ISUZU

ISUZU MOTORS LIMITED

ANNUAL REPORT 2007

Year ended March 31, 2007

GROWING OUR POTENTIAL

Profile

At Isuzu, our goal of being a "Global Leader in Commercial Vehicles and Diesel Engines" is built on a history as an automobile manufacturer that dates back to 1916. Since our modest beginnings, Isuzu has grown into one of the world's leading manufacturers of commercial vehicles and diesel engines. Today, we contribute to the well-being of people in over 120 countries around the world, with sales of ¥1,662,925 million in FY2007.

In "Growing our potential", Isuzu is unique amongst commercial vehicle and diesel engine manufacturers in having an integrated network of research and development, manufacturing, sales and support facilities to provide localized products, support and service that spans the globe. Our manufacturing facilities on four continents are supported by research centers in the United States, Germany, Thailand and Japan, which together with our advanced technologies, make us well placed to be a global leader.

"Growing closer to our customers", in 2006 we launched our first "global model", the ELF light-duty truck. Already No. 1 in its category in Japan and 21 other countries around the world, the new "global ELF" is available with a range of highly efficient, advanced diesel engines that meet the strictest emission standards in the world. Its global production enables us to offer outstanding quality and excellent cost performance to customers around the world.

"Growing our commitment" to the environment. Our research and development into new technologies to reduce the environmental impact of our products is being applied to a range of advanced diesel engines that boost fuel efficiency while minimizing emissions.

Together, these initiatives and our ability to rise to the challenges of the market, form the cornerstone of our plan for continuous growth.

Contents

Isuzu Key Figures	1
ELF History	3
Consolidated Financial Highlights	4
Special Feature: Growing Our Potential	5
Message from the Chairman: Growing Our Vision	8
Message from the President: Growing a World of Opportunity	10
Interview with the President	12
Isuzu Developments: Growing Closer to Our Customers	14
Environmental & Social Responsibilities: Growing Our Commitment	16
Corporate Governance & Compliance Policy: Growing in Confidence	18
Board of Directors	20
Financial Section	21
Consolidated Five-Year Summary	22
MD&A	23
Consolidated Balance Sheets	26
Consolidated Statements of Income	28
Consolidated Statements of Change in Net Assets	29
Consolidated Statements of Cash Flows	30
Notes to Consolidated Financial Statements	31
Report of Independent Auditors	42
Corporate Directory	43
Isuzu History: Growing from Experience	44
Corporate Data	45

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

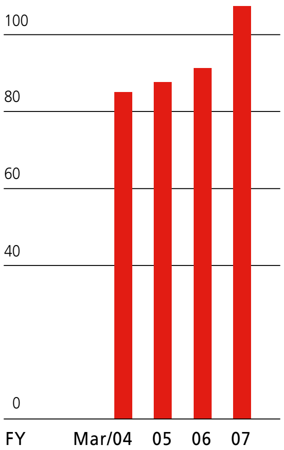
Forward-Looking Statements

This annual report contains forward-looking statements about Isuzu Motors Limited's plans, strategies, beliefs and future performance. 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 diligence when making investment decisions.

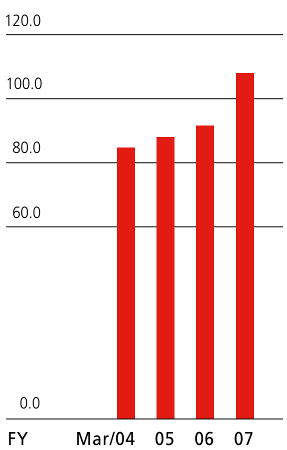
A truly global company

From its base in Japan, Isuzu has grown into a global company, with its commercial vehicles and diesel engines available in over 120 countries around the world. As we embrace globalization with the development of our advanced diesel engines and launch of our first global trucks, the ELF and FORWARD, Isuzu continues to aggressively invest in its manufacturing and R&D facilities around the world. At the same time as we are boosting our distribution, sales and service network, we strive to ensure "Isuzu always mean the best" wherever in the world our customers who rely on Isuzu everyday live and work.

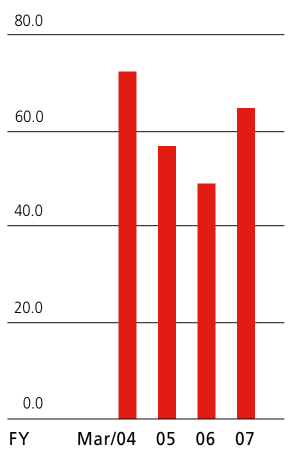
Operating Income (Billions of yen)



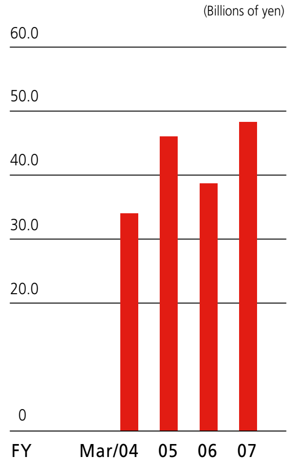
Working Profit (Billions of yen)



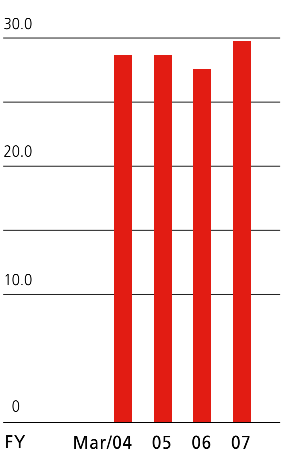
Net Income per Share (Yen)



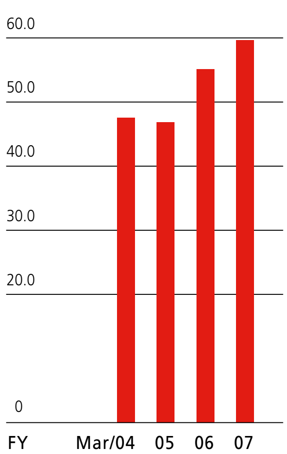
Investment in Plant & Equipment (Billions of yen)



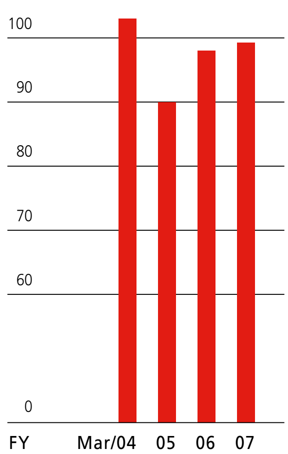
Depreciation Expenses (Billions of yen)



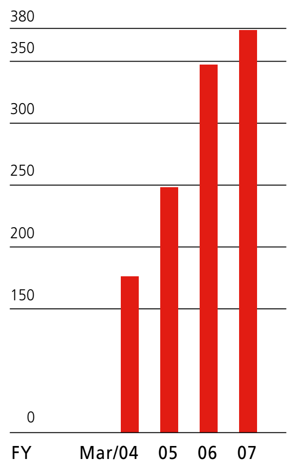
R&D Investment (Billions of yen)



Domestic Sales Volume (1,000 Units)



Export Sales Volume (1,000 Units)



Trucks

Isuzu trucks are trusted around the world for their reliability and durability, even under the most testing conditions. We are the world's leading manufacturer of light-duty trucks, and one of the top three in medium- and heavy-duty trucks. Our new generation trucks integrate Isuzu's leading SEE technology, encompassing Safety, Economy, and Environment, and surpass the world's strictest emission standards.

Truck LineupTruck 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

Isuzu's ERGA and ERGA Mio buses are powered by fuel-efficient, low-emission Isuzu diesel engines. CNG power plants are available on some models. They comply with the latest, stringent emission regulations as well as meeting tough European standards for vehicle rollover performance. The Isuzu GALA HD-9 large sightseeing bus underwent a full model change in 2006, and meets Japan's New Long-Term 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

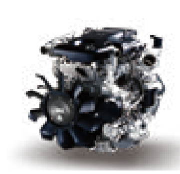
Isuzu pickup trucks are top sellers in many markets. The D-MAX pickup has been the uncontested market leader in Thailand for 11 straight years, and a new generation model launched in August 2006 ensures this record will continue to grow. Cumulative production of Isuzu pickups in Thailand exceeds 1.5 million units, and the D-MAX is exported to many countries around the world.

Pickup Truck, AUV and SUV Lineup

Pickup truck
- Isuzu D-MAX
- Isuzu i series

AUV (Asian Utility Vehicle)
- PANTHER

SUVs
- ASCENDER
- MU-7



Powertrains

Isuzu powertrains have come to symbolize unsurpassed quality. Diesel engines are more fuel efficient and emit less CO_2 than gasoline engines, and our next generation diesel engines build on these inherent qualities. They are in demand by several automobile manufacturers in the United States and Europe for trucks, pickup and cars.

Industrial Engines

The sophisticated features of Isuzu industrial diesel engines have enabled Isuzu diesels to meet the changing demands of industry and an increasing number of companies around the world. They value Isuzu diesels for their combination of power, performance and reliability in industrial applications, and sure-starting dependability in marine use. In Japan, Isuzu leads the market in sales of stand-alone diesel engines to other companies.

Automotive
- 4EH2-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
- B-Series 4&6 cyls. 4.3–6.5 liter 45–140kW
- H-Series 4&6 cyls. 5.2–8.0 liter 147–203kW

World Ranking of Truck Production

		2005 Production		
Rank	Manufacturer	Medium-duty	Heavy-duty	Total
1	Freightliner	45,824	77,288	123,112
2	DaimlerChrysler	29,054	76,977	106,031
3	**Isuzu**	**80,264**	**15,714**	**95,978**
4	Navistar	57,109	30,087	87,196
5	Mitsubishi Fuso	65,755	13,770	79,525
6	Hino	41,911	26,703	68,614
7	Ford	49,791	0	49,791
8	MAN	0	46,475	46,475
9	GM	42,081	0	42,081
10	Mack	0	36,538	36,538

Isuzu Global Production of Diesel Engines by Country Segment

	2004	2005	2006
Japan	432,000	437,000	490,000
China	26,000	26,000	29,000
Thailand	171,000	216,000	203,000
Indonesia	23,000	24,000	16,000
ISPOL	317,000	239,000	147,000
D-MAX	173,000	202,000	212,000
Total	1,143,000	1,144,000	1,097,000

Vehicle Sales in Overseas (Units in thousands)

	2005	2006
North America	27	33
ASEAN	271	265
Europe	32	28
Central & South America	44	56
Middle East/Africa	86	122
Oceania	36	29
China	22	19
Total	518	552

Sales by Business Area (Billions of yen)

	Parent	Japanese dlrs.	North America	ASEAN	Others	Consolidated Adjustment
FY2005	880	475	199	296	197	-553
FY2006	918	519	170	444	214	-683
FY2007	974	515	162	471	288	-746

Operating Income by Business Area (Billions of yen)

	Parent	Japanese dlrs.	North America	ASEAN	Others	Consolidated Adjustment
FY2005	61	6	0	15	5	0
FY2006	54	4	5	21	8	-1
FY2007	62	4	5	22	11	4

Vehicle Export Trends by Category (Units)

	2004	2005	2006
Heavy-duty vehicles	21,217	19,786	23,884
Light-duty vehicles	108,732	100,891	124,956
KD & Component	358,190	401,253	387,885
Total	488,139	521,930	536,725

Number of Employees (FY)

	Mar/04	05	06	07
Male	7,034	7,037	7,107	7,292
Female	275	261	264	279
Total	7,309	7,298	7,371	7,571
Average age (yrs.)	38.8	39.3	39.5	39.4
Working experience (yrs.)	17.0	17.6	17.7	17.6

Retracing the brilliant evolution of the ELF

ELF light-duty trucks have remained at the cutting edge throughout every stage of their history, pioneering numerous technologies that would go on to become standard in the industry. The history of the ELF is the history of light-duty trucks in Japan. Here's a brief look back at the evolution of the ELF, from its initial launch in 1959 to the current sixth-generation design.

Pioneering the light-duty cab-over-engine design

The ELF was the first domestically produced light-duty truck with a full cab-over-engine design. The new configuration allowed for a larger bed, dramatically improving cargo-loading efficiency.

1959 First-generation ELF
- First cab-over-engine design in its class
- 1.5-liter engine

1968 Second-generation ELF
Featuring a swirl chamber-type diesel engine (DE)
- Change from preheating combustion to swirl chamber type engine
- Full-synchro, 4-speed manual transmission and standard brake hydromaster

1972 ELF Mypack, Japan's first FWD light-duty truck

1975 Third-generation ELF
- Redesigned ergonomic cab
- Compliant with revised safety standards
- Advertisements featured "Tora-san" actor Kiyoshi Atsumi.

1979
- Quick on System (QOS, a system for reducing preheating time at startup)

1984 Fourth-generation ELF
Featuring a white, urban-inspired design
- Fuel injection for all models

Pioneering white as a body color
The fourth-generation ELF combined a linear design with a white body color. Other manufacturers followed Isuzu's lead, and white became the standard color for light-duty trucks in Japan.

1990 First front independent suspension in its class

1993 Fifth-generation ELF
Featuring the "Aero Cube" look
- People- and environment-friendly design with enhanced safety

1959 First-generation ELF

1968 Second-generation ELF

1975 Third-generation ELF

1984 Fourth-generation ELF

1993 Fifth-generation ELF

2006 Sixth-generation ELF

1995 Total production surpasses 3 million

1999 ELF reaches No. 1 market share
V30 achieved
- Compliant with 1998 Japanese emission regulations
- Compliant with mid-term brake safety regulations
- Standard drivers-side airbag

2001
- Standard dual-mode manual transmission in most models
- Mechanism for eliminating unnecessary idling

2002
- ELF KR
- Common rail ultra-high-pressure fuel injection
- PM catalytic converter
- First model in Japan to meet 2003 emissions regulations

2004
- Proprietary next-generation "Smoother E" transmission
- Ultra-low PM Emissions Diesel Vehicle certification

ELF leads in environmental performance and safety
ELF contributed to the evolution of the light-duty truck with ideas that consistently prove to be well ahead of their time, including a wide cab, front independent suspension, common rail electronically-controlled fuel injection, and the "Smoother E" transmission.

2006 Sixth-generation ELF

Evolving along with the DE
Isuzu took the lead in using the DE as a power plant for light-duty trucks, and the ELF evolved along with DE technologies such as direct injection. ELF models also delivered dramatically improved starting performance with features like Isuzu's Quick on System (QOS).

