

# FINANCIAL SECTION

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## Five-Year Summary

Years ended March 31

|  | Millions of Yen   |            |            |            |            | Thousands of<br>U.S. Dollars |
|--|-------------------|------------|------------|------------|------------|------------------------------|
|  | 2002              | 2001       | 2000       | 1999       | 1998       | 2002                         |
| <b>Consolidated Five-Year Summary</b>                    |                   |            |            |            |            |                              |
| <b>For the Year:</b>                                     |                   |            |            |            |            |                              |
| Net sales .....  | <b>¥1,597,701</b> | ¥1,569,199 | ¥1,506,642 | ¥1,619,101 | ¥1,799,604 | <b>\$11,990,254</b>          |
| Cost of sales .....                                      | <b>1,355,190</b>  | 1,343,166  | 1,297,291  | 1,321,173  | 1,477,742  | <b>10,170,287</b>            |
| Gross profit .....                                       | <b>242,510</b>    | 226,032    | 209,350    | 297,928    | 321,861    | <b>1,819,967</b>             |
| Selling, general and<br>administrative<br>expenses ..... | <b>227,376</b>    | 253,349    | 260,147    | 288,747    | 310,159    | <b>1,706,388</b>             |
| Operating income (Loss) ..                               | <b>15,134</b>     | (27,316)   | (50,797)   | 9,180      | 11,702     | <b>113,579</b>               |
| Income (Loss) before<br>special items .....              | <b>(1,984)</b>    | (47,435)   | (68,047)   | (5,784)    | 1,496      | <b>(14,896)</b>              |
| Income (Loss) before<br>income taxes .....               | <b>(28,506)</b>   | (73,300)   | (150,937)  | 16,111     | 17,763     | <b>(213,935)</b>             |
| Net income (Loss) .....                                  | <b>(42,991)</b>   | (66,787)   | (104,186)  | 6,235      | 6,039      | <b>(322,639)</b>             |
| <b>At Year-End:</b>                                      |                   |            |            |            |            |                              |
| Total assets .....                                       | <b>¥1,324,144</b> | ¥1,891,492 | ¥1,843,053 | ¥1,627,302 | ¥1,730,857 | <b>\$ 9,937,296</b>          |
| Shareholders' equity ....                                | <b>61,084</b>     | 94,108     | 169,338    | 177,771    | 122,215    | <b>458,416</b>               |
| <b>Non-Consolidated Five-Year Summary</b>                |                   |            |            |            |            |                              |
|  | Millions of Yen   |            |            |            |            | Thousands of<br>U.S. Dollars |
|  | 2002              | 2001       | 2000       | 1999       | 1998       | 2002                         |
| <b>For the Year:</b>                                     |                   |            |            |            |            |                              |
| Net sales .....  | <b>¥761,904</b>   | ¥ 829,890  | ¥ 836,123  | ¥934,865   | ¥1,128,068 | <b>\$5,717,860</b>           |
| Cost of sales .....                                      | <b>655,719</b>    | 726,601    | 764,570    | 820,108    | 973,527    | <b>4,920,974</b>             |
| Gross profit .....                                       | <b>106,185</b>    | 103,289    | 71,553     | 114,756    | 154,540    | <b>796,886</b>               |
| Selling, general and<br>administrative<br>expenses ..... | <b>98,098</b>     | 107,002    | 118,139    | 109,680    | 134,657    | <b>736,200</b>               |
| Operating income (Loss) ..                               | <b>8,086</b>      | (3,712)    | (46,586)   | 5,076      | 19,883     | <b>60,685</b>                |
| Income (Loss) before<br>special items .....              | <b>2,123</b>      | (10,578)   | (55,412)   | 1,874      | 15,428     | <b>15,938</b>                |
| Income (Loss) before<br>income taxes .....               | <b>(45,898)</b>   | (66,105)   | (172,957)  | (4,536)    | 20,692     | <b>(344,454)</b>             |
| Net income (Loss) .....                                  | <b>(56,224)</b>   | (57,938)   | (103,861)  | (4,566)    | 10,092     | <b>(421,945)</b>             |
| <b>At Year-End:</b>                                      |                   |            |            |            |            |                              |
| Total assets .....                                       | <b>¥876,680</b>   | ¥1,032,614 | ¥1,117,373 | ¥907,474   | ¥ 964,655  | <b>\$6,579,217</b>           |
| Shareholders' equity ....                                | <b>159,062</b>    | 217,788    | 273,012    | 271,320    | 226,023    | <b>1,193,716</b>             |

Note: U.S dollar amounts are translated from yen, for convenience only, at the rate of ¥133.25=US\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 29, 2002.

