

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



July 26, 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: August 3, 2011

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, 2012 (April 1, 2011–June 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	%
1 Q of FY 2012	232,597	(21.0)	4,591	(47.1)	3,772	(47.0)	(4,885)	—
1 Q of FY 2011	294,539	77.9	8,679	—	7,117	—	3,108	—

(Note) Comprehensive Income: 1 Q of FY 2012: (¥5,011) million (- %) 1 Q of FY 2011: (¥1,057) million (- %)

	Net income per share		Diluted net income per share	
	Yen		Yen	
1 Q of FY 2012	(8.57)		—	
1 Q of FY 2011	5.44		5.44	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
1 Q of FY 2012	710,619		207,770		26.0	
FY 2011	722,145		216,438		26.6	

(Reference) Equity capital: 1 Q of FY 2012: ¥184,768 million FY 2011: ¥191,912 million

2. Dividends

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

(Note) Changes from the latest dividend forecast: None

The 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
2Q of FY 2012	560,000	(7.5)	11,000	(33.0)	9,000	(33.3)	(3,000)	—	(5.26)
FY 2012	1,350,000	8.6	35,000	21.1	31,000	23.7	12,000	—	21.06

(Note) Changes from the latest financial forecast: Yes

In the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2011,” published May 10, 2011, the consolidated earnings forecast for the second quarter of the FY2012 was not yet determined but has been finalized and is included in this report. Please see the “Notice About the Earnings Forecast (consolidated second quarter),” published today (July 26, 2011).

Regarding the Full-year Consolidated Earnings Forecast for the FY2012, there is no change from the “Notice Regarding Earnings Forecast,” published June 14, 2011.

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 3 of “Appendix”

(4) Number of outstanding shares (common stock)

- 1) Number of outstanding shares (including treasury stock) at end of term: 1 Q of FY 2012: 574,580,850 shares; FY 2011: 574,580,850 shares
- 2) Number of treasury stock at end of term: 1 Q of FY 2012: 4,685,025 shares; FY 2011: 4,683,083 shares
- 3) Average number of shares (quarterly consolidated cumulative period): 1 Q of FY 2012: 569,896,306 shares; 1 Q of FY2011:571,204,538 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.”

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

(1) Qualitative Information on Consolidated Operating Results

The Japanese domestic heavy- and medium-duty trucks market were affected by the Great East Japan Earthquake on March 11, 2011 and, as a result, the total demand decreased to 7 thousand units by 6 thousand units (-47.0%) compared to the first quarter in the previous year. The light-duty truck market also saw a decline with a total demand of 9 thousand units by 2 thousand units (-20.7%) compared to the first quarter in the previous year.

With the Great East Japan Earthquake negatively impacted the supply of parts resulting in fewer units being produced, the combined domestic unit sales of trucks and buses decreased to 5 thousand units by 1 thousand units (-16.7%) compared to the first quarter in the previous year.

The decrease in production volume has also affected the overseas market where the unit sales of trucks and buses decreased to 17 thousand units by 2 thousand units (-10.1%) compared to the first quarter of the previous year.

As a result of the above, total unit sales of Hino Brand trucks and buses decreased to 22 thousand units by 3 thousand units (-11.7%) as compared to the first quarter of the previous year.

The Great East Japan Earthquake also affected production of the “Land Cruiser Prado” which decreased resulting in a total production of vehicles for Toyota Motor Corporation of 22 thousand units by 17 thousand units (-43.6%) compared to the first quarter of the previous year.

As a result of the above, net sales were ¥ 232,597 million, which is a decrease of ¥ 61,941 million (-21.0%) as compared to the first quarter of the previous year. We worked hard to increase profitability and decrease base costs but the decrease in sales, unexpected hike in material cost, and the strong yen resulted in a decrease in both operating income, which was ¥4,591 million (a decrease of ¥4,087 million compared to the first quarter of the previous year), and ordinary income, which was ¥3,772 million (a decrease of ¥3,344 million compared to the first quarter of the previous year). Further, disaster losses due to the Great East Japan Earthquake totaled ¥6,100 million in extraordinary loss resulting in a total loss for the quarter of ¥ 4,885 million (a decrease of ¥7,993 million compared to the first quarter of the previous year).

(2) Qualitative Information on Consolidated Financial Position

Total assets at the end of the current quarter decreased by ¥11,525 million to ¥710,619 million compared to the end of last year. This is due to a drop in domestic truck and bus sales compared to the end of last year which resulted in accounts receivable decreasing ¥7,365 million and tangible assets decreasing ¥4,284 million.

