ANNUAL REPORT 2010

SUZUKI MOTOR CORPORATION

Profile

Suzuki Motor Corporation designs and manufactures passenger cars, commercial vehicles, motorcycles, all terrain vehicles (ATVs), outboard motors, and other products. The company continuously and vigorously promotes technical cooperation through numerous joint ventures overseas, and its main production facilities are currently located in 23 countries and regions overseas. The established network enables Suzuki to operate as a global organization serving 196 countries and regions.
Suzuki Motor Corporation was first established as Suzuki Loom Manufacturing Co. in March 1920.
Suzuki then entered the motorcycle business with the introduction of "Power Free" motorized bicycle in 1952, and entered the automobile business in 1955 with the introduction of "Suzulight" mini car.
Suzuki is committed to use its amassed technological expertise and all other available resources to help raise the quality of human life in society by promoting corporate growth through manufacture and supply of socially demanded products.

Head Office & Takatsuka Plant
Headquarters, Engineering center and Motorcycle engines assembling plant

Contents

A Message From the Management

In delivering our 2010 Annual Report, we wish to extend our greetings to you.

• Management results of this fiscal year

The management environment of the Group for this year continues to be in a severe situation with high unemployment rates continued in the US and Europe, while the global economy has not fully recovered although it is gradually recovering on account of the economic recoveries mainly in Asia and economic stimulus measures by each government. The domestic economy has recovered to some extent with recoveries in export and production based on the overseas economic recovery and the influences of economic measures, but it is still in a severe situation with deflationary concerns and a high unemployment rate.

Under these circumstances, consolidated sales largely declined for the two consecutive years to ¥2,469.1 billion (82.2% year on year, y-o-y) on account of the reduced domestic and overseas sales volume and fluctuations in exchange rates due to Yen appreciation. As for the consolidated profits, the reduced profits caused by a sales decline and exchange influences were covered by the reduction of operating expenses mainly by “internal cost reduction” initiative and favorable sales of automobiles in Asia, and profits exceeded those of the previous year with ¥79.4 billion of operating income (103.2% y-o-y), ¥93.8 billion of ordinary income (117.8% y-o-y) and ¥28.9 billion of net income (105.4% y-o-y).

Meanwhile, non-consolidated sales declined to ¥1,286.6 billion (76.3% y-o-y). However, as for the profits, the reduced profits caused by a sales decline and exchange influences were covered by the vigorous reduction of various expenses and profits exceeded those of the previous years with ¥12.0 billion of operating income (105.1% y-o-y), ¥12.1 billion of ordinary income (292.1% y-o-y) and ¥7.1 billion of net income (215.6% y-o-y).

The management environment substantially changed from the latter half of the previous year, and sales have continued to drop substantially, but we were able to record profits by vigorous cost reductions in every aspect. The management environment still looks grim, but to express our gratitude for your daily support, we would like to provide ¥7 of year-end dividend per share. As a result, our annual dividend including interim dividend (¥5 per share) will be ¥12 per share.

• Outstanding issues

We have reviewed every aspect of our business to strengthen our management practices placing “Let’s review the current practices and stay true to the basics in order to survive the competition.” as our basic policy in promoting the growth strategy. However, automobile sales declined in various regions of the world due to the global financial crises of the last year, and the situation we are in has been difficult, with our sales for this year having dropped by more than 30% from the peak of the fiscal year ended in March 2008.

To overcome this crisis, we have been making concerted efforts as a group with the slogan of “Let’s start again in all areas to address our 30% sales decrease.” As specific measures, facing the fact of a large reduction in sales squarely, we promote the establishment of system to ensure profits in the declining sales by cost reduction by “weight reduction of 1g and cost reduction of 1 yen per part,” squeezing of fixed expenses by “internal cost reduction activities” and further reviewing of organizations and structure.

Next, as for the issues challenged by our major businesses of motorcycle business and automobile business, we will promote launching of products fit for the market needs, strengthening of sales forces and improving of the quality and productivity for motorcycles. Especially, we will strengthen the small motorcycle business in the Asian region where further growth can be expected.

In automobile business, we will promote product development and sales activities closely tied with both domestic and overseas markets. In Japan, we will strengthen sales abilities and after sale activities in the Suzuki sales offices nationwide to promote the improvement of the customer satisfaction. We will try to create sales offices loved by as many customers as possible in order to achieve a sales increase.