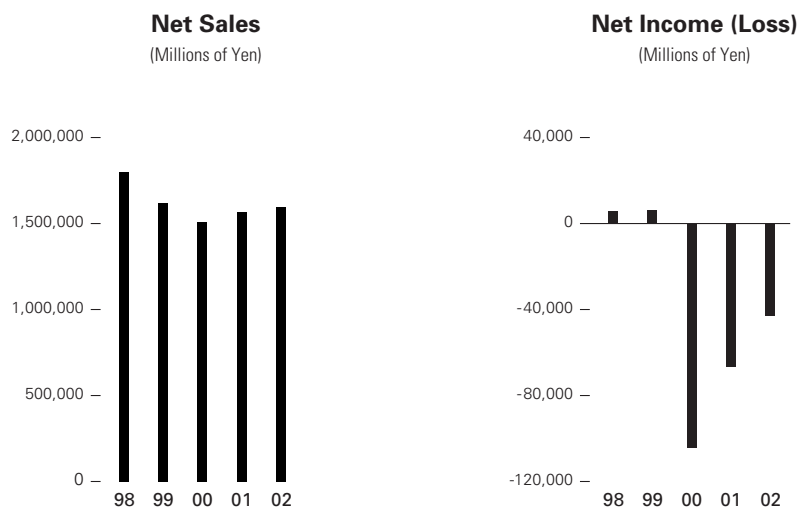
## Financial Review

### Financial Targets

Under the Isuzu V Plan, the company's medium-term management plan that runs through March 2004, Isuzu is targeting an approximate ¥350 billion reduction in total consolidated assets to ¥1,110 billion, and a decrease of roughly ¥240 billion in interest-bearing debt to ¥510 billion, excluding the finance segment. As of March 31, 2002, total consolidated assets had fallen ¥210 billion to ¥1,250 billion, with interest-bearing debt standing at ¥680 billion, a reduction of ¥70 billion. In addition, Isuzu is pushing forward with plans to improve its cash flows.

### Income Analysis

In fiscal 2002, the year ended March 31, 2002, consolidated net sales increased 1.8% year on year to ¥1,597,701 million on strong demand for engines components, which offset lower unit sales. The cost of sales rose 0.9% to ¥1,355,190 million in line with the increase in net sales. However, the cost of sales ratio improved thanks to rationalization and cost-saving initiatives. Despite the increase in net sales, selling, general and administrative expenses fell 10.3% to ¥227,376 million due mainly to cutbacks in the workforce and costs. As a result, the company reported operating income of ¥15,134 million, a significant reversal from the previous year's ¥27,316 million operating loss. Other expenses decreased to ¥17,120 million from the ¥20,120 million recorded in fiscal 2001. In special losses, the absence of the restructuring charges recorded in the previous fiscal year and the booking of special retirement benefits relating to a voluntary early retirement plan meant that this item was largely unchanged. Special gains were ¥907 million less than the previous year, despite gains on the sale of investment securities, because there was no transitional gain for employees' retirement benefits recorded in the previous year. As a result, net special losses amounted to ¥26,522 million. Loss before income taxes decreased from ¥73,300 million to ¥28,506 million. Net loss was ¥42,991 million, compared with a loss of ¥66,787 million in the previous fiscal year.



## Segment Information

### By Type of Business

Despite falling demand for commercial vehicles amid a sluggish Japanese economy and lower combined domestic and export unit sales resulting from intense competition in the U.S., sales to third parties in the automotive segment increased by 3.9% to ¥1,518,134 million. The increase reflected the strong performance in engines and automotive components. The segment posted operating income of ¥7,156 million, reversing a prior-year operating loss of ¥29,899 million.

Finance segment sales to third parties fell by 38.3% to ¥59,886 million following the sale of 80% of the common stock of Isuzu Group truck leasing company IFCO Inc., and the sell-off of lease receivables by a U.S.-based finance subsidiary. On the other hand, operating income surged to ¥6,097 million from ¥2,177 million in fiscal 2001.

