Isuzu Around the World

Isuzu is one of the world's leading manufacturers of commercial vehicles and diesel engines. Always an innovator, Isuzu introduced Japan's first diesel engine in 1936, and today we are leading the way in developing environmentally friendly diesel technology. We are the market leader in at least one product category in 23 different countries and our products are found in over 130 countries around the world. For example, in Japan we led the market for 2–3 ton trucks with over 38.4% market share in fiscal 2005, and in the U.S. Isuzu has been the leader in imported class 3 and class 7 low cab forward (LCF) trucks for 19 straight years.

Our Corporate Vision

Isuzu will always mean the best

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

Our Corporate Mission

Trust, Action, Excellence

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

Our Corporate Statement

Trucks for life

ISUZU

Trucks

Isuzu trucks are trusted around the world for their reliability on the job and durability even under the most demanding conditions. We are the world's largest manufacturer of medium-duty trucks and our lineup of trucks—ranging from the light duty N series (ELF in Japan) to the heavy duty C&E series (GIGA in Japan)—is designed to meet the needs of any business. Isuzu trucks exceed today's stricter environmental standards, offering cleaner emissions as well as advanced safety features. Isuzu innovations include Japan's first "4-bag" air suspension and the Smoother series of transmissions for easy handling and better fuel economy. Isuzu also offers services such as seminars on economical operating techniques and consulting on meeting emissions standards.

Truck Lineup

Heavy-duty trucks	Japan	• GIGA series
	Overseas	• C&E series
Medium-duty trucks	Japan	• FORWARD series
	Overseas	• F series
Light-duty trucks	Japan	• ELF series
	Overseas	• N series

Buses

Our ERGA and ERGA Mio buses are powered by fuel-efficient, low-emission Isuzu diesel engines, with CNG power plants available on some models. The highly rigid body structure of these buses complies with the Economic Commission for Europe's (ECE) demanding R-66 standards for vehicle rollover performance. Like our trucks, our buses comply with the latest, stringent emissions regulations.

Bus Lineup

Large-capacity buses
- ERGA series (route buses)
- GALA series (sightseeing buses)

Medium-capacity buses
- ERGA Mio series (route buses)
- GALA Mio series (sightseeing buses)

Microbuses
- JOURNEY series
- COMO series

Pickup Trucks, AUVs and SUVs

Our fifth-generation one-ton pickup truck, the Isuzu D-MAX developed in collaboration with General Motors, is the uncontested market leader in Thailand, where we command 37.8% of the market for one-ton pickup trucks. We sold 139,753 Isuzu D-MAXs in Thailand in FY 2005, making it the best-selling vehicle ever in that country. We also export these trucks to Australia, South Africa, the Middle East and Europe. Isuzu wound up its manufacture of SUVs in the U.S. in July 2004, but in November launched sales of the MU-7 in Thailand.

Pickup Truck, AUV and SUV Lineup

Pickup truck
- Isuzu D-MAX

AUV (Asian Utility Vehicle)
- PANTHER

SUVs
- ASCENDER
- MU-7

Powertrains

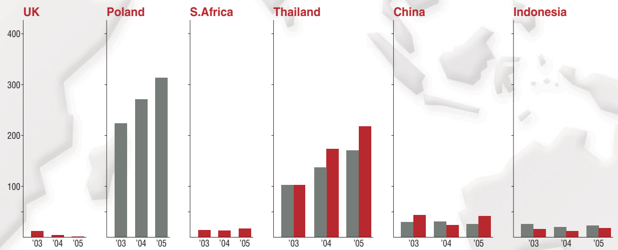
Isuzu powertrains have come to symbolize unsurpassed quality. Diesel engines emit less CO_2 than gasoline-powered engines and offer excellent fuel economy. Diesel engines account for a growing share of the automotive market in Europe, and through our partnership with General Motors, Isuzu engines are used in GM pickup and other trucks in the U.S. and Opel, Saab and Renault automobiles in Europe.

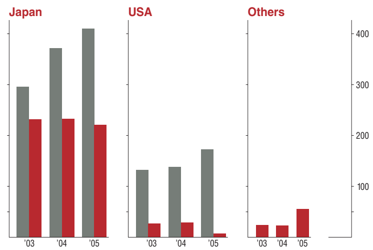
Powertrain Lineup

Automotive
- 4EE2-TC 1.7-Liter Diesel Engine
- 6DE1 3.0-Liter Diesel Engine
- 8GF1 6.6-Liter Diesel Engine (Duramax 6600)
- 6HK1-TC 7.8-Liter Diesel Engine (Duramax 7800)

Industrial
- L-Series 3&4 Cyl.s 1.1–2.2 Liter 12–40kW
- B-Series 4&6 Cyl.s 4.3–6.5 Liter 45–140kW
- H-Series 6 Cyl.s 7.8 Liter 100–200kW
- J-Series 4 Cyl.s 2.7–3.1 Liter 20–65kW
- S-Series 3&4 Cyl.s 9.8 Liter 130–240kW
- W-Series 6 Cyl.s 15.7 Liter 180–350kW

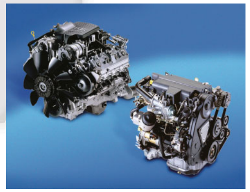
Marine
- In-line 6 Cylinder Turbo Intercooler series
- In-line 4 Cylinder Turbo Intercooler series
- Natural Aspiration series





Total Global Production

	Engines	Vehicles
'03	831,000	473,000
'04	969,000	510,000
'05	1,117,000	579,000



Isuzu Technology

Isuzu is moving forward on research and development in the latest technologies for trucks, buses, pickup trucks and diesel engines with a focus on cleaner, more environmentally friendly diesel and hybrid technologies so that we can offer products and services that satisfy the needs of our customers around the globe with minimal environmental impact. For the sake of the future of our planet, we are working to develop clean diesel engines and promoting the more widespread acceptance of vehicles that use low-emission CNG and LPG fuels. We are also forging ahead on the development of clean energy vehicles such as ultra-low PM emissions diesel vehicles, diesel-engine-based hybrid vehicles, and vehicles that run on dimethyl ether (DME), an alternative energy fuel. Isuzu is pouring a tremendous amount of effort into this research and development, and making a broad contribution to society through the resulting advances in vehicle technology.

Contents

Forward-Looking Statements

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

Profile

Isuzu's presence as one of the world's leading truck and diesel engine manufacturers is highlighted by its outstanding track record in the commercial vehicle market. Isuzu manufactured 86,354 trucks with gross vehicle weight (GVW) of at least 6.1 tons (14,000 lbs) in Japan in 2003, making the company the world's number-one manufacturer of medium- and heavy-duty trucks on a single-country comparison. Isuzu's domestic production volume returned to the top position for the first time in six years. Moreover, in 2004 Isuzu's ELF gained top market share in Japan and 21 other countries around the world. The secret of its success can be found in its extraordinary reliability, durability, and maneuverability—a product of Isuzu's fundamental principle of taking on new challenges and pursuing innovation while always placing top priority on product quality—backed up by high quality after-sales service. The ELF features technology that anticipates competition, constantly sets the trend in cab styling and color, and enjoys an enviable reputation for comfort and maneuverability as a result of ongoing improvements from the driver's point of view. As well, Isuzu's commitment to meeting customer needs at the same time as being socially responsible is reflected in the concept underlying Isuzu product design and development.

Isuzu strives to be a market leader in its environmental policy as well. The Isuzu Charter on the Global Environment sets out our commitment to environmental preservation by developing eco-friendly vehicles and diesel engines, and environmentally sound manufacturing through reducing waste and use of substances with negative environmental impact, boosting recyclability, and preventing pollution. Our responsibility to the environment does not stop after delivery—Isuzu offers an online vehicle diagnostic system whose goal is to lower environmental impact during vehicle operation. Our slogan "For the Future of Mankind and the Earth" sums up our far-reaching commitment to environmental conservation.

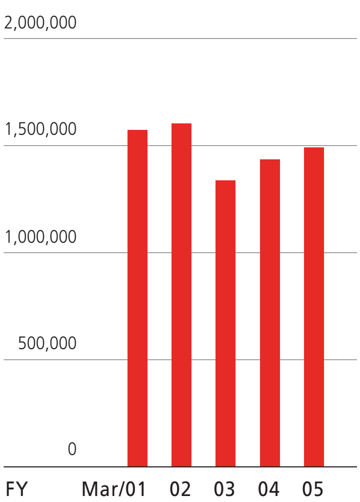
CONSOLIDATED FINANCIAL HIGHLIGHTS

	Millions of yen			Thousands of U.S. dollars
Year ended March 31	2005	2004	2003	2005
For the Year:				
Net sales	**¥1,493,567**	¥1,430,339	¥1,349,449	**$13,907,883**
Net income (loss)	**60,037**	54,713	(144,301)	**559,058**
At Year End:				
Total assets	**¥ 1,142,580**	¥1,077,816	¥1,028,844	**$10,639,544**
Shareholders' equity	**158,463**	109,753	26,434	**1,475,591**

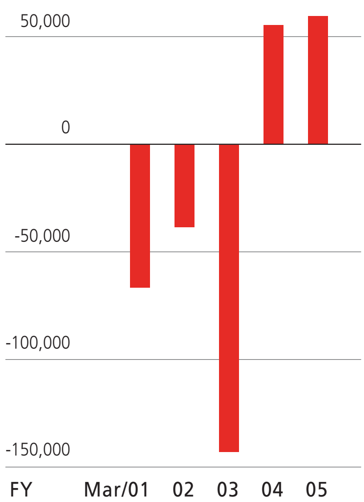
	Yen			U.S. dollars
	2005	2004	2003	2005
Per Share:				
Net income (loss) – primary	**¥56.64**	¥72.37	(¥131.34)	**$0.53**

Note: U.S. dollar figures have been calculated at the rate of ¥107.39=U.S.$1, the approximate rate of exchange prevailing on the Tokyo Foreign Exchange Market on March 31, 2005.

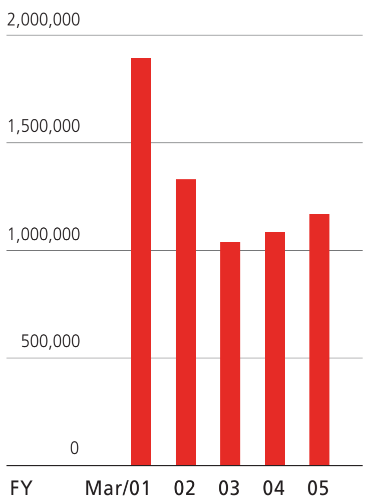
Net Sales
(Millions of Yen)



Net Income (Loss)
(Millions of Yen)



Total Assets
(Millions of Yen)



Message from the President

Yoshinori Ida
President & Representative Director

Fiscal 2005 (ended March 31, 2005) was a pivotal year for Isuzu, being the final year of our New Three-Year Business Plan when we expected programs to be well on track and see evidence that our earnings structure had improved. We overcame challenging business conditions and posted record profits at all levels, with overseas sales and subsidiaries compensating for lower parent earnings.

Despite growing pressure on the operating environment from a reactionary downturn in domestic demand, rising raw materials prices, and increased R&D expenses, we posted record profit at all levels on 4% sales growth in fiscal 2005 (ended March 31, 2005). Consolidated-basis sales grew 4.4% from a year earlier to ¥1,493,567 million, operating income was up 3.2% to ¥87,214 million, working profit rose 12.1% to ¥91,555 million, and net income grew 9.7% to ¥60,037 million. Since these results indicate that we succeeded through the New Three-Year Business Plan in restructuring our business base into a highly profitable one, we decided to resume dividends for the first time in seven terms.

Fiscal 2006 (ended March 31, 2006) is the critical first year of our next three-year business plan—the Isuzu Mid-term Business Plan (April 2005–March 2008) that we announced in November 2004. We anticipate flat domestic demand in the first half, but an increase in the second half as demand grows in the Tokyo, Nagoya, Osaka and Hyogo areas for low-NOx/low-PM vehicles that comply with the NOx/PM law. We anticipate a temporary increase in expenses to finance aggressive R&D and capital investment on top of projected continued increases in prices of raw materials such as steel and rubber, but nonetheless expect to achieve and surpass our earnings targets and build foundations for future growth by absorbing the increase in spending with domestic and overseas sales growth and streamlining efforts.

Our balance sheet still leaves some scope for improvement. Some say that we have completed our restructuring program by repurchasing some preferred stock and paying a dividend, but there is still much more to do. We have reduced borrowings (excluding convertible bonds) to below ¥400,000 million, and continue to decrease interest-bearing debt, working toward our target DER of 1.0 as well as increasing equity capital beyond the current level of around ¥160,000 million. It is also important for us not only to pay dividends, but to do so in a way that makes sense to our investors.

The next three years promise to be a challenge financially, and much depends on finding and maintaining the right balance of management resources. We intend to continue our efforts to strike the right balance in distributing our net income in the form of dividends, R&D and capital investment at the same time as keeping our finances on an even keel, thereby enhancing corporate value and strengthening our competitiveness to bring us a step closer to our goal of becoming the world's leading CV/DE company.

We also went ahead with organizational reform prior to the start of the new Isuzu Mid-term Business Plan. The three main objectives are to rejuvenate the organization on completion of a major phase of our business restructuring program, actively welcome personnel from outside the company so we can make progress with expanding our overseas business under the Isuzu Mid-term Business Plan, and streamline the management structure by reducing the number of business units from 83 to 75.

The Isuzu Mid-term Business Plan (April 2005–March 2008) starting in fiscal 2006 is positioned as three years of aggressive investment to lay the foundations for sustained business growth in the coming years. Fiscal 2006 is the all-important first year of the plan, when we need to proceed with caution to avoid unnecessary mistakes.

Our goal for fiscal 2006 is to maintain our earnings momentum and post record profit for the third consecutive term. Operating conditions began turning against us in fiscal 2005, such as a sharp increase in steel and crude oil prices, but these challenges are to be expected when running a business. Having established a business structure able to remain profitable regardless of some instability in the business environment as a result of the New Three-Year Business Plan, I am confident that we can overcome adversity through effort and creative management.

