

# FY2007 First Half Non-Consolidated Financial Results

(Six months ended September 30, 2006)

English Translation from the Original Japanese-Language Document



November 13, 2006

Company name : **Isuzu Motors Ltd.**  
 Stock exchanges on which the shares are listed : Tokyo Stock Exchange in Japan  
 Code number : 7202  
 Location of the head office : 6-26-1 Minami-oi, Shinagawa, Tokyo  
 URL : <http://www.isuzu.co.jp/world/investor/index.html>  
 Representative person : Yoshinori Ida, President  
 Contact person : Hirotohi Koyama, General manager,  
 General Affairs & HR Department Tel. (03) 5471 - 1141  
 Date of the meeting of the Board of Directors for FY2007 First Half financial results : November 13, 2006  
 Date of starting actual payment of cash dividends : —  
 Number of shares in unit share system : 1,000 shares

## 1. Non-Consolidated Financial Highlights (April 1, 2006 through September 30, 2006)

### <1> Non-consolidated financial results

	Net sales		Operating profit		Working profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>FY2007 1st. Half</b>	<b>495,192</b>	<b>12.5</b>	<b>35,969</b>	<b>84.9</b>	<b>39,481</b>	<b>24.2</b>
FY2006 1st. Half	440,305	1.3	19,455	(35.8)	31,800	8.9
FY2006	917,895		53,506		64,149	

  

	Net income		Net income per share
	Millions of yen	%	Yen
<b>FY2007 1st. Half</b>	<b>35,992</b>	<b>51.2</b>	<b>30.27</b>
FY2006 1st. Half	23,809	24.8	20.04
FY2006	46,476		38.31

Note 1: Average number of shares issued and outstanding in each period  
 (refer to attachment for preferred stocks)

**FY2007 1st. Half** 1,140,276,676 shares  
 FY2006 1st. Half 1,120,701,879 shares  
 FY2006 1,130,497,966 shares

Note 2: Changes in accounting policies: Yes

Note 3: Regarding net sales, operating profit, working profit and net income, percent indications show percentage of changes from the previous first half period.

### <2> Non-consolidated financial position

	Total assets	Net assets	Ratio of shareholders' equity	Net assets per share
	Millions of yen	Millions of yen	%	Yen
<b>FY2007 1st. Half</b>	<b>886,721</b>	<b>259,439</b>	<b>29.3</b>	<b>166.14</b>
FY2006 1st. Half	802,996	207,632	25.9	120.69
FY2006	867,698	231,289	26.7	140.56

Note 1: Number of shares issued and outstanding at the end of each period  
 (refer to attachment for preferred stocks)

**FY2007 1st. Half** 1,140,212,453 shares  
 FY2006 1st. Half 1,140,391,539 shares  
 FY2006 1,140,306,872 shares

Note 2: Number of treasury stock at the end of each period

**FY2007 1st. Half** 1,077,333 shares  
 FY2006 1st. Half 898,247 shares  
 FY2006 982,914 shares

## 2. FY2007 Non-Consolidated Financial Forecast (April 1, 2006 through March 31, 2007)

	Net sales	Working profit	Net income
	Millions of yen	Millions of yen	Millions of yen
FY2007	950,000	60,000	55,000

Reference : Forecast of Net income per share (yen) 45.71

## 3. Cash dividends

	Cash dividends per share		
	Interim dividend	Final dividend	Annual dividend
FY2006	—	3.00	3.00
FY2007 (results)	0.00	—	
FY2007 (forecast)	—	4.00	4.00

Note : Refer to attachment for dividend information for preferred stocks.

The financial projection is calculated based on the information available presently. There are possibilities that the actual financial result would differ largely due to the variation of important factors such as supply and demand trend in major markets and foreign exchange rate.

## Attachment

### 1. Average number of shares issued and outstanding in each period

	FY2007 1st. Half	FY2006 1st. Half	FY2006
	shares	shares	shares
Common stock	1,140,276,676	1,120,701,879	1,130,497,966
Preferred stock			
Class 1 preferred stock	37,500,000	37,500,000	37,500,000
Class 3 preferred stock	25,000,000	25,000,000	25,000,000
Class 4 preferred stock	25,000,000	25,000,000	25,000,000

### 2. Number of shares issued and outstanding at the end of each period

	FY2007 1st. Half	FY2006 1st. Half	FY2006
	shares	shares	shares
Common stock	1,140,212,453	1,140,391,539	1,140,306,872
Preferred stock			
Class 1 preferred stock	37,500,000	37,500,000	37,500,000
Class 3 preferred stock	25,000,000	25,000,000	25,000,000
Class 4 preferred stock	25,000,000	25,000,000	25,000,000

