

FY2014 Second Quarter Consolidated Financial Results (Japan GAAP)

(April 1, 2013 through September 30, 2013)

English Translation of the Original Japanese-Language Document



November 12, 2013

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 : November 13, 2013
 Expected starting date for distribution of cash dividends : November 29, 2013
 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, 2013 through September 30, 2013)

<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	%
FY2014 2nd Quarter	875,234	12.2	90,293	57.5	96,640	60.0	56,801	35.0
FY2013 2nd Quarter	780,099	18.5	57,341	30.8	60,404	33.8	42,084	24.8

[Note] Comprehensive Income
 FY2014 2nd Quarter 86,141 millions of yen 140.1%
 FY2013 2nd Quarter 35,872 millions of yen 21.7%

	Net Income per Share	Net Income per Share after Dilution of Potential Stock
	yen	yen
FY2014 2nd Quarter	33.53	-
FY2013 2nd Quarter	24.84	-

<2> Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	millions of yen	millions of yen	%
FY2014 2nd Quarter	1,389,292	693,274	42.6
FY2013	1,340,822	620,959	39.5

[Note] Total Amount of Shareholders' Equity
 FY2014 2nd Quarter 592,283 millions of yen
 FY2013 528,954 millions of yen

2. Cash Dividends

	Dividend per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Total
	yen	yen	yen	yen	yen
FY2013	-	4.00	-	6.00	10.00
FY2014	-	6.00	-	-	-
FY2014 (Forecast)	-	-	-	6.00	12.00

[Note] Revision to the projected dividend for FY2014: None

3. Consolidated Financial Forecast for FY2014 (April 1, 2013 through March 31, 2014)

(% 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	1,820,000	9.9	180,000	37.6	190,000	34.1	115,000	19.1	67.88

[Note] Revision to Consolidated Financial Forecast for FY2014: Yes

4. Notes

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

Newly consolidated : -

Excluded from the scope of consolidation : -

(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 at the end of the term (inclusive of treasury stock)	FY2014 2nd Quarter	1,696,845,339	Shares
	FY2013	1,696,845,339	Shares

Number of treasury stock at the end of the term	FY2014 2nd Quarter	2,635,372	Shares
	FY2013	2,584,146	Shares

Average number of stocks issued	FY2014 2nd Quarter	1,694,237,744	Shares
	FY2013 2nd Quarter	1,694,320,948	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 12, 2013.

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1. Qualitative Information Concerning Consolidated Financial Results for FY2014

Second Quarter

(1) Consolidated Financial Results

In the cumulative second quarter, vehicle sales volume in Japan increased by 1,536 units or 5.1% to 31,619 units compared with the same period last year thanks to demand related to reconstruction efforts in the areas hit by earthquake and tsunami in 2011 and economic stimulus package by the Japanese government. Meanwhile, unit sales outside Japan grew by 4,369 units or 2.0% year-on-year to 222,530 units on the back of huge sales growth of pickup in Thailand in the first quarter in addition to robust truck sales in ASEAN, the Middle East and North America, which more than offset declining demand in some other areas affected by economic slowdown in Europe and China.

As a result, total sales volume in Japan and overseas markets grew by 5,905 units or 2.4 % to 254,149 units compared to the same period last year.

As for other products, sales amount of parts for overseas production increased by 5.3 billion yen or 16.7% year-on-year to 37.2 billion yen. Sales amount of engine components grew 1.6 billion yen or 3.1% to 54.1 billion yen from the same period last year.

Accordingly, net sales amounted to 875.2 billion yen, an increase of 95.1 billion yen or 12.2% over the same period last year. This comprises 289.4 billion yen posted for Japan, up 3.6% year-on-year, and 585.7 billion yen for the rest of the world, a gain of 17.0% over the same period last year.

Owing to the sales growth, continued improvements in cost structure and yen's depreciation, operating income rose by 57.5% to 90.2 billion yen and ordinary income gained by 60.0% to 96.6 billion yen respectively year-on-year. Meanwhile, net income increased by 35.0% to 56.8 billion yen from the same period last year.

