

FY2016 Second Quarter Consolidated Financial Results (Japan GAAP)

(April 1, 2015 through September 30, 2015)

English Translation of the Original Japanese-Language Document



November 6, 2015

Company name : ISUZU MOTORS LIMITED
 Stock exchange on which the shares are listed : Tokyo Stock Exchange in Japan
 Code number : 7202
 URL : <http://www.isuzu.co.jp/world/investor/index.html>
 Representative : Masanori Katayama, President
 Contact : Tatsumasa Horii, Senior Expert,
 General Affairs & HR Department Tel. (03) 5471 - 1141
 Scheduled date for submission of quarterly financial statements : November 10, 2015
 Expected starting date for distribution of cash dividends : November 30, 2015
 The supplement materials of the quarterly financial results : Yes
 Holding of the quarterly financial results meeting : Yes

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

1. Consolidated Financial Highlights (April 1, 2015 through September 30, 2015)

<1> Consolidated Financial Result

(% indicates increase/decrease from previous 2nd quarter.)

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY2016 2nd Quarter	970,954	10.1	86,174	11.9	98,624	16.5	53,091	7.0
FY2015 2nd Quarter	882,056	0.8	77,018	(14.7)	84,650	(12.4)	49,623	(12.6)

[Note] Comprehensive Income
 FY2016 2nd Quarter 30,421 millions of yen (57.9%)
 FY2015 2nd Quarter 72,242 millions of yen (16.1%)

	Net Income per Share	Net Income per Share after Dilution of Potential Stock
	yen	yen
FY2016 2nd Quarter	63.70	-
FY2015 2nd Quarter	58.94	-

*The company has implemented the share consolidation of common stocks in a rate of one share for every two shares effective on October 1, 2014. Accordingly, net income per-share is calculated on the assumption that the share consolidation was implemented at the beginning of the previous fiscal year.

<2> Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	millions of yen	millions of yen	%
FY2016 2nd Quarter	1,773,469	910,325	43.4
FY2015	1,801,918	914,451	41.9

[Note] Total Amount of Shareholders' Equity
 FY2016 2nd Quarter 769,163 millions of yen
 FY2015 754,543 millions of yen

2. Cash Dividends

	Dividend per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Total
	yen	yen	yen	yen	yen
FY2015	-	7.00	-	16.00	-
FY2016	-	16.00	-	-	-
FY2016(Forecast)	-	-	-	16.00	32.00

[Note] Revision to the projected dividend for FY2016: None

*The company has implemented the share consolidation of common stocks in a rate of one share for every two shares effective on October 1, 2014. Dividend per-share at the end of the second quarter for the fiscal year ending March 2015 is the actual amount paid before the share consolidation. If the share consolidation was taken into consideration, the dividend at the end of second quarter for the fiscal year ending March 2015 and at the end of the fiscal year ending March 2015 would be 14.00 yen and 30.00 yen, respectively.

3. Consolidated Financial Forecast for FY2016 (April 1, 2015 through March 31, 2016)

(% indicates increase/decrease from previous term.)

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to owners of parent		Net Income per Share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Year-End	1,960,000	4.3	183,000	6.9	198,000	5.7	120,000	2.5	143.98

[Note] Revision to Consolidated Financial Forecast for FY2016: Yes

*Notes

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

Newly consolidated : -

Excluded from the scope of consolidation : -

(Note) This item indicates whether there were changes in significant subsidiaries affecting the scope of consolidation during this period.

<2> Adoption of specific accounting methods for presenting quarterly consolidated financial statements : Adopted

(Note) This item indicates whether there was adoption of specific accounting methods for presenting quarterly consolidated financial statements.

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

Changes in accounting policies due to revisions of accounting standards : None

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

Changes in accounting estimates : None

Retrospective restatement : None

<4> Number of shares issued (common stock)

Number of shares issued and outstanding at the end of the term (inclusive of treasury stock)	FY2016 2nd Quarter	848,422,669	Shares
	FY2015	848,422,669	Shares
Number of treasury stock at the end of the term	FY2016 2nd Quarter	15,001,968	Shares
	FY2015	14,996,522	Shares
Average number of stocks issued	FY2016 2nd Quarter	833,423,840	Shares
	FY2015 2nd Quarter	841,922,037	Shares

*The company has implemented the share consolidation of common stocks in a rate of one share for every two shares effective on October 1, 2014. Average number of stocks issued is calculated on the assumption that the share consolidation was implemented at the beginning of the previous fiscal year.