Our Future Vision outlined in the Isuzu Mid-term Business Plan is to become a leading global company in the commercial vehicle and diesel engine (CV/DE) markets. The definition of "leading global company" is likely to vary between business units—we may be referring to volume, technology, or profit margins. We strive to be the No. 1 CV/DE company with three No. 1 technologies—safety (superb product reliability), economy (excellent product life-cycle cost), and environmental technology based on our super-clean diesel engines.

Numerical targets for the Isuzu Mid-term Business Plan are consolidated-basis sales of ¥1,600,000 million and operating profit of ¥100,000 million. We also plan to expand CV sales volume overseas from the current 150,000 vehicles per year to 300,000 vehicles per year in the fiscal year ended March 2008. During the same period we aim to increase our share of the domestic CV market from 26% to 30% in the heavy-duty segment and from 36% to 40% in the 2–3t class, and raise our annual ASEAN LCV production volume from 200,000 units to 300,000 units. It is up to each business unit to formulate an action plan to make continual progress toward these goals.

After a period of cutting back on investment, we will be investing more in R&D and sales. We have started investing in a major development program to integrate light-duty and medium-duty trucks and effect a full model change. On the sales front, we plan to invest in reorganization of overseas distributor networks and strengthening domestic sales channels. Since these investment programs have the potential impact of transforming Isuzu's business structure, we should always be aware of why we are investing. Aggressive investment can only weigh on earnings without careful consideration of the role technology and facilities play, and striking a balance between domestic and overseas operations.

In the longer term, we are focusing on building a solid business structure consisting of four core businesses—the CV business in Japan and overseas, and the light commercial vehicle (LCV) and DE business—and ensuring sustainable growth. We look to establish the CV business in Japan as a stable earnings base by capturing and maintaining top market share, and grow the overseas CV business by securing a sound volume base. We plan to strengthen the LCV business globally so it develops into a significant profit base, and develop the DE business as a new mainstay in terms of revenue and profit.

As we start the first year of a new three-year business plan, we look forward to your continued support as we embark on our mission to become a global leader in the commercial vehicle business.

June 2005

Yoshinori Ida
President & Representative Director

The Mid-Term Business Plan

On November 18, 2004, Isuzu announced a new Mid-term Business Plan covering three financial years from April 2005 to March 2008. Setting out to operate under a new corporate vision—"the world-leading global CV/DE company," Isuzu looks to expand its commercial vehicle and diesel engine business on a global basis. Earnings targets for the Plan are consolidated operating profit of ¥100 billion on consolidated sales of ¥1,600 billion in the financial year ending in March 2008.

The Mid-term Business Plan calls for aggressive investment by the company as a strategic stepping stone to future growth. We aim to establish a solid business base by enhancing the product line with the development of global, strategic products, reinforcing organizational capabilities and strengths in each business sector by product and market, and strengthening collaboration with General Motors Corporation.

More specifically, the plan targets 20% product cost reduction through modularization, component integration, and introduction of new products, selling strategic trucks to capture the No. 1 position in Japan, strengthening worldwide commercial vehicle distribution capability to achieve annual overseas commercial vehicle sales of 300,000 units by March 2008, and maximizing profit by integration of the light-duty commercial vehicle (LCV) platform and the introduction of derivative models. In addition, Isuzu plans to extend its role as a key player in the General Motors Group through joint development and manufacturing and actively strengthening the collaborative relationship with GM.

With these key themes, Isuzu will strive to grow its corporate value and fortify its basic strengths with the goal of consolidating its competitive advantage.

The Mid-term Business Plan

The Mid-term Business Plan includes the following two main elements:

Develop and introduce strategic products for global markets

- Develop strategic products.
- Reinforce cost structures.
- Strengthen collaboration with GM.

Reinforce business operations by product/market

- Strengthen the CV business in Japan.
- Realign and reinforce the CV sales organization in overseas markets.
- Maximize LCV operating income.
- Expand and sustain growth of the DE business.

Develop and introduce strategic products for global markets

Plans to develop strategic products include the "Asian Truck" in the heavy-duty segment targeted at the Chinese and ASEAN markets, integrated products in the medium and light-duty segments like the F-series and N-series trucks that meet global market requirements, integrating the pick-up truck platform to enjoy volume benefits by global deployment, and a step-by-step program to convert the DE range into super-clean diesel engines.

Taking advantage of the opportunities presented by new product releases, Isuzu plans an extensive review of development concepts and processes to maximize production efficiency and reduce product cost by 20%.

Isuzu is also committed to strengthening collaboration with General Motors. As a key player of the GM group, Isuzu has started strategic studies with GM with a view to expanding Isuzu's role in joint product development and manufacturing. This includes expanding Isuzu's CV business and use of Isuzu DE within the GM Group and joint development of next-generation LCV models for the global market.

Reinforce business operations by product/market

Isuzu is eager to reinforce the CV business in Japan. In our bid for the top spot in the Japanese CV market, we plan to introduce new strategic products including a new engine with superb fuel economy for the GIGA heavy-duty truck, and new medium and light-duty truck models built on integrated modules. Isuzu aims to capture 30% of the heavy-duty truck market and 40% of the light-duty truck market with renewed marketing efforts in weaker segments and regions.

Realigning and reinforcing the CV sales organization in overseas markets requires restructuring the distribution function to establish sales capability of 300,000 units per year in overseas CV markets by the end of the year to March 2008. In the ASEAN region, we plan to realign the distribution business in Indonesia—a key market for Isuzu—and strengthen service and after-market functions. We plan to expand sales channels and after-sales networks in China, while enhancing collaborative relationships with partner companies. Isuzu intends to extend the CV product range in North America by leveraging its leading position in the LCF market and strong brand equity. Elsewhere Isuzu plans to invest in sales operations in stages, entering aggressively into local sales businesses and partnerships in key markets and moving quickly into untapped markets to develop future profit opportunities.

Maximizing LCV operating income entails integrating pick-up-truck platforms with those for AUV and derivative vehicles to maximize sales volume on a global basis, and optimizing operating efficiency by relocating engineering functions to Thailand and consolidating manufacturing and procurement functions. These steps should ensure that we retain capital to invest in next-generation global strategic vehicles.

Isuzu intends to increase the supply volume of diesel engines to the GM Group and grow the DE business in China to expand and sustain growth of the DE business. As the initial step, we plan to pioneer a customer base in the industrial machinery market to strengthen Isuzu's brand power alongside developing sales-related infrastructure.

Isuzu Developments

Meeting new emissions rules

Isuzu is developing trucks that fulfill both environmental and economical requirements to the highest standards. One of the first manufacturers to introduce diesel engines that comply with the latest emissions regulations, we are striving to make a contribution towards preventing global warming and combat air pollution in urban areas.

In June 2005 we introduced new FORWARD medium-duty trucks. Developed in line with the concept "economy for the customer, and harmony with the earth and society," the new trucks are equipped with a newly developed 4HK1 engine. With this engine, Isuzu has not only met Japan's new long-term (2005) emissions standards, but even achieved NOx and PM emissions levels—2.0g/kWh and 0.027g/kWh, respectively—that almost clear the EU's far-stricter Euro V automobile emissions targets scheduled to take effect in 2008 or later.

In developing the new engine, we employed our own electronic control technology for overall control of performance features including the electronic common rail system, VGS turbo, DPD system and twin EGR cooler to enhance its potential. The environmental performance of the new trucks was enhanced without relying on post-treatment of emissions—they offer 5% improvement in fuel economy and weigh 50kg less than previous models. The Smoother-F advanced semi-automatic transmission has been adapted to high output (240hp and 260hp) engines, and is now available with all models in the FORWARD series

Large ERGA route bus added to new model lineup

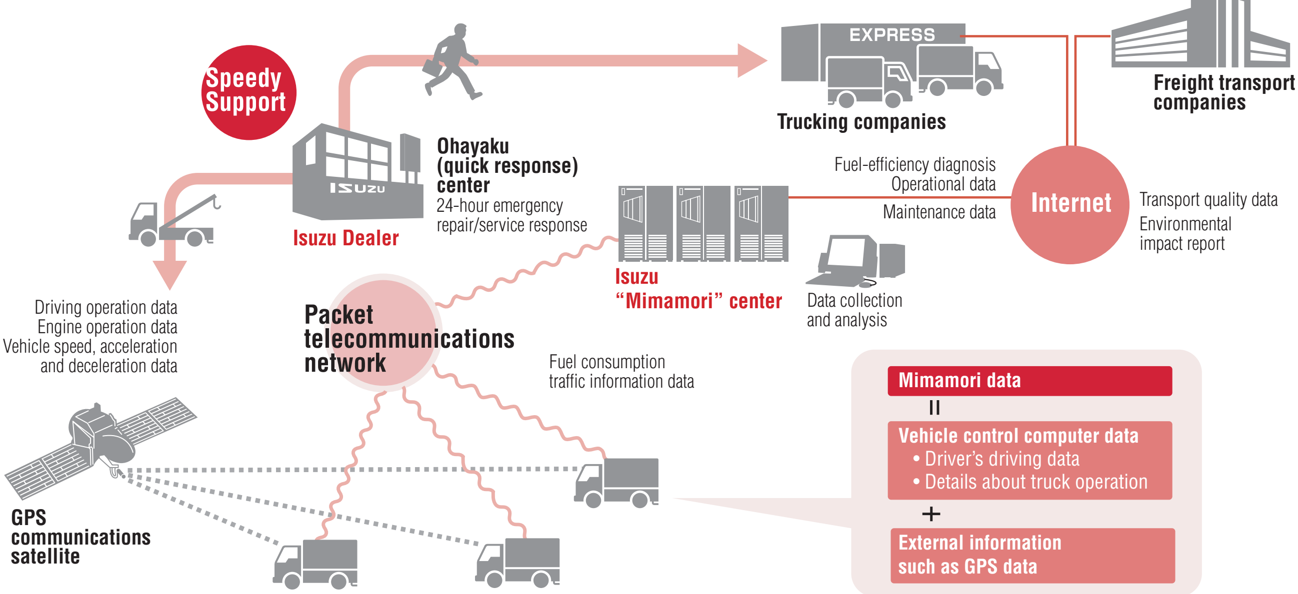
Isuzu added a new model to the ERGA large route bus series that complies with Japan's new short-term (2003–2004) emissions regulations and also qualifies for designation as "three star-rated ultra-low-PM-emissions diesel vehicles" by the Ministry of Land, Infrastructure and Transport (MLIT), with 75% reduced particulate matter (PM) emissions. The ERGA Non-Step went on sale nationwide on December 21, 2004. Combining eco-friendly features with concern for passenger welfare, it also qualifies for the Ministry of Land Infrastructure and Transport's Non-Step Bus designation. Equipped with a smaller, more lightweight new 6HK1-TCC

engine, the new ERGA is designated a "good low-pollution vehicle" by eight prefectures in the Tokyo area and a "low-pollution vehicle" by six prefectures in the Kyoto–Osaka–Hyogo region. Maximum capacity has been increased by four to 86 passengers in one model. It also boasts 5% better fuel economy than previous models.

CV Telematics system upgraded

On February 28, 2005, we expanded both the reporting system and the range of vehicles covered by the Mimamori-kun Online Service, a real-time vehicle diagnostics system initially provided for the GIGA series of heavy-duty trucks. As a result of the upgrade, the service is now available for the ELF Series of light duty and FORWARD Series of medium duty trucks. Customers are mainly logistics companies that use the service to monitor vehicle information including fuel consumption, emissions levels, and driver habits such as gear shifting, acceleration, and braking behavior. In addition to providing valuable new information, the upgraded reporting system now alerts customers to delivery vehicles that are running late and suggests maintenance procedures based on data analysis for each vehicle. The initial cost has come down because of lower component prices, and a flat-rate monthly charge has replaced the previous structure of a basic fee plus communications charge.

The Mimamori-kun Online Service



Environmental & Social Responsibilities

Environmental efforts

Isuzu strives to be a leader in environmental responsibility. We take a two-pronged approach, aiming to develop cleaner vehicles and minimize the environmental burden of our manufacturing facilities.

Contributing toward slowing global warming

Now that the Kyoto Protocol—an agreement among developed countries that set targets for the reduction of greenhouse gases—has taken effect, companies are required to dig deeper in their efforts to counteract global warming. Two specific examples of Isuzu's approach to applying the brakes to global warming are participation in the Japanese government-led Team Minus 6% Project and developing products that help combat global warming.

The Isuzu Global Environmental Committee decided that the company should join the Team Minus 6% Project, and the Isuzu Team Minus 6% program kicked off on June 20, 2005.

Purpose of participation

As a CV/DE manufacturer, Isuzu's mainstay business is to provide fuel-efficient vehicles—vehicles with low CO_2 emissions—worldwide. Our Mimamori-kun Online Service, built around a vehicle diagnostic system that collects and analyzes data on driving habits to help truck drivers improve their fuel economy—also contributes toward slowing global warming.

We decided to take part in the Team Minus 6% Program because we believe that, as good global citizens, Isuzu as a company and Isuzu employees as individuals must do their utmost to curtail CO_2 emissions in all aspects of daily activity as well as through our mainstay business. We look forward to seeing active participation from all employees in our efforts to help create an environmentally sustainable society.

Isuzu's team structure

We intend to develop specific action programs for the following committees: Plant Environment Committee, Product Development Environment Committee, Sales and Service Environment Committee, and General Affairs Committee. All Isuzu group companies and sales companies will be taking part in the program—Isuzu group companies and all their employees are members of the Isuzu Team.

Action plan

Isuzu decided on the following policies in line with guidelines set by the Japanese government:

1. Set air conditioner thermostats at plants, headquarters offices, and in homes at 28°C. Employees are encouraged to dispense with suit jackets and ties during the summer, from June through September (Cool Biz dress code).
2. Turn off water taps after use and fix leaks immediately.
3. Minimize engine idling when driving delivery vehicles, conveyance vehicles, and private cars.
4. Use energy-saving appliances and eco-friendly household goods.
5. Avoid use of unnecessary packaging and take own shopping bags to the store.
6. Turn off power outlets and mains supplies when not in use.

