

ANNUAL REPORT 2014



SUZUKI MOTOR CORPORATION

FINANCIAL SECTION

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Management discussion and analysis

1. Operating results

(1) The operating results by segment

(a) Motorcycle

The net sales increased by ¥36.3 billion (15.8%) to ¥266.6 billion year-on-year, mainly owing to the impact of the exchange rate and launch of new large-displacement motorcycle V-Strom 1000 ABS in Europe. As for the operating income, the operating loss of ¥11.9 billion in the previous fiscal year became an operating income of ¥100 million, slightly turning into the black for the first time in six fiscal years, mainly owing to improvement in income of large displacement motorcycles.

(b) Automobile

The Japanese domestic net sales increased year-on-year as a result of expanding its sales and strengthening the products such as by improvement in fuel efficiency of the Alto Eco and launch of new-genre mini passenger car Hustler, in addition to great sales of the Spacia, as well as the impact of last-minute demand due to increase in consumption tax rate. As for the overseas, the net sales increased year-on-year mainly owing to increase in Europe, India, and Indonesia. As a result, the overall net sales of the automobile business increased by ¥317.9 billion (13.8%) to ¥2,615.7 billion year-on-year. The operating income increased by ¥28.7 billion (19.0%) to ¥179.3 billion year-on-year, mainly owing to improvement in export profit from Japan by the impact of the exchange rate and increase in income in Asia.

(c) Marine and Power products, etc.

The net sales increased by ¥5.8 billion (11.6%) to ¥56.0 billion year-on-year, mainly owing to increase in sales of outboard motors in Europe. The operating income increased by ¥2.4 billion (41.5%) to ¥8.3 billion year-on-year.

(2) The operating results by geographical areas

(a) Japan

The net sales increased by ¥149.6 billion (9.6%) to ¥1,701.7 billion year-on-year. The Company was able to increase sales by covering decrease in OEM sales with increase in sales of Suzuki brand vehicles, impact of the exchange rate and others. The operating income increased by ¥32.0 billion (31.2%) to ¥134.5 billion year-on-year because of improvement of export profit owing to the impact of the exchange rate and other causes.

(b) Europe

The net sales increased by ¥118.2 billion (45.8%) to ¥376.5 billion year-on-year owing to launch of C-segment crossover model SX4 S-CROSS, new large displacement motorcycle and other causes. The operating loss of ¥1.1 billion in the previous fiscal year became an operating income of ¥4.2 billion, turning into the black.

(c) Asia

The net sales increased by ¥194.4 billion (19.8%) to ¥1,175.4 billion year-on-year mainly owing to increased sales of automobiles in Indonesia and Thailand, impact of exchange rate and other causes. The operating income increased by ¥21.3 billion (56.1%) to ¥59.4 billion year-on-year.

(d) Other areas

The net sales decreased by ¥18.1 billion (10.7%) to ¥151.0 billion year-on-year owing to winding down of automobile marketing business in the United States and other causes. The operating income decreased by ¥2.9 billion (92.1%) to ¥200 million year-on-year.

(3) Selling, general and administrative expenses

In the current consolidated fiscal year, the amount of selling, general and administrative expenses increased by ¥93.3 billion (18.1%) to ¥607.8 billion year-on-year because of increase of sales expenses such as advertising expenses.

(4) Other income and expenses

In the current consolidated fiscal year, the net amount of other income and expenses was a gain of ¥9.3 billion, which increased by ¥14.5 billion year-on-year. This was mainly due to decrease of loss on liquidation of subsidiaries and affiliates from the previous fiscal year.

(5) Forecasts for the next fiscal year

As for the next fiscal year, by closely looking at the impact of recoil reduction of last-minute demand due to increase in consumption tax rate in Japan, and economic trends in emerging Asian markets such as India, Indonesia, and Thailand in overseas, The Group will work as one to reform in every field to accomplish more than the below forecasts for the consolidated operation by developing the business activity.

(Forecasts for the consolidated operating results-First Half)

Net Sales	¥1,400.0 billion	(up 2.2% year-on-year)
Operating income	¥91.0 billion	(up 0.8% year-on-year)
Net income	¥55.0 billion	(up 6.5% year-on-year)

(Forecasts for the consolidated operating results-Full Year)

Net Sales	¥3,000.0 billion	(up 2.1% year-on-year)
Operating income	¥188.0 billion	(up 0.1% year-on-year)
Net income	¥115.0 billion	(up 7.0% year-on-year)
Foreign exchange rates	100 yen/US\$, 135yen/Euro, 1.65yen/Indian Rupee 0.85yen/100Indonesian Rupiah, 3.10yen/Thai Baht	

* The forecasts for next fiscal year mentioned above are based on currently available information and assumptions, contain risks and uncertainty, and do not constitute guarantees of future achievement. Please note that the actual results may greatly vary by the changes of various factors. Those factors, which may influence the actual results, include economic conditions and the trend of demand in major markets and the fluctuation of foreign exchange rate (mainly US dollar/Yen rate, Euro/Yen rate and Indian Rupee/Yen rate).

2. Liquidity and capital resources

(1) Cash flow

Cash flow provided by operating activities for FY2013 amounted to ¥322.9 billion (¥190.1 billion was provided in the previous fiscal year), and ¥286.6 billion was used for the acquisition of property, plant and equipment etc. in the investment activities (¥210.6 billion was used in the previous fiscal year). As a result, free cash flow amounted to ¥36.3 billion of positive (¥20.5 billion of negative for the previous fiscal year). In financing activities, ¥2.8 billion was provided by net increase of short term loan and others (¥33.6 billion was used in the previous fiscal year).

As a result, the balance of cash and cash equivalents at the end of FY2013 amounted to ¥710.6 billion and increased by ¥49.5 billion from the end of previous fiscal year.

(2) Demand for money

During the current consolidated fiscal year, The Company and consolidated subsidiaries invested a total ¥213.6 billion of capital expenditures on various areas such as development of new model and research & development.

Capital expenditure project for the next fiscal year is ¥230.0 billion. The required fund will be covered mainly by our own funds.

3. Significant accounting policies

For information regarding significant accounting policies, please refer to the Notes to Consolidated Financial Statements.

* An amount less than 100 million yen has been rounded off in "Management discussion and analysis" section.

Five-Year Summary

SUZUKI MOTOR CORPORATION

CONSOLIDATED

Years ended March 31	Millions of yen (except per share amounts)					Thousands of US dollars (except per share amounts)
	2014	2013	2012	2011	2010	2014
Net sales	¥2,938,314	¥2,578,317	¥2,512,186	¥2,608,217	¥2,469,063	\$28,549,496
Net income.....	107,484	80,389	53,887	45,174	28,913	1,044,346
Net income per share:						
Primary	191.60	143.31	96.06	80.65	62.76	1.86
Fully diluted.....	191.57	131.67	88.28	74.11	55.26	1.86
Cash dividends per share.....	24.00	18.00	15.00	13.00	12.00	0.23
Net assets	1,494,357	1,298,553	1,111,757	1,106,999	1,089,757	14,519,602
Total current assets.....	1,790,832	1,560,218	1,509,568	1,372,885	1,479,336	17,400,238
Total assets	2,874,074	2,487,635	2,302,439	2,224,344	2,381,314	27,925,327
Depreciation and amortization....	117,188	93,680	103,117	138,368	141,846	1,138,639

NON-CONSOLIDATED

Years ended March 31	Millions of yen (except per share amounts)					Thousands of US dollars (except per share amounts)
	2014	2013	2012	2011	2010	2014
Net sales	¥1,498,853	¥1,422,595	¥1,383,269	¥1,409,205	¥1,286,633	\$14,563,284
Net income.....	67,219	36,405	15,846	10,834	7,086	653,119
Net income per share:						
Primary	119.81	64.89	28.25	19.34	15.38	1.16
Fully diluted.....	119.79	59.64	25.98	17.80	13.57	1.16
Cash dividends per share.....	24.00	18.00	15.00	13.00	12.00	0.23
Net assets	859,224	761,353	703,292	691,207	673,803	8,348,468
Total current assets.....	1,070,668	921,352	921,669	818,964	899,655	10,402,916
Total assets	1,850,068	1,641,700	1,597,903	1,524,232	1,625,023	17,975,787
Depreciation and amortization....	33,605	35,626	38,532	61,265	72,359	326,519

Note: Yen amounts are translated into US dollars for convenience only, at ¥102.92 = US\$1, the prevailing exchange rate as of March 31, 2014.