Miscellaneous sales to third parties jumped 79.1% to ¥19,680 million year on year. Operating income climbed to ¥1,600 million from the previous year's ¥825 million.

### By Geographical Area

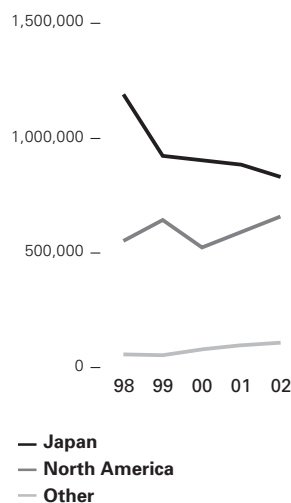
Sales to third parties in Japan decreased 6.0% to ¥830,639 million due to soft demand for commercial vehicles in a sluggish economy. Operating income on the other hand rebounded to ¥14,008 million from an operating loss of ¥7,914 million in the previous fiscal year. This result reflects efforts to restructure sales companies and other rationalization measures.

Boosted by sales of diesel engines at a manufacturing joint-venture with General Motors, sales to third parties in North America climbed 12.0% to ¥658,713 million. While the operating loss narrowed from ¥16,265 million in fiscal 2001 to ¥7,129 million, the company's results were affected by fierce competition from industry rivals.

Sales to third parties in regions categorized under "Other," which includes Singapore, Australia, China, Poland, the Philippines and Thailand, rose 11.7% to ¥108,349 million, mainly as a result of an increase in diesel engine production at the ISPOL plant in Poland. Isuzu recorded operating income of ¥3,477 million in this region, a turnaround from the previous year's operating loss of ¥1,090 million.

### Total Sales by Geographical Segment

(Millions of Yen)



## Financial Position

Total consolidated assets as of March 31, 2002 stood at ¥1,324,144 million, a decrease of ¥567,347 million from a year earlier. This reduction reflects the streamlining of inventories, efforts to accelerate recovery of trade receivables and the sale of property, plant and equipment. Total current assets declined by ¥262,757 million to ¥548,941 million, reflecting a drop in the balance of cash and cash equivalents, notes and accounts receivable and inventories. Property, plant and equipment fell by ¥219,963 million to ¥551,179 million and investments and advances declined by ¥82,312 million. As a result, fixed assets were ¥775,202 million, ¥304,590 million lower than a year ago.

Notes and accounts payable fell ¥65,246 million from a year earlier. Bank loans and commercial paper also decreased ¥99,128 million and ¥50,000 million, respectively. Consequently, total current liabilities dropped by ¥305,739 million to ¥872,141 million. Long-term liabilities were ¥387,236 million, a decline of ¥227,707 million. This was attributable to the redemption of bonds and the repayment of loans as the company took steps to reduce interest-bearing debt. As of March 31, 2002, interest-bearing debt was ¥738,734 million, down ¥329,474 million from a year ago.

Consolidated shareholders' equity fell by ¥33,024 million to ¥61,084 million. This reflected an increase in the accumulated deficit due to the net loss recorded for the year. The equity ratio thus declined from 5.0% to 4.6%.

## Cash Flows

Net cash provided by operating activities increased by ¥24,184 million to ¥55,179 million due to the improvement in the company's net loss, the collection of trade receivables and the reduction of inventories.

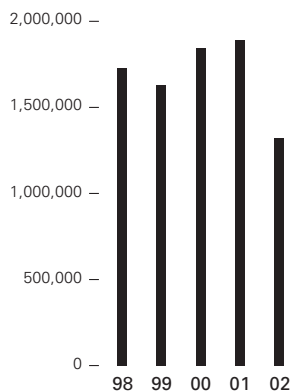
Investing activities provided net cash of ¥6,283 million, a turnaround of ¥114,068 million from the previous fiscal year. This mainly reflected the reduction in payments for leased property, and proceeds from sales of property, plant and equipment.

Net cash used in financing activities was ¥123,530 million, compared with ¥52,788 million in net cash provided in fiscal 2001. Cash was mainly used for repayment of debt and commercial paper and the redemption of bonds.

As a result of the above, cash and cash equivalents as of March 31, 2002 stood at ¥72,284 million, down ¥65,079 million from a year ago.

### Total Assets

(Millions of Yen)



### Shareholders' Equity

(Millions of Yen)