The Team Isuzu's target

Our target is to reduce CO_2 emissions by 6% from their current level by 2010. This is an ambitious undertaking on a consolidated basis and it assumes our current production volume remains constant. We remain committed to taking aggressive steps to help counteract global warming, such as by introducing energy-efficient facilities.

Developing cleaner vehicles

In April 2005, Isuzu announced the addition of a new model that runs on compressed natural gas (CNG) to its lineup of ELF low-pollution, light-duty trucks. The ELF CNG-MPI is the first CNG vehicle that meets the new long-term exhaust emissions regulations and conforms to proposed post new long-term exhaust emissions standards for diesel engines. Equipped with a 4.6-liter new 4HV1 multi-point injection (MPI) engine, the ELF CNG-MPI sets a new standard for the low emissions levels typical of CNG vehicles. Power and performance has also been upgraded with best-in-class maximum output of 96kW (130PS) and maximum torque of 363N.m (37.0kg.m). Demand for vehicles that use natural gas as fuel is growing among local governments and logistics companies in major cities that suffer from severe air pollution problems. Since its debut, sales of the ELF CNG range has topped 7,000 units and maintained a dominant market share of approximately 70%. The latest model combines the low noise, low-vibration advantages of CNG vehicles with excellent fuel economy.

Also in April 2005, Isuzu announced the addition of a new diesel hybrid truck to the ELF range of low pollution, light-duty trucks. The new ELF Hybrid, based on the 4HL1 diesel engine, achieves low-CO_2 emission levels and high fuel efficiency by fully recovering energy available when the vehicle decelerates. A diesel vehicle that can be serviced anywhere, the ELF Hybrid achieves world-class fuel economy compared with other hybrid vehicles and delivers the high durability and safety performance required of commercial vehicles. It has been certified as an ultra-low PM emission diesel vehicle and designated a "good low-pollution vehicle" by eight prefectures in the Tokyo area. As well as the standard Smoother-E automatic shift, the ELF Hybrid is equipped with a secure PTO-type parallel drive hybrid system, with the motor and generator installed on a shaft different from that of the engine. This ensures that in the event of a failure of the hybrid system, the vehicle can continue to drive using the diesel engine. Furthermore, it is the first Japanese truck to use a lithium ion battery.

Isuzu positions the two new series—CNG-MPI vehicles with excellent low-emissions performance and practical diesel hybrid vehicles that require no specific fuel infrastructure— as the two mainstays of its low-pollution vehicle lineup.

Corporate Governance

Corporate governance is a major priority at Isuzu. In the current climate of growing pressure to be accountable for management decisions and actions, providing effective and appropriate checks and balances, and earning the confidence of investors and the public by communication and disclosure, we are taking steps to address these needs and developments.

In recent years, we have taken the following steps to enhance our corporate governance:

• To strengthen the local management structures for our North American and ASEAN operations, in June 2003 we unified the oversight of each of these regions.

• In December 2003, our president and representative director certified that the content of the first half earnings report submitted to Japanese regulatory authorities were accurate.

• To strengthen the local management structures for our Chinese operations, in April 2004 we established unified oversight for China.

• With the aim of strengthening internal controls and ensuring independence, also in April 2004 we transformed the Audit Group of the General Affairs and HR Department into the independent Business Audit Group, and we began conducting our internal audits under this new structure.

• As part of our sustainability governance program, in 1999 we started publishing an annual Environmental Report that records the company's environmental management performance and progress with a range of initiatives to reduce environmental impact, reduce waste, and promote recycling. The first English version of the Environment Report was published in 2000.

We are committed to disclosing information in adherence to fair business practices and corporate transparency. We distribute information through various channels, including a comprehensive company website. We are pleased to provide English-language information for our shareholders and other stakeholders around the globe.

Isuzu's Audit Committee has five members, including two outside auditors. We have established a Management Committee that is empowered to deliberate and make decisions on critical business matters. We have also introduced an executive officer system, which transfers the authority for executing business strategies to the operating level. In addition, we have implemented a Vehicle Line Executive (VLE) scheme. The Vehicle Line Executives, who are responsible for each of our product areas—commercial vehicles, light commercial vehicles and powertrains—report directly to the Management Committee.

The board of directors and the audit committee each meet at least once per month, and the Management Committee convenes weekly.

• In April 2005 we set up a Compliance Committee to provide impartial advice, oversight, and assessment of progress and organizational structure for compliance. To ensure fairness and transparency, we appointed professionals including lawyers from outside the company as members of the Compliance Committee.

• A Compliance Management Department was also established within the company to administer and promote compliance-related business activities. Reporting directly to the president, the department consists of two groups—the Compliance Group responsible for compliance planning, implementation, and review, and the Internal Audit Group.

• In fiscal 2005, as well as establishing the Compliance Committee and Compliance Management Department, we set up a helpline at a law firm that employees could use to report compliance issues in confidence. The purpose of the helpline is to obtain information about compliance issues in the company.

FINANCIAL SECTION

ISUZU MOTOR LIMITED

ANNUAL REPORT 2005

Consolidated Five-Year Summary

	Millions of yen					Thousands of U.S. dollars
	2005	2004	2003	2002	2001	2005
For the Year:						
Net sales	**¥1,493,567**	¥1,430,339	¥1,349,449	¥1,597,701	¥1,569,199	**$13,907,883**
Cost of sales	**1,268,483**	1,214,763	1,171,366	1,355,190	1,343,166	**11,811,935**
Gross profit	**225,083**	215,576	178,083	242,510	226,032	**2,095,947**
Selling, general and administrative expenses	**137,869**	131,085	162,621	227,376	253,349	**1,283,818**
Operating income (loss)	**87,214**	84,490	15,462	15,134	(27,316)	**812,128**
Income (loss) before special items	**91,555**	81,678	(4,200)	(1,984)	(47,435)	**852,546**
Income (loss) before income taxes	**68,767**	55,357	(111,527)	(28,506)	(73,300)	**640,352**
Net income (loss)	**60,037**	54,713	(144,301)	(42,991)	(66,787)	**559,058**
At Year-End:						
Total assets	**¥1,142,580**	¥1,077,816	¥1,028,844	¥1,324,144	¥1,891,492	**$10,639,544**
Shareholders' equity	**158,463**	109,753	26,434	61,084	94,108	**1,475,591**

Non-Consolidated Five-Year Summary

	Millions of yen					Thousands of U.S. dollars
	2005	2004	2003	2002	2001	2005
For the Year:						
Net sales	**¥ 880,072**	¥ 890,336	¥ 760,608	¥ 761,904	¥ 829,890	**$ 8,195,103**
Cost of sales	**728,369**	730,395	656,576	655,719	726,601	**6,782,474**
Gross profit	**151,702**	159,941	104,032	106,185	103,289	**1,412,628**
Selling, general and administrative expenses	**91,135**	92,945	90,904	98,098	107,002	**848,644**
Operating income (loss)	**60,566**	66,995	13,128	8,086	(3,712)	**563,984**
Income (loss) before special items	**53,907**	57,561	4,880	2,123	(10,578)	**501,976**
Income (loss) before income taxes	**22,345**	32,221	(146,966)	(45,898)	(66,105)	**208,079**
Net income (loss)	**27,019**	38,857	(189,447)	(56,224)	(57,938)	**251,602**
At Year-End:						
Total assets	**¥ 812,521**	¥ 808,674	¥ 717,601	¥ 876,680	¥1,032,614	**$ 7,566,085**
Shareholders' equity	**169,353**	151,722	82,743	159,062	217,788	**1,576,995**

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥107.39=US$1; the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2005.

Management's Discussion and Analysis of Financial Condition and Results of Operation

Results of Operations

Significant accounting policies

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

Sales

In fiscal 2005 (ended March 31, 2005) Isuzu's consolidated-basis sales rose 4.4% from the previous year to ¥1,493,567 million, as worldwide vehicle unit sales increased 20.9% to 339,162 units.

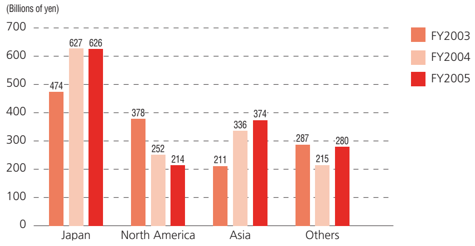
Although the Japanese economy made a gradual recovery on improved capital expenditure and corporate earnings trends, the outlook was clouded in the second half by rising raw material prices and the impact of yen appreciation. In the commercial vehicle market, overall demand for standard trucks declined 15.0% from the previous fiscal year to 99,584 units and demand for 2–3 ton trucks fell a sharp 22.4% to 114,176 units as demand associated with the introduction of new emissions regulations ran its course. In this environment, Isuzu gained market share through aggressive sales initiatives to capture 27.4% share of the standard truck market (up 2.5 percentage points from the previous year) and 38.4% share of the 2–3 ton truck market, an increase of 2.3 percentage points from the previous year. As a result, domestic sales declined a marginal 0.3% to ¥625,749 million.

Sales in Asia grew 11.3% from the previous fiscal year to ¥374,172 million from the impact of consolidating Thai manufacturing operations including Isuzu Motors Co., (Thailand) Ltd. and brisk sales in China and the ASEAN region where Isuzu pioneered its business ahead of competitors. In the Thai market, where pickup trucks account for around 60% of the total, Isuzu pickup trucks held 38% market share, sustaining steady sales growth despite intensifying competition.

North American sales fell 15.0% to ¥213,901 million as we withdrew from local SUV production and shifted emphasis to profit.

Sales in other regions grew a sharp 30.0% to ¥279,744 million, mainly because of increasing exports of pickup trucks produced in Thailand to other regions.

Geographical Segment Information — Sales



Operating income

Operating income for fiscal 2005 was a record ¥87,214 million, up 3.2% from a year earlier. Rationalization, including raw material expense reduction, contributed ¥12,600 million, consolidation of manufacturing operations in Thailand added ¥5,000 million, and lower depreciation and other expense cuts had a ¥4,000 million positive impact on operating income, offset against ¥12,700 million negative impact from increased expenses, ¥3,800 million from a worsening sales mix, and ¥2,400 million due to foreign exchange fluctuations.

Looking at each of our key business areas, operating income at the parent company declined ¥6,400 million from the previous year to ¥60,500 million, because rationalization such as raw material cost savings and expense cuts could not fully compensate for a fall in gross profit on lower domestic vehicle sales and increases in raw materials prices, and selling and R&D expenses.

Consolidated sales subsidiaries in Japan posted an operating income of ¥6,000 million, down ¥1,500 million from the previous year. Lower domestic demand weighed on profits despite efforts to improve efficiency such as reviewing sales bases.

In North America, the operating loss shrank ¥1,000 million to ¥400 million as a result of progress with structural reform, including withdrawal from local SUV production.

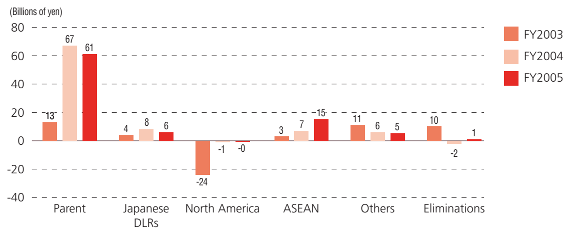
In ASEAN, operating income grew ¥8,000 million to ¥15,200 million due largely to the consolidation of Thai manufacturing operations and sustained brisk pickup truck sales in Thailand.

(The figures shown for each of our key business areas above reflect the simple addition of the profits and losses of the parent company and consolidated subsidiaries, grouped according to the characteristics of each unit.)

As a result, our operating margin contracted 0.1 percentage point from 5.9% in fiscal 2004 to 5.8% in fiscal 2005.

Note: operating income yen amounts are then rounded down in thousands

Business Areas Segment Information — Operating Income



Non-operating gains/losses

In fiscal 2005 we posted a non-operating profit of ¥4,340 million, an improvement of ¥7,152 million from the previous year.

Equity-method profit increased ¥5,449 million to ¥15,811 million because of continuing strong performance of engine manufacturing operations in North America and Poland (both equity-method companies) and group companies in Japan.

Progress with reduction of interest-bearing debt resulted in a ¥700 million improvement in net interest (interest received minus interest paid) to ¥10,500 million. We posted a foreign exchange gain of ¥500 million in fiscal 2005, an improvement of ¥2,700 million from fiscal 2004.

Extraordinary gains/losses

In fiscal 2004, we posted an extraordinary loss of ¥26,321 million, mainly associated with the overhaul of our domestic sales network such as disposal of fixed assets in the process of adjustments to our real estate holdings, and the restructuring of our North American business. In fiscal 2005, the extraordinary loss improved ¥3,532 million to ¥22,788 million. Main extraordinary loss items were associated with consolidation and reorganization of the domestic sales network and disposal of fixed assets accompanying the relocation of the Kawasaki plant.

Taxes

In fiscal 2004, Isuzu's net tax expense, including corporate income taxes, municipal taxes, and business taxes and after adjustments was a ¥77 million gain, but in fiscal 2005 it was a net expense of ¥6,245 million because of increased corporate tax payments at the parent and ASEAN subsidiaries.

Minority Interests

Minority interests consist primarily of profits returned to the minority shareholders of our locally incorporated subsidiaries in ASEAN and North America. The figure increased from ¥720 million on fiscal 2004 to ¥2,484 million in fiscal 2005.

Net Profit

In fiscal 2005 our net profit was ¥60,037 million, an increase of ¥5,324 million from the prior year. Earnings per share came to ¥56.64 and fully diluted earnings per share to ¥25.79.

Segment information

Japan

In Japan, there was a reactionary decline in overall demand after a sharp increase in the previous fiscal year due to the introduction of stricter diesel emissions rules. Nonetheless, domestic sales increased 2.1% from a year earlier to ¥1,087,862 million because of strong growth in export sales. However operating profit declined 5.5% to ¥72,931 million, despite sustained streamlining and fixed expense reduction efforts undertaken under our New Three-Year Business Plan.

North America

North American sales fell 14.7% to ¥200,888 million, largely attributable to the withdrawal from local SUV production. Our North American operating loss narrowed from the previous year's ¥688 million to ¥229 million despite costs incurred by the withdrawal.