Consolidated Financial Statements

Consolidated Balance Sheets

As of March 31, 2014 and 2013

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of US dollars
	2014	2013	2014
ASSETS			
Current assets:			
Cash and cash equivalents *NOTE 4	¥ 710,611	¥ 661,102	\$ 6,904,498
Receivables:			
Notes and accounts receivables-trade *NOTE 4	310,694	253,237	3,018,792
Allowance for doubtful accounts.....	(4,804)	(5,076)	(46,681)
Inventories.....	276,285	261,380	2,684,468
Deferred tax assets.....	105,064	93,307	1,020,835
Other.....	392,982	296,266	3,818,325
Total current assets.....	<u>1,790,832</u>	<u>1,560,218</u>	<u>17,400,238</u>
Property, plant and equipment: *NOTE 5			
Land	238,532	211,512	2,317,650
Buildings and structures.....	385,797	368,706	3,748,513
Machinery, equipment, vehicles.....	1,120,381	1,067,477	10,885,946
Tools, furniture and fixtures.....	378,011	338,607	3,672,866
Construction in progress	96,560	79,075	938,212
	<u>2,219,283</u>	<u>2,065,378</u>	<u>21,563,189</u>
Accumulated depreciation	(1,524,862)	(1,456,918)	(14,816,000)
Total property, plant and equipment	<u>694,420</u>	<u>608,460</u>	<u>6,747,188</u>
Investments and other assets:			
Investment securities *NOTE 4	270,329	199,249	2,626,595
Investments in affiliates *NOTE 4	55,699	48,248	541,191
Assets for retirement benefits *NOTE 7	15,862	—	154,123
Deferred tax assets.....	20,924	36,179	203,309
Other.....	26,005	35,277	252,680
Total investments and other assets	<u>388,821</u>	<u>318,956</u>	<u>3,777,900</u>
Total assets.....	<u>¥2,874,074</u>	<u>¥2,487,635</u>	<u>\$27,925,327</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

	Millions of yen		Thousands of US dollars
	2014	2013	2014
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term loans payable ^{*NOTE 4}	¥ 197,413	¥ 171,790	\$ 1,918,122
Current portion of long-term loans payable ^{*NOTE 4 and 5}	38,748	35,299	376,487
Accounts payable-trade ^{*NOTE 4}	433,819	350,472	4,215,115
Income taxes payable	46,628	21,420	453,055
Accrued expenses ^{*NOTE 4}	171,274	155,519	1,664,151
Provision for product warranties.....	61,447	57,656	597,040
Provision for loss on liquidation of subsidiaries and affiliates....	—	5,521	—
Deferred tax liabilities	967	—	9,401
Other.....	106,634	86,935	1,036,093
Total current liabilities.....	<u>1,056,933</u>	<u>884,616</u>	<u>10,269,468</u>
Noncurrent liabilities:			
Long-term loans payable ^{*NOTE 4 and 5}	209,166	220,392	2,032,319
Provision for retirement benefits ^{*NOTE 7}	—	37,903	—
Liabilities for retirement benefits ^{*NOTE 7}	36,918	—	358,712
Provision for disaster	16,596	17,214	161,251
Deferred tax liabilities	29,179	111	283,515
Other.....	30,923	28,843	300,458
Total noncurrent liabilities	<u>322,783</u>	<u>304,464</u>	<u>3,136,257</u>
Total liabilities	<u>1,379,717</u>	<u>1,189,081</u>	<u>13,405,725</u>
Net assets:			
Shareholders' equity: ^{*NOTE 11}			
Capital stock:			
Common stock: Authorized-1,500,000,000 shares Issued, as of March 31, 2014 – 561,047,304.....	138,014	—	1,340,990
as of March 31, 2013 – 561,047,304.....	—	138,014	—
Capital surplus.....	144,364	144,364	1,402,689
Retained earnings	1,008,555	912,304	9,799,411
Treasury stock.....	(57)	(86)	(557)
Total shareholders' equity.....	<u>1,290,877</u>	<u>1,194,597</u>	<u>12,542,533</u>
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	104,745	58,888	1,017,739
Deferred gains or losses on hedges.....	131	1,687	1,276
Foreign currency translation adjustment	(72,898)	(108,218)	(708,306)
Accumulated adjustment for retirement benefits	3,867	—	37,582
Total accumulated other comprehensive income	<u>35,846</u>	<u>(47,642)</u>	<u>348,292</u>
Subscription rights to shares ^{*NOTE 14}	168	84	1,641
Minority interests	167,464	151,513	1,627,134
Total net assets	<u>¥1,494,357</u>	<u>¥1,298,553</u>	<u>\$14,519,602</u>
Commitments and contingent liabilities ^{*NOTE 15}			
Total liabilities and net assets.....	<u>¥2,874,074</u>	<u>¥2,487,635</u>	<u>\$27,925,327</u>

(Consolidated Statements of Comprehensive Income)

Years ended March 31, 2014 and 2013

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of US dollars
	2014	2013	2014
Income before minority interests	¥127,489	¥91,026	\$1,238,728
Other comprehensive income			
Valuation difference on available-for-sale securities	47,596	29,494	462,459
Deferred gains or losses on hedges.....	(1,196)	1,884	(11,626)
Foreign currency translation adjustment	27,555	51,812	267,739
Share of other comprehensive income of associates accounted for using equity method.....	7,504	3,672	72,915
Change in equity.....	—	6,595	—
Total other comprehensive income ^{*NOTE 12}	81,459	93,459	791,488
Comprehensive income	208,949	184,485	2,030,216
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent	187,105	168,188	1,817,966
Comprehensive income attributable to minority interests	21,844	16,297	212,250

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2014 and 2013

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen							
	Thousands of shares of common stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total other comprehensive income	Subscription rights to shares	Minority interests
Balance as of March 31, 2012	561,047	¥138,014	¥144,364	¥834,296	¥(81)	¥(128,845)	¥—	¥124,009
Dividends from surplus..	—	—	—	(8,976)	—	—	—	—
Change in equity.....	—	—	—	6,595	—	—	—	—
Net income.....	—	—	—	80,389	—	—	—	—
Purchase of treasury stock.....	—	—	—	—	(5)	—	—	—
Net changes of items other than shareholders' equity.....	—	—	—	—	—	81,203	84	27,504
Balance as of March 31, 2013	561,047	¥138,014	¥144,364	¥912,304	¥(86)	¥(47,642)	¥84	¥151,513
Dividends from surplus..	—	—	—	(11,220)	—	—	—	—
Net income.....	—	—	—	107,484	—	—	—	—
Purchase of treasury stock.....	—	—	—	—	(5)	—	—	—
Disposal of treasury stock.....	—	—	(13)	—	35	—	—	—
Transfer of loss on disposal of treasury stock	—	—	13	(13)	—	—	—	—
Net changes of items other than shareholders' equity.....	—	—	—	—	—	83,488	83	15,950
Balance as of March 31, 2014	561,047	¥138,014	¥144,364	¥1,008,555	¥(57)	¥35,846	¥168	¥167,464
	Thousands of US dollars							
	Thousands of shares of common stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total other comprehensive income	Subscription rights to shares	Minority interests
Balance as of March 31, 2013	561,047	\$1,340,990	\$1,402,689	\$8,864,214	\$(843)	\$(462,908)	\$825	\$1,472,150
Dividends from surplus..	—	—	—	(109,022)	—	—	—	—
Net income.....	—	—	—	1,044,346	—	—	—	—
Purchase of treasury stock.....	—	—	—	—	(54)	—	—	—
Disposal of treasury stock.....	—	—	(128)	—	341	—	—	—
Transfer of loss on disposal of treasury stock	—	—	128	(128)	—	—	—	—
Net changes of items other than shareholders' equity.....	—	—	—	—	—	811,201	815	154,984
Balance as of March 31, 2014	561,047	\$1,340,990	\$1,402,689	\$9,799,411	\$(557)	\$348,292	\$1,641	\$1,627,134

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Years ended March 31, 2014 and 2013

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of US dollars
	2014	2013	2014
Cash flows from operating activities			
Income before income taxes.....	¥197,090	¥139,403	\$1,914,987
Depreciation and amortization	117,188	93,680	1,138,639
Impairment loss	1,029	458	10,000
Increase (decrease) in provision for loss on liquidation of subsidiaries and affiliates	(5,521)	5,521	(53,648)
Increase (decrease) in allowance for doubtful accounts	(699)	44	(6,798)
Interest and dividends income.....	(18,441)	(19,550)	(179,178)
Interest expenses	6,158	5,510	59,839
Foreign exchange losses (gains).....	6,718	670	65,278
Equity in (earnings) losses of affiliates.....	115	(664)	1,119
Loss (gain) on valuation of securities	44	3,849	428
Loss (gain) on sales of investment securities.....	(17)	—	(167)
Loss (gain) on sales of property, plant and equipment ...	(290)	200	(2,823)
Decrease (increase) in notes and accounts receivable-trade	(49,559)	10,247	(481,530)
Decrease (increase) in inventories	(10)	(3,029)	(101)
Increase (decrease) in notes and accounts payable-trade	72,664	(8,142)	706,030
Increase (decrease) in accrued expenses	12,680	11,608	123,207
Other, net.....	12,621	(30,049)	122,633
Subtotal	351,772	209,759	3,417,917
Interest and dividends income received	18,999	19,466	184,601
Interest expenses paid	(5,646)	(5,211)	(54,861)
Income taxes paid	(42,209)	(33,957)	(410,119)
Net cash provided by (used in) operating activities	322,915	190,057	3,137,537
Cash flows from investing activities			
Payments into time deposits	(77,477)	(32,908)	(752,797)
Proceeds from withdrawal of time deposits.....	38,842	41,603	377,409
Purchases of short-term investment securities	(209,912)	(113,726)	(2,039,567)
Proceeds from sales of short-term investment securities	165,156	64,127	1,604,705
Purchases of property, plant and equipment	(204,739)	(163,929)	(1,989,302)
Proceeds from sales of property, plant and equipment...	4,421	3,505	42,956
Purchases of investment securities	(2,712)	(4,002)	(26,356)
Proceeds from sales of investment securities	623	—	6,059
Payments of loans receivable	(1,086)	(436)	(10,556)
Collection of loans receivable	555	673	5,392
Other, net.....	(230)	(5,465)	(2,235)
Net cash provided by (used in) investing activities	(286,559)	(210,559)	(2,784,292)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable.....	24,691	(8,603)	239,907
Proceeds from long-term loans payable	30,000	190,482	291,488
Repayment of long-term loans payable	(38,488)	(54,708)	(373,966)
Redemption of bonds.....	—	(149,975)	—
Purchase of treasury stock.....	(5)	(5)	(54)
Cash dividends paid	(11,219)	(8,975)	(109,012)
Cash dividends paid to minority shareholders.....	(2,133)	(1,814)	(20,727)
Other, net.....	(35)	(32)	(340)
Net cash provided by (used in) financing activities	2,809	(33,632)	27,295
Effect of exchange rate changes on cash and cash equivalents	10,342	4,706	100,495
Net increase (decrease) in cash and cash equivalents	49,508	(49,427)	481,035
Cash and cash equivalents at beginning of period	661,102	710,530	6,423,463
Cash and cash equivalents at end of period *NOTE 10	¥710,611	¥661,102	\$6,904,498

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Notes to Consolidated Financial Statements

NOTE 1: Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of Suzuki Motor Corporation (The Company), consolidated Subsidiaries, and Affiliates (The Group) have been prepared on the basis of generally accepted accounting principles and practices in Japan, and the consolidated financial statements were filed with the Financial Services Agency as required by the Financial Instruments and Exchange Act of Japan.