### 3. Cash Dividend

	Cash dividends per share		
	Interim dividend	Final dividend	Annual dividend
	yen	yen	yen
FY2006			
Class 1 preferred stock	—	6.944	6.944
Class 3 preferred stock	—	12.944	12.944
Class 4 preferred stock	—	16.944	16.944
FY2007 (results)			
Class 1 preferred stock	0.000	—	
Class 3 preferred stock	0.000	—	
Class 4 preferred stock	0.000	—	
FY2007 (forecast)			
Class 1 preferred stock	—	8.192	8.192
Class 3 preferred stock	—	14.192	14.192
Class 4 preferred stock	—	18.192	18.192

### 4. Calculation for "1. Non-Consolidated Financial Highlights"

○ Net income per share =

$$\frac{\text{Net income}}{\text{Average number of common stock issued and outstanding in each period} + \text{Number of common stock increased based on if-converted method of conversion type participative stock} - \text{Average number of common stock for treasury}}$$

○ Net assets per share =

$$\frac{\text{Net assets} - \text{Number of preferred stock issued and outstanding at the end of each period} \times \text{Amount per share}}{\text{Number of common stock issued and outstanding at the end of each period} - \text{Number of common stock for treasury at the end of each period}}$$

### 5. Calculation for "2. FY2007 Non-Consolidated Financial Forecast"

○ Forecast of net income per share =

$$\frac{\text{Forecast of net income} - \text{Accounts not belonging to common stock}}{\text{Number of common stock issued and outstanding at the end of each period} + \text{Number of Common stock increased based on if-converted method of conversion type participative stock} - \text{Number of common stock for treasury at the end of each period}}$$

Note: Class 4 preferred stock fulfills the conditions of the conversion type participative stock.

The common stocks increased based on the calculation of if-converted method are calculated on the assumption that the stocks were converted at the beginning of this fiscal year.

The forecast preferred dividend as the distribution of profits for Class 1 and Class 3 preferred stock fulfills the conditions of the accounts not belonging to common stock used in the calculation for the forecast net income per share.

(Information on Net per share)

	FY2007 1st. Half	FY2006 1st. Half	FY2006
	yen	yen	yen
Net assets per share	<b>166.14</b>	120.69	140.56
Net income per share	<b>30.27</b>	20.04	38.31
Net income per share after dilution of potential stock	<b>20.07</b>	12.58	24.96

The base used for calculating net assets per share, net income per share and net income per share after dilution of potential are as follows.

	FY2007 1st. Half	FY2006 1st. Half	FY2006
Net assets per share	Millions of yen	Millions of yen	Millions of yen
Total net assets (※Total shareholders' equity)	<b>259,439</b>	207,632 ※	231,289 ※
Amounts decreased on calculation	<b>70,000</b>	70,000	71,007
(Preferred stock)	<b>( 70,000 )</b>	( 70,000 )	( 70,000 )
(Dividend to preferred stock)	<b>( — )</b>	( — )	( 1,007 )
The numerator amount used for the calculation	<b>189,439</b>	137,632	160,281
Net income per share	Millions of yen	Millions of yen	Millions of yen
Net income	<b>35,992</b>	23,809	46,476
Accounts not belonging to common stock	<b>—</b>	—	584
(Preferred dividend as the distribution of profits)	<b>( — )</b>	( — )	( 584 )
(Director's bonus as the distribution of profits)	<b>( — )</b>	( — )	( — )
Net income belonging to common stock	<b>35,992</b>	23,809	45,892
Average number of shares issued and outstanding	shares	shares	shares
(Common stock)	<b>1,188,938,477</b>	1,188,041,946	1,197,838,034
(Class 4 preferred stock)	<b>( 1,140,276,676 )</b>	( 1,120,701,879 )	( 1,130,497,966 )
	<b>( 48,661,800 )</b>	( 67,340,067 )	( 67,340,067 )
Net income per share after dilution of potential stock	Millions of yen	Millions of yen	Millions of yen
Adjusted amount of net income	<b>—</b>	—	584
(Preferred dividend as the distribution of profits)	<b>( — )</b>	( — )	( 584 )
Number of common stock increased	shares	shares	shares
(Convertible stock whose claim period for the conversion has not yet come)	<b>604,217,356</b>	704,820,995	663,970,535
(Bonds with warrant attached)	<b>( 604,217,356 )</b>	( 622,895,623 )	( 622,895,623 )
	<b>( — )</b>	( 81,925,372 )	( 41,074,912 )

# NON-CONSOLIDATED PROFIT AND LOSS STATEMENT

The following information has been prepared in accordance with  
accounting principles generally accepted in Japan.