In overseas markets, we will try to improve SUZUKI brand image by using the slogan of “Way of life” and increase the level of overseas bases through promotion of local procurement of parts, cost reduction activities, further improvement of quality and further progress in productivity, as well as sales enhancement. As to the business in North America that the profit has been declining, we will try to rebuild by reviewing the sales structure etc.

In addition, in research and development, the environmentally friendly product development for protecting global environment such as reduced emission gas, improved fuel efficiency, resource saving and recycling has become more and more important.

In the limited research and development resources, we will consolidate power trains, standardize parts and concentrate funding on environmental technologies.

Further, we make efforts for the development of high fuel efficiency and low emission technologies such as diesel engine vehicles, hybrid vehicles and electric vehicles mainly with the product development abilities for small cars, the strength of the Group, based on the alliance with each company.

On 9 December last year, the Company and Volkswagen AG ("VW") have reached a common understanding to establish a comprehensive partnership.

In terms of product portfolio, global distribution and manufacturing capacities, both companies ideally complement each other. The companies plan a joint approach to the growing worldwide demand for more environmentally friendly vehicles.

The management of the Company and VW have concluded that the complementary strengths of each company make for a perfect fit in exploiting their respective advantages as well as rising to the challenge of the global market.

In the automotive industry, where globalization and diversification proceed in parallel, both companies will establish a cooperative relationship while respecting each other's independence as a standalone entity. Both companies are focused on achieving synergies in the areas of rapidly growing emerging markets as well as in the development and manufacturing of innovative and environmentally friendly compact cars.

To support a smooth development of this relationship, VW has purchased 19.9% of the Company's issued shares and the Company also intends to invest up to one half of the amount received from VW(*) into shares of VW.

(*) At the end of March 2010, the Company owns 2,000,000 shares of common stock of VW.

The Group commits itself to make efforts to promote the "production of small and subcompact vehicles" and the "development of environmentally benign products" needed by customers, and "to be small, less, light, short and beautiful" on every side of organization, facilities, parts, environment and so on as well as production, with the slogan, "Small Cars for a Big Future", and has been working for the efficient, well-knit and healthy management.

Also, our executive officers and employees will strictly adhere to all statutes, social norms, and in-house rules, etc., act fairly and with sincerity.

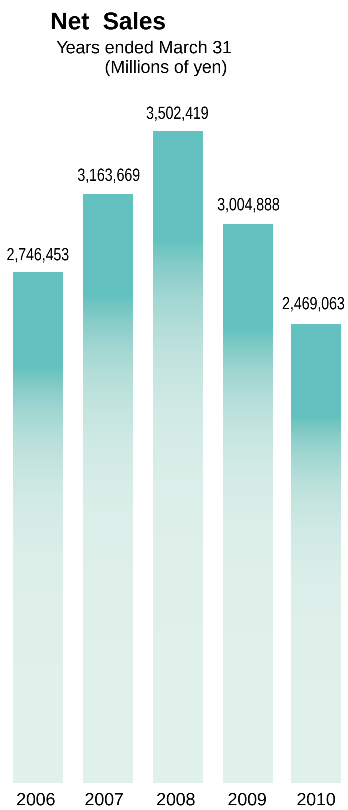
We look forward to the continued support and encouragement of our stockholders.