The preparation of the consolidated financial statements requires the management to select and adopt accounting standards and make estimates and assumptions that affect the reported amount of assets and liabilities, revenue and expenses, and the corresponding methods of disclosure.

As such, the management's estimates are made reasonably based on historical results. But due to the inherent uncertainty involved in making estimates, actual results could differ from these estimates.

For the convenience of readers outside Japan, certain reclassifications and modifications have been made to the original consolidated financial statements.

As permitted, an amount of less than one million yen has been omitted. For the convenience of readers, the consolidated financial statements, including the opening balance of shareholders' equity, have been presented in US dollars by translating all Japanese yen amounts on the basis of 102.92 to US\$1, the rate of exchange prevailing as of March 31, 2014. Consequently, the totals shown in the consolidated financial statements (both in yen and in US dollars) do not necessarily agree with the sum of the individual amounts.

NOTE 2: Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements for the years ended March 31, 2014 and 2013, include the accounts of The Group. And the numbers of consolidated subsidiaries are 133 and 135 respectively. All significant inter-company accounts and transactions are eliminated in consolidation. Investments in affiliated companies are accounted for by the equity method.

The difference at the time of acquisition between the cost and underlying net equity of investments in consolidated subsidiaries (goodwill) and in affiliated companies accounted for under the equity method is, as a rule, amortized on a straight-line basis over a period of five years after appropriate adjustments.

The account settlement date of 28 consolidated subsidiaries is December 31, but Magyar Suzuki Corporation Ltd. and 4 others are consolidated based on the financial statements of provisional account settlement as of March 31. Other 23 subsidiaries are consolidated with the financial statements based on their respective account settlement date.

The account settlement date of other consolidated subsidiaries is the same as the consolidated account settlement date.

(b) Allowance for doubtful accounts

In order to allow for loss from bad debts, estimated uncollectible amount based on actual ratio of bad debt is appropriated as to general receivable. As for specific receivable with higher default possibility, recoverable amount is estimated respectively and uncollectible amount is appropriated.

(c) Allowance for investment loss

The differences between the book value and the fair value of securities and investment not quoted at an exchange are determined and appropriated as reserve in order to allow for losses from these investments.

(d) Provision for product warranties

The provision is appropriated into this account based on the warranty agreement and past experience in order to allow for expenses related to the maintenance service of products sold.

(e) Provision for directors' bonuses

In order to defray bonuses for directors and company auditors, estimated amount of such bonuses is appropriated.

(f) Provision for loss on liquidation of subsidiaries and affiliates

Reasonably estimated amount is appropriated for anticipated loss caused by liquidation and restructuring of businesses operated by subsidiaries and affiliates.

(g) Provision for directors' retirement benefits

The amount to be paid at the end of fiscal year had been posted pursuant to The Company's regulations on the retirement allowance of Directors and Company Auditors. However, The Company's retirement benefit system for them was abolished at the closure of the Ordinary General Meeting of Shareholders held on June 2006. And it was approved at Ordinary General Meeting of Shareholders that reappointed Directors and Company Auditors were paid their retirement benefit at the time of their retirement, based on their years of service. Estimated amount of such retirement benefits is appropriated at the end of the current consolidated fiscal year. Furthermore, for the Directors and Company Auditors of some consolidated subsidiaries, the amount to be paid at the end of the year was posted pursuant to their regulation on the retirement allowance of Directors and Company Auditors.

(h) Provision for disaster

Reasonably estimated amount is appropriated for anticipated loss mainly caused by relocation of plants and facilities located in the Ryuyo Region in Iwata City, Shizuoka Prefecture where massive tsunami damages caused by Tokai and Tonankai Earthquake are anticipated.

(i) Provision for product liabilities

With regards to the products exported to North American market, to prepare for the payment of compensation, not covered by "Product Liability Insurance" the anticipated amount to be borne by The Group is computed and provided on the basis of actual results in the past.

(j) Provision for recycling expenses

The provision is appropriated for an estimated expense related to the recycle of products of The Company based on actual sales.

(k) Short-term investment securities and Investment securities

The Company and its subsidiaries hold securities of listed companies, which have a risk of price fluctuations, and non-listed companies whose stock prices are difficult to be evaluated.

If we judge the decline in investment value is not temporary, we recognize revaluation loss based on the reasonable standard. If the stock market falls, we may incur significant loss on valuation of securities.

Securities have to be classified into four categories: trading securities; held-to-maturity debt securities; investments of The Company in equity securities issued by consolidated subsidiaries and affiliates; and available-for-sale securities.

According to this classification, securities held by The Company and its subsidiaries are available-for-sale securities. Available-for-sale securities for which market quotations are available are stated at market value method based on the market values as of the consolidated account settlement date (The evaluation differences shall be reported as other comprehensive income, and sales costs shall be calculated mainly by the moving average method).

Available-for-sale securities for which market quotations are unavailable are stated at cost by a moving average method.

(l) Hedge accounting

Gains or losses arising from changes in fair value of the derivatives designated as "hedging instruments" are deferred until the gains and losses on the hedged items or transactions are recognized.

If foreign currency forward contracts meet certain criteria, exceptional hedge accounting is applied and these contracts are handled together with hedged items.

The derivatives designated as hedging instruments by The Company and its subsidiaries are principally forward exchange contracts, interest swaps and cross currency interest rate swaps. The related hedged items are foreign currency denominated transaction and borrowings.

The Company and its subsidiaries have a policy to utilize the above hedging instruments in order to reduce our exposure to the risk of interest rate and foreign exchange fluctuation. Thus, our purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items. The Company and its subsidiaries evaluate effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

(m) Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net income or loss for the period. Assets and liabilities of the foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the balance sheet date.

The components of net assets are translated into Japanese yen at their historical rates. Profit and loss accounts for the fiscal year are translated into Japanese yen using the average exchange rate during the fiscal year. Differences in yen amounts arising from the use of different rates are presented as "foreign currency translation adjustments" and "minority interests" in the net assets.

(n) Inventories

Stated at cost mainly determined by the gross average method (Figures on the consolidated balance sheet are measured by the method of book devaluation based on the reduction of profitability).

(o) Method of depreciation and amortization of significant depreciable assets

a. Property, plant and equipment (excluding lease assets)

..... Mainly declining balance method for The Company and domestic subsidiaries and mainly straight-line method for foreign subsidiaries.

Main durable years are as follows:

Buildings and structures 3 to 75 years

Machinery, equipment and vehicles 3 to 15 years

b. Intangible assets (excluding lease assets)

..... Straight-line method

c. Lease assets

Finance lease which transfer ownership

..... Straight-line method with the lease period as the durable years. As to lease assets with guaranteed residual value under lease agreement, remaining value is the guaranteed residual value. And as to other lease assets, remaining value would be zero.

(p) Income taxes

The provision for income taxes is computed based on the income before income taxes included in the consolidated statements of income. The assets and liability approach is adopted to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. In making a valuation for the possibility of collection of deferred tax assets, The Company and its subsidiaries estimate their future taxable income reasonably. If the estimated amount of future taxable income decrease, deferred tax assets may decrease and income taxes payment may be posted.

Consolidated tax payment has been applied to The Company and its domestic wholly owned subsidiaries since the year ended March 31, 2012.

(q) Retirement benefits

With regard to calculation of retirement benefit obligations, straight-line basis method was used to attribute expected benefit to period up to the end of this fiscal year. With regard to past service costs, they are treated as expense on a straight-line basis over the certain years within the period of average length of employees' remaining service years at the time when it occurs. As for the actuarial gain or loss, the amounts, prorated on a straight-line basis over the certain years within the period of average length of employees' remaining service years in each year in which the differences occur, are respectively treated as expenses from the next term of the year in which they arise.

Retirement benefit cost and retirement benefit obligation are calculated based on the actuarial assumptions, which include discount rate, assumed return of investment ratio, revaluation ratio, salary rise ratio, retirement ratio and mortality ratio. Discount rate is decided on the basis of yield on low-risk, long-term bonds, and assumed return of investment ratio is decided based on the investment policies of pension assets of each pension system etc.

Decreased yield on long-term bond leads to a decrease in discount rate and has an adverse influence on the calculation of retirement benefit cost. However, the pension system adopted by The Company has a cash balance type plan, and thus the revaluation ratio, which is one of the base ratios, can reduce adverse effects caused by a decrease in the discount rate.

