

FINANCIAL SECTION

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FIVE-YEAR SUMMARY
SUZUKI MOTOR CORPORATION

CONSOLIDATED

Years ended March 31	Millions of yen (except per share amounts)					Thousands of U.S. dollars (except per share amounts)
	2002	2001	2000	1999	1998	2002
Net sales	¥1,668,251	¥1,600,253	¥1,521,192	¥1,455,832	¥1,488,785	\$12,519,708
Net income	22,392	20,248	26,886	24,359	30,156	168,051
Net income per share:						
Primary	41.40	40.41	55.58	52.72	67.17	0.310
Fully diluted	41.16	40.24	55.32	52.40	66.71	0.308
Cash dividends per share	8.50	8.50	8.50	7.50	7.50	0.063
Shareholders' equity	620,004	593,770	497,756	438,047	374,566	4,652,938
Total current assets	773,040	723,844	628,782	627,232	581,328	5,801,431
Total assets	1,347,718	1,299,859	1,167,216	1,131,849	1,037,280	10,114,213
Depreciation and amortization ...	75,083	75,344	81,784	82,546	67,263	563,481

NON-CONSOLIDATED

Years ended March 31	Millions of yen (except per share amounts)					Thousands of U.S. dollars (except per share amounts)
	2002	2001	2000	1999	1998	2002
Net sales	¥1,320,218	¥1,294,651	¥1,273,907	¥1,189,622	¥1,179,136	\$9,907,833
Net income	13,912	12,881	12,745	8,855	9,533	104,406
Net income per share:						
Primary	25.72	25.71	26.35	19.17	21.23	0.193
Fully diluted	25.59	25.61	26.24	19.07	21.12	0.192
Cash dividends per share	8.50	8.50	8.50	7.50	7.50	0.063
Shareholders' equity	477,053	475,614	392,619	295,422	247,350	3,580,139
Total current assets	564,830	503,543	441,690	442,938	392,663	4,238,880
Total assets	1,028,709	978,172	870,242	806,140	723,487	7,720,149
Depreciation and amortization ...	54,194	52,814	59,701	61,787	47,344	406,715

Note: Yen amounts have been translated into U.S. dollars, for convenience only, at ¥133.25 = US\$1, the prevailing exchange rate on March 29, 2002. The treasury stock indicated on the column of non-consolidated current assets up to the previous fiscal year is listed on the column of shareholders' equity from the year of 2002 in accordance with the revision of regulations of financial statements.

CONSOLIDATED FINANCIAL STATEMENTS OF 2002

CONSOLIDATED BALANCE SHEETS

As of March 31, 2002 and 2001

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
ASSETS			
Current assets:			
Cash and time deposits(Note 8)	¥ 220,705	¥ 271,392	\$ 1,656,326
Marketable securities (Note 4 and 8)	49,647	1,156	372,588
Receivables :			
Trade notes and accounts	158,058	154,414	1,186,177
Less allowance for doubtful receivables	(2,016)	(2,353)	(15,132)
Inventories (Note 3 and 5)	230,713	222,791	1,731,435
Other current assets	115,932	76,443	870,036
Total current assets	<u>773,040</u>	<u>723,844</u>	<u>5,801,431</u>
Property, plant and equipment (Note 5):			
Land	137,730	131,732	1,033,624
Buildings and structures	230,973	220,858	1,733,387
Machinery, equipment and vehicles	683,755	660,680	5,131,370
Construction in progress	6,123	7,156	45,958
	<u>1,058,583</u>	<u>1,020,428</u>	<u>7,944,340</u>
Less accumulated depreciation	(697,394)	(666,423)	(5,233,726)
	<u>361,189</u>	<u>354,004</u>	<u>2,710,614</u>
Investments and other assets:			
Investments in securities (Note 4 and 5)	72,060	102,778	540,789
Investments in affiliates	57,056	53,021	428,191
Other assets	84,372	66,209	633,187
	<u>213,488</u>	<u>222,009</u>	<u>1,602,167</u>
	<u>¥1,347,718</u>	<u>¥1,299,859</u>	<u>\$10,114,213</u>

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

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Trade notes and accounts payable	¥ 282,434	¥ 293,706	\$ 2,119,586
Short-term bank loans (Note 5)	110,312	144,228	827,858
Current portion of long-term debt (Note 5)	2,853	2,923	21,416
Accrued income taxes	18,976	12,535	142,412
Accrued expenses	89,515	86,711	671,788
Other current liabilities	74,262	72,865	557,315
Total current liabilities	<u>578,355</u>	<u>612,971</u>	<u>4,340,379</u>
Long-term liabilities:			
Long-term debt (Note 5)	51,364	18,621	385,474
Accrued retirement & severance benefits (Note 6)	61,024	38,478	457,968
Other liabilities	26,634	27,241	199,887
	<u>139,023</u>	<u>84,340</u>	<u>1,043,329</u>
Minority interests	<u>10,335</u>	<u>8,776</u>	<u>77,565</u>
Shareholders' equity (Note 10):			
Common stock:			
Authorized-1,500,000,000 shares			
Issued, par value ¥50 per share			
as of March 31, 2002—541,082,074	119,736	—	898,582
as of March 31, 2001—540,731,723	—	119,629	—
Additional paid-in capital	126,105	125,999	946,380
Consolidated retained earnings	394,022	376,949	2,957,013
Net unrealized gains on securities	8,581	16,597	64,399
Foreign currency translation adjustments	(28,386)	(45,403)	(213,029)
Less treasury stock, at cost	(54)	(2)	(407)
	<u>620,004</u>	<u>593,770</u>	<u>4,652,938</u>
Contingent liabilities (Note 11)	<u>¥1,347,718</u>	<u>¥1,299,859</u>	<u>\$10,114,213</u>

CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2002 and 2001

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Net sales	¥1,668,251	¥1,600,253	\$12,519,708
Cost of sales	1,220,336	1,203,675	9,158,251
Gross profit	447,914	396,577	3,361,456
Selling, general and administrative expenses	389,454	345,849	2,922,732
Operating income	58,460	50,727	438,724
Other income(expenses):			
Interest and dividend income	3,977	4,598	29,847
Interest expense	(4,819)	(5,483)	(36,167)
Equity in earnings of affiliates	2,361	644	17,720
Other, net	(20,650)	(10,425)	(154,975)
Income before income taxes	39,328	40,060	295,149
Income taxes:			
Current	32,307	25,133	242,459
Deferred	(15,229)	(5,129)	(114,296)
	17,077	20,004	128,163
Minority interests in earnings of consolidated subsidiaries	(142)	(192)	(1,065)
Net income	¥ 22,392	¥ 20,248	\$ 168,051

	Yen		U.S. dollars
Net income per share:			
Primary	¥ 41.40	¥ 40.41	\$ 0.310
Fully diluted	41.16	40.24	0.308
Cash dividends per share	8.50	8.50	0.063

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years ended March 31, 2002 and 2001

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Thousands of shares of common stock	Millions of yen			
		Common stock	Additional paid-in capital	Consolidated retained earnings	Treasury stock at cost
Balance as of March 31, 2000	<u>489,160</u>	<u>¥ 90,546</u>	<u>¥ 96,967</u>	<u>¥362,486</u>	<u>¥ (9)</u>
Net income	—	—	—	20,248	—
Cash dividends	—	—	—	(4,129)	—
Directors' and corporate auditors' bonuses	—	—	—	(150)	—
Issue of common stock	51,561	29,080	29,028	—	—
Conversion of convertible bonds	9	3	2	—	—
Treasury stock acquired	—	—	—	—	8
Decrease resulting from consolidation of additional subsidiaries and affiliates	—	—	—	(1,506)	—
Balance as of March 31, 2001	<u>540,731</u>	<u>¥119,629</u>	<u>¥125,999</u>	<u>¥376,949</u>	<u>¥ (2)</u>
Net income	—	—	—	22,392	—
Cash dividends	—	—	—	(4,712)	—
Directors' and corporate auditors' bonuses	—	—	—	(200)	—
Issue of common stock	—	—	—	—	—
Conversion of convertible bonds	350	106	105	—	—
Treasury stock acquired	—	—	—	—	(51)
Decrease resulting from consolidation of additional subsidiaries and affiliates	—	—	—	(407)	—
Balance as of March 31, 2002	<u>541,082</u>	<u>¥119,736</u>	<u>¥126,105</u>	<u>¥394,022</u>	<u>¥(54)</u>

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Thousands of shares of common stock	Thousands of U.S. dollars			Treasury stock at cost
		Common stock	Additional paid-in capital	Consolidated retained earnings	
Balance as of March 31, 2001	<u>540,731</u>	<u>\$897,785</u>	<u>\$945,586</u>	<u>\$2,828,885</u>	<u>\$ (17)</u>
Net income	—	—	—	168,051	—
Cash dividends	—	—	—	(35,367)	—
Directors' and corporate auditors' bonuses	—	—	—	(1,500)	—
Issue of common stock	—	—	—	—	—
Conversion of convertible bonds	350	796	794	—	—
Treasury stock acquired	—	—	—	—	(390)
Decrease resulting from consolidation of additional subsidiaries and affiliates	—	—	—	(3,055)	—
Balance as of March 31, 2002	<u>541,082</u>	<u>\$898,582</u>	<u>\$946,380</u>	<u>\$2,957,013</u>	<u>\$(407)</u>

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2002 and 2001

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Cash flows from operating activities			
Income before income taxes etc.	¥ 39,328	¥ 40,060	\$ 295,149
Depreciation and amortization expenses	75,083	75,344	563,481
Equity in earnings of affiliates	(2,361)	(644)	(17,720)
Increase in accrued retirement & severance benefits	22,458	11,533	168,545
Interest and dividend income	(3,977)	(4,598)	(29,847)
Interest expense	4,819	5,469	36,167
Increase (decrease) in accounts receivable	2,827	(4,715)	21,222
Increase (decrease) in inventories	4,705	(19,531)	35,310
Increase (decrease) in accounts payable	(16,628)	18,858	(124,788)
Others	7,412	1,680	55,624
Sub Total	133,669	123,457	1,003,145
Interest and dividend received	3,733	5,333	28,015
Interest paid	(4,719)	(5,479)	(35,416)
Income taxes paid	(25,897)	(22,346)	(194,354)
Net cash provided by operating activities	106,785	100,965	801,390
Cash flows from investing activities			
Purchases of marketable securities	(40,873)	—	(306,746)
Proceeds from sales of marketable securities	1,014	3,000	7,611
Purchases of property, plants and equipment	(79,518)	(75,399)	(596,760)
Proceeds from sales of property, plant and equipment	2,688	2,013	20,172
Purchases of investment securities	(10,777)	(13,223)	(80,885)
Proceeds from sales of investment securities	9,173	7,554	68,844
Increase in loans receivable	(30,401)	(656)	(228,150)
Others	1,114	963	8,366
Net cash used in investing activities	(147,580)	(75,748)	(1,107,547)
Cash flows from financing activities			
Net increase (decrease) in short term bank loans	(39,513)	8,311	(296,533)
Proceeds from long term debt and issuance of bonds	36,193	100	271,620
Repayment from long term debt and redemption of bonds	(2,762)	(6,899)	(20,729)
Net decrease in commercial paper	—	(20,000)	—
Proceeds from issuance of stocks	—	58,109	—
Cash dividends paid	(4,744)	(4,141)	(35,608)
Others	(52)	5	(395)
Net Cash provided by (used in) financing activities	(10,879)	35,485	(81,646)
Effect of exchange rate change on cash and cash equivalents	2,773	998	20,816
Cash and cash equivalents increased (decreased)	(48,901)	61,701	(366,987)
Cash and cash equivalents at the beginning of year	271,918	210,217	2,040,666
Cash and cash equivalents at the end of year	¥ 223,017	¥271,918	\$1,673,679