Total production passes 5 million
Since its launch in 1959, the ELF has met the demands of the times and the needs of the market with innovative technologies. Brisk sales at home in Japan and in 120 countries worldwide have pushed total production past 5 million. With No. 1 market share in Japan and many other countries, this bestselling truck plays an important supporting role in international distribution.

Consolidated Financial Highlights

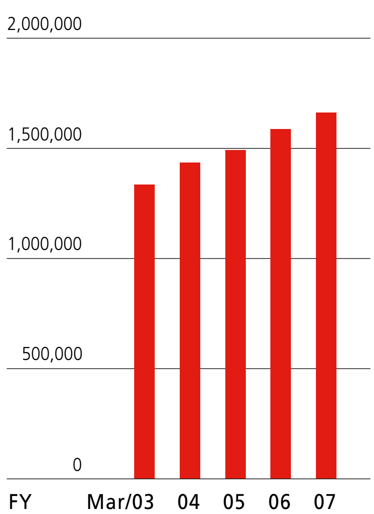
	Millions of yen			Thousands of U.S. dollars
Year ended March 31	**2007**	2006	2005	**2007**
For the Year:				
Net sales	**¥1,662,925**	¥1,581,857	¥1,493,567	**$14,086,620**
Net income	**92,394**	58,956	60,037	**782,670**
At Year End:				
Total assets	**¥ 1,232,181**	¥ 1,168,697	¥ 1,142,580	**$10,437,792**
Shareholders' equity	**389,061**	244,350	158,463	**3,295,734**

	Yen			U.S. dollars
	2007	2006	2005	**2007**
Per Share:				
Net income – primary	**¥ 64.83**	¥ 48.75	¥ 56.64	**$ 0.55**

Note: U.S. dollar figures have been calculated at the rate of ¥118.05=U.S.$1, the approximate rate of exchange prevailing on the Foreign Exchange Market on March 30, 2007.

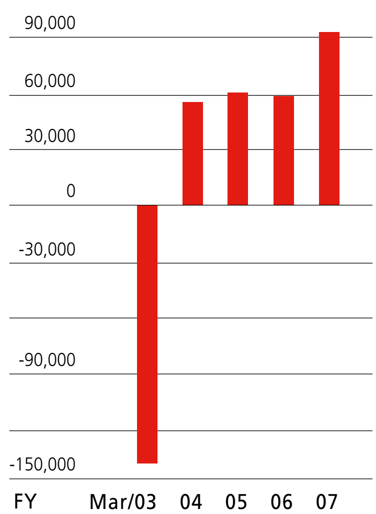
Net Sales

(Millions of yen)



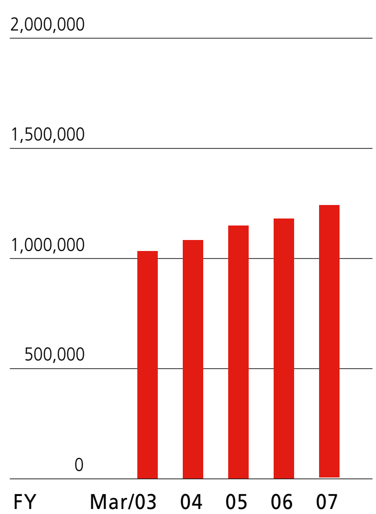
Net Income (Loss)

(Millions of yen)



Total Assets

(Millions of yen)



Growing our potential

FY2007 was an extremely important year for everyone at Isuzu, as the pace of implementing our Mid-term Business Plan for FY 2006-2008 has gained increasing momentum, enabling us to meet key growth targets in our Mid-term Business Plan a year ahead of schedule. Even more importantly, the philosophies driving this strong turnaround have been realized through numerous new initiatives, which have built a solid foundation for truly "Growing Our Potential" in the future.

Growing our core business

Isuzu's growing potential comes from a sharp focus on its core businesses, commercial vehicles and diesel engines (CV/DE), expressed in a clear statement of intent to be the "Global Leader in Commercial Vehicles and Diesel Engines" by enhancing our competitiveness in CV, DE and advanced DE technologies. This commitment to being a global leader is realized through our Global Diesel Engine and Global Commercial Vehicles Engineering Design Philosophies that concentrate on R&D and manufacturing to the highest global standards.

A closer look at our recent initiatives reveals our potential, and the steps we have taken to achieve growth. The driving force for our DE and advanced technologies has been the decision to meet and exceed the challenges of increasingly strict engine emission regulations around the world. Cleaner, more fuel-efficient engines are definitely the future of power generation for all motor vehicles, and our next generation of advanced DE incorporating our advanced DE technologies (see page 14 for more details) build on the thermal efficiency, fuel efficiency and reduced CO_2 emissions of DEs compared to gasoline engines, to give our CVs a competitive edge.

Growing our potential

Growing with new models, new tie-ups

Our Global Design Philosophies have borne fruit with the launch of our first "Global Model", the all-new ELF light-duty truck, in December 2006. It is available with a range of advanced DEs that meet the strictest emission standards in the world, and its global volume production, using common design platforms and parts, contribute to its outstanding quality and excellent cost performance. It was followed in May 2007 by our second "Global Model", the all-new FORWARD medium-duty truck, which offers our customers an Isuzu the same advantages as the ELF.

At the same time, our advanced DE technologies and leadership in creating advanced DEs has won considerable attention, and has made us the preferred supplier to a number of leading automobile manufacturers. The dieselization of passenger cars in Europe, where more than 50% of all new cars sold are powered by DEs, shows just how large the potential is. Our leadership in developing these technologies was also crucial to a business tie-up with Toyota Motor Corporation that Isuzu signed in November 2006. The tie-up will study synergies in the engineering and manufacturing of small DEs. In addition, even as we have dissolved our financial tie-up with GM, we continue to grow our partnership with them. In June 2006, we established a joint venture with GM to jointly develop our next generation pickup truck and platform.

In October 2006 Isuzu Motors Polska Sp. zo.o. (ISPOL), a joint venture between Isuzu Motors Limited and General Motors Corporation, celebrated the first shipment of its new 4EH2 direct-injection DE to Adam Opel AG. The 1.7-liter DE, which will power the Opel Corsa car and Meriva minivan, meets EURO 5 emissions regulations level which will come into force in 2009. ISPOL plans to ship 158,500 units to Opel in 2007.

In April 2007, DMAX, Ltd., a U.S. joint venture between Isuzu Motors and General Motors to manufacture DEs, marked cumulative production of one million units since 2000. The plant currently manufactures 6.6-liter V8 DEs, which have been mounted mainly on GM Chevrolet Silverado full-size pickup trucks and GMC Sierra, that meet strict U.S. environment and fuel efficiency regulations.

Strengthening our global manufacturing

We are working hard to realize our potential as a truly global company, by offering our leading edge technologies worldwide. Isuzu is unique amongst DE manufacturers in having an integrated network of R&D, manufacturing, sales and support facilities to provide localized products, support and service in the over 120 markets in which we operate. Our DE supply network includes manufacturing facilities in Europe, North America, Asia and Japan, supported by research centers in the United States, Germany, Thailand and Japan. All facilities are interlinked, making Isuzu the only truly global producer of DEs.

Another milestone in our global strategy occurred in Ulyanovsky, Russia in July 2006, when the first N Series light-

duty truck rolled off the assembly plant line under an agreement between Isuzu and OAO Severstal-Avto (SSA). 2006 production was targeted at 500 units, rising to 10,000 units within three years. It is the first Japanese vehicle to be assembled in Russia.

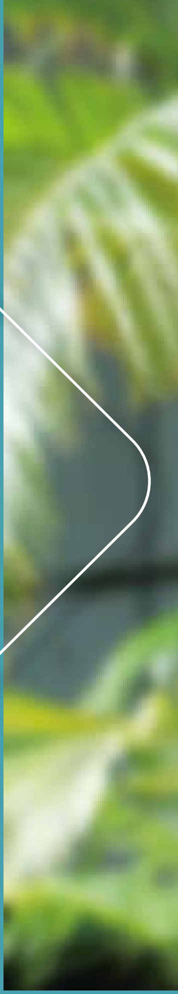
Thailand is a major regional production base for Isuzu, and enjoyed a number of major developments this year. On-going investments supported the release of the remodeled Isuzu D-MAX pickup and a new MU-7 multipurpose vehicle in August. The release helped strengthen Isuzu's 10-year grip as the number one pickup in this vibrant market. To meet demand for the D-MAX, in October 2006 Isuzu Engine Manufacturing Co., (Thailand) Ltd. launched a new engine machining line. The line will enable Isuzu to boost productivity and quality to global standards, and boost sales in Thailand and the region. Annual production of 3.0-liter/2.5-liter engine for the Isuzu D-MAX pickup runs to 270,000 units.

Enhancing our sales and service, worldwide

At the same time, we are strengthening our customer channels by deepening our investment in sales and service in numerous countries to build a truly deep global distribution, sales and service network, that caters to the needs of the individuals and companies who rely on Isuzu. In the commercial vehicle world, robustness, reliability and access to quality service are critical to cost-efficient operation, and our potential to exceed customer expectations will be greatly enhanced when we can offer comprehensive sales and service right around the world. In July 2006, we entered the rapidly expanding Indian market through a local assembly and sales collaboration for medium-duty buses with Swaraj Mazda.

Consolidating the base for strong expansion in Europe, in December 2006, Isuzu and Mitsubishi Corporation established Isuzu Automotive Europe GmbH (IAE), to integrate marketing and sales management operations in Benelux, Spain/Portugal, and Germany/Austria. The two companies already share distributors in these countries, and integrating light-duty and pickup trucks into one channel will boost efficiency, while generating new opportunities. The new venture aims to double sales of light-duty trucks from 16,000 units to 32,000 units over the next three years.

To enhance our customer services in the Japanese market and lay the foundations for long-term profits Isuzu established Isuzu Network Company Limited, an innovative "Life Cycle Business" in a joint venture with ITOCHU Corporation in February 2007. The "Life Cycle Business" focuses on customer needs throughout the vehicle's life cycle, from purchase, and operation to replacement and disposal. The company will streamline Isuzu support for dealerships, creating "Life Cycle" strategies, enhancing marketing and systems support, and integrating functions such as control of real estate, central purchasing and other support businesses, to allow dealerships to concentrate on core customer service and support activities.



Growing our vision

Fiscal 2007 (ending March 2007) was our fourth consecutive year of increasing sales and profits, and I am pleased to report that we posted record operating income and working profit. I would like to express my heartfelt gratitude to the many shareholders and stakeholders who have regularly lent their understanding and support to the management of Isuzu and the development of our businesses.

This year Isuzu Motors celebrates the 70th anniversary of its founding. Over the course of these 70 years, our business has grown to a global scale, and today Isuzu trucks contribute to people's daily lives by playing a key role in distribution in more than 120 countries worldwide. We are fortunate that customers in most of those countries love Isuzu trucks, more so in that many of them desire new trucks. We are committed to helping people around the world enjoy prosperity by maintaining our focus on people's daily lives and continuing to supply trucks that meet customer needs in every market we serve.

The need to address environmental issues such as global warming is one of the most pressing global political and economic challenges in the current business environment. The importance of these issues increases daily. DEs are gaining attention as one of the most important—and realistic—solutions to this set of problems, and Isuzu Motors has become the focus of high expectations worldwide as a manufacturer specializing in DEs. As we seek to become leading global company in CV and DE manufacturing, I believe that it is part of our social mission to help people worldwide enjoy prosperous lives by developing and supplying clean DEs with exceptional fuel economy. It is in part to fulfill this important mission that Isuzu will continue to work hard to earn the support of stakeholders by staying focused on the future and pursuing technological innovation.

Yoshinori Ida

Yoshinori Ida
Chairman & Representative Director

Growing a world of opportunity

First, I would like to take this opportunity to announce my assumption, at the Board of Directors meeting following the Annual Shareholders Meeting held on June 28, of the position of President. My previous responsibilities, primarily in finance and overseas operations, have given me invaluable experience, and over the course of the last six years I have worked as the director in charge of planning and finance with former President Ida. In that role I was able to devote my time and energy to Isuzu's reconstruction, expanding its operations and rebuilding its financial base. Whereas until now I carefully and deliberately discharged my responsibilities by supporting the former President Ida in the areas of operational strategy and finance, I now look forward to providing energetic leadership as we address a variety of management challenges.

Looking at Isuzu's business results for fiscal 2007, domestic business began to slow in the second half of the year due to the increase in demand created by the introduction of emissions regulations having run its course. However, Isuzu's overall results tracked last year's performance. Overseas, Isuzu's pickup truck business in Thailand remained robust as we expanded commercial vehicle sales to resource-rich regions and moved aggressively to enter new markets.

As a result, we were able to dramatically exceed initial expectations with sales of ¥1,662,925 million, operating income of ¥106,980 million, working profit of ¥114,697 million, and net income of ¥92,394 million. With the exception of net profit, these numbers make this the fourth consecutive year of rising—and record—sales and profits, enabling Isuzu to meet the goals of the Mid-term Business Plan one year early.

We expect earnings for the upcoming year to remain generally in line with the last fiscal year as we work to minimize any reductions in domestic earnings by streamlining domestic operations, and compensating for them with increased profits from developing our overseas business.

Looking at the today's business environment, the growing worldwide interest and awareness in the environment has focused attention on the diesel engine (DE), which is being reevaluated as an advanced, next-generation environmental technology. In addition, the increasingly high cost of developing new environment-friendly technologies is creating new opportunities for a global realignment among commercial vehicle (CV) manufacturers, as they work to reduce the impact of these costs.

Against this backdrop, Isuzu offers a full product line of DE technology that complies with rigorous environmental standards in Europe, the U.S., and Japan, and we are working to build a solid position in the industry by marketing highly differentiated and unique CVs around the world based on this advanced diesel technology.

Specific initiatives undertaken over the course of the last year include aggressive efforts to expand our overseas business and introduce new products. Please see the following "Highlights" for more details.

With regard to the introduction of new products, last December we completed the first complete redesign in 13 years of our flagship ELF light-duty truck, a global best-seller with production and sales volumes of approximately 200,000 units a year. The redesigned model's high quality and exceptional maneuverability significantly increase its potential as a strategic global model capable of meeting the needs of all markets, from developed to developing countries.

In May 2007 we finished a complete redesign of the

FORWARD medium-duty truck, which shares modules with the ELF. I expect the new model to contribute to an even greater expansion in global sales thanks to the high marketability it inherits from the ELF.

