing book value to reflect decreases in profitability.)

(3) Valuation methods for derivative financial instruments
Derivative financial instruments are measured at fair value.

(4) Depreciation of non-current assets

i) Depreciation of property, plant and equipment (excluding lease assets)
Depreciation of property, plant and equipment is calculated principally by the straight-line method. Some non-current assets are calculated by the declining balance method.

ii) Amortization of intangible assets (excluding lease assets)
Amortization of intangible assets is calculated by the straight-line method. “Software,” included in intangible assets, is amortized by the straight-line method based on the estimated useful lifetime in-house (5 years).

iii) Lease assets
Lease assets relating to finance lease transactions without transfer of ownership are depreciated over the lease contract’s lifetime by the straight-line method. In addition, the residual value is the guaranteed residual value if a guaranteed residual value has been arranged under the lease agreement, and in other cases the residual value is zero.

(5) Basis for provisions and allowances

i) Allowance for doubtful accounts
With a view to providing for bad debt losses on account receivables and loan receivables, etc., and bad debt expenses, the Company and domestic consolidated subsidiaries provide estimated irrecoverable amount based on the historical default rate for normal receivables and through the individual examination of recoverability for particular receivables such as claims to obligors with high possibility of business failure. Foreign consolidated subsidiaries determine allowances for doubtful accounts by assessing each individual account. The Company makes necessary adjustments to allowance for doubtful accounts in consolidation of elimination of receivables and payables among consolidated subsidiaries.

ii) Accrued bonus costs
Accrued bonus costs are provided in an amount estimated to cover the bonus payment for services rendered by employees during the fiscal year.

iii) Accrued directors’ bonus costs
Accrued directors’ bonus costs are provided in an amount estimated to cover the bonus payment for services rendered by directors during the fiscal year.

iv) Provision for warranty costs
Provisions for warranty costs are provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with the warranty contracts. These provisions are calculated based on past experience.

v) Provision for maintenance costs
Provision for maintenance costs is provided for the portion corresponding to the already leased period out of the total amount anticipated to be incurred during the entire lease period for maintenance costs based on lease contracts, such as lease automobile maintenance costs.

(vi) Provision for management board incentive plan trust
Provision for management board incentive plan trust is provided in an amount estimated to cover the payment of Company stock benefits to Directors of the Board and others during the current fiscal year.

(6) Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into yen at the foreign exchange spot rate on the date of the balance sheet, and differences arising from the translation are included in the statement of income as gains or losses. The Company translates assets and liabilities of foreign consolidated subsidiaries into yen at the foreign exchange spot rate on the date of the balance sheet of each of those subsidiaries. Statement of income accounts are translated using the average foreign exchange rate of the statement of income's period. Translation adjustments are included in the foreign currency translation adjustments account and non-controlling interests account of net assets.

(7) Hedge accounting

i) Hedge accounting

a. Forward foreign exchange contracts and currency options

Designated hedge accounting is adopted.
(except transactions which do not fulfill the required conditions)

b. Interest rate swaps and interest rate options

Deferral hedge accounting or exceptional accounting method specified in the accounting standard for financial instruments is adopted.

ii) Hedging instruments and hedged items

a. Hedging instruments

Interest rate swaps, interest rate options, forward foreign exchange contracts, and currency options.

b. Hedged items

Receivables and payables denominated in foreign currencies, and borrowings.

iii) Hedging policy

The Company utilizes derivative financial instruments to avoid risks related to future fluctuations of market prices, within the limits of receivables and payables denominated in foreign currencies and borrowings.

iv) Assessment of hedge effectiveness

The Company determines hedge effectiveness by comparing the cumulative changes in cash flows from hedging instruments with those from hedged items. However, this assessment excludes the effectiveness of interest rate swaps accounted by exceptional accounting method.

v) Other

The Company has a bylaw on derivative transactions and executes its transactions and risk management based on this bylaw, which stipulates policies, procedures, retention limits, and reporting systems.

(8) Recognition of material profits and expenses

Profit on finance lease transactions is recognized based on accounting methods for net sales and cost of sales upon the receipt of lease fees.