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of SUZUKI MOTOR CORPORATION (the Company) have been prepared on the basis of generally accepted accounting principles and practices in Japan, and from the consolidated financial statements filed with the Ministry of Finance as required by the Securities and Exchange Law of Japan.

Certain reclassifications and modifications have been made to the original consolidated financial statements for the convenience of readers outside Japan. In addition, the consolidated statements of shareholders' equity have been prepared as additional information, although such statements are not required in Japan, and the notes include information which is not required under generally accepted accounting principles and practices in Japan.

As permitted, amount of less than one million yen have been omitted. For the convenience of readers, the consolidated financial statements including the opening balance of shareholders' equity have been presented in U.S. dollars by translating all Japanese yen amounts on the basis of ¥133.25 to U.S.\$1, the rate of exchange prevailing as of March 29, 2002. Consequently, the totals shown in the consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sum of the individual amounts.

2. Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements for the years ended March 31, 2002 and 2001, include the accounts of the Company and its significant subsidiaries and the number of consolidated subsidiaries are 128 and 126 respectively. All significant inter-company accounts and transactions are eliminated in consolidation. Investments in affiliated companies are accounted for by the equity method.

As for the evaluation of assets and liabilities of consolidated subsidiaries, the complete market value accounting method is adopted. The difference at the time of acquisition between the cost and underlying net equity of investments in consolidated subsidiaries and in affiliated companies accounted for under the equity method is, as a rule, amortized over a period of five years after appropriate adjustments.

(b) Marketable securities, investment in 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 unconsolidated subsidiaries and affiliates and Other securities.

According to this classification, securities held by the Company and its subsidiaries are Other securities. Other securities for which market quotations are available are stated at fair value by closing date's market value method. Unrealized gains or losses are included in a component of shareholders' equity at a net-of-tax amount, and gains or losses from sales of securities are recognized on cost determined by the moving average method.

Other securities for which market quotations are unavailable are stated at cost by a moving average method. At the beginning of each fiscal year, the holding purpose of existing securities is reviewed and securities within one year due is classified as current assets, and the others as investment in securities.

(c) Hedge accounting

Gains or losses arising from changes in fair value of the derivatives designated as "hedging instruments" are deferred as an asset or liability and included in net profit or loss in the same period during which the gains and losses on the hedged items or transactions are recognized.

The derivatives designated as hedging instruments by the Company are principally interest swaps and forward exchange contracts. The related hedged items are trade accounts receivable and investments in securities.

The Company has a policy to utilize the above hedging instruments in order to reduce the Company's exposure to the risk of interest rate and foreign exchange fluctuation. Thus, the Company's purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items. The Company evaluates 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.

(d) 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 profit 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 shareholders' equity at the beginning of the year is translated into Japanese yen at the historical rates. Profit and loss accounts for the year are translated into Japanese yen using the average exchange rate during the year or, alternatively, using the exchange rates prevailing at the balance sheet date. Differences in yen amounts arising from the use of different rates are presented as "foreign currency translation adjustments" in the shareholders' equity.

(e) Inventories

Inventories are stated at the lower of cost or market value, cost being determined principally by the periodic average method.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is principally computed by the declining-balance method based on estimated useful lives of the assets (mainly 3-75 years).

Provision for additional depreciation to certain assets is made to reflect use of machinery and equipment in excess of normal production schedules, a substantial portion of which is, however, not tax deductible.

Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

(g) Leases

Finance lease transactions, except for those which meet the conditions that the ownership of the lease assets is substantially transferred to the lessee, are accounted for on a basis similar to ordinary rental transactions.

(h) Income taxes

The provision for income taxes is computed based on the pretax income included in 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(i)Accrued retirement & severance benefits

In order to allow for payment of employees' retirement benefits, based on estimated amount of retirement benefits liabilities and pension assets at the end of this fiscal year, the allowable amount which occur at the end of this term is appropriated.

The accrued retirement & severance benefits as of March 31, 2002 represents the estimated present value of projected benefit obligations in excess of the fair value of the plan assets except that, as permitted under the current standard, the unrecognized transition amount arising from adopting the current standard of 53,896 million yen at April 1, 2000 (the beginning of previous fiscal year) is amortized on a straight-line basis over 5 years. Prior service cost is being amortized by the straight-line method over periods of mainly 15 years, which are the estimated average remaining service years of the employees. Actuarial gain and loss are amortized by the straight-line method over periods of mainly 15 years from the next year of the arising, which are the estimated average remaining service years of the employees.

