

FY2013 Second Quarter Consolidated Financial Results (Japan GAAP)

(April 1, 2012 through September 30, 2012)

English Translation of the Original Japanese-Language Document



November 7, 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>
 Representative : Susumu Hosoi, President
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 Scheduled date for submission of quarterly financial statements : November 13, 2012
 Expected starting date for distribution of cash dividends : November 29, 2012
 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, 2012 through September 30, 2012)

<1> Consolidated Financial Results

(% indicates increase/decrease from previous 2nd quarter.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY2013 2nd Quarter	780,099	18.5	57,341	30.8	60,404	33.8	42,084	24.8
FY2012 2nd Quarter	658,144	(9.2)	43,840	(6.2)	45,146	(5.3)	33,729	15.5

[Note] Comprehensive Income
 FY2013 2nd Quarter 35,872 millions of yen 21.7%
 FY2012 2nd Quarter 29,481 millions of yen 29.1%

	Net Income per Share	Net Income per Share after Dilution of Potential Stock
	yen	yen
FY2013 2nd Quarter	24.84	-
FY2012 2nd Quarter	19.91	-

<2> Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	millions of yen	millions of yen	%
FY2013 2nd Quarter	1,223,075	514,498	36.2
FY2012	1,213,402	479,644	34.2

[Note] Total Amount of Shareholders' Equity
 FY2013 2nd Quarter 442,876 millions of yen
 FY2012 415,488 millions of yen

2. Cash Dividends

	Dividend per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Total
	yen	yen	yen	yen	yen
FY2012	-	3.00	-	3.00	6.00
FY2013	-	4.00	-	-	-
FY2013 (Forecast)	-	-	-	4.00	8.00

[Note] Revision to the projected dividend for FY2013: None

3. Consolidated Financial Forecast for FY2013 (April 1, 2012 through March 31, 2013)

(% 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	1,630,000	16.4	126,000	29.4	133,000	29.3	91,000	(0.3)	53.71

[Note] Revision to Consolidated Financial Forecast for FY2013: Yes

4. Notes

<1> Changes in significant subsidiaries during this period : Yes

Newly consolidated : 1 (Name) ISUZU QINGLING (CHONGQING) AUTOPARTS Co., Ltd.

Excluded from the scope of consolidation : 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 restatement

Changes in accounting policies due to revisions of accounting standards : Yes

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

Changes in accounting estimates : Yes

Restatement : None

<4> Number of shares issued (common stock)

Number of shares issued and outstanding at the end of the term (inclusive of treasury stock)	FY2013 2nd Quarter	1,696,845,339	Shares
	FY2012	1,696,845,339	Shares
Number of treasury stock at the end of the term	FY2013 2nd Quarter	2,542,865	Shares
	FY2012	2,512,857	Shares
Average number of stocks issued	FY2013 2nd Quarter	1,694,320,948	Shares
	FY2012 2nd Quarter	1,694,379,820	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 November 7, 2012.

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1. Qualitative Information concerning Consolidated Financial Results for FY2013

Second Quarter

(1) Qualitative Information on Consolidated Operating Results

In the cumulative second quarter, vehicle sales volume in Japan increased by 8,629 units or 40.2% to 30,083 units compared with the same period last year thanks to demand related to reconstruction efforts in the areas hit by the Great East Japan Earthquake and subsidies for environmentally-friendly automobiles (eco-car subsidy). Meanwhile, unit sales outside Japan rose by 56,778 units or 35.2% year on year to 218,161 units because of truck sales increase driven by the ASEAN market and brisk pickup sales.

As a result, total sales volume in Japan and overseas markets grew by 65,407 units or 35.8 % to 248,244 units compared to the same period last year.

As for other products, sales amount of parts for overseas production dropped 1.4 billion yen or 4.4% year on year to 31.9 billion yen. Sales amount of engine components fell 40.7 billion yen or 43.7% to 52.5 billion yen from the same period last year.

Accordingly, net sales amounted to 780.0 billion yen, an increase of 121.9 billion yen or 18.5% over the same period last year. This comprises 279.4 billion yen posted for Japan, up 19.3% year on year, and 500.6 billion yen for the rest of the world, a gain of 18.1% over the same period last year.

Owing to the sales growth and continued improvements in cost structure, operating income rose by 30.8% to 57.3 billion yen and ordinary income gained by 33.8% to 60.4 billion yen respectively year on year. Meanwhile, net income increased by 24.8% to 42.0 billion yen from the same period last year.

