

## Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2011 [Japanese standards] (Consolidated)



October 28, 2010

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 11, 2010

Scheduled Date of Dividend Payment Start: November 26, 2010

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, 2011 (April 1, 2010 – September 30, 2010)

#### (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 2011 | 605,701         | 54.3   | 16,417           | — | 13,488          | — | 5,844           | — |
| 2 Q of FY 2010 | 392,479         | (39.2) | (22,009)         | — | (25,742)        | — | (29,004)        | — |

|                | Net income per share |  | Diluted net income per share |  |
|----------------|----------------------|--|------------------------------|--|
|                | Yen                  |  | Yen                          |  |
| 2 Q of FY 2011 | 10.24                |  | 10.24                        |  |
| 2 Q of FY 2010 | (50.71)              |  | —                            |  |

#### (2) Consolidated Financial Position

|                | Total assets    | Net assets      | Equity ratio | Net assets per share |
|----------------|-----------------|-----------------|--------------|----------------------|
|                | Millions of yen | Millions of yen | %            | Yen                  |
| 2 Q of FY 2011 | 737,427         | 227,107         | 28.1         | 363.20               |
| FY 2010        | 777,809         | 227,717         | 26.8         | 364.88               |

(Reference) Equity capital: 2 Q of FY 2011: ¥206,986 million FY 2010: ¥208,418 million

#### 2. Dividends

| (Record date)      | Dividends per share |      |     |          |        |
|--------------------|---------------------|------|-----|----------|--------|
|                    | 1Q                  | 2Q   | 3Q  | Year-end | Annual |
|                    | Yen                 | Yen  | Yen | Yen      | Yen    |
| FY 2010            | —                   | 0.00 | —   | 2.00     | 2.00   |
| FY 2011            | —                   | 2.00 | —   | —        | —      |
| FY 2011 (forecast) | —                   | —    | —   | 3.00     | 5.00   |

(Note) Amendment to the dividends forecast during the current quarter: None

#### 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2011 (April 1, 2010 – March 31, 2011)

(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 2011 | 1,200,000       | 17.2 | 25,000           | — | 20,000          | — | 8,000           | — | 14.03                |

(Note) Amendment to the forecast of consolidated financial results during the current quarter: Yes

4. Others (For details, please see “2. Other information” on page 3 of “Appendix.”)

(1) Changes in important subsidiaries during the current term: None

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

(Note) Whether or not specified subsidiaries were changed resulting in the changes in scope of consolidation during the current term.

(2) Application of simplified accounting methods/specified accounting methods: Yes

(Note) Whether or not the simplified accounting methods or the accounting methods exclusively for producing quarterly consolidated financial statements was applied.

(3) Changes in accounting principles, procedures and methods:

1) Changes associated with revisions of accounting standards: Yes

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

(Note) Whether or not accounting principles, procedures and methods of presentation associated with preparation of consolidated financial statements were changed. These are indicated in Changes in the Basis for the Preparation of Quarterly Consolidated Financial Statements.

(4) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock) at end of term: 2 Q of FY 2011: 574,580,850 shares; FY 2010: 574,580,850 shares

2) Number of treasury stock at end of term: 2 Q of FY 2011: 4,680,545 shares; FY 2010: 3,384,307 shares

3) Average number of shares (quarterly consolidated cumulative period): 2 Q of FY 2011: 570,769,626 shares; 2 Q of FY2010:572,019,294 shares

\* Indication regarding the implementation status of the quarterly review procedure

- This financial results is exempted from the quarterly review procedure based on the Financial Instruments and Exchange Act, and the review procedure of the quarterly financial statement based on the Financial Instruments and Exchange Act is not completed at the time of disclosure of this financial results.

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

- Fiscal year 2011 full year financial forecasts, disclosed on July 28, 2010 is revised with this report.
- 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 2, “1. Qualitative Information Regarding the Financial Performance (3) Qualitative Information on Forecast of Consolidated Financial Results.”

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\* We are scheduled to hold an investor conference for mass media and analyst as following. It is scheduled to post the documentation delivered at this investor conference on our Webpage as soon as possible after disclosing this financial results.

- October 28, 2010.....Investor conference for mass media and analysts

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

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

For the Japanese domestic market of heavy- and medium-duty trucks, total demand for the second quarter of the current fiscal year increased to 26 thousand units by 8 thousand units (46.4%) from the same period of the previous year, due to improvement of the company earnings and other factors. Also with the light-duty truck market, it has totaled to 26 thousand units, which was an increase of 4 thousand units (19.6%) compared to second quarter of previous year.