Isuzu Motors remains committed to meeting stakeholders' expectations by pursuing sustainable growth. I look forward to the continued understanding and support of our shareholders and investors as we work to achieve this goal.

S. Hosoi

Susumu Hosoi
President & Representative Director

Highlights

April 2006	Established sales company in Ukraine.
July 2006	Launched mid-size bus in India. Launched light truck business in Russia.
September 2006	Established sales companies in Germany and Austria.
October 2006	Established sales company in South Africa.
August 2006	Completed minor model change of pickup trucks in Thailand.
December 2006	Completed first full redesign of the ELF light-duty truck in 13 years.
January 2007	Began microbus production in Uzbekistan.
April 2007	Established sales company in Canada. Increased capital in production and sales company in Turkey.
May 2007	Completed first full redesign of the FORWARD medium-duty truck in 13 years.

Question 1: ***What kind of initiatives are you pursuing to achieve sustainable growth?***

I believe it is important to grow revenue in a balanced manner by developing our business globally. Although once Isuzu's revenues used to be dependent on the Japanese market, based on this belief we have taken steps over the last several years to streamline domestic Japanese operations and expand overseas operations, reflecting the need to reduce the extent to which our results are influenced by the extreme fluctuations of the Japanese market.

Until now, the percentage of operating income generated by overseas sales had been stalled at around 20%, even as the foreign sales ratio exceeded 60%. Thanks to these efforts, we have changed Isuzu's revenue structure, increasing the percentage of overseas sales to 64% and the percentage of operating income to a similar level for this fiscal year. I believe we can ultimately achieve sustainable growth by continuing to develop our business along these lines.

Question 2: ***Analysts are predicting stagnating demand for trucks in Japan. How do you plan to deal with this challenge?***

In our domestic Japanese business, efforts to strengthen the management culture at our sales companies are proving to be an effective means of creating a strong culture capable of withstanding a slight drop in new vehicle sales. We will set and implement even higher targets this year.

Moreover, we established Isuzu Network Co., Ltd., to strengthen our lifecycle business as a means of further enhancing our after sales service and lowering the total cost of ownership so that customers can choose Isuzu vehicles with utmost confidence and peace of mind. In addition to enhancing the level of service we are able to offer customers, the new company will provide a powerful impetus for sales companies to move beyond new vehicle sales in their efforts to streamline operations.

Question 3: ***You are working to expand Isuzu's overseas business. Could you summarize the current state of that business?***

Until a few years ago, we were aggressively working to enter new overseas markets. Starting fiscal 2007, I am planning to focus carefully and deliberately on strengthening operations and expanding sales in overseas markets, including existing markets.

The key to the truck business lies in seeing things from the customer's perspective, providing optimal products and services that meet customer needs, and keeping customers' trucks operating smoothly and reliably. In that sense, we need to work to enhance our local production capability, ensure that locally produced products have consistently high quality, and implement an extensive after sales service program by strengthening our sales organization and infrastructure.

I plan to undertake a series of policies designed to expand sales by carefully and deliberately pursuing these activities so that we can vigorously grow deep Isuzu roots in every market.

Question 4: ***How do you plan to develop Isuzu's truck products?***

We have new light- and medium-duty trucks in the form of the 700P series, which offers robust cargo capacity thanks to its high-output, small-displacement engine and lightweight design, excellent fuel economy, and low cost.

Although medium-duty trucks traditionally have been developed by downsizing heavy trucks, we employed a module-based development strategy for the 700P based on the same concept as the ELF, the world's bestselling light truck. This approach has boosted the model's competitiveness in terms of both appealing features and cost. Following on the heels of the ELF, the FORWARD medium-duty truck is one key to the future development of our overseas business.

In February we launched the redesigned ELF, which was announced in the domestic market last December, in the U.S. market. In the coming months we'll be introducing it to other overseas markets such as Thailand and Australia. Similarly, the May 24 announcement of the FORWARD medium-duty truck in Japan will be followed by its launch in various markets worldwide.

Question 5: ***Where do the strengths of Isuzu's DE business lie?***

Isuzu has a full lineup of DEs utilizing advanced technology with displacements ranging from 1.7 to 14 liters. We occupy a unique position in meeting or exceeding all three major emissions regulations standards (Japan, Europe, and the U.S.) and in supplying power plants for use in our own CVs, GM passenger cars, and industrial engine applications. In the future, we will pursue a business partnership with Toyota Motor Corporation in this area as part of an effort to secure our standing as a leading global company.

Question 6: ***What can you tell us about the next Mid-term Business Plan?***

We're currently in the process of formulating the next Mid-term Business Plan, which will cover the period from April 2008 to March 2011. I'm afraid I have to ask you to wait for details until the official announcement, but in terms of the plan's general direction, I can tell you that we are looking at continuing the current plan's emphasis on an aggressive program of investment as the groundwork for future growth. The new plan will seek to cultivate our potential to achieve sustainable growth by establishing the scale, earning power, and organization of a global corporation to pave the way for a new level of business performance.

Growing closer to our customers

Our development philosophy of "Gaining the trust of people everywhere" is at the heart of our shift from designing and manufacturing vehicles for specific markets, to creating a global standard for performance and quality in each of our vehicle categories—and ultimately growing closer to and satisfying each and every customer, wherever in the world they may be. This philosophy is realized in our new global models that integrate our latest technologies and meet the most stringent emission standards in the world.

In implementing our Mid-term Business Plan of aggressive investment as a stepping stone to continuous growth, Isuzu continues apace with the development of globally strategic products and enhancing organizational capabilities and strengths in both products and markets, to establish a solid business foundation.

SEE technology provide the keys to growth

Isuzu's on-going pursuit of making the best CVs in the world is based on creating a global design and standard, through the development of our advanced "SEE technologies" that focus on three core areas critical to reliability and customer satisfaction: Safety, Economy and Environmental performance. We believe maintaining our technological advantage in these core areas will provide the springboard for global growth.

Environment-friendly I-CAS solutions

At the heart of our research and development initiatives is I-CAS, the Isuzu Clean Air Solutions system, that aims to maximize the excellent fuel efficiency and low CO_2 emission advantages of the DE, while integrating the three essential technologies of combustion optimization, after-treatment and comprehensive electronic control, to reduce exhaust gases, further lower CO_2 emissions, while boosting power output.

As a result, Isuzu has become a world leader in electronic control technology for DEs, which optimizes the running of each engine in relation to operating conditions.

Rationalizing global development and manufacture

In both the development and manufacture of new products, Isuzu has engaged in major changes. A new common development platform for light-duty and medium-duty trucks incorporates extensive use of digitalization for virtual engineering at the development stage, a modular approach to making cabs and frames, together with integration of engine, transmission and axle components. As a result, it has enabled us to significantly reduce the overall number of unique parts required and reduce engineering costs, as well as the total capital investment required to design and ramp up production of a new model—at the same time as enhancing overall quality.

New ELF takes a global approach

The 6th generation new ELF light-duty truck is a significant release for Isuzu. The first all-new ELF model in 13 years, it offers a universal Isuzu standard for advanced safety, operating efficiency, and environmental performance that is suitable for use worldwide. Winner of a 2006 Good Design Award in Japan, the new ELF features a spacious, highly functional cab. Computer-aided design analysis contributed to a strong cab and overall weight

reduction that is significantly lighter than its predecessor, enhancing fuel efficiency and operating costs.

It boasts advanced technologies designed to meet the demands of future-focused customers. The newly developed 4JJ1-TCS D-CORE 3-liter intercooler turbo DE realizes Isuzu's philosophy, technology and performance standards for next generation engines. Light and compact, it significantly enhances fuel efficiency, while meeting Japan's New Long-Term Emissions Regulations, the strictest DE emissions regulations in the world.

New FORWARD launched

Following quickly on the launch of the ELF, in May 2007 we introduced the all-new FORWARD medium-duty truck, the second product to result from our new global concept of developing and manufacturing light-duty and medium-duty trucks. The new generation FORWARD realizes three key values Isuzu set for its development: a fuel efficient vehicle to meet the demands of new emission standards, the best solution for meeting the requirements of Japan's new medium class driver's license, and advanced safety and security.

It is powered by the new 4HK1-TCS D-CORE 5.2-liter intercooler turbo DE which generates more power yet is significantly lighter than its predecessor, which together with the Smoother Fx transmission system, boosts fuel efficiency while reducing emissions. The new FORWARD is available in a number of models and variants, from 8- to 11-ton Gross Vehicle Weight.

Tie-up with Toyota looks to the future

A major initiative during the year was the signing of a business tie-up with Toyota Motor Corporation. This collaboration will focus on R&D, the production of small DEs, joint research and development of emission control technologies and devices for DEs, and environmental technologies, including basic engine and alternative fuel technologies.

Isuzu will lead activities in the first two fields, and Toyota in the third.

"Soft" initiatives enhance efficiency and customer value

For over 10 years Isuzu has worked on "soft" initiatives to enhance customers' use of their trucks, to optimize productivity and help them realize the ultimate value of operating Isuzu trucks. From seminars on fuel-efficient and safe driving, to the advanced telematics of the innovative Mimamori-kun Online Service, the first full-scale telematics for CVs, Isuzu works closely with its customers. The innovative Mimamori-kun system monitors vehicle operation and driving conditions in real time, helping logistics companies to monitor performance, to optimize fuel efficiency and enhance safe driving.

Growing our commitment

As a global company, we see it as our responsibility to introduce environment-friendly vehicles and technologies for the benefit of the global community. The environment has long been a critical priority for Isuzu. Isuzu was very early in recognizing its importance, forming the Isuzu Global Environment Committee in 1990, and drawing up the Isuzu Charter on the Environment in 1992. These have formed the base and values for all subsequent environmental initiatives.

Our environmental vision

To fulfill our Corporate Vision of being a "Leading Global Company", we believe that we not only have to be competitive, but also a leading contributor to the environment and society. As such, we are committed to enhancing our relationship with our stakeholders, including customers, suppliers, shareholders, employees and local communities, wherever in the world Isuzu conducts business.

To implement our vision for the environment, in the current Mid-term Business Plan we have made the development of leading edge, environment-friendly technologies and their application in advanced new generation engines and vehicles the cornerstone of our plan for growth, and our brand in the future, around the world. Our commitment to R&D into new technologies to reduce environmental impact is evident in the leading environmental qualities of our new global products.

Our environmental management & audit system

In 1998, Isuzu was the first Japanese truck manufacturer to receive this ISO certification, and its implementation spread from our manufacturing plants through the entire company, including the R&D division and major overseas plants by 2002. In 2005 all manufacturing companies of the Consolidated Environmental Management were certified ISO 14001-compliant.

Isuzu conducts annual audits to ensure that the Environmental Management System is being implemented correctly and to evaluate progress. There are one or two internal environmental audits per year, and monitoring and reviews by third-party certifying organizations.

Reducing environmental impact

Isuzu tackles the challenge of reducing emissions from the "hard" and "soft" aspects of our business. The "hard" aspect is developing clean DEs, while the "soft" aspect includes driver education programs on safety and fuel-efficient driving.

The thermal superiority of DEs means they produce 20 to 40% less CO_2 compared to equivalent gasoline engines. This gives them excellent potential in the drive to reduce global warming. In the past decade we have decreased the fuel consumption of our engines by approximately 40%, saving resources and dramatically reducing CO_2 emissions.

Alternative fuel CVs

In addition to our work in developing more fuel-efficient vehicles and clean DEs, Isuzu is pro-active in the development of alternative fuel vehicles. Realizing the impact of light-duty delivery trucks that travel short distances in urban areas, Isuzu has developed compressed natural gas (CNG) and diesel-hybrid vehicles.

ELF and FORWARD CNG trucks are in mass production, and have proved highly popular, with the ELF CNG capturing approximately 70% of its market segment in Japan. The ELF

CNG-MPI with multipoint injection (MPI) system was the first vehicle in Japan to meet the CNG vehicle emissions standards of the New Long-Term Emissions Regulations, and has the cleanest exhaust emissions of all clean energy vehicles, producing virtually no PM or black smoke emissions. Its low-noise operation is an added benefit.

The ELF HEV (Hybrid Electric Vehicle), launched in 2005, uses Isuzu's proprietary hybrid system, comprised of a DE and electric motor, and a Smoother-E Autoshift manual transmission with automated control that offers excellent fuel efficiency.

Other environmental initiatives

Disposal at the end of the operational life is also an important part of a vehicle's life cycle. Isuzu met its goal of making 2002 model year vehicles 90% recyclable, and is well on the way to achieving a 95% recyclable content by 2015. In meeting the demands of Japan's Automotive Recycling Law, Isuzu established its own recycling system and upgraded dealer computer systems.

"Soft" systems include Mimamori-kun online service, an advanced real-time vehicle diagnostics and information system designed to help customers increase the efficiency of vehicle operation and enhance fuel economy. The service was awarded the Transport Minister's Prize at the 2nd Eco-Products Awards in 2005 for its support of eco-driving, and the Grand Prix and Minister of Internal Affairs and Communications (MIC) Prize at the MCPC (Mobile Computing Promotion Consortium) Awards in 2007.

Social responsibility

Isuzu takes its social responsibilities seriously, from dialogues with stakeholders such as our Environmental Report which has been published every year since 1999, our involvement in local communities in which we operate, to relief activities around the world, and out on-going support of the Japanese Antarctic Program, where we have supplied diesel mechanics for 47 years, including support for research teams monitoring the ozone layer and global warming.

Local community activities by group companies around the world are too numerous to mention. A handful of examples from FY2007 include the donation of an N Series truck for use in monitoring air pollution to the National Institute of Ecology (INE) of the Department of Science in Mexico, donating seedlings for planting five hectares of mangroves in the "Save Our Mangroves" program to help protect the coastal environment in the city of Alaminos, in northern Luzon in the Philippines, and co-sponsoring a sumo exhibition in Israel.

To celebrate the 70th anniversary of Isuzu's founding, we have launched social action programs on a global scale, to express our gratitude to the societies that have supported us over all these years and our desire to give something back. These programs aim to create contacts between Isuzu and people in these societies outside our business domain.

Growing in confidence

At Isuzu we believe corporate governance and compliance are a critical management priority, the foundation of our ability to realize our Corporate Vision of "Isuzu will always mean the best" and our Corporate Mission of "Trust, Action, Excellence". To continuously grow as a company and generate profits we need to live by our Corporate Values, and our corporate governance structure and activities provide the discipline essential to fulfilling our commitments to these values in all our operations.

