

# FY2012 Third Quarter Consolidated Financial Results (Japan GAAP)

(April 1, 2011 through December 31, 2011)

English Translation of the Original Japanese-Language Document



February 8, 2012

Company name : ISUZU MOTORS LIMITED  
 Stock exchange on which the shares are listed : Tokyo Stock Exchange in Japan  
 Code number : 7202  
 URL : <http://www.isuzu.co.jp/world/investor/index.html>  
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 Scheduled date for submission of quarterly financial statements : February 13, 2012  
 Expected starting date for distribution of cash dividends : -  
 The supplement materials of the quarterly financial results : Yes  
 Holding of the quarterly financial results meeting : Yes

(Amounts are rounded down to the nearest million yen.)

## 1. Consolidated Financial Highlights (April 1, 2011 through December 31, 2011)

### <1> Consolidated Financial Results

(% indicates increase/decrease from previous 3rd quarter.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY2012 3rd Quarter	964,537	(9.9)	64,205	(7.3)	66,489	(6.6)	48,697	3.4
FY2011 3rd Quarter	1,070,350	47.0	69,287	-	71,209	-	47,095	-

[Note] Comprehensive Income  
 FY2012 3rd Quarter 43,392 millions of yen 7.9%  
 FY2011 3rd Quarter 40,204 millions of yen -%

	Net Income per Share	Net Income per Share after Dilution of Potential Stock
	yen	yen
FY2012 3rd Quarter	28.74	-
FY2011 3rd Quarter	27.79	-

### <2> Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	millions of yen	millions of yen	%
FY2012 3rd Quarter	1,134,386	421,698	32.0
FY2011	1,112,459	387,058	29.5

[Note] Total Amount of Shareholders' Equity  
 FY2012 3rd Quarter 362,783 millions of yen  
 FY2011 328,067 millions of yen

## 2. Cash Dividends

	Dividend per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Total
	yen	yen	yen	yen	yen
FY2011	-	2.00	-	2.00	4.00
FY2012	-	3.00	-	-	-
FY2012 (Forecast)	-	-	-	3.00	6.00

[Note] Revision to the projected dividend for FY2012: None

## 3. Consolidated Financial Forecast for FY2012 (April 1, 2011 through March 31, 2012)

(% indicates increase/decrease from previous term.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Year-End	1,430,000	1.0	94,000	6.6	95,000	4.1	74,000	43.4	43.67

[Note] Revision to Consolidated Financial Forecast for FY2012: None

#### 4. Others

<1> Changes in significant subsidiaries during this period : None

(Note) This item indicates whether there were changes in significant subsidiaries affecting the scope of consolidation during this period.

<2> Adoption of specific accounting methods for presenting quarterly consolidated financial statements : Adopted

(Note) This item indicates whether there was adoption of specific accounting methods for presenting quarterly consolidated financial statements.

<3> Changes in accounting policies, accounting estimates and retrospective restatement

Changes in accounting policies due to revisions of accounting standards : None

Changes in accounting policies due to factors other than revisions of accounting standards : None

Changes in accounting estimates : None

Retrospective restatement : None

<4> Number of shares issued (common stock)

Number of shares issued and outstanding	FY2012 3rd Quarter	1,696,845,339	Shares
at the end of the term (inclusive of treasury stock)	FY2011	1,696,845,339	Shares
Number of treasury stock at the end of the term	FY2012 3rd Quarter	2,492,768	Shares
	FY2011	2,454,660	Shares
Average number of stocks issued	FY2012 3rd Quarter	1,694,373,654	Shares
	FY2011 3rd Quarter	1,694,462,831	Shares

※Information regarding the implementation of quarterly review procedures

These quarterly financial results are not subject to quarterly review procedures based on the Financial Instruments and Exchange Act. At the date of the announcement, quarterly financial results review procedures based on the Financial Instruments and Exchange Act have not been completed.

※Explanation on the usage of the financial performance forecasts and others

<1> The financial performance forecasts are calculated based on the information available and assumptions at the date of the announcement on uncertain factors that may give an impact to the financial results. There are possibilities that the actual financial results may differ largely due to a variation of factors.

<2> The supplement materials will be released on February 8, 2012.

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# 1. Qualitative Information concerning Consolidated Financial Results for FY2012

## Third Quarter

### (1) Qualitative Information on Consolidated Operating Results

Although the pace of the global economic recovery slowed during the third quarter consolidated cumulative period, newly emerging economies in Asia and other regions continued to grow. The Japanese economy, which was hard hit by the impact of the Great East Japan Earthquake, continues to face a difficult condition, but has gradually started to recover.

Against this backdrop, our Group has endeavored to end supply delays caused by the Great East Japan Earthquake as well as stabilize production in response to the interruption of parts supplies caused by floods in Thailand last October. We have also been striving to boost sales, enhance efficiency and improve our cost structure.

