

Message from the President

It has been a little over a year now since I became president. Last year, after we set out our new Mid-term Business Plan, I had the opportunity to exchange opinions with our investors and other stakeholders in both Japan and overseas. We were able to share and deepen their understanding of our approach and business strategies, and I also came to appreciate first-hand the warm support and strong hopes all of you have for Isuzu.

March 2008: Business Environment and Results

The business environment in the previous term saw much greater economic fluctuation than was anticipated, with the market environment buffeted by significant change. Part of this was the major impact on the global economy of the rapid rise in oil and other raw material prices, which also resulted in greater economic activity in resource-producing countries, as well as a positive change in the emergence of new markets. On the other hand, the effects from the impact of the sub-prime loan problems in the United States also resulted in sluggish economies, reflected in lower rates for the dollar and a stronger yen.

This environment of depressed Japanese and US markets, with economies such as Thailand also sluggish, produced a difficult year for the Company. There was reason to anticipate greatly expanded demand from resource-producing countries, a development the company moved aggressively to capture. The results for the fiscal 2008 were: total sales of ¥1,924,833 million, operating income of ¥109,573 million, working profit of ¥122,322 million, and net income of ¥76,021 million.

Included in these figures from the consolidated financial statement are eight consolidated subsidiaries in the ASEAN region, which this year changed their fiscal year from the previous ending in December to March. It is therefore appropriate to disclose the results for these companies, which were affected by this change: sales were ¥133,229 million; operating income was ¥7,589 million; working profit was ¥8,330 million; and net income for the current term was ¥4,203 million.

Forecast for March 2009

In fiscal 2008, the steep rise of raw material prices led to an economic slump in Japan and North America, which will make for an even more difficult business environment in fiscal 2009. This will require increased rationalization and improvements in profitability, as well as the steady development of CV sales in resource-producing and emerging countries, where we anticipate growth. Reflecting this, our forecast for the period is sales of ¥1,850,000 million; operating profit of ¥105,000 million; working profit of ¥115,000 million; and net income of ¥85,000 million.



Mid-Term Business Plan Review

The previous period also marks the conclusion of the Mid-term Business Plan begun in April 2005. I am happy to report excellent results from this plan. In concrete terms, we have introduced our global strategic CV products, the ELF and FORWARD, to international markets. At the same time, we have expanded our global business operations through development of new markets and raising capital in our affiliates which has helped to reinforce our overseas sales operations. The active investment in these future business bases, the achievement of the goal of a debt-to-equity ratio (DER) multiple of under x1, and the successful elimination of all preferred stocks, together combined to further strength the financial structure, resulting in stable earnings and a continued operating income at the ¥100,000 million level.

New Mid-Term Business Plan

With the new fiscal year, we will embark on a new Mid-term Business Plan. We aim to further strengthen our business presence in new markets which we have already begun as the first stage of globalization in previous Mid-term Business Plan, and expand sales volume through the introduction of new CV models. We will try harder to increase the quality and value that builds the competitive strength of our

products, as well as plan to create and implement a business structure designed for co-existence and co-prosperity with local markets.

An additional challenge is the second step of globalization: production which makes effective use of overseas resources. This is a new vision in which we foresee increasing competition with the emerging manufacturers of Korea, China, India and others, with Japan at the center of a globally coordinated system in which there is greater supply of parts and resources from local markets.

Finally, all of us at Isuzu take the challenge of living up to our stakeholders expectations of achieving sustainable growth very seriously. We deeply appreciate your continued understanding and support.

Susumu Hosoi
President & Representative Director