Total Japan unit sales for trucks and buses increased to 13 thousand units, an increase of 2 thousand units (18.7%) compared to second quarter of previous year, due to the previously mentioned increase in demand.

For the overseas market, unit sales of trucks and buses increased to 38 thousand units, an increase of 14 thousand units (58.4%) compared to second quarter of previous year, due to the recovery of the international economy.

Accordingly, total unit sales of Hino Brand trucks and buses were 51 thousand units, an increase of 16 thousand units (45.9%) compared to second quarter of previous year.

For the vehicle production commissioned by Toyota Motor Corporation, total production was 81 thousand units, which is an increase of 42 thousand units (2.1 times) compared to second quarter of previous year, as a result of increase of production of "Land Cruiser Prado," mainly targeted for Asia, Middle East, and Oceania regions.

With the above fact, net sales reached ¥605,701 million, which was an increase of ¥213,221 million (54.3%) from the same period of the previous year. For income and loss, due to the increase in net sales, operating income reached ¥16,417 million, ordinary income reached ¥13,488 million, and net income reached ¥5,844 million, which is increase in all area compared to second quarter of previous year, converting the deficit to credit balance.

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

Total assets at the end of the second quarter of the current fiscal year decreased by ¥40,382 million to ¥737,427 million compared to the end of last fiscal year. This is because of decrease of ¥14,672 million in accounts receivable due to decrease of Japan unit sales of trucks and busses compared to end of previous fiscal year, decline of ¥14,828 million in tangible fixed assets, and the decline of ¥5,215 million in investment securities, mainly due to the drop in stock prices.

Liabilities decreased by ¥39,772 million to ¥510,319 million compared to end of last previous year. This is due to decrease of ¥6,446 million in the accounts payable due to decline of production compared to end of last fiscal year, and decrease of ¥33,100 million in the interest-bearing liabilities.

Net asset decreased by ¥609 million to ¥227,107 million compared to end of previous fiscal year. Even with the net income has reaching ¥5,844 million, unrealized gain on available-for-sale securities reduced ¥2,869 million due to drop in stock prices, and cumulative translation adjustments decreased ¥2,802 million.

### (3) Qualitative Information on Forecast of Consolidated Financial Results

We have revised consolidated financial results forecast for full fiscal year 2011, considering the changes in business environment such as the vehicle production commissioned by Toyota Motor Corporation and sales trend of our trucks and busses in the overseas markets.

|   |                      |
|---|----------------------|
| Net sales.....                                | ¥ 1,200 billion      |
| Operating income .....                        | ¥25 billion          |
| Japan unit sales of trucks and buses.....     | 28.0 thousand units  |
| Overseas unit sales of trucks and buses ..... | 78.0 thousand units  |
| Production of Toyota brand vehicles .....     | 162.0 thousand units |

## 2. Other information

(1) Outline of changes in important subsidiaries

None.

(2) Outline of simplified accounting methods/specified accounting methods

1. Simplified accounting methods

Calculation method for corporate income taxes, deferred tax assets and deferred tax liabilities.

Payable corporate income taxes are calculated by a method, which limits the add/subtract items and tax credit items to the important ones only.

The collectability of deferred tax assets is evaluated by the method, which takes into account the projected future financial results and tax planning, coupled with variations in significant transient changes from the end of the previous consolidated fiscal year.

(3) Outline of changes in accounting principles/procedures and method of presentation

1. Changes in items regarding the account processing standards

(1) Application of Accounting Standard for Asset Retirement Obligations

“Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) are applied from first quarter of the year under review.

Accordingly, net income before income taxes and minority interests decreased ¥1,099 million. The effect against the operating income and the ordinary income is minimal.

(2) Application of “Accounting Standard for Equity Method of Accounting for Investments” and “Practical Solution of Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”

“Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, March 10, 2008) and “Practical Solution of Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (PITF No. 24, March 10, 2008) are applied from first quarter of the year under review.

There is no effect on the income and loss due to this.