As a result of shipments reductions due to the massive earthquake in Japan and the floods in Thailand, total domestic and international sales in the third quarter consolidated cumulative period totaled to 260,687 units, a drop of 48,825 units (15.8%) compared to same period in the previous year.

There was uptick in domestic demand related to earthquake recovery efforts.

The cessation of the subsidy for environmentally-friendly automobiles (eco-car subsidy), however, contributed to a 230-unit (0.7%) year-on-drop in domestic sales, to 34,909 units.

Sales in Asia, including China, and other countries continued to grow, but total overseas sales dropped 48,595 units (17.7%), year-on-year, to 225,778 units, as shipments declined due to the earthquake in Japan and the floods in Thailand.

Sales of parts for overseas production declined by 13.4 billion yen or 23.2%, year-on-year, to 44.5 billion yen. Sales of engines / components fell by 15.7 billion yen or 11.4% from the same period last year, to 122.4 billion yen.

As a result, sales totaled 964.5 billion yen, for a drop of 105.8 billion yen or 9.9% from the same period last year. This includes 375 billion yen of sales in Japan (a gain of 1.0% year-on-year) and 589.4 billion yen in the rest of the world (a drop of 15.7% year-on-year).

Despite the sales decrease, continuous improvements in cost structure held the drop in operating income to only 7.3%, to 64.2 billion yen, and in ordinary income to only 6.6%, to 66.4 billion yen, compared to the same period last year, while quarterly net income gained 48.6 billion yen or 3.4%.

### (2) Qualitative Information on Consolidated Financial Condition

Total assets as of the end of the third quarter consolidated fiscal period rose 21.9 billion yen from the end of the previous consolidated fiscal year, amounting to 1,134.3 billion yen. This change was principally due to an increase in inventories (up 56.1 billion yen), which was offset by drops in cash and deposits (down 26.7 billion yen) and in notes and accounts receivable-trade (down 7.4 billion yen).

Net assets increased 34.6 billion yen to 421.6 billion yen from the end of the previous consolidated fiscal year. More precisely, while quarterly net income was 48.6 billion yen, and revaluation reserve for land increased 5.3 billion yen based on the revised tax rates, retained earnings fell 8.4 billion yen after dividend payments, and foreign currency translation adjustment was down 10.8 billion yen.

The capital adequacy ratio was 32.0% compared with 29.5% as of the end of the previous year, while interest bearing liabilities decreased 16.1 billion yen to 257.4 billion yen in the same period.

### (3) Qualitative Information on Consolidated Financial Forecast

The Company has not revised its consolidated financial forecast for the current consolidated fiscal year, which was announced on November 8, 2011.

More specifically, our overall forecast remains the same because we estimate that the decline of shipments due to the floods in Thailand will be more or less canceled out by both demand recovery in Japan and decreases in raw material costs.

\* This forecast for the current consolidated fiscal year is considered reasonable by the Company based on information available today. At the same time, we recognize that world economic and market conditions, as well as exchange ratios and other risk factors may change.

Actual financial results may differ considerably from this forecast. For the current consolidated fiscal year the above should therefore not be the sole basis for any investment decision.

## **2. Matters Concerning Summary Information (Other)**

### **(1) Changes in significant subsidiaries during this period**

None

### **(2) Adoption of specific accounting methods for presenting quarterly consolidated financial statements:**

To obtain tax expenditures, income before income taxes and minority interests is multiplied by the effective tax ratio after tax effect accounting of the consolidated fiscal year, including the current third quarter consolidated fiscal period.

### **(3) Changes in accounting policies, accounting estimates and retrospective restatement**

None

### 3. Consolidated Quarterly Financial Statements

#### (1) Consolidated Quarterly Balance Sheets

(millions of yen)

	As of March 31, 2011	As of December 31, 2011
<b>[ASSETS]</b>		
<b>CURRENT ASSETS</b>		
Cash and deposits	199,831	173,069
Notes and accounts receivable-trade	168,951	161,473
Merchandise and finished goods	54,883	90,001
Work in process	8,243	11,019
Raw materials and supplies	37,891	56,190
Deferred tax assets	18,696	17,745
Other	23,176	30,548
Allowance for doubtful accounts	(1,414)	(1,373)
<b>Total Current Assets</b>	<b>510,259</b>	<b>538,675</b>
<b>NON-CURRENT ASSETS</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	104,316	100,655
Machinery, equipment and vehicles, net	79,185	81,981
Land	268,059	265,283
Lease assets, net	8,406	7,434
Construction in progress	17,108	10,420
Other, net	7,697	6,948
<b>Total Property, Plant and Equipment</b>	<b>484,773</b>	<b>472,724</b>
<b>Intangible assets</b>		
Goodwill	-	1,176
Other	7,831	6,291
<b>Total Intangible Assets</b>	<b>7,831</b>	<b>7,467</b>
<b>Investments and other assets</b>		
Investment securities	81,651	88,548
Long-term loans receivable	3,858	3,520
Deferred tax assets	9,551	9,276
Other	19,736	19,331
Allowance for doubtful accounts	(5,202)	(5,157)
<b>Total Investments and Other Assets</b>	<b>109,594</b>	<b>115,519</b>
<b>Total Non-Current Assets</b>	<b>602,200</b>	<b>595,711</b>
<b>TOTAL ASSETS</b>	<b>1,112,459</b>	<b>1,134,386</b>

