

# FY2015 Third Quarter Consolidated Financial Results (Japan GAAP)

(April 1, 2014 through December 31, 2014)

English Translation of the Original Japanese-Language Document



February 6, 2015

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 9, 2015  
 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, 2014 through December 31, 2014)

### <1> Consolidated Financial Result

(% 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	%
FY2015 3rd Quarter	1,349,140	4.4	122,957	(7.5)	135,931	(4.7)	82,438	(7.9)
FY2014 3rd Quarter	1,292,207	9.0	132,910	47.2	142,638	50.3	89,476	38.2

[Note] Comprehensive Income  
 FY2015 3rd Quarter 145,449 millions of yen (16.1%)  
 FY2014 3rd Quarter 125,245 millions of yen (67.1%)

	Net Income per Share	Net Income per Share after Dilution of Potential Stock
	yen	yen
FY2015 3rd Quarter	98.02	-
FY2014 3rd Quarter	105.63	-

\*The company has implemented the share consolidation of common stocks in a rate of one share for every two shares effective on October 1, 2014. Accordingly, net income per-share is calculated on the assumption that the share consolidation was implemented at the beginning of the previous fiscal year.

### <2> Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	millions of yen	millions of yen	%
FY2015 3rd Quarter	1,744,339	860,959	40.6
FY2014	1,521,757	768,953	41.6

[Note] Total Amount of Shareholders' Equity  
 FY2015 3rd Quarter 708,327 millions of yen  
 FY2014 633,380 millions of yen

## 2. Cash Dividends

	Dividend per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Total
	yen	yen	yen	yen	yen
FY2014	-	6.00	-	6.00	12.00
FY2015	-	7.00	-	-	-
FY2015(Forecast)	-	-	-	14.00	-

[Note] Revision to the projected dividend for FY2015: None

Per-share dividend forecast at the end of fiscal year ending March 2015 is calculated and listed in consideration of the share consolidation effective on October 1, 2014, and "-" is indicated for total amount of annual dividends.

For details, please refer to "Cautionary Statements with Respect to Forward-Looking Statements and Other Notes".

## 3. Consolidated Financial Forecast for FY2015 (April 1, 2014 through March 31, 2015)

(% indicates increase/decrease from previous term.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	millions of yer	%	millions of yer	%	millions of yen	%	millions of yen	%	yen
Year-End	1,850,000	5.1	165,000	(5.3)	175,000	(6.2)	100,000	(16.2)	119.16

[Note] Revision to Consolidated Financial Forecast for FY2015: No

Amount of net income per share for fiscal year ending March 2015 of FY2015 Consolidated Financial Forecast is calculated in consideration of the share consolidation. For details, please refer to "Cautionary Statements with Respect to Forward-Looking Statements and Other Notes".

\*Notes

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

Newly consolidated : None

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 : Yes

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)	FY2015 3rd Quarter	848,422,669	Shares
	FY2014	848,422,669	Shares
Number of treasury stock at the end of the term	FY2015 3rd Quarter	9,246,856	Shares
	FY2014	1,130,421	Shares
Average number of stocks issued	FY2015 3rd Quarter	841,004,199	Shares
	FY2014 3rd Quarter	847,086,014	Shares

\*Number of shares issued and outstanding, number of treasury stock at the end of the term and average number of stocks issued is calculated on the assumption that the share consolidation was implemented at the beginning of previous fiscal year.

\*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.

\*Cautionary Statements with Respect to Forward-Looking Statements and Other Notes

•The financial forecast and other descriptions of the future presented in this document are based on currently available information and assumptions which are deemed reasonable at present. Consequently, the actual financial performance may vary significantly from the forecast due to various factors. For such assumptions and notes with respect to performance forecast, please refer to "1. Qualitative Information Concerning Consolidated Financial Results for FY2015 Third Quarter (3)Future Estimates such as Consolidated Financial Forecast "

Following the approval of a proposal for the consolidation of shares at 112th ordinary general meeting of shareholders held on June 27, 2014, the share consolidation of common stocks on a two for one basis has been implemented effective on October 1, 2014.

For reference purposes, when converted to the amount after share consolidation,

FY2015 consolidated financial and dividend forecasts are as follows:

1. Dividend for fiscal year ending in March 2015: Dividends per share Interim: 7.00 yen (Note) Year-End (forecast): 14.00 yen

2. Net income per share forecast for fiscal year ending in March 2015: Year-End: 119.16 yen

Note : Interim dividends shall be paid according to the number of shares before consolidation.