In order to allow for payment of directors' retirement benefits, the amount payable accrued at the balance sheet date based on the internal rule concerning payment of directors' retirement benefits is appropriated.

(j)Revenue recognition

Sales of products are generally recognized in the accounts as delivery is made.

(k)Amounts 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 convertible bonds at the beginning of the year were converted into common stock, with an applicable adjustment for related interest expense and net of tax.

Cash dividends per share are the amounts applicable to the respective periods including dividends to be paid after the end of the period.

(l)Cash and cash equivalents

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

(m)Reclassification

Certain reclassifications of previously reported amounts have been made to conform with current classifications.

3.Inventories

Inventories as of March 31, 2002 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Finished products	¥203,707	¥191,642	\$1,528,763
Work in process	14,411	15,773	108,154
Raw materials and others	12,594	15,374	94,518
	¥230,713	¥222,791	\$1,731,435

4. Marketable securities and investments in securities

(a) Marketable securities and investments in securities quoted at an exchange as of March 31, 2002 and 2001

	Millions of yen		
	Acquisition Cost	2002 Amounts for BS	Valuation
Those whose amount for BS exceeds acquisition cost			
(1) Stocks	¥24,625	¥40,817	¥16,191
(2) Bonds	2,188	2,217	29
(3) Others	—	—	—
Sub Total	¥26,813	¥43,034	¥16,221
Those whose amount for BS does not exceed acquisition cost			
(1) Stocks	¥10,667	¥9,176	¥(1,490)
(2) Bonds	15,997	15,840	(156)
(3) Others	5	4	(0)
Sub Total	¥26,669	¥25,021	¥(1,647)
Total	¥53,482	¥68,056	¥14,573

	Millions of yen		
	Acquisition Cost	2001 Amounts for BS	Valuation
Those whose amount for BS exceeds acquisition cost			
(1) Stocks	¥22,731	¥53,377	¥30,645
(2) Bonds	12,394	12,691	296
(3) Others	11	11	0
Sub Total	¥35,137	¥66,079	¥30,942
Those whose amount for BS does not exceed acquisition cost			
(1) Stocks	¥21,958	¥19,334	¥(2,623)
(2) Bonds	12,997	12,858	(138)
(3) Others	1	1	(0)
Sub Total	¥34,956	¥32,194	¥(2,762)
Total	¥70,094	¥98,273	¥28,179

	Thousands of U.S. dollars		
	Acquisition Cost	2002 Amounts for BS	Valuation
Those whose amount for BS exceeds acquisition cost			
(1) Stocks	\$184,805	\$306,321	\$121,515
(2) Bonds	16,420	16,639	218
(3) Others	—	—	—
Sub Total	\$201,226	\$322,960	\$121,734
Those whose amount for BS does not exceed acquisition cost			
(1) Stocks	\$ 80,053	\$ 68,868	\$ (11,184)
(2) Bonds	120,052	118,880	(1,171)
(3) Others	38	31	(7)
Sub Total	\$200,144	\$187,781	\$ (12,362)
Total	\$401,371	\$510,742	\$109,371

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(b) Other securities sold during 2002 and 2001

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Amounts sold	¥9,961	¥9,142	\$74,756
Gains from sales of the other securities	325	248	2,439
Losses from sales of the other securities	—	14	—

(c) Major securities not revalued by the market

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Other securities			
Commercial paper	¥40,068	—	\$300,699
Unlisted stock	11,842	¥4,644	88,870

(Stocks traded over the counter are excluded.)

(d) The amounts to be redeemed after the closing date of securities with maturities among other securities

	Millions of yen			
	2002			
	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years
(1) Bonds				
Government, local gov. bonds, etc	¥28	—	—	—
Corporate bonds	9,157	5,154	2,997	—
(2) Others	40,461	—	—	—
Total	<u>¥49,647</u>	<u>5,154</u>	<u>¥2,997</u>	<u>—</u>

	Millions of yen			
	2001			
	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years
(1) Bonds				
Government, local gov. bonds, etc	¥19	—	—	—
Corporate bonds	701	¥12,600	¥10,000	—
(2) Others	435	—	—	—
Total	<u>¥1,156</u>	<u>¥12,600</u>	<u>¥10,000</u>	<u>—</u>

	Thousands of U.S. dollars			
	2002			
	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years
(1) Bonds				
Government, local gov. bonds, etc	\$214	—	—	—
Corporate bonds	68,723	\$38,680	\$22,493	—
(2) Others	303,650	—	—	—
Total	<u>\$372,588</u>	<u>\$38,680</u>	<u>\$22,493</u>	<u>—</u>

5. Short-term bank loans, commercial paper and long-term debt

Short-term bank loans as of March 31, 2002 and 2001 consisted of the following. The annual interest rates of short-term bank loans as of March 31, 2002 were 0.35 percent to 11.25 percent.