If the investment yield of pension assets is less than the assumed return of investment ratio, it will have an adverse effect on the calculation of retirement benefit cost. But by focusing on low-risk investments, this influence should be minimal in the case of the pension fund systems of The Company and its subsidiaries.

(r) Net income per share

Primary net income per share is computed based on the weighted average number of shares issued during the respective years. Fully diluted net income per share is computed assuming that all stock options are exercised. Cash dividends per share are the amounts applicable to the respective periods including dividends to be paid after the end of the period.

(s) Cash and cash equivalents

All highly liquid investments with original maturities of three months or less when purchased are considered cash equivalents.

(t) Reclassification

Certain reclassifications of previously reported amounts are made to conform to current classifications.

NOTE 3: Changes in accounting principles and accounting estimates**(a) Application of accounting standard for retirement benefits**

Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No.26 of 17 May 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25 of 17 May 2012) has been applied since the end of this fiscal year. (Except body text stipulated in article 35 of the Accounting Standard for Retirement Benefits and article 67 of Guidance on Accounting Standard for Retirement Benefits) Pension assets are deducted from retirement benefit obligation and the net amount is recognized as liability for retirement benefits, and previously unrecognized actuarial gains or losses and past service costs are recognized as liabilities for retirement benefits.

In accordance with transitional accounting as stipulated in article 37 of the Accounting Standard for Retirement Benefits, the effect of the change in accounting policies arising from initial application is recognized in accumulated adjustments for retirement benefit within the accumulated other comprehensive income.

As a result, ¥15,862 million of assets for retirement benefits and ¥36,918 million of liabilities for retirement benefits were recognized, and Accumulated Other Comprehensive Income increased by ¥3,867 million, and minority interests decreased by ¥6 million.

(b) New accounting standards not yet applied

Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No.26 of 17 May 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25 of 17 May 2012)

a. Overview

The accounting methods for unrecognized actuarial gains or losses and past service costs as well as the calculation method for retirement benefit obligations and service costs and the enhancement of disclosure have been revised.

b. Application date

The revision of the calculation method for retirement benefit obligations and service costs will be applied from the beginning of the consolidated fiscal year on or after April 1, 2014. Since transitional handling has been specified in mentioned above accounting standard, the standard will not be applied retrospectively to the consolidated financial statements of prior periods.

c. Effect of applying accounting standard

The effect on the consolidated financial statements is being reviewed as of March 31, 2014.

NOTE 4: Financial Instruments**(a) Matters for conditions of financial instruments****a. Policy for financial instruments**

As for the fund management, The Group uses short-term deposits and short-term investment securities, and as for the fund-raising, The Group uses borrowings from financial institutions such as banks and issuance of bonds. The Group uses derivatives to hedge and manage the risks of interest-rates and exchange-rates fluctuations, and does not use derivatives for speculation purposes.

b. Type of financial instruments, risks and risk management

With respect to customers' credit risks from operating receivables such as notes and accounts receivables-trade, in order to mitigate the risks, The Group identifies credit standing of major counterparties and manages due date and receivable balance of each counterparty in line with our rules and regulations for credit control. The Group hedges risks of exchange-rate fluctuations from operating receivables denominated in foreign currency by forward exchange contract in principle. Investment securities are mainly stocks of companies with which The Group has business relationship, and as for listed stocks, The Group quarterly identifies those fair values and reports them to the Board of Directors.

Most of accounts payable-trade are due within one year.

Applications of borrowings are fund for operating capital (mainly short-term) and capital expenditures (long-term), and The Group uses interest-rate swaps for the interest rate risks of some long-term borrowings to fix interest expenses. Also, The Group uses cross currency interest rate swaps for fluctuation of exchange rate in repayment of principle and interest rate risk to fix cash flow. Objectives of derivative transactions are foreign currency forward contracts to hedge the risks of exchange-rate fluctuations related to receivables denominated in foreign currencies, interest rate swaps to hedge the risks of fluctuations in interest rate related to borrowings, and cross currency interest rate swaps to hedge the risk of fluctuation in exchange rate and interest rate related to borrowings. The Group executes and manages derivatives within the actual demand in line with our rules and regulations which set out the authority to trade. In addition, in using derivatives, The Group deals with financial institutions which have high credit grade in order to reduce credit risks. With respect to hedge accounting, also please see Note 2 (I).

In addition, each of The Group company manages liquidity risk related to accounts payable and borrowings by making a financial plan.

c. Supplement to fair values of financial instruments

Fair values of financial instruments include values based on quoted prices in active markets and values assessed by rational valuation techniques in case quoted prices are not available. Because the rational valuation techniques include variable factors, the results of valuation may differ when different assumption is applied.

(b) Matters for fair values of the financial instruments

Carrying amounts in the consolidated balance sheet, fair values and difference as of March 31, 2014 and 2013 were as follows. Financial instruments whose fair value cannot be reliably determined are not included in the below table.

Millions of yen

	2014			2013		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Cash and deposits	¥358,851	¥358,851	¥ —	¥279,009	¥279,009	¥ —
Notes and accounts receivables-trade	310,694	311,221	527	253,237	253,225	(12)
Short-term investment securities and Investment securities						
Available-for-sale securities	863,514	863,514	—	738,687	738,687	—
Investments in affiliates	513	252	(261)	513	357	(155)
Total of assets	1,533,573	1,533,838	265	1,271,448	1,271,279	(168)
Accounts payable-trade	433,819	433,819	—	350,472	350,472	—
Short-term loans payable	197,413	197,413	—	171,790	171,790	—
Current portion of long-term loans payable	38,748	38,779	(31)	35,299	35,313	(14)
Accrued expenses	171,274	171,274	—	155,519	155,519	—
Long-term loans payable	209,166	207,874	1,291	220,392	218,067	2,324
Total of liabilities	1,050,421	1,049,160	1,260	933,474	931,164	2,310
Derivatives						
Hedge accounting is applied	51	51	—	2,596	2,596	—
Hedge accounting is not applied	1,160	1,160	—	(1,845)	(1,845)	—

Thousands of US dollars

	2014		
	Carrying amount	Fair value	Difference
Cash and deposits	\$3,486,699	\$3,486,699	\$ —
Notes and accounts receivables-trade	3,018,792	3,023,913	5,121
Short-term investment securities and Investment securities			
Available-for-sale securities	8,390,152	8,390,152	—
Investments in affiliates	4,989	2,448	(2,541)
Total of assets	14,900,634	14,903,215	2,580
Accounts payable-trade	4,215,115	4,215,115	—
Short-term loans payable	1,918,122	1,918,122	—
Current portion of long-term loans payable	376,487	376,791	(304)
Accrued expenses	1,664,151	1,664,151	—
Long-term loans payable	2,032,319	2,019,765	12,553
Total of liabilities	10,206,195	10,193,946	12,249
Derivatives			
Hedge accounting is applied	504	504	—
Hedge accounting is not applied	11,280	11,280	—

(*): Assets or liabilities derived from derivatives are shown on a net basis and net liabilities are shown as ().

*1. Matters for methods used to measure fair values of financial instruments

Assets:

a. Cash and deposits

Because fair values of deposits are approximately equal to the book values, book values are used as fair values.

b. Notes and accounts receivables-trade

Fair values of sales finance receivables are calculated on the discount method by the expected rate applied to new loan contract, on each receivable classified into a certain term.

Notes and accounts receivables-trade except sales finance are settled in short term and those fair values are approximately equal to the book values. So book values are used as fair values.

c. Short-term investment securities and Investment securities

As to these fair values, fair values of stock are prices of exchanges. As to negotiable certificate of deposit and other types of securities, book values are used as fair values because they are settled in short term and those fair values are approximately equal to the book values.

Liabilities:

a. Accounts payable-trade, Short-term loans payable and Accrued expenses

Because these are settled in short term and those fair values are approximately equal to the book values, such book values are used.

b. Current portion of long-term loans payable and Long-term loans payable

These fair values are measured by discounting based on the estimated interest rates at which similar new loans with same amount of principal and interest could have been borrowed.

Derivatives:

Please refer to Note 4 (d) Derivative transactions.

*2. Financial instruments whose fair value cannot be reliably determined as of March 31, 2014 and 2013

	Millions of yen		Thousands of US dollars
	2014	2013	2014
Available-for-sale securities			
Unlisted stock other than stocks of affiliates	¥18,747	¥18,876	¥182,151
Unlisted stock of affiliates	17,077	16,569	165,928
Others	557	1,295	5,416

Those fair values cannot be reliably measured because market values are unavailable and future cash flows cannot be estimated. So they are not included in "short-term investment securities and investment securities".