Isuzu's corporate governance structure

Isuzu's corporate governance structure is designed to speed-up management decision-making and business operations, and ensure fair and transparent operations. It incorporates a five-person Audit Committee which includes three outside auditors, a Management Committee empowered to make decisions on critical business matters which reports directly to the President, and an executive officer system that transfers the authority for executing strategies to the operating level. Monitoring of activities by the Audit Committee's external auditors provides independent oversight of management functions.

In April 2005, Isuzu established a Compliance Committee to provide impartial advice, oversight and assessment of progress and organizational structures for compliance at a management and individual employee level throughout the Group. To ensure fairness and transparency, the Compliance Committee includes legal professionals from outside the company. We also established a Compliance Management Department to administer and promote compliance-related business activities. The department reports directly to the President and consists of two groups—the Compliance Group responsible for compliance planning, implementation and review, and the Internal Audit Group. As well, 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.

Isuzu Basic Compliance Initiative

In May 2005, Isuzu announced the Isuzu Basic Compliance Initiative to ensure all Isuzu executives and employees conduct themselves in accordance with the highest values to earn society's trust, and enable us to fulfill our Corporate Vision. The Basic Compliance Initiative is for both internal and external use, designed with the goal of complete compliance, appropriate disclosure, and public accountability.

The seven principles of the Basic Compliance Initiative:

1. Gaining customers' trust by providing socially valuable products and services
2. Fair and sound activities, i.e., conducting our business in the spirit of free and fair competition
3. Disclosure of corporate information to shareholders and the public in a fair and timely manner
4. Respecting employees by providing a safe, comfortable working environment where they can make the most of their abilities
5. Protecting the environment in our business activities as well as through community work
6. Making a positive contribution to society as good corporate citizens

7 Living in harmony with local and global communities, respecting the cultures and customs of different countries and regions and contributing to the development of these areas through our business

Isuzu aims to achieve a high level of compliance by ensuring that all employees and executives share a common awareness of its importance through regular education and training, providing a consultation function when problems cannot be resolved within the organization, and responding quickly to rectify violations to ensure they do not recur.

Isuzu's management is strongly aware of its responsibility to present a model of compliance to the rest of the company at all times, as well as also taking the initiative to investigate and resolve any violations, and exercise public accountability by disclosing accurate information without delay.

In recent years we have implemented a number of initiatives to enhance our corporate governance, increasing accountability for management decisions and actions, providing effective checks and balances, and maintaining the confidence of investors and the public by means of timely and appropriate disclosure. The key driving force in all these initiatives is to ensure fairness and transparency. Recent initiatives include:

- To strengthen local management structures, we unified the oversight of North American and ASEAN operations in 2003, and for China in 2004.
- In April 2004, the Audit Group of the General Affairs and HR Department became the Business Audit Group, an independent structure under which we began conducting our internal audits.
- As part of our sustainability governance program, in 1999 we began 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 Environmental Report was published in 2000.

Isuzu is committed to disclosure of information in the interests of fair business practice and corporate transparency. We distribute information via various channels, including a comprehensive corporate website, and provide extensive English-language information for our shareholders and other stakeholders around the world.

Personal information security

In March 2005, Isuzu announced its Privacy Policy for protecting personal information, and has since published a Personal Information Protection Law Guidebook for distribution to all Isuzu dealers to raise awareness. Isuzu will continue to take a rigorous and comprehensive approach to compliance, working from the inside out to improve awareness and achieve the highest standards expected of us.

DIRECTORS

Chairman and Representative Director
1 Yoshinori Ida

President and Representative Director
2 Susumu Hosoi

Executive Vice Presidents
3 Goro Shintani
4 Yoshihiro Tadaki
5 Naotoshi Tsutsumi

Directors
6 Masanori Katayama
7 Eizou Kawasaki
8 Akira Shinohara
9 Yasuaki Shimizu
10 Ryozo Tsukioka
11 Shigeki Toma

CORPORATE AUDITORS

Standing Corporate Auditors
Koji Yamaguchi
Yoshio Kinouchi
Shigeaki Wakabayashi

Corporate Auditors
Yasuharu Nagashima
Susumu Tsuchida

EXECUTIVE OFFICERS

Senior Executive Officers
Toshio Sasaki
Tsutomu Yamada
Yukio Narimatsu
Takashi Urata
Kazuharu Shimizu
Shunichi Satomi
Hirokichi Nadachi
Takafumi Ozawa
Masaru Odajima

Executive Officers
Kuniharu Nakagawa
Yuuzou Katou
Hiroshi Oyama
Naoto Hakamata
Masashi Harada
Kazuhiko Ito
Yoshifumi Komura
Shunichi Tokunaga
Katsumasa Nagai
Kengo Baba
Makoto Sasaki
Haruki Mizutani

(As of June 28, 2007)

Financial Section

ISUZU MOTORS LIMITED

ANNUAL REPORT 2007

Consolidated Five-Year Summary 22

MD&A 23

Consolidated Balance Sheets 26

Consolidated Statements of Income 28

Consolidated Statements of Change in Net Assets 29

Consolidated Statements of Cash Flows 30

Notes to Consolidated Financial Statements 31

Report of Independent Auditors 42

Consolidated Five-Year Summary

	Millions of yen					Thousands of U.S. dollars
	2007	2006	2005	2004	2003	**2007**
For the Year:						
Net sales	**¥1,662,925**	¥1,581,857	¥1,493,567	¥1,430,339	¥1,349,449	**$ 14,068,620**
Cost of sales	**1,413,402**	1,347,861	1,268,483	1,214,763	1,171,366	**11,972,914**
Gross profit	**249,523**	233,996	225,083	215,576	178,083	**2,113,706**
Selling, general and administrative expenses	**142,542**	143,334	137,869	131,085	162,621	**1,207,474**
Operating income	**106,980**	90,661	87,214	84,490	15,462	**906,231**
Income (loss) before extraordinary items	**114,697**	93,843	91,555	81,678	(4,200)	**971,598**
Income (loss) before income taxes	**107,483**	79,625	68,767	55,357	(111,527)	**910,491**
Net income (loss)	**92,394**	58,956	60,037	54,713	(144,301)	**782,670**
At Year-End:						
Total assets	**¥1,232,181**	¥1,168,697	¥1,142,580	¥1,077,816	¥1,028,844	**$ 10,437,792**
Shareholders' equity	**389,061**	244,350	158,463	109,753	26,434	**3,295,734**

Non-Consolidated Five-Year Summary

	Millions of yen					Thousands of U.S. dollars
	2007	2006	2005	2004	2003	**2007**
For the Year:						
Net sales	**¥ 973,884**	¥ 917,895	¥ 880,072	¥ 890,336	¥ 760,608	**$ 8,249,759**
Cost of sales	**813,229**	753,078	728,369	730,395	656,576	**6,888,857**
Gross profit	**160,654**	164,816	151,702	159,941	104,032	**1,360,901**
Selling, general and administrative expenses	**99,163**	111,309	91,135	92,945	90,904	**840,011**
Operating income	**61,491**	53,506	60,566	66,995	13,128	**520,890**
Income (loss) before extraordinary items	**68,273**	64,149	53,907	57,561	4,880	**578,341**
Income (loss) before income taxes	**69,111**	47,122	22,345	32,221	(146,966)	**585,439**
Net income (loss)	**68,325**	46,476	27,019	38,857	(189,447)	**578,786**
At Year-End:						
Total assets	**¥ 899,783**	¥ 867,698	¥ 812,521	¥ 808,674	¥ 717,601	**$ 7,622,052**
Shareholders' equity	**292,807**	231,289	169,353	151,722	82,743	**2,480,371**

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥118.05=US$1; the approximate exchange rate prevailing on the Foreign Exchange Market on March 30, 2007.

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

The following provides an analysis of the financial condition and results of operation in fiscal 2007. (The following information contains forward-looking statements that reflect the judgment of management as of June 28, 2007).

1. Significant accounting policies and estimates

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. Due to the uncertain nature of estimates, in some cases actual results may vary from initial estimates, and this may have a negative impact on business results.

2. Results of operations

A. Overview of fiscal 2007

Results of operation in fiscal 2007 reflect how expanding sales in overseas markets combined with rationalization in material costs and other areas to offset increases in expenses associated with Isuzu's aggressive research and development investment program, which is designed to facilitate future growth, as well as other factors such as increases in raw materials prices. Sales of ¥1,662,925 million (up 5.1% from the previous year), operating income of ¥106,980 million (up 18.0% from the previous year), working income of ¥114,697 million (up 22.2% from the previous year), and net income of ¥92,394 million (up 56.7% from the previous year) reflect record profitability in operating income, working profit, and net income.

B. Sales

In fiscal 2007, Isuzu's consolidated-basis sales rose 5.1% from the previous year to ¥1,662,925 million.

In the domestic commercial vehicle market, demand for standard trucks fell slightly to 105,428 (down 0.1% from the previous year), while demand for 2-3 ton trucks grew slightly to 120,830 units (up 3.2% from the previous year). Replacement demand for vehicles compliant with new NOx and particulate matter (PM) emissions regulations began tapering off in the second half of the fiscal year, and the market environment is growing more competitive. In this environment, Isuzu was able to continue to maintain high market share through the introduction of products with superior fuel efficiency and economy as well as group-wide sales initiatives, capturing 29.3% of the standard truck market (up 0.5% from the previous year) and 39.0% of the 2-3 ton truck market (down 0.7% from the previous year). As a result, domestic sales grew 1.4% to ¥694,631 million.

Sales in Asia grew 3.2% from the previous fiscal year to ¥456,408 million on brisk sales of pickup trucks in the ASEAN region. In the Thai market, where pickup trucks account for around 60% of the total, Isuzu Group pickup trucks captured a 39% market share, sustaining steady sales growth in the face of intensifying competition.

North American sales fell 4.2% to ¥175,379 million as Isuzu pursued sales activities that emphasized the slimming of its SUV business.

Sales to other regions ballooned 23.9% to ¥336,506 million due primarily to expanding sales in resource-rich regions such as the Middle East and South America as a result of an aggressive drive to open up new markets.

C. Operating income

Operating income in fiscal 2007 hit a record ¥106,980 million, up 18.0% from a year earlier. Rationalization including material cost reductions contributed ¥14,800 million; differences in product categories and sales fluctuations due to improved sales, primarily overseas, added ¥12,700 million; and exchange rate fluctuations contributed ¥5,400 million. Offsetting these were ¥12,100 million in economic fluctuations such as increased raw material prices and costs of ¥4,500 million associated with launching redesigned models.

Looking at each of Isuzu's key business areas, operating income at the parent company rose ¥7,985 million over the previous year to ¥61,491 million on expanding sales in overseas markets and the company's success in offsetting the negative effects of increasing raw materials prices through rationalization in areas such as material costs.

Consolidated sales subsidiaries in Japan posted an operating income of ¥4,300 million, down ¥100 million from the previous year. Faced with slightly lower income due to continuing intense competition, consolidated sales subsidiaries in Japan are steadily building an ability to secure profit through service and other businesses that are less exposed to the fluctuations of new vehicle sales.

In North America, operating income fell ¥300 million compared to the previous year to ¥4,800 million on lower SUV sales.

In the ASEAN region, operating income was ¥22,100 million, up ¥1,100 million from the previous year due to continued brisk sales of pickup trucks in Thailand.

(The figures shown for each of Isuzu's 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, Isuzu's operating margin posted a significant increase of 5.7% to 6.4% in the current consolidated fiscal year.

Additionally, Isuzu was able to meet the sales (¥1,600,000 million) and operating income (¥100,000 million) targets set for the fiscal year ending March 2008 by the Mid-term Business Plan, adopted in 2004, one year early.

D. Non-operating gains/losses

In fiscal 2007, Isuzu posted a non-operating profit of ¥7,716 million, an increase of ¥4,535 million from the previous year.

Growth in equity-method investment profit of ¥1,667 million to ¥12,340 million was primarily due to significantly higher shipments by U.S. engine manufacturing affiliates, to which equity-method accounting is applied.

Progress in reducing interest-bearing debt and reviewing borrowing interest rates resulted in a net interest (interest and dividends received minus interest paid) loss of ¥4,412 million, an improvement of ¥3,011 million compared to the previous year.

E. Extraordinary gains/losses

In fiscal 2006, Isuzu posted an extraordinary loss of ¥14,218 million associated with the disposal of fixed assets and additional losses incurred in the dismantling of the former Kawasaki plant, service warranty expenses on RV products, and fixed asset impairment losses. In fiscal 2007, the extraordinary loss improved ¥7,005 million to ¥7,213 million. Extraordinary gains included profit from the proxy portion of returned employees' pension funds, while extraordinary losses included the disposal of fixed assets, additional losses associated with the dismantling of the former Kawasaki plant, and fixed asset impairment losses.

F. Taxes

Isuzu's net tax expense in fiscal 2006 including corporate income taxes, municipal taxes, and business taxes as well as deferred corporate income taxes was ¥15,447 million. In fiscal 2007, the net tax expense was ¥7,819 million, reflecting a large reduction in deferred income taxes.

G. Minority interests

Minority interests consist primarily of profits returned to the minority shareholders of Isuzu's locally incorporated subsidiaries in the ASEAN region and North America and its Japanese parts manufacturers. Minority interests in fiscal 2007 increased to ¥7,270 million, compared to ¥5,222 million in fiscal 2006.

H. Net profit

Net profit in fiscal 2007 was ¥92,394 million, an increase of ¥33,438 million from the previous year. Earnings per share came to ¥64.83 and fully diluted earnings per share to ¥51.54.

3. Financial condition

A. Cash flow

Isuzu generated consolidated-basis cash and cash equivalents ("net cash") of ¥140,363 million in fiscal 2007, up ¥33,868 million from the previous year. Despite aggressive capital investment and repayments of interest-bearing debt, net cash increased significantly as a result of the ¥114,478 million cash flow provided by operating activities in the face of record-setting profits.

Cash flow from operating activities

Net cash provided by operating activities increased 38.8% to ¥114,478 million, growing by ¥32,030 million compared to fiscal 2006 due to an increase in net profit before tax and other adjustments, a reduction in inventory, and increases in dividends received from equity-method affiliates.