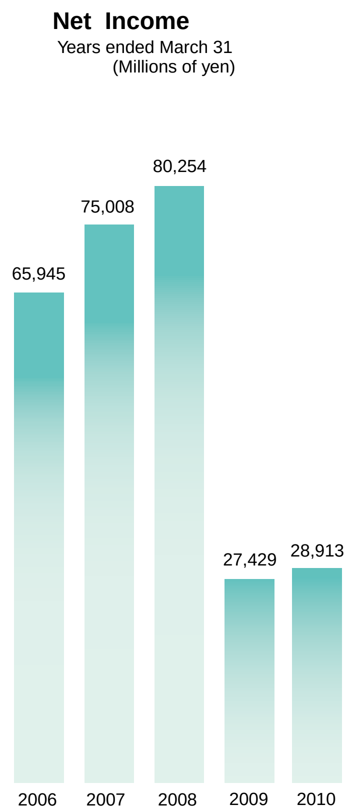
Osamu Suzuki
Chairman & CEO

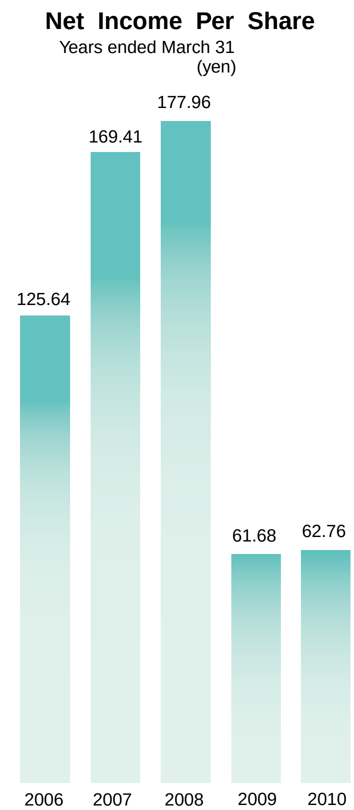
Financial Highlights

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES Years ended March 31, 2010 and 2009	Millions of yen (except per share amounts)		Thousands of U.S. dollars (except per share amounts)
	2010	2009	**2010**
Net sales	**¥2,469,063**	¥3,004,888	$26,537,654
Net income	**28,913**	27,429	310,767
Net income per share:			
Primary	**62.76**	61.68	0.674
Fully diluted	**55.26**	53.97	0.593
Cash dividends per share	**12.00**	16.00	0.128
Net Assets	**1,089,757**	742,915	11,712,780
Total current assets	**1,479,336**	1,267,790	15,900,007
Total assets	**2,381,314**	2,157,849	25,594,519
Depreciation and amortization	**141,846**	141,203	1,524,579

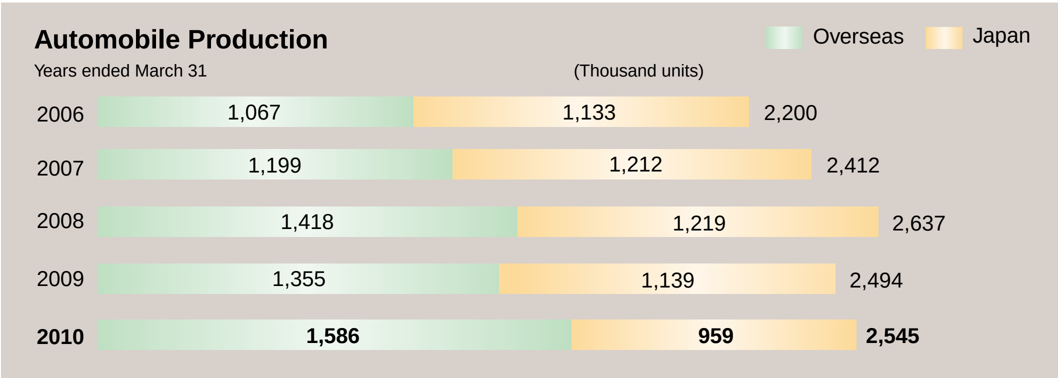
Note: Yen amounts are translated into U.S. dollars, for convenience only, at ¥93.04= US$1, the prevailing exchange rate on March 31, 2010.