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Short-term bank loans			
Secured	¥ 2,658	¥ 5,487	\$ 19,948
Unsecured	107,653	138,741	807,909
	<u>¥110,312</u>	<u>¥144,228</u>	<u>\$827,858</u>

Long-term debt as of March 31, 2002 and 2001 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Loans maturing through 2010			
Secured	¥ 67	¥ 281	\$ 508
Unsecured	2,800	4,700	21,016
Unsecured 2.1 percent convertible bonds			
in yen due 2003	1,350	1,562	10,131
Unsecured 0.89 percent yen bonds due 2003	5,000	5,000	37,523
Unsecured 1.13 percent yen bonds due 2004	10,000	10,000	75,046
Unsecured 0.33 percent yen bonds due 2004	5,000	—	37,523
Unsecured zero coupon convertible bonds			
in yen due 2010	30,000	—	225,140
	<u>¥54,218</u>	<u>¥21,544</u>	<u>\$406,891</u>
Less portion due within one year	(2,853)	(2,923)	(21,416)
	<u>¥51,364</u>	<u>¥18,621</u>	<u>\$385,474</u>

The aggregate annual maturities of long-term debt outstanding as of March 31, 2002 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2003	¥ 2,853	\$ 21,416
2004	5,636	42,299
2005	15,671	117,607
2006	10	76
Thereafter	30,046	225,490
	<u>¥54,218</u>	<u>\$406,891</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Assets pledged as collateral as of March 31, 2002:

	Millions of yen	Thousands of U.S. dollars
Investment in securities	¥ 214	\$ 1,612
Inventories	702	5,269
Property, plant and equipment	3,204	24,046
	<u>¥4,121</u>	<u>\$30,927</u>

The 2.1 percent convertible bonds outstanding as of March 31, 2002 may be redeemed at the option of the Company, in whole or in part, at price of 100 percent of the principal amount under certain conditions as provided in the applicable agreement.

The 2.1 percent convertible bonds are convertible into common stock at the options of holders at the conversion price of ¥605.1 per share, after giving effect to the new shares issued to General Motors of Canada Limited on January 18, 2001.

The zero coupon convertible bonds are convertible into common stock at the options of holders at the conversion price of ¥2,000 per share.

If the outstanding convertible bonds were fully converted as of March 31, 2002, approximately 17,231,000 additional shares of common stock would be issued.

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.

6. Accrued retirement & severance benefits

(a) Outline of an adopted retirement benefit system

In the case of the Company, as a defined benefit plan, Employee Pension Fund, Approved Retirement Annuity System and Termination Allowance Plan are established.

(b) Items related to a retirement benefit obligation

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
a. Retirement benefit obligation	<u>¥(251,620)</u>	¥(227,411)	<u>\$ (1,888,333)</u>
b. Pension assets	<u>126,858</u>	130,294	<u>952,030</u>
c. Unrecognized retirement benefit obligation (a + b)	<u>¥(124,762)</u>	¥ (97,116)	<u>\$ (936,302)</u>
d. Unrecognized transition liability	<u>32,337</u>	43,117	<u>242,686</u>
e. Unrecognized difference by an actuarial calculation	<u>32,822</u>	17,028	<u>246,320</u>
f. Unrecognized prior service cost(decrease of liabilities)	<u>(68)</u>	—	<u>(510)</u>
g. Accrued retirement & severance benefits (c+d+e+f)	<u>¥ (59,670)</u>	¥ (36,970)	<u>\$ (447,806)</u>

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) Items related to retirement benefit cost

			Thousands of U.S. dollars
	2002	2001	2002
a. Service cost	<u>¥ 8,392</u>	¥ 7,872	<u>\$ 62,981</u>
b. Interest cost	<u>5,047</u>	4,854	<u>37,880</u>
c. Assumed return on investment	<u>(4,483)</u>	(4,975)	<u>(33,647)</u>
d. Amortized amount of transition liability	<u>10,779</u>	10,779	<u>80,895</u>
e. Amortized amount of actuarial difference	<u>11,743</u>	—	<u>88,132</u>
f. Amortized amount of prior service cost	<u>(4)</u>	—	<u>(36)</u>
g. Retirement benefit cost (a+b+c+d+e+f)	<u>¥31,474</u>	¥18,530	<u>\$236,206</u>

Remarks:1) The amount of employees' contribution to Employees' Pension Fund is deducted.

2) The retirement benefit cost of subsidiaries where simplified methods are adopted is accounted for "a. Service cost".

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (d) Items related to the calculation standard for the retirement benefit obligation
- a. Term allocation of the estimated amount of retirement benefits : Period fixed amount basis
 - b. Discount rate : 2002 2.50%
2001 3.00%
 - c. Assumed return of investment ratio : 2002 4.00% - 4.80%
2001 4.00% - 5.14%
 - d. Number of years for amortization of prior service cost : mainly 15 years
To be amortized by straight line method with the employees' average remaining service years at the time when the difference was caused.
 - e. Number of years for amortization of the difference caused by an actuarial calculation : mainly 15 years
To be amortized from the next fiscal year by straight line method with the employees' average remaining service years at the time when the difference was caused.
 - f. Number of years for amortization of transition liability : 5 years

7. Income taxes

Breakdown of deferred tax assets and deferred tax liabilities by their main occurrence causes is as follows.

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Deferred tax assets			
Various reserves	¥ 34,959	¥ 24,166	\$262,359
Excess-depreciation	29,900	27,785	224,395
Unrealized gross profits elimination	15,312	14,757	114,914
Others	41,059	39,071	308,139
Deferred tax assets total	<u>¥121,232</u>	<u>¥105,780</u>	<u>\$909,808</u>
Deferred tax liabilities			
Net unrealized gains on security	¥ (5,978)	¥(11,581)	\$ (44,865)
Reserve for fixed assets advanced depreciation	(2,359)	(2,366)	(17,703)
Others	(563)	(900)	(4,228)
Deferred tax liabilities total	<u>¥ (8,900)</u>	<u>¥(14,848)</u>	<u>\$ (66,798)</u>
Net amounts of deferred tax assets	<u>¥112,331</u>	<u>¥ 90,932</u>	<u>\$843,010</u>