Liabilities decreased by ¥ 2,857 million to ¥502,848 million compared to the end of last year. This is due to both interest-bearing liabilities increasing ¥1,506 million and accounts payable decreasing ¥5,144 million.

Net assets decreased by ¥ 8,668 million to ¥ 207,770 million compared to the end of last year. This is due to retained earnings dividends paid out at ¥1,710 million and recording a net loss of ¥4,885 million this quarter.

(3) Qualitative Information on Forecast of Consolidated Financial Results

Since the Great East Japan Earthquake on March 11, 2011, operation capacity of manufacturing facilities was reduced for a while due to issues such as parts supply, but manufacturing operations have returned to normal, after the supply chain has almost recovered and a reduced energy consumption action plan in this summer has almost completed. Going forward, it is expected that demand in the domestic truck and bus market will increase, and that in the overseas market, emerging nations centered on Asia is expected to be steady.

Further, with regard to earning, we expect to see a loss due to the yen appreciation and the materials cost increase caused by the higher cost of resources. But we are working diligently to increase profits by focusing our efforts on adding new models to increase sales as well as moving forward with plans for cost improvement.

Based on the above, the current quarter's earnings forecast is as follows:

(Consolidated Earnings Forecast for the Second Quarter)	
Net sales	¥560,000 million
Operating income	¥11,000 million
Japan unit sales of trucks and buses	16.5 thousand units
Overseas unit sales of trucks and buses.....	41.0 thousand units
Production of Toyota brand vehicles	57.8 thousand units
(Consolidated Earnings Forecast for the Full Fiscal Year)	
Net sales	¥1,350,000 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	159.3 thousand units

In the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2011,” published May 10, 2011, the consolidated earnings forecast for the second quarter of the FY2012 was not yet determined but has been finalized and is included in this report. Please see the “Notice About the Earnings Forecast (consolidated second quarter),” published today (July 26, 2011).

Regarding the Full-year Consolidated Earnings Forecast for the FY2012, there is no change from the “Notice Regarding Earnings Forecast,” published June 14, 2011.

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 first quarter would be ¥5.44.

[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)	First Quarter of FY 2012 (As of June 30, 2011)
Assets		
Current assets		
Cash and deposits	33,929	18,328
Trade notes and accounts receivable	185,809	178,443
Merchandise and finished goods	48,400	60,282
Work in progress	26,169	24,815
Raw materials and supplies	19,952	23,814
Others	17,550	20,372
Allowance for doubtful accounts	(2,909)	(2,778)
Total current assets	328,901	323,279
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	88,999	87,657
Machinery and transportation equipment (net)	77,790	74,923
Land	90,363	90,198
Others (net)	38,217	38,307
Total tangible fixed assets	295,371	291,087
Intangible fixed assets	18,078	17,065
Investments and other assets		
Investment securities	65,946	65,521
Others	18,889	18,637
Allowance for doubtful accounts	(5,042)	(4,972)
Total investments and other assets	79,793	79,186
Total fixed assets	393,243	387,339
Total assets	722,145	710,619
Liabilities		
Current liabilities		
Trade notes and accounts payable	164,268	159,124
Short-term loans payable	68,239	64,738
Commercial papers	—	32,700
Current portion of long-term loans payable	42,997	41,267
Accrued income taxes	4,189	3,852
Warranty allowance	12,452	12,556
Other allowance	4,187	5,688
Others	50,817	51,582
Total current liabilities	347,151	371,508
Long-term liabilities		
Long-term loans payable	77,277	51,314
Provision for retirement benefits	43,019	43,237
Other allowance	1,880	1,498
Others	36,377	35,288
Total long-term liabilities	158,554	131,339
Total liabilities	505,706	502,848

(Millions of yen)

	FY 2011 (As of March 31, 2011)	First Quarter of FY 2012 (As of June 30, 2011)
Net assets		
Shareholders' equity		
Common stock	72,717	72,717
Additional paid-in capital	64,327	64,327
Retained earnings	53,589	46,993
Treasury stock	(1,658)	(1,659)
Total shareholders' equity	188,975	182,379
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,363	13,573
Deferred gains or losses on hedges	(40)	(3)
Revaluation reserve for land	1,560	1,560
Foreign currency translation adjustment	(11,947)	(12,741)
Total accumulated other comprehensive income	2,936	2,388
Subscription rights to shares	276	309
Minority interests	24,249	22,693
Total net assets	216,438	207,770
Total liabilities and net assets	722,145	710,619