(2) Qualitative Information on Consolidated Financial Condition

Total assets as of the end of the current fiscal second quarter rose 9.6 billion yen to 1,223.0 billion yen from March 31, 2012. This change was principally due to gains in cash and deposits by 18.0 billion yen, inventory assets by 2.5 billion yen, tangible fixed assets by 3.4 billion yen and deferred tax assets by 8.8 billion yen, which more than offset declines in notes and accounts receivable-trade by 20.1 billion yen, and investment securities by 6.1 billion yen.

Net assets increased 34.8 billion yen to 514.4 billion yen from March 31, 2012.

This is mainly because of net income of 42.0 billion yen posted for this reporting period and an increase in minority interests by 7.4 billion yen resulting from the establishment of a new company which was then classified as a consolidated subsidiary, despite decreases in retained earnings by 5.0 billion yen after dividend payment, foreign currency translation adjustment by 2.5 billion yen and valuation difference on available-for-sale securities by 7.3 billion yen.

The capital adequacy ratio came to 36.2% compared with 34.2% as of March 31, 2012. Meanwhile, interest bearing liabilities shrunk 7.1 billion yen to 195.9 billion yen from March 31, 2012.

(3) Qualitative Information on Consolidated Financial Forecast

The Company assessed its financial forecast for the fiscal year ending March 31, 2013 based on financial results of cumulative second quarter and in anticipation of strong sales driven by the ASEAN market, a favorable trend of raw material costs and continued gains from cost improvements, which all may work in favor in spite of a slowdown in Chinese market.

Net sales	1,630 billion yen
Operating Income	126 billion yen
Ordinary Income	133 billion yen
Net Income	91 billion yen

* This consolidated financial results forecast for the current 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 fiscal year the above consolidated results forecast should therefore not be the sole basis for any investment decision.

2. Matters Concerning Summary Information

(1) Changes in significant subsidiaries during this period:

During the second quarter consolidated cumulative period of the fiscal year ending March 31, 2013, ISUZU QINGLING (CHONGQING) AUTOPARTS Co., Ltd. was included in the scope of consolidation.

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

Income taxes were calculated by multiplying consolidated quarterly income before income taxes and minority interests by a rational estimate of the effective tax rate on consolidated income before income taxes and minority interests for the fiscal year including the quarterly period after adjustments for the application of tax-effect accounting.

(3) Changes in accounting policies, accounting estimates and restatement:

(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates)

From the first quarter of fiscal year ending March 31, 2013, domestic consolidated subsidiaries have changed their method of depreciation for property, plant and equipment acquired on or after April 1, 2012, based on the revised corporate tax law.

Please note that the effects of these changes on the consolidated financial statements for the second quarter consolidated cumulative period were not material.

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(millions of yen)

	As of March 31, 2012	As of September 30, 2012
[ASSETS]		
CURRENT ASSETS		
Cash and deposits	160,492	178,591
Notes and accounts receivable-trade	232,679	212,549
Merchandise and finished goods	93,142	94,228
Work in process	9,108	10,725
Raw materials and supplies	52,262	52,130
Deferred tax assets	22,227	25,959
Other	24,684	25,711
Allowance for doubtful accounts	(1,113)	(1,121)
Total Current Assets	593,484	598,775
NON-CURRENT ASSETS		
Property, plant and equipment		
Buildings and structures, net	99,900	103,167
Machinery, equipment and vehicles, net	83,649	84,506
Land	263,141	262,631
Lease assets, net	7,458	6,863
Construction in progress	15,298	15,788
Other, net	6,693	6,590
Total Property, Plant and Equipment	476,142	479,548
Intangible assets		
Goodwill	1,273	1,087
Other	5,983	7,079
Total Intangible Assets	7,256	8,167
Investments and other assets		
Investment securities	103,736	97,604
Long-term loans receivable	3,586	3,923
Deferred tax assets	14,740	19,873
Other	19,453	20,187
Allowance for doubtful accounts	(4,999)	(5,004)
Total Investments and Other Assets	136,518	136,583
Total Non-Current Assets	619,918	624,299
TOTAL ASSETS	1,213,402	1,223,075

(millions of yen)