8. Cash and cash equivalents

Cash and cash equivalents as of March 31, 2002 and 2001 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Cash and time deposits	¥220,705	¥271,392	\$1,656,326
Marketable securities	49,647	1,156	372,588
Time deposits with maturities of over three months	(254)	(630)	(1,909)
Marketable securities with maturities of over three months	(47,080)	—	(353,325)
	¥223,017	¥271,918	\$1,673,679

9. Lease transactions

Finance lease transactions, except for those which meet the conditions that the ownership of the leased assets is substantially transferred to the lessee, as of March 31, 2002 and 2001 were as follows:

As a lessee

(1) Amounts equivalent to acquisition

costs, accumulated depreciation and
net balance as of March 31, 2002

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Acquisition costs	¥1,314	¥1,534	\$9,863
Accumulated depreciation	(939)	(1,251)	(7,050)
Net balance	374	282	2,812

(2) Future lease payments

Due within one year	182	169	1,369
Thereafter	340	266	2,559
	523	435	3,928

(3) Lease expenses

Depreciation	¥ 195	¥ 170	\$1,466
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As a lessor

(1) Amounts of acquisition

costs, accumulated depreciation and
net balance as of March 31, 2002

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Acquisition costs	¥915	¥848	\$6,872
Accumulated depreciation	(680)	(570)	(5,105)
Net balance	235	277	1,767

(2) Future lease revenues

Due within one year	164	174	1,233
Thereafter	181	255	1,360
	345	430	2,594

(3) Lease revenues

Depreciation	¥143	¥143	\$1,075
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Operating lease transactions as of March 31, 2002 were as follows:

As a lessee	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Future lease payments			
Due within one year	¥185	¥226	\$1,391
Thereafter	617	706	4,635
	<u>¥803</u>	<u>¥932</u>	<u>\$6,027</u>
 As a lessor			
	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Future lease revenues			
Due within one year	¥32	¥ 45	\$244
Thereafter	26	54	201
	<u>¥59</u>	<u>¥100</u>	<u>\$446</u>

10. Shareholders' equity

On January 18, 2001, the Company issued 51,561,000 new shares to General Motors of Canada Limited in the amount of ¥58,109 million by third-party allotment.

Under the Commercial Code of Japan, at least 50 per cent. of the issue price of new shares, with a minimum of the par value, is required to be designated as common stock, and proceeds in excess of the amounts designated as common stock may be transferred to additional paid-in capital.

11. Contingent liabilities

As of March 31, 2002, the Company and certain consolidated subsidiaries had the following contingent liabilities:

	Millions of yen	Thousands of U.S. dollars
Guarantee of indebtedness of affiliates and others	¥3,986	\$29,915
Trade notes discounted	3,155	23,684
	<u>¥7,142</u>	<u>\$53,600</u>

12. Segment Information

(a) Business segment

	Millions of yen				
	2002			Elimination and corporate assets	Consolidated
	Motorcycle	Automobile	Other		
Net sales:					
Outside customers	¥312,466	¥1,311,296	¥44,487	¥ —	¥1,668,251
Inter-area	—	—	—	—	—
.....	312,466	1,311,296	44,487	—	1,668,251
Operating expenses	286,654	1,283,195	39,940	—	1,609,791
Operating income	25,811	28,101	4,546	—	58,460
Assets	186,336	798,765	45,784	316,831	1,347,718
Depreciation	11,273	62,039	1,770	—	75,083
Capital expenditures	¥ 11,665	¥ 66,825	¥ 1,033	¥ —	¥ 79,523
	Millions of yen				
	2001			Elimination and corporate assets	Consolidated
	Motorcycle	Automobile	Other		
Net sales:					
Outside customers	¥272,727	¥1,288,326	¥39,199	¥ —	¥1,600,253
Inter-area	—	—	—	—	—
.....	272,727	1,288,326	39,199	—	1,600,253
Operating expenses	256,407	1,256,229	36,888	—	1,549,525
Operating income	16,320	32,096	2,310	—	50,727
Assets	182,170	748,573	51,245	317,870	1,299,859
Depreciation	11,018	62,377	1,948	—	75,344
Capital expenditures	¥ 11,619	¥ 62,855	¥ 1,884	¥ —	¥ 76,359
	Thousands of U.S. dollars				
	2002			Elimination and corporate assets	Consolidated
	Motorcycle	Automobile	Other		
Net sales:					
Outside customers	\$2,344,964	\$9,840,878	\$333,865	\$ —	\$12,519,708
Inter-area	—	—	—	—	—
.....	2,344,964	9,840,878	333,865	—	12,519,708
Operating expenses	2,151,254	9,629,986	299,743	—	12,080,983
Operating income	193,710	210,891	34,121	—	438,724
Assets	1,398,399	5,994,489	343,598	2,377,725	10,114,213
Depreciation	84,605	465,589	13,286	—	563,481
Capital expenditures	\$ 87,542	\$ 501,501	\$ 7,757	\$ —	\$ 596,801

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(b)Geographical segment

Millions of yen

	2002					Consolidated
	Japan	Europe	North America	Other areas*1	Elimination and corporate assets	
Net sales:						
Outside customers	¥1,066,639	¥275,116	¥267,182	¥59,313	¥ —	¥ 1,668,251
Inter-area	370,363	1,305	149	1,159	(372,977)	—
	<u>1,437,002</u>	<u>276,421</u>	<u>267,332</u>	<u>60,472</u>	<u>(372,977)</u>	<u>1,668,251</u>
Operating expenses	1,380,871	273,911	266,462	59,283	(370,737)	1,609,791
Operating income	<u>¥ 56,131</u>	<u>¥ 2,510</u>	<u>¥ 869</u>	<u>¥ 1,188</u>	<u>¥ (2,239)</u>	<u>¥ 58,460</u>
Assets	<u>¥ 851,483</u>	<u>¥151,342</u>	<u>¥ 54,376</u>	<u>¥36,156</u>	<u>¥ 254,360</u>	<u>¥ 1,347,718</u>

