

# Financial Section

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## Five-Year Summary

For the years ended March 31

	Millions of Yen					Thousands of U.S. Dollars
	2001	2000	1999	1998	1997	2001
<b>Consolidated Five-Year Summary</b>						
<b>For the Year:</b>						
Net Sales	¥1,569,199	¥1,506,642	¥1,619,101	¥1,799,604	¥1,923,267	\$12,665,050
Cost of Sales	1,343,166	1,297,291	1,321,173	1,477,742	1,620,532	10,840,733
Gross Profit	226,032	209,350	297,928	321,861	302,735	1,824,317
Selling, General and						
Administrative Expenses	253,349	260,147	288,747	310,159	278,003	2,044,787
Operating Income (Loss)	(27,316)	(50,797)	9,180	11,702	24,731	(220,470)
Income (Loss) before Special Items	(47,435)	(68,047)	(5,784)	1,496	14,704	(382,855)
Income (Loss) before Income Taxes	(73,300)	(150,937)	16,111	17,763	13,998	(591,612)
Net Income (Loss)	(66,787)	(104,186)	6,235	6,039	9,582	(539,041)
<b>At Year-End:</b>						
Total Assets	¥1,891,492	¥1,843,053	¥1,627,302	¥1,730,857	¥1,629,852	\$15,266,282
Shareholders' Equity	94,108	169,338	177,771	122,215	116,465	759,555

	Millions of Yen					Thousands of U.S. Dollars
	2001	2000	1999	1998	1997	2001
<b>Non-Consolidated Five-Year Summary</b>						
<b>For the Year:</b>						
Net Sales	¥ 829,890	¥ 836,123	¥934,865	¥1,128,068	¥1,194,835	\$6,698,070
Cost of Sales	726,601	764,570	820,108	973,527	1,038,288	5,864,418
Gross Profit	103,289	71,553	114,756	154,540	156,546	833,651
Selling, General and						
Administrative Expenses	107,002	118,139	109,680	134,657	123,413	863,619
Operating Income (Loss)	(3,712)	(46,586)	5,076	19,883	33,132	(29,967)
Income (Loss) before Special Items	(10,578)	(55,412)	1,874	15,428	26,271	(85,379)
Income (Loss) before Income Taxes	(66,105)	(172,957)	(4,536)	20,692	23,588	(533,536)
Net Income (Loss)	(57,938)	(103,861)	(4,566)	10,092	10,388	(467,619)
<b>At Year-End:</b>						
Total Assets	¥1,032,614	¥1,117,373	¥907,474	¥ 964,655	¥ 912,258	\$8,334,256
Shareholders' Equity	217,788	273,012	271,320	226,023	221,198	1,757,773

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥123.90=US\$1; the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2001.

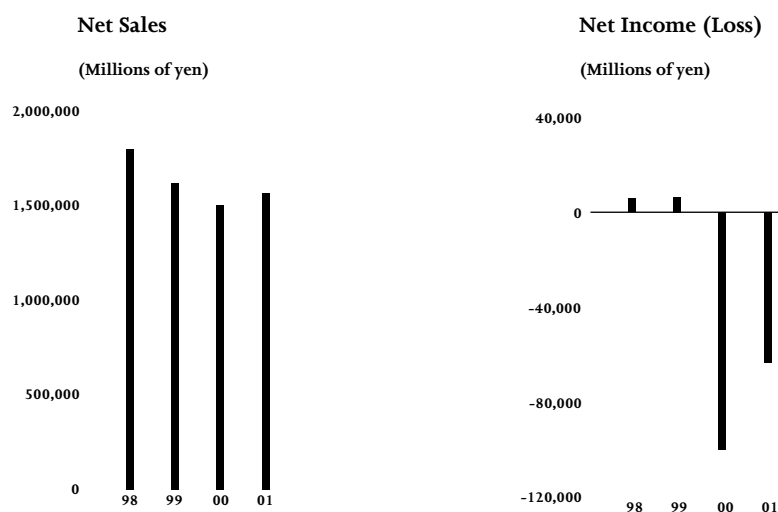
# Financial Review

## Financial Targets

Under the Isuzu V Plan, the company's medium-term management plan that runs through March 2004, Isuzu is targeting an approximate ¥350 billion reduction in total consolidated assets to ¥1,110 billion, and a decrease of roughly ¥250 billion in interest-bearing debt to ¥510 billion, excluding the finance segment. The company intends to sell its Kawasaki Plant and head office building, unwind cross-shareholdings, reduce inventories and implement a number of other initiatives to reach these targets. Isuzu expects to generate ¥65 billion from the sale of the Kawasaki Plant and head office building and other facilities, ¥25 billion from the sale of shares, ¥50 billion by reducing inventories by 25%, and around ¥70 billion by securitizing receivables, increasing the receivables turnover ratio and other means. These moves will free up a total of ¥210 billion. Isuzu also plans to improve its cash flows to reverse the negative free cash flow of ¥76,790 million used in fiscal 2001, ended March 31, 2001.

