

Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2012 [Japanese standards] (Consolidated)



October 28, 2011

Stock Listing: Tokyo and Nagoya

Name of Listed Company: Hino Motors, Ltd.

Code Number: 7205 URL: <http://www.hino.co.jp/>

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Scheduled Date of Quarterly Financial Statements Filing: November 10, 2011

Scheduled Date of Dividend Payment Start: November 25, 2011

Supplementary materials for the quarterly financial results: Yes

Investor conference for the quarterly financial results: Yes (For Mass Media and Analysts)

(Amounts are rounded down to the nearest one million yen)

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2012 (April 1, 2011–September 30, 2011)

(1) Consolidated Operating Results (Cumulative)

(Percentage figures indicate changes from the same period in the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2 Q of FY 2012	575,668	(5.0)	14,912	(9.2)	12,389	(8.1)	594	(89.8)
2 Q of FY 2011	605,701	54.3	16,417	—	13,488	—	5,844	—

(Note) Comprehensive income: 2 Q of FY 2012: (¥2,155) million (—%) 2 Q of FY 2011: ¥1,734 million (—%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
2 Q of FY 2012	1.04		1.04	
2 Q of FY 2011	10.24		10.24	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
2 Q of FY 2012	737,291		210,453		25.4	
FY 2011	722,145		216,438		26.6	

(Reference) Equity capital: 2 Q of FY 2012: ¥187,232 million FY 2011: ¥191,912 million

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	Yen		Yen		Yen
FY 2011	—	2.00	—	3.00	5.00
FY 2012	—	3.00	—	—	—
FY 2012 (forecast)	—	—	—	—	—

(Note) Changes from the latest dividend forecast: None

As for the dividend for 2Q of the fiscal year ending March 31, 2012, please refer the “Announcement Concerning Dividend of Retained Earnings” announced on October 28, 2011. The full-year dividend forecast for the fiscal year ending March 31, 2012 is yet to be determined at the present time.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2012 (April 1, 2011 – March 31, 2012)

(Percentages indicate the changes over the previous year.)

	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
FY 2012	1,320,000	6.2	35,000	21.1	31,000	23.7	12,000	—	21.06

(Note) Changes from the latest financial forecast: Yes

4. Others

(1) Changes in important subsidiaries during the current term (changes in certain subsidiaries requiring changes in scope of consolidation): None

Newly included: companies (Company name:), Removed: companies (Company name:)

(2) Application of the accounting procedures for producing quarterly consolidated financial statements: None

(3) Changes in accounting principles, quotes and restatement:

1) Changes associated with revisions of accounting standards: Yes

2) Change other than those included in 1): None

3) Revision in quotes in accounts None

4) Restatement None

(Note) For details, see “2. Summary Information (Other Information); (1) Changes in accounting policies/accounting estimates and restatement” on page 4 of “Appendix”

(4) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock) at end of term: 2 Q of FY 2012: 574,580,850 shares; FY 2011: 574,580,850 shares

2) Number of treasury stock at end of term: 2 Q of FY 2012: 4,684,611 shares; FY 2011: 4,683,083 shares

3) Average number of shares (quarterly consolidated cumulative period): 2 Q of FY 2012: 569,895,788 shares; 2 Q of FY2011:570,769,626 shares

* Indication regarding the implementation status of the quarterly review procedure

- This brief report on quarterly financial results is not included in the quarterly review specified in the Financial Instruments and Exchange Act. At the time of the disclosure of this brief report on quarterly financial results, the procedures for the quarterly review for quarterly consolidated financial statements are being conducted.

*Statement regarding the proper use of financial forecasts and other remarks

- Descriptions regarding the future, including the financial projections contained in this report, are based on certain assumptions currently available to the Company, which are, at the discretion of the Company, deemed reasonable, and actual financial results may significantly vary due to various factors. For assumptions used in forecasting financial results, precautions in using the financial projections, and specific revisions made to the financial projections, please refer to Appendix on Page 3, “1. Qualitative Information Regarding the Financial Performance (3) Qualitative Information on Forecast of Consolidated Financial Results.”

(Reference) Forecast of Non-Consolidated Financial Results

1. Forecast of Non-Consolidated Financial Results for the Fiscal Year Ending March 31, 2012 (April 1, 2011 – March 31, 2012)

(Percentage figures indicate changes from the same period in the previous year.)

