

**Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2015**  
**[Japanese GAAP] (Consolidated)**



English translation from the original Japanese-language document

July 29, 2014

Stock Listing: Tokyo and Nagoya

Name of Listed Company: Hino Motors, Ltd.  
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Scheduled Date of Quarterly Financial Statements Filing: July 31, 2014

Scheduled Date of Dividend Payment Start: —

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 First Quarter of the Fiscal Year Ending March 31, 2015 (April 1, 2014–June 30, 2014)

(1) Consolidated Financial Results (Cumulative) (% of change from previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1 Q of FY 2015	365,221	(11.8)	23,156	(27.6)	22,762	(25.8)	14,298	(37.3)
1 Q of FY 2014	413,866	11.2	31,979	110.0	30,659	126.5	22,815	128.2

(Note) Comprehensive income: 1 Q of FY 2015: ¥ 15,931 million (-49.4%) 1 Q of FY 2014: ¥ 31,491 million (505.7%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
1 Q of FY 2015	24.97		24.93	
1 Q of FY 2014	39.91		39.80	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
1 Q of FY 2015	976,203		381,830		35.2	
FY 2014	1,009,416		379,589		33.7	

(Reference) Equity capital: 1 Q of FY 2015: ¥343,342 million FY 2014: ¥340,064 million

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	Yen				
FY 2014	—	18.00	—	20.00	38.00
FY 2015	—				
FY 2015 (forecast)		18.00	—	20.00	38.00

(Note) Changes from the latest dividend forecast: None

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(% of change from FY2014.)

	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 2015	1,600,000	(5.9)	90,000	(19.8)	86,000	(21.2)	58,000	(34.9)	101.30

(Note) Changes from the latest financial forecast: None

\*Notes

(1) Changes in significant subsidiaries (changes of specified subsidiaries resulting in changes in scope of consolidation) during the current term: None

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

(3) Changes in accounting policies, accounting estimates and restatements:

- 1) Changes in accounting policies due to revisions of accounting standards: Yes
- 2) Changes in accounting policies due to reasons other than above 1): None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock) at end of term	1 Q of FY 2015	574,580,850 shares	FY2014	574,580,850 shares
2) Number of treasury stock at end of term	1 Q of FY 2015	1,842,852 shares	FY 2014	2,023,732 shares
3) Average number of shares (quarterly consolidated cumulative period)	1 Q of FY 2015	572,656,389 shares	1 Q of FY 2014	571,707,054 shares

\* Information regarding implementation of quarterly review procedures

- The review procedures of the Financial Instruments and Exchange Act do not apply to this financial notice, and at the time of release it is being reviewed using procedures for quarterly consolidated financial statements.

\*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 the Company gives no guarantees that it will achieve these results. In addition, actual financial results may significantly vary due to various factors.

Appendix

Table of contents of the appendix

1. Qualitative Information Regarding the Financial Performance for the Current Quarter .....	2
(1) Qualitative Information on Consolidated Operating Results .....	2
(2) Qualitative Information on Consolidated Financial Position .....	2
(3) Qualitative Information on Forecasts of Consolidated Financial Results .....	2
2. Summary Information (Notes).....	3
Changes in Accounting Policies, Accounting Estimates and Restatements.....	3
3. Quarterly Consolidated Financial Statements.....	4
(1) Quarterly Consolidated Balance Sheets .....	4
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	
Quarterly Consolidated Statements of Income	
Consolidated First Quarter of FY 2015 and FY 2014 (Cumulative).....	6
Quarterly Consolidated Statements of Comprehensive Income	
Consolidated First Quarter of FY 2015 and FY 2014 (Cumulative).....	7
(3) Notes on Going Concern Assumption.....	8
(4) Notes on Significant Changes in the Amount of Shareholders' Equity.....	8
4. Supplementary Information .....	8
(1) Actual Production (Consolidated).....	8
(2) Actual Sales (Consolidated).....	8

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

### **(1) Qualitative Information on Consolidated Operating Results**

As for the Japanese domestic truck market during the current first quarter (three months), although there was a negative reaction following a rush in demand ahead of the consumption tax hike, economic recovery led to the improvement in the movement of freight and solid investment in construction. Consequently, the total demand for heavy- and medium-duty trucks increased to 15.3 thousand units by 1.7 thousand units (12.8%) compared to the same quarter in the previous year. Total demand for light-duty truck increased to 17.4 thousand units by 0.2 thousand units (1.2%) compared to the same quarter in the previous year.