•The Company has posted its financial results on its web site on February 6, 2015.

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# 1. Qualitative Information concerning Consolidated Financial Results for FY2015

## Third Quarter

### (1) Consolidated Financial Results

In the cumulative third quarter, vehicle sales volume in Japan rose by 4,081 units or 8.5% to 52,167 units compared with the same period last year on the back of firm demand. Meanwhile, unit sales outside Japan declined by 2,273 units or 0.7% to 318,457 units year-on-year because of a drop in sales of Isuzu trucks and pickups in the sluggish Thai market, which cancelled out strong truck sales in the Middle East and Africa.

As a result, total sales volume in Japan and overseas markets grew by 1,808 units or 0.5 % to 370,624 units compared to the same period last year.

As for other products, sales amount of parts for overseas production increased by 9.1 billion yen or 16.3% year-on-year to 64.9 billion yen. Sales amount of engine components fell 200.0 million yen or 0.3% to 83.9 billion yen from the same period last year.

Consequently, net sales amounted to 1,349.1 billion yen, an increase of 56.9 billion yen or 4.4 % over the same period last year and the Company renewed the record net sales in the consolidated cumulative third quarter. Of the net sales, 488.6 billion yen was posted for Japan, up 9.6% year-on-year and 860.5 billion yen for the rest of the world, a gain of 1.7% from a year earlier.

On the realm of profit and loss, the impact of the decreased revenue in Thailand and the increased spending related to the company's growth strategy for future business expansion was greater than the contribution of material cost reduction. As a result, operating income fell 7.5% to 122.9 billion yen and ordinary income declined 4.7% to 135.9 billion yen year-on-year respectively. The Company posted net income of 82.4 billion yen, down 7.9% from the same period last year.

### (2) Consolidated Financial Position

Total assets as of the end of the current fiscal third quarter rose 222.5 billion yen to 1,744.3 billion yen from March 31, 2014. This increase was principally due to growth in cash and deposits by 85.8 billion yen, inventory assets by 62.2 billion yen, and tangible fixed assets by 27.7 billion yen.

Net assets increased 92.0 billion yen to 860.9 billion yen from March 31, 2014.

This is mainly because of addition of net income of 82.4 billion yen posted for this reporting quarter, an increase in foreign currency translation adjustment by 26.3 billion yen and growth in minority interests by 17.0 billion yen. The addition and the increase in these items more than offset a decrease in retained earnings by 33.2 billion yen due to the dividend payment by the Company as well as the effect of changes in the accounting policies of retirement benefits, and an increase in treasury stock by 10.0 billion yen as a result of the Company's repurchase of its own stock, which in effect reduced net assets by the same amount.

The capital adequacy ratio came to 40.6% compared with 41.6% as of March 31, 2014.

Interest-bearing liabilities rose 96.4 billion yen to 234.4 billion yen from March 31, 2014.

### (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 5, 2014.

\*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:**

#### Changes in Accounting Policies

Effective from the current consolidated first quarter, the Company applied provisions set forth in Article 35 of the Accounting Standard for Retirement Benefits and Article 67 of the Guidance on Accounting Standard for Retirement Benefits, and as a result it adopted in their entirety the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (“ASBJ”) Statement No. 26, May 17, 2012 and hereinafter called “Accounting Standard for Retirement Benefits”) and its implementation guidance - Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012 and hereinafter called “Guidance on Accounting Standard for Retirement Benefits”). Consequently, the Company revised the calculation method of retirement benefit obligations and past service cost in such ways that the method of attributing expected benefit to periods was changed from the one based on service-period to the projected benefit method, and the rate of discount from the one based on years similar to the average remaining service years of employees to the single weighted average rate of discount which reflects amount to be paid each of projected years of retirement benefit payment and the length of such years.

In accordance with transitional accounting as stipulated in Article 37 of the Accounting Standard for Retirement Benefits, the effect of changes to the calculation method of retirement benefit obligations and past service cost was deducted from retained earnings at the beginning of the current consolidated third quarter.

As a result, liability related to retirement benefits increased 11.216 billion yen whereas retained earnings fell 11.169 billion yen. Meanwhile the impact of such changes was immaterial to operating income, ordinary income and income before income taxes and minority interests for the current consolidated third quarter.