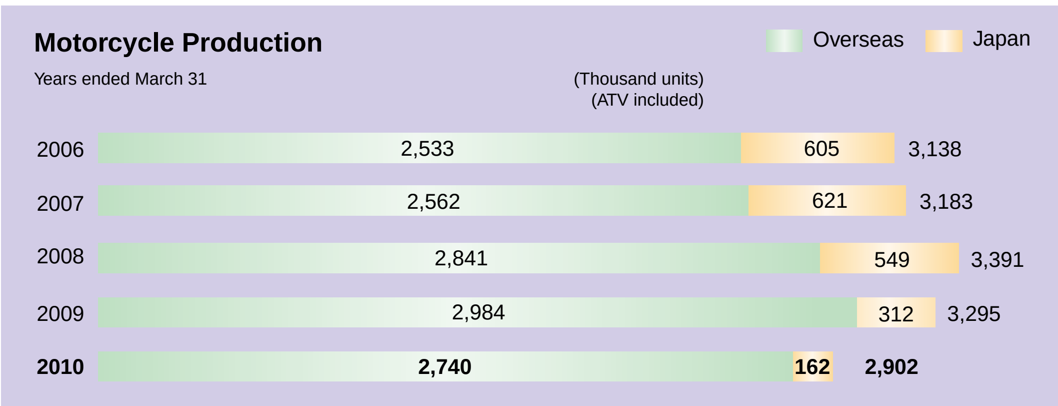


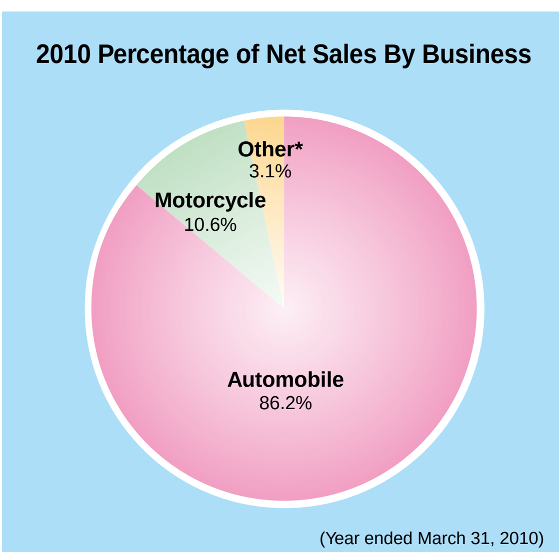


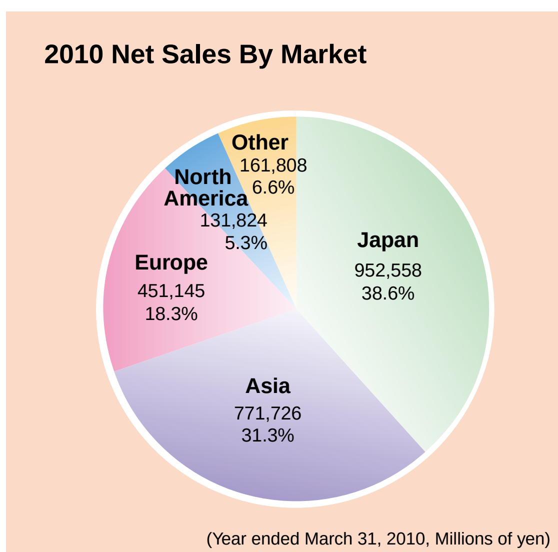


Year in Review









*Marine & Power Products, etc. and Financial Services.

Automobiles

Suzuki's Worldwide Manufacturing and Sales

Total overseas automobile production for fiscal 2009 increased to 1,586 thousand units, 117.1% compared to the previous year. Worldwide production, including Japan, also increased to 2,545 thousand units, 102.1% compared to the previous year.
Sales of automobiles in overseas markets increased to 1,727 thousand units, 105.3% compared to the previous year, while total global sales, including Japan, also increased to 2,349 thousand units, 101.9% compared to the previous year.

The Japanese Market

1. Domestic Automobile Market Overview

Since government support measures such as tax reductions on eco-cars and economic incentives for new eco-car purchases were successfully effective, domestic sales of all brands for fiscal 2009 totaled 4,880 thousand units (104% y-o-y), well over the previous fiscal year for the first time in four years.
Among registered vehicle sales, eco-car sales, particularly hybrid vehicles, were brisk amounting to 3,182 thousand units (110% y-o-y), well over the previous fiscal year for the first time in seven years.
Meanwhile, in mini vehicles, delay in responding to eco-car policies reduced the effectiveness of government support measures causing sales to decrease to 1,698 thousand units (94% y-o-y) falling below the previous fiscal year for the third consecutive year.

2. Suzuki Sales Status

Suzuki's total domestic sales for fiscal 2009 decreased to 622 thousand units (93% y-o-y) falling below the previous year. This places Suzuki fourth among the 12 domestic automobile manufacturers.
In the mini vehicle category, sales for the full business year decreased to 554 thousand units (96% y-o-y) falling below the previous year, however successive introductions of Palette derived vehicles, and new Alto models in the second half strengthened product competitiveness contributing to increased sales in the second half of the year compared to the previous year. This represents a 32.7% domestic market share, which increased 0.7point compared to the previous year.
In regard to registered vehicles, those that were eligible for eco-car tax incentives, such as the Swift and Splash, were marketed aggressively, however sales decreased to 67 thousand units (79% y-o-y) falling below the previous year.