(9) Amortization of goodwill and period

The Company estimates the period for goodwill to remain in effect and in principle amortizes that account over 20 years or less after recognition under straight-line method.

(10) Other

i) Recognition of net defined benefit liability

To provide for payments of retirement benefits for employees, net defined benefit liability is accounted for by posting an amount obtained by deducting pension plan assets expected from projected benefit obligations as of the end of the current fiscal year. Upon calculating net retirement benefit liability, the method of attributing the expect amount of payments of retirement benefits up until the period of the consolidated fiscal year is based on the benefit formula method. Prior service costs are amortized using the straight-line method over a period (mainly 10 years) less than the average remaining years of service of eligible employees. Actuarial gain or loss is amortized using the straight-line method or declining balance method over periods shorter than the average remaining years of service of eligible employees (mainly 10 years) from the following fiscal year of incurrence. Unrecognized actuarial gain or loss and unrecognized prior service costs are posted to remeasurements of defined benefit plans under accumulated other comprehensive income in the net assets section after adjusting for tax effects.

ii) Transactions subject to consumption tax
Transactions subject to consumption tax are recorded at amounts excluding consumption tax.

5. Additional Information

The COVID-19 infections have had wide-ranging effects on economies and corporate activities, and the future spread of the infection, the timeline for eradication, etc. are difficult to forecast. Accordingly, accounting estimates have been made assuming that the effect of the COVID-19 infections will persist after the end of the current consolidated fiscal year for a certain period into the consolidated fiscal year ending March 31, 2021.

6. Changes in Accounting Policies

(Application of IFRS 16 Leases)

Foreign consolidated subsidiaries excluding those in the U.S. have applied IFRS 16 Leases effective from the beginning of the current consolidated fiscal year. The method applied in the application of IFRS 16 is to recognize the cumulative effect of the application of this standard on the date of initial application, as approved as an interim measure. Further, the lessee's leases that were previously classified as operating lease through the application of IAS 17 are accounted for as right-of-use assets and lease liabilities as of the application date.

As a result of the aforesaid application of the accounting standard, "other, net" in property, plant and equipment, "lease obligations" in current liabilities, and "lease obligations" in non-current liabilities presented in the consolidated balance sheet for the current consolidated fiscal year increased by 10,846 million yen, 1,866 million yen and 9,691 million yen, respectively. The impact of the change on profit or loss for the current consolidated fiscal year is immaterial.

(Application of ASU 2014-09 Revenue from Contracts with Customers)

Consolidated subsidiaries in the U.S. have applied ASU 2014-09 Revenue from Contracts with Customers, effective from the end of the current consolidated fiscal year.

A company that has applied the aforesaid accounting standard is required to recognize revenue at the time promised goods or services are transferred to customers, in an amount that reflects the consideration that the company expects to be entitled to receive in exchange for those goods or services.

The effect of the application of this standard on the consolidated financial statements is immaterial.

Notes on the Consolidated Balance Sheet

1. Pledged Assets
   Assets pledged as collateral
   Inventories 2,618 million yen
   Secured liabilities
   Accounts payable 5,099 million yen

2. Accumulated Depreciation of Property, Plant and Equipment 963,516 million yen

3. Guaranteed Obligation
   Sumitomo Mitsui Trust Club Co., Ltd. 3 million yen

4. Revaluation of Business Land
   The Company revaluates its business land pursuant to the Act on Partial Amendment to the Law to Revise Part of the Land Revaluation Law (Law No. 24 of March 31, 1999). The tax corresponding to this revaluation variance has been stated in liabilities as “deferred tax liabilities for land revaluation,” and the amount deducted this has been stated in net assets as “unrealized holding gain or loss on land revaluation.”
   The difference between the total fair value of the revaluated business land at the end of the current consolidated fiscal year and the total book value after revaluation was 63,181 million yen.