*3. The amounts to be redeemed after the account settlement date of monetary receivables and available-for-sale securities

Millions of yen

	2014			2013		
	Within 1 year	Over 1 year, Within 5 years	Over 5 years, Within 10 years	Within 1 year	Over 1 year, Within 5 years	Over 5 years, Within 10 years
Cash and deposits	¥ 358,851	¥ —	¥ —	¥ 279,009	¥ —	¥ —
Notes and accounts receivables- trade	249,336	60,831	526	203,859	48,822	555
Securities and investment securities with maturities	612,489	—	—	559,609	—	—
Total	¥1,220,677	¥60,831	¥526	¥1,042,478	¥48,822	¥555

Thousands of US dollars

	2014		
	Within 1 year	Over 1 year, Within 5 years	Over 5 years, Within 10 years
Cash and deposits	\$ 3,486,699	\$ —	\$ —
Notes and accounts receivables- trade	2,422,623	519,052	5,116
Securities and investment securities with maturities	5,951,125	—	—
Total	\$11,860,449	\$519,052	\$5,116

(c) Securities

a. Available-for-sale securities with market value as of March 31, 2014 and 2013

	Millions of yen					
	2014			2013		
	Acquisition cost	Carrying Amount	Difference	Acquisition cost	Carrying Amount	Difference
Securities for which the carrying amount exceeds the acquisition costs						
Stocks.....	¥ 91,865	¥250,014	¥ 158,148	¥ 86,883	¥176,008	¥ 89,124
Bonds.....	—	—	—	—	—	—
Others.....	175,441	181,767	6,325	144,648	147,424	2,776
Sub-Total	¥267,307	¥431,782	¥ 164,474	¥231,531	¥323,432	¥ 91,901
Securities for which the carrying amount does not exceed the acquisition costs						
Stocks.....	¥ 1,928	¥ 1,567	¥ (361)	¥ 5,158	¥ 4,356	¥ (801)
Bonds.....	5,000	5,000	—	—	—	—
Others.....	425,164	425,164	—	410,898	410,898	—
Sub-Total	¥432,093	¥431,732	¥ (361)	¥416,056	¥415,255	¥ (801)
Total	¥699,401	¥863,514	¥164,113	¥647,588	¥738,687	¥91,099

	Thousands of US dollars		
	2014		
	Acquisition cost	Carrying Amount	Difference
Securities for which the carrying amount exceeds the acquisition costs			
Stocks.....	\$ 892,593	\$2,429,211	\$1,536,618
Bonds.....	—	—	—
Others.....	1,704,643	1,766,106	61,462
Sub-Total	\$2,597,237	\$4,195,318	\$1,598,080
Securities for which the carrying amount does not exceed the acquisition costs			
Stocks.....	\$ 18,739	\$ 15,231	\$ (3,507)
Bonds.....	48,581	48,581	—
Others.....	4,131,021	4,131,021	—
Sub-Total	\$4,198,342	\$4,194,834	\$ (3,507)
Total	\$ 6,795,579	\$ 8,390,152	\$1,594,573

b. Available-for-sale securities sold during 2014 and 2013

	Millions of yen		Thousands of US dollars
	2014	2013	2014
	Amounts sold	¥165,779	¥64,127
Gains on sales of available-for-sale securities	17	—	167
Loss on sales of available-for-sale securities	0	—	0

(d) Derivative transactions

The contract/notional amounts of derivatives which are shown in the below table do not represent The Group's exposure to market risk. As to fair values of derivatives which are shown in the below tables, commodity transactions are valued based on market price. Other transactions are valued based on the price offered by financial institutions.

a. Derivative transactions to which hedge accounting is not applied as of March 31, 2014 and 2013

Currency related transactions (non-market transactions)

Millions of yen

Type	2014				2013			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Foreign currency forward contracts								
Selling								
USD	¥ —	—	¥ —	¥ —	¥ 2,323	—	¥ 73	¥ 73
Buying								
USD	17,687	—	(142)	(142)	17,356	—	(6)	(6)
JPY	11,405	—	(262)	(262)	38,808	—	(2,772)	(2,772)
Total	¥29,093	—	¥(404)	¥(404)	¥58,488	—	¥(2,705)	¥(2,705)

Thousands of US dollars

Type	2014			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Foreign currency forward contracts				
Buying				
USD	\$171,861	—	\$(1,384)	\$(1,384)
JPY	110,819	—	(2,547)	(2,547)
Total	\$282,681	—	\$(3,932)	\$(3,932)

Cross currency interest rate swap transactions (non-market transactions)

Millions of yen

Type	2014				2013			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Pay fixed receive floating								
Pay PHP receive USD	¥1,200	¥ —	¥ 84	¥ 84	¥ —	¥ —	¥ —	¥ —
Pay floating receive floating								
Pay INR receive USD	7,153	4,769	1,536	1,536	6,537	6,537	762	762
Total	¥8,353	¥4,769	¥1,620	¥1,620	¥6,537	¥6,537	¥762	¥762

Thousands of US dollars

Type	2014			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Pay fixed receive floating				
Pay PHP receive USD	\$11,659	\$ —	\$ 822	\$ 822
Pay floating receive floating				
Pay INR receive USD	69,510	46,340	14,927	14,927
Total	\$81,169	\$46,340	\$15,750	\$15,750

Commodity-related transactions (market transactions)

Millions of yen

Type	2014				2013			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Commodity Futures contract Buying	¥4,545	—	¥(55)	¥(55)	¥7,592	—	¥97	¥97
Total	¥4,545	—	¥(55)	¥(55)	¥7,592	—	¥97	¥97

Thousands of US dollars

Type	2014			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Commodity Futures contract Buying	\$44,164	—	\$(537)	\$(537)
Total	\$44,164	—	\$(537)	\$(537)

Earthquake-related transactions

Fair values for derivative contract relating to earthquakes were not measured due to characteristic of instruments. So they are not accounted for at fair values.

b. Derivative transactions to which hedge accounting is applied as of March 31, 2014 and 2013

Currency related transactions

Principle hedged item: Account receivable-trade, account payable-trade and long-term debt

Millions of yen

Type	2014			2013		
	Contract/ notional amount	Amount due after one year	Fair value	Contract/ notional amount	Amount due after one year	Fair value
Foreign currency forward contracts (Principle hedge accounting)						
Selling						
USD	¥ 3,847	—	¥ (35)	¥22,369	—	¥ 745
EUR	1,367	—	(7)	18,902	—	(130)
CAD	80	—	0	1,583	—	(30)
AUD	3,265	—	(95)	2,941	—	(151)
NZD	1,256	—	(40)	515	—	(14)
GBP	221	—	(1)	522	—	(49)
MXN	827	—	(6)	832	—	(25)
Buying						
USD	70	—	2	1,498	—	(46)
EUR	7,225	—	(3)	2,304	—	(19)
JPY	—	—	—	7,200	—	(1,158)
Currency option transactions (Principle hedge accounting)						
Buying						
JPY	—	—	—	2,578	—	(356)
Foreign currency forward contracts (Exceptional hedge accounting)						
Selling						
USD	616	—	*	5,654	—	*
EUR	8,947	—	*	6,831	—	*
CAD	15	—	*	1,279	—	*
AUD	2,039	—	*	3,455	—	*
NZD	350	—	*	563	—	*
GBP	301	—	*	1,173	—	*
MXN	691	—	*	1,149	—	*
CNY	56	—	*	295	—	*
Buying						
USD	—	—	*	383	—	*
EUR	679	—	*	477	—	*
JPY	—	—	*	412	—	*
Total	¥31,862	—	¥(188)	¥82,925	—	¥(1,237)

Thousands of US dollars

Type	2014		
	Contract/ notional amount	Amount due after one year	Fair value
Foreign currency forward contracts (Principal hedge accounting)			
Selling			
USD	\$ 37,378	—	\$ (348)
EUR	13,285	—	(75)
CAD	786	—	4
AUD	31,732	—	(927)
NZD	12,207	—	(396)
GBP	2,152	—	(10)
MXN	8,043	—	(63)
Buying			
USD	689	—	27
EUR	70,203	—	(37)
Foreign currency forward contracts (Exceptional hedge accounting)			
Selling			
USD	5,985	—	*
EUR	86,940	—	*
CAD	154	—	*
AUD	19,817	—	*
NZD	3,406	—	*
GBP	2,932	—	*
MXN	6,722	—	*
CNY	545	—	*
Buying			
EUR	6,604	—	*
Total	\$309,588	—	\$(1,827)

* Because these foreign currency forward contracts are handled together with hedged items, their fair values are included in that of hedged items.

Cross currency interest rate swap transactions
Principal hedged item: long-term debt

Millions of yen

Type	2014			2013		
	Contract/ notional amount	Amount due after one year	Fair value	Contract/ notional amount	Amount due after one year	Fair value
Principle hedge accounting						
Pay fixed receive floating Pay JPY receive USD	¥121,243	¥121,243	¥ (73)	¥121,000	¥121,000	¥3,910
Pay fixed receive floating Pay IDR receive USD	3,782	2,319	2	1,896	675	(35)
Pay fixed receive floating Pay THB receive USD	12,940	12,940	311	—	—	—
Total	¥137,965	¥136,502	¥240	¥122,896	¥121,675	¥3,875

Thousands of US dollars

Type	2014		
	Contract/ notional amount	Amount due after one year	Fair value
Principle hedge accounting			
Pay fixed receive floating Pay JPY receive USD	\$1,178,031	\$1,178,031	\$ (718)
Pay fixed receive floating Pay IDR receive USD	36,753	22,535	26
Pay fixed receive floating Pay THB receive USD	125,730	125,730	3,024
Total	\$1,340,515	\$1,326,298	\$2,332

Commodity transactions
Principal hedged item: raw materials and supplies

Millions of yen

Type	2014			2013		
	Contract/ notional amount	Amount due after one year	Fair value	Contract/ notional amount	Amount due after one year	Fair value
Commodity futures contract (Principle hedge accounting)						
Buying	¥—	—	¥—	¥536	—	¥(41)
Total	¥—	—	¥—	¥536	—	¥(41)

NOTE 5: Short-term borrowings and long-term debt

Short-term borrowings as of March 31, 2014 and 2013 were as follows. The annual interest rates of short-term borrowings as of March 31, 2014 were from 0.24 percent to 12.25 percent.