*Information regarding the implementation of quarterly review procedures

These quarterly financial results are not subject to quarterly review procedures based on the Financial Instruments and Exchange Act. At the date of the announcement, quarterly financial results review procedures based on the Financial Instruments and Exchange Act have not been completed.

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

•The financial forecast and other descriptions of the future presented in this document are based on currently available information and assumptions which are deemed reasonable at present. Consequently, the actual financial performance may vary significantly from the forecast due to various factors. For such assumptions and notes with respect to performance forecast, please refer to "1. Qualitative Information Concerning Consolidated Financial Results for FY2016 Second Quarter (3)Future Estimates such as Consolidated Financial Forecast"

•The Company has posted its financial results on its web site on November 6, 2015.

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1. Qualitative Information concerning Consolidated Financial Results for FY2016

Second Quarter

(1) Consolidated Financial Results

In the cumulative second quarter, unit sales in Japan decreased by 1,076 units or 3.0 % to 34,460 units compared with the same period last year although Japanese market remains firm. Meanwhile, combined sales of trucks and pickups outside Japan grew by 13,302 units or 6.4% year-on-year to 220,036 units. Strong truck sales in many regions offset a slump in Indonesia, and high export volume of pickups from Thailand counterbalanced low automotive demand in the Thai market which is a main market for pickups and remains sluggish from last year.

As a result, total unit sales in Japan and overseas markets grew by 12,226 units or 5.0% to 254,496 units compared to the same period last year.

With regard to other products, sales amount of parts for overseas production increased by 2.5 billion yen or 5.6% year-on-year to 47.9 billion yen. Sales amount of engine components fell 6.5 billion yen or 11.9% to 48.8 billion yen from the same period last year.

Consequently, net sales amounted to 970.9 billion yen, an increase of 88.8 billion yen or 10.1% over the same period last year. This comprises 334.1 billion yen posted for Japan, up 1.2% year-on-year, and 636.8 billion yen for the rest of the world, a gain of 15.4% over the same period last year.

For all increased spending on R&D for the sake of future business growth under the Company's growth strategy, the sales growth abroad, cost reduction efforts and favorable effects from yen's depreciation contributed to a year-on-year increase in incomes. Operating income rose by 11.9% to 86.1 billion yen, ordinary income gained by 16.5% to 98.6 billion yen, and net income attributable to the parent company's shareholders climbed by 7.0% to 53 billion yen.

(2) Consolidated Financial Position

Total assets as of the end of the fiscal second quarter fell by 28.4 billion yen from March 31, 2015 to 1,773.4 billion yen. Decreases in cash and deposit by 25.3 billion yen and in notes and account receivable-trade by 21.2 billion yen cancelled out increases in lease receivables and investment assets by 9.6 billion yen and in tangible fixed assets by 11.6 billion yen.

Net assets decreased 4.1 billion yen to 910.3 billion yen from March 31, 2015. This is due chiefly to decreases in retained earnings by 13.3 billion yen after the dividend payment, foreign currency translation adjustment by 17.7 billion yen, non-controlling interests by 18.7 billion yen, and valuation difference on available-for-sale securities by 8.9 billion yen, for all the addition of 53 billion yen posted by the Company as net income attributable to the parent company's shareholders for the cumulative second quarter.

Capital adequacy ratio came to 43.4% compared to 41.9% as of March 31, 2015.

Interest-bearing debt fell by 21.6 billion yen to 206 billion yen from March 31, 2015.

(3) Future Estimates such as Consolidated Financial Forecast

The Company assessed and revised its financial forecast for the fiscal year ending in March 2016 based on financial results of the cumulative second quarter and shipment plans for different markets according to their latest economic trends.