	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
FY 2012	980,000	8.5	13,000	—	22,000	—	10,000	—	17.54

(Note) Revision of non-consolidated financial forecast in this quarter: Yes

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1. Qualitative Information Regarding the Financial Performance for the Current Quarter

(1) Qualitative Information on Consolidated Operating Results

As for the Japanese domestic heavy- and medium-duty trucks market in the second quarter (6 months), total demand decreased to 24 thousand units by 2 thousand units (-9.1%) compared to the second quarter in the previous year, due to the effects of the Great East Japan Earthquake, which occurred on Mar. 11, 2011, etc. As for the light-duty truck market, total demand was 27 thousand units, nearly equal to the value for the second quarter of the previous year.

As for sales volume, the operation of factories had been stagnated due to the delay in parts supply in the wake of the Great East Japan Earthquake, but production recovered in June, and the new model of Dutro (light-duty truck) was released in July. Consequently, the total sales volume of trucks and buses in Japan increased to 16 thousand units by 3 thousand units (23.7%) compared to the second quarter in the previous year.

As for overseas sales, sales were healthy in Asia, including Indonesia, and so sales volume was 38 thousand units, nearly equal to the value for the second quarter of the previous year.

As a result of the above, total unit sales of Hino Brand trucks and buses increased to 54 thousand units by 4 thousand units (0.7%) as compared to the second quarter of the previous year.

As for the volume of sales to Toyota Motor Corporation, mainly the sales of "Land Cruiser Prado" decreased, and consequently total sales volume decreased to 63 thousand units by 17 thousand units (-21.6%) compared to the second quarter in the previous year.

As a result of the above, net sales were ¥575,668 million, which is a decrease of ¥30,033 million (-5.0%) as compared to the second quarter of the previous year. We worked hard to increase profitability and decrease base costs but unexpected hike in material cost, and the strong yen resulted in a decrease in both operating income, which was ¥14,912 million (a decrease of ¥1,505 million compared to the second quarter of the previous year), and ordinary income, which was ¥12,389 million (a decrease of ¥1,098 million compared to the second quarter of the previous year).

In addition, ¥6,100 million of the disaster losses due to the Great East Japan Earthquake (fixed costs during the manufacturing suspended period, etc.) was included in extraordinary loss, and so quarterly net income decreased to ¥594 million by ¥5,250 million.

(2) Qualitative Information on Consolidated Financial Position

Total assets at the end of the second quarter increased by ¥15,146 million to ¥737,291 million compared to the end of the previous fiscal year. This is because trade notes and accounts receivable increased by ¥21,631 million since the sales volume of vehicles for Toyota Motor Corporation increased from the end of the previous year, and tangible fixed assets decreased by ¥9,779 million.

Liabilities increased by ¥21,131 million to ¥526,837 million compared to the end of the previous fiscal year. This is because production volume increased from the end of the previous year and so trade notes and accounts payable increased by ¥25,068 million.

Net assets decreased by ¥5,984 million to ¥210,453 million compared to the end of the previous fiscal year. This is due to retained earnings dividends paid out at ¥1,710 million and ¥3,472 million decrease of foreign currency translation adjustment due to the yen appreciation.

(3) Qualitative Information on Forecast of Consolidated Financial Results

The demand in the truck and bus market in Japan is estimated to recover from the previous term, and we expect that the demand in the overseas truck and bus market will grow steadily mainly in emerging countries in Asia.

Profit is estimated to decrease due to the soaring material costs and yen appreciation, but we will make efforts to increase profit by increasing sales by releasing new models and promoting cost improvement activities.

Therefore, the earnings forecast for the current term is as follows:

(Consolidated Earnings Forecast for the Full Fiscal Year)

Net sales	¥1,320,000 million
Operating income	¥35,000 million
Japan unit sales of trucks and buses	34.8 thousand units
Overseas unit sales of trucks and buses.....	93.0 thousand units
Production of Toyota brand vehicles	158.3 thousand units

(Non-consolidated Earnings Forecast for the Full Fiscal Year)

Net sales	¥980,000 million
Operating income	¥13,000 million

2. Summary Information (Other Information)

(1) Changes in accounting policies/accounting estimates and restatement

[Change in Accounting Method]

Starting with the current year's first quarter, the "Accounting Standards for Net Income per Share" (ASJB Statement No. 2, June 30, 2010) and the "Guidance on Accounting Standards for Net Income per Share" (ASJB Guidance No. 4, June 30, 2010) are applied.