Notes on the Consolidated Statement of Changes in Net Assets

1. Number of Shares Issued and Outstanding at the End of the Fiscal Year
Common stock 848,422,669 shares

2. Details of Dividends Paid as Distribution of Profits
(1) Amount of dividends paid

Date of Resolution	Type of Stock	Source of Funds for Dividends	Total Amount of Dividends Paid (millions of yen)	Dividend per Share	Record Date	Effective Date
June 26, 2019 General Meeting of Shareholders	Common stock	Retained earnings	14,030	19.00 yen	March 31, 2019	June 27, 2019
November 8, 2019 Board of Directors Meeting	Common stock	Retained earnings	14,030	19.00 yen	September 30, 2019	November 29, 2019

(2) Of the dividends whose record date belongs to the current fiscal year, the dividend whose effective date falls in the following fiscal year

Planned Date of Resolution	Type of Stock	Source of Funds for Dividends	Total Amount of Dividends Paid (millions of yen)	Dividend per Share	Record Date	Effective Date
June 29, 2020 General Meeting of Shareholders	Common stock	Retained earnings	14,030	19.00 yen	March 31, 2020	June 30, 2020

Notes on Financial Instruments

1. Matters Relating to the Status of Financial Instruments

The Company restricts investments only for part of deposits and obtains funds mainly from bank borrowings. Customer credit risks in connection with trade notes and accounts receivable are carefully managed by constantly monitoring receivable balances to customers, in accordance with the Company's internal accounting manual. Investment securities are mainly equity securities issued by affiliates, and it continually monitors their market prices in accordance with the Company's internal rules for securities. Derivatives are used for avoiding risks related to future fluctuations of market prices, within the limits of receivables and payables denominated in foreign currencies and borrowings.

2. Matters Relating to the Fair Values of Financial Instruments

The table below shows the amounts of financial instruments recorded in the consolidated balance sheet and their fair values as of March 31, 2020 (at the end of the current fiscal year) as well as their variances. Financial instruments, whose fair values are deemed to be extremely difficult to value, are not included in the following table. (See NOTE 2)

(millions of yen)

	Consolidated balance sheet amount (*1)	Fair value (*1)	Variance
(1) Cash and deposits	321,427	321,427	-
(2) Trade notes and accounts receivable	266,919	266,919	-
(3) Lease receivables and lase investment assets	136,852	136,993	140
(4) Investment securities	71,745	71,745	-
(5) Trade notes and accounts payable	(312,048)	(312,048)	-
(6) Electronically recorded obligations - operating	(49,897)	(49,897)	-
(7) Short-term borrowings	(40,835)	(40,835)	-
(8) Accrued expenses	(48,226)	(48,226)	-
(9) Long-term borrowings (*2)	(273,985)	(274,204)	(219)
(10) Derivatives (*3)	67	67	-

*1 The figures in parentheses indicate those posted in liabilities.
*2 Long-term borrowings include those falling due within one year.
*3 Assets and liabilities arisen from derivatives are offset against each other and stated in net.

NOTE 1:

Method of fair value measurement of financial instruments and matters regarding securities and derivatives

(1) Cash and deposits, and (2) Trade notes and accounts receivable

Since these accounts are settled in a short period of time, their fair values are nearly equal to their book values. Therefore, the book values are deemed as their fair values.

(3) Lease receivables and lase investment assets

The fair values of lease investment assets are based on present values discounted by an interest rate which takes into account the period until maturity and credit risk for receivable amounts for each type of receivable as classified according to certain periods.

(4) Investment securities

The fair values of investment securities are based on prices quoted on stock exchanges.

(5) Trade notes and accounts payable, (6) Electronically recorded obligations - operating, (7) Short-term borrowings, and (8) Accrued expenses

Since these accounts are settled in a short period of time, their fair values are nearly equal to their book values. Therefore, the book values are deemed as their fair values.

(9) Long-term borrowings

The fair values of long-term borrowings are measured by discounting the future cash flows of principals and interests at an interest rate that would apply for a new loan borrowed under similar conditions.

(10) Derivatives

Interest rate swaps under the exceptional accounting method are accounted for as an integral part of long-term borrowings, the hedged item. Therefore, their fair values are included in the fair value of their underlying long-term borrowings (See (9) above).

As forward foreign exchange contracts under 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 their underlying accounts receivable.

NOTE 2:

Because market prices of unlisted investment securities (2,363 million yen shown in the consolidated balance sheet) and investments in non-consolidated subsidiaries and affiliates (80,447 million yen shown in the consolidated balance sheet) are not available, and their future cash flow cannot be estimated, it is extremely difficult to determine their fair values. Therefore, they are not included in “(4) Investment securities” mentioned above.