As for Japanese domestic sales, as a result of sales activities implemented in a concerted effort by a group, the total sales volume of trucks and buses increased to 10.1 thousand units by 0.7 thousand units (7.0%) compared to the same quarter in the previous year.

As for overseas sales, mainly because the sense of uncertainty in Thailand and Indonesia brought the stagnation of the markets, sales volume decreased to 24.6 thousand units by 4.0 thousand units (-14.1%) compared to the same quarter in the previous year.

As a result of the above, total unit sales of Hino Brand trucks and buses decreased to 34.7 thousand units by 3.4 thousand units (-8.8%) compared to the same quarter in the previous year.

As for the volume of sales to Toyota Motor Corporation, mainly because the sales of “Land Cruiser Prado” decreased, total sales volume decreased to 41.7 thousand units by 5.0 thousand units (-10.6%) compared to the same quarter in the previous year.

As a result of the above, net sales in the current first quarter were ¥365,221 million, which is a decrease of ¥48,644 million (-11.8%) as compared to the same quarter in the previous year. As for profit and loss, affected by such as decrease in overseas sales, operating income was ¥23,156 million which is a decrease of ¥8,823 million (-27.6%) compared to the same quarter in the previous year, ordinary income was ¥22,762 million which is a decrease of ¥7,897 million (-25.8%) compared to the same quarter in the previous year, and quarterly net income was ¥14,298 million which is a decrease of ¥8,516 million (-37.3%) compared to the same quarter in the previous year.

### **(2) Qualitative Information on Consolidated Financial Position**

Total assets at the end of the first quarter decreased by ¥33,212 million to ¥976,203 million compared to the end of the previous fiscal year. This is mainly because of a decrease in notes and accounts receivable-trade by ¥44,394 million due to a decrease in sales volume compared to the end of the previous fiscal year.

Liabilities decreased by ¥35,452 million to ¥594,373 million compared to the end of the previous fiscal year. This is mainly because income taxes payable decreased by ¥15,585 million, notes and accounts payable-trade decreased by ¥8,200 million, and interest-bearing debt decreased by ¥7,719 million.

Net assets increased by ¥2,240 million to ¥381,830 million compared to the end of the previous fiscal year. This is mainly because net income of ¥14,298 million was recorded, despite dividends from retained earnings of ¥11,453 million were paid.

### **(3) Qualitative Information on Forecasts of Consolidated Financial Results**

There have been no changes since the last time they were announced (April 25, 2014).

## 2. Summary Information (Notes)

### [Changes in Accounting Policies, Accounting Estimates and Restatements]

#### (Changes in Accounting Policies)

##### (Application of Accounting Standard for Retirement Benefits and related guidance)

“Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012. Referred to as “Accounting Standard”) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012. Referred to as “Guidance”) were applied from the first quarter of the current consolidated accounting period, regarding Paragraph 35 of the Accounting Standard and Paragraph 67 of the Guidance, to review its calculation methods for the projected retirement benefit obligation and service cost, alter the method for attributing the expected benefit to periods of service from a straight-line basis to a benefit formula basis, and change the discount rate determination method from the one in which the period of bonds that are the base for determining discount rate is specified with reference to the approximate number of years of the average remaining years of service to the one that uses a single weighted average discount rate, which reflects the period until the scheduled payment date and the amount for each period.

As for the application of the Accounting Standard and the Guidance, the projected retirement benefit obligation and the effect of the change of the service cost calculation method were reflected in retained earnings at the beginning of the first quarter of the current consolidated accounting period, in accordance with the transitional treatment stipulated in Paragraph 37 of the Accounting Standard.