(millions of yen)

	As of March 31, 2011	As of December 31, 2011
<b>[LIABILITIES]</b>		
<b>CURRENT LIABILITIES</b>		
Notes and accounts payable-trade	235,614	254,420
Short-term loans payable	83,467	94,144
Current portion of bonds	3,000	23,000
Lease obligations	3,457	2,355
Income taxes payable	7,373	5,859
Accrued expenses	38,789	32,308
Provision for bonuses	13,015	6,581
Provision for product warranties	2,136	2,386
Deposits received	3,195	6,423
Other	17,818	18,034
<b>Total Current Liabilities</b>	<b>407,868</b>	<b>445,515</b>
<b>NON-CURRENT LIABILITIES</b>		
Bonds payable	20,000	—
Long-term loans payable	157,546	131,642
Lease obligations	6,149	6,334
Deferred tax liabilities	4,059	4,464
Deferred tax liabilities for land revaluation	56,157	49,997
Provision for retirement benefits	64,207	66,030
Long-term deposits received	1,296	1,376
Negative goodwill	284	—
Other	7,831	7,325
<b>Total Non-Current Liabilities</b>	<b>317,532</b>	<b>267,172</b>
<b>TOTAL LIABILITIES</b>	<b>725,400</b>	<b>712,687</b>
<b>[NET ASSETS]</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	40,644	40,644
Capital surplus	50,427	50,427
Retained earnings	196,816	237,338
Treasury stock	(632)	(644)
<b>Total Shareholders' Equity</b>	<b>287,256</b>	<b>327,766</b>
<b>ACCUMULATED OTHER COMPREHENSIVE INCOME</b>		
Valuation difference on available-for-sale securities	3,002	2,610
Deferred gains or losses on hedges	(78)	12
Revaluation reserve for land	73,311	78,687
Foreign currency translation adjustment	(35,424)	(46,293)
<b>Total Accumulated Other Comprehensive Income</b>	<b>40,810</b>	<b>35,017</b>
<b>MINORITY INTERESTS</b>	<b>58,991</b>	<b>58,915</b>
<b>TOTAL NET ASSETS</b>	<b>387,058</b>	<b>421,698</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,112,459</b>	<b>1,134,386</b>

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income

Consolidated Quarterly Statements of Income  
(The Third Quarter Consolidated Cumulative Period)

(millions of yen)

	FY2011 3rd Quarter	FY2012 3rd Quarter
<b>Net sales</b>	<b>1,070,350</b>	<b>964,537</b>
<b>Cost of sales</b>	<b>919,164</b>	<b>821,249</b>
<b>GROSS PROFIT</b>	<b>151,186</b>	<b>143,287</b>
<b>Selling, general and administrative expenses</b>	<b>81,899</b>	<b>79,082</b>
<b>OPERATING INCOME</b>	<b>69,287</b>	<b>64,205</b>
<b>Non-operating income</b>		
Interest income	778	1,636
Dividends income	472	608
Amortization of negative goodwill	72	-
Equity in earnings of affiliates	6,106	3,790
Other	1,319	2,893
<b>Total non-operating income</b>	<b>8,749</b>	<b>8,929</b>
<b>Non-operating expenses</b>		
Interest expenses	3,789	3,139
Litigation settlement	841	643
Other	2,195	2,862
<b>Total non-operating expenses</b>	<b>6,827</b>	<b>6,644</b>
<b>ORDINARY INCOME</b>	<b>71,209</b>	<b>66,489</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	251	583
Gain on negative goodwill	842	187
Reversal of allowance for doubtful accounts	577	-
Gain on step acquisitions	-	615
Reversal of environmental expenses	-	399
Other	364	159
<b>Total extraordinary income</b>	<b>2,034</b>	<b>1,945</b>
<b>Extraordinary loss</b>		
Loss on disposal of non-current assets	728	1,053
Impairment loss	134	-
Environmental expenses	3,427	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	528	-
Loss on disaster	-	1,862
Other	303	524
<b>Total extraordinary losses</b>	<b>5,122</b>	<b>3,440</b>
<b>INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS</b>	<b>68,122</b>	<b>64,995</b>
<b>Income taxes</b>	<b>14,583</b>	<b>11,777</b>
<b>Income before minority interests</b>	<b>53,538</b>	<b>53,217</b>
<b>Minority interests in income</b>	<b>6,443</b>	<b>4,520</b>
<b>NET INCOME</b>	<b>47,095</b>	<b>48,697</b>