	Millions of yen		Thousands of US dollars
	2014	2013	2014
Short-term loans payable and current portion of Long-term loans payable			
Secured	¥ —	¥ —	\$ —
Unsecured	236,161	207,090	2,294,609
Lease obligations due within one year	46	27	452
	<u>¥236,207</u>	<u>¥207,118</u>	<u>\$2,295,061</u>

Long-term debt as of March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of US dollars
	2014	2013	2014
Long-term loans payable maturing through 2019			
Secured	¥ 236	¥ 307	\$ 2,293
Unsecured	208,930	220,084	2,030,025
Lease obligations due more than one year	72	21	702
Other interest-bearing debts (Long-term guarantee deposited)	13,655	12,716	132,683
	<u>¥222,894</u>	<u>¥233,130</u>	<u>\$2,165,705</u>

As is customary in Japan, both short-term and long-term bank loans are subject to general agreements which provide that the banks may, under certain circumstances, request additional security for those loans, and may treat any security furnished to the banks, as well as cash deposited with them, as security for all present and future indebtedness.

The aggregate annual maturities of long-term debt, excluding other interest-bearing debt, outstanding as of March 31, 2014 were as follows:

Year ending March 31	Millions of yen	Thousands of US dollars
2016	¥ 95,383	\$ 926,775
2017	36,375	353,431
2018	77,475	752,777
2019	3	33
Thereafter.....	0	2
	<u>¥209,238</u>	<u>\$2,033,021</u>

Assets pledged as collateral as of March 31, 2014:

	Millions of yen	Thousands of US dollars
Property, plant and equipment	¥ 793	\$ 7,712
Other intangible assets	319	3,107
	<u>¥1,113</u>	<u>\$10,820</u>

Secured liabilities as of March 31, 2014:

	Millions of yen	Thousands of US dollars
Long-term loans payable.....	¥236	\$2,293
Others (noncurrent liabilities).....	529	5,144
	<u>¥765</u>	<u>\$7,438</u>

NOTE 6: Loan commitment

The Company has the commitment line contract with five banks for effective financing. The outstanding balance of this contract as of March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of US dollars
	2014	2013	2014
Commitment line contract total	¥200,000	¥200,000	\$1,943,256
Actual loan balance.....	—	—	—
Variance	<u>¥200,000</u>	<u>¥200,000</u>	<u>\$1,943,256</u>

NOTE 7: Retirement and severance benefit

(Year ended March 31, 2013)

(a) Outline of adopted retirement benefit systems

As for The Company, cash balance corporate pension plan and lump-sum retirement benefit plan are established. And as for some of consolidated subsidiaries, defined benefit corporate pension plan and lump-sum retirement benefit plan are established.

(b) Component of retirement benefit obligation as of March 31, 2013	Millions of yen
a. Retirement benefit obligation	¥(108,739)
b. Pension assets	83,842
c. Unfunded retirement benefit obligation (a+b)	¥ (24,897)
d. Unrecognized difference by an actuarial calculation	(810)
e. Unrecognized past service cost (decrease of liabilities)	(4,063)
f. Net amount in consolidated balance sheet (c+d+e)	(29,771)
g. Prepaid pension cost	8,131
h. Provision for retirement benefits (f-g)	¥ (37,903)

Remarks: 1) The premium retirement allowance paid on a temporary basis is not included.
2) Some of subsidiaries adopt simplified methods for the calculation of retirement benefits.

(c) Component of retirement benefit cost for year ended March 31, 2013

	Millions of yen
a. Service cost	¥5,214
b. Interest cost	2,101
c. Assumed return on investment	(699)
d. Amortized amount of actuarial difference	1,497
e. Amortized amount of past service cost	(734)
f. Retirement benefit cost (a+b+c+d+e)	¥7,379

Remarks: "a. Service cost" includes retirement benefits cost of some of subsidiaries calculated by simplified methods.

(d) Items related to the calculation standard for the retirement benefit obligation

a. Allocation method of the estimated amount of retirement benefits	: Straight-line basis
b. Discount rate	: Mainly 2.00%
c. Reassessment rate	: 1.50%
d. Assumed return of investment ratio	: Mainly 0.77%
e. Number of years for amortization of past service cost	: Mainly 15 years To be amortized by straight-line method with certain term within the employees' average remaining service years at the time when the difference was caused.
f. Number of years for amortization of actuarial difference	: Mainly 15 years To be amortized from the next fiscal year by straight-line method with certain term within the employees' average remaining service years at the time when the difference was caused.

(Year ended March 31, 2014)

1. Outline of adopted retirement benefit systems

As for The Company, cash balance corporate pension plan and lump-sum retirement benefit plan are established. And as for some of consolidated subsidiaries, defined benefit corporate pension plan and lump-sum retirement benefit plan are established. As for some foreign consolidated subsidiaries, defined contribution plan are established.

Some consolidated subsidiaries adopt simplified methods for the calculation of retirement benefits.

2. Defined benefit plan

(a) Reconciliation of retirement benefit obligation from the opening balance to the closing balance

	Millions of yen	Thousands of US dollars
Opening balance of retirement benefit obligation	¥108,739	\$1,056,548
Service cost	6,024	58,538
Interest cost	2,199	21,373
Actuarial differences arised in current fiscal year	(611)	(5,940)
Retirement allowance paid	(4,940)	(48,003)
Past service cost arised in current fiscal year	159	1,551
Others	(475)	(4,623)
Closing balance of retirement benefit obligation	¥111,096	\$1,079,445

(b) Reconciliation of pension assets from the opening balance to the closing balance

	Millions of yen	Thousands of US dollars
Opening balance of pension assets	¥83,842	\$814,639
Expected return on pension assets	825	8,022
Actuarial differences arised in current fiscal year	808	7,851
Contribution from employers	8,028	78,002
Retirement allowance paid	(3,512)	(34,127)
Others	48	468
Closing balance of pension assets	¥90,040	\$874,856

(c) Reconciliation between closing balance of retirement benefit obligation and pension assets and net amount of liability/asset for retirement benefits recognized in consolidated balance sheet

	Millions of yen	Thousands of US dollars
Defined benefit obligation of funded severance plan	¥82,668	\$803,232
Plan asset	(90,040)	(874,856)
	(7,371)	(71,623)
Defined benefit obligation of unfunded severance plan	28,427	276,212
Net amount of liability and asset for retirement benefits recognized in consolidated balance sheet	¥21,056	\$204,589
Liability for retirement benefits	¥36,918	\$358,712
Asset for retirement benefits	(15,862)	(154,123)
Net amount of liability and asset for retirement benefits recognized in consolidated balance sheet	¥21,056	\$204,589

(d) Breakdown of retirement benefit expenses

	Millions of yen	Thousands of US dollars
Service cost	¥6,024	\$58,538
Interest cost	2,199	21,373
Expected return on plan assets	(825)	(8,022)
Recognition of actuarial gain and losses	527	5,122
Amortization of past service cost	(636)	(6,182)
Others	(656)	(6,382)
Total amount of retirement benefit expenses for defined benefit plans	¥6,633	\$64,448

(e) Accumulated adjustment for retirement benefit

Breakdown of accumulated adjustment for retirement benefit recognized were as follows:

	Millions of yen	Thousands of US dollars
Unrecognized past service cost	¥3,276	\$31,837
Unrecognized actuarial gain and losses	2,742	26,642
Total	¥6,018	\$58,480

(f) Plan assets

a. Major breakdown of pension assets

Portion of major components to total pension assets were as follows:

Debt securities	51.1%
General account of life insurance companies	38.0%
Others	10.9%
Total	100.0%

b. Method to determine long-term expected return on plan assets

Expected return on pension assets were determined by considering the current and anticipated future portfolio of pension assets and current and anticipated future long-term performance of various asset classes that comprise pension assets.

(g) Actuarial assumptions

Discount rate	2.00%
Expected long-term return on pension assets	0.82%

3. Defined contribution plan

Contribution to defined contribution plan by The Company and consolidated subsidiaries is 216 million yen (2,104 thousand US dollars).

NOTE 8: Income taxes

Breakdown of deferred tax assets and deferred tax liabilities by their main occurrence causes were as follows:

	Millions of yen		Thousands of US dollars
	2014	2013	2014
Deferred tax assets			
Excess-depreciation and Impairment loss	¥ 59,105	¥ 68,083	\$ 574,283
Various reserves.....	39,548	41,433	384,268
Unrealized profits elimination	20,876	18,725	202,839
Loss on valuation of securities	12,254	12,648	119,071
Deferred assets and others.....	3,367	3,154	32,723
Others.....	82,757	76,845	804,095
Gross deferred tax assets total	217,910	220,892	2,117,283
Valuation allowance	(54,930)	(48,183)	(533,715)
Deferred tax assets total	¥162,980	¥172,708	\$1,583,567
Deferred tax liabilities			
Valuation difference on available-for-sale securities	¥(56,219)	¥ (30,468)	\$(546,247)
Variance from the complete market value method of consolidated subsidiaries	(5,243)	(5,167)	(50,948)
Reserve for advanced depreciation of noncurrent assets ...	(3,603)	(3,555)	(35,012)
Others.....	(2,071)	(4,140)	(20,131)
Deferred tax liabilities total	(67,138)	(43,332)	(652,340)
Net amounts of deferred tax assets.....	¥ 95,841	¥129,376	\$ 931,226

The differences between the statutory tax rate and the effective tax rate were summarized as follows:

	2014	2013
Statutory tax rate.....	37.2%	37.2%
Effect of change of tax rate	3.1%	2.7%
Tax credit.....	(3.3%)	(5.9%)
Tax rate difference (consolidated overseas subsidiaries)	(2.0%)	—%
Others.....	0.3%	0.7%
Effective tax rate	35.3%	34.7%

NOTE 9: Research and development costs

Research and development costs included in selling, general and administrative expenses, for the years ended March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of US dollars
	2014	2013	2014
Research and development costs.....	¥127,090	¥119,269	\$1,234,843

NOTE 10: Cash and cash equivalents

Cash and cash equivalents as of March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of US dollars
	2014	2013	2014
Cash and deposits	¥358,851	¥279,009	\$3,486,699
Short-term investment securities.....	612,489	559,609	5,951,125
Time deposits with maturities of over three months	(73,370)	(34,845)	(712,886)
Bonds etc. with redemption period of over three months	(187,359)	(142,670)	(1,820,440)
	¥710,611	¥661,102	\$6,904,498

NOTE 11: Net assets

The Companies Act of Japan requires that at least 50% of the contribution of new shares be included in capital stock. The portion to be recorded as capital stock is determined by resolution of the meeting of the Board of Directors. Proceeds in excess of the capital stock should be credited to "legal capital surplus".