Millions of yen

	2001					Consolidated
	Japan	Europe	North America	Other areas*1	Elimination and corporate assets	
Net sales:						
Outside customers	¥1,094,580	¥238,337	¥213,336	¥53,999	¥ —	¥1,600,253
Inter-area	338,835	799	90	1,040	(340,766)	—
	<u>1,433,416</u>	<u>239,136</u>	<u>213,427</u>	<u>55,039</u>	<u>(340,766)</u>	<u>1,600,253</u>
Operating expenses	1,383,886	238,587	211,702	55,227	(339,879)	1,549,525
Operating income (loss) ...	<u>¥ 49,529</u>	<u>¥ 548</u>	<u>¥ 1,724</u>	<u>¥ (187)</u>	<u>¥ (887)</u>	<u>¥ 50,727</u>
Assets	<u>¥ 803,723</u>	<u>¥141,642</u>	<u>¥ 45,364</u>	<u>¥35,028</u>	<u>¥ 274,100</u>	<u>¥1,299,859</u>

Thousands of U.S. dollars

	2002					Consolidated
	Japan	Europe	North America	Other areas*1	Elimination and corporate assets	
Net sales:						
Outside customers	\$8,004,797	\$2,064,661	\$2,005,121	\$445,126	\$ —	\$12,519,708
Inter-area	2,779,464	9,794	1,122	8,698	(2,799,078)	—
	<u>10,784,261</u>	<u>2,074,455</u>	<u>2,006,243</u>	<u>453,825</u>	<u>(2,799,078)</u>	<u>12,519,708</u>
Operating expenses	10,363,012	2,055,617	1,999,720	444,907	(2,782,273)	12,080,983
Operating income	<u>\$ 421,249</u>	<u>\$ 18,838</u>	<u>\$ 6,523</u>	<u>\$ 8,918</u>	<u>\$ (16,805)</u>	<u>\$ 438,724</u>
Assets	<u>\$6,390,117</u>	<u>\$1,135,776</u>	<u>\$ 408,075</u>	<u>\$271,344</u>	<u>\$1,908,900</u>	<u>\$10,114,213</u>

*1 "Other areas" consists principally of Asia.

(c)Overseas sales

Millions of yen					
2002					
	Europe	North America	Asia	Other areas *2	Consolidated
Overseas sales	¥331,473	¥315,461	¥136,801	¥97,602	¥881,339
Consolidated net sales	1,668,251				
Ratio of overseas sales to consolidated net sales ..	19.9%	18.9%	8.2%	5.9%	52.8%

Millions of yen					
2001					
	Europe	North America	Asia	Other areas *2	Consolidated
Overseas sales	¥291,802	¥271,481	¥143,102	¥89,162	¥795,549
Consolidated net sales	1,600,253				
Ratio of overseas sales to consolidated net sales ..	18.2%	17.0%	8.9%	5.6%	49.7%

Thousands of U. S. dollars					
2002					
	Europe	North America	Asia	Other areas *2	Consolidated
Overseas sales	\$2,487,609	\$2,367,440	\$1,026,654	\$732,479	\$6,614,183
Consolidated net sales	12,519,708				
Ratio of overseas sales to consolidated net sales ..	19.9%	18.9%	8.2%	5.9%	52.8%

*2 "Other areas" consists principally of Oceania and Central America.

13. Supplementary cash flow information

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Conversion of convertible bonds	¥212	¥6	\$1,590

14. Subsequent events

- (a) The following plan for the appropriation of retained earnings for the year ended March 31, 2002 was approved by the ordinary general meeting of shareholders of the Company held on June 27, 2002:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends of ¥4.50 per share	¥2,434	\$18,271
Bonuses for directors and corporate auditors	200	1,500
	¥2,634	\$19,772

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(b) In the application of the enactment of the Corporate Defined Benefit Pension Law, the Company and certain domestic subsidiaries were given approval of exemption from payment obligation of benefit for future service associated with the substitute component on April 18, 2002 for the Company and on April 23, 2002 for domestic subsidiaries by Minister of Health, Labor and Welfare. And the Company and certain domestic subsidiaries have a plan to recognize on the date of approval that the liabilities (projected benefit obligation or PBO) associated with that component disappear from the Company's balance sheet, and the effect to the profit and loss in the next fiscal term is expected to be 24,100 million yen.

(c) On May 15, 2002, following the approval of the Cabinet Committee on Disinvestment of India, the Company signed with the Government of India the Revised Joint Venture Agreement covering a rights issue by their joint venture, Maruti Udyog Limited (Maruti) and the public offer of Maruti's shares which the government holds currently.

The Company gained majority of the outstanding shares of Maruti by undertaking the shares allotted to the Indian government out of the rights issue by Maruti. Furthermore, the Company paid Rs. 10,000 million to the government as a control premium in connection with the acquisition of control of Maruti.

Control premium is planned to be amortized in full in the following consolidation fiscal year ending March 2003.