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

[Quarterly consolidated statements of income]

[Consolidated first quarters of FY2012]

(Millions of yen)

	First Quarter of FY 2011 (From April 1, 2010 to June 30, 2010)	First Quarter of FY 2012 (From April 1, 2011 to June 30, 2011)
Net sales	294,539	232,597
Cost of sales	252,055	197,226
Gross profit on sales	42,484	35,370
Selling, general and administrative expenses		
Salary and benefits	7,926	8,559
Provision for bonuses	897	944
Provision for retirement benefits	691	736
Others	24,289	20,538
Total selling, general and administrative expenses	33,804	30,778
Operating income (loss)	8,679	4,591
Non-operating income		
Interest income	326	291
Dividends income	465	559
Investment gain on equity method	136	—
Miscellaneous income	467	770
Total non-operating income	1,396	1,621
Non-operating expenses		
Interest expenses	928	854
Loss on foreign exchange	1,681	621
Equity in losses of affiliates	—	671
Miscellaneous expenses	349	293
Total non-operating expenses	2,958	2,441
Ordinary income (loss)	7,117	3,772
Extraordinary income		
Gain on sale of fixed assets	6	47
Gain on sales of investment securities	87	—
Reversal of allowance for doubtful accounts	171	—
Others	282	12
Total extraordinary income	548	60
Extraordinary loss		
Loss on sale or disposition of fixed assets	186	117
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,090	—
Loss on disaster	—	6,100
Others	82	68
Total extraordinary loss	1,359	6,286
Income (loss) before income taxes and minority interest	6,305	(2,454)
Income taxes—current	2,282	2,315
Income taxes—deferred	(146)	(631)
Total income taxes	2,136	1,684
Income (loss) before minority interests	4,169	(4,138)
Minority interests income of consolidated subsidiaries	1,061	747
Net income (loss)	3,108	(4,885)

[Quarterly consolidated comprehensive income]
 [Consolidated first quarters of FY2012]

	First Quarter of FY 2011 (From April 1, 2010 to June 30, 2010)	First Quarter of FY 2012 (From April 1, 2011 to June 30, 2011)
Income (loss) before minority interests	4,169	(4,138)
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,139)	208
Deferred gains or losses on hedges	191	35
Foreign currency translation adjustment	(3,030)	(1,266)
Share of other comprehensive income of associates accounted for using equity method	(248)	148
Total other comprehensive income	(5,226)	(873)
Quarterly comprehensive income (Comprehensive income attributable to)	(1,057)	(5,011)
Comprehensive income attributable to owners of the parent	(1,638)	(5,433)
Comprehensive income attributable to minority interests	581	421

(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	1 Q of FY 2011 (From April 1, 2010 to June 30, 2010)	1 Q of FY 2012 (From April 1, 2011 to June 30, 2011)	Change
Trucks and buses	26,660 units	24,442 units	(2,218 units)
Commissioned vehicles	39,837 units	22,465 units	(17,372 units)

(2) Actual sales

Category	1 Q of FY 2011 (From April 1, 2010 to June 30, 2010)		1 Q of FY 2012 (From April 1, 2011 to June 30, 2011)		Change	
	Quantity (Units)	Amount (Millions of yen)	Quantity (Units)	Amount (Millions of yen)	Quantity (Units)	Amount (Millions of yen)
Japan	5,850	49,807	4,875	35,142	(975)	(14,665)
Overseas	18,762	69,912	16,862	65,503	(1,900)	(4,408)
Supplies and parts for overseas production	–	336	–	750	–	413
Total trucks and buses	24,612	120,055	21,737	101,396	(2,875)	(18,659)
Vehicles	39,837	88,530	22,466	48,135	(17,371)	(40,394)
Supplies and parts for overseas production, etc.	–	698	–	774	–	76
Total Toyota brand	39,837	89,229	22,466	48,910	(17,371)	(40,318)
Japan	–	11,325	–	11,166	–	(158)
Overseas	–	6,413	–	7,457	–	1,044
Total service parts	–	17,739	–	18,624	–	885
Japan	–	32,606	–	33,496	–	889
Overseas	–	6,589	–	7,835	–	1,245
Toyota	–	28,318	–	22,335	–	(5,983)
Total others	–	67,514	–	63,666	–	(3,848)
Total net sales	–	294,539	–	232,597	–	(61,941)

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