3. Suzuki Automobile Topics

- The seventh generation Alto was introduced to the domestic market in December, 2009. Focusing on resource saving, fuel efficiency, and user convenience, all class models meet requirements for eco-car tax reductions. Sales since its introduction have remained significantly above those for the previous year.

Alto

- At the end of January 2010, total accumulative domestic sales of Suzuki automobiles since the introduction of the Suzulight in 1955 reached 20 million vehicles.
- The Wagon R ranked top in the 2009 mini vehicle segment for the seventh consecutive year. Also, in October, it received high acclaim for its distinct styling among mini vehicles and was awarded the 2009 Good Design Long Life Design Award.

WAGON R

- Benefiting from economic incentives for trade-ins on new vehicle purchases, sales of the Carry increased to 63 thousand units compared to the previous fiscal year placing it top in sales in the truck segment for the 39th consecutive year.

Overseas Markets

1. Market Overview

Overseas automobile sales volume in fiscal 2009 showed some recovery owing to economic stimulus measures taken by various national governments. However, the recovery was not full-fledged; sales in North America were down 9% y-o-y at 10,774 thousand units, and sales in Europe were down 3% y-o-y at 16,221 thousand units. Meanwhile, there was significant market growth in China, where sales were up 64% y-o-y at 15,559 thousand units, and in India, where sales were up 25% y-o-y at 1,891 thousand units. Sales also increased in the five key ASEAN countries (Indonesia, Thailand, Vietnam, the Philippines, and Malaysia), rising by 5% y-o-y to 1,993 thousand units.

2. Suzuki Sales

Suzuki's overseas automobile sales volume in fiscal 2009 was up 5% y-o-y at 1,727 thousand units. Suzuki saw significant sales growth in its important markets, India and China. They were up 21% y-o-y at 871 thousand units in India owing partly to new models and partly to the government's economic stimulus measures. And they were up 44% y-o-y at 262 thousand units in China owing partly to the government's measures to increase domestic demand and partly to growth in the market. Meanwhile, Suzuki's sales were down 7% y-o-y at 281 thousand units in Europe, down 12% y-o-y at 63 thousand units in Pakistan, down 19% y-o-y at 65 thousand units in the five key ASEAN countries (Indonesia, Thailand, Vietnam, the Philippines, and Malaysia), and down 60% y-o-y at 29 thousand units in the United States.

3. Suzuki Topics in Fiscal 2009

May 2009 saw the 30th anniversary of the launch of the Alto. According to Suzuki research, cumulative worldwide Alto sales had reached 10 million units by the end of March 2009.

In June 2009, Suzuki's cumulative worldwide automobile sales reached 40 million units. Overseas sales, which began with exports of the Suzulight Carry in 1959, accounted for 20,355 thousand units of the total.

Suzuki's product launches in fiscal 2009 included its new flagship model, the Kizashi sedan.

In India, Maruti Suzuki achieved fiscal-2009 production volume of one million units. In anticipation of further growth in the Indian market, Maruti Suzuki has since begun expanding its annual production capacity from one million units to 1.25 million units.

Kosai Plant
Passenger car assembling

Iwata Plant
Multi-purpose vehicle and commercial vehicle assembling

Sagara Plant
Passenger car and automobile engines assembling, foundry of engine components, machining

KIZASHI

SWIFT

SX4

SPLASH
(manufactured at Magyar Suzuki Corporation in Hungary)

JIMNY

ALTO
(manufactured at Maruti Suzuki India Limited in India)

Motorcycles

Suzuki's Worldwide Manufacturing and Sales

Total overseas motorcycle production (including ATVs) in fiscal 2009 decreased to 2,740 thousand units, 91.5% compared to the previous year. Worldwide production, including production in Japan, decreased to 2,902 thousand units, 87.8% compared to the previous year.

Sales of motorcycle (including ATVs) in overseas market decreased to 2,938 thousand units, 91.2% compared to the previous year, while total global sales, including Japan, were 3,017 thousand units, 90.1% compared to the previous year.