Asia

Sales in Asia surged 41.2% to ¥296,598 million chiefly due to brisk sales of our pickup trucks in Thailand. The D-MAX pickup truck launched in May 2002 remains the best-selling vehicle ever in Thailand. Operating profit also grew 124.4% to ¥14,082 million.

Other regions

Sales in other regions grew 27.9% to ¥33,192 million as a result of marketing activities in Australia, but operating profit fell 5.5% to ¥1,322 million.

Financial Condition

Cash Flow

In fiscal 2005 Isuzu generated net cash flow of ¥135,252 million, up ¥32,672 million from the prior year. Despite a higher net income before taxes, net cash provided by operating activities declined ¥19,761 million from a year earlier to ¥65,531 million because of an increase in equity-level investment profit and corporate tax payments, and temporary increase in accounts receivable primarily associated with Thai manufacturing operations becoming consolidated subsidiaries.

Net cash used in investing activities declined ¥2,127 million to ¥7,795 million. Capital investments made mainly by the parent company and operations in the ASEAN region were offset by ¥11,319 million of inflows from the sale of investment securities and ¥16,865 million from the sale of fixed assets.

Net cash used in financing activities declined ¥2,631 million to ¥26,366 million. While we used cash generated by operating activities as a resource in our continued effort to shrink liabilities, we also redeemed ¥60,000 million of class 2 preferred stock during the fiscal year. Revenue-wise we raised ¥100,000 million for R&D and capital investment from our second unsecured convertible bond issue. Isuzu also restructured its borrowings in February 2005 by repaying all existing loans and signing a syndicated loan agreement consisting of a ¥240,000 million term loan and ¥62,000 million commitment line to secure liquidity.

Assets

As of March 31, 2005, total consolidated assets were ¥1,142,580 million, an increase of ¥64,763 million from a year earlier.

Main factors contributing to the increase were cash reserves, which grew ¥26,042 million from ¥113,315 million to ¥139,357 million, notes and accounts receivable (up ¥31,810 million from ¥216,934 million to ¥248,744 million), inventory (up ¥11,588 million from ¥112,938 million to ¥124,526 million), and tangible fixed assets (up ¥9,482 million from ¥449,131 million to ¥458,613 million). Cash reserves increased because of cash flow from operating activities resulting from record profits and strengthened cash management structure, while increases in notes and accounts receivable, inventory, and tangible fixed assets were mainly associated with the consolidation of manufacturing operations in Thailand.

The ¥5,118 million decline in long-term borrowings from ¥27,409 million to ¥22,291 million is also mainly attributed to the offset and elimination of the outstanding loan balance of newly consolidated Thai manufacturing operations in the consolidated accounts.

Liabilities

Total liabilities increased ¥4,997 million from a year earlier to ¥969,928 million. Interest-bearing liabilities (total of short-term borrowings, commercial paper, corporate bonds with less than a year to redemption, corporate bonds, and long-term borrowings) decreased ¥53,561 million from ¥446,664 million to ¥393,103 million.

In fiscal 2005 we concluded a syndicated loan agreement consisting of a ¥240,000 million term loan and ¥62,000 million commitment line to ensure liquidity after repaying all of our existing borrowings. This led to a sharp decrease in short-term borrowings and an increase in long-term borrowings.

The balance of our second unsecured convertible bond stood at ¥56,000 million on March 31, 2005, adding ¥50,000 million to our liabilities compared with the previous fiscal year.

Capital

In fiscal 2005, our capital grew ¥48,710 million to ¥158,463 million. Although ¥60,000 million of class 2 preferred stock was redeemed during the fiscal year, ¥60,037 million of net profit was generated in addition to the exercise of ¥50,000 million of convertible bonds increasing capital by the same amount. Consequently our equity ratio improved 3.7 percentage points from a year earlier to 13.9%.

Risks

In 2002, in response to the protracted slump in the Japanese commercial vehicle market and lackluster SUV sales in the U.S., the Isuzu group drew up its New Three-Year Business Plan covering the three-year period to March 2005 to restore corporate value and strengthen corporate competitiveness.

In the interim period ended September 2002, Isuzu showed a temporary negative net worth due to the poor performance of its subsidiaries. However, thanks to steps taken under the New Three-Year Business Plan, such as a private placement of new shares and the exchange of debt for equity, the company showed a positive net worth again in March 2003. In fiscal 2005, the final year of the plan, we continued our efforts to strengthen business functions and shore up our profit structure. Being well on track to achieving our goals, in November 2004 we formulated a new business plan ending in March 2008, and approved the resumption of dividend payments at the 103rd annual general meeting of shareholders on June 29, 2005. However, there are certain risks that could have significant impact on our earnings results, financial condition, or share price, and these risks are outlined below. (The following information contains forward-looking statements that reflect the judgment of management as of March 31, 2005).

1. Economic situation/supply and demand trends in our major markets

Vehicles account for an important portion of the Isuzu group's worldwide operating revenue, and demand for these vehicles is affected by the economic situation in the various countries and regions and markets where we sell vehicles. Therefore, economic recession and an ensuing decline in demand in our major markets—Japan, North America, and other Asian countries—could have a negative impact on the earnings and financial position of the Isuzu group. Price competition also entails the risk of price fluctuation for our products.

2. Interest rate fluctuations

The Isuzu group tightened its cash flow management and continues to concentrate on shrinking interest-bearing debt. Under the New Three-Year Business Plan, we allocated profit from business operations and other funds to the reduction of interest-bearing debt, whose balance stood at ¥393,103 million (excluding convertible bonds) at the end of fiscal 2005—¥53,561 million less than a year earlier. This is still a relatively large balance, however, leaving us vulnerable to the risk of higher interest payments having a negative impact on earnings and financial position of the Isuzu group should market rates rise sharply.

3. Foreign exchange fluctuations

The business of the Isuzu group includes manufacturing and marketing products in several regions around the world. Local currency amounts for sales, expenses, assets and other items are therefore converted into Japanese yen in the preparation of our consolidated financial statements. Depending on the exchange rate in effect at the time of conversion, the yen amount for these items may change even if the underlying local currency value has not changed. Generally, a strengthening of the yen relative to other currencies has a negative impact on the business of the Isuzu group, and a weakening of the yen has a positive impact.

4. Dependence on General Motors Corporation and other major customers

The Isuzu group supplies vehicles and vehicle components to General Motors Corporation (Detroit, MI) and its affiliates as well as to other vehicle manufacturers on an OEM basis. Sales to these customers are affected by fluctuations in production and sales at these customer companies and other factors over which the Isuzu group has no control, and therefore they could have a negative effect on the earnings and financial position of the Isuzu group.

5. Suppliers, subcontractors, etc., of parts and materials

The Isuzu group sources the raw materials, components, and products required for production from outside suppliers. Should supply-demand conditions significantly exceed suppliers' capacity, it is possible that we are unable to source sufficient volume. Shortages of, and delays in the supply of parts, etc., could have a negative impact on the earnings and financial position of the Isuzu group.

6. Product defects

At its plants both inside and outside of Japan, the Isuzu group manufactures its products according to the strictest globally accepted quality control standards. However, in the unusual event of a large-scale recall or product liability award, there could be a negative impact on the earnings and financial position of the Isuzu group.

7. Joint ventures

The Isuzu group engages in business in some countries in the form of joint ventures due to legal and other requirements of each country. Changes in management policy, operating environment, etc., of these joint ventures can affect their earnings performance, which could produce a negative impact on the earnings and financial position of the Isuzu group.

8. Disasters, power outages, and other interruptions

To minimize the potential of a negative impact due to an interruption in the manufacturing process, the Isuzu group regularly conducts disaster prevention inspections and facilities examinations at all of our sites. However, we may not be able to completely eliminate or minimize the impact that would arise from a disaster, power outage, or other interruption during the manufacturing process.

9. Securities investments

The Isuzu group invests in securities to produce, sell, and distribute its products as well as to build and maintain good relationships with its business partners. For marketable securities, a downturn in share prices could have a negative impact on the earnings and financial position of the Isuzu group. Isuzu provides management guidance and advice to companies—including those in which we have invested through non-marketable securities—that can have a strong influence over our own business results. However, if the financial condition of the companies in which we have invested were to deteriorate due to factors such as a worsening business environment, this could have a negative impact on the earnings and financial position of the Isuzu group.

10. Retirement obligations and deferred tax assets

The figures recorded for "retirement obligations" and "deferred tax assets" are estimates that reflect the judgment of management. Because of the uncertain nature of estimates, in some cases actual results may vary from initial estimates, and this could have a negative impact on earnings results.

11. Potential risks associated with international activities and foreign ventures

The Isuzu group conducts some of its manufacturing and marketing activities outside of Japan—in the U.S. and in developing and emerging markets in Asia. The following risks are inherent to such overseas business development, and could have a negative impact on the earnings and financial position of the Isuzu group.

- Unfavorable changes in the political or business climate
- Difficulties in recruiting and retaining personnel
- Inadequate technological infrastructure could have a negative impact on our manufacturing activities or on our customers' support of our products and services.
- Potential negative tax consequences
- Social unrest stemming from terrorism, war or other factors.

12. Limits on intellectual property protection

The Isuzu group has accumulated technology and expertise that differentiates us from our rivals; however, in certain regions due to legal restrictions we are unable to fully protect or we are able to only partly protect some of our proprietary technology and expertise through intellectual property rights. As a result, we may be unable to effectively prevent third parties from using our intellectual property to make similar products.

13. Legal requirements

The Isuzu group is subject to various government regulations in the countries in which it does business, such as business and investment approvals, export controls designed to protect national security, and other import/export regulations such as tariff rules. We are also subject to legal requirements concerning areas such as commerce, antitrust, patents, consumer rights, taxation, foreign exchange, recycling and safety. Unexpected changes in these regulations could have a negative impact on the earnings and financial position of the Isuzu group. Exhaust emissions regulations are generally being tightened amid growing environmental awareness. Since substantial investment is required to comply with these regulations, failure to generate sufficient sales to recover this investment could have a negative impact on the earnings and financial position of the Isuzu group.

14. Impairment accounting

The Isuzu group owns and leases facilities used in manufacturing, marketing and distributing our products. Japan is preparing to introduce impairment accounting for fixed assets used in the course of business, and if it becomes necessary to treat some fixed assets that are owned or used through finance leases as impaired, this could have a negative impact on the earnings and financial position of the Isuzu group.

15. Sale of Kawasaki Plant property

We have been notified of a claim for damages stemming from soil contamination of natural origin at a parcel of property at our Kawasaki plant location, which we sold in July 2001 to the Urban Renaissance Agency, an independent administrative institution. Depending on the course of this claim, this could have a negative impact on the earnings and financial position of the Isuzu group.

16. Preferred shares

Isuzu issued preferred shares on December 26, 2002. These shares could be exchanged for common shares at some time in the future, and this could result in the dilution of the existing common shares.

Consolidated Balance Sheets (As of March 31, 2005, 2004 and 2003)

	Millions of yen			Thousands of U.S. dollars
Assets	2005	2004	2003	2005
Current Assets:				
Cash and cash equivalents (Note 2, 4)	**¥ 139,357**	¥ 113,315	¥ 63,389	**$ 1,297,676**
Receivables:				
Notes and accounts (Note 4)	**248,744**	216,934	204,371	**2,316,272**
Less : allowance for doubtful receivables	**(5,055)**	(4,806)	(8,331)	**(47,075)**
Inventories	**124,526**	112,938	108,972	**1,159,573**
Deferred taxes (Note 6)	**28,480**	27,651	16,614	**265,207**
Other current assets	**32,162**	31,618	48,155	**299,489**
Total Current Assets	**568,215**	497,651	433,170	**5,291,144**
Investments and Advances:				
Investments (Note3, 4):				
Unconsolidated subsidiaries and affiliated companies	**36,537**	32,152	20,387	**340,232**
Others	**28,801**	30,321	25,316	**268,199**
Long-term loans	**22,291**	27,409	28,799	**207,576**
Deferred taxes (Note 6)	**8,576**	8,484	10,697	**79,864**
Other investments and advances	**32,859**	38,847	42,478	**305,985**
Less : allowance for doubtful accounts	**(20,983)**	(12,895)	(14,937)	**(195,392)**
Total Investments and Advances	**108,084**	124,321	112,741	**1,006,467**
Property, Plant and Equipment (Note 4)				
Land	**267,868**	273,639	281,873	**2,494,350**
Buildings and structures	**216,436**	205,689	236,600	**2,015,420**
Machinery and equipment	**573,951**	535,231	558,851	**5,344,549**
Construction in progress	**7,473**	7,956	3,938	**69,589**
Less : accumulated depreciation	**(607,114)**	(573,386)	(604,072)	**(5,653,366)**
Net Property, Plant and Equipment	**458,613**	449,131	477,191	**4,270,544**
Other Assets	**7,666**	6,713	5,739	**71,387**
Total Assets	**¥ 1,142,580**	¥ 1,077,816	¥ 1,028,844	**$ 10,639,544**

See accompanying notes to consolidated financial statements.