(Forecast of Full-Year Consolidated Financial Results)

Net sales	1,960 billion yen
Operating Income	183 billion yen
Ordinary Income	198 billion yen
Net Income	120 billion yen

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

2. Matters Concerning Summary Information

(1) Changes in significant subsidiaries during this period:

None

(2) Adoption of specific accounting methods for presenting quarterly consolidated financial statements:

Income taxes were calculated by multiplying consolidated quarterly income before income taxes and minority interests by a rational estimate of the effective tax rate on consolidated income before income taxes and minority interests for the fiscal year including the quarterly period after adjustments for the application of tax-effect accounting.

(3) Changes in accounting policies, accounting estimates and retrospective restatement:

None

(4) Additional information:

The Company has applied the Section 39 of “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22, September 13, 2013), and therefore changed the disclosure of net income and reallocated minority interests into non -controlling interests.

This change has been applied retroactively and both of the quarterly consolidated financial statement for the previous second quarter and the consolidated financial statement for the previous year were also restated accordingly.

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(millions of yen)

	As of March 31, 2015	As of September 30, 2015
[ASSETS]		
CURRENT ASSETS		
Cash and deposits	339,747	314,412
Notes and accounts receivable-trade	250,137	228,867
Lease receivables and lease investment assets	44,141	53,825
Merchandise and finished goods	156,743	155,359
Work in process	14,853	15,464
Raw materials and supplies	61,438	60,165
Deferred tax assets	31,196	29,500
Other	42,217	47,603
Allowance for doubtful accounts	(1,039)	(1,001)
Total Current Assets	939,436	904,196
NON-CURRENT ASSETS		
Property, plant and equipment		
Buildings and structures, net	131,947	131,777
Machinery, equipment and vehicles, net	139,494	149,347
Land	274,750	272,333
Lease assets, net	9,463	9,557
Vehicles on operating leases, net	14,168	17,122
Construction in progress	36,167	36,679
Other, net	11,723	12,533
Total Property, Plant and Equipment	617,714	629,350
Intangible assets		
Goodwill	1,709	1,279
Other	12,253	12,497
Total Intangible Assets	13,962	13,777
Investments and other assets		
Investment securities	157,273	149,313
Long-term loans receivable	1,598	1,531
Deferred tax assets	27,642	31,537
Other	46,166	45,664
Allowance for doubtful accounts	(1,876)	(1,901)
Total Investments and Other Assets	230,804	226,144
Total Non-Current Assets	862,481	869,272
TOTAL ASSETS	1,801,918	1,773,469

(millions of yen)

	As of March 31, 2014	As of September 30, 2015
[LIABILITIES]		
CURRENT LIABILITIES		
Notes and accounts payable-trade	332,092	319,421
Electronically recorded obligations - operating	21,072	22,745
Short-term loans payable	81,597	62,459
Lease obligations	3,311	2,879
Income taxes payable	21,499	25,213
Accrued expenses	47,003	57,288
Provision for bonuses	17,473	17,558
Provision for product warranties	8,779	8,793
Deposits received	3,433	3,468
Other	48,830	44,347
Total Current Liabilities	585,093	564,175
NON-CURRENT LIABILITIES		
Long-term loans payable	136,341	133,335
Lease obligations	6,522	7,409
Deferred tax liabilities	2,746	2,259
Deferred tax liabilities for land revaluation	44,535	44,421
Net defined benefit liability	101,963	99,670
Long-term deposits received	1,422	1,407
Other	8,839	10,466
Total Non-Current Liabilities	302,373	298,969
TOTAL LIABILITIES	887,467	863,144
[NET ASSETS]		
SHAREHOLDERS' EQUITY		
Capital stock	40,644	40,644
Capital surplus	41,786	41,613
Retained earnings	547,465	587,442
Treasury stock	(20,716)	(20,725)
Total Shareholders' Equity	609,181	648,975
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Valuation difference on available-for-sale securities	23,644	14,679
Deferred gains or losses on hedges	(25)	372
Revaluation reserve for land	82,147	81,926
Foreign currency translation adjustment	52,569	34,825
Remeasurements of defined benefit plans	(12,972)	(11,616)
Total Accumulated Other Comprehensive Income	145,362	120,188
NON-CONTROLLING INTERESTS	159,907	141,161
TOTAL NET ASSETS	914,451	910,325
TOTAL LIABILITIES AND NET ASSETS	1,801,918	1,773,469

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

Consolidated Quarterly Statements of Income

(millions of yen)