### 3. Consolidated Quarterly Financial Statements

#### (1) Consolidated Quarterly Balance Sheets

(millions of yen)

	As of March 31, 2014	As of December 31, 2014
<b>[ASSETS]</b>		
<b>CURRENT ASSETS</b>		
Cash and deposits	234,849	320,737
Notes and accounts receivable-trade	253,140	246,679
Lease investment assets	18,526	35,434
Merchandise and finished goods	112,488	177,419
Work in process	12,654	13,820
Raw materials and supplies	57,722	53,890
Deferred tax assets	29,286	31,820
Other	28,297	37,353
Allowance for doubtful accounts	(1,022)	(1,049)
<b>Total Current Assets</b>	<b>745,944</b>	<b>916,104</b>
<b>NON-CURRENT ASSETS</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	117,167	125,674
Machinery, equipment and vehicles, net	112,199	136,172
Land	275,149	275,167
Lease assets, net	8,761	9,518
Vehicles on operating leases, net	6,346	11,469
Construction in progress	44,459	31,307
Other, net	8,716	11,191
<b>Total Property, Plant and Equipment</b>	<b>572,799</b>	<b>600,501</b>
<b>Intangible assets</b>		
Goodwill	1,968	1,923
Other	9,331	11,830
<b>Total Intangible Assets</b>	<b>11,299</b>	<b>13,754</b>
<b>Investments and other assets</b>		
Investment securities	128,913	146,636
Long-term loans receivable	1,103	1,604
Deferred tax assets	26,483	23,325
Other	37,123	44,339
Allowance for doubtful accounts	(1,910)	(1,926)
<b>Total Investments and Other Assets</b>	<b>191,713</b>	<b>213,979</b>
<b>Total Non-Current Assets</b>	<b>775,813</b>	<b>828,234</b>
<b>TOTAL ASSETS</b>	<b>1,521,757</b>	<b>1,744,339</b>

(millions of yen)

	As of March 31, 2014	As of December 31, 2014
<b>[LIABILITIES]</b>		
<b>CURRENT LIABILITIES</b>		
Notes and accounts payable-trade	309,194	335,097
Electronically recorded obligations - operating	9,003	18,756
Short-term loans payable	51,178	109,696
Lease obligations	3,626	2,498
Income taxes payable	25,883	16,614
Accrued expenses	41,623	40,691
Provision for bonuses	16,344	8,931
Provision for product warranties	6,314	8,978
Deposits received	2,594	6,970
Other	44,646	42,332
<b>Total Current Liabilities</b>	<b>510,409</b>	<b>590,567</b>
<b>NON-CURRENT LIABILITIES</b>		
Long-term loans payable	77,333	114,354
Lease obligations	5,847	7,924
Deferred tax liabilities	3,852	4,278
Deferred tax liabilities for land revaluation	49,057	49,143
Net defined benefit liability	97,437	106,641
Long-term deposits received	1,382	1,395
Other	7,483	9,074
<b>Total Non-Current Liabilities</b>	<b>242,394</b>	<b>292,812</b>
<b>TOTAL LIABILITIES</b>	<b>752,803</b>	<b>883,380</b>
<b>[NET ASSETS]</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	40,644	40,644
Capital surplus	50,554	50,554
Retained earnings	463,492	512,667
Treasury stock	(677)	(10,710)
<b>Total Shareholders' Equity</b>	<b>554,014</b>	<b>593,156</b>
<b>ACCUMULATED OTHER COMPREHENSIVE INCOME</b>		
Valuation difference on available-for-sale securities	12,095	19,947
Deferred gains or losses on hedges	(101)	(778)
Revaluation reserve for land	77,625	77,539
Foreign currency translation adjustment	7,750	34,107
Remeasurements of defined benefit plans	(18,003)	(15,645)
<b>Total Accumulated Other Comprehensive Income</b>	<b>79,365</b>	<b>115,170</b>
<b>MINORITY INTERESTS</b>	<b>135,573</b>	<b>152,632</b>
<b>TOTAL NET ASSETS</b>	<b>768,953</b>	<b>860,959</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,521,757</b>	<b>1,744,339</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	FY2014 3rd Quarter December 31, 2013	FY2015 3rd Quarter December 31, 2014
Net sales		1,292,207	1,349,140
Cost of sales		1,057,934	1,110,829
<b>GROSS PROFIT</b>		<b>234,272</b>	<b>238,311</b>
Selling, general and administrative expenses		101,361	115,353
<b>OPERATING INCOME</b>		<b>132,910</b>	<b>122,957</b>
<b>Non-operating income</b>			
Interest income		1,232	2,395
Dividends income		1,476	1,380
Share of profit of entities accounted for using equity method		8,223	8,241
Other		2,799	6,605
<b>Total non-operating income</b>		<b>13,731</b>	<b>18,622</b>
<b>Non-operating expenses</b>			
Interest expenses		1,540	1,538
Litigation settlement		333	1,604
Other		2,130	2,505
<b>Total non-operating expenses</b>		<b>4,004</b>	<b>5,648</b>
<b>ORDINARY INCOME</b>		<b>142,638</b>	<b>135,931</b>
<b>Extraordinary income</b>			
Gain on sales of non-current assets		95	61
Gain on bargain purchase		6,387	-
Other		758	20
<b>Total extraordinary income</b>		<b>7,241</b>	<b>81</b>
<b>Extraordinary loss</b>			
Loss on disposal of non-current assets		563	1,252
Impairment loss		259	452
Loss on change in equity		2,880	-
Loss on step acquisitions		1,161	-
Other		163	294
<b>Total extraordinary losses</b>		<b>5,028</b>	<b>1,999</b>
<b>INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS</b>		<b>144,850</b>	<b>134,013</b>
Income taxes		37,312	35,539
Income before minority interests		107,538	98,473
Minority interests in income		18,061	16,035
<b>NET INCOME</b>		<b>89,476</b>	<b>82,438</b>