Cash flow from investing activities

Net cash used in investing activities increased 60.2% to ¥33,760 million, reflecting an aggressive program of capital investment in Japan and Thailand designed to lay the groundwork for future growth under the Mid-term Business Plan. As a result, expenditures associated with fixed asset purchases increased ¥13,034 million from the previous year to ¥49,340 million.

Cash flow from financing activities

Net cash used in financing activities decreased 49.6% to ¥49,128 million. In fiscal 2006, Isuzu repaid a significant amount of interest-bearing debt and redeemed the entire ¥40,000 million balances on a previous convertible bond issue before maturity. Although net cash used in fiscal 2007 fell ¥48,365 million compared to the previous year, Isuzu continued to pay off interest-bearing debt by utilizing cash flow provided by operating activities.

B. Assets

As of March 31, 2007, combined consolidated assets totaled ¥1,232,181 million, an increase of ¥63,484 million from the previous year.

The main factors contributing to this increase were cash and deposits (up ¥25,494 million from ¥108,642 million to ¥134,136 million), notes and accounts receivable (up ¥19,713 million from ¥252,441 million to ¥272,154 million), tangible fixed assets (up ¥16,231 million from ¥474,264 million to ¥490,495 million), and investment securities (up ¥10,012 million from ¥95,229 million to ¥105,241 million). The increase in cash and deposits is primarily attributable to cash flow from operating activities, while the increase in notes and accounts receivable is primarily due to an increase in accounts receivable at Isuzu and its locally incorporated subsidiaries in the ASEAN region. The increase in tangible fixed assets is primarily due to capital investment, and the increase in investment securities to equity method income.

Long-term loans receivable decreased significantly (down ¥11,249 million from ¥15,404 million to ¥4,155 million), primarily due to equity method affiliates settling loans extended to them by the parent company.

C. Liabilities

Total liabilities at March 31, 2007 decreased ¥54,410 million from the previous year to ¥843,119 million. Interest-bearing liabilities (total of short-term borrowing, corporate bonds, and long-term borrowing) decreased ¥52,432 million from ¥349,659 million to ¥297,227 million. We continued to use net cash provided by operating activities to repay Group borrowing, particularly its own.

D. Capital

Capital (excluding minority shareholders' equity) grew ¥97,693 million in fiscal 2007 to ¥342,043 million.

The primary causes of this increase were net profit of ¥92,394 million in fiscal 2007 and an improvement in the foreign exchange adjustment account due to the weakening of the Japanese yen against major currencies.

As a result, Isuzu's equity ratio improved 6.9 percentage points from a year earlier to 27.8%.

The acquisition as treasury stock of outstanding Class III preferred stock and Class IV preferred stock that had been issued as part of Isuzu's financial reconstruction program was approved by the 105th Shareholders' Meeting and the Board of Directors, both meeting on June 28, 2007. This measure will eliminate all remaining preferred stock, signaling the completion of the reconstruction process in both name and reality.

Risks

There are certain risks that could have a significant impact on our earnings results, financial condition, and other information contained in the annual securities report, or share prices, and these risks are outlined below. (The following information includes forward-looking statements that reflect the judgment of management as of June 28, 2007.)

1. Economic situation/supply and demand trends in Isuzu's 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 where Isuzu sells vehicles. Therefore, economic recession and an ensuing decline in demand in the Group's major markets—Japan, North America, and other Asian countries—could have a negative impact on the Group's performance and financial position. Price competition also entails the risk of price fluctuation for Isuzu products.

2. Interest rate fluctuations

The Isuzu Group has tightened its cash flow management and continues to concentrate on shrinking interest-bearing debt. In fiscal 2007 Isuzu allocated profit from business operations and other funds to the reduction of interest-bearing debt, the balance of which stood at ¥297,227 million at the end of the year, a reduction of ¥52,432 million from the previous year. The Group remains vulnerable to the risk of higher interest payments having a negative impact on its performance and financial position 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 Isuzu's 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. Moreover, because foreign exchange fluctuations influence the prices paid by the Group for raw materials denominated in foreign currencies as well as the pricing of the products the Group sells, they may have a negative impact on the Group's performance and financial position. Generally, a strengthening of the yen relative to other currencies has a negative impact on the Group's business, and a weakening of the yen has a positive impact.

4. Dependence on General Motors Corporation and other major customers

The Isuzu Group supplies vehicle components to General Motors Corporation (Detroit, MI) and its affiliates as well as to other vehicle manufacturers. 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 impact on the Group's performance and financial position.

5. Suppliers and other providers of parts, materials, etc.

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 Isuzu may be unable to source these items in sufficient volume. Shortage or delays in the supply of parts and other materials could have a negative impact on the Group's performance and financial position. It is also possible that a tight supply-demand situation would result in price increases for raw materials and other supplies, which could also have a negative impact on the Group's performance and financial position by triggering rising costs if the increases cannot be absorbed internally, for example through improved productivity, or passed on to sales prices.

6. Product defects

At its plants both inside and outside Japan, the Isuzu Group manufactures products according to the strictest globally accepted quality control standards. However, in the unusual event of a large-scale recall or product liability award (the Group is covered by product liability insurance, but in the case of costs exceeding insurance coverage), there could be a negative impact on the Group's performance and financial position.

7. Joint ventures

The Isuzu Group engages in business in some countries in the form of joint ventures due to legal and other requirements in those countries. Changes in the management policy, operating environment, etc., of these joint ventures could affect their performance, which could in turn produce a negative impact on the Group's performance and financial position.

8. Disasters, power outages, and other interruptions

The Isuzu Group regularly conducts disaster prevention inspections and facilities examinations at all its sites in order to minimize the potential of a negative impact due to an interruption in the manufacturing process. However, the Group 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 Group's performance and financial position. Isuzu provides management guidance and advice to companies—including those in which it has invested through non-marketable securities—that can have a strong influence on its own business results. However, if the financial condition of the companies in which Isuzu has invested were to deteriorate due to factors such as a worsening business environment, this could have a negative impact on the Group's performance and financial position.

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. Due to the uncertain nature of estimates, in some cases actual results may vary from initial estimates, and this could have a negative impact on the Group's performance and financial position.

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 in such overseas business development and could have a negative impact on the Group's performance and financial position:

- Unfavorable changes in the political or business climate
- Difficulties in recruiting and retaining personnel
- Inadequate technological infrastructure could have a negative impact on the Group's manufacturing activities or its customers' support of its 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 it from its rivals; however, in certain regions due to legal restrictions the Group is unable to fully protect, or can only partly protect, its proprietary technology and expertise through intellectual property rights. As a result, the Group may be unable to effectively prevent third parties from using its 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, statutes related to national security, tariffs, and other import and export regulations. The Group is also subject to legal requirements concerning areas such as commerce, antitrust, patents, consumer rights, taxation, foreign exchange, environmental preservation, recycling, and safety. Unexpected changes in these regulations could have a negative impact on the Group's performance and financial position. 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 Group's performance and financial position.

14. 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 existing common shares.

Consolidated Balance Sheets (As of March 31, 2007, 2006 and 2005)

Assets	Millions of yen 2007	2006	2005	Thousands of U.S. dollars 2007
Current Assets:				
Cash and time deposits (Note 2, 4)	**¥ 134,136**	¥ 108,642	¥ 139,357	**$ 1,136,269**
Receivables:				
Notes and accounts (Note 4)	**272,154**	252,441	248,744	**2,305,415**
Less : allowance for doubtful receivables	**(2,947)**	(3,393)	(5,055)	**(24,970)**
Inventories	**133,083**	137,754	124,526	**1,127,347**
Deferred taxes (Note 6)	**34,312**	27,632	28,480	**290,662**
Other current assets	**34,481**	31,063	32,162	**292,095**
Total Current Assets	**605,221**	554,141	568,215	**5,126,819**
Investments and Advances:				
Investments (Note 3, 4):				
Unconsolidated subsidiaries and affiliated companies	**71,947**	58,652	36,537	**609,468**
Others	**33,293**	36,576	28,801	**282,027**
Long-term loans	**4,155**	15,404	22,291	**35,201**
Deferred taxes (Note 6)	**7,358**	6,369	8,576	**62,336**
Other investments and advances	**20,109**	29,218	32,859	**170,348**
Less : allowance for doubtful accounts	**(10,073)**	(15,107)	(20,983)	**(85,330)**
Total Investments and Advances	**126,791**	131,114	108,084	**1,074,051**
Property, Plant and Equipment (Note 4)				
Land	**270,884**	267,687	267,868	**2,294,662**
Buildings and structures	**236,045**	229,744	216,436	**1,999,542**
Machinery and equipment	**586,405**	595,752	573,951	**4,967,435**
Construction in progress	**13,556**	18,365	7,473	**114,837**
Less : accumulated depreciation	**(616,397)**	(637,286)	(607,114)	**(5,221,494)**
Net Property, Plant and Equipment	**490,495**	474,264	458,613	**4,154,983**
Other Assets	**9,672**	9,177	7,666	**81,937**
Total Assets	**¥ 1,232,181**	¥ 1,168,697	¥ 1,142,580	**$ 10,437,792**

See accompanying notes to consolidated financial statements.

Liabilities and Net Assets	Millions of yen 2007	Millions of yen 2006	Millions of yen 2005	Thousands of U.S. dollars 2007
Current Liabilities:				
Bank loans	**¥ 75,154**	¥ 91,971	¥ 151,513	**$ 636,632**
Current portion of bonds	**3,410**	—	—	**28,886**
Notes and accounts payable	**309,713**	297,370	278,511	**2,623,580**
Accrued expenses	**61,561**	61,172	54,045	**521,483**
Accrued income taxes (Note 6)	**7,921**	10,933	10,588	**67,105**
Deposits received	**2,738**	3,768	11,206	**23,196**
Other current liabilities	**25,750**	32,043	36,053	**218,131**
Total Current Liabilities	**486,249**	497,260	541,918	**4,119,016**
Long-Term Debt (Note 4)	**218,663**	257,688	297,591	**1,852,294**
Accrued Retirement and Severance Benefits (Note 5)	**57,320**	62,257	60,057	**485,562**
Deferred Tax Liabilities (Note 6)	**9,545**	9,455	4,693	**80,858**
Deferred Tax Liabilities Related to Land Revaluation (Note 9)	**55,827**	55,827	49,571	**472,912**
Other Long-Term Liabilities	**15,513**	15,040	16,096	**131,412**
Contingent Liabilities (Note 10)				
Net Assets				
Shareholders' Equity :				
Common stock and preferred stock (Note 7, 8)	**40,644**	40,644	32,617	**344,302**
Preferred stock:				
Class I-authorized 37,500,000 shares; issued 37,500,000 shares in 2006 and 2005				
Class III-authorized 25,000,000 shares; issued 25,000,000 shares in 2007, 2006 and 2005				
Class IV-authorized 25,000,000 shares; issued 25,000,000 shares in 2007, 2006 and 2005				
Common stock:				
Authorized 3,369,000,000 shares in 2007, 2006 and 2005				
Issued 1,696,845,339 shares in 2007, 1,141,289,786 shares in 2006,				
1,073,619,832 shares in 2005				
Capital surplus (Note 7)	**50,427**	50,427	42,435	**427,171**
Retained earnings	**156,467**	68,689	10,460	**1,325,431**
Less: treasury stock, at cost 1,429,689 common shares in 2007	**(334)**	(229)	(220)	**(2,831)**
Total Shareholders' Equity	**247,205**	159,532	85,293	**2,094,072**
Accummulated gain (loss) from revaluation and translation adjustments				
Unrealized holding gain on securities	**12,319**	15,014	8,324	**104,354**
Unrealized holding gain on hedging activities	**39**	—	—	**330**
Variance of land revaluation (Note 9)	**73,981**	74,138	77,791	**626,694**
Foreign currency translation adjustments	**8,498**	(4,334)	(12,946)	**71,989**
Total accummulated gain (loss) from revaluation and translation adjustments	**94,837**	84,818	73,169	**803,368**
Minority interests	**47,018**	26,816	14,188	**398,293**
Total Net Assets	**389,061**	271,167	172,652	**3,295,734**
Total Liabilities and Net Assets	**¥ 1,232,181**	¥ 1,168,697	¥ 1,142,580	**$ 10,437,792**

Consolidated Statements of Income (For the years ended March 31, 2007, 2006 and 2005)

	Millions of yen			Thousands of U.S. dollars
	2007	2006	2005	**2007**
Net Sales	**¥ 1,662,925**	¥ 1,581,857	¥ 1,493,567	**$ 14,086,620**
Cost of Sales	**1,413,402**	1,347,861	1,268,483	**11,972,914**
Gross Profit	**249,523**	233,996	225,083	**2,113,706**
Selling, General and Administrative Expenses (Note 5)	**142,542**	143,334	137,869	**1,207,474**
Operating Income	**106,980**	90,661	87,214	**906,231**
Other Income (Expenses):				
Interest and dividend income	**3,980**	3,129	3,002	**33,718**
Interest expense	**(8,391)**	(10,551)	(12,564)	**(71,088)**
Equity in earnings of unconsolidated subsidiaries and affiliates	**12,340**	10,673	15,811	**104,538**
Others, net	**(212)**	(69)	(1,909)	**(1,801)**
Income before Extraordinary Items	**114,697**	93,843	91,555	**971,598**
Extraordinary Items:				
Gain (Loss) on sales or disposal of property, plant and equipment, net	**(4,315)**	(3,927)	(12,377)	**(36,555)**
Gain on sales of investments	**108**	212	5,807	**918**
Gain on settlement of North America project	**—**	4,897	—	**—**
Gain on dissolution of employee's pension funds (Note 2)	**685**	1,391	—	**5,806**
Gain on transfer of the substitutional portion of the employee's pension funds (Note 2, 5)	**2,531**	—	—	**21,448**
Loss on revaluation of investments	**(1,094)**	(1,079)	(6,056)	**(9,270)**
Loss on restructuring of domestic subsidiaries & affiliates	**—**	(933)	(5,573)	**—**
Dismantlement and other cost on former Kawasaki Factory	**(1,534)**	(5,257)	—	**(12,995)**
Special warranty cost	**—**	(3,247)	—	**—**
Impairment loss on fixed assets (Note 12)	**(1,000)**	(2,600)	—	**(8,475)**
Others, net	**(2,594)**	(3,673)	(4,586)	**(21,981)**
Income before Income Taxes and Minority Interests	**107,483**	79,625	68,767	**910,491**
Income Taxes (Note 6):				
Current	**14,260**	12,891	14,648	**120,802**
Deferred	**(6,441)**	2,555	(8,403)	**(54,567)**
Minority Interests in Income of Consolidated Subsidiaries	**7,270**	5,222	2,484	**61,585**
Net Income	**¥ 92,394**	¥ 58,956	¥ 60,037	**$ 782,670**