The Japanese Market

1. Domestic Market Overview

The number of motorcycles shipped in the domestic market by the four Japanese manufacturers in fiscal 2009 stood at a total of 374 thousand units (75% y-o-y). Breaking this figure down into displacement categories shows volume for the 125cm^3 and under class at 317 thousand units (79% y-o-y), and the larger class with 126cm^3 and greater at 57 thousand units (60% y-o-y), a decline in both categories. Looking at the figures for each class, the 50cm^3 and under class totaled 239 thousand units (82% y-o-y), the 51cm^3 to 125cm^3 class 78 thousand units (71% y-o-y), the 126cm^3 to 250cm^3 class 35 thousand units (67% y-o-y), and the 251cm^3 and greater class 22 thousand units (50% y-o-y), a decline in all classes.

2. Suzuki Sales Status

In the harsh economic circumstances of fiscal 2009, rising vehicle costs of our main products had an influence on Suzuki's total fiscal 2009 volume, which was 70 thousand units (57% y-o-y). Further breakdown of this figure shows motor-driven cycles at 63 thousand units (61% y-o-y). Within this figure the volume for the 50cm^3 and under class amounted to 45 thousand units (71% y-o-y) while the 51cm^3 to 125cm^3 class amounted to 18 thousand units (44% y-o-y). Figures for larger models showed a decline to 6.7 thousand units, a 36% y-o-y loss. Figures for the 126cm^3 to 250cm^3 class were 3.9 thousand units (32% y-o-y), 251cm^3 to 400cm^3 class were 2.3 thousand units (48% y-o-y) and in the 401cm^3 and greater class 481 units (36% y-o-y), a drastic decline in all classes.

3. Suzuki Motorcycle Topics

In the 50cm^3 and under class, the Let's 4 Basket and Let's 4 Pallet, both of which focus on target users, showed an increase in shipments (Let's 4 Basket: 110% y-o-y and Let's 4 Pallet: 119% y-o-y), but because shipments for our leading product, the Let's 4, were stagnate, it was not enough to halt the overall downward trend. In the 51cm^3 to 125cm^3 class, new products introduced by other manufacturers resulted in a decrease in shipments of the Address V125.

Regarding large displacement models in the 251cm^3 to 400cm^3 class, new Gladius 400 ABS and Boulevard 400 models were introduced at year-end, and sales are expected to expand with promotions planned for spring season demand.

Let's4 Basket

GLADIUS 400 ABS

BOULEVARD 400

Overseas Markets

1. Overseas Motorcycle Market Overview

The overseas motorcycle market in fiscal 2009 was impacted by the economic slowdown, with sales in North America down 39% y-o-y at 562 thousand units and sales in Europe down 12% y-o-y at 1,197 thousand units. However, ASEAN sales were up 6% y-o-y at 11,484 thousand units thanks to solid demand in Indonesia. Sales in the growing Indian market were up 26% y-o-y at 9,371 thousand units. And sales in the Chinese market were up 9% y-o-y at 17,801 thousand units thanks to growing demand in inland regions.

Toyokawa Plant
Motorcycles and outboard motors assembling

2. Suzuki Sales

Suzuki's fiscal-2009 motorcycle sales volume in North America was down 53% y-o-y at 51 thousand units owing to marketing activities that gave top priority to inventory reduction. Sales volume in Europe was down 30% y-o-y at 102 thousand units. ASEAN sales volume was down 27% y-o-y at 662 thousand units owing to delays in launches of new models in the largest market, Indonesia. However, sales were strong in India; thanks to demand for scooters, they were up 46% y-o-y at 189 thousand units. Sales in China were also up y-o-y, with growing demand in inland regions helping to push them up by 20% to 1,585 thousand units.

GSX1250FA

GSX-R1000 “25th Anniversary Edition”

RMX450Z

RM-Z250

INTRUDER M800 / SUZUKI BOULEVARD M50

KINGQUAD 400ASi 4x4

Smash110

3. Suzuki Topics in Fiscal 2009

Suzuki's GSX-R and RM-Z models won major US and European championships for production motorcycles in 2009, and Suzuki made a good showing in MotoGP and Motocross MX1. Suzuki's launches of 2010 new models in North America and Europe included the GSX1250FA, the RMX450Z, the RM-Z250, and the GSX-R1000 25th Anniversary Edition. In the ASEAN market, Suzuki pursued sales growth by launching the underbone Smash 110. And in the Chinese market, Suzuki began launching models that comply with the National Standard III emission regulations that will come into force in July 2010.