(Millions of yen)

	FY2007 1st. half	FY2006 1st. half	Change	FY2006
<b>Net sales</b>	<b>495,192</b>	<b>440,305</b>	<b>54,887</b>	<b>917,895</b>
<b>Cost of sales</b>	<b>408,718</b>	<b>367,515</b>	<b>41,203</b>	<b>753,078</b>
<b>GROSS PROFIT</b>	<b>86,473</b>	<b>72,789</b>	<b>13,683</b>	<b>164,816</b>
<b>Selling, general and administrative expenses</b>	<b>50,503</b>	<b>53,333</b>	<b>(2,830)</b>	<b>111,309</b>
<b>OPERATING PROFIT</b>	<b>35,969</b>	<b>19,455</b>	<b>16,513</b>	<b>53,506</b>
<b>Non-operating income</b>	<b>7,653</b>	<b>16,814</b>	<b>(9,160)</b>	<b>19,850</b>
Interest and dividend income	7,044	15,308	(8,264)	18,369
Other	609	1,506	(896)	1,481
<b>Non-operating expenses</b>	<b>4,142</b>	<b>4,470</b>	<b>(328)</b>	<b>9,208</b>
Interest expense	3,011	3,056	(44)	6,144
Other	1,130	1,413	(283)	3,064
<b>WORKING PROFIT</b>	<b>39,481</b>	<b>31,800</b>	<b>7,680</b>	<b>64,149</b>
<b>Extraordinary profit</b>	<b>321</b>	<b>5,815</b>	<b>(5,493)</b>	<b>6,184</b>
Gain on disposal of PP&E	4	0	4	100
Gain on sales of marketable securities	317	56	260	285
Adjustment cost on the joint venture in North America	—	4,897	(4,897)	4,897
Other	—	860	(860)	900
<b>Extraordinary loss</b>	<b>3,700</b>	<b>13,707</b>	<b>(10,007)</b>	<b>23,212</b>
Loss on disposal of PP&E	1,814	2,474	(659)	4,974
Unrealized holding loss on non-consolidated subsidiaries & affiliates	338	4	334	1,249
Loss on restructuring of domestic subsidiaries & affiliates	—	1,385	(1,385)	4,649
Special warranty expense	—	4,448	(4,448)	3,247
Loss on impairment of fixed assets	13	931	(918)	1,014
Dismantlement and other cost on former Kawasaki Plant	1,534	2,371	(836)	5,257
Other	—	2,091	(2,091)	2,819
<b>INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS</b>	<b>36,103</b>	<b>23,908</b>	<b>12,194</b>	<b>47,122</b>
<b>Income taxes</b>	<b>835</b>	<b>384</b>	<b>451</b>	<b>1,508</b>
<b>Income taxes adjustments</b>	<b>(725)</b>	<b>(284)</b>	<b>(440)</b>	<b>(862)</b>
<b>NET INCOME</b>	<b>35,992</b>	<b>23,809</b>	<b>12,183</b>	<b>46,476</b>
Inappropriate retained earnings brought forward	—	10,522	—	10,522
Pulled down amount from variance of land revaluation	—	(114)	—	(708)
<b>INAPPROPRIATE RETAINED EARNINGS</b>	<b>—</b>	<b>34,217</b>	<b>—</b>	<b>56,291</b>

Note: Amounts under millions of yen are omitted in the figures above.

## NON-CONSOLIDATED BALANCE SHEET

The following information has been prepared in accordance with  
accounting principles generally accepted in Japan.