Under the calculation of net income per share after residual shares adjustment, the amount that would have to be paid out in the event that all rights for stock options that vest after completion of a specified service requirement were exercised at once, has been changed to include, of the fair value of the stock options, the portion that relates to services that will be offered by the company in the future.

Were these accounting procedures not applied, the net income per share after adjustment for residual shares for the consolidated earnings for the previous second quarter would be ¥10.24.

[Additional Information]

Accounting changes occurring after the beginning of the current first quarter, as well as the correction of past errors are applied per the "Accounting Standards for Accounting Changes and Error Corrections" (ASJB Statement No. 24, December 4, 2009) and the "Guidance on Accounting Standards for Accounting Changes and Error Corrections" (ASJB Guidance No. 24, December 4, 2009).

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	FY 2011 (As of March 31, 2011)	Second Quarter of FY 2012 (As of September 30, 2011)
Assets		
Current assets		
Cash and deposits	33,929	20,926
Trade notes and accounts receivable	185,809	207,440
Merchandise and finished goods	48,400	60,600
Work in progress	26,169	24,542
Raw materials and supplies	19,952	23,108
Others	17,550	22,470
Allowance for doubtful accounts	(2,909)	(2,861)
Total current assets	328,901	356,227
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	88,999	87,929
Machinery and transportation equipment (net)	77,790	76,977
Land	90,363	90,112
Others (net)	38,217	30,573
Total tangible fixed assets	295,371	285,592
Intangible fixed assets	18,078	16,715
Investments and other assets		
Investment securities	65,946	64,553
Others	18,889	19,037
Allowance for doubtful accounts	(5,042)	(4,834)
Total investments and other assets	79,793	78,755
Total fixed assets	393,243	381,063
Total assets	722,145	737,291
Liabilities		
Current liabilities		
Trade notes and accounts payable	164,268	189,337
Short-term loans payable	68,239	77,902
Commercial papers	—	30,000
Current portion of long-term loans payable	42,997	31,035
Accrued income taxes	4,189	3,715
Warranty allowance	12,452	13,946
Other allowance	4,187	3,933
Others	50,817	46,786
Total current liabilities	347,151	396,657
Long-term liabilities		
Long-term loans payable	77,277	50,501
Provision for retirement benefits	43,019	43,717
Other allowance	1,880	1,571
Others	36,377	34,389
Total long-term liabilities	158,554	130,180
Total liabilities	505,706	526,837

(Millions of yen)

	FY 2011 (As of March 31, 2011)	Second Quarter of FY 2012 (As of September 30, 2011)
Net assets		
Shareholders' equity		
Common stock	72,717	72,717
Additional paid-in capital	64,327	64,328
Retained earnings	53,589	52,473
Treasury stock	(1,658)	(1,659)
Total shareholders' equity	188,975	187,859
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,363	13,131
Deferred gains or losses on hedges	(40)	100
Revaluation reserve for land	1,560	1,560
Foreign currency translation adjustment	(11,947)	(15,420)
Total accumulated other comprehensive income	2,936	(626)
Subscription rights to shares	276	342
Minority interests	24,249	22,878
Total net assets	216,438	210,453
Total liabilities and net assets	722,145	737,291

(2) Quarterly consolidated statements of income and quarterly consolidated comprehensive income

[Quarterly consolidated statements of income]

[Consolidated second quarters of FY2012 and FY 2011 (Cumulative)]

(Millions of yen)

