

FY2014 First Quarter Consolidated Financial Results (Japan GAAP)

(April 1, 2013 through June 30, 2013)

English Translation of the Original Japanese-Language Document



August 6, 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 : August 8, 2013
 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 June 30, 2013)

<1> Consolidated Financial Results

(% indicates increase/decrease from previous 1st quarter.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY2014 1st Quarter	422,382	7.8	44,484	58.2	47,423	63.8	27,610	27.7
FY2013 1st Quarter	391,715	37.7	28,113	95.6	28,946	101.6	21,624	147.3

[Note] Comprehensive Income
 FY2014 1st Quarter 45,749 millions of yen 123.9%
 FY2013 1st Quarter 20,429 millions of yen 112.4%

	Net Income per Share	Net Income per Share after Dilution of Potential Stock
	yen	yen
FY2014 1st Quarter	16.30	-
FY2013 1st Quarter	12.76	-

<2> Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	millions of yen	millions of yen	%
FY2014 1st Quarter	1,361,018	657,833	41.0
FY2013	1,340,822	620,959	39.5

[Note] Total Amount of Shareholders' Equity
 FY2014 1st Quarter 557,950 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	-	-	-	-	-
FY2014 (Forecast)	-	6.00	-	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
2nd Quarter	930,000	19.2	80,000	39.5	85,000	40.7	50,000	18.8	29.51
Year-End	1,920,000	16.0	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 : 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 1st Quarter	1,696,845,339	Shares
	FY2013	1,696,845,339	Shares

Number of treasury stock at the end of the term	FY2014 1st Quarter	2,610,222	Shares
	FY2013	2,584,146	Shares

Average number of stocks issued	FY2014 1st Quarter	1,694,251,789	Shares
	FY2013 1st Quarter	1,694,328,158	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 August 6, 2013.

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1. Qualitative Information concerning Consolidated Financial Results for FY2014 First Quarter

(1) Consolidated Financial Results

Although the automotive industry continued to perform well thanks to the effect of demand spurred by reconstruction activities in quake and tsunami stricken areas and replacement demand of vehicles sold in the past when the previous emissions regulation took effect, the vehicle sales volume in Japan in the current first quarter decreased by 154 units or 1.1% to 13,439 units compared with the same period last year due to a drop in total demand in response to the end of the subsidy program for eco-friendly vehicles.

Overseas vehicle sales fell by 439 units or 0.4% year-on-year to 108,056 units because of a decrease in demand in Europe, China and Central and South America resulting from economic downturn in Europe and China, which cancelled out favorable effects from sustained and brisk pickup sales in Thailand and strong sales in the Middle East and North America.

As a result, total sales volume in Japan and overseas markets amounted to 121,495 units, a decrease of 593 units or 0.5% from the same period last year.

As for other products, sales amount of parts for overseas production dropped 800 million yen or 4.4% year-on-year to 18.5 billion yen. Sales amount of engine components came to 27.1 billion yen, an increase of 700 million yen or 2.8% from the same period last year.

Consequently, net sales amounted to 422.3 billion yen, an increase of 30.6 billion yen or 7.8% compared to the same period last year. This comprises 126.9 billion yen posted for Japan, down 3.1% year-on-year and 295.4 billion yen for the rest of the world, a gain of 13.3% over the same period last year.

Owing to continued improvements in cost structure coupled with the effect of yen's depreciation, which more than offset an increase in expenses and costs, operating income rose by 58.2% to 44.4 billion yen, ordinary income gained by 63.8% to 47.4 billion yen year-on-year respectively. Quarterly net income grew 27.7% to 27.6 billion yen compared with the same period last year.

(2) Consolidated Financial Position

Total assets as of the end of the current fiscal first quarter rose 20.1 billion yen to 1,361.0 billion yen from March 31, 2013. This change was principally due to gains in cash and deposits by 22.0 billion yen, inventory assets by 21.8 billion yen, tangible fixed assets by 3.6 billion yen, investment and other assets by 10.0 billion yen, which more than offset declines in notes and accounts receivable-trade by 40.9 billion yen.