(2) Consolidated Financial Position

Total assets as of the end of the current fiscal second quarter rose 48.4 billion yen to 1,389.2 billion yen from March 31, 2013. This change was principally due to gains in cash and deposits by 30.4 billion yen, inventory assets by 15.7 billion yen, tangible fixed assets by 14.2 billion yen, investment and other assets by 15.0 billion yen, which more than offset declines in notes and accounts receivable-trade by 32.7 billion yen.

Net assets increased 72.3 billion yen to 693.2 billion yen from March 31, 2013. This is mainly because of net income of 56.8 billion yen posted for this reporting quarter and an increase in foreign currency translation adjustment by 11.2 billion yen, valuation difference on available-for-sale securities by 4.8 billion yen and minority interests by 8.9 billion yen, in spite of a decrease in retained earnings after dividend payment by 10.1 billion yen.

The capital adequacy ratio came to 42.6% compared with 39.5% as of March 31, 2013. Interest-bearing liabilities rose 3.8 billion yen to 147.4 billion yen from March 31, 2013.

(3) Future Estimates such as Consolidated Financial Forecast

The Company assessed its financial forecast for the fiscal year ending March 31, 2014 in light of financial results of the cumulative second quarter and based on the shipment plan according to the latest economic trend in different markets in the world.

Consequently, the Company has revised its consolidated financial forecast for the fiscal year ending March 31, 2014 as follows:

(Forecast of Full-Year Consolidated Financial Results)

Net sales	1,820.0 billion yen
Operating Income	180.0 billion yen
Ordinary Income	190.0 billion yen
Net Income	115.0 billion yen

*This forecast of consolidated financial results for the current fiscal year is considered reasonable by the Company based on information available today.

Actual financial results may differ considerably from this forecast as it is subject to risk factors and uncertainties: world economic and market conditions and foreign exchange rate, etc. Therefore, above consolidated financial results forecast should not be the sole basis for making any investment decision.

2. Matters Concerning Summary Information

(1) Changes in significant subsidiaries during this period:

None

(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 retrospective restatement:

None

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(millions of yen)

	As of March 31, 2013	As of September 30, 2013
[ASSETS]		
CURRENT ASSETS		
Cash and deposits	184,764	215,214
Notes and accounts receivable-trade	254,644	221,941
Merchandise and finished goods	99,628	121,298
Work in process	10,249	11,479
Raw materials and supplies	66,045	58,920
Deferred tax assets	27,147	27,241
Other	24,556	30,590
Allowance for doubtful accounts	(824)	(1,006)
Total Current Assets	666,212	685,679
NON-CURRENT ASSETS		
Property, plant and equipment		
Buildings and structures, net	107,787	107,246
Machinery, equipment and vehicles, net	98,714	97,487
Land	264,705	266,313
Lease assets, net	8,134	8,989
Construction in progress	14,307	24,453
Other, net	7,371	10,756
Total Property, Plant and Equipment	501,020	515,247
Intangible assets		
Goodwill	1,239	1,211
Other	8,752	8,512
Total Intangible Assets	9,992	9,723
Investments and other assets		
Investment securities	122,422	130,837
Long-term loans receivable	1,378	1,104
Deferred tax assets	19,266	17,288
Other	22,087	30,728
Allowance for doubtful accounts	(1,558)	(1,317)
Total Investments and Other Assets	163,596	178,641
Total Non-Current Assets	674,610	703,612
TOTAL ASSETS	1,340,822	1,389,292

(millions of yen)

	As of March 31, 2013	As of September 30, 2013
[LIABILITIES]		
CURRENT LIABILITIES		
Notes and accounts payable-trade	315,266	304,132
Short-term loans payable	59,972	64,153
Lease obligations	2,916	2,286
Income taxes payable	33,014	26,335
Accrued expenses	39,266	36,937
Provision for bonuses	14,163	14,488
Provision for product warranties	4,551	5,616
Deposits received	2,652	2,608
Other	38,984	29,525
Total Current Liabilities	510,789	486,085
NON-CURRENT LIABILITIES		
Long-term loans payable	74,699	73,370
Lease obligations	6,024	7,650
Deferred tax liabilities	2,002	1,535
Deferred tax liabilities for land revaluation	49,142	49,142
Provision for retirement benefits	68,769	69,266
Long-term deposits received	1,422	1,464
Other	7,013	7,501
Total Non-Current Liabilities	209,073	209,932
TOTAL LIABILITIES	719,863	696,018
[NET ASSETS]		
SHAREHOLDERS' EQUITY		
Capital stock	40,644	40,644
Capital surplus	50,427	50,427
Retained earnings	364,477	411,110
Treasury stock	(686)	(724)
Total Shareholders' Equity	454,863	501,458
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Valuation difference on available-for-sale securities	10,531	15,404
Deferred gains or losses on hedges	(420)	158
Revaluation reserve for land	79,342	79,342
Foreign currency translation adjustment	(15,362)	(4,080)
Total Accumulated Other Comprehensive Income	74,091	90,825
MINORITY INTERESTS	92,005	100,990
TOTAL NET ASSETS	620,959	693,274
TOTAL LIABILITIES AND NET ASSETS	1,340,822	1,389,292