The Companies Act provides that an amount equivalent to 10% of cash dividends should be appropriated as a legal capital surplus or legal retained earnings until total amount of them reaches a certain limit, defined as 25% of the capital stock.

The Companies Act allows both legal capital surplus and legal retained earnings to be transferred to the capital stock following the approval at an Ordinary General Meeting of Shareholders.

The legal retained earnings of The Company and its subsidiaries are included in "retained earnings" on the consolidated balance sheet and are not shown separately.

According to the Companies Act, the articles of incorporation allow to repurchase treasury stock and dispose of such treasury stock by resolution of meeting of the Board of Directors.

NOTE 12: Other comprehensive income

Other comprehensive income in the current consolidated fiscal year comprised were as follows:

	Millions of yen		Thousands of US dollars
	2014	2013	2014
Valuation difference on available-for-sale securities			
Unrealized loss (gain) arising during the period	¥73,280	¥48,141	\$ 712,011
Reclassification adjustment of unrealized gain (loss) through profit or loss	40	(3,305)	392
Before tax effect	73,320	44,835	712,404
Tax effect	(25,724)	(15,340)	(249,944)
Balance at the end of the period	¥47,596	¥29,494	\$ 462,459
Deferred gains or losses on hedges			
Unrealized loss (gain) arising during the period	¥ (4,119)	¥ 3,126	\$ (40,024)
Reclassification adjustment of unrealized gain (loss) through profit or loss	1,785	447	17,353
Before tax effect	(2,333)	3,573	(22,671)
Tax effect	1,136	(1,689)	11,044
Balance at the end of the period	¥ (1,196)	¥ 1,884	\$ (11,626)
Foreign currency translation adjustment			
Unrealized loss (gain) arising during the period	¥27,748	¥45,254	\$ 269,610
Reclassification adjustment of unrealized gain (loss) through profit or loss	(192)	6,557	(1,871)
Balance at the end of the period	¥27,555	¥51,812	\$ 267,739
Share of other comprehensive income of associates accounted for using equity method			
Unrealized loss (gain) arising during the period	¥ 7,504	¥ 3,672	\$ 72,915
Change in equity			
The amount arising during the period	¥ —	¥ 6,595	\$ —
Total other comprehensive income	¥81,459	¥93,459	\$ 791,488

NOTE 13: Cash dividends

	Resolution			
	Ordinary General Meeting of Shareholders held on June 27, 2013		Meeting of the Board of Directors held on November 1, 2013	
Total amount of cash dividends	¥5,610 million	\$54,510 thousand	¥5,610 million	\$54,511 thousand
Cash dividends per share	¥10.00	\$0.097	¥10.00	\$0.097
Record date	March 31, 2013		September 30, 2013	
Effective date	June 28, 2013		November 29, 2013	

Dividends which record date was in the current consolidated fiscal year and effective date was in the next fiscal year

	Resolution	
	Ordinary General Meeting of Shareholders held on June 27, 2014	
Total amount of cash dividends	¥7,854 million	\$76,317 thousand
Cash dividends per share	¥14.00	\$0.136
Record date	March 31, 2014	
Effective date	June 30, 2014	

NOTE 14: Stock option plan

The Company adopts stock option plan by using subscription rights to shares.

The plan was adopted at the Ordinary General Meeting of Shareholders and meeting of the Board of Directors held on June 28, 2012, June 27, 2013 and June 27, 2014 based on The Company Act of Japan.

The details of the plan were as follows:

1. Resolution date	June 28, 2012
2. Category and number of people to whom stock options are granted	10 Directors of The Company (excluding Outside Directors) 6 Managing Officers who do not concurrently serve as Directors
3. Class of shares that are the subject of subscription rights to shares	Common stock of The Company
4. Number of shares	74,000 shares
5. Amount to be paid for subscription rights to shares	1 yen per 1 share
6. Period during which subscription rights to shares can be exercised	From July 21, 2012 to July 20, 2042
7. Terms of exercise of subscription rights to shares	(1) A person who is allocated subscription rights to shares shall be able to exercise share subscription rights only up until 10th day (the next business day if the 10th day falls on a non-business day) from the day immediately following the date of resignation as The Company's Director as well as the Senior Managing Officer or Managing Officer without the role of Director being served concurrently. (2) If a person who is allocated subscription rights to shares was dead, heir may exercise the rights.
8. Matters relating to assignment of subscription rights to shares	The acquisition of subscription rights to shares by assignment shall require the approval of the Board of Directors of The Company.
9. Matters relating to subrogation payment	None

1. Resolution date	June 27, 2013
2. Category and number of people to whom stock options are granted	7 Directors of The Company (excluding Outside Director) 10 Senior Managing Officers and Managing Officers who do not concurrently serve as Directors
3. Class of shares that are the subject of subscription rights to shares	Same to the plan adopted at June 28, 2012
4. Number of shares	46,200 shares
5. Amount to be paid for subscription rights to shares	Same to the plan adopted at June 28, 2012.
6. Period during which subscription rights to shares can be exercised	From July 20, 2013 to July 19, 2043
7. Terms of exercise of subscription rights to shares	Same to the plan adopted at June 28, 2012
8. Matters relating to assignment of subscription rights to shares	Same to the plan adopted at June 28, 2012
9. Matters relating to subrogation payment	Same to the plan adopted at June 28, 2012

1. Resolution date	June 27, 2014
2. Category and number of people to whom stock options are granted	7 Directors of The Company (excluding Outside Director) 6 Managing Officers who do not concurrently serve as Directors
3. Class of shares that are the subject of subscription rights to shares	Same to the plan adopted at June 28, 2012
4. Number of shares	37,700 shares
5. Amount to be paid for subscription rights to shares	Same to the plan adopted at June 28, 2012.
6. Period during which subscription rights to shares can be exercised	From July 23, 2014 to July 22, 2044
7. Terms of exercise of subscription rights to shares	Same to the plan adopted at June 28, 2012
8. Matters relating to assignment of subscription rights to shares	Same to the plan adopted at June 28, 2012
9. Matters relating to subrogation payment	Same to the plan adopted at June 28, 2012

NOTE 15: Contingent liabilities

As of March 31, 2014 and 2013, The Company and some of consolidated subsidiaries had the contingent liabilities as follows:

	Millions of yen		Thousands of US dollars
	2014	2013	2014
Guarantee of indebtedness of affiliates and others	¥8,277	¥8,159	\$80,427
Trade notes discounted	—	51	—
	¥8,277	¥8,210	\$80,427

NOTE 16: Segment Information**1. Outline of reportable segments**

The reportable segments of The Company are the components of The Company business for which discrete financial information is available, and whose operating results are regularly reviewed by our decision-making body such as Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance.

The Group has three reportable segments of "Motorcycle", "Automobile" and "Marine and Power products, etc." based on the form of management organization and nature of products and services.

Main products and services of each segment are as follows:

Segment	Main products and services
Motorcycle	Motorcycles, All-terrain vehicles
Automobile	Minivehicles, Sub-compact vehicles, Standard-sized vehicles
Marine and Power products, etc.	Outboard motors, Engines for snowmobiles, etc., Electro senior vehicles, Houses

2. Methods of measurement for the amounts of net sales, profit or loss, assets and other items for each reportable segment

The accounting policies of the reportable segments are consistent to the description of the "Summary of significant accounting policies" (Note2).