	Yen			U.S. dollars
Per Share of Common Stock				
Net Income				
Basic	**¥ 64.83**	¥ 48.75	¥ 56.64	**$ 0.55**
After dilution of potential stock	**51.54**	31.67	25.79	**0.44**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Change in Net Assets (Note 7) (For the years ended March 31, 2007, 2006 and 2005)

Millions of yen

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gain on securities	Unrealized holding gain on land revaluation	Unrealized gain on hedging activities	Foreign currency translation adjustments	Minority interests
Balance at March 31, 2004	67,564	67,461	(111,058)	(168)	7,518	90,485	—	(12,049)	3,132
Cash dividends									
Reversal of unrealized holding gain and loss on land revaluation			12,565						
Net income			60,037						
Exercise of stock acquisition right	25,053	24,946							
Reduction of capital	(60,000)								
Reduction of capital reserve		(50,000)	50,000						
Disposal of treasury stock		27							
Acquisition of treasury stock				(51)					
Changes in the scope of consolidation			(867)						
Changes in the scope of equity method			(200)						
Net changes on items other than shareholders' equity					806	(12,694)		(896)	11,055
Balance at March 31, 2005	32,617	42,435	10,460	(220)	8,324	77,791	—	(12,946)	14,188
Cash dividends			(2,614)						
Reversal of unrealized holding gain and loss on land revaluation			(688)						
Net income			58,956						
Exercise of stock acquisition right	8,027	7,972							
Disposal of treasury stock		18							
Acquisition of treasury stock				(9)					
Changes in the scope of consolidation			2,726						
Changes in the scope of equity method			(150)						
Net changes on items other than shareholders' equity					6,689	(3,652)		8,611	12,628
Balance at March 31, 2006	40,644	50,427	68,689	(229)	15,014	74,138	—	(4,334)	26,816
Cash dividends			(4,428)						
Reversal of unrealized holding gain and loss on land revaluation			156						
Net income			92,394						
Acquisition of treasury stock				(104)					
Changes in the scope of consolidation			(371)						
Changes in the scope of equity method			26						
Net changes on items other than shareholders' equity					(2,694)	(157)	39	12,832	20,201
Balance at March 31, 2007	40,644	50,427	156,467	(334)	12,319	73,981	39	8,498	47,018

Thousands of U.S. dollars

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gain on securities	Unrealized holding gain on land revaluation	Unrealized gain on hedging activities	Foreign currency translation adjustments	Minority interests
Balance at March 31, 2006	344,302	427,171	581,870	(1,945)	127,183	628,027	—	(36,717)	227,164
Cash dividends			(37,513)						
Reversal of unrealized holding gain and loss on land revaluation			1,322						
Net income			782,670						
Acquisition of treasury stock				(885)					
Changes in the scope of consolidation			(3,142)						
Changes in the scope of equity method			224						
Net changes on items other than shareholders' equity					(22,829)	(1,333)	330	108,706	171,128
Balance at March 31, 2007	344,302	427,171	1,325,431	(2,831)	104,354	626,694	330	71,989	398,293

Consolidated Statements of Cash Flows (For the years ended March 31, 2007, 2006 and 2005)

	Millions of yen			Thousands of U.S. dollars
	2007	2006	2005	**2007**
Cash Flows from Operating Activities				
Net income before income taxes and minority interests	**¥ 107,483**	¥ 79,625	¥ 68,767	**$ 910,491**
Depreciation and amortization	**27,922**	24,672	27,170	**236,529**
Equity in earnings of unconsolidated subsidiaries and affiliates	**(12,340)**	(10,673)	(15,811)	**(104,538)**
Provision for retirement benefits, less payments	**(5,081)**	708	(2,209)	**(43,047)**
Provision for allowance for product warranty	**(648)**	1,533	(1,098)	**(5,492)**
Provision for bonus accounts	**1,474**	1,660	1,032	**12,486**
Provision for allowance for doubtful accounts	**(1,006)**	(2,029)	8,361	**(8,522)**
Interest and dividend income	**(3,980)**	(3,129)	(3,002)	**(33,718)**
Interest expenses	**8,391**	10,551	12,564	**71,088**
Gain on disposal of property assets	**(1,327)**	(4,383)	(3,211)	**(11,244)**
Loss on disposal of property assets	**5,642**	8,311	15,589	**47,800**
Gain (loss) on sales of securities, net	**260**	(203)	(5,300)	**2,202**
Loss on impairment of fixed assets	**1,000**	2,600	—	**8,475**
Other extraordinary loss	**1,029**	826	1,409	**8,718**
Decrease (Increase) in receivable	**(2,506)**	8,338	(31,466)	**(21,229)**
Decrease (Increase) in inventories	**2,969**	(11,321)	(8,836)	**25,156**
Decrease (Increase) in other current assets	**6,924**	563	(2,504)	**58,653**
Increase (Decrease) in notes and accounts payable	**(630)**	8,359	17,721	**(5,343)**
Increase (Decrease) in accrued expenses and taxes	**(4,586)**	2,545	12,841	**(38,854)**
Increase (Decrease) in deposit received	**(1,607)**	(8,148)	(1,449)	**(13,617)**
Increase (Decrease) in other current liabilities	**(465)**	(8,804)	(2,243)	**(3,939)**
Others	**37**	(24)	(1,844)	**320**
Cash received from interest and dividends	**11,292**	5,243	3,112	**95,657**
Cash paid for interest	**(8,401)**	(10,369)	(12,511)	**(71,168)**
Cash paid for income taxes	**(17,367)**	(14,002)	(11,550)	**(147,119)**
Net Cash Provided by Operating Activities	**114,478**	82,448	65,531	**969,745**
Cash Flows from Investing Activities				
Payment on purchase of securities	**(3,745)**	(9,717)	(2,204)	**(31,726)**
Proceeds from sales of securities	**1,146**	960	11,319	**9,714**
Payment on purchase of property, plant and equipment	**(49,340)**	(36,306)	(44,645)	**(417,964)**
Proceeds from sales of property, plant and equipment	**3,662**	15,797	16,865	**31,028**
Payment on long-term loans receivable	**(451)**	(4,958)	(4,105)	**(3,822)**
Collection of long-term loans receivable	**6,507**	3,045	4,955	**55,127**
Increase (Decrease) in short-term loans receivable	**(26)**	3,497	1,289	**(225)**
Increase (Decrease) in finance receivable of overseas subsidiary	**—**	16	396	**—**
Increase (Decrease) in fixed deposits	**1,560**	1,957	7,046	**13,217**
Proceeds from the transfer of investment	**—**	5,607	—	**—**
Others	**6,925**	(980)	1,286	**58,664**
Net Cash Used in Investing Activities	**(33,760)**	(21,080)	(7,795)	**(285,986)**
Cash Flows from Financing Activities				
Increase (Decrease) in short-term debt	**(16,655)**	(58,056)	(88,374)	**(141,088)**
Increase (Decrease) in commercial paper	**—**	—	(1,800)	**—**
Proceeds from long-term debt	**17,100**	38,008	275,789	**144,853**
Payment on long-term debt	**(54,834)**	(75,464)	(249,544)	**(464,501)**
Increase (Decrease) in bonds	**—**	40,000	(2,350)	**—**
Increase (Decrease) in bonds with warrant attached	**—**	(40,000)	100,000	**—**
Proceeds from minority shareholders	**11,750**	1,172	—	**99,534**
Payment on retirement of Preferred Stock	**—**	—	(60,000)	**—**
Payment on dividends made by parent company	**(4,411)**	(2,602)	—	**(37,369)**
Payment on dividends to minority shareholders	**(1,975)**	—	—	**(16,732)**
Others	**(102)**	(549)	(86)	**(865)**
Net Cash Used in Financing Activities	**(49,128)**	(97,493)	(26,366)	**(416,169)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**2,512**	4,544	(256)	**21,285**
Net Increase (Decrease) in Cash and Cash Equivalents	**34,101**	(31,581)	31,112	**288,875**
Cash and Cash Equivalents at Beginning of the Year	**106,495**	135,252	102,579	**902,118**
Increase (Decrease) in Cash and Cash Equivalents due to change in scope of consolidation	**(233)**	2,823	1,560	**(1,974)**
Cash and Cash Equivalents at End of the Year (Note 2)	**¥ 140,363**	¥ 106,495	¥ 135,252	**$ 1,189,019**

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 Financial Instruments 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 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 ¥118.05= US$1, the approximate exchange rate prevailing on the Foreign Exchange Market on March 30, 2007. 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 2006 and 2005 financial statements to conform to the presentation for 2007.

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 twenty years or less, after appropriate adjustments.

b) Foreign Currency Translation

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate of the balance sheet date, and differences arising from the translation are included in the financial statements of income as a gain or loss. The Company translates the balance sheet accounts of foreign consolidated subsidiaries into Japanese yen at the exchange rate of the balance sheet date of each of those subsidiaries. Financial statement of income accounts of consolidated overseas subsidiaries are translated using the average exchange rate of the statement of income's period. Foreign currency translation adjustments are included in the foreign currency translation adjustments account and minority interests account in the balance sheet.

c) Investments

The accounting standard for financial instruments requires that securities be classified into three categories: marketable, 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 shareholders' equity. Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

d) Inventories

Inventories of the Company are valued at cost using the weighted 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 of the Company and its consolidated subsidiaries is calculated principally by the straight-line method based on the estimated useful lives. Depreciation of property, plant and equipment of few consolidated subsidiaries is calculated by declining balance method.

f) Software

Software used by the Company and its consolidated subsidiaries is amortized using the straight-line method, based on the estimated 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 and its domestic consolidated companies have adopted the Financial Accounting Standard for retirement benefits in Japan. In accordance with this standard, accrued employees' retirement benefits are provided mainly at an amount of projected benefit obligation and the fair value of the pension plan assets at the end of the balance sheet date. Prior service costs are being amortized as incurred by straight-line method over periods, which are shorter than the average remaining years of service of the eligible employees.

Actuarial gains or losses are amortized in the year following the year using the straight-lined method over the average of the remaining service lives of mainly 10 years commencing with the following periods, which are shorter than the average remaining years of service of the eligible employees.

(Additional Information)
On July 1, 2006, pension funds of several consolidated subsidiaries received permission from the Minister of Health, Labor and Welfare to be exempt from the benefits related to past employee service under the substitutional portion. Gain on this transition, ¥2,531 millions ($21,448 thousands), is included under Extraordinary Items.

Several consolidated subsidiaries have adopted the defined contribution pension plan for parts of the unfunded lump-sum benefit plans in July and October 2006. These adoptions were accounted for in accordance with the "Guidance on Accounting for Transfer between Retirement Benefit Plans" (Accounting Standards Board of Japan Guidance No. 1). Gains and losses on these transitions, ¥157 millions ($1,330 thousands) gain and ¥192 millions ($1,629 thousands) loss, are included under Extraordinary Items, respectively.

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 calculated based upon the weighted average number of shares of common stock outstanding during each year.

Basis for the calculation of net income per share at the year ended March 31, 2007 is as follows:

	Millions of yen	Thousands of U.S. dollars
Net Income	¥ 92,394	$782,670
Less: Components not pertaining to common shareholders;		
Preferred dividend as distribution of profits	352	2,986
Net income pertaining to common stock	¥ 92,041	$779,683
Average outstanding shares:		
Common stock (share):	1,371,125,102	
Class IV preferred stock (share):	48,661,800	

k) Appropriation of Retained Earnings

The appropriation of retained earnings is recorded in the fiscal year in which such appropriation is approved by the Board of Directors or Shareholders.

l) Cash and Cash Equivalents

For the purpose of the consolidated statements 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 the year on the consolidated statements of cash flows for the years ended March 31, 2007 is as follows:

	Millions of yen	Thousands of U.S. dollars
Cash and time deposits on the consolidated balance sheets	¥ 134,136	$ 1,136,269
Time deposits with maturities exceeding three months	-591	-5,007
Bonds with maturities within three months	6,818	57,758
Cash and cash equivalents on the statement of cash flows	¥ 140,363	$ 1,189,019

m) Accounting Changes

Accounting Policy for Foreign Currency Translation of Principal Balance Sheets Accounts

The Company has translated balance sheets accounts and revenue and expense accounts of foreign consolidated subsidiaries into yen at the exchange rate prevailing on the date of the balance sheets of each of those subsidiaries. The Company has included translation adjustments in the foreign currency translation adjustment accounts of shareholders' equity and minority interest. While the Company continues to translate balance sheets accounts of foreign consolidated subsidiaries into yen using the exchange rate prevailing at the date of the balance sheet of each of those subsidiaries, it has translated, beginning this fiscal year, statement of income using the average exchange rate during the statement of income period. Translation adjustments are included in the foreign currency translation adjustments account and minority interest of shareholders' equity. The Company has adopted this new accounting policy, aiming to increase the accuracy of its foreign subsidiaries' financial results in the consolidated financial statements and to decrease the risks of short-term movements in foreign currencies. This adoption has decreased consolidated net sales by ¥53,641 millions ($454,392 thousands), operating income by ¥2,543 millions ($21,545 thousands), income before extraordinary items by ¥3,287 millions ($27,847 thousands), income before income taxes and minority interests by ¥3,379 millions ($28,624 thousands), and net income by ¥1,932 millions ($16,368 thousands), compared with the figures calculated using the exchange rate of the balance sheets date.

Accounting Standard for Presentation of Net Assets in the Balance Sheets

The Company and its domestic consolidated subsidiaries has adopted "Accounting Standards for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5 issued on December 9, 2005) and "Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8 issued on December 9, 2005) beginning this fiscal year. The total amount equivalent to the formerly presented shareholders' equity is ¥342,003 millions

($2,897,110 thousands).

In addition, preparation of the consolidated statement of changes in net assets has been required. Previously, the consolidated statements of shareholders' equity were prepared although it was not required in Japan. Certain reclassification has been made in the shareholders' equity and certain other items in the balance sheet for the year ended March 2006 and 2005. The consolidated statement of changes in net assets for the fiscal year 2006 and 2005 have been prepared in accordance with the new accounting standards.