Suzuki Endurance Racing Team, Bol d'Or 24 Hours

Loris Capirossi, MotoGP

Ryan Dungey, AMA SX Lites West

Marine Products

In terms of Outboard Motor exports in fiscal year 2009, combined shipment of CBU and KD for Suzuki Motor Thailand declined to 61% in units and 54% in amount compared to the previous year, due to the world wide economic recession.

The domestic sales also declined to 82% in units and 84% in amount compared to the previous year. The current Suzuki 4-Stroke Outboard Motor ranges from the lowest horsepower model DF2 (1.49kW, 2PS) to the highest horsepower model, the DF300 (220.7kW, 300 PS).

More fuel saving Lean Burn Control New DF40 (29.4kW, 40PS) / DF50 (36.8kW, 50PS) and DF300 (220.7kW, 300PS) were introduced at Miami International Boat Show in U.S. in February, 2010.

DF175


DF9.9


DF300

DF60

DF300

Other Topics

Environmental

As a general manufacturer of automobiles, motorcycles, outboard motors, etc., Suzuki addresses environmental conservation at all stages in its operations—from development to disposal.

In product development, we make every effort to improve fuel economy, reduce exhaust emissions and noise, develop clean energy vehicles, etc. In manufacturing, we address issues such as reducing environmental risk, reducing energy, and promoting the use of alternative energy. In distribution, we focus on improving transportation efficiency and energy reduction, promoting the three R's (reduce, reuse, recycle), and the use of low emission transport. In marketing, we address issues related to promoting environmental management at our dealers and proper disposal of end-of-life products, etc. In addition to activities not related to production, we also promote energy reduction in our offices and green purchasing, provide our employees with environmental education, promote environmental management at our dealers, and promote social action programs in local communities.

2009 Topics

- We published the Suzuki 2009 Environmental and Social Report. Suzuki has published an environmental report annually that covers all activities related to the environment since fiscal 1999.
- In activities related to product development, we introduced a newly developed Continuously Variable Transmission (CVT) on our Palette mini vehicle in September. The unit combines a new two-stage planetary gear mechanism along with the usual metal belt transmission mechanism, which allows a shift range that is approximately 25% wider than the previous CVT system. This system achieves higher fuel efficiency without diminishing the advantages of the previous CVT system.
- We also introduced a fuel cell powered version of our Burgman scooter at the 41st Tokyo Motor Show in October. Its simple, compact and lightweight air-cooled fuel cell system offers greater layout flexibility allowing the hydrogen tank to be installed in the frame for greater safety. This is also the first motorcycle fitted with a 70MPa hydrogen tank, which provides a 350km range per charge. We are planning to advance the practical use of fuel cell vehicles through verification tests on public roads.

Environmental and Social Report

Newly Developed Continuously Variable Transmission (CVT)

Burgman Fuel Cell Powered Scooter

Suzuki's business collaboration with other car manufacturers

The economic crisis following the bankruptcy of Lehman Brothers as well as rapidly growing public interest in global environment like never before, called for sweeping changes in the automotive industry. In the midst of increasingly severe circumstances, Suzuki and Volkswagen AG (VW) held number of discussions and concluded that the complementary strengths of each company make for a perfect fit in exploiting respective advantages. Suzuki and VW announced establishment of comprehensive partnership as independent and equal partners on 9th December 2009.

In order to realize various collaboration projects such as sustainable compact cars where demand is continuously growing, as well as green engineering and logistics, staff of both companies often travel between Hamamatsu and Wolfsburg to organize various meetings. To enable smooth communication and deepen cooperation between the companies, Suzuki established representative office in the VW headquarters in March 2010. VW also opened its office in Suzuki headquarters.

Besides VW, Suzuki has various partnerships with other automobile manufacturers in specific fields. Some of the examples are mutual OEM supply of vehicles between Nissan Motor Co., Ltd in domestic and overseas markets, OEM supply of vehicles to Mazda Motor Corporation, Adam Opel AG and Fiat Group Automobiles S.p.A., and licensing of diesel engine from Fiat Powertrain Technologies S.p.A.