For the first six months ended	FY2015 2nd Quarter September 30, 2014	FY2016 2nd Quarter September 30, 2015
Net sales	882,056	970,954
Cost of sales	729,289	790,836
GROSS PROFIT	152,766	180,118
Selling, general and administrative expenses	75,747	93,943
OPERATING INCOME	77,018	86,174
Non-operating income		
Interest income	1,529	1,985
Dividends income	1,196	1,699
Share of profit of entities accounted for using equity method	5,536	7,089
Other	3,278	4,655
Total non-operating income	11,541	15,429
Non-operating expenses		
Interest expenses	903	941
Litigation settlement	831	242
Other	2,174	1,794
Total non-operating expenses	3,909	2,979
ORDINARY INCOME	84,650	98,624
Extraordinary income		
Gain on sales of non-current assets	60	1,814
Other	14	-
Total extraordinary income	74	1,814
Extraordinary loss		
Loss on disposal of non-current assets	448	1,718
Impairment loss	404	450
Other	280	-
Total extraordinary losses	1,133	2,168
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	83,591	98,270
Income taxes	23,916	32,913
Income before minority interests	59,675	65,357
Minority interests in income	10,052	12,265
NET INCOME	49,623	53,091

Consolidated Quarterly Statements of Comprehensive Income

(millions of yen)

For the first six months ended	FY2015 2nd Quarter September 30, 2014	FY2016 2nd Quarter September 30, 2015
Income before minority interests	59,675	65,357
Other comprehensive income		
Valuation difference on available-for-sale securities	4,159	△9,077
Deferred gains or losses on hedges	△547	398
Revaluation reserve for land	△85	△220
Foreign currency translation adjustment	8,592	△27,258
Remeasurements of defined benefit plans, net of tax	1,346	1,333
Share of other comprehensive income of associates accounted for using equity method	△897	△111
Total other comprehensive income	12,567	△34,935
Comprehensive income	72,242	30,421
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	58,436	27,917
Comprehensive income attributable to minority interests	13,806	2,503

(3) Consolidated Quarterly Statements of Cash Flows

(millions of yen)

For the first six months ended	FY2015 2nd Quarter September 30, 2014	FY2016 2nd Quarter September 30, 2015
Cash Flows from Operating Activities		
Income before income taxes and minority interests	83,591	98,270
Depreciation and amortization	23,581	27,829
Amortization of goodwill	310	342
Share of profit of entities accounted for using equity method	(5,536)	(7,089)
Increase (decrease) in provision for retirement benefits	1,549	104
Increase (decrease) in provision for product warranties	411	120
Increase (decrease) in provision for bonuses	18	(13)
Increase (decrease) in allowance for doubtful accounts	85	(629)
Increase (decrease) in net defined benefit liability	(2,726)	(3,684)
Interest and dividends income	903	941
Interest expenses	(60)	(1,814)
Loss (gain) on sales of non-current assets	448	1,718
Loss (gain) on disposal of non-current assets	29	-
Loss (gain) on sales of investment securities	404	450
Other extraordinary loss (income)	2	-
Decrease (increase) in notes and accounts receivable-trade	15,087	7,097
Decrease (increase) in lease investment assets	(11,742)	(9,683)
Decrease (increase) in inventories	(31,660)	(1,773)
Decrease (increase) in other current assets	(6,685)	(6,728)
Increase (decrease) in notes and accounts payable-trade	16,212	(41)
Increase (decrease) in accrued expenses	2,990	11,072
Increase (decrease) in deposits received	299	26
Increase (decrease) in other liabilities	394	(2,862)
Other, net	(214)	(62)
(Subtotal)	87,694	113,590
Interest and dividends income received	6,903	6,189
Interest expenses paid	(817)	(925)
Income taxes paid	(28,671)	(26,237)
Net Cash Provided by Operating Activities	65,108	92,617
Cash Flows from Investing Activities		
Purchase of investment securities	(1,655)	(2,659)
Proceeds from sales of investment securities	92	-
Purchase of non-current assets	(38,130)	(51,661)
Proceeds from sales of non-current assets	1,662	4,746
Payments of long-term loans receivable	(285)	(158)
Collection of long-term loans receivable	52	141
Decrease (increase) in short-term loans receivable	(1,089)	205
Decrease (increase) in time deposits	3,428	2,767
Other, net	(580)	(1,205)
Net Cash Used in Investing Activities	(36,506)	(47,823)
Cash Flows from Financing Activities		
Net increase (decrease) in short-term loans payable	20,274	7,411
Proceeds from long-term loans payable	73,224	10,000
Repayment of long-term loans payable	(15,696)	(37,760)
Proceeds from stock issuance to minority shareholders	3,013	-
Repayments of lease obligations	(884)	(1,149)
Purchase of treasury stock	(10,021)	(8)
Cash dividends paid	(10,164)	(13,339)
Cash dividends paid to minority shareholders	(9,952)	(22,395)
Net Cash Used in Financing Activities	49,793	(57,242)
Effect of Exchange Rate Change on Cash and Cash Equivalents	(1,123)	(12,224)
Net Increase (Decrease) in Cash and Cash Equivalents	77,272	(24,672)
Cash and Cash Equivalents at Beginning of Period	210,710	305,563
Net Increase (Decrease) in Cash and Cash Equivalents due to change in scope of consolidation	-	1,589
Cash and Cash Equivalents at End of Period	287,983	282,480

