

# FY2014 Third Quarter Consolidated Financial Results (Japan GAAP)

(April 1, 2013 through December 31, 2013)

English Translation of the Original Japanese-Language Document



February 7, 2014

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, 2014  
 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, 2013 through December 31, 2013)

### <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	%
FY2014 3rd Quarter	1,292,207	9.0	132,910	47.2	142,638	50.3	89,476	38.2
FY2013 3rd Quarter	1,185,785	22.9	90,297	40.6	94,919	42.8	64,725	32.9

[Note] Comprehensive Income  
 FY2014 3rd Quarter 125,245 millions of yen 67.1%  
 FY2013 3rd Quarter 74,971 millions of yen 72.8%

	Net Income per Share	Net Income per Share after Dilution of Potential Stock
	yen	yen
FY2014 3rd Quarter	52.81	-
FY2013 3rd Quarter	38.20	-

### <2> Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	millions of yen	millions of yen	%
FY2014 3rd Quarter	1,422,362	741,533	43.2
FY2013	1,340,822	620,959	39.5

[Note] Total Amount of Shareholders' Equity  
 FY2014 3rd Quarter 614,902 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: None

#### 4. Notes

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

Newly consolidated : 1 (Name) IJT Technology Holdings 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 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 3rd Quarter	1,696,845,339	Shares
	FY2013	1,696,845,339	Shares
Number of treasury stock at the end of the term	FY2014 3rd Quarter	2,716,231	Shares
	FY2013	2,584,146	Shares
Average number of stocks issued	FY2014 3rd Quarter	1,694,172,029	Shares
	FY2013 3rd Quarter	1,694,313,302	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 7, 2014.

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## **1. Qualitative Information Concerning Consolidated Financial Results for FY2014**

### **Third Quarter**

#### **(1) Consolidated Financial Results**

In the cumulative third quarter, vehicle sales volume in Japan increased by 3,197 units or 7.1% to 48,086 units compared with the same period last year on the back of 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 declined by 24,210 units or 7.0% year-on-year to 320,730 units because of sluggish Thai market worse than expected at the start of this fiscal year, resulting in decreased sales of Isuzu trucks and pickups in Thailand, which cancelled out strong truck sales in North America and the Middle East.

As a result, total sales volume in Japan and overseas markets declined by 21,013 units or 5.4 % to 368,816 units compared to the same period last year.

As for other products, sales amount of parts for overseas production increased by 15.2 billion yen or 37.5% year-on-year to 55.8 billion yen. Sales amount of engine components grew 7.4 billion yen or 9.7% to 84.2 billion yen from the same period last year.

Accordingly, net sales amounted to 1,292.2 billion yen, an increase of 106.4 billion yen or 9.0% over the same period last year. This comprises 445.8 billion yen posted for Japan, up 5.6% year-on-year, and 846.3 billion yen for the rest of the world, a gain of 10.8% from a year earlier.

Operating income rose by 47.2% to 132.9 billion yen and ordinary income gained by 50.3% to 142.6 billion yen respectively thanks to the sales revenue growth, continued improvements in cost structure and the yen's depreciation. Meanwhile, net income rose by 38.2% to 89.4 billion yen from the same period last year.

The company posted a record profit in all income items for the third quarter or the nine-month period.

#### **(2) Consolidated Financial Position**

Total assets as of the end of the current fiscal third quarter rose 81.5 billion yen to 1,422.3 billion yen from March 31, 2013. This change was principally due to growth in inventory assets by 35.0 billion yen, tangible fixed assets by 47.4 billion yen, investment and other assets by 10.4 billion yen, which more than offset a decrease in notes and accounts receivable-trade by 29.3 billion yen.

Net assets increased 120.5 billion yen to 741.5 billion yen from March 31, 2013. This is mainly because of an increase in foreign currency translation adjustment by 12.9 billion yen, valuation difference on available-for-sale securities by 6.0 billion yen and minority interests by 34.6 billion yen on top of net income of 89.4 billion yen posted for this reporting quarter, in spite of a decrease in retained earnings by 20.3 billion yen after dividend payment.

The capital adequacy ratio came to 43.2% compared with 39.5% as of March 31, 2013. Interest-bearing liabilities fell 7.7 billion yen to 135.8 billion yen from March 31, 2013.

#### **(3) Future Estimates such as Consolidated Financial Forecast**

The Company has not revised its consolidated financial forecast for the current fiscal year, which was announced on November 12, 2013.

