

# FY2008 Third Quarter Consolidated Financial Results:

For the Nine Months Ended December 31, 2007



February 7, 2008

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## 1. FY2008 Third quarter financial results (April 1, 2007 through December 31, 2007)

### 1) Consolidated operating results

(Unit: Millions of Yen, fraction less than million omitted) (Y-o-Y changes in %)

	Net Sales		Operating profit		Working profit		Net income	
FY2008 Q3 (9 months to Dec. 31, '07)	1,304,464	6.4%	76,364	(10.8%)	85,000	(8.8%)	61,442	(20.5%)
FY2007 Q3 (9 months to Dec. 31, '06)	1,226,167	8.2%	85,635	44.4%	93,152	49.3%	77,322	80.4%
(Ref.) Full year FY2007	1,662,925		106,980		114,697		92,394	

	Net income per share	Fully diluted net income per share	(in Yen)
FY2008 Q3 (9 months to Dec. 31, '07)	35.98	35.73	
FY2007 Q3 (9 months to Dec. 31, '06)	58.51	43.13	
(Ref.) Full year FY2007	64.83	51.54	

### 2) Consolidated financial position

(Unit: Millions of Yen, fraction less than million omitted) (Y-o-Y changes in %)

	Total assets (in million yen)	Shareholders' equity (in million yen)	Shareholders' equity as a percentage of total assets (%)	Shareholders' equity per share (in yen)
FY2008 Q3 (9 months to Dec. 31, '07)	1,218,610	406,259	29.0%	208.53
FY2007 Q3 (9 months to Dec. 31, '06)	1,219,093	353,216	26.3%	168.01
(Ref.) Full year FY2007	1,232,181	389,061	27.8%	177.68

[Reference] Consolidated operating results for three-months period (October 1, 2007 through December 31, 2007)

(Unit: Millions of Yen, fraction less than million omitted) (Y-o-Y changes in %)

	Net Sales		Operating profit		Working profit		Net income	
FY2008 Q3 (3 months to Dec. 31, '07)	429,984	7.1%	28,045	0.1%	31,226	2.7%	24,433	11.5%
FY2007 Q3 (3 months to Dec. 31, '06)	401,425	1.3%	28,009	30.7%	30,404	39.7%	21,914	30.2%

	Net income per share	Fully diluted net income per share	(in Yen)
FY2008 Q3 (3 months to Dec. 31, '07)	14.41	—	
FY2007 Q3 (3 months to Dec. 31, '06)	13.82	12.22	

## 2. Forecast of consolidated financial results for full-year FY2008 (April 1, 2007 to March 31, 2008)

The company's forecast of the full-year financial results remains the same as the Forecast for Consolidated Results of FY 2008 announced on November 12, 2007.

## 3. Others

- 1) Change in the Scope of Principal Subsidiaries : None  
 Number of subsidiaries excluded from consolidated accounting
- 2) Adoption of simplified accounting practices : Applicable
- 3) Changes in scope of consolidation and equity method of accounting : Applicable
- Note: See attached page3 "Qualitative Information · Financial Statements 3.Others".

[Reference] Non-consolidated Financial Highlights (April 1, 2007 through December 31, 2007)

### 1) Non-consolidated Financial Results

(Unit: Millions of Yen, fraction less than million omitted) (Y-o-Y changes in %)

	Net Sales		Operating profit		Working profit		Net income	
FY2008 Q3 (9 months to Dec. 31, '07)	753,264	3.6%	41,697	(25.3%)	45,534	(27.0%)	44,501	(22.7%)
FY2007 Q3 (9 months to Dec. 31, '06)	727,271	11.1%	55,791	63.8%	62,418	39.0%	57,575	61.7%
(Ref.) Full year FY2007	973,884		61,491		68,273		68,325	

	Net income per share	Fully diluted net income per share
FY2008 Q3 (9 months to Dec. 31, '07)	26.06	25.87
FY2007 Q3 (9 months to Dec. 31, '06)	43.56	32.11
(Ref.) Full year FY2007	47.87	38.10

(in Yen)

### 2) Non-consolidated Financial Position

(Unit: Millions of Yen, fraction less than million omitted) (Y-o-Y changes in %)

	Total assets (in million yen)	Shareholders' equity (in million yen)	Shareholders' equity as a percentage of total assets (%)	Shareholders' equity per share (in yen)
FY2008 Q3 (9 months to Dec. 31, '07)	860,777	286,029	33.2%	168.70
FY2007 Q3 (9 months to Dec. 31, '06)	881,891	282,110	32.0%	144.56
(Ref.) Full year FY2007	899,783	292,807	32.5%	148.62

※Explanation on the usage of the financial projection and others

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.