Liabilities and Shareholders' Equity	Millions of yen 2005	2004	2003	Thousands of U.S. dollars 2005
Current Liabilities:				
Bank loans	**¥ 151,513**	¥ 256,762	¥ 299,869	**$ 1,410,873**
Current portion of bonds	**—**	15,000	15,500	**—**
Commercial paper	**—**	1,800	—	**—**
Notes and accounts payable	**278,511**	268,206	247,257	**2,593,456**
Accrued expenses	**54,045**	42,451	49,335	**503,262**
Accrued income taxes (Note 6)	**10,588**	6,501	1,633	**98,596**
Deposits received	**11,206**	12,824	13,912	**104,349**
Other current liabilities	**36,053**	40,401	33,348	**335,727**
Total Current Liabilities	**541,918**	643,948	660,857	**5,046,266**
Long-Term Debt (Note 4)	**297,591**	179,102	202,551	**2,771,127**
Accrued Retirement and Severance Benefits (Note 5)	**60,057**	60,284	58,487	**559,243**
Deferred Tax Liabilities (Note 6)	**4,693**	5,016	2,107	**43,704**
Deferred Tax Liabilities Related to Land Revaluation (Note 9)	**49,571**	57,167	56,296	**461,600**
Other Long-Term Liabilities	**16,096**	19,411	19,333	**149,889**
Minority Interests	**14,188**	3,132	2,775	**132,120**
Contingent Liabilities (Note 10)				
Shareholders' Equity :				
Common stock and preferred stock (Note 7,8)	**32,617**	67,564	55,545	**303,732**
Preferred stock:				
Class I-authorized 37,500,000 shares; issued 37,500,000 shares in 2005, 2004 and 2003				
Class II-authorized 37,500,000 shares; issued 37,500,000 shares in 2004 and 2003				
Class III-authorized 25,000,000 shares; issued 25,000,000 shares in 2005, 2004 and 2003				
Class IV-authorized 25,000,000 shares; issued 25,000,000 shares in 2005, 2004 and 2003				
Common stock:				
Authorized 3,369,000,000 shares in 2005, 2004 and 3,000,000,000 shares in 2003;				
Issued 1,073,619,832 shares in 2005, 878,105,748 shares in 2004 and 748,526,911 shares in 2003				
Capital surplus (Note 7)	**42,435**	67,461	131,850	**395,155**
Accumulated deficit	**10,460**	(111,058)	(242,546)	**97,408**
Variance of land revaluation (Note 9)	**77,791**	90,485	90,064	**724,381**
Unrealized holding gain on securities	**8,324**	7,518	896	**77,518**
Foreign currency translation adjustments	**(12,946)**	(12,049)	(8,883)	**(120,552)**
Less: treasury stock, at cost 1,112,221 common shares in 2005	**(220)**	(168)	(492)	**(2,051)**
Total Shareholders' Equity	**158,463**	109,753	26,434	**1,475,591**
Total Liabilities, Minority Interests and Shareholders' Equity	**¥ 1,142,580**	¥ 1,077,816	¥ 1,028,844	**$ 10,639,544**

Consolidated Statements of Operations (For the years ended March 31, 2005, 2004 and 2003)

	Millions of yen			Thousands of U.S. dollars
	2005	2004	2003	**2005**
Net Sales	**¥ 1,493,567**	¥ 1,430,339	¥ 1,349,449	**$ 13,907,883**
Cost of Sales	**1,268,483**	1,214,763	1,171,366	**11,811,935**
Gross Profit	**225,083**	215,576	178,083	**2,095,947**
Selling, General and Administrative Expenses (Note 5,12)	**137,869**	131,085	162,621	**1,283,818**
Operating Income	**87,214**	84,490	15,462	**812,128**
Other Income (Expenses):				
Interest and dividend income	**3,002**	2,370	2,724	**27,961**
Interest expense	**(12,564)**	(13,116)	(18,026)	**(117,001)**
Equity in earnings of unconsolidated subsidiaries and affiliates	**15,811**	10,362	(726)	**147,235**
Others, net	**(1,909)**	(2,428)	(3,633)	**(17,777)**
Income (Loss) before Extraordinary Items	**91,555**	81,678	(4,200)	**852,546**
Extraordinary Items:				
Gain (loss) on sales or disposal of property, plant and equipment, net	**(12,377)**	(7,865)	(504)	**(115,257)**
Gain on sales of investments	**5,807**	5,488	9,947	**54,074**
Gains on return of substituted portions of employee pension fund (Note 2,5)	**—**	—	13,437	**—**
Loss on revaluation of investments	**(6,056)**	(5,333)	(9,538)	**(56,399)**
Loss on business model reform	**—**	—	(12,201)	**—**
Loss on restructuring of domestic subsidiaries & affiliates	**(5,573)**	—	—	**(51,903)**
Loss on investment for affiliated company restructuring	**—**	(7,785)	(76,752)	**—**
Severance benefit of early retirement plan	**—**	—	(24,808)	**—**
Others, net	**(4,586)**	(10,824)	(6,906)	**(42,708)**
Income (Loss) before Income Taxes and Minority Interests	**68,767**	55,357	(111,527)	**640,352**
Income Taxes (Note 6):				
Current	**14,648**	7,828	5,103	**136,405**
Deferred	**(8,403)**	(7,905)	25,348	**(78,249)**
Minority Interests in Income of Consolidated Subsidiaries	**2,484**	720	2,323	**23,137**
Net Income (Loss)	**¥ 60,037**	¥ 54,713	¥ (144,301)	**$ 559,058**

	Yen			U.S. dollars
Per Share of Common Stock				
Net Income (Loss)				
Basic	**¥ 56.64**	¥ 72.37	¥ (131.34)	**$ 0.53**
Diluted	**25.79**	20.90	—	**0.24**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity (For the years ended March 31, 2005, 2004 and 2003)

	Millions of yen			Thousands of U.S. dollars
	2005	2004	2003	2005
Common Stock and Preferred Stock:				
Balance at beginning of the year	**¥ 67,564**	¥ 55,545	¥ 90,329	**$ 629,150**
Add:				
Issuance of common stock	**—**	—	5,045	**—**
Issuance of preferred stock	**—**	—	50,000	**—**
The exercise of stock acquisition right	**25,053**	12,019	—	**233,292**
Deduct:				
Capital deduct (retirement of class II preferred stock)	**(60,000)**	—	—	**(558,711)**
Capital deduct (off-set with deficit)	**—**	—	(89,829)	**—**
Balance at end of the year	**¥ 32,617**	¥ 67,564	¥ 55,545	**$ 303,732**
Capital Surplus:				
Balance at beginning of the year	**¥ 67,461**	¥131,850	¥ 101,741	**$ 628,192**
Add:				
Issuance of common stock	**—**	—	4,954	**—**
Issuance of preferred stock	**—**	—	50,000	**—**
The exercise of stock acquisition right	**24,946**	11,980	—	**232,299**
Unrealized gain by dispose of treasury stock	**27**	—	—	**255**
Deduct:				
Capital surplus deduct (off-set with deficit)	**(50,000)**	(76,369)	(24,846)	**(465,592)**
Balance at end of the year	**¥ 42,435**	¥ 67,461	¥ 131,850	**$ 395,155**
Variance of Land Revaluation				
Balance at beginning of the year	**¥ 90,485**	¥ 90,064	¥ 91,287	**$ 842,590**
Add:				
Land revaluation	**—**	—	—	**—**
Reversal of land revaluation	**—**	19	—	**—**
Other	**—**	401	—	**—**
Deduct:				
Transfer to retained earnings	**(12,565)**	—	(1,222)	**(117,007)**
Others	**(129)**	—	—	**(1,201)**
Balance at end of the year	**¥ 77,791**	¥ 90,485	¥ 90,064	**$ 724,381**
Accumulated Deficit:				
Balance at beginning of the year	**¥ (111,058)**	¥(242,546)	¥ (213,562)	**$(1,034,161)**
Add:				
Reduction of capital	**—**	—	89,829	**—**
Reduction of capital reserve	**50,000**	76,369	24,846	**465,592**
Transfer from variance of land revaluation	**12,565**	(19)	1,268	**117,007**
Net income	**60,037**	54,713	—	**559,058**
Other	**—**	550	47	**—**
Deduct:				
Net loss	**—**	—	(144,301)	**—**
Other	**(1,083)**	(126)	(673)	**(10,088)**
Balance at end of the year	**¥ 10,460**	¥ (111,058)	¥ (242,546)	**$ 97,408**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows (For the years ended March 31, 2005, 2004 and 2003)

	Millions of yen			Thousands of U.S. dollars
	2005	2004	2003	2005
Cash Flows from Operating Activities				
Net income (loss) before income taxes and minority interests	¥ 68,767	¥ 55,357	¥ (111,527)	$ 640,352
Depreciation and amortization	27,170	27,401	43,387	253,011
Equity in loss of unconsolidated subsidiaries and affiliates	(15,811)	(10,362)	726	(147,235)
Loss on revaluation of investments	—	—	5,088	—
Provision for retirement benefits, less payments	(2,209)	2,591	(40,150)	(20,572)
Provision for allowance for product warranty	(1,098)	648	1,263	(10,226)
Provision for allowance for bonus	1,032	2,394	(3,307)	9,615
Provision for allowance for doubtful assets	8,361	(5,245)	2,999	77,865
Interest and dividend income	(3,002)	(2,370)	(2,724)	(27,961)
Interest expenses	12,564	13,116	18,026	117,001
Gain on disposal of property assets	(3,211)	(2,893)	(3,838)	(29,906)
Loss on disposal of property assets	15,589	10,758	4,343	145,163
Loss on investment for affiliated company restructuring	—	241	72,795	—
Gain on sales of securities	(5,300)	(3,524)	(8,060)	(49,359)
Other extraordinary loss	1,409	1,186	—	13,127
Decrease (increase) in receivable	(31,466)	(17,293)	8,313	(293,015)
Decrease (increase) in inventories	(8,836)	(6,852)	29,163	(82,285)
Decrease (increase) in other current assets	(2,504)	9,622	18,130	(23,317)
Increase (decrease) in notes and accounts payable	17,721	26,724	29,325	165,024
Increase (decrease) in accrued expenses and taxes	12,841	(4,359)	(3,004)	119,579
Increase (decrease) in deposit received	(1,449)	(2,127)	(10,380)	(13,493)
Increase (decrease) in other liabilities	(2,243)	4,010	17,507	(20,895)
Others	(1,844)	(441)	1,437	(17,171)
Cash received from interest and dividends	3,112	2,646	3,650	28,978
Cash paid for interest	(12,511)	(13,105)	(18,466)	(116,506)
Cash paid for income taxes	(11,550)	(2,831)	(4,702)	(107,558)
Net Cash Provided by Operating Activities	65,531	85,292	49,997	610,215
Cash Flows from Investing Activities				
Payments for purchase of securities	(2,204)	(3,672)	(50,247)	(20,527)
Proceeds from sales of securities	11,319	11,333	16,934	105,404
Payments for property, plant and equipment	(44,645)	(30,394)	(34,703)	(415,731)
Proceeds from sales of property, plant and equipment	16,865	15,752	9,284	157,052
Payments for long-term loans receivable	(4,105)	(4,805)	(8,735)	(38,233)
Collection of long-term loans receivable	4,955	3,905	16,600	46,149
Increase (decrease) in short-term loans receivable	1,289	(1,833)	(245)	12,004
Increase (decrease) in finance receivable of overseas subsidiary	396	3,023	43,376	3,690
Increase (decrease) in fixed deposits	7,046	301	(6,489)	65,614
Others	1,286	721	(2,281)	11,984
Net Cash Used in Investing Activities	(7,795)	(5,668)	(16,506)	(72,593)
Cash Flows from Financing Activities				
Issuance of common stock	—	—	9,999	—
Increase (decrease) in short-term debt	(88,374)	(49,074)	(40,088)	(822,932)
Increase (decrease) in commercial paper	(1,800)	1,800	—	(16,761)
Proceeds from long-term debt	275,789	78,655	136,453	2,568,109
Payments of long-term debt	(249,544)	(76,834)	(103,368)	(2,323,719)
Payments (issuance) of bonds	(2,350)	(15,500)	(53,000)	(21,882)
Proceeds from bonds with warrant attached	100,000	30,000	—	931,185
Decrease of preferred stock	(60,000)	—	—	(558,711)
Others	(86)	1,956	(25)	(805)
Net Cash Used in Financing Activities	(26,366)	(28,997)	(50,029)	(245,517)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(256)	(1,061)	(2,752)	(2,389)
Net Increase (Decrease) in Cash and Cash Equivalents	31,112	49,564	(19,291)	289,714
Cash and Cash Equivalents at Beginning of the Year	102,579	52,951	72,284	955,204
Increase (Decrease) in Cash and Cash Equivalents from the Addition or Exclusion of Consolidated Companies	1,560	63	(42)	14,529
Cash and Cash Equivalents at End of the Year (Notes 2)	¥ 135,252	¥ 102,579	¥ 52,951	$ 1,259,449

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Basis of Presenting The Financial Statements

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

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

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

U.S. dollar amounts have been translated from Japanese yen for convenience only at the rate of ¥107.39=US$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2005. The translations should not be construed as a representation that Japanese yen have been or could be converted into U.S. dollars at that rate. The U.S. dollar amounts are then rounded down in thousands.

Certain reclassifications have been made in the 2004 and 2003 financial statements to conform to the presentation for 2005.

2. Summary of Significant Accounting Policies

a) Consolidation

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

Investments in main unconsolidated subsidiary and significant affiliated companies (15% to 50% owned) are accounted for by the equity method.

The differences at the time of acquisition between the cost and underlying net equity of investments in consolidated subsidiaries and in unconsolidated subsidiaries and affiliated companies accounted for under the equity method are, as a rule, amortized over periods of five years after appropriate adjustments.

b) Foreign Currency Translation

The Company has adopted the Financial Accounting Standard for Foreign Currency Transactions in Japan effective from April 1, 2000.

Based on the accounting principle, foreign currency transaction adjustments are recorded in "Equity" or "Minority Interest".

c) Securities

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

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

d) Inventories

Inventories of the Company are valued at cost using the periodic average method. Inventories of consolidated subsidiaries are principally valued at cost using the specific identification method.

e) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is principally computed by the straight-line method over the applicable useful lives.

f) Software costs

Software used by the Company and its consolidated subsidiaries is depreciated using the straight-line method, based on the useful life as determined by the Company and its consolidated subsidiaries (generally 5 years).

g) Leases

Finance lease transactions, except for those which meet the conditions that the ownership of the lease assets is substantially transferred to the lessee, are accounted for on a basis similar to ordinary rental transactions.

h) Employees' Retirement Benefits

Employees' retirement benefits covering all employees are provided through an unfunded lump-sum benefit plan and a funded pension plan. Under the plans, eligible employees are entitled, under most circumstances, to severance payments based on compensation at the time of severance and years of service.

The Company has adopted the Financial Accounting Standard for retirement benefits in Japan. In accordance with this standard, accrued employees' retirement benefits have been provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets adjusted for unrecognized actuarial gain or loss.

i) Income Taxes

Income taxes are accounted for on an accrual basis. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of deferred tax assets and liabilities of a change in tax rate are recognized in income in the period that includes the enacted date.

j) Net Income per Share

Net income per share of common stock is based upon the weighted average number of shares of common stock outstanding during each year. Under the revised financial statements regulations in Japan, the weighted average number of shares is calculated based on the number of issued shares less the number of treasury stocks from the fiscal year ended March 31, 2002.