Matters on Investment and Rental Property

Disclosures are omitted due to immateriality in amounts.

Notes on Net per Share

Net Assets per Share	1,292.05 yen
Net Income per Share	110.14 yen

Notes on Subsequent Events

Sluggish demand in the commercial vehicle market resulting from the worldwide spread of COVID-19 infections has had significant effects on the economic activities of the Company Group after the consolidated balance sheet date, as well. Prolonged sluggish demand may have significant effects on the financial conditions and operating results of the Company Group. The effects of these events on the financial conditions and operating results are uncertain and yet to be determined at this point in time.

STATEMENT OF CHANGES IN NET ASSETS

(From April 1, 2019 through March 31, 2020)

(millions of yen)

	SHAREHOLDERS' EQUITY						
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital reserve	Total capital surpluses	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of current period	**40,644**	**49,855**	**49,855**	**512,323**	**512,323**	**(150,447)**	**452,375**
Changes of items during period							
Dividends of surplus				(28,061)	(28,061)		(28,061)
Profit				70,964	70,964		70,964
Purchase of treasury shares						(5)	(5)
Disposal of treasury shares						50	50
Reversal of revaluation reserve for land				(0)	(0)		(0)
Net changes on items other than shareholders' equity							
Total changes of items during period	–	–	–	42,902	42,902	44	42,946
Balance at the end of current period	**40,644**	**49,855**	**49,855**	**555,225**	**555,225**	**(150,402)**	**495,322**

	VALUATION AND TRANSLATION ADJUSTMENTS				TOTAL NET ASSETS
	Valuation difference on available-for-sale securities	Deferred gains or losses hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of current period	**37,253**	**131**	**83,880**	**121,265**	**573,641**
Changes of item during period					
Dividends of surplus					(28,061)
Profit					70,964
Purchase of treasury shares					(5)
Disposal of treasury shares					50
Reversal of revaluation reserve for land					(0)
Net changes on items other than shareholders' equity	(12,744)	170	0	(12,572)	(12,572)
Total changes of items during period	(12,744)	170	0	(12,572)	30,374
Balance at the end of current period	**24,509**	**302**	**83,881**	**108,693**	**604,015**

NOTE: Amounts have been rounded down to the nearest one million yen.

NOTES ON THE FINANCIAL STATEMENTS

Basis for Financial Statements

1. Valuation Standards and Methods for Securities
   (1) Security investments in subsidiaries and affiliates
   Securities investment in subsidiaries and affiliates are measured at cost determined by the moving average method. Some of the securities have been written-off.
   (2) Other securities
   i) Marketable securities
   Marketable securities are measured at fair value. Changes in unrealized holding gain or loss are directly included in net assets. The cost of securities sold is calculated by the moving average method.
   ii) Non-marketable securities
   Non-marketable securities are measured at cost determined by moving average method.

2. Valuation Methods for Derivative Financial Instruments
   Derivative financial instruments are measured at fair value.

3. Valuation Methods for Inventories
   Inventories are measured at the cost determined by the gross average method.
   (Balance sheet values are measured by the method of devaluing book price to reflect decreases in profitability.)

4. Depreciation of Non-Current Assets
   (1) Depreciation of property, plant and equipment (excluding lease assets)
   Depreciation of property, plant and equipment is calculated by the straight-line method.
   Property with an acquisition cost of more than 100 thousand yen and less than 200 thousand yen is depreciated equally over 3 years.
   (2) Amortization of intangible assets (excluding lease assets)
   Amortization of intangible assets is calculated by the straight-line method.
   “Software” included in intangible assets, is amortized by the straight-line method based on the estimated useful lifetime (5 years).
   (3) Lease assets
   Lease assets relating to finance lease transactions without transfer of ownership are depreciated over the lease contract’s lifetime by the straight-line method. In addition, the residual value is the guaranteed residual value if a guaranteed residual value has been arranged under the lease agreement, and in other cases the residual value is zero.