## Consolidated Quarterly Statements of Comprehensive Income

(millions of yen)

For the first nine months ended	FY2014 3rd Quarter December 31, 2013	FY2015 3rd Quarter December 31, 2014
<b>Income before minority interests</b>	107,538	98,473
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	6,057	8,002
Deferred gains or losses on hedges	(342)	(676)
Revaluation reserve for land	-	(85)
Foreign currency translation adjustment	8,078	35,257
Remeasurements of defined benefit plans, net of tax	-	2,358
Share of other comprehensive income of associates accounted for using equity method	3,913	2,119
Total other comprehensive income	<b>17,707</b>	<b>46,975</b>
<b>Comprehensive income</b>	<b>125,245</b>	<b>145,449</b>
<b>Comprehensive income attributable to</b>		
Comprehensive income attributable to owners of the parent	106,349	118,244
Comprehensive income attributable to minority interests	18,896	27,205

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

None

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

Segment information

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.

The Third Quarter Consolidated Cumulative Period of Fiscal Year 2015

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.

		FY2014 3rd Quarter For the first nine months ended December 31, 2013		FY2015 3rd Quarter For the first nine months ended December 31, 2014		Change	
		Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)
	Japan	18,560	149,741	21,027	167,477	2,467	17,736
	Overseas	31,961	160,539	28,723	123,433	(3,238)	(37,106)
Total HD/MD vehicles		50,521	310,281	49,750	290,910	(771)	(19,370)
	Japan	29,526	95,692	31,140	99,253	1,614	3,561
	Overseas	288,769	521,228	289,734	558,206	965	36,978
Total LD vehicles, etc		318,295	616,920	320,874	657,460	2,579	40,540
	Japan	48,086	245,433	52,167	266,731	4,081	21,297
	Overseas	320,730	681,768	318,457	681,640	(2,273)	(128)
Total vehicles		368,816	927,201	370,624	948,371	1,808	21,169
	Overseas	-	55,859	-	64,981	-	9,122
	Parts for overseas production	-	55,859	-	64,981	-	9,122
	Japan	-	40,041	-	49,668	-	9,627
	Overseas	-	44,163	-	34,312	-	(9,850)
Engines / components		-	84,204	-	83,981	-	(223)
	Japan	-	160,376	-	172,229	-	11,852
	Overseas	-	64,565	-	79,576	-	15,011
Other		-	224,941	-	251,806	-	26,864
	Japan	-	445,851	-	488,629	-	42,778
	Overseas	-	846,356	-	860,511	-	14,155
Sales amount		-	1,292,207	-	1,349,140	-	56,933

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

<Overseas Sales>

Previous 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

Current 3rd Quarter Consolidated Cumulative Period (April 1, 2014 through December 31, 2014)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	89,425	381,710	389,376	860,511
2 Consolidated sales	-	-	-	1,349,140
3 Overseas sales per Consolidated sales	% 6.6	% 28.3	% 28.9	% 63.8

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