Suzuki will hold comprehensive partnership with VW as a core, and continue to pursue synergetic effect through various cooperation projects, for efficient use of management resources.

Suzuki established comprehensive partnership with VW on 9th December 2009

SX4
(manufactured at Magyar Suzuki in Hungary and supplied to Fiat)

MR WAGON
(manufactured at Kosai plant, Japan and supplied to Nissan)

LANDY
(Supplied from Nissan in Japan)

Corporate Data, Executives and Overseas Subsidiaries

Corporate Data

SUZUKI MOTOR CORPORATION

Head Office:
300 Takatsuka-Cho, Minami-ku, Hamamatsu City, Japan 432-8611

Mailing Address:
Hamamatsu-Nishi, P.O.Box 1
Naka-ku, Hamamatsu, Shizuoka 432-8611, Japan

Executives (As of August 1, 2010)

[Representative Directors]

Chairman & CEO
Osamu Suzuki

Representative Director and Senior Managing Officer
Minoru Tamura
Takashi Nakayama
Takao Hirosawa

[Directors]

Director and Senior Managing Officer
Shinzo Nakanishi
Osamu Honda
Toshihiro Suzuki
Toyokazu Sugimoto
Masanori Atsumi
Yasuhito Harayama
Naoki Aizawa
Eiji Mochizuki

[Senior Managing Officer]
Takumi Kunikiyo
Takeo Shigemoto

[Managing Officer]
Shigeaki Hamada
Sadayuki Inobe
Masafumi Yayoshi
Ichizo Aoyama
Toshiaki Hasuike
Hiroyasu Uchida
Takashi Iwatsuki
Kaoru Sato
Kazuo Hakamata
Hiroaki Matsuura
Seiichi Furusho

[Auditors]

Corporate Auditor
Tamotsu Kamimura
Yoshitaka Suzuki

Corporate Auditor- non full-time
Nobuyasu Horiuchi
Katsuhiko Kume
Shin Ishizuka

Major Overseas Subsidiaries

[EUROPE]

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

[AMERICA]

USA	American Suzuki Motor Corporation
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.

[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 Automobile (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	Myanmar Suzuki Motor Co., Ltd.

[OCEANIA]

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

[AFRICA]

South Africa	Suzuki Auto South Africa (Pty) Ltd.

The Status of the Corporate Group

1. The outline of the corporate group

The corporate group of the Company consists of subsidiaries of 139 companies and affiliates of 35. The main businesses are manufacturing and marketing of motorcycles, automobiles, marine & power products, motorized wheelchairs, electro senior vehicles and houses, and financial services, further developing the businesses of logistics and other services related to the respective operations.
The position of the group companies in relation to the business segmentation is as follows.

Motorcycle

Motorcycles are manufactured by the Company. In overseas, they are manufactured by a subsidiary, Thai Suzuki Motor Co., Ltd. and an affiliate, Jinan Qingqi Suzuki Motorcycle Co., Ltd. and others. Some of parts are manufactured by a subsidiary, Suzuki Toyama Auto Parts Mfg. Co., Ltd. and others, and those parts are purchased by the Company.
The marketing of the motorcycles is conducted in the domestic market through a subsidiary, Suzuki Motorcycle Sales Inc. and other marketing companies, and in overseas markets through a subsidiary, Suzuki International Europe GmbH and other marketing companies.

Automobile

Automobiles are manufactured by the Company as well as in overseas, by subsidiaries, Magyar Suzuki Corporation Ltd., Maruti Suzuki India Limited and by an affiliate, Chongqing Changan Suzuki Automobile Co.,Ltd. and others. Some of parts are manufactured by Suzuki Hamamatsu Auto Parts Mfg. Co., Ltd. and others, and they are purchased by the Company.
The marketing of automobiles is carried out in the domestic market by a subsidiary, Suzuki Motor Sales Kinki Inc. and other marketing companies throughout the market, and in overseas markets, by a subsidiary, American Suzuki Motor Corp. and other marketing companies. The business of logistics services is conducted by a subsidiary, Suzuki Transportation & Packing Co., Ltd.

Marine and Power products, etc