## 3. Quarterly Consolidated Financial Statements

## (1) Quarterly consolidated balance sheets

(Millions of yen)

|  | Second Quarter of FY 2011<br>(As of September 30, 2010) | FY 2010<br>(As of March 31, 2010) |
|--|---|-----------------------------------|
| <b>Assets</b>                                |   |                                   |
| Current assets                               |   |                                   |
| Cash and deposits                            | 21,176  | 30,659                            |
| Trade notes and accounts receivable          | 188,171   | 202,844                           |
| Merchandise and finished goods               | 53,423  | 50,131                            |
| Work in progress                             | 21,811  | 18,571                            |
| Raw materials and supplies                   | 25,848  | 23,758                            |
| Others                                       | 31,094  | 33,197                            |
| Allowance for doubtful accounts              | (3,093)   | (3,224)                           |
| Total current assets                         | 338,431   | 355,937                           |
| Fixed assets                                 |   |                                   |
| Tangible fixed assets                        |   |                                   |
| Buildings and structures (net)               | 91,659  | 94,823                            |
| Machinery and transportation equipment (net) | 85,393  | 90,771                            |
| Land   | 90,373  | 90,473                            |
| Others (net)                                 | 34,702  | 40,890                            |
| Total tangible fixed assets                  | 302,129   | 316,958                           |
| Intangible fixed assets                      | 19,629  | 21,839                            |
| Investments and other assets                 |   |                                   |
| Investment securities                        | 63,905  | 69,121                            |
| Others                                       | 18,704  | 19,454                            |
| Allowance for doubtful accounts              | (5,373)   | (5,501)                           |
| Total investments and other assets           | 77,236  | 83,074                            |
| Total fixed assets                           | 398,995   | 421,872                           |
| Total assets                                 | 737,427   | 777,809                           |
| <b>Liabilities</b>                           |   |                                   |
| Current liabilities                          |   |                                   |
| Trade notes and accounts payable             | 171,059   | 177,505                           |
| Short-term loans payable                     | 78,302  | 105,598                           |
| Commercial papers                            | -   | 5,000                             |
| Current portion of long-term loans payable   | 42,727  | 6,679                             |
| Accrued income taxes                         | 4,436   | 3,128                             |
| Warranty allowance                           | 10,220  | 8,110                             |
| Other allowance                              | 3,516   | 3,577                             |
| Others                                       | 40,222  | 42,030                            |
| Total current liabilities                    | 350,483   | 351,629                           |
| Long-term liabilities                        |   |                                   |
| Long-term loans payable                      | 80,294  | 117,146                           |
| Accrued employees' retirement benefits       | 41,931  | 41,331                            |
| Other allowance                              | 1,709   | 2,034                             |
| Others                                       | 35,900  | 37,950                            |
| Total long-term liabilities                  | 159,835   | 198,463                           |
| Total liabilities                            | 510,319   | 550,092                           |

(Millions of yen)

|  | Second Quarter of FY 2011<br>(As of September 30, 2010) | FY 2010<br>(As of March 31, 2010) |
|--|---|-----------------------------------|
| Net assets                                       |   |                                   |
| Shareholders' equity                             |   |                                   |
| Common stock                                     | 72,717  | 72,717                            |
| Additional paid-in capital                       | 64,327  | 64,327                            |
| Retained earnings                                | 70,615  | 65,983                            |
| Treasury stock                                   | (1,654)   | (1,149)                           |
| Total shareholders' equity                       | 206,006   | 201,879                           |
| Valuation and translation adjustments            |   |                                   |
| Unrealized gain on available-for-sale securities | 11,357  | 14,227                            |
| Deferred gain or loss on hedges                  | (35)  | (149)                             |
| Net unrealized gain on land revaluation          | 1,561   | 1,561                             |
| Cumulative translation adjustments               | (11,902)  | (9,100)                           |
| Total valuation and translation adjustments      | 980   | 6,539                             |
| Stock acquisition rights                         | 215   | 154                               |
| Minority interests                               | 19,904  | 19,144                            |
| Total net assets                                 | 227,107   | 227,717                           |
| Total liabilities and net assets                 | 737,427   | 777,809                           |

## (2) Quarterly consolidated statements of income

[Consolidated second quarters of FY2011 and FY 2010 (Cumulative)]

(Millions of yen)