## Income Analysis

Consolidated net sales in fiscal 2001 increased by 4.2% to ¥1,569,199 million. Owing to extensive rationalization efforts, particularly to curtail materials costs, cost of sales was held to a 3.5% increase to ¥1,343,166 million, resulting in an improvement in the cost of sales ratio. Selling, general and administrative expenses fell by 2.6% to ¥253,349 million. The company posted an operating loss of ¥27,316 million. Although a significant improvement on the previous year's operating loss of ¥50,797 million, this figure reflects the continuing difficult operating environment for the company. Other expenses increased to ¥20,120 million from the prior year's ¥17,251 million. Special losses were ¥25,865 million, an improvement on the ¥82,890 million recorded in the previous year. In fiscal 2001, Isuzu recorded special losses mainly for the relocation of certain production facilities, and losses on the revaluation of investments. As a result of the above, loss before income taxes was ¥73,300 million, compared with the previous year's ¥150,937 million. Net loss was ¥66,787 million, compared with ¥104,186 million in the previous fiscal year.



## Segment Information

### By Type of Business

Sales in the automotive segment increased by 4.6% to ¥1,506,013 million despite continuing sluggish demand for trucks in the Japanese market. The increase reflected higher overseas sales and the positive effect of foreign exchange fluctuations. Operating loss was ¥29,899 million, an improvement on the ¥52,646 million recorded in the prior year.

Finance segment sales climbed by 7.8% to ¥102,866 million, while operating income surged to ¥2,177 million, a year-on-year increase of 40.8%. Despite lackluster domestic truck demand, efforts to expand market share, particularly in leasing operations, contributed to these increases.

Miscellaneous sales rose by 2.0% to ¥21,104 million. Operating income climbed to ¥825 million from the previous year's ¥469 million.

### By Geographical Area

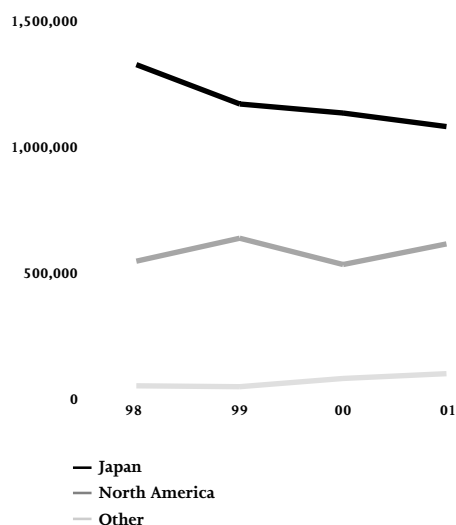
Sales in Japan were ¥1,085,988 million, due to soft domestic demand for trucks. The operating loss was ¥7,914 million, a substantial improvement on the previous year's loss of ¥46,277 million. These results reflect efforts to restructure sales companies and other rationalization measures.

The yen's depreciation and other factors contributed to a 15.2% rise in net sales in North America to ¥620,384 million. However, operating losses amounted to ¥16,265 million, a large decline on the previous year's operating income of ¥677 million. The loss was attributable to the sudden slowdown of the U.S. economy in the second half of 2000, and losses associated with the launch of a diesel engine plant at DMAX, Ltd., a joint venture with General Motors.

Sales in regions categorized under "Other," which includes Singapore, Australia, China, Poland, the Philippines and Thailand, jumped by 22.0% to ¥105,525 million, mainly as a result of transferring certain areas of pickup production from Japan to Thailand. Operating losses improved to ¥1,090 million from ¥3,790 million recorded in the prior fiscal year.

### Total Sales by Geographical Segment

(Millions of yen)



## Financial Position

Total current assets declined by ¥62,850 million year on year to ¥811,698 million, reflecting the reclassification of certain marketable securities as investment securities due to a change in accounting standards. Property, plant and equipment declined by ¥1,699 million to ¥771,142 million, partly on account of extraordinary depreciation premised on the relocation of production facilities. Total investments and advances increased by ¥132,067 million on account of the transfer of certain current assets to investment securities, and a substantial increase in leasing receivables at overseas finance subsidiaries. As a result, fixed assets climbed by ¥130,430 million year on year to ¥1,079,793 million. Total consolidated assets as of March 31, 2001, stood at ¥1,891,492 million, an increase of ¥48,439 million from a year earlier.

Notes and accounts payable decreased by ¥17,971 million. However, bank loans and commercial paper increased by ¥78,340 million and ¥35,000 million, respectively. As a result, total current liabilities rose by ¥165,013 million year on year to ¥1,177,880 million. Long-term liabilities were ¥614,947 million, a decline of ¥37,294 million from the previous year. This was attributable to the transfer of the current portion of convertible bonds to current liabilities.

Consolidated shareholders' equity fell by ¥75,230 million to ¥94,108 million. This reflected an increase in the accumulated deficit due to a net loss recorded for the year, and the reclassification of foreign currency translation adjustments as part of the shareholders' equity section of the balance sheet following a change in accounting standards. The equity ratio thus declined from 9.2% to 5.0%.

## Cash Flows

Net cash provided by operating activities was ¥30,995 million. Net cash used in investing activities totaled ¥107,785 million due mainly to payments for the purchase of leased property and an increase in leasing receivables held by overseas finance subsidiaries. Financing activities provided net cash of ¥52,788 million owing to an increase in short-term debt and procurement of funds through commercial paper. As a result of the above, cash and cash equivalents as of March 31, 2001 stood at ¥137,363 million, down ¥20,221 million from a year ago.