(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	FY2013 2nd Quarter September 30, 2012	FY2014 2nd Quarter September 30, 2013
Net sales		780,099	875,234
Cost of sales		662,188	719,078
GROSS PROFIT		117,911	156,156
Selling, general and administrative expenses		60,570	65,862
OPERATING INCOME		57,341	90,293
Non-operating income			
Interest income		517	751
Dividends income		698	1,153
Equity in earnings of affiliates		4,550	5,917
Other		1,365	1,643
Total non-operating income		7,132	9,465
Non-operating expenses			
Interest expenses		1,306	961
Litigation settlement		886	355
Other		1,875	1,801
Total non-operating expenses		4,068	3,118
ORDINARY INCOME		60,404	96,640
Extraordinary income			
Gain on sales of non-current assets		52	57
Gain on sales of investment securities		—	277
Compensation income for expropriation		—	227
Other		67	172
Total extraordinary income		119	735
Extraordinary loss			
Loss on disposal of non-current assets		609	382
Impairment loss		—	181
Other		281	84
Total extraordinary losses		891	648
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS		59,632	96,727
Income taxes		12,195	26,500
Income before minority interests		47,436	70,227
Minority interests in income		5,352	13,426
NET INCOME		42,084	56,801

Consolidated Quarterly Statements of Comprehensive Income

(millions of yen)

For the first six months ended	FY2013 2nd Quarter September 30, 2012	FY2014 2nd Quarter September 30, 2013
Income before minority interests	47,436	70,227
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,356)	4,879
Deferred gains or losses on hedges	314	578
Revaluation reserve for land	227	—
Foreign currency translation adjustment	(5,297)	3,838
Share of other comprehensive income of associates accounted for using equity method	548	6,617
Total other comprehensive income	<u>(11,564)</u>	<u>15,913</u>
Comprehensive income	<u>35,872</u>	<u>86,141</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	32,713	73,534
Comprehensive income attributable to minority interests	3,159	12,606

(3) Consolidated Quarterly Statements of Cash Flows

(millions of yen)