5. Basis for Provisions and Allowances
   (1) Allowance for doubtful accounts
   With a view to providing for bad debt losses on account receivables and loan receivables, etc., and bad debt expenses, the Company provides estimated irrecoverable amount based on the historical default rate for normal receivables and through the individual examination of recoverability for particular receivables such as claims to obligors with high possibility of business failure.
   (2) Accrued bonus costs
   Accrued bonus costs are provided in an amount estimated to cover the bonus payment for services rendered by employees during the fiscal year.
   (3) Accrued directors’ bonus costs
   Accrued directors’ bonus costs are provided in an amount estimated to cover the bonus payment for services rendered by directors during the fiscal year.
   (4) Provisions for warranty costs
   Provisions for warranty costs are provided to cover the cost of all services anticipated to be incurred during the entire warranty period in accordance with warranty contracts. The provisions are calculated based on past experience.
   (5) Accrued retirement benefits
   Accrued retirement benefits are calculated in an amount based on the projected benefit obligation expected and the pension plan assets expected at the end of the current fiscal year. Upon calculating payments of retirement benefit liability, the method of attributing the expect amount of payments of retirement benefits up until the period of the consolidated

fiscal year is based on the benefit formula method. Prior service costs are amortized by the straight-line method over periods shorter than the average remaining years of service of eligible employees (1 year). Actuarial gain or loss is amortized by the straight-line method over periods shorter than average remaining years of service of eligible employees (10 years) from the following fiscal year when the actuarial gain or loss is incurred.

(6) Provision for management board incentive plan trust

Provision for management board incentive plan trust is provided in an amount estimated to cover the payment of Company stock benefits to Directors of the Board and others during the current fiscal year.

6. Foreign Currency Translation

Receivables and payables denominated in foreign currencies are translated into yen at the foreign exchange spot rate on the date of the balance sheet, and any differences arising from the translation are included in the statement of income as gains or losses.

7. Hedge Accounting

(1) Hedge accounting

i) Forward foreign exchange contracts and currency options

Designated hedge accounting is adopted.
(except transactions which do not fulfill the required conditions)

ii) Interest rate swaps and interest rate options

Deferral hedge accounting or exceptional accounting method specified in the accounting standard for financial instruments is adopted.

(2) Hedging instruments and hedged items

i) Hedging instruments

Interest rate swaps, interest rate options, forward foreign exchange contracts, and currency options.

ii) Hedged items

Receivables and payables denominated in foreign currencies, and borrowings.

(3) Hedging policy

The Company utilizes derivative financial instruments to avoid risks related to future fluctuations of market prices, within the limits of receivables and payables denominated in foreign currencies and borrowings.

(4) Assessment of hedge effectiveness

Hedge effectiveness is determined by comparing the cumulative changes in cash flows from the hedging instruments with those from the hedged items. However, this assessment excludes the effectiveness of interest rate swaps accounted by exceptional accounting method.

(5) Other

The Company has a bylaw on derivative transactions and executes its transactions and risk management based on this bylaw, which stipulates policies, procedures, retention limits and reporting systems.

8. Deferred Assets

Deferred assets are all accounted as an expense on payment.

9. Other

(1) Accounting related to retirement benefits

The method of accounting for unprocessed amounts of unrecognized actuarial gain or loss and unrecognized prior service costs relating to retirement benefits differs from the method of accounting for these items in the consolidated financial statements.

(2) Transactions subject to consumption tax

Transactions subject to consumption tax are recorded at amounts excluding consumption tax.

10. Additional Information

The COVID-19 infections have had wide-ranging effects on economies and corporate activities, and the future spread of the infection, the timeline for eradication, etc. are difficult to forecast. Accordingly, accounting estimates have been made assuming that the effect of the COVID-19 infections will persist after the end of the current fiscal year for a certain period into the fiscal year ending March 31, 2021.