|   | Second Quarter of FY 2010<br>(From April 1, 2009<br>to September 30, 2009) | Second Quarter of FY 2011<br>(From April 1, 2010<br>to September 30, 2010) |
|---|--|--|
| Net sales   | 392,479  | 605,701  |
| Cost of sales   | 353,654  | 521,932  |
| Gross profit on sales   | 38,825   | 83,769   |
| Selling, general and administrative expenses  |  |  |
| Salary and benefits   | 16,771   | 15,822   |
| Provision of accrued bonuses  | 1,820  | 1,821  |
| Provision of accrued retirement benefits  | 1,277  | 1,499  |
| Others  | 40,964   | 48,209   |
| Total selling, general and administrative expenses  | 60,834   | 67,351   |
| Operating income (loss)   | (22,009)   | 16,417   |
| Non-operating income  |  |  |
| Interest income   | 626  | 685  |
| Dividends income  | 534  | 764  |
| Gain on foreign exchange  | 555  | -  |
| Investment gain on equity method  | -  | 233  |
| Miscellaneous income  | 1,037  | 866  |
| Total non-operating income  | 2,754  | 2,550  |
| Non-operating expenses  |  |  |
| Interest expenses   | 2,172  | 1,928  |
| Loss on foreign exchange  | -  | 2,852  |
| Investment loss on equity method  | 3,419  | -  |
| Miscellaneous expenses  | 895  | 698  |
| Total non-operating expenses  | 6,487  | 5,480  |
| Ordinary income (loss)  | (25,742)   | 13,488   |
| Extraordinary income  |  |  |
| Gain on sale of fixed assets  | 122  | 35   |
| Reversal of allowance for doubtful accounts   | -  | 120  |
| Others  | 110  | 518  |
| Total extraordinary income  | 233  | 674  |
| Extraordinary losses  |  |  |
| Loss on sale or disposition of fixed assets   | 955  | 316  |
| Loss on adjustment for changes of accounting standard<br>for asset retirement obligations | -  | 1,090  |
| Others  | 334  | 246  |
| Total extraordinary losses  | 1,290  | 1,654  |
| Net income (loss) before income taxes and minority<br>interests                           | (26,799)   | 12,507   |
| Income taxes—current  | 1,290  | 4,703  |
| Income taxes—deferred   | 161  | (232)  |
| Total income taxes  | 1,452  | 4,470  |
| Income (loss) before minority interests   | -  | 8,037  |
| Minority interests income of consolidated subsidiaries                                    | 753  | 2,192  |
| Net income (loss)   | (29,004)   | 5,844  |



## (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 2010<br>(From April 1, 2009 to<br>September 30, 2009) | 2 Q of FY 2011<br>(From April 1, 2010 to<br>September 30, 2010) | Change       |
|-----------------------|---|---|--------------|
| Trucks and buses      | 31,409 units  | 55,184 units  | 23,775 units |
| Toyota brand vehicles | 38,308 units  | 80,585 units  | 42,277 units |

## (2) Actual sales

| Category   | 2 Q of FY 2010<br>(From April 1, 2009 to<br>September 30, 2009) |                             | 2 Q of FY 2011<br>(From April 1, 2010 to<br>September 30, 2010) |                             | Change              |                             |
|--|---|-----------------------------|---|-----------------------------|---------------------|-----------------------------|
|  | Quantity<br>(Units)   | Amount<br>(Millions of yen) | Quantity<br>(Units)   | Amount<br>(Millions of yen) | Quantity<br>(Units) | Amount<br>(Millions of yen) |
| Japan  | 10,927  | 83,306                      | 12,970  | 104,733                     | 2,043               | 21,426                      |
| Overseas   | 23,845  | 87,241                      | 37,762  | 142,875                     | 13,917              | 55,634                      |
| Supplies and parts for<br>overseas production          | –   | 406                         | –   | 815                         | –                   | 408                         |
| Total trucks and buses                                 | 34,772  | 170,954                     | 50,732  | 248,423                     | 15,960              | 77,469                      |
| Vehicles   | 38,308  | 65,837                      | 80,585  | 178,639                     | 42,277              | 112,802                     |
| Supplies and parts for<br>overseas production,<br>etc. | –   | 2,638                       | –   | 1,394                       | –                   | (1,244)                     |
| Total Toyota brand                                     | 38,308  | 68,476                      | 80,585  | 180,033                     | 42,277              | 111,557                     |
| Japan  | –   | 22,194                      | –   | 23,373                      | –                   | 1,179                       |
| Overseas   | –   | 10,192                      | –   | 12,953                      | –                   | 2,760                       |
| Total service parts                                    | –   | 32,387                      | –   | 36,327                      | –                   | 3,940                       |
| Japan  | –   | 54,443                      | –   | 67,066                      | –                   | 12,622                      |
| Overseas   | –   | 19,958                      | –   | 13,813                      | –                   | (6,144)                     |
| Toyota   | –   | 46,259                      | –   | 60,036                      | –                   | 13,776                      |
| Total others   | –   | 120,662                     | –   | 140,917                     | –                   | 20,255                      |
| Total net sales  | –   | 392,479                     | –   | 605,701                     | –                   | 213,221                     |

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