Net assets increased 36.8 billion yen to 657.8 billion yen from March 31, 2013. This is mainly because of net income of 27.6 billion yen posted for this reporting quarter and an increase in foreign currency translation adjustment by 8.5 billion yen, valuation difference on available-for-sale securities by 2.5 billion yen and minority interests by 7.8 billion yen, in spite of a decrease in retained earnings after dividend payment by 10.1 billion yen.

The capital adequacy ratio came to 41.0% compared with 39.5% as of March 31, 2013. Interest-bearing liabilities shrunk 2.9 billion yen to 140.6 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 fiscal second quarter and for the current fiscal year, which was announced on May 14, 2013.

* 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:

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 June 30, 2013
[ASSETS]		
CURRENT ASSETS		
Cash and deposits	184,764	206,824
Notes and accounts receivable-trade	254,644	213,647
Merchandise and finished goods	99,628	127,104
Work in process	10,249	11,010
Raw materials and supplies	66,045	59,670
Deferred tax assets	27,147	28,735
Other	24,556	26,696
Allowance for doubtful accounts	(824)	(1,047)
Total Current Assets	666,212	672,641
NON-CURRENT ASSETS		
Property, plant and equipment		
Buildings and structures, net	107,787	107,917
Machinery, equipment and vehicles, net	98,714	99,117
Land	264,705	264,726
Lease assets, net	8,134	9,365
Construction in progress	14,307	15,638
Other, net	7,371	7,913
Total Property, Plant and Equipment	501,020	504,679
Intangible assets		
Goodwill	1,239	1,322
Other	8,752	8,711
Total Intangible Assets	9,992	10,033
Investments and other assets		
Investment securities	122,422	126,763
Long-term loans receivable	1,378	1,223
Deferred tax assets	19,266	18,253
Other	22,087	28,771
Allowance for doubtful accounts	(1,558)	(1,348)
Total Investments and Other Assets	163,596	173,662
Total Non-Current Assets	674,610	688,376
TOTAL ASSETS	1,340,822	1,361,018

(millions of yen)

	As of March 31, 2013	As of June 30, 2013
[LIABILITIES]		
CURRENT LIABILITIES		
Notes and accounts payable-trade	315,266	309,425
Short-term loans payable	59,972	60,063
Lease obligations	2,916	2,693
Income taxes payable	33,014	22,110
Accrued expenses	39,266	37,786
Provision for bonuses	14,163	20,801
Provision for product warranties	4,551	4,814
Deposits received	2,652	4,946
Other	38,984	33,626
Total Current Liabilities	510,789	496,269
NON-CURRENT LIABILITIES		
Long-term loans payable	74,699	70,376
Lease obligations	6,024	7,555
Deferred tax liabilities	2,002	1,966
Deferred tax liabilities for land revaluation	49,142	49,142
Provision for retirement benefits	68,769	69,096
Long-term deposits received	1,422	1,428
Other	7,013	7,349
Total Non-Current Liabilities	209,073	206,915
TOTAL LIABILITIES	719,863	703,184
[NET ASSETS]		
SHAREHOLDERS' EQUITY		
Capital stock	40,644	40,644
Capital surplus	50,427	50,427
Retained earnings	364,477	381,919
Treasury stock	(686)	(706)
Total Shareholders' Equity	454,863	472,285
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Valuation difference on available-for-sale securities	10,531	13,061
Deferred gains or losses on hedges	(420)	34
Revaluation reserve for land	79,342	79,342
Foreign currency translation adjustment	(15,362)	(6,773)
Total Accumulated Other Comprehensive Income	74,091	85,665
MINORITY INTERESTS	92,005	99,882
TOTAL NET ASSETS	620,959	657,833
TOTAL LIABILITIES AND NET ASSETS	1,340,822	1,361,018

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

Consolidated Quarterly Statements of Income

(millions of yen)