# Qualitative Information • Financial Statements

## 1. Operating Results

For the 3rd quarter, the domestic industry demand for trucks fell due to ebbing of demand spurred by Nox/PM regulations. Consequently, the domestic sales volume fell by 20,718 units (27.9%) year on year to 53,659 units. In overseas markets drop in sales in North America and Thailand was more than offset by strong sales of heavy-duty trucks in China, Australia, Latin America and Africa and increased sales of light-duty trucks in the Middle East, Europe and Latin America. Accordingly, the overseas sales volume increased by 12,611 units (4.8%) year on year to 277,444 units. As a result, the total sales volume of both domestic and foreign markets fell 8,107 units (2.4%) to 331,103 units. With regard to sales revenue of other products, increased export to China and Latin America lifted the sales revenue of shipments of production components by ¥14.9 billion (26.3%) to ¥71.8 billion. The sales amount of engine / components rose ¥41.5 billion (26.6%) from the previous year to ¥197.6 billion on increased export. Overall, Isuzu posted ¥1.3044 trillion sales revenue (up 6.4% from the previous year), ¥76.3 billion operating profit (down 10.8%), ¥85 billion working profit (down 8.8%) and ¥61.4 billion net income (down 20.5%) for this quarter.

## 2. Financial Position

The 3rd quarter net assets increased ¥17.1 billion from the end of previous fiscal year to ¥406.2 billion. This is due to posted quarterly net income of ¥61.4 billion and increase of ¥5.7 billion of minority interests, which, however, were deducted by acquisition and cancellation of preferred stock of ¥40 billion and dividend payment of ¥7.5 billion. The Company made further advances in reducing outstanding interest-bearing debt, ending the reporting period with ¥265 billion, down ¥32.2 billion. The Company's capital adequacy ratio rose to 29.0% compared to 27.8% at the end of last fiscal term.

## 3. Others

### 1) Change in the Scope of Principal Subsidiaries

None

### 2) Adoption of simplified accounting practices

The standards for preparing the mid-term (consolidated) financial statements are generally applied, while using certain simplified procedures are used for calculating tax expenses, reporting depreciation expenses, and omitting physical stocktaking.

### 3) Changes in accounting policies

(Change in depreciation method of fixed assets)

According to Revision to the Corporate Tax Law announced on March 30, 2007 [(Law to Revise Part of Income Tax Law, etc. dated March 30, 2007, No.6) and (Ordinance to Revise Part of Corporate Tax Law Enforcement Order, dated Mar.30, 2007, No.83)], the Company adopted the depreciation method based on the revised Corporate Tax Law for fixed assets acquired on and after April 1, 2007 from FY2008 fiscal half term.

(Additional Information)

In connection with revision to the Corporate Tax Law, the Company adopted the depreciation method based on pre-revised Corporate Tax Law for assets acquired on and before Mar.31, 2007. From one business year after the business year when the book value of such assets reached 5% of the acquired cost, the difference between 5% of the acquired cost and memorandum price was evenly depreciated for five years and the resultant amount was included in the depreciation expenses.

**(Summary) Consolidated Statements of Operations**

(Yen in millions)

	FY2008 Q3 (Apr.-Dec. '07)		FY2007 Q3 (Apr.-Dec. '06)		Change
		%		%	
<b>Net sales</b>	<b>1,304,464</b>	100.0	<b>1,226,167</b>	100.0	<b>78,296</b>
<b>Cost of sales</b>	<b>1,124,705</b>	86.2	<b>1,038,662</b>	84.7	<b>86,042</b>
<b>GROSS PROFIT</b>	<b>179,759</b>	13.8	<b>187,505</b>	15.3	<b>(7,745)</b>
<b>Selling, general and administrative expenses</b>	<b>103,394</b>	7.9	<b>101,869</b>	8.3	<b>1,525</b>
<b>OPERATING PROFIT</b>	<b>76,364</b>	5.9	<b>85,635</b>	7.0	<b>(9,271)</b>
<b>Non-operating income</b>	<b>17,870</b>	1.4	<b>16,645</b>	1.4	<b>1,224</b>
<b>Non-operating expenses</b>	<b>9,234</b>	0.7	<b>9,129</b>	0.7	<b>104</b>
<b>WORKING PROFIT</b>	<b>85,000</b>	6.5	<b>93,152</b>	7.6	<b>(8,151)</b>
<b>Extraordinary profit</b>	<b>478</b>	0.0	<b>4,512</b>	0.4	<b>(4,034)</b>
<b>Extraordinary loss</b>	<b>6,536</b>	0.5	<b>8,370</b>	0.7	<b>(1,834)</b>
<b>PRETAX INCOME</b>	<b>78,942</b>	6.1	<b>89,293</b>	7.3	<b>(10,351)</b>
<b>Corporation tax adjustments</b>	<b>11,361</b>	0.9	<b>6,173</b>	0.5	<b>5,187</b>
<b>Minorities Interest</b>	<b>6,138</b>	0.5	<b>5,797</b>	0.5	<b>340</b>
<b>NET INCOME</b>	<b>61,442</b>	4.7	<b>77,322</b>	6.3	<b>(15,879)</b>

Note: Fraction less than million omitted.