Effective from the fiscal year ended March 31, 2003, the Company applied early adoption of the Financial Accounting Standard No. 2 "Financial Accounting Standard for Earnings per Share" and the Financial Accounting Standard Implementation Guidance No. 4 "Implementation Guidance for Accounting Standard for Earnings per Share" issued by the Accounting Standards Board of Japan on September 25, 2002.

Basis for the calculation of net income per share at the year ended March 31,2005 is as follows:

	Millions of yen	Thousands of U.S. dollars
Net Income	¥ 60,037	$ 559,058
Less: Components not pertaining to common shareholders;		
Bonuses to directors and corporate auditors	15	142
Dividend to preferred stock (Class II excluded)	582	5,419
Net income pertaining to common stock	59,439	553,496
Average outstanding shares:		
Common stock (share):	953,762,418	953,762,418
Class IV preferred stock (share):	95,693,780	95,693,780

k) Appropriation of Retained Earning

Appropriations of retained earnings are recorded in the financial year in which the appropriation is approved by the Board of Directors or shareholders.

l) Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Reconciliation for cash and cash equivalents at end of year on the statement of cash flows for the years ended March 31, 2005 is as follows:

	Millions of yen	Thousands of U.S. dollars
Cash and time deposits on the consolidated balance sheet	¥ 139,357	$ 1,297,676
Time deposits with original maturities over three month at the time of purchase	(4,105)	(38,277)
Cash and cash equivalents on the statement of cash flows	¥ 135,252	$ 1,259,449

3. Investments

Fair Value of Securities of other securities as of March 31, 2005 were as follows:

	Millions of yen			Thousands of U.S. dollars		
	Acquisition costs	Carrying value	Unrealized gain (loss)	Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:						
Stocks	¥ 12,059	¥ 24,174	¥ 12,115	$ 112,296	$ 225,111	$ 112,814
Bonds:						
Corporate bonds	¥ 3	¥ 3	¥ 0	$ 27	$ 28	$ 0
Investment trusts	¥ 60	¥ 97	¥ 37	$ 559	$ 909	$ 350
Total	¥ 12,122	¥ 24,275	¥ 12,152	$ 112,884	$ 226,049	$ 113,165
Unrealized loss:						
Stocks:	¥ 2,683	¥ 2,286	¥ (396)	$ 24,988	$ 21,293	$ (3,695)
Total	¥ 2,683	¥ 2,286	¥ (396)	$ 24,988	$ 21,293	$ (3,695)

Proceeds from sales of securities classified as other securities amounted to ¥6,026 million ($56,121 thousands) with an aggregate gain on sales of ¥3,704 million ($34,493 thousands) and an aggregate loss on sales of ¥507 million ($4,726 thousands) for the year ended March 31, 2005.

Non-marketable securities classified as other securities at March 31, 2005 amounted to ¥2,239 million ($20,856 thousands).

The redemption schedule for bonds with maturity dates at March 31, 2005 was summarized as follows:

	Millions of yen		Thousands of U.S. dollars	
	Due in one year or less	Due after one year	Due in one year or less	Due after one year
Corporate bonds	¥3	—	$28	—

4. Long-Term Debt

Long-term debt at March 31, 2005 were as follows:

	Millions of yen	Thousands of U.S. dollars
1.59% straight bonds due 2010	¥ 10,000	$ 93,118
3.3% Guaranteed debentures of Isuzu Motors Co.,		
(Thailand) Ltd. No.1/2547 due 2007	2,634	24,535
Bonds with warrant attached (*)	56,000	521,463
Loans	288,044	2,682,225
Less: current portion	¥ 59,087	$ 550,216
	¥ 297,591	$ 2,771,127

The Company issued 2nd Series Unsecured Convertible Bonds in fiscal year 2005. The Company has redeemed all of these bonds before maturity in June 17, 2005.

The annual maturities of long-term debt at March 31, 2005 are as follows:

Planned maturity date	Millions of yen	Thousands of U.S. dollars
Due after 1 year within 2 years	¥ 108,133	$ 1,006,920
Due after 2 years within 3 years	50,265	468,064
Due after 3 years within 4 years	41,043	382,188
Thereafter	98,149	913,954
Total	¥ 297,591	$ 2,771,127

The assets pledged as collateral for certain loans and other liabilities at March 31, 2005 were as follows:

	Millions of yen	Thousands of U.S. dollars
Cash and time deposits	¥ 2,565	$ 23,889
Notes and accounts receivable	31,652	294,741
Building and structures	69,184	644,232
Machinery and equipment	41,349	385,039
Land	218,191	2,031,762
Securities	2,385	22,213
Others	748	6,973

5. Retirement Benefits Obligation and Pension Plan

(1) Retirement benefits obligation as of March 31, 2005

	Millions of yen	Thousands of U.S. dollars
Projected benefits obligation		
at end of the year	¥ (112,300)	$(1,045,723)
Fair value of plan assets	27,161	252,922
Accrued retirement and		
severance benefits on balance sheets	60,057	559,243
Net	¥ (25,081)	$ (233,557)
Unrecognized actuarial net loss	¥ (25,081)	$ (233,557)

From September 1, 2003, The Company amended the Employee Pension Fund to establish the cash balance pension plan.

(2) Retirement benefit cost for the year ended March 31, 2005.

	Millions of yen	Thousands of U.S. dollars
Service cost	¥ 1,930	$ 17,980
Interest cost on projected benefit obligation	2,105	19,609
Expected return on plan assets	(330)	(3,077)
Amortization of actuarial net loss (gain)	6,429	59,867
Amortization of prior service cost	(1,729)	(16,104)
Net periodic pension cost	¥ 8,405	$ 78,274

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

	2005
Discount rate	2.3%
Expected rate of return on plan assets	1.5~2.5%
Recognition period of prior service cost	1 year
Amortization period of actuarial net loss (gain)	10 years
Amortization period of net obligation arising from accounting changes	1 year

6. Income Taxes

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

Income taxes in the statements of operations include corporation taxes and inhabitant taxes and enterprise taxes.

The significant components of the Company's deferred tax assets and liabilities as of March 31, 2005 were as follows:

	Millions of yen	Thousands of U.S. dollars
Deferred tax assets:		
Retirement benefits	¥ 18,483	$ 172,116
Loss from revaluation of securities and		
allowance for doubtful accounts	83,828	780,602
Accrued expenses	9,396	87,497
Bonus payment reserve	4,003	37,280
Inventory write down	1,071	9,974
Loss carried forward	23,093	215,047
Unrealized gain	10,787	100,454
Other	40,997	381,767
Valuation allowance	(150,212)	(1,398,752)
Deferred tax liabilities		
Reserve for deferred income tax of fixed assets	(241)	(2,245)
Depreciation adjustment of foreign subsidiaries	(3,637)	(33,869)
Other	(515)	(4,801)
Total deferred tax assets	¥ 37,057	$ 345,072
Deferred tax liabilities:		
Reserve for deferred income tax of fixed assets	730	6,797
Unrealized hiding gain on securities	3,195	29,757
Other	767	7,147
Total deferred tax liabilities	¥ 4,693	$ 43,704

A reconciliation between the normal effective statutory tax rate and the actual effective tax rates reflected in the accompanying consolidated statements of operations for the years ended March 31, 2005 was as follows:

	2005
Normal effective statutory tax rate	40.0%
Net valuation allowance	(37.3)
Different tax rate applied to foreign subsidiaries	(5.6)
Retained earnings of foreign subsidiaries	7.3
Carry forward deficit of consolidated subsidiaries	5.8
Equity in earnings of unconsolidated subsidiaries and affiliates	(9.2)
Foreign tax credit	5.6
Others,net	2.5
Actual effective tax rate	9.1

7. Shareholders' Equity

The Code provides that an amount equal to at least 10% of the amounts to be disbursed as distributions of earnings be appropriated to the legal reserve until the sum of the legal reserve and additional paid-in capital equals 25% of the common stock account. The Code also stipulates that, to the extent that the sum of the additional paid-in capital account and the legal reserve exceeds 25% of the common stock account, the amount of any such excess is available for appropriation by resolution of the shareholders.

The legal reserves of the consolidated subsidiaries are included in retained earnings in the accompanying consolidated financial statements.

The Company's capital surplus was off-setted with deficit in the amount of ¥50,000 millions ($465,592 thousands) based on the approval by the stockholders' meeting held on December 22, 2004.

The Company issued new common stock due to the exercise of stock acquisition right. As the effect of the issuance, the Company's common stock increased by ¥25,053 millions, the Company's capital surplus increased by ¥24,946 millions ($232,299 thousands), and the Company's bonds with warrant attached decreased by ¥50,000 million ($462,292 thousands) .

The Company retired Class-II preferred stock with payment to the shareholders of Class-II preferred stock based on the approval by the stock holders' meeting held on December 22, 2004. As the effect of the retirement of preferred stock, the Company's common stock and preferred stock decreased by ¥60,000 millions ($558,711 thousands).

8. Preferred Stock

The Company issued the preferred stock (Class I, Class II, Class III and Class IV) in the fiscal year 2003. The Company has retired Class-II preferred stock in fiscal year 2005. Interim dividend shall not be paid to preferred shareholders or to preferentially registered pledges. When the amount of dividend to be paid to the preferred shareholders or preferentially registered pledges in a given business year does not reach the amount of the preferred dividend, the shortfall will not be carried over to the next business year for accumulation.

When the residual property of the Company is to be distributed, ¥800 per share of the preferred stocks shall be paid to the preferred shareholders or to the preferentially registered pledges before the ordinary shareholders or the ordinarily registered pledges.

No other residual property than the above shall not be distributed to the preferred shareholders or to the preferentially registered pledges.

The Company can always purchase preferred stocks and cancel the stocks at the purchased price by a profit distributed to shareholders. The preferred shareholders shall not have a voting right at the General Meeting of Shareholders.

The Company shall not make the consolidation or division of preferred stocks unless otherwise stipulated by law.

The Company shall not give preemptive rights, stock acquisition rights or subscription right of bond with stock acquisition rights to the preferred shareholders.

Payment of dividends and distribution of residual property to each class of the preferred stock shall be made according to the same order of priority.

a) Outline of the Issue of Class-I Preferred Stock

(1) Preferred Dividend

Class-I preferred dividend shall be calculated according to the following formula. Class-I preferred dividend shall be calculated to four places of decimals of less than yen and rounded off at the fourth place of decimals. However, when the calculation result exceeads ¥80, Class-I preferred dividend will be set at ¥80.

Class-I preferred dividend=¥800× (Japanese Yen TIBOR+0.750%)

Any portion of dividend which exceeds the amount of the Class-I preferred stocks shall not be paid to Class-I preferred shareholders and Class-I preferentially registered pledges.

(2) Conversion Contract Right

(i) Period for Claiming Conversion

Period for claiming the conversion of the Class-I preferred stocks shall be from October 1, 2006 to September 30, 2022.

(ii) Conditions for Conversion

The Class-I preferred stocks can be converted to the common stocks of the Company at the per-share converting values specified below from (a) to (c).

(a) Initial Conversion Price = ¥54

(b) Revision of Conversion Price

Conversion price is revised to the average price on October 1 every year from October 1, 2007 to September 30, 2022 (hereinafter referred to as the date of revision of conversion price respectively) when the average price (excluding days without closing price) of daily closing prices (including quoted price) in regular transactions of common stocks of the Company at the Tokyo Stock Exchange the Tokyo Stock Exchange. during 30 business days starting from 45th business day preceding the date of revision of conversion price (hereinafter referred to as actual value calculation period respectively) is below the initial conversion price (revised conversion price shall be calculated to the first decimal point and then rounded up. In addition, if during the actual value calculation period, a revision specified in (c) below has to be necessary, the average price shall be revised to an amount judged appropriate by the Board of Directors in accordance with (c). However, when after calculation, the revised conversion price is below the price equal to 70% of the initial conversion price (calculated to the first decimal point and then rounded up, hereinafter referred to as floor conversion price and revised according to (c).), the floor conversion price shall be treated as the revised conversion price.

(c) Adjustment of Conversion Price

After the issue of Class-I preferred stocks, if any of the followings applies, the conversion price shall be adjusted by the formula below (hereinafter referred to as formula for the adjustment of conversion price). In this formula, figures shall be calculated to the first decimal point and then rounded up.

$$\text{Adj. conver. price} = \text{Pre-adjust conver. price} \times \frac{\text{No. of issued common stocks} + \dfrac{\text{No. of new common stocks} \times \text{Amount paid per new stock}}{\text{Market value per stock}}}{\text{No. of issued common stocks} + \text{No. of new common stocks}}$$

(iii)The Number of Common Stocks to be issued through Conversion

The number of common stocks of the Company to be issued through the conversion of the Class-I preferred stocks shall be as follows.

$$\text{No. of common stocks issued thru conversion} = \frac{\text{Total Amount of Issue Price of Class- I Preferred Stocks submitted by Shareholders for asking Conversion}}{\text{Conversion Price}}$$

When fractions less than 1 are produced in calculating the number of common stocks to be issued, they shall be dropped.

(3) Mandatory Conversion

The Class-I preferred stocks which are not requested for conversion during the period in which a request for conversion is possible shall become common stocks on the day determined by the Board of Directors' Meeting which is held on the next day of the last day of the said period (hereinafter referred to as the base date of Mandatory conversion) and the number of the common stocks is obtained from dividing the amount equal to the amount paid per stock of the Class-I preferred stocks by the average price (calculated to the first decimal point and then rounded up) of the daily closing price (including quoted price) in regular transactions of common stocks of the Company at the Tokyo Stock Exchange the Tokyo Stock Exchange. during 30 business days (excluding days without closing price) starting from the 45th business day preceding the base date of Mandatory conversion.

When the average price is lower than the floor conversion price, the Class-I preferred stocks shall become common stocks whose number is obtained from dividing the amount equal to the amount paid per stock of the Class-I preferred stock by the floor conversion price. Also, when the average price is more than the maximum conversion price, they shall become common stocks whose number is obtained from dividing the amount equal to the amount paid per stock of the Class-1 preferred stocks by the maximum conversion price.