3. Securities

Fair value of securities of other securities as of March 31, 2007 and 2006 is as follows:

	Millions of yen			Thousands of U.S. dollars		
2007 (as of March 31, 2007)	Acquisition costs	Carrying value	Unrealized gain (loss)	Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:						
Stocks	¥ 10,245	¥ 29,252	¥ 19,006	$ 86,792	$ 247,799	$ 161,006
Other:						
Corporate bonds	—	—	—	—	—	—
Investment trusts	10	10	—	89	89	—
Total	¥ 10,256	¥ 29,263	¥ 19,006	$ 86,882	$ 247,888	$ 161,006
Unrealized loss:						
Stocks	¥ 2,439	¥ 2,063	¥ (376)	$ 20,663	$ 17,477	$ (3,185)
Total	¥ 2,439	¥ 2,063	¥ (376)	$ 20,663	$ 17,477	$ (3,185)

	Millions of yen		
2006 (as of March 31, 2006)	Acquisition costs	Carrying value	Unrealized gain (loss)
Unrealized gain:			
Stocks	¥ 10,145	¥ 32,558	¥ 22,412
Other:			
Corporate bonds	—	—	—
Investment trusts	19	19	—
Total	¥ 10,164	¥ 32,577	¥ 22,412
Unrealized loss:			
Stocks	¥ 2,325	¥ 2,088	¥ (236)
Total	¥ 2,325	¥ 2,088	¥ (236)

Proceeds from sales of securities classified as other securities amounted to ¥274 millions ($2,328 thousands) with an aggregate gain on sales of ¥126 millions ($1,071 thousands) and an aggregate loss on sales of ¥79 millions ($670 thousands) for the year ended March 31, 2007. Non-marketable securities classified as other securities at March 31, 2007 amounted to ¥1,966 millions ($16,661 thousands).

4. Long-Term Debt

Long-term debt at March 31, 2007 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
1.59% straight bonds due 2010	¥ 10,000	¥ 10,000	$ 84,709
1.24% straight bonds due 2010	20,000	20,000	169,419
1.55674% straight bonds due 2012	10,000	10,000	84,709
1.579% straight bonds due 2012	10,000	10,000	84,709
3.3% Guaranteed debentures of Isuzu Motors Co., (Thailand) Ltd. No.1/2547 due 2007	—	2,870	—
Bonds with warrant attached	—	—	—
Loans	218,526	256,077	1,851,130
Less: current portion	49,863	51,259	422,388
	¥ 218,663	¥ 257,688	$ 1,852,294

The annual maturities of long-term debt at March 31, 2007 are summarized as follows:

Planned maturity date	Millions of yen	Thousands of U.S. dollars
Over 1 year within 2 years	¥ 49,028	$ 415,323
Over 2 years within 3 years	58,607	496,462
Over 3 years within 4 years	56,595	479,420
Thereafter	54,433	461,087
Total	¥ 218,663	$ 1,852,294

The assets pledged as collateral for certain loans and other liabilities at March 31, 2007 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Cash and time deposits	¥ 280	¥ 111	$ 2,374
Notes and accounts receivable	375	2,471	3,183
Building and structures	51,729	51,309	438,197
Machinery and equipment	56,915	44,581	482,131
Land	184,311	181,218	1,561,296
Securities	—	3,137	—
Others	33	37	285

5. Retirement Benefit Obligation and Pension Plan

The Company has defined benefit plans, i.e., corporate pension fund and lump-sum payment plans. The consolidated subsidiaries have defined benefit plans, i.e., corporate pension fund, welfare pension fund plans, tax-qualified pension funds and lump-sum payment plans. Several of the domestic consolidated subsidiaries have defined contribution pension plans for parts of the unfunded lump-sum benefit plans.

(1) Retirement benefit obligation as of March 31, 2007 and 2006 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Retirement benefit obligation at end of the year	¥ (118,660)	¥ (117,305)	$ (1,005,168)
Fair value of plan assets	39,416	32,624	333,898
Accrued retirement benefits obligation on balance sheets	57,320	62,257	485,562
Prepaid pension cost	(1,013)	(26)	(8,582)
Net	¥ (22,935)	¥ (22,450)	$ (194,289)
(Details on net amount)			
Unrecognized actuarial net loss	¥ (23,983)	¥ (22,309)	$ (203,165)
Unrecognized prior service cost	¥ 1,047	¥ (140)	$ 8,876
Net	¥ (22,935)	¥ (22,450)	$ (194,289)

The substitutional portion of the benefits under the welfare pension fund plans has been included in the amounts shown in the above table.

(2) Retirement benefit cost for the year ended March 31, 2007 and 2006 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Service cost	¥ 4,122	¥ 3,975	$ 34,920
Interest cost on projected benefit obligation	2,562	2,041	21,710
Expected return on plan assets	(1,088)	(383)	(9,222)
Amortization of actuarial net loss (gain)	3,732	3,578	31,615
Amortization of prior service cost	236	1,279	2,000
Net retirement benefit cost	¥ 9,564	¥ 10,491	$ 81,024
Gains on return of benefits related to past employee service under the substitutional portion	¥ (2,531)	—	$ (21,448)
Gain and loss on adoption of defined contribution pension plan, net	35	—	299
Other	73	—	624
Total	¥ 7,141	—	$ 60,499

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

	2007	2006
Discount rate	2.3%	2.3%
Expected rate of return on plan assets	1.5–2.5%	1.5–2.5%
Recognition period of prior service cost	1–10 years	1 year
Amortization period of actuarial net loss (gain)	10–19 years	10 years
Amortization period of net obligation arising from accounting changes	1 year	1 year

6. Income Taxes

Accrued income taxes in the balance sheets include corporation tax, inhabitants taxes and enterprise tax. Income taxes in the consolidated statement of income include corporation tax and inhabitants taxes and enterprise tax.

The significant components of the Company and its consolidated subsidiaries' deferred tax assets and liabilities as of March 31, 2007 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Deferred tax assets:			
Accrued retirement benefits	¥ 21,729	¥ 21,191	$ 184,071
Loss from revaluation of investments and Allowance for doubtful accounts	15,439	47,158	130,787
Accrued expenses	12,637	14,535	107,052
Accrued bonus cost	5,415	4,841	45,874
Loss from inventory write off	1,185	1,489	10,044
Loss carried forward	75,291	26,460	637,790
Unrealized profit eliminated in consolidation etc.	4,900	4,849	41,513
Others	13,166	45,385	111,530
Total gross deferred tax assets	149,765	165,911	1,268,665
Valuation allowance	(102,552)	(125,844)	(868,724)
Total deferred tax assets	47,213	40,066	399,940
Deferred tax liabilities			
Reserve for deferred income tax of fixed assets	(748)	(981)	(6,341)
Depreciation adjustment of foreign consolidated subsidiaries	(4,209)	(4,381)	(35,658)
Others	(583)	(702)	(4,942)
Total deferred tax liabilities	(5,541)	(6,064)	(46,942)
Net deferred tax assets	¥ 41,671	¥ 34,002	$ 352,998
Deferred tax liabilities:			
Reserve for deferred income tax of fixed assets	1,679	1,700	14,226
Unrealized holding gain on other securities	5,592	6,987	47,371
Others	2,273	767	19,259
Net deferred tax liabilities	¥ 9,545	¥ 9,455	$ 80,858

A reconciliation between the normal effective statutory tax rate and the actual effective tax rates reflected in the accompanying consolidated statement of income for the years ended March 31, 2007 and 2006 are as follows:

	2007	2006
Normal effective statutory tax rate	40.0%	40.0%
Net Valuation allowance	(28.2)	(22.1)
Different tax rates applied to foreign subsidiaries	(3.3)	(3.8)
Loss for this fiscal year by consolidated subsidiaries	0.5	7.3
Equity in earnings of unconsolidated subsidiaries	(4.6)	(5.4)
Additional income tax	—	2.0
Foreign withholding tax	1.1	0.6
Others	1.7	0.8
Effective tax rate after adoption of tax-effect accounting	7.3	19.4

7. Shareholders' Equity

Changes in the numbers of shares issued and outstanding during the years ended March 31, 2007 and 2006 are as follows:

Common stock outstanding	2007	2006
Balance at the beginning of the year	1,141,289,786	1,073,619,832
Increase due to convertible stocks converted	555,555,553	—
Increase due to stock acquisition right	—	67,669,954
Balance at the end of the year	1,696,845,339	1,141,289,786

Treasury stock outstanding	2007	2006
Balance at the beginning of the year	1,258,960	1,112,221
Increase due to purchase of odd stocks	233,729	146,739
Balance at the end of the year	1,492,689	1,258,960

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. In the fiscal year 2007, the Company issued common stocks in return of acquisition Class-I Preferred Stock. Furthermore, the Company retired the acquired Class-I Preferred Stock based on the resolution of Board of Directors Meeting held on March 29, 2007.

No other dividends of surplus than specified in a) (1) and b) (1) respectively shall be paid to preferred shareholders or to preferentially registered stock pledgees. When the amount of surplus to be paid to the preferred shareholders or preferentially registered stock pledgees 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 stock pledgees before the ordinary shareholders or the ordinarily registered stock pledgees.

No other residual property than the above shall be distributed to the preferred shareholders or to the preferentially registered stock pledgees.

The Company can always purchase preferred stocks and cancel them according to law. 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 the rights to receive allotments of offered shares or to receive allotments of offered share warrants 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-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 stock pledgees.

(2) Right of Claim for Acquisition

(i) Period for Claiming Acquisition

Period for claiming the acquisition of the Class-III preferred stocks shall be from October 1, 2010 to September 30, 2027.

(ii) Conditions for Acquisition

Shareholders of the Class-III preferred stocks can claim the common stocks of the Company to be issued, whose number is obtained from the equation (iii) below, in exchange for the Company's acquiring the Class-III preferred stocks.

(a) Initial Acquisition 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 acquisition (calculated to the first decimal point and then rounded up the first decimal point and then rounded up.)

(b) Revision of Acquisition Price

Acquisition 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 acquisition 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 acquisition price respectively). (Revised acquisition 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 acquisition price is below the price equal to 50% of the initial acquisition price (calculated to the first decimal point and then rounded up, hereinafter referred to as floor acquisition price and revised according to (c).), the floor acquisition price shall be treated as the revised acquisition price. Also after the above calculation, when the revised acquisition price is above the price equal to 200% of the initial acquisition price (calculated to the first decimal point and then rounded up, hereinafter referred to as the maximum acquisition price and revised according to (c).), the maximum acquisition price shall be treated as the revised acquisition price.

(c) Adjustment of Acquisition Price

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

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

(iii) The Number of Common Stocks to be issued in exchange for the Acquisition of the Class-III Preferred Stocks

The number of common stocks of the Company to be issued in exchange for the acquisition of the Class-III preferred stocks shall be as follows.

$$\text{No. of common stocks issued in exchange for the acquisition of the Class-III preferred stocks} = \frac{\text{Total value equal to paid-in amount of the Class-III Preferred Stocks submitted by Shareholders asking for Acquisition}}{\text{Acquisition Price}}$$

(3) Mandatory Acquisition

The Class-III preferred stocks which are not requested for acquisition during the period in which a request for acquisition 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 acquisition) 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 acquisition.

When the average price is lower than the floor acquisition 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 acquisition price. Also, when the average price is more than the maximum acquisition 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 acquisition price.

When fractions less than 1 are produced in calculating the above number of common stocks, they shall be treated according to the treatment specified in the Article 234 of the Corporation Law.

b) 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-IV preferred dividend is paid, dividend of profits can be paid to ordinary shareholders or ordinarily registered stock pledgees it becomes equal to Class-IV preferred dividend. Also when dividend of profits is paid concerning the residual profit, the same amount of money per stock shall be paid to the Class-IV preferred shareholders or preferentially registered stock pledgees and ordinary shareholders or ordinarily registered stock pledgees.

(2) Right of Claim for Acquisition

(i) Period for Claiming Acquisition

Period for claiming the acquisition of the Class-IV preferred stocks shall be from October 1, 2012 to September 30, 2032.

(ii) Conditions for Acquisition

Shareholders of the Class-IV preferred stocks can claim the common stocks of the Company to be issued, whose number is obtained from the equation (iii) below, in exchange for the Company's acquiring the Class-IV preferred stocks.

(a) Initial Acquisition 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 acquisition (calculated to the first decimal point and then rounded up.)

(b) Revision of Acquisition Price

Acquisition 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 acquisition 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 acquisition price respectively). (Revised acquisition 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 acquisition price is below the price equal to 50% of the initial acquisition price (calculated to the first decimal point and then rounded up, hereinafter referred to as floor acquisition price and revised according to (c).), the floor acquisition price shall be treated as the revised acquisition price. Also after the above calculation, when the revised acquisition price is above the price equal to 200% of the initial acquisition price (calculated to the first decimal point and then rounded up, hereinafter referred to as the maximum acquisition price and revised according to (c).), the maximum acquisition price shall be treated as the revised acquisition price.

(c) Adjustment of Acquisition Price

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

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

(iii) The Number of Common Stocks to be issued in exchange for the acquisition of the Class-IV Preferred Stocks

The number of common stocks of the Company to be issued in exchange for the acquisition of the Class-IV preferred stocks shall be as follows.

$$\text{No. of common stocks issued in exchange for the acquisition of the Class-IV preferred stocks} = \frac{\text{Total value equal to paid-in amount of the Class-IV Preferred Stocks submitted by Shareholders asking for Acquisition}}{\text{Acquisition Price}}$$

(3) Mandatory Acquisition

The Class-IV preferred stocks which are not requested for acquisition during the period in which a request for acquisition 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 acquisition) 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 acquisition.

When the average price is lower than the floor acquisition 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 acquisition price. Also, when the average price is more than the maximum acquisition 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 acquisition price.

When fractions less than 1 are produced in calculating the above number of common stocks, they shall be treated according to the treatment specified in the Article 234 of the Corporation 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 and its domestic consolidated subsidiaries and domestic affiliates was revalued, and the unrealized gain on the revaluation of land, net of deferred tax, was reported as "Variance of Land Revaluation" within Net Assets, and the relevant deferred tax was reported as "Deferred Tax Liabilities related to Land Revaluation" in Liabilities for the fiscal year ended 31 March, 2007.
Revalued Date: 31 March, 2000

In accordance with the Law concerning Revaluation of Land enacted on March 31, 1998, the land used for business owned by some of the Company's non-consolidated subsidiaries and affiliates accounted for by the equity method were revalued.
Revalued Date: 31 March, 2002

The method of revaluation is as follows:

Under article 2-4 of the Enforcement Ordinance on Law concerning Revaluation of Land, the land price for the revaluation is determined based on the official notice prices assessed and published by the Commissioner of National Tax Agency of Japan as basis for calculation of Landholding Tax as stipulated in article 16 of the Landholding Tax Law. Appropriate adjustments for the shape of land and the timing of the assessment has been made. The land price for the revaluation for some of the land is based on land appraisal.