	As of March 31, 2012	As of September 30, 2012
[LIABILITIES]		
CURRENT LIABILITIES		
Notes and accounts payable-trade	313,398	279,976
Short-term loans payable	53,370	60,710
Current portion of bonds	20,000	20,000
Lease obligations	3,167	2,526
Income taxes payable	9,688	17,374
Accrued expenses	38,102	37,347
Provision for bonuses	13,318	13,597
Provision for product warranties	3,398	4,098
Deposits received	3,336	3,078
Other	23,235	29,621
Total Current Liabilities	481,016	468,330
NON-CURRENT LIABILITIES		
Long-term loans payable	121,019	107,198
Lease obligations	5,531	5,518
Deferred tax liabilities	2,309	2,779
Deferred tax liabilities for land revaluation	49,142	49,268
Provision for retirement benefits	66,266	66,804
Long-term deposits received	1,414	1,469
Other	7,057	7,206
Total Non-Current Liabilities	252,742	240,246
TOTAL LIABILITIES	733,758	708,576
[NET ASSETS]		
SHAREHOLDERS' EQUITY		
Capital stock	40,644	40,644
Capital surplus	50,427	50,427
Retained earnings	280,032	316,804
Treasury stock	(653)	(666)
Total Shareholders' Equity	370,451	407,210
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Valuation difference on available-for-sale securities	7,505	114
Deferred gains or losses on hedges	(216)	98
Revaluation reserve for land	79,114	79,342
Foreign currency translation adjustment	(41,366)	(43,888)
Total Accumulated Other Comprehensive Income	45,037	35,666
MINORITY INTERESTS	64,155	71,621
TOTAL NET ASSETS	479,644	514,498
TOTAL LIABILITIES AND NET ASSETS	1,213,402	1,223,075

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

Consolidated Quarterly Statements of Income

(millions of yen)

For the first six months ended	FY2012 2nd Quarter September 30, 2011	FY2013 2nd Quarter September 30, 2012
Net sales	658,144	780,099
Cost of sales	560,810	662,188
GROSS PROFIT	97,333	117,911
Selling, general and administrative expenses	53,493	60,570
OPERATING INCOME	43,840	57,341
Non-operating income		
Interest income	977	517
Dividends income	463	698
Equity in earnings of affiliates	2,692	4,550
Reversal of compensation expenses due to change of contract	1,353	—
Other	1,116	1,365
Total non-operating income	6,603	7,132
Non-operating expenses		
Interest expenses	2,153	1,306
Litigation settlement	495	886
Other	2,648	1,875
Total non-operating expenses	5,297	4,068
ORDINARY INCOME	45,146	60,404
Extraordinary income		
Gain on sales of non-current assets	57	52
Gain on step acquisitions	615	—
Reversal of environmental expenses	399	—
Other	319	67
Total extraordinary income	1,393	119
Extraordinary loss		
Loss on disposal of non-current assets	451	609
Loss on disaster	712	—
Other	272	281
Total extraordinary losses	1,436	891
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	45,103	59,632
Income taxes	7,298	12,195
Income before minority interests	37,804	47,436
Minority interests in income	4,075	5,352
NET INCOME	33,729	42,084

Consolidated Quarterly Statements of Comprehensive Income

(millions of yen)

For the first six months ended	FY2012 2nd Quarter September 30, 2011	FY2013 2nd Quarter September 30, 2012
Income before minority interests	37,804	47,436
Other comprehensive income		
Valuation difference on available-for-sale securities	(188)	(7,356)
Deferred gains or losses on hedges	282	314
Revaluation reserve for land	—	227
Foreign currency translation adjustment	(9,057)	(5,297)
Share of other comprehensive income of associates accounted for using equity method	639	548
Total other comprehensive income	<u>(8,323)</u>	<u>(11,564)</u>
Comprehensive income	<u>29,481</u>	<u>35,872</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	29,101	32,713
Comprehensive income attributable to minority interests	379	3,159

(3) Consolidated Quarterly Statements of Cash Flows

(millions of yen)