\*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:**

During the third quarter consolidated cumulative period of the fiscal year ending March 31, 2014, IJT Technology Holdings 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 retrospective restatement:**

None

### 3. Consolidated Quarterly Financial Statements

#### (1) Consolidated Quarterly Balance Sheets

(millions of yen)

	As of March 31, 2013	As of December 31, 2013
<b>[ASSETS]</b>		
<b>CURRENT ASSETS</b>		
Cash and deposits	184,764	184,616
Notes and accounts receivable-trade	254,644	225,313
Merchandise and finished goods	99,628	134,859
Work in process	10,249	13,326
Raw materials and supplies	66,045	62,836
Deferred tax assets	27,147	27,509
Other	24,556	41,802
Allowance for doubtful accounts	(824)	(1,050)
<b>Total Current Assets</b>	<b>666,212</b>	<b>689,214</b>
<b>NON-CURRENT ASSETS</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	107,787	111,466
Machinery, equipment and vehicles, net	98,714	110,427
Land	264,705	275,514
Lease assets, net	8,134	8,793
Construction in progress	14,307	29,325
Other, net	7,371	12,905
<b>Total Property, Plant and Equipment</b>	<b>501,020</b>	<b>548,432</b>
<b>Intangible assets</b>		
Goodwill	1,239	1,623
Other	8,752	9,093
<b>Total Intangible Assets</b>	<b>9,992</b>	<b>10,716</b>
<b>Investments and other assets</b>		
Investment securities	122,422	126,532
Long-term loans receivable	1,378	1,747
Deferred tax assets	19,266	17,338
Other	22,087	30,293
Allowance for doubtful accounts	(1,558)	(1,912)
<b>Total Investments and Other Assets</b>	<b>163,596</b>	<b>173,999</b>
<b>Total Non-Current Assets</b>	<b>674,610</b>	<b>733,148</b>
<b>TOTAL ASSETS</b>	<b>1,340,822</b>	<b>1,422,362</b>

(millions of yen)

	As of March 31, 2013	As of December 31, 2013
<b>[LIABILITIES]</b>		
<b>CURRENT LIABILITIES</b>		
Notes and accounts payable-trade	315,266	305,820
Short-term loans payable	59,972	54,195
Lease obligations	2,916	1,910
Income taxes payable	33,014	19,136
Accrued expenses	39,266	35,956
Provision for bonuses	14,163	7,725
Provision for product warranties	4,551	5,921
Deposits received	2,652	5,788
Other	38,984	30,443
<b>Total Current Liabilities</b>	<b>510,789</b>	<b>466,898</b>
<b>NON-CURRENT LIABILITIES</b>		
Long-term loans payable	74,699	72,359
Lease obligations	6,024	7,415
Deferred tax liabilities	2,002	3,128
Deferred tax liabilities for land revaluation	49,142	49,142
Provision for retirement benefits	68,769	72,853
Long-term deposits received	1,422	1,354
Other	7,013	7,676
<b>Total Non-Current Liabilities</b>	<b>209,073</b>	<b>213,930</b>
<b>TOTAL LIABILITIES</b>	<b>719,863</b>	<b>680,828</b>
<b>[NET ASSETS]</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	40,644	40,644
Capital surplus	50,427	50,427
Retained earnings	364,477	433,617
Treasury stock	(686)	(751)
<b>Total Shareholders' Equity</b>	<b>454,863</b>	<b>523,938</b>
<b>ACCUMULATED OTHER COMPREHENSIVE INCOME</b>		
Valuation difference on available-for-sale securities	10,531	16,570
Deferred gains or losses on hedges	(420)	(762)
Revaluation reserve for land	79,342	77,540
Foreign currency translation adjustment	(15,362)	(2,384)
<b>Total Accumulated Other Comprehensive Income</b>	<b>74,091</b>	<b>90,964</b>
<b>MINORITY INTERESTS</b>	<b>92,005</b>	<b>126,631</b>
<b>TOTAL NET ASSETS</b>	<b>620,959</b>	<b>741,533</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,340,822</b>	<b>1,422,362</b>

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

Consolidated Quarterly Statements of Income

(millions of yen)