	For the first three months ended	
	FY2013 1st Quarter June 30, 2012	FY2014 1st Quarter June 30, 2013
Net sales	391,715	422,382
Cost of sales	331,982	345,326
GROSS PROFIT	59,732	77,055
Selling, general and administrative expenses	31,619	32,570
OPERATING INCOME	28,113	44,484
Non-operating income		
Interest income	254	347
Dividends income	170	181
Equity in earnings of affiliates	1,929	3,084
Rent income	98	100
Foreign exchange gains	-	266
Other	450	616
Total non-operating income	2,903	4,596
Non-operating expenses		
Interest expenses	676	468
Foreign exchange losses	364	-
Litigation settlement	414	259
Other	615	929
Total non-operating expenses	2,070	1,657
ORDINARY INCOME	28,946	47,423
Extraordinary income		
Gain on sales of non-current assets	15	7
Gain on step acquisitions	-	61
Compensation income for expropriation	86	4
Other	16	0
Total extraordinary income	119	73
Extraordinary loss		
Loss on disposal of non-current assets	131	203
Loss on revaluation of investments	226	14
Loss on sales of investment securities	123	-
Other	13	11
Total extraordinary losses	494	229
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	28,570	47,268
Income taxes	4,410	13,152
Income before minority interests	24,159	34,115
Minority interests in income	2,535	6,504
NET INCOME	21,624	27,610

Consolidated Quarterly Statements of Comprehensive Income

(millions of yen)

For the first three months ended	FY2013 1st Quarter June 30, 2012	FY2014 1st Quarter June 30, 2013
Income before minority interests	24,159	34,115
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,273)	2,546
Deferred gains or losses on hedges	291	454
Foreign currency translation adjustment	(2,551)	4,544
Share of other comprehensive income of associates accounted for using equity method	2,803	4,088
Total other comprehensive income	<u>(3,730)</u>	<u>11,634</u>
Comprehensive income	<u>20,429</u>	<u>45,749</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	20,258	39,184
Comprehensive income attributable to minority interests	171	6,565

(3) Notes on premise of a going concern

None

(4) Segment information, etc.

Segment information

The First Quarter 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 First Quarter 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 first quarter are shown below.

		FY2013 1st Quarter		FY2014 1st Quarter		Change	
		Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)
	Japan	5,276	43,557	4,825	38,861	(451)	(4,696)
	Overseas	13,079	58,700	11,055	57,814	(2,024)	(885)
Total HD/MD vehicles		18,355	102,258	15,880	96,676	(2,475)	(5,582)
	Japan	8,317	26,475	8,614	27,996	297	1,520
	Overseas	95,416	145,051	97,001	176,087	1,585	31,036
Total LD vehicles, etc		103,733	171,526	105,615	204,083	1,882	32,556
	Japan	13,593	70,033	13,439	66,857	(154)	(3,175)
	Overseas	108,495	203,751	108,056	233,902	(439)	30,150
Total vehicles		122,088	273,785	121,495	300,759	(593)	26,974
	Overseas	-	19,438	-	18,580	-	(857)
Parts for overseas production		-	19,438	-	18,580	-	(857)
	Japan	-	10,132	-	10,026	-	(106)
	Overseas	-	16,294	-	17,135	-	840
Engines / components		-	26,427	-	27,161	-	734
	Japan	-	50,866	-	50,054	-	(811)
	Overseas	-	21,198	-	25,825	-	4,627
Other		-	72,064	-	75,879	-	3,815
	Japan	-	131,032	-	126,938	-	(4,094)
	Overseas	-	260,682	-	295,444	-	34,761
Sales amount		-	391,715	-	422,382	-	30,667

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

<Overseas Sales>

Previous 1st Quarter (April 1, 2012 through June 30, 2012)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	19,846	134,453	106,383	260,682
2 Consolidated sales	-	-	-	391,715
3 Overseas sales per Consolidated sales	% 5.1	% 34.3	% 27.2	% 66.5

Current 1st Quarter (April 1, 2013 through June 30, 2013)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	19,266	179,882	96,294	295,444
2 Consolidated sales	-	-	-	422,382
3 Overseas sales per Consolidated sales	% 4.6	% 42.6	% 22.8	% 69.9

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---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.