As a result, net defined benefit liability increased by ¥1,292 million and retained earnings decreased by ¥819 million at the beginning of the first quarter of the current consolidated accounting period. The effect of these changes on the operating income, ordinary income, and income before income taxes for the first quarter of the current term is considered to be immaterial.

##### (Application of Accounting Standard for Business Combinations and related rule)

“Accounting Standard for Business Combinations” (ASBJ statement No. 21), “Accounting Standard for Consolidated Financial Statements” (ASBJ statement No. 22), “Accounting Standard for Business Divestitures” (ASBJ statement No. 7) and other related standards and implementation guidance were revised on September 13, 2013, and became applicable from fiscal years beginning on or after April 1, 2014. We applied these accounting standards and implementation guidance from the first quarter of the current consolidated accounting period (excluding Paragraph 39 of Accounting Standard for Consolidated Financial Statements), and adopted the method of posting the difference in equity change of our company with respect to the subsidiaries that are still under control as capital surplus and posting acquisition costs are expensed in the period incurred. As for the business combination conducted at the beginning on or after April 1, 2014, we adopted the method of reflecting the revision to the acquisition cost allotment due to the tentative accounting settlement in the quarterly consolidated financial statement for the accounting period in which the business combination occurs.

The application of Accounting Standard for Business Combinations and related rule were applied in accordance with the transitional handling specified in Paragraph 58-2(4) of Accounting Standard for Business Combinations, Paragraph 44-5(4) of Accounting Standard for Consolidated Financial Statements, and Paragraph 57-4(4) of Accounting Standard for Business Divestitures, and we started applying these accounting standards at the beginning of the first quarter of the current consolidated accounting period.

As a result, income before income taxes decreased by ¥312 million while capital surplus increased by ¥312 million, in the first quarter of the current consolidated accounting period.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY 2014 (As of March 31, 2014)	First Quarter of FY 2015 (As of June 30, 2014)
<b>Assets</b>		
Current assets		
Cash and deposits	44,738	38,891
Notes and accounts receivable-trade	285,481	241,086
Merchandise and finished goods	94,211	114,959
Work in process	26,055	28,975
Raw materials and supplies	35,205	33,397
Other	68,879	62,444
Allowance for doubtful accounts	(4,050)	(3,883)
Total current assets	550,522	515,872
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	93,667	97,535
Machinery, equipment and vehicles, net	82,349	84,653
Land	99,574	99,316
Other	52,293	44,620
Total property, plant and equipment	327,884	326,125
Intangible assets	17,589	17,236
Investments and other assets		
Investment securities	101,330	105,302
Other	15,396	14,969
Allowance for doubtful accounts	(3,308)	(3,303)
Total investments and other assets	113,419	116,967
Total non-current assets	458,893	460,330
Total assets	1,009,416	976,203
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	247,492	239,292
Short-term loans payable	108,883	96,915
Current portion of long-term loans payable	18,012	18,467
Income taxes payable	23,275	7,690
Provision for product warranties	26,891	25,192
Other provision	5,705	7,245
Other	87,198	79,943
Total current liabilities	517,460	474,747
Non-current liabilities		
Long-term loans payable	15,219	19,012
Net defined benefit liability	60,680	61,857
Other provision	1,712	1,516
Other	34,753	37,238
Total non-current liabilities	112,365	119,626
Total liabilities	629,826	594,373

(Millions of yen)

	FY 2014 (As of March 31, 2014)	First Quarter of FY 2015 (As of June 30, 2014)
<b>Net assets</b>		
Shareholders' equity		
Capital stock	72,717	72,717
Capital surplus	64,835	65,187
Retained earnings	177,040	179,065
Treasury shares	(751)	(682)
Total shareholders' equity	313,841	316,287
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34,554	37,501
Deferred gains or losses on hedges	(76)	26
Revaluation reserve for land	1,927	1,927
Foreign currency translation adjustment	(4,600)	(6,977)
Remeasurements of defined benefit plans	(5,582)	(5,422)
Total accumulated other comprehensive income	26,223	27,054
Subscription rights to shares	212	189
Minority interests	39,312	38,298
<b>Total net assets</b>	<b>379,589</b>	<b>381,830</b>
<b>Total liabilities and net assets</b>	<b>1,009,416</b>	<b>976,203</b>