**Consolidated Quarterly Statements of Comprehensive Income**  
**(The Third Quarter Consolidated Cumulative Period)**

(millions of yen)

	FY2011 3rd Quarter	FY2012 3rd Quarter
<b>Income before minority interests</b>	53,538	53,217
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	209	(344)
Deferred gains or losses on hedges	212	90
Revaluation reserve for land	—	5,269
Foreign currency translation adjustment	(9,338)	(12,736)
Share of other comprehensive income of associates accounted for using equity method	(4,417)	(2,104)
Total other comprehensive income	<u>(13,334)</u>	<u>(9,825)</u>
<b>Comprehensive income</b>	<u>40,204</u>	<u>43,392</u>
<b>Comprehensive income attributable to</b>		
Comprehensive income attributable to owners of the parent	35,807	42,904
Comprehensive income attributable to minority interests	4,396	487

**(3) Notes on premise of a going concern**

None

**(4) Segment information, etc**

Segment information

FY2011 The Third Quarter Consolidated Cumulative Period

The Company and its consolidated subsidiaries are composed of a single business segment, primarily engaged in manufacture and sale of vehicles and its components, industrial engines. Therefore the disclosure of segment information is omitted.

FY2012 The Third Quarter Consolidated Cumulative Period

The Company and its consolidated subsidiaries are composed of a single business segment, primarily engaged in manufacture and sale of vehicles and its components, industrial engines. Therefore the disclosure of segment information is omitted.

**(5) Notes in the case of a significant change in shareholders' equity**

None

## 4. Supplementary Information

### (1) Sales Condition

<Sales Results by Region>

Sales results during the previous and current third quarter consolidated cumulative periods are shown below.

		FY2011 3rd Quarter		FY2012 3rd Quarter		Change	
		Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)
	Japan	13,904	122,016	12,619	109,514	(1,285)	(12,501)
	Overseas	26,540	122,969	26,401	112,132	(139)	(10,836)
Total HD/MD vehicles		40,444	244,985	39,020	221,647	(1,424)	(23,338)
	Japan	21,235	67,735	22,290	71,800	1,055	4,065
	Overseas	247,833	357,338	199,377	283,320	(48,456)	(74,018)
Total LD vehicles, etc		269,068	425,073	221,667	355,120	(47,401)	(69,953)
	Japan	35,139	189,751	34,909	181,315	(230)	(8,436)
	Overseas	274,373	480,307	225,778	395,452	(48,595)	(84,855)
Total vehicles		309,512	670,059	260,687	576,768	(48,825)	(93,291)
	Overseas	-	57,994	-	44,561	-	(13,432)
Parts for overseas production		-	57,994	-	44,561	-	(13,432)
	Japan	-	33,729	-	39,758	-	6,028
	Overseas	-	104,503	-	82,687	-	(21,815)
Engines / components		-	138,232	-	122,446	-	(15,786)
	Japan	-	147,897	-	153,979	-	6,081
	Overseas	-	56,166	-	66,782	-	10,615
Other		-	204,064	-	220,761	-	16,696
	Japan	-	371,378	-	375,053	-	3,674
	Overseas	-	698,972	-	589,484	-	(109,488)
Sales amount		-	1,070,350	-	964,537	-	(105,813)

(Note) The above amounts do not include consumption tax.

<Overseas Sales>

Previous 3rd Quarter (April 1, 2010 through December 31, 2010)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	48,245	365,927	284,798	698,972
2 Consolidated sales	-	-	-	1,070,350
3 Overseas sales per Consolidated sales	% 4.5	% 34.2	% 26.6	% 65.3

Current 3rd Quarter (April 1, 2011 through December 31, 2011)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	55,352	273,839	260,292	589,484
2 Consolidated sales	-	-	-	964,537
3 Overseas sales per Consolidated sales	% 5.7	% 28.4	% 27.0	% 61.1

1. This segmentation is based on the geographical area.
2. Major countries or areas included
  - (1) North America---USA
  - (2) Asia---China, Thailand, Indonesia, Philippines
  - (3) Other---Saudi Arabia, Poland, Ecuador, South Africa, Australia
3. Overseas sales are sales to all countries and areas excluding Japan  
made by the parent company and consolidated subsidiaries.