	For the first nine months ended	FY2013 3rd Quarter December 31, 2012	FY2014 3rd Quarter December 31, 2013
Net sales		1,185,785	1,292,207
Cost of sales		1,006,925	1,057,934
<b>GROSS PROFIT</b>		<b>178,859</b>	<b>234,272</b>
Selling, general and administrative expenses		88,562	101,361
<b>OPERATING INCOME</b>		<b>90,297</b>	<b>132,910</b>
<b>Non-operating income</b>			
Interest income		790	1,232
Dividends income		886	1,476
Equity in earnings of affiliates		6,858	8,223
Other		2,135	2,799
<b>Total non-operating income</b>		<b>10,669</b>	<b>13,731</b>
<b>Non-operating expenses</b>			
Interest expenses		2,003	1,540
Foreign exchange losses		1,428	—
Litigation settlement		1,051	333
Other		1,564	2,130
<b>Total non-operating expenses</b>		<b>6,047</b>	<b>4,004</b>
<b>ORDINARY INCOME</b>		<b>94,919</b>	<b>142,638</b>
<b>Extraordinary income</b>			
Gain on sales of non-current assets		69	95
Gain on bargain purchase		—	6,387
Other		63	758
<b>Total extraordinary income</b>		<b>133</b>	<b>7,241</b>
<b>Extraordinary loss</b>			
Loss on disposal of non-current assets		925	563
Loss on change in equity		—	2,880
Loss on step acquisitions		—	1,161
Other		346	423
<b>Total extraordinary losses</b>		<b>1,272</b>	<b>5,028</b>
<b>INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS</b>		<b>93,780</b>	<b>144,850</b>
Income taxes		21,187	37,312
Income before minority interests		72,592	107,538
Minority interests in income		7,867	18,061
<b>NET INCOME</b>		<b>64,725</b>	<b>89,476</b>

**Consolidated Quarterly Statements of Comprehensive Income**

(millions of yen)

For the first nine months ended	FY2013 3rd Quarter December 31, 2012	FY2014 3rd Quarter December 31, 2013
<b>Income before minority interests</b>	72,592	107,538
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(2,191)	6,057
Deferred gains or losses on hedges	(481)	(342)
Revaluation reserve for land	227	—
Foreign currency translation adjustment	4,427	8,078
Share of other comprehensive income of associates accounted for using equity method	395	3,913
Total other comprehensive income	<u>2,378</u>	<u>17,707</u>
<b>Comprehensive income</b>	<u>74,971</u>	<u>125,245</u>
<b>Comprehensive income attributable to</b>		
Comprehensive income attributable to owners of the parent	64,714	106,349
Comprehensive income attributable to minority interests	10,256	18,896

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

None

**(4) Segment information, etc.**

Segment information

The Third 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 Third 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.

**(5) 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 third quarter are shown below.

		FY2013 3rd Quarter For the first nine months ended December 31, 2012		FY2014 3rd Quarter For the first nine months ended December 31, 2013		Change	
		Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)
	Japan	17,901	148,009	18,560	149,741	659	1,732
	Overseas	35,333	154,902	31,961	160,539	(3,372)	5,637
Total HD/MD vehicles		53,234	302,911	50,521	310,281	(2,713)	7,369
	Japan	26,988	88,615	29,526	95,692	2,538	7,077
	Overseas	309,607	463,980	288,769	521,228	(20,838)	57,247
Total LD vehicles, etc		336,595	552,596	318,295	616,920	(18,300)	64,324
	Japan	44,889	236,624	48,086	245,433	3,197	8,809
	Overseas	344,940	618,883	320,730	681,768	(24,210)	62,884
Total vehicles		389,829	855,507	368,816	927,201	(21,013)	71,694
	Overseas	-	40,617	-	55,859	-	15,241
Parts for overseas production		-	40,617	-	55,859	-	15,241
	Japan	-	32,896	-	40,041	-	7,144
	Overseas	-	43,883	-	44,163	-	279
Engines / components		-	76,780	-	84,204	-	7,423
	Japan	-	152,684	-	160,376	-	7,692
	Overseas	-	60,194	-	64,565	-	4,370
Other		-	212,879	-	224,941	-	12,062
	Japan	-	422,205	-	445,851	-	23,646
	Overseas	-	763,579	-	846,356	-	82,776
Sales amount		-	1,185,785	-	1,292,207	-	106,422

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

<Overseas Sales>

Previous 3rd Quarter Consolidated Cumulative Period (April 1, 2012 through December 31, 2012)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	53,312	418,690	291,576	763,579
2 Consolidated sales	-	-	-	1,185,785
3 Overseas sales per Consolidated sales	% 4.5	% 35.3	% 24.6	% 64.4

Current 3rd Quarter Consolidated Cumulative Period (April 1, 2013 through December 31, 2013)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	68,634	463,501	314,220	846,356
2 Consolidated sales	-	-	-	1,292,207
3 Overseas sales per Consolidated sales	% 5.3	% 35.9	% 24.3	% 65.5

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.