(Millions of yen)

	September 30, 2006	March 31, 2006	Change	September 30, 2005
<b>[ASSETS]</b>				
<b>CURRENT ASSETS</b>	<b>340,462</b>	<b>308,651</b>	<b>31,810</b>	<b>286,987</b>
Cash and cash equivalents	77,181	49,704	27,476	47,040
Trade notes receivable	590	906	(315)	592
Trade accounts receivable	157,356	149,309	8,046	135,208
Finished products	35,218	42,711	(7,493)	38,924
Productive material	8,679	9,305	(626)	10,776
Work in progress	6,015	5,388	626	7,490
Supplies	5,850	5,749	101	4,923
Advance accounts	2,186	2,236	(50)	2,381
Prepaid cost	1,006	1,064	(57)	1,477
Deferred income tax	29,686	28,961	725	27,987
Short-term loans	8,138	7,906	231	7,808
Short-term loans to employees	15	23	(7)	28
Other accounts receivable	7,354	6,290	1,064	5,567
Other	3,706	1,443	2,262	3,361
Allowance for doubtful accounts	(2,524)	(2,351)	(172)	(6,581)
<b>FIXED ASSETS</b>	<b>546,259</b>	<b>559,047</b>	<b>(12,787)</b>	<b>516,009</b>
<b>Property, plant &amp; equipment</b>	<b>315,154</b>	<b>313,414</b>	<b>1,739</b>	<b>310,197</b>
Buildings	42,848	43,871	(1,022)	45,830
Structures	7,472	7,893	(421)	8,434
Machinery & equipment	47,176	42,469	4,706	42,870
Vehicles	444	441	3	367
Tools, furniture and fixtures	9,043	9,931	(887)	9,472
Land	193,582	193,582	—	196,781
Construction in progress	14,585	15,223	(638)	6,440
<b>Intangible assets</b>	<b>6,455</b>	<b>5,798</b>	<b>657</b>	<b>4,250</b>
Right of using gas and electricity facilities	5	5	(0)	6
Software	6,398	5,738	659	4,189
Other	52	53	(1)	54
<b>Investments &amp; other assets</b>	<b>224,649</b>	<b>239,834</b>	<b>(15,184)</b>	<b>201,561</b>
Marketable securities	29,482	33,834	(4,352)	25,863
Securities investment in affiliates	120,276	120,010	265	120,688
Investment	394	393	1	379
Investment in affiliates	8,978	9,400	(421)	9,787
Long-term loans	20	22	(2)	32
Long-term loans to employees	31	38	(6)	47
Long-term loans to affiliates	85,377	101,924	(16,546)	66,337
Long-term prepaid cost	536	569	(33)	120
Other	12,121	12,007	113	11,989
Allowance for doubtful accounts	(30,125)	(35,645)	5,520	(30,962)
Provision for unrealized loss in securities	(2,444)	(2,722)	278	(2,722)
<b>TOTAL ASSETS</b>	<b>886,721</b>	<b>867,698</b>	<b>19,022</b>	<b>802,996</b>

Note: Amounts under millions of yen are omitted in the figures above.

## NON-CONSOLIDATED BALANCE SHEET

The following information has been prepared in accordance with  
accounting principles generally accepted in Japan.

(Millions of yen)

	September 30, 2006	March 31, 2006	Change	September 30, 2005
<b>[LIABILITIES]</b>				
<b>CURRENT LIABILITIES</b>	<b>307,408</b>	<b>293,075</b>	<b>14,332</b>	<b>284,791</b>
Trade notes payable	23,392	27,044	(3,651)	28,908
Trade accounts payable	160,786	141,008	19,778	140,347
Short-term borrowings	—	—	—	640
Current payable portion of long-term borrowings	45,509	46,529	(1,020)	41,388
Other accounts payable	6,491	8,173	(1,681)	4,898
Income tax payable	221	1,247	(1,025)	103
Accrued expenses	46,320	47,165	(845)	45,158
Advances received	89	360	(270)	337
Deposits received	12,947	10,126	2,821	3,331
Deferred revenue	54	70	(15)	13
Accrued warranty cost	4,158	4,345	(187)	4,421
Accrued bonus cost	6,966	6,771	195	6,989
Construction related trade notes payable	55	84	(29)	153
Deposits received from employees	—	—	—	7,488
Other	415	150	264	611
<b>LONG-TERM LIABILITIES</b>	<b>319,874</b>	<b>343,333</b>	<b>(23,459)</b>	<b>310,573</b>
Bonds	50,000	50,000	—	30,000
Long-term borrowings	171,127	193,374	(22,246)	189,209
Accrued retirement and severance benefits	35,973	35,656	317	34,577
Deferred income tax	4,457	6,105	(1,648)	3,399
Deferred income tax related to land revaluation	54,320	54,320	—	49,647
Warranty deposited	662	676	(13)	690
Warranty deposited from affiliates	3,331	3,200	131	3,047
<b>TOTAL LIABILITIES</b>	<b>627,282</b>	<b>636,409</b>	<b>(9,126)</b>	<b>595,364</b>

Note: Amounts under millions of yen are omitted in the figures above.