**(Summary) Consolidated Balance Sheet**

(Yen in millions)

	Dec 31, 2007	March 31, 2007	Change	Dec 31, 2006
<b>[ASSETS]</b>				
<b>CURRENT ASSETS</b>	<b>591,324</b>	<b>605,221</b>	<b>(13,897)</b>	<b>602,216</b>
Cash on cash equivalents	121,599	134,136	(12,536)	146,620
Trade notes and accounts receivable	245,358	272,154	(26,795)	260,453
Inventories	166,421	133,083	33,338	138,791
Others	57,943	65,846	(7,902)	56,351
<b>FIXED ASSETS</b>	<b>627,286</b>	<b>626,960</b>	<b>326</b>	<b>616,877</b>
<b>Property, plant &amp; equipment</b>	<b>489,213</b>	<b>490,495</b>	<b>(1,282)</b>	<b>485,358</b>
<b>Intangible assets</b>	<b>8,964</b>	<b>9,672</b>	<b>(708)</b>	<b>9,236</b>
<b>Investments &amp; other assets</b>	<b>129,108</b>	<b>126,791</b>	<b>2,317</b>	<b>122,281</b>
Securities-Investment	100,646	105,241	(4,594)	100,598
Long-term loans receivable	3,961	4,155	(193)	4,234
Others	24,500	17,395	7,104	17,447
<b>TOTAL ASSETS</b>	<b>1,218,610</b>	<b>1,232,181</b>	<b>(13,570)</b>	<b>1,219,093</b>
<b>[LIABILITIES]</b>				
<b>CURRENT LIABILITIES</b>	<b>486,513</b>	<b>486,249</b>	<b>263</b>	<b>502,083</b>
Trade notes and accounts payable	319,309	309,713	9,596	301,046
Short-term borrowings	70,362	75,154	(4,791)	79,786
Current maturities of bonds	—	3,410	(3,410)	3,140
Others	96,840	97,971	(1,131)	118,110
<b>LONG-TERM LIABILITIES</b>	<b>325,837</b>	<b>356,869</b>	<b>(31,032)</b>	<b>363,793</b>
Bonds	50,000	50,000	—	50,000
Long-term debt	144,645	168,663	(24,017)	179,617
Accrued retirement and severance benefits	57,345	57,320	25	56,080
Deferred income tax related to land revaluation	55,827	55,827	—	55,827
Others	18,018	25,058	(7,039)	22,267
<b>TOTAL LIABILITIES</b>	<b>812,350</b>	<b>843,119</b>	<b>(30,769)</b>	<b>865,876</b>
<b>[Net Assets]</b>				
<b>Shareholder's equity</b>	<b>260,778</b>	<b>247,205</b>	<b>13,573</b>	<b>232,005</b>
Common stock and preferred stock	40,644	40,644	—	40,644
Capital surplus	50,427	50,427	—	50,427
Retained earnings	170,158	156,467	13,691	141,233
Treasury stock	(452)	(334)	(118)	(300)
<b>Variance of revaluation</b>	<b>92,706</b>	<b>94,837</b>	<b>(2,131)</b>	<b>89,040</b>
Unrealized holding gain on securities	8,769	12,319	(3,549)	12,614
Deferred gain and loss from hedging	(80)	39	(119)	(154)
Variance of land revaluation	74,013	73,981	32	73,650
Foreign currency translation adjustment	10,004	8,498	1,505	2,930
<b>Minority Interest</b>	<b>52,774</b>	<b>47,018</b>	<b>5,756</b>	<b>32,170</b>
<b>TOTAL NET ASSETS</b>	<b>406,259</b>	<b>389,061</b>	<b>17,198</b>	<b>353,216</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>1,218,610</b>	<b>1,232,181</b>	<b>(13,570)</b>	<b>1,219,093</b>

Note: Fraction less than million omitted.

## Sales by Segments

(Fraction less than million omitted)

	FY2008 Q3 (Apr.-Dec. '07)		FY2007 Q3 (Apr.-Dec. '06)		Changes	
	Units	In million yen	Units	In million yen	Units	In million yen
Japan	21,235	167,131	24,552	182,676	(3,317)	(15,545)
Overseas	23,135	96,036	17,090	64,889	6,045	31,147
Heavy/Medium Duty Total	44,370	263,168	41,642	247,565	2,728	15,602
Japan	32,424	95,238	49,825	132,618	(17,401)	(37,379)
Overseas	254,309	416,504	247,743	376,146	6,566	40,358
Light Duty Total	286,733	511,743	297,568	508,764	(10,835)	2,978
Japan	53,659	262,369	74,377	315,294	(20,718)	(52,924)
Overseas	277,444	512,541	264,833	441,035	12,611	71,505
Vehicle Total	331,103	774,911	339,210	756,330	(8,107)	18,580
Overseas	—	71,807	—	56,871	—	14,936
Overseas production parts	—	71,807	—	56,871	—	14,936
Japan	—	40,089	—	33,181	—	6,907
Overseas	—	157,511	—	122,864	—	34,647
Engine/componets	—	197,600	—	156,046	—	41,554
Japan	—	182,161	—	183,137	—	(975)
Overseas	—	77,982	—	73,780	—	4,201
Others	—	260,144	—	256,918	—	3,225
Japan	—	484,620	—	531,614	—	(46,993)
Overseas	—	819,843	—	694,553	—	125,290
Net Sales	—	1,304,464	—	1,226,167	—	78,296

Note: Consumption tax levied in Japan not included.