3. Information about the amounts of net sales, profit or loss, assets and other items by reportable segment (Years ended March 31)

	Millions of yen				
	2014				
	Motorcycle	Automobile	Marine & Power products, etc.	Adjustment	Consolidated
Net Sales:					
Net sales to external customers ...	¥266,602	¥2,615,664	¥56,046	¥ —	¥2,938,314
Segment profit	105	179,296	8,346	—	187,747
Segment assets	222,413	1,649,071	42,668	959,921	2,874,074
Other content:					
Depreciation	7,268	109,024	896	—	117,188
Amortization of goodwill.....	453	1,609	101	—	2,164
Impairment loss.....	128	900	0	—	1,029
Investment in associates accounted for by equity method...	15,335	40,276	87	—	55,699
Increase in property, plant and equipment and intangible assets ...	22,847	189,604	1,167	—	213,619

	Millions of yen				
	2013				
	Motorcycle	Automobile	Marine & Power products, etc.	Adjustment	Consolidated
Net Sales:					
Net sales to external customers ...	¥230,290	¥2,297,814	¥50,212	¥ —	¥2,578,317
Segment profit (loss)	(11,946)	150,613	5,896	—	144,564
Segment assets	196,638	1,462,165	43,847	784,983	2,487,635
Other content:					
Depreciation	5,910	86,866	903	—	93,680
Amortization of goodwill.....	392	1,466	89	—	1,948
Impairment loss.....	27	431	—	—	458
Investment in associates accounted for by equity method...	12,835	35,215	197	—	48,248
Increase in property, plant and equipment and intangible assets ...	15,683	152,701	903	—	169,288

	Thousands of US dollars				
	2014				
	Motorcycle	Automobile	Marine & Power products, etc.	Adjustment	Consolidated
Net Sales:					
Net sales to external customers ...	\$2,590,388	\$25,414,540	\$ 544,567	\$ —	\$28,549,496
Segment profit	1,020	1,742,091	81,092	—	1,824,205
Segment assets	2,161,031	16,022,851	414,575	9,326,868	27,925,327
Other content:					
Depreciation	70,620	1,059,312	8,705	—	1,138,639
Amortization of goodwill.....	4,407	15,638	983	—	21,029
Impairment loss.....	1,251	8,747	2	—	10,000
Investment in associates accounted for by equity method...	149,004	391,335	851	—	541,191
Increase in property, plant and equipment and intangible assets ...	221,993	1,842,251	11,346	—	2,075,592

(Reference information)

As reference information, operating results by geographical areas were as follows:

(a) The amount of net sales, operating income or loss based on location of
The Company and its consolidated subsidiaries (Years ended March 31)

	Millions of yen					
	2014					
	Japan	Europe	Asia	Other areas	Eliminations	Consolidated
Net Sales:						
Net sales to external customers...	¥1,309,383	¥360,465	¥1,118,169	¥150,296	¥ —	¥2,938,314
Internal net sales or transfer among geographical areas.....	392,284	16,000	57,185	679	(466,149)	—
Total	1,701,667	376,466	1,175,355	150,975	(466,149)	2,938,314
Operating income.....	134,513	4,154	59,419	241	(10,582)	187,747

	Millions of yen					
	2013					
	Japan	Europe	Asia	Other areas	Eliminations	Consolidated
Net Sales:						
Net sales to external customers...	¥1,203,474	¥ 254,692	¥ 951,713	¥ 168,437	¥ —	¥2,578,317
Internal net sales or transfer among geographical areas.....	348,576	3,594	29,298	660	(382,129)	—
Total	1,552,050	258,287	981,012	169,097	(382,129)	2,578,317
Operating income (loss).....	102,516	(1,062)	38,071	3,052	1,986	144,564

	Thousands of US dollars					
	2014					
	Japan	Europe	Asia	Other areas	Eliminations	Consolidated
Net sales:						
Net sales to external customers...	\$12,722,338	\$3,502,383	\$10,864,455	\$1,460,318	\$ —	\$28,549,496
Internal net sales or transfer among geographical areas.....	3,811,545	155,467	555,629	6,597	(4,529,239)	—
Total	16,533,884	3,657,850	11,420,085	1,466,916	(4,529,239)	28,549,496
Operating income.....	1,306,974	40,361	577,338	2,350	(102,819)	1,824,205

* "Other areas" consists principally of North America, Oceania and South America.

(b) The amount of net sales based on external customers (Years ended March 31)

	Millions of yen			
	2014			
	Japan	India	Others	Consolidated
Net sales.....	¥1,132,732	¥708,316	¥1,097,265	¥2,938,314

	Millions of yen			
	2013			
	Japan	India	Others	Consolidated
Net sales.....	¥1,040,948	¥647,390	¥889,977	¥2,578,317

	Thousands of US dollars			
	2014			
	Japan	India	Others	Consolidated
Net sales.....	\$11,005,950	\$6,882,207	\$10,661,338	\$28,549,496

Independent Auditor's Report

To the Board of Directors of
Suzuki Motor Corporation

We have audited the accompanying consolidated financial statements of Suzuki Motor Corporation and its subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statement of income, statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, all expressed in Japanese Yen, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Suzuki Motor Corporation and its consolidated subsidiaries as at March 31, 2014, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

Seimei Audit Corporation.

Seimei Audit Corporation
Tokyo, Japan
June 27, 2014

Company Outline

- 1. Company Name** **SUZUKI MOTOR CORPORATION**
- 2. Date of Incorporation** March 1920 Incorporated as Suzuki Loom Manufacturing Co.
June 1954 Name changed to Suzuki Motor Co., Ltd.
October 1990 Name changed to Suzuki Motor Corporation
- 3. Head Office** 300 Takatsuka-cho, Minami-ku, Hamamatsu-shi, Shizuoka 432-8611 Japan
Mailing Address : Hamamatsu-Nishi, P.O.Box 1 Naka-ku, Hamamatsu-shi, Shizuoka, Japan
Website Address : <http://www.globalsuzuki.com>
- 4. Main Products** Motorcycles, Automobiles, Outboard Motors, Motorized Wheelchairs, Electro Senior Vehicles, Industrial Equipment
- 5. Fiscal Year-End** March 31
- 6. Public Accounting Firm** Seimei Audit Corporation
- 7. Capital and Shareholders** (as of March 31, 2014)

Capital	¥138,014 million
Total number of authorized shares	1,500 million
Total number of shares issued	561,047,304
Number of shareholders	38,451
Stock Listing	Tokyo Stock Exchange
Securities Code	7269
Ordinary General Meeting of Shareholders	June
Record Dates	<ul style="list-style-type: none"> • Ordinary General Meeting of Shareholders March 31 • Year-End Dividend March 31 • Interim Dividend September 30
Shareholders' Register Manager	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

<Ten Major Shareholders>

Name of Shareholder	Number of Shares Held (Thousands of Shares)	Shareholding Ratio (%)
Volkswagen AG	111,610	19.9
The Master Trust Bank of Japan, Ltd. (Trust Account)	22,874	4.1
Tokio Marine & Nichido Fire Insurance Co., Ltd.	17,961	3.2
Japan Trustee Services Bank, Ltd. (Trust Account)	16,912	3.0
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	16,000	2.9
The Shizuoka Bank, Ltd.	14,500	2.6
Resona Bank, Ltd.	13,000	2.3
The Bank of New York - JASDEC Non-Treaty Account	10,868	1.9
Sompo Japan Insurance Inc.	7,761	1.4
Nippon Steel & Sumitomo Metal Corporation	7,759	1.4

(Note) *1. Number of shares disregards and rounds off figures of less than 1,000 shares.

*2. Our Company holds 6,740 of treasury stocks.

*3. Shareholding ratio is calculated eliminating treasury stocks held by our Company.

Suzuki Group

Subsidiaries: 134 companies (71 in domestic, 63 in overseas) Affiliates: 37 companies

(1) Major Domestic Subsidiaries

[Manufacturing Subsidiaries]

Suzuki Auto Parts Mfg. Co., Ltd.
Hamamatsu Pipe Co., Ltd.
Suzuki Akita Auto Parts Mfg. Co., Ltd.
Snic Co., Ltd.
Suzuki Toyama Auto Parts Mfg. Co., Ltd.
Suzuki Kasei Co., Ltd.

(2) Major Overseas Subsidiaries

[Marketing Subsidiaries]

30 directly managed overseas marketing companies

[EUROPE]

Germany	Suzuki International Europe GmbH
Spain	Suzuki Motor Iberica, S.A.U.
Italy	Suzuki Italia S.p.A.
France	Suzuki France S.A.S.
Hungary	Magyar Suzuki Corporation Ltd.
UK	Suzuki GB PLC
Austria	Suzuki Austria Automobil Handels G.m.b.H
Poland	Suzuki Motor Poland SP.Z.O.O.

[AMERICA]

USA	Suzuki Motor of America, Inc.
USA	Suzuki Manufacturing of America Corporation
Canada	Suzuki Canada Inc.
Mexico	Suzuki Motor de Mexico S.A. DE C.V.
Colombia	Suzuki Motor de Colombia S.A.

[Non-Manufacturing Subsidiaries]

Suzuki Transportation & Packing Co., Ltd.
Suzuki Business Co., Ltd.
Bell Art Co., Ltd.

[Marketing Subsidiaries]

54 directly managed domestic marketing companies

[ASIA]

India	Maruti Suzuki India Ltd.
India	Suzuki Motorcycle India Private Limited
Pakistan	Pak Suzuki Motor Co., Ltd.
Indonesia	PT. Suzuki Indomobil Motor
Thailand	Thai Suzuki Motor Co., Ltd.
Thailand	Suzuki Motor (Thailand) Co., Ltd.
Malaysia	Suzuki Motorcycle Malaysia SDN.BHD.
Philippines	Suzuki Philippines Inc.
Cambodia	Cambodia Suzuki Motor Co., Ltd.
China	Suzuki Motor (China) Investment Co., Ltd.
Vietnam	Vietnam Suzuki Corporation
Taiwan	Taiwan Suzuki Automobile Corporation
Myanmar	Suzuki (Myanmar) Motor Co., Ltd.

[OCEANIA]

Australia	Suzuki Australia Pty. Ltd.
New Zealand	Suzuki New Zealand Ltd.

[AFRICA]

South Africa	Suzuki Auto South Africa (Pty.) Ltd.
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Way of Life!

SUZUKI MOTOR CORPORATION

300 Takatsuka-Cho,
Minami-Ku, Hamamatsu-shi,
Shizuoka, Japan 432-8611
<http://www.globalsuzuki.com>