The maximum conversion price is equal to the initial conversion price (subject to "Adjustment of Conversion Price" described the above (2)(ii)(c).

When fractions less than 1 are produced in calculating the above number of common stocks, they shall be treated according to the treatment of the reverse split of stocks stipulated in the Commercial Law.

b) Outline of the Issue of Class-III Preferred Stock

(1) Preferred Dividend
Class-III preferred dividend shall be calculated according to the following formula. Class-III preferred dividend shall be calculated to four places of decimals of less than yen and rounded off at the fourth place of decimals. However, when the calculation result exceeds ¥80, Class-III preferred dividend will be set at ¥80.

Class-III preferred dividend=¥800× (Japanese Yen TIBOR+1.500%)

Any portion of dividend which exceeds the amount of the Class-III preferred stocks shall not be paid to Class-III preferred shareholders and Class-III preferentially registered pledges.

(2) Conversion Contract Right
(i) Period for Claiming Conversion
Period for claiming the conversion of the Class-III preferred stocks shall be from October 1, 2010 to September 30, 2027.

(ii) Conditions for Conversion
The Class-III preferred stocks can be converted to the common stocks of the Company at the per-share converting values specified below from (a) to (c).

(a) Initial Conversion Price

The average price of daily closing prices (including quoted price) in regular transactions of common stocks of the Company at the Tokyo Stock Exchange. during 30 business days (excluding days without closing price) starting from 45th business day preceding the first day of period for claiming conversion (calculated to the first decimal point and then rounded up the first decimal point and then rounded up.)

(b) Revision of Conversion Price
Conversion price is revised to the average price (excluding days without closing price) of daily closing prices (including quoted price) in regular transactions of common stocks of the Company at the Tokyo Stock Exchange during 30 business days starting from 45th business day preceding the date of revision of conversion price (hereinafter referred to as actual value calculation period respectively) on October 1 every year from October 1, 2011 to September 30, 2027 (hereinafter referred to as the date of revision of conversion price respectively). (Revised conversion price shall be calculated to the first decimal point and then rounded up. In addition, if during the actual value calculation period, a revision specified in (c) below becomes necessary, the average price shall be revised to an amount judged appropriate by the Board of Directors in accordance with (c).). However, after the above calculation, when the revised conversion price is below the price equal to 50% of the initial conversion price (calculated to the first decimal point and then rounded up, hereinafter referred to as floor conversion price and revised according to (c).), the floor conversion price shall be treated as the revised conversion price. Also after the above calculation, when the revised conversion price is above the price equal to 200% of the initial conversion price (calculated to the first decimal point and then rounded up, hereinafter referred to as the maximum conversion price and revised according to (c).), the maximum conversion price shall be treated as the revised conversion price.

(c) Adjustment of Conversion Price
After the issue of Class-III preferred stocks, if any of the followings applies, the conversion price shall be adjusted by the formula below (hereinafter referred to as formula for the adjustment of conversion price). In this formula, figures shall be calculated to the first decimal point and then rounded up.

$$\text{Adj. conver. price} = \text{Pre-adjust conver. price} \times \frac{\text{No. of issued common stocks} + \dfrac{\text{No. of new common stocks} \times \text{Amount paid per new stock}}{\text{Market value per stock}}}{\text{No. of issued common stocks} + \text{No. of new common stocks}}$$

(iii)The Number of Common Stocks to be issued through Conversion
The number of common stocks of the Company to be issued through the conversion of the Class-III preferred stocks shall be as follows.

$$\text{No. of common stocks issued thru conversion} = \frac{\text{Total Amount of Issue Price of Class-III Preferred Stocks submitted by Shareholders for asking Conversion}}{\text{Conversion Price}}$$

When fractions less than 1 are produced in calculating the number of common stocks to be issued, they shall be dropped.

(3) Mandatory Conversion
The Class-III preferred stocks which are not requested for conversion during the period in which a request for conversion is possible shall become common stocks on the day determined by the Board of Directors' Meeting which is held on the next day of the last day of the said period (hereinafter referred to as the base date of Mandatory conversion) and the number of the common stocks is obtained from dividing the amount equal to the amount paid per stock of the Class-III preferred stocks by the average price (calculated to the first decimal point and then rounded up) of the daily closing price (including quoted price) in regular transactions of common stocks of the Company at the Tokyo Stock Exchange. during 30 business days (excluding days without closing price) starting from the 45th business day preceding the base date of Mandatory conversion.

When the average price is lower than the floor conversion price, the Class-III preferred stocks shall become common stocks whose number is obtained from dividing the amount equal to the amount paid per stock of the Class-III preferred stock by the floor conversion price. Also, when the average price is more than the maximum conversion price, they shall become common stocks whose number is obtained from dividing the amount equal to the amount paid per stock of the Class-III preferred stocks by the maximum conversion price.

When fractions less than 1 are produced in calculating the above number of common stocks, they shall be treated according to the treatment of the reverse split of stocks stipulated in the Commercial Law.

c) Outline of the Issue of Class-IV Preferred Stock

(1) Preferred Dividend
Amount of preferred dividend per share (hereinafter referred to as "Class-IV preferred dividend") shall be calculated according to the following formula. Class-IV preferred dividend shall be calculated to four places of decimals of less than yen and rounded off at the fourth place of decimals. However, when the calculation result exceeds ¥80, Class-IV preferred dividend will be set at ¥80.

Class-IV preferred dividend=¥800× (Japanese Yen TIBOR+2.000%)

When there is a residual profit after the Class-III preferred dividend is paid to the Class-IV preferred stocks, dividend of profit can be paid to the common stocks until it becomes equal to Class-IV preferred dividend. Also when dividend of profit is paid concerning the residual profit, the same amount of money per stock shall be paid to the Class-IV preferred stocks and the common stocks.

(2) Conversion Contract Right
(i) Period for Claiming Conversion
Period for claiming the conversion of the Class-IV preferred stocks shall be from October 1, 2012 to September 30, 2032.

(ii) Conditions for Conversion
The Class-IV preferred stocks can be converted to the common stocks of the Company at the per-share converting values specified below from (a) to (c).

(a) Initial Conversion Price
The average price of daily closing prices (including quoted price) in regular transactions of common stocks of the Company at the Tokyo Stock Exchange. during 30 business days (excluding days without closing price) starting from 45th business day preceding the first day of period for claiming conversion (calculated to the first decimal point and then rounded up.)

(b) Revision of Conversion Price
Conversion price is revised to the average price (excluding days without closing price) of daily closing prices (including quoted price) in regular transactions of common stocks of the Company at the Tokyo Stock Exchange. during 30 business days starting from 45th business day preceding the date of revision of conversion price (hereinafter referred to as actual value calculation period respectively) on October 1 every year from October 1, 2013 to September 30, 2032 (hereinafter referred to as the date of revision of conversion price respectively). (Revised conversion price shall be calculated to the first decimal point and then rounded up. In addition, if during the actual value calculation period, a revision specified in (c) below becomes necessary, the average price shall be revised to an amount judged appropriate by the Board of Directors in accordance with (c).). However, after the above calculation, when the revised conversion price is below the price equal to 50% of the initial conversion price (calculated to the first decimal point and then rounded up, hereinafter referred to as floor conversion price and revised according to (c).), the floor conversion price shall be treated as the revised conversion price. Also after the above calculation, when the revised conversion price is above the price equal to 200% of the initial conversion price (calculated to the first decimal point and then rounded up, hereinafter referred to as the maximum conversion price and revised according to (c).), the maximum conversion price shall be treated as the revised conversion price.

(c) Adjustment of Conversion Price
After the issue of Class-IV preferred stocks, if any of the followings applies, the conversion price shall be adjusted by the formula below(hereinafter referred to as formula for the adjustment of conversion price). In this formula, figures shall be calculated to the first decimal point and then rounded up.

$$\text{Adj. conver. price} = \text{Pre-adjust conver. price} \times \frac{\text{No. of issued common stocks} + \dfrac{\text{No. of new common stocks} \times \text{Amount paid per new stock}}{\text{Market value per stock}}}{\text{No. of issued common stocks} + \text{No. of new common stocks}}$$

(iii) The Number of Common Stocks to be issued through Conversion
The number of common stocks of the Company to be issued through the conversion of the Class-II preferred stocks shall be as follows.

$$\text{No. of common stocks issued thru conversion} = \frac{\text{Total Amount of Issue Price of Class- IV Preferred Stocks submitted by Shareholders for asking Conversion}}{\text{Conversion Price}}$$

When fractions less than 1 are produced in calculating the number of common stocks to be issued, they shall be dropped.

(3) Mandatory Conversion
The Class-IV preferred stocks which are not requested for conversion during the period in which a request for conversion is possible shall become common stocks on the day determined by the Board of Directors' Meeting which is held on the next day of the last day of the said period (hereinafter referred to as the base date of Mandatory conversion) and the number of the common stocks is obtained from dividing the amount equal to the amount paid per stock of the Class-IV preferred stocks by the average price (calculated to the first decimal point and then rounded up) of the daily closing price (including quoted price) in regular transactions of common stocks of the Company at the Tokyo Stock Exchange. during 30 business days (excluding days without closing price) starting from the 45th business day preceding the base date of Mandatory conversion.

When the average price is lower than the floor conversion price, the Class-IV preferred stocks shall become common stocks whose number is obtained from dividing the amount equal to the amount paid per stock of the Class-IV preferred stock by the floor conversion price. Also, when the average price is more than the maximum conversion price, they shall become common stocks whose number is obtained from dividing the amount equal to the amount paid per stock of the Class-IV preferred stocks by the maximum conversion price.

When fractions less than 1 are produced in calculating the above number of common stocks, they shall be treated according to the treatment of the reverse split of stocks stipulated in the Commercial Law.

9. Land Revaluation

In accordance with the Law concerning Revaluation of Land enacted on 31 March, 1999, the land used for business owned by the Company was revalued, and the unrealized gain on the revaluation of land, net of deferred tax, was reported as "Variance of Land Revaluation" within Stockholders' Equity, and the relevant deferred tax was included in Liabilities as "Deferred Tax Liabilities related to Land Revaluation" for the fiscal year ended 31 March, 2005.

In accordance with the Law concerning Revaluation of Land enacted on March31, 1998, the land used for business owned by some of the Company's non-consolidated subsidiaries and affiliates which were accounted for by the equity method were revalued.

The method of revaluation is as follows:
Under article 3-3 of the enforcement ordinance for the law, the land price for the revaluation is determined based on the official notice prices assessed and published by the National Land Agency of Japan, after appropriate adjustments for the shape of land and the timing of the assessment on 31 March, 1999.

10. Contingent Liabilities

Contingent liabilities at March 31, 2005 were as follows:

	Millions of yen	Thousands of U.S. dollars
Guarantees of bank loans	¥ 9,635	$ 89,724
Export bills discounted	1,728	16,098
Notes discounted	3,333	31,041
Notes endorsed	26	250

11. Lease Transactions

(1) Finance lease transactions, except for those which meet the conditions that the ownership of the leased assets is substantially transferred to the lessee, were as follows.

a) As a lessee

(i) Amounts equivalent to acquisition costs, accumulated depreciation and net balance as of March 31, 2005 and 2004 concerning the finance lease assets:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Acquisition Costs	¥ 41,910	¥ 50,437	$ 390,267
Accumulated Depreciation	24,374	30,030	226,970
Net Balance	17,536	20,406	163,297

(ii) Future payment obligations of finance lease expenses as of March 31, 2005 and 2004 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Portion due within one year	¥ 6,319	¥ 7,632	$ 58,842
Thereafter	12,593	14,250	117,273
Lease expense paid	8,490	10,597	79,063

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

(2) Operating lease were as follows.

a) As a lessee

Future payment obligations of operating lease expenses as of March 31, 2005 and 2004 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Portion due within one year	¥ 677	¥ 570	$ 6,311
Thereafter	1,189	1,669	11,079

b) As a lessor

Future receivable income of operating lease commitment as of March 31, 2005 and 2004 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Portion due within one year	¥ 19	¥ 19	$ 180
Thereafter	29	47	270

12. SUBSEQUENT EVENTS

a) The following appropriations of retained earnings of the Company were approved at the shareholders' meeting held on June 29, 2005:

	Millons of yen	Thousands of U.S. dollars
Year-end cash dividends		
Preferred Stock (Class I) (¥6.912=U.S.$0.064 per share)	¥ 259	$ 2,413
Preferred Stock (Class III) (¥12.912=U.S.$0.120 per share)	322	3,005
Preferred Stock (Class IV) (¥16.912=U.S.$0.157 per share)	422	3,937
Common Stock (¥1.500=U.S.$0.013 per share)	1,609	14,985

b) The Company issued new common stock (67,669,954 shares) due to the exercise of stock acquisition right from April 1 to June 6. As the effect of the issuance, the Company's common stock increased by ¥8,027 milliom ($74,746 thousands), the Company's capital surplus increased by ¥7,972 million ($74,242 thousands) and bonds with warrant attached decreased from ¥56,000million ($521,463 thousands) to ¥40,000 million ($372,474 thousands).

The Company redeemed these bonds with warrant attached (amount of ¥40,000 million ($372,474 thousands)) in June 17, 2005.

12. Segment Information

(1) The business segment information for the Company and its consolidated subsidiaries for the years ended March 31, 2005 and 2004

As net sales, operaring income and total assets from the automotive business of the Company and its consolidated subsidiaries constituted more than 90% of the consolidated totals for the year ended March 31, 2005 and 2004, the business segment information for fiscal 2005 and 2004 is not shown.