Company profile of Maruti

Company name	:Maruti Udyog Limited
Operation	:Manufacturing and marketing of automobiles
Head office location	:New Delhi, India
Representative	:Jagdish Khattar
Capital	:1,323 million Rupee
Net sales	:89,200 million Rupee (fiscal year ended March 31, 2001)
Employee	:5,559 persons

Outline of undertaking rights issue

Number of shares undertaken	:1,216,341 shares
Rights issue price	:3,280 Rupee per share
Total subscription amount	:3,989 million Rupee
Date of rights issue	:May 30, 2002
Ratio of voting right held after the acquisition of shares	:54.2%

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of
Suzuki Motor Corporation

We have examined the accompanying consolidated balance sheets of Suzuki Motor Corporation and consolidated subsidiaries as of March 31, 2002 and 2001, the related consolidated statements of income, retained earnings and cash flows for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with generally accepted auditing standards in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, based upon our examinations and the reports of other auditors, the aforementioned consolidated financial statements, expressed in yen, present fairly the financial position of Suzuki Motor Corporation and consolidated subsidiaries as of March 31, 2002 and 2001, the results of their operations and their cash flows for the years then ended, in conformity with generally accepted accounting principles in Japan applied on a consistent basis during the periods.

The accompanying consolidated financial statements as of and for the year ended March 31, 2002 have been translated into United States dollars solely for the convenience of readers. We have reviewed the translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been properly translated into United States dollars on the basis set forth in Note 1. to the consolidated financial statements.

Tokyo, Japan
June 27, 2002

Seimei Audit Corporation

Seimei Audit Corporation

NON-CONSOLIDATED FINANCIAL STATEMENTS OF 2002

NON-CONSOLIDATED BALANCE SHEETS

As of March 31st, 2002 and 2001

SUZUKI MOTOR CORPORATION	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
ASSETS			
Current assets:			
Cash and time deposits	¥168,792	¥217,306	\$1,266,738
Marketable securities	47,080	0	353,325
Treasury stock	—	2	—
Receivables:			
Trade notes and accounts	40,471	37,489	303,728
Subsidiaries and affiliates	113,191	95,751	849,468
Less allowance for doubtful receivables	(343)	(475)	(2,574)
Inventories	71,896	81,539	539,559
Other current assets	123,740	71,929	928,635
Total current assets	<u>564,830</u>	<u>503,543</u>	<u>4,238,880</u>
Property, plant and equipment:			
Land	95,031	89,805	713,180
Buildings and structures	160,309	152,828	1,203,076
Machinery and equipment	497,519	489,209	3,733,726
Construction in progress	1,458	5,985	10,949
	754,319	737,829	5,660,932
Less accumulated depreciation	(544,675)	(527,302)	(4,087,622)
	<u>209,643</u>	<u>210,526</u>	<u>1,573,309</u>
Investments and other assets:			
Investments in securities	70,958	100,563	532,520
Investments in subsidiaries and affiliates	105,946	104,971	795,092
Other assets	77,331	58,568	580,346
	<u>254,235</u>	<u>264,102</u>	<u>1,907,959</u>
	<u>¥1,028,709</u>	<u>¥978,172</u>	<u>\$7,720,149</u>

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term bank loans	¥ 32,580	¥ 32,680	\$ 244,502
Current portion of long-term debt	1,590	240	11,939
Payables:			
Trade notes and accounts	246,754	258,562	1,851,817
Subsidiaries and affiliates	25,287	26,643	189,777
Accrued expenses	80,733	75,808	605,877
Accrued income taxes	14,702	7,956	110,334
Other current liabilities	41,260	40,236	309,648
Total current liabilities	<u>442,909</u>	<u>442,128</u>	<u>3,323,898</u>
Long-term liabilities:			
Long-term debt	50,067	16,870	375,743
Accrued retirement & severance benefits	40,496	24,817	303,912
Other liabilities	18,182	18,741	136,456
	<u>108,746</u>	<u>60,429</u>	<u>816,112</u>
Shareholders' equity			
Common stock:			
Authorized - 1,500,000,000 shares			
Issued, par value ¥50 per share			
as of March 31st, 2002 - 541,082,074	119,736	—	898,582
as of March 31st, 2001 - 540,731,723	—	119,629	—
Additional paid-in capital	126,105	125,999	946,380
Earned surplus	8,269	7,994	62,063
Retained earnings	214,436	205,711	1,609,277
Net unrealized gains on security	8,560	16,279	64,243
Treasury stock	(54)	—	(407)
	<u>477,053</u>	<u>475,614</u>	<u>3,580,139</u>
	<u>¥1,028,709</u>	<u>¥978,172</u>	<u>\$7,720,149</u>

NON-CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31st, 2002 and 2001

SUZUKI MOTOR CORPORATION	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Net sales	¥1,320,218	¥1,294,651	\$ 9,907,833
Cost of sales	1,026,515	1,042,030	7,703,680
Gross profit	293,703	252,620	2,204,153
Selling, general and administrative expenses	251,139	219,773	1,884,725
Operating income	42,563	32,847	319,427
Other income(expenses):			
Interest and dividend income	4,055	4,355	30,434
Interest expense	(504)	(645)	(3,782)
Other, net	(22,655)	(13,935)	(170,020)
	(19,103)	(10,225)	(143,369)
Income before income taxes	23,459	22,622	176,058
Income taxes	9,547	9,741	71,651
Net income	¥ 13,912	¥ 12,881	\$ 104,406

	Yen		U.S. dollars
Net income per share:			
Primary	¥25.72	¥25.71	\$ 0.193
Fully diluted	25.59	25.61	0.192
Cash dividends per share	8.50	8.50	0.063