## NON-CONSOLIDATED BALANCE SHEET

The following information has been prepared in accordance with  
accounting principles generally accepted in Japan.

(Millions of yen)

	September 30, 2006	March 31, 2006	Change	September 30, 2005
<b>[SHAREHOLDERS' EQUITY]</b>				
<b>Common stock and preferred stock</b>	—	40,644	(40,644)	40,644
<b>Additional paid-in capital</b>	—	49,855	(49,855)	49,855
Capital reserve	—	49,855	(49,855)	49,855
<b>Retained earnings</b>	—	56,291	(56,291)	34,217
Inappropriate profit/loss for the period	—	56,291	(56,291)	34,217
<b>Variance of land revaluation</b>	—	70,789	(70,789)	74,471
<b>Unrealized holding gain on securities</b>	—	13,899	(13,899)	8,596
<b>Treasury stock</b>	—	(190)	190	(153)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	—	231,289	(231,289)	207,632
<b>TOTAL LIABILITIES &amp; MINORITY INTEREST &amp; SHAREHOLDERS' EQUITY</b>	—	867,698	(867,698)	802,996
<b>[NET ASSETS]</b>				
<b>SHAREHOLDERS' EQUITY</b>	178,128	—	178,128	—
<b>Common stock and preferred stock</b>	40,644	—	40,644	—
<b>Capital surplus</b>	49,855	—	49,855	—
Capital reserve	49,855	—	49,855	—
<b>Retained Earnings</b>	87,855	—	87,855	—
Other retained earnings	87,855	—	87,855	—
Inappropriate profit/loss for the period	87,855	—	87,855	—
<b>Treasury Stock</b>	(227)	—	(227)	—
<b>VALUATION AND TRANSLATION ADJUSTMENTS</b>	81,310	—	81,310	—
Unrealized holding gain on securities	10,936	—	10,936	—
Deferred gain/loss on hedge activities	(414)	—	(414)	—
Variance of land revaluation	70,789	—	70,789	—
<b>TOTAL NET ASSETS</b>	259,439	—	259,439	—
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	886,721	—	886,721	—

Note: Amounts under millions of yen are omitted in the figures above.

## NON-CONSOLIDATED STATEMENT OF NET ASSETS

The following information has been prepared in accordance with  
accounting principles generally accepted in Japan

(From April 1, 2006 to September 30, 2006)

(Millions of yen)

	SHAREHOLDERS' EQUITY						Total Shareholders' Equity
	Common Stock and Preferred Stock	Capital Surplus		Retained Earnings		Treasury Stock	
		Capital Reserve	Total Capital Surplus	Other Retained Earnings	Total Retained Earnings		
				Inappropriate profit/loss for the period			
As of March 31, 2006	<b>40,644</b>	<b>49,855</b>	<b>49,855</b>	<b>56,291</b>	<b>56,291</b>	<b>(190)</b>	<b>146,600</b>
Change of the period							
Dividend of retained earnings (note)			—	(4,428)	(4,428)		(4,428)
Net income			—	35,992	35,992		35,992
Acquisition of treasury stock			—		—	(36)	(36)
Change of the period other than shareholders' equity (net amount)			—		—		—
Total change of the period	—	—	—	31,564	31,564	(36)	31,527
As of September 30, 2006	<b>40,644</b>	<b>49,855</b>	<b>49,855</b>	<b>87,855</b>	<b>87,855</b>	<b>(227)</b>	<b>178,128</b>

	VALUATION AND TRANSLATION ADJUSTMENTS				Total Net Assets
	Unrealized Holding Gain on Securities	Deferred Gain/Loss on Hedge Activities	Variance of Land Revaluation	Total Valuation and Translation Adjustments	
As of March 31, 2006	<b>13,899</b>	—	<b>70,789</b>	<b>84,688</b>	<b>231,289</b>
Change of the period					
Dividend of retained earnings (note)				—	(4,428)
Net income				—	35,992
Acquisition of treasury stock				—	(36)
Change of the period other than shareholders' equity (net amount)	(2,963)	(414)	—	(3,377)	(3,377)
Total change of the period	(2,963)	(414)	—	(3,377)	28,149
As of September 30, 2006	<b>10,936</b>	<b>(414)</b>	<b>70,789</b>	<b>81,310</b>	<b>259,439</b>

Note: This was the distribution of profits based on the general shareholders meeting held in June, 2006.  
Amounts under millions of yen are omitted in the figures above.