(2) The geographical segment information for the Company and its consolidated subsidiaries for the years ended March 31, 2005 and 2004 were as follows:

	Japan	North America	Asia	Other	Total	Eliminations	Consolidated
Year ended March 31, 2005	Millions of yen						
Sales to third parties	971,729	195,917	292,903	33,016	1,493,567	—	1,493,567
Interarea sales and transfers	116,132	4,970	3,694	176	124,974	(124,974)	—
Total sales	1,087,862	200,888	296,598	33,192	1,618,542	(124,974)	1,493,567
Operating expenses	1,014,931	201,117	282,516	31,870	1,530,436	(124,083)	1,406,353
Operating income (loss)	72,931	(229)	14,082	1,322	88,106	(891)	87,214
Total assets	963,719	56,879	125,541	14,426	1,160,567	(17,986)	1,142,580
	Thousands of U.S. dollars						
Sales to third parties	9,048,606	1,824,353	2,727,479	307,443	13,907,883	—	13,907,883
Interarea sales and transfers	1,081,412	46,288	34,404	1,643	1,163,748	(1,163,748)	—
Total sales	10,130,018	1,870,642	2,761,883	309,087	15,071,631	(1,163,748)	13,907,883
Operating expenses	9,450,893	1,872,777	2,630,751	296,775	14,251,198	(1,155,443)	13,095,754
Operating income (loss)	679,124	(2,135)	131,131	12,311	820,433	(8,304)	812,128
Total assets	8,974,017	529,650	1,169,023	134,338	10,807,030	(167,486)	10,639,544

	Japan	North America	Asia	Other	Total	Eliminations	Consolidated
Year ended March 31, 2004	Millions of yen						
Sales to third parties	973,239	223,928	207,285	25,887	1,430,339	—	1,430,339
Interarea sales and transfers	91,753	11,458	2,793	73	106,079	(106,079)	—
Total sales	1,064,992	235,386	210,078	25,960	1,536,418	(106,079)	1,430,339
Operating expenses	987,791	236,075	203,803	24,561	1,452,232	(106,383)	1,345,848
Operating income (loss)	77,201	(688)	6,274	1,399	84,186	304	84,490
Total assets	958,803	57,216	71,045	11,670	1,098,736	(20,919)	1,077,816

(3) Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than export to Japan) of the foreign consolidated subsidiaries, were as follows:

	North America	Asia	Other	Total
Year ended March 31, 2005	Millions of yen			
Overseas sales	231,901	374,172	279,744	867,818
Consolidated net sales	—	—	—	1,493,567
Overseas sales per consolidated net sales	14.3%	25.1%	18.7%	58.1%
	Thousands of U.S. dollars			
Overseas sales	1,991,819	3,484,238	2,604,938	8,080,995
Consolidated net sales	—	—	—	13,907,883
Overseas sales per consolidated net sales	14.3%	25.1%	18.7%	58.1%

	North America	Asia	Other	Total
Year ended March 31, 2004	Millions of yen			
Overseas sales	251,563	336,217	215,194	802,975
Consolidated net sales	—	—	—	1,430,339
Overseas sales per consolidated net sales	17.6%	23.5%	15.0%	56.1%

Report of Independent Auditors

To The Board of Directors
Isuzu Motors Limited

We have audited the accompanying consolidated balance sheets of Isuzu Motors Limited and consolidated subsidiaries as of March 31, 2005, 2004 and 2003, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Isuzu Motors Limited and consolidated subsidiaries at March 31, 2005, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2005 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young ShinNihon

June 29, 2005
Tokyo, Japan

See Note 1 to the consolidated financial statements which explains the basis of preparation of the consolidated financial statements of Isuzu Motors Limited and consolidated subsidiaries under Japanese accounting principles and practices

CORPORATE DIRECTORY

PRINCIPAL DOMESTIC SUBSIDIARIES AND AFFILIATES

Isuzu Motors Kinki Co., Ltd.
Isuzu Motors Tokai Co., Ltd.
Kanagawa Isuzu Motors Ltd.
Tokyo Isuzu Motors Ltd.
Isuzu LINEX Corporation
J-Bus Limited
Jidosha Buhin Kogyo Co., Ltd.
Automobile Foundry Co., Ltd.
TDF Corporation
Nippon Fruehauf Co., Ltd.

PRINCIPAL OVERSEAS SUBSIDIARIES AND AFFILIATES

Asia

Isuzu Motors Asia Ltd. (IMA)
9 Temasek Boulevard, #22-03, Suntec City Tower II, Singapore 038989
Tel: 65-6339-9301

Isuzu (China) Holding Co., Ltd.
Room No. 1510, Beijing Fortune Building, No.5 Dong San Huan North Road, Chao Yang District, Beijing, The People's Republic of China
Tel: 86-10-6590-8951

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

ISUZU (Shanghai) Tradetech Co., Ltd.
Room A, 24F, No. 710 Dong Fang Road, Pudong New Area, Shanghai, The People's Republic of China
Tel: 86-21-6876-2718

Guangzhou Isuzu Bus Co., Ltd.
68 Yuan Gang Road Yan Ling, Guangzhou City, The People's Republic of China
Tel: 86-20-3708-6936

Isuzu Motors Off-Highway Diesel Engine Trading (Shanghai) Co., Ltd.
Rm. 3104, New Town Centre No. 83 Loushanguan Rd., Shanghai, China
Tel: 021-6236-8395

Taiwan Isuzu Motors Co., Ltd. (TIM)
2-2 Lane 310, Sec.2 Sha-Tien Road, Ta Tu, Taichung Hsien, Taiwan, ROC
Tel: 886-42-699-7600

Isuzu Philippines Corporation (IPC)
114 Technology Avenue, Phase II, Laguna Technopark, Binan, Laguna 4024, Philippines
Tel: 63-2-842-0241

Isuzu Autoparts Manufacturing Corporation (IAMC)
114 North Main Avenue, Phase III, Special Economic Zone, Laguna Technopark, Binan, Laguna 4024, Philippines
Tel: 63-49-541-1458

Isuzu Vietnam Co.,Ltd. (IVC)
100 Quang Trung St. Ward 11, Go Vap District, Ho Chi Minh City, Vietnam
Tel: 84-8-8959202

Isuzu Motors Co., (Thailand) Ltd. (IMCT)
38 Kor. Moo9 Poochaosamingprai Road, Samrong-Tai, Phrapradaeng, Samutprakan 10130, Thailand
Tel: 66-2-394-2541

Isuzu Engine Manufacturing Co., (Thailand) Ltd. (IEMT)
Lat Krabang Industrial Estate, Chalong-Krung Road, 122 Moo 4 Lamplatew, Lat Krabang, Bangkok 10520, Thailand
Tel: 66-2-326-0916~9

Thai International Die Making Co., Ltd. (TID)
331-332 Bangpoo Industrial Estate, Sukhumvit Road, Amphur Muang, Samutprakan 10280, Thailand
Tel: 66-2-324-0511

IT Forging (Thailand) Co., Ltd. (ITF)
Siam Eastern Industrial Park 60/7 Moo 3.T.Mabyangporn A. Pluakdaeng, Rayong 21140, Thailand
Tel: 66-38-891-380

Tri Petch Isuzu Sales Co., Ltd. (TIS)
1088 Vibhavadi Rangsit Road, Ladyao Chatuchak, Bangkok 10900, Thailand
Tel: 66-2-966-2111~30

Isuzu Operations (Thailand) Co., Ltd. (IOT)
1088 Vibhavadi Rangsit Road, Ladyao, Chatuchak, Bangkok 10900, Thailand
Tel: 66-2-966-2222

Isuzu Technical Center of Asia Co., Ltd. (ITA)
6th Floor, 38Kor. Moo9 Poochaosamingprai Road, Samrong-Tai, Phrapradaeng, Samutprakan 10130, Thailand
Tel: 66-2-394-2541

P.T. Pantja Motor (PM)
JL. Gaya Motor III No.5, Sunter II, Jakarta 14330, Indonesia
Tel: 62-21-6501000

P.T. Mesin Isuzu Indonesia (MII)
JL.Kaliabang No.1. Pondok Ungu, Kelurahan Medan Satria, Kec. Bekasi Barat, Bekasi, West Java, Indonesia
Tel: 62-21-8879994

P. T. Asian Isuzu Casting Center (AICC)
JL. TOL Jakarta-Cikampek km47, Kawasan Kiic Lot 6-9, Karawang, Indonesia
Tel: 62-21-8904590

Malaysian Truck & Bus Sdn. Bhd. (MTB)
Kawasan Perindustrian, Peramu Jaya, P.O.BOX 6, 26607 Pekan, Pahang Darul Makmur, Malaysia
Tel: 60-9-426-0340

Isuzu Malaysia Sendirian Berhad
501D, Level 5, Tower D, Uptown 5, No. 5, Jalan SS21/39, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel: 60-3-7723-9777

Europe

Anadolu Isuzu Otomotiv Sanayi Ve Ticaret A.S. (AIOS)
Yedipinarlar Mevkii, Sekerpinar Koyu 41400 Gebze, Kocaeli, Turkey
Tel: 90-262-658-8433

Isuzu Motors Europe Ltd. (ISZE)
Suite 24, The Courtyards, Croxley Business Park, Hatters Lane, Watford, Hertfordshire WD18 8NS, U.K.
Tel: 44-1923-231-580

Isuzu Truck (UK) Ltd.
Thundridge Business Park, Thundridge, Nr. Ware, Hertfordshire SG12 OSS, U.K.
Tel: 44-1920-463962

Isuzu Motors Germany GmbH (IMG)
Weiherfeld 2, D-65462 Ginsheim-Gustavsburg, Germany
Tel: 49-6134-558-0

Isuzu Motors Polska Sp. zo.o. (ISPOL)
Ul. Towarowa 50, 43-100 Tychy, The Republic of Poland
Tel: 48-32-219-9600

Isuzu Benelux N.V.
Pierstraat 233-2550, Konitch, Belgium
Tel: 32-3-450-1761

Isuzu Iberia S.L.
Felipe IV, 7, 28014 Madrid, Spain
Tel: 34-91-532-6179

Africa

General Motors Egypt S.A.E. (GME)
Abu-El Feda Building, 3 Abu El Feda Street, Zamalek, Cairo, Egypt
Tel: 20-2-735-4004/736-2116

North America

Isuzu Motors America, Inc. (ISZA)
46401 Commerce Center Drive, Plymouth Township, Michigan 48170, U.S.A.
Tel: 1-734-455-7595

Isuzu Commercial Truck of America, Inc. (ICTA)
13340 183rd Street, Cerritos, California 90702-6007, U.S.A.
Tel: 1-562-229-5000

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

Oceania

Isuzu-General Motors Australia Ltd. (IGM)
858 Lorimer Street, Port Melbourne, Victoria 3207, Australia
Tel: 61-3-9644-6666

OVERSEAS OFFICES

China
Room No. 1510, Beijing Fortune Building, No. 5 Dong San Huan North Road, Chao Yang District, Beijing, The People's Republic of China
Tel: 86-10-6590-8957

Belgium
Sphere Business Park, Doornveld 1, Bus 3, B-1731 Zellik, Belgium
Tel: 32-2-463-0990

BOARD OF DIRECTORS

DIRECTORS

President and Representative Director	① Yoshinori Ida
Executive Vice President and Representative Director	② Basil N. Drossos
Executive Vice Presidents	③ Hiroshi Suzuki
	④ Shigeki Toma
Directors	⑤ Susumu Hosoi
	⑥ Hirokichi Nadachi
	⑦ Yoshio Kinouchi
	⑧ Gourou Shintani
	⑨ Eizou Kawasaki
	⑩ Yoshihiro Tadaki
	⑪ Naotoshi Tsutsumi

EXECUTIVE OFFICERS

Senior Executive Officers	Akira Shinohara
	Takashi Urata
	Shunichi Satomi
	Fujio Anzai
Executive Officers	Shigeji Nakamori
	Yukio Narimatsu
	Hakaru Shibata
	Kazuharu Shimizu
	Tsutomu Yamada
	Shinichi Ohoka
	Ryozo Tsukioka
	Makoto Ushiyama
	Yasuaki Shimizu
	Takafumi Ozawa
	Masaru Odajima
	Masanori Katayama

CORPORATE AUDITORS

Standing Corporate Auditors	Michio Kamiya
	Koji Yamaguchi
	Shigeaki Wakabayashi
Corporate Auditors	Yasuharu Nagashima
	Susumu Tsuchida

(As of July 2005)

CORPORATE DATA

Isuzu Motors Limited


Head Office

Date of Establishment
April 9, 1937

Head Office
26-1, Minami-oi 6-chome, Shinagawa-ku, Tokyo 140-8722, Japan
Tel: +81-3-5471-1141
Fax: +81-3-5471-1043

Plants and Other Facilities

Tochigi Plant	Manufacturing of engines and parts
Fujisawa Plant	Manufacturing of trucks, engines, components and parts
Isuzu Engine Manufacturing Hokkaido Corporation	Manufacturing of engines
Wa.com Hokkaido Co., Ltd.	Overall road testing

Common Stock, Preferred Stock and Number of Shareholders

		Preferred Stock		
	Common Stock	Class I	Class III	Class IV
Shares authorized:	3,369,000,000	37,500,000	25,000,000	25,000,000
Shares issued:	1,073,619,832	37,500,000	25,000,000	25,000,000
No. of shareholders:	56,962	7	1	1

Major Shareholders (% of total)

Common Stock	%
Japan Trustee Services Bank, Ltd. (Trust Account)	13.89
The Master Trust Bank of Japan, Ltd. (Trust Account)	8.90
General Motors Limited	8.39
Trust & Custody Services Bank, Ltd. (Trust Account)	3.61
Bank of New York for GCM Client Accounts (E) ISG	3.15
Mizuho Global, Ltd.	2.97
Nomura Securities Co., Ltd.	2.02
UBS AG London Asia Equities	1.90
The Sumitomo Trust & Banking Co., Ltd.	1.70
The Mitsubishi Trust and Banking Corporation	1.23

Class I Preferred Stock	%
Mitsubishi Corporation	31.33
Mizuho Global, Ltd.	29.69
Itochu Corporation	21.93
The Mitsubishi Trust and Banking Corporation	6.00
The Master Trust Bank of Japan, Ltd. (Administration Trust Account — 79213)	5.15
The Bank of Yokohama, Ltd.	3.16
Trust & Custody Services Bank, Ltd. (Money Trust Tax Account)	2.73

Class III Preferred Stock	%
Mizuho Global, Ltd.	100.00

Class IV Preferred Stock	%
Mizuho Global, Ltd.	100.00

Transfer Agent
UFJ Trust Bank Ltd.
10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081, Japan

(As of March 31 2005)