For the first six months ended	FY2012 2nd Quarter September 30, 2011	FY2013 2nd Quarter September 30, 2012
Cash Flows from Operating Activities		
Income before income taxes and minority interests	45,103	59,632
Depreciation and amortization	17,979	16,916
Amortization of goodwill	36	107
Equity in earnings of affiliates	(2,692)	(4,550)
Increase in provision for retirement benefits	1,225	738
Increase in provision for product warranties	11	702
Increase (decrease) in provision for bonuses	(206)	280
Decrease in allowance for doubtful accounts	(87)	(64)
Interest and dividends income	(1,440)	(1,216)
Interest expenses	2,153	1,306
Gain on sales of non-current assets	(57)	(52)
Loss on disposal of non-current assets	451	609
Loss (gain) on sales of investment securities	(2)	123
Other extraordinary loss (income)	(1,112)	71
Decrease (increase) in notes and accounts receivable-trade	(7,757)	14,911
Increase in inventories	(31,919)	(4,450)
Decrease (increase) in other current assets	(5,909)	648
Decrease (increase) in notes and accounts payable-trade	20,276	(29,185)
Increase in accrued expenses	(2,844)	(577)
Increase (decrease) in deposits received	380	(198)
Increase (decrease) in other liabilities	(4,762)	8,066
Other, net	(98)	140
(Subtotal)	<u>28,726</u>	<u>63,961</u>
Interest and dividends income received	4,225	5,147
Interest expenses paid	(2,098)	(1,331)
Income taxes paid	(8,461)	(9,316)
Net Cash Provided by Operating Activities	<u>22,392</u>	<u>58,461</u>
Cash Flows from Investing Activities		
Purchase of investment securities	(180)	(4,854)
Proceeds from sales of investment securities	2	—
Purchase of non-current assets	(12,272)	(26,512)
Proceeds from sales of non-current assets	1,596	1,791
Payments of long-term loans receivable	(40)	(533)
Collection of long-term loans receivable	156	154
Increase in short-term loans receivable	(220)	(13)
Increase (decrease) in time deposits	1,400	(2,705)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	401	—
Other, net	(19)	(656)
Net Cash Used in Investing Activities	<u>(9,174)</u>	<u>(33,330)</u>
Cash Flows from Financing Activities		
Net increase in short-term loans payable	28,884	15,420
Proceeds from long-term loans payable	3,000	1,536
Repayment of long-term loans payable	(28,255)	(22,761)
Proceeds from stock issuance to minority shareholders	—	6,978
Repayments of lease obligations	(1,643)	(1,483)
Purchase of treasury stock	(5)	(8)
Cash dividends paid	(3,407)	(5,074)
Cash dividends paid to minority shareholders	(1,744)	(2,671)
Net Cash Used in Financing Activities	<u>(3,171)</u>	<u>(8,064)</u>
Effect of Exchange Rate Change on Cash and Cash Equivalents	<u>(5,566)</u>	<u>(960)</u>
Net Increase in Cash and Cash Equivalents	<u>4,478</u>	<u>16,105</u>
Cash and Cash Equivalents at Beginning of Period	<u>202,356</u>	<u>160,665</u>
Cash and Cash Equivalents at End of Period	<u>206,835</u>	<u>176,770</u>

(4) Notes on premise of a going concern

None

(5) Segment information, etc.

Segment information

The Second Quarter Consolidated Cumulative Period of Fiscal Year 2012

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.

The Second Quarter Consolidated Cumulative Period of Fiscal Year 2013

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.

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

None

4. Supplementary Information

(1) Sales Condition

<Sales Results by Region>

Consolidated sales results during the previous and current second quarter are shown below.

		FY2012 2nd Quarter For the first six months ended September 30, 2011		FY2013 2nd Quarter For the first six months ended September 30, 2012		Change	
		Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)
	Japan	7,246	61,140	11,350	96,693	4,104	35,553
	Overseas	16,301	72,658	24,190	106,645	7,889	33,986
Total HD/MD vehicles		23,547	133,799	35,540	203,339	11,993	69,540
	Japan	14,208	44,764	18,733	61,455	4,525	16,691
	Overseas	145,082	207,376	193,971	290,123	48,889	82,746
Total LD vehicles, etc		159,290	252,140	212,704	351,579	53,414	99,438
	Japan	21,454	105,904	30,083	158,149	8,629	52,245
	Overseas	161,383	280,035	218,161	396,768	56,778	116,733
Total vehicles		182,837	385,939	248,244	554,918	65,407	168,978
	Overseas	-	33,417	-	31,947	-	(1,470)
Parts for overseas production		-	33,417	-	31,947	-	(1,470)
	Japan	-	26,012	-	22,334	-	(3,678)
	Overseas	-	67,316	-	30,194	-	(37,121)
Engines / components		-	93,328	-	52,528	-	(40,799)
	Japan	-	102,270	-	98,966	-	(3,304)
	Overseas	-	43,187	-	41,739	-	(1,447)
Other		-	145,458	-	140,705	-	(4,752)
	Japan	-	234,187	-	279,449	-	45,261
	Overseas	-	423,956	-	500,650	-	76,693
Sales amount		-	658,144	-	780,099	-	121,955

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

<Overseas Sales>

Previous 2nd Quarter Consolidated Cumulative Period (April 1, 2011 through September 30, 2011)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	38,331	201,821	183,803	423,956
2 Consolidated sales	-	-	-	658,144
3 Overseas sales per Consolidated sales	5.8%	30.7%	27.9%	64.4%

Current 2nd Quarter Consolidated Cumulative Period (April 1, 2012 through September 30, 2012)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	38,804	262,893	198,951	500,650
2 Consolidated sales	-	-	-	780,099
3 Overseas sales per Consolidated sales	5.0%	33.7%	25.5%	64.2%

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.