	Second Quarter of FY 2011 (From April 1, 2010 to September 30, 2010)	Second Quarter of FY 2012 (From April 1, 2011 to September 30, 2011)
Net sales	605,701	575,668
Cost of sales	521,932	493,173
Gross profit on sales	83,769	82,494
Selling, general and administrative expenses		
Salary and benefits	15,822	17,119
Provision for bonuses	1,821	1,917
Provision for retirement benefits	1,499	1,557
Others	48,209	46,987
Total selling, general and administrative expenses	67,351	67,582
Operating income	16,417	14,912
Non-operating income		
Interest income	685	564
Dividends income	764	1,104
Investment gain on equity method	233	—
Miscellaneous income	866	1,290
Total non-operating income	2,550	2,959
Non-operating expenses		
Interest expenses	1,928	1,646
Loss on foreign exchange	2,852	2,634
Equity in losses of affiliates	—	738
Miscellaneous expenses	698	463
Total non-operating expenses	5,480	5,482
Ordinary income	13,488	12,389
Extraordinary income		
Gain on sale of fixed assets	35	96
Gain on sales of investment securities	120	—
Reversal of allowance for doubtful accounts	89	45
Others	429	61
Total extraordinary income	674	203
Extraordinary loss		
Loss on sale or disposition of fixed assets	316	282
Loss on revision of retirement benefit plan	49	44
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,090	—
Loss on disaster	—	6,100
Others	197	155
Total extraordinary losses	1,654	6,582
Income before income taxes and minority interest	12,507	6,010
Income taxes—current	4,703	4,993
Income taxes—deferred	(232)	(1,558)
Total income taxes	4,470	3,434
Income before minority interests	8,037	2,576
Minority interests income of consolidated subsidiaries	2,192	1,982
Net income	5,844	594

[Quarterly consolidated comprehensive income]

[Consolidated second quarters of FY2012 and FY 2011 (Cumulative)]

	Second Quarter of FY 2011 (From April 1, 2010 to September 30, 2010)	Second Quarter of FY 2012 (From April 1, 2011 to September 30, 2011)
Income before minority interests	8,037	2,576
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,562)	(15)
Deferred gain or loss on hedges	113	140
Foreign currency translation adjustment	(3,310)	(4,726)
Share of other comprehensive income of associates accounted for using equity method	(542)	(130)
Total other comprehensive income	(6,302)	(4,732)
Quarterly comprehensive income	1,734	(2,155)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	286	(2,968)
Comprehensive income attributable to minority interests	1,447	813

(3) Notes on going concern assumption

None.

(4) Notes on significant changes in the amount of shareholders' equity

None.

4. Supplementary information**(1) Actual production**

Category		2 Q of FY 2011 (From April 1, 2010 to September 30, 2010)	2 Q of FY 2012 (From April 1, 2011 to September 30, 2011)	Change
Trucks and buses		55,184 units	57,397 units	2,213 units
Toyota brand vehicles	OEM Vehicles	—	2,856 units	2,856 units
	Commissioned Vehicles	80,585 units	60,500 units	(20,085 units)
	Total	80,585 units	63,356 units	(17,229 units)

(2) Actual sales

Category		2 Q of FY 2011 (From April 1, 2010 to September 30, 2010)		2 Q of FY 2012 (From April 1, 2011 to September 30, 2011)		Change	
		Quantity (Units)	Amount (Millions of yen)	Quantity (Units)	Amount (Millions of yen)	Quantity (Units)	Amount (Millions of yen)
Trucks and buses	Japan	12,970	104,733	16,042	113,643	3,072	8,910
	Overseas	37,762	142,875	38,231	143,540	469	664
	Supplies and parts for overseas production	—	815	—	1,411	—	596
Total trucks and buses		50,732	248,423	54,273	258,595	3,541	10,171
Toyota brand	Vehicles	80,585	178,639	63,174	135,818	(17,411)	(42,821)
	Supplies and parts for overseas production, etc.	—	1,394	—	1,287	—	(107)
Total Toyota brand		80,585	180,033	63,174	137,105	(17,411)	(42,928)
Service parts	Japan	—	23,373	—	23,277	—	(95)
	Overseas	—	12,953	—	14,785	—	1,832
Total service parts		—	36,327	—	38,063	—	1,736
Others	Japan	—	67,066	—	69,615	—	2,548
	Overseas	—	13,813	—	17,416	—	3,602
	Toyota	—	60,036	—	54,871	—	(5,164)
Total others		—	140,917	—	141,903	—	986
Total net sales		—	605,701	—	575,668	—	(30,033)

(Note) Amounts are rounded down to the nearest one million yen.