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

[Quarterly Consolidated Statements of Income]

[Consolidated First Quarter of FY 2015 and FY 2014 (Cumulative)]

(Millions of yen)

	First Quarter of FY 2014 (From April 1, 2013 to June 30, 2013)	First Quarter of FY 2015 (From April 1, 2014 to June 30, 2014)
Net sales	413,866	365,221
Cost of sales	343,127	302,559
Gross profit	70,738	62,662
Selling, general and administrative expenses		
Salary and allowances	9,563	10,355
Provision for bonuses	1,094	1,184
Provision for retirement benefits	751	—
Retirement benefit expenses	—	634
Other	27,348	27,332
Total selling, general and administrative expenses	38,758	39,506
Operating income	31,979	23,156
Non-operating income		
Interest income	277	375
Dividend income	549	684
Miscellaneous income	586	1,048
Total non-operating income	1,413	2,108
Non-operating expenses		
Interest expenses	1,119	1,398
Foreign exchange losses	1,165	548
Share of loss of entities accounted for using equity method	200	170
Miscellaneous expenses	248	386
Total non-operating expenses	2,733	2,502
Ordinary income	30,659	22,762
Extraordinary income		
Gain on sales of non-current assets	10	7
Gain on sales of investment securities	14	0
Other	9	5
Total extraordinary income	34	13
Extraordinary losses		
Loss on sales and retirement of non-current assets	172	102
Other	45	41
Total extraordinary losses	218	143
Income before income taxes	30,476	22,632
Income taxes—current	6,772	6,809
Income taxes—deferred	(1,427)	(202)
Total income taxes	5,344	6,607
Income before minority interests	25,131	16,025
Minority interests in income	2,316	1,726
Net income	22,815	14,298



[Quarterly Consolidated Statements of Comprehensive Income]  
 [Consolidated First Quarter of FY 2015 and FY 2014 (Cumulative)]

(Millions of yen)

	First Quarter of FY 2014 (From April 1, 2013 to June 30, 2013)	First Quarter of FY 2015 (From April 1, 2014 to June 30, 2014)
Income before minority interests	25,131	16,025
Other comprehensive income		
Valuation difference on available-for-sale securities	4,147	2,587
Deferred gains or losses on hedges	323	102
Foreign currency translation adjustment	993	(3,238)
Remeasurements of defined benefit plans	—	152
Share of other comprehensive income of entities accounted for using equity method	895	302
Total other comprehensive income	6,359	(93)
Comprehensive income	31,491	15,931
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	28,456	15,129
Comprehensive income attributable to minority interests	3,035	801

**(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 (Consolidated)**

Category	1 Q of FY 2014 (From April 1, 2013 to June 30, 2013)	1 Q of FY 2015 (From April 1, 2014 to June 30, 2014)	Change
Trucks and buses	41,206 units	40,190 units	(1,016 units)
Toyota brand vehicles	46,674 units	41,624 units	(5,050 units)

**(2) Actual Sales (Consolidated)**

Category	1 Q of FY 2014 (From April 1, 2013 to June 30, 2013)		1 Q of FY 2015 (From April 1, 2014 to June 30, 2014)		Change	
	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)
Japan	9,461	66,746	10,125	68,655	664	1,908
Overseas	28,640	126,879	24,606	100,578	(4,034)	(26,300)
Supplies and parts for overseas production	—	1,014	—	634	—	(379)
Total trucks and buses	38,101	194,639	34,731	169,868	(3,370)	(24,771)
Total Toyota brand vehicles	46,630	103,934	41,665	84,107	(4,965)	(19,826)
Japan	—	12,986	—	13,384	—	398
Overseas	—	9,892	—	11,419	—	1,526
Total service parts	—	22,879	—	24,804	—	1,925
Japan	—	36,045	—	37,364	—	1,318
Overseas	—	6,466	—	7,321	—	854
Toyota	—	49,900	—	41,755	—	(8,144)
Total others	—	92,412	—	86,441	—	(5,971)
Total net sales	—	413,866	—	365,221	—	(48,644)

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