(4) Notes on premise of a going concern

None

(5) Segment information, etc.

Segment information

The Second Quarter Consolidated Cumulative Period of Fiscal Year 2015

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

The Second Quarter Consolidated Cumulative Period of Fiscal Year 2016

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

(6) Notes in the case of a significant change in shareholders' equity

None

4. Supplementary Information

(1) Sales Condition

<Sales Results by Region>

Consolidated sales results during the previous and current second quarter are shown below.

		FY2015 2nd Quarter For the first six months ended September 30, 2014		FY2016 2nd Quarter For the first six months ended September 30, 2015		Change	
		Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)
	Japan	14,230	115,121	14,177	120,152	(53)	5,030
	Overseas	16,845	72,754	19,310	96,888	2,465	24,133
Total HD/MD vehicles		31,075	187,876	33,487	217,040	2,412	29,164
	Japan	21,306	68,166	20,283	66,577	(1,023)	(1,589)
	Overseas	189,889	357,178	200,726	412,153	10,837	54,975
Total LD vehicles, etc		211,195	425,344	221,009	478,730	9,814	53,386
	Japan	35,536	183,288	34,460	186,729	(1,076)	3,441
	Overseas	206,734	429,932	220,036	509,042	13,302	79,109
Total vehicles		242,270	613,220	254,496	695,771	12,226	82,550
	Overseas	-	45,402	-	47,923	-	2,521
	Parts for overseas production	-	45,402	-	47,923	-	2,521
	Japan	-	33,699	-	24,801	-	(8,897)
	Overseas	-	21,682	-	24,013	-	2,331
Engines / components		-	55,381	-	48,814	-	(6,566)
	Japan	-	113,079	-	122,588	-	9,509
	Overseas	-	54,971	-	55,856	-	884
Other		-	168,051	-	178,444	-	10,393
	Japan	-	330,066	-	334,119	-	4,052
	Overseas	-	551,989	-	636,835	-	84,846
Sales amount		-	882,056	-	970,954	-	88,898

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

<Overseas Sales>

Previous 2nd Quarter Consolidated Cumulative Period (April 1, 2014 through September 30, 2014)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	60,710	241,287	249,991	551,988
2 Consolidated sales	-	-	-	882,056
3 Overseas sales per Consolidated sales	% 6.9	% 27.4	% 28.3	% 62.6

Current 2nd Quarter Consolidated Cumulative Period (April 1, 2015 through September 30, 2015)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	64,790	281,766	290,277	636,835
2 Consolidated sales	-	-	-	970,954
3 Overseas sales per Consolidated sales	% 6.7	% 29.0	% 29.9	% 65.6

1. This segmentation is based on the geographical area.
2. Major countries or areas included
 - (1) North America---USA
 - (2) Asia---Thailand, China, Indonesia, Hong Kong
 - (3) Other---Saudi Arabia, Australia, Columbia, South Africa, Egypt
3. Overseas sales are sales to all countries and areas excluding Japan
made by the parent company and consolidated subsidiaries.