Notes on the Balance Sheet

1. Accumulated Depreciation of Property, Plant and Equipment 499,870 million yen

2. Guaranteed Obligation

Sumitomo Mitsui Trust Club Co., Ltd.	3 million yen

3. Debts and Credits to Subsidiaries and Affiliates

Short-term credits	162,733 million yen
Long-term credits	4,097 million yen
Short-term debts	89,842 million yen
Long-term debts	583 million yen

4. Revaluation of Business Land

The Company revaluates its business land pursuant to the Act on Partial Amendment to the Law to Revise Part of the Land Revaluation Law (Law No. 24 of March 31, 1999). The tax corresponding to this revaluation variance has been stated in liabilities as “deferred tax liabilities for land revaluation,” and the amount deducted this has been stated in net assets as “unrealized holding gain or loss on land revaluation.”

The difference between the total fair value of the revaluated business land at the end of the current fiscal year and the total book value after revaluation was 63,181 million yen.

Notes on the Statement of Income

Transactions with Subsidiaries and Affiliates

Sales to subsidiaries and affiliates	742,268 million yen
Purchases from subsidiaries and affiliates	304,046 million yen
Selling, general and administrative expenses	117,037 million yen
Other	65,134 million yen

Notes on the Statement of Changes in Net Assets

Type and Number of Shares Held as Treasury Stocks at the End of the Fiscal Year

Common stock	110,820,607 shares

(Note) Number of shares held as treasury stocks includes 843,426 shares held with a trust whose beneficiaries are Directors of the Board, etc.

Notes on Tax-Effect Accounting

1. Significant Components of Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets	
Accrued expenses	4,586 million yen
Provisions for warranty costs	2,029 million yen
Accrued bonus costs	3,050 million yen
Accrued enterprise tax	227 million yen
Inventory write-offs	1,619 million yen
Accrued retirement benefits	15,780 million yen
Write-off of investments	12,521 million yen
Other	3,942 million yen
Valuation allowance	(15,924) million yen
Total amount of deferred tax assets	27,834 million yen
Deferred tax liabilities	
Unrealized holding gain or loss on securities	9,907 million yen
Unrealized gain or loss from hedging activities	133 million yen
Dividends income	280 million yen
Total amount of deferred tax liabilities	10,321 million yen
Net amount of deferred tax assets	17,512 million yen

2. Reconciliation of the Effective Tax Rate and the Statutory Tax Rate

Statutory tax rate	30.6%
(Adjustment)	
Changes in valuation allowance	3.5%
Foreign withholding tax	2.4%
Dividends received (excluded from taxable income)	(22.7)%
Tax credit	(7.3)%
Other	3.6%
Effective tax rate after application of tax-effect accounting	10.2%

Notes on Transactions with Related Parties

Refer to the attachment “Notes on Transactions with Related Parties.”

Notes on Net per Share

Net Assets per Share	818.89 yen
Net Income per Share	96.21 yen

Notes on Subsequent Events

Sluggish demand in the commercial vehicle market resulting from the worldwide spread of COVID-19 infections has had significant effects on the economic activities of the Company after the balance sheet date, as well. Prolonged sluggish demand may have significant effects on the financial conditions and operating results of the Company. The effects of these events on the financial conditions and operating results are uncertain and yet to be determined at this point in time.

(Attachment)
Notes on Transactions with Related Parties

Transactions with Subsidiaries (millions of yen)

Name of Subsidiary	Percentage of Voting Right Owned	Connections with Related Parties	Details of Transactions	Amount of Transaction (NOTE 2)	Account	Balance Outstanding
ISUZU MOTORS SALES LTD.	Direct 75.0%	Sales of products	Sales of vehicles and parts (NOTE 1)	446,565	Accounts receivable	94,442
ISUZU MOTORS OFF-HIGHWAY DIESEL ENGINE (SHANGHAI) LIMITED	Indirect 75.0%	Sales of products	Sales of industrial engines (NOTE 1)	33,003	Accounts receivable	10,604
IJTT Co., Ltd.	Direct 43.2% Indirect 0.1%	Purchase of engines and forged and casted drivetrain parts	Purchase of raw materials, etc. (NOTE 1)	118,066	Accounts payable	15,762

Transaction conditions and policy on determining transaction conditions
NOTES:
1. Prices and other transaction conditions are determined through negotiation while giving appropriate consideration to market prices and so forth.
2. The amounts of transaction do not include consumption tax, etc. The balances outstanding as of the end of the current fiscal year include consumption tax, etc.