For the first six months ended	FY2013 2nd Quarter September 30, 2012	FY2014 2nd Quarter September 30, 2013
Cash Flows from Operating Activities		
Income before income taxes and minority interests	59,632	96,727
Depreciation and amortization	16,916	19,474
Amortization of goodwill	107	199
Equity in (earnings) losses of affiliates	(4,550)	(5,917)
Increase (decrease) in provision for retirement benefits	738	688
Increase (decrease) in provision for product warranties	702	983
Increase (decrease) in provision for bonuses	280	316
Increase (decrease) in allowance for doubtful accounts	(64)	(72)
Interest and dividends income	(1,216)	(1,904)
Interest expenses	1,306	961
Loss (gain) on sales of non-current assets	(52)	(57)
Loss (gain) on disposal of non-current assets	609	382
Loss (gain) on sales of investment securities	123	(277)
Impairment loss	—	181
Other extraordinary loss (income)	71	(270)
Decrease (increase) in notes and accounts receivable-trade	14,911	31,757
Decrease (increase) in inventories	(4,450)	(13,852)
Decrease (increase) in other current assets	648	(5,386)
Increase (decrease) in notes and accounts payable-trade	(29,185)	(11,279)
Increase (decrease) in accrued expenses	(577)	(2,347)
Increase (decrease) in deposits received	(198)	(0)
Increase (decrease) in other liabilities	8,066	(7,894)
Other, net	140	421
(Subtotal)	<u>63,961</u>	<u>102,833</u>
Interest and dividends income received	5,147	7,290
Interest expenses paid	(1,331)	(995)
Income taxes paid	(9,316)	(34,284)
Net Cash Provided by Operating Activities	<u>58,461</u>	<u>74,843</u>
Cash Flows from Investing Activities		
Purchase of investment securities	(4,854)	(899)
Proceeds from sales of investment securities	—	4,730
Purchase of non-current assets	(26,512)	(35,724)
Proceeds from sales of non-current assets	1,791	1,086
Payments of long-term loans receivable	(533)	(57)
Collection of long-term loans receivable	154	186
Decrease (increase) in short-term loans receivable	(13)	136
Decrease (increase) in time deposits	(2,705)	(21,936)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(381)
Other, net	(656)	(3,995)
Net Cash Used in Investing Activities	<u>(33,330)</u>	<u>(56,853)</u>
Cash Flows from Financing Activities		
Net increase (decrease) in short-term loans payable	15,420	4,568
Proceeds from long-term loans payable	1,536	14,029
Repayment of long-term loans payable	(22,761)	(15,435)
Proceeds from stock issuance to minority shareholders	6,978	2,405
Repayments of lease obligations	(1,483)	(1,320)
Purchase of treasury stock	(8)	(32)
Cash dividends paid	(5,074)	(10,161)
Cash dividends paid to minority shareholders	(2,671)	(6,046)
Net Cash Used in Financing Activities	<u>(8,064)</u>	<u>(11,991)</u>
Effect of Exchange Rate Change on Cash and Cash Equivalents	<u>(96)</u>	<u>2,515</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>16,105</u>	<u>8,513</u>
Cash and Cash Equivalents at Beginning of Period	<u>160,665</u>	<u>177,879</u>
Cash and Cash Equivalents at End of Period	<u>176,770</u>	<u>186,392</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 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.

The Second Quarter Consolidated Cumulative Period of Fiscal Year 2014

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.

		FY2013 2nd Quarter For the first six months ended September 30, 2012		FY2014 2nd Quarter For the first six months ended September 30, 2013		Change	
		Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)
	Japan	11,350	96,693	12,194	102,079	844	5,385
	Overseas	24,190	106,645	23,513	119,563	(677)	12,918
Total HD/MD vehicles		35,540	203,339	35,707	221,642	167	18,303
	Japan	18,733	61,455	19,425	63,396	692	1,941
	Overseas	193,971	290,123	199,017	354,313	5,046	64,189
Total LD vehicles, etc		212,704	351,579	218,442	417,709	5,738	66,130
	Japan	30,083	158,149	31,619	165,475	1,536	7,326
	Overseas	218,161	396,768	222,530	473,876	4,369	77,107
Total vehicles		248,244	554,918	254,149	639,352	5,905	84,434
	Overseas	-	31,947	-	37,276	-	5,328
Parts for overseas production		-	31,947	-	37,276	-	5,328
	Japan	-	22,334	-	23,477	-	1,143
	Overseas	-	30,194	-	30,673	-	479
Engines / components		-	52,528	-	54,151	-	1,622
	Japan	-	98,966	-	100,491	-	1,525
	Overseas	-	41,739	-	43,962	-	2,223
Other		-	140,705	-	144,454	-	3,749
	Japan	-	279,449	-	289,444	-	9,995
	Overseas	-	500,650	-	585,789	-	85,139
Sales amount		-	780,099	-	875,234	-	95,135

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

<Overseas Sales>

Previous 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

Current 2nd Quarter Consolidated Cumulative Period (April 1, 2013 through September 30, 2013)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	43,349	333,280	209,159	585,789
2 Consolidated sales	-	-	-	875,234
3 Overseas sales per Consolidated sales	% 5.0	% 38.1	% 23.9	% 66.9

1. This segmentation is based on the geographical area.

2. Major countries or areas included

(1) North America---USA

(2) Asia---Thailand, China, Indonesia, Philippines

(3) Other---Australia, Saudi Arabia, Ecuador, South Africa, Turkey

3. Overseas sales are sales to all countries and areas excluding Japan

made by the parent company and consolidated subsidiaries.