The difference of the total fair value, revalued based on the article 10 of the Enforcement Ordinance on Law concerning Revaluation of Land, of business land for the end of this fiscal year and the total book price for the business land revalued was ¥56,332 millions ($477,192 thousands).

10. Contingent Liabilities

Contingent liabilities at March 31, 2007 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Guarantees of bank loans	¥ 2,417	¥ 2,647	$ 20,478
Export bills discounted	159	99	1,349
Notes endorsed	—	—	—
Notes discounted	—	725	—

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, is as follows.

a) As a lessee

i) Amounts equivalent to acquisition costs, accumulated depreciation and net balance as of March 31, 2007 and 2006 concerning the finance lease assets:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Acquisition Costs	¥ 39,187	¥ 35,817	$ 331,959
Accumulated Depreciation	20,417	20,121	172,953
Net Balance	18,770	15,695	159,006

ii) Future payment obligations of finance lease expenses as of March 31, 2007 and 2006 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Portion due within one year	¥ 8,380	¥ 6,182	$ 70,992
Thereafter	11,094	10,742	93,977
Total	19,474	16,924	164,969

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 is as follows.

a) As a lessee

Future payment obligations of operating lease expenses as of March 31, 2007 and 2006 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Portion due within one year	¥ 1,047	¥ 820	$ 8,871
Thereafter	1,402	975	11,883

b) As a lessor

Future receivable income of operating lease commitment as of March 31, 2007 and 2006 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Portion due within one year	¥ 80	¥ 46	$ 685
Thereafter	—	46	—

12. Impairment Loss on Fixed Assets

Impairment loss on fixed assets recognized in the consolidated financial statements for the fiscal year ended March 31, 2007 is as follows:

Location	Usage	Type	Millions of yen	Thousands of U.S. dollars
Ayase-shi, Kanagawa prefecture	Business Assets	Buildings and other	¥ 378	$ 3,209
Iwafune-cho, Shimotsuga-gun, Tochigi prefecture	Business Assets	Buildings	282	2,393
Ohira-machi, Shimotsuga-gun, Tochigi prefecture	Idle Assets	Machinery	5	48
Fujisawa-shi, Kanagawa prefecture	Idle Assets	Buildings, Machinery and other	220	1,869
Towada-shi, Aomori prefecture	Idle Assets	Land	13	110
Shimanto-shi, Kochi prefecture	Idle Assets	Land and Machinery	72	614
Urazoe-shi, Okinawa prefecture	Idle Assets	Buildings	23	196
Fukuoka-shi, Fukuoka prefecture and others	Idle Assets	Machinery	4	34
		Total	¥ 1,000	$ 8,475

As a general rule, assets were grouped into business assets, idle assets and assets for rent. As for idle assets and assets for rent were individually grouped by each item. There were no signs of necessity of impairment for assets for rent. However, for idle assets that were in need for impairment due to the fall in land prices and for business assets that had been decided to be disposed, carrying amount was reduced to the amount recoverable.

As for business assets that had been decided to be disposed, impairment loss is recognized at the point of time when the decision is made on the disposal.

Breakdown of the impairment loss by asset type is as follows:

Type	Millions of yen	Thousands of U.S. dollars
Land	¥ 76	$ 643
Buildings and structures	687	5,827
Machinery and equipment	227	1,925
Other	9	79

The recoverable amount of an asset is estimated based on the net amount that the asset could be sold (net selling amount) for land and buildings, the net selling amount is estimated by appraisal amount based on real estate appraisal standards.

13. Subsequent Events

a) The following appropriations of surplus of the Company were approved at the General Meeting of Shareholders held on June 28, 2007:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends		
Preferred Stock (ClassIII) (¥14.104 = U.S.$0.119 per share)	352	2,981
Preferred Stock (ClassIV) (¥18.104 = U.S.$0.153 per share)	452	3,828
Common Stock (¥4.000 = U.S.$0.033 per share)	6,782	57,450

b) The agenda on the acquisition of Company's Class-III and Class-IV Preferred Stocks as treasury stock was approved at the General Meeting of Shareholders held on June 28, 2007. Following the General Meeting of Shareholders the following on the acquisition price and others based on Article 157-1 of the Corporation Law was resolved at the Board of Directors Meeting held on the same day.

(1) Reasons for Acquisition

To avoid latent dilution of the common stocks and to ease the burden of payment of dividends.

(2) Types and Number of Shares to be Acquired

Class-III Preferred Stock

Up to 25,000,000 shares

(100% of the Class-III Preferred Stock issued and outstanding)

Class-IV Preferred Stock

Up to 25,000,000 shares

(100% of the Class-IV Preferred Stock issued and outstanding)

(3) Details of types of cash and equivalent to be delivered in exchange per share

Type of Cash and Equivalent: Cash

Amount: ¥800 ($6.776)

(4) Total Amount of cash and equivalent to be delivered in exchange with the shares

Total Amount: Up to ¥40,000 millions ($338,839 thousands)

(5) Application Deadline for Transfer of Shares

July 10, 2007

14. Segment Information

(1) The business segment information for the company and its consolidated subsidiaries for the years ended March 31, 2007 and 2006

As net sales, operating 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, 2007 and 2006, the business segment information for fiscal year 2007 and 2006 is not shown.

(2) The geographical segment information for the company and its consolidated subsidiaries for the years ended March 31, 2007 and 2006 were as follows:

	Japan	North America	Asia	Other	Total	Eliminations	Consolidated
Year ended March 31, 2007	Millions of yen						
Sales to third parties	1,034,727	161,294	429,751	37,152	1,662,925	—	1,662,925
Inter-area sales and transfers	167,645	7,429	44,795	1,746	221,617	(221,617)	—
Total sales	1,202,372	168,723	474,546	38,899	1,884,542	(221,617)	1,662,925
Operating expenses	1,123,885	163,742	452,434	37,416	1,777,479	(221,534)	1,555,944
Operating income	78,487	4,981	22,112	1,482	107,063	(82)	106,980
Total assets	989,356	66,259	171,965	16,755	1,244,337	(12,156)	1,232,181
	Thousands of U.S. dollars						
Sales to third parties	8,765,163	1,366,323	3,640,416	314,716	14,086,620	—	14,086,620
Inter-area sales and transfers	1,420,119	62,934	379,464	14,798	1,877,316	(1,877,316)	—
Total sales	10,185,283	1,429,257	4,019,881	329,514	15,963,936	(1,877,316)	14,086,620
Operating expenses	9,520,415	1,387,060	3,832,568	316,958	15,057,002	(1,876,614)	13,180,388
Operating income	664,867	42,197	187,312	12,556	906,933	(702)	906,231
Total assets	8,380,828	561,286	1,456,720	141,932	10,540,767	(102,975)	10,437,792

	Japan	North America	Asia	Other	Total	Eliminations	Consolidated
Year ended March 31, 2006	Millions of yen						
Sales to third parties	967,149	165,309	413,259	36,138	1,581,857	—	1,581,857
Inter-area sales and transfers	150,704	6,951	33,321	696	191,673	(191,673)	—
Total sales	1,117,853	172,260	446,581	36,834	1,773,531	(191,673)	1,581,857
Operating expenses	1,054,511	166,841	425,944	35,364	1,682,661	(191,466)	1,491,195
Operating income	63,342	5,419	20,637	1,470	90,869	(207)	90,661
Total assets	960,741	67,577	139,143	14,682	1,182,146	(13,449)	1,168,697

(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 for the years ended March 31, 2007 and 2006 were as follows:

	North America	Asia	Other	Total
Year ended March 31, 2007	Millions of yen			
Overseas sales	175,379	456,408	336,506	968,294
Consolidated net sales	—	—	—	1,662,925
Overseas sales per consolidated net sales	10.5%	27.4%	20.2%	58.2%
	Thousands of U.S. dollars			
Overseas sales	1,485,637	3,866,227	2,850,542	8,202,407
Consolidated net sales	—	—	—	14,086,620
Overseas sales per consolidated net sales	10.5%	27.4%	20.2%	58.2%

	North America	Asia	Other	Total
Year ended March 31, 2006	Millions of yen			
Overseas sales	183,143	442,181	271,539	896,864
Consolidated net sales	—	—	—	1,581,857
Overseas sales per consolidated net sales	11.6%	28.0%	17.2%	56.7%

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, 2007, 2006 and 2005, 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, 2007, 2006 and 2005, 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.

As described in Note 2, Isuzu Motors Limited, its consolidated domestic subsidiaries and its equity method-applied domestic affiliates adopted a new accounting standard for impairment accounting for fixed assets as adoption of the standard was permitted from the fiscal year ended March 31,2006.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2007 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 to the consolidated financial statements.

Ernst & Young ShinNihon

June 28, 2007
Tokyo, Japan

PRINCIPAL DOMESTIC SUBSIDIARIES AND AFFILIATES

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

PRINCIPAL OVERSEAS SUBSIDIARIES AND AFFILIATES

Asia

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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.
4F, 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)
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Tel: 886-2-2325-7558

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)
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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
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Tri Petch Isuzu Sales Co., Ltd. (TIS)
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Tel: 66-2-966-2111~30

Isuzu Operations (Thailand) Co., Ltd. (IOT)
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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
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P. T. Asian Isuzu Casting Center (AICC)
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Malaysian Truck & Bus Sdn. Bhd. (MTB)
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Tel: 44-1923-231-580

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Tel: 44-1920-463962

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Isuzu Sales Deutschland GmbH
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Tel: 49-69-3085-5041

Isuzu Automotive Europe GmbH
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Isuzu Benelux N.V.
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Isuzu Iberia S.L.
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Tel: 34-91-532-6179

Isuzu Automotive Company, Ukraine
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Tel: 1-562-229-8825

Isuzu Commercial Truck of America, Inc. (ICTA)
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Tel: 1-562-229-5000

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

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Tel: 32-2-463-0990

Growing from experience

One of the oldest automobile companies in Japan, Isuzu has long focused on diesel engines and commercial vehicles, since its predecessor developed Japan's first air-cooled diesel engine in 1933. Today, it is major global producer of light-duty, medium-duty and heavy-duty trucks, buses and pick-ups, and a world leader in advanced diesel engine technologies and powerplants.

The 6th generation new ELF

New FORWARD medium-duty truck

Japan's diesel pioneer

Isuzu's history can be traced back to Tokyo Ishikawajima Shipbuilding & Engineering Co., Ltd., which was founded in 1893 and produced the first truck made in Japan in a joint venture with British automaker Wolseley Motor Ltd. in 1922.

Tokyo Ishikawajima Shipbuilding & Engineering's automotive arm became a separate company, Ishikawajima Automotive Works Co., Ltd. in 1929. Following another merger in which Ishikawajima Automotive Works took over DAT Automobile Manufacturing, the company changed its name to Automobile Industries Co., Ltd. in 1933. Automobile Industries Co. developed two air-cooled diesel engine models, the DA4 and DA6—the foundation of all subsequent generations of Isuzu diesel engines.

Automobile Industries Co., Ltd. further merged with Tokyo Gas & Electric Co. and changed its name to Tokyo Automobile Industries Co., Ltd. on April 9, 1937, the date Isuzu regards as its founding. Tokyo Automobile Industries changed its name to Diesel Automobile Industry Co., Ltd. in 1941, and then in 1949 adopted the name "Isuzu" from its cars developed in 1933, named for the river that flows past Japan's oldest and most sacred shrine, the Ise Shrine in Mie Prefecture.

The launch of a legend

In 1959, Isuzu launched the ELF, Japan's top-selling light-duty truck for the last 10 years, with cumulative production of 5 million units. Today the ELF is available in numerous variants, including with next generation diesel, CNG and diesel-hybrid power plants. The FORWARD medium-duty truck series first went on sale in 1970, and the C&E series of heavy-duty trucks and tractors, the forerunners of which had been on the market since 1959, underwent a major overhaul in 1995 that resulted in the GIGA series.

Isuzu began selling the GALA large-size bus in 1996. In 2004, the Company launched the Mimamori-kun Online Service—the first telematics system for commercial vehicles in Japan. 2006 saw the launch of our first truly global model, the 6th generation ELF, quickly followed by our second global model, the next generation FORWARD, in 2007.

Expanding into a global force

Isuzu's first overseas operations began with the export of vehicles to Hong Kong in 1949, followed by Thailand in 1957. In 1971, Isuzu entered a tie-up with General Motors Corporation, and by 1972 was exporting pickup trucks to the United States. Since then, Isuzu has expanded its overseas operations, highlighted by our opening of manufacturing plants in China in 1985, and the start of diesel engine production in Poland in 1999, and the United States in 2000.

Today, building on this long heritage and harnessing its world-leading diesel technologies and reputation for quality commercial vehicles, Isuzu is confidently strengthening and expanding its global operations.

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
Tochigi Plant	Manufacturing of engines and parts
Fujisawa Plant	Manufacturing of trucks, engines, components and parts

Common Stock, Preferred Stock and Number of Shareholders

		Preferred Stock	
	Common Stock	Class III	Class IV
Shares authorized:	3,369,000,000	25,000,000	25,000,000
Shares issued:	1,696,845,339	25,000,000	25,000,000
No. of shareholders:	77,380	1	1

Major Shareholders (% of total)

Common Stock	%
Mitsubishi Corporation	9.22
Itochu Corporation	7.67
The Master Trust Bank of Japan, Ltd. (Trust Account)	7.32
Japan Trustee Services Bank, Ltd. (Trust Account)	6.57
Toyota Motor Corporation	5.89
Isuzu Partners Investment, L.P.	4.71
Trust & Custody Services Bank, Ltd. (Trust Account)	4.10
The Mitsubishi UFJ Trust and Banking Corporation	2.62
Mizuho Corporate Bank, Ltd.	2.47
The Bank of Yokohama, Ltd.	1.04

Class III Preferred Stock	%
Mizuho Corporate Bank, Ltd.	100.00

Class IV Preferred Stock	%
Mizuho Corporate Bank, Ltd.	100.00

Transfer Agent
Mitsubishi UFJ Trust and Banking Corporation
10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081, Japan

(As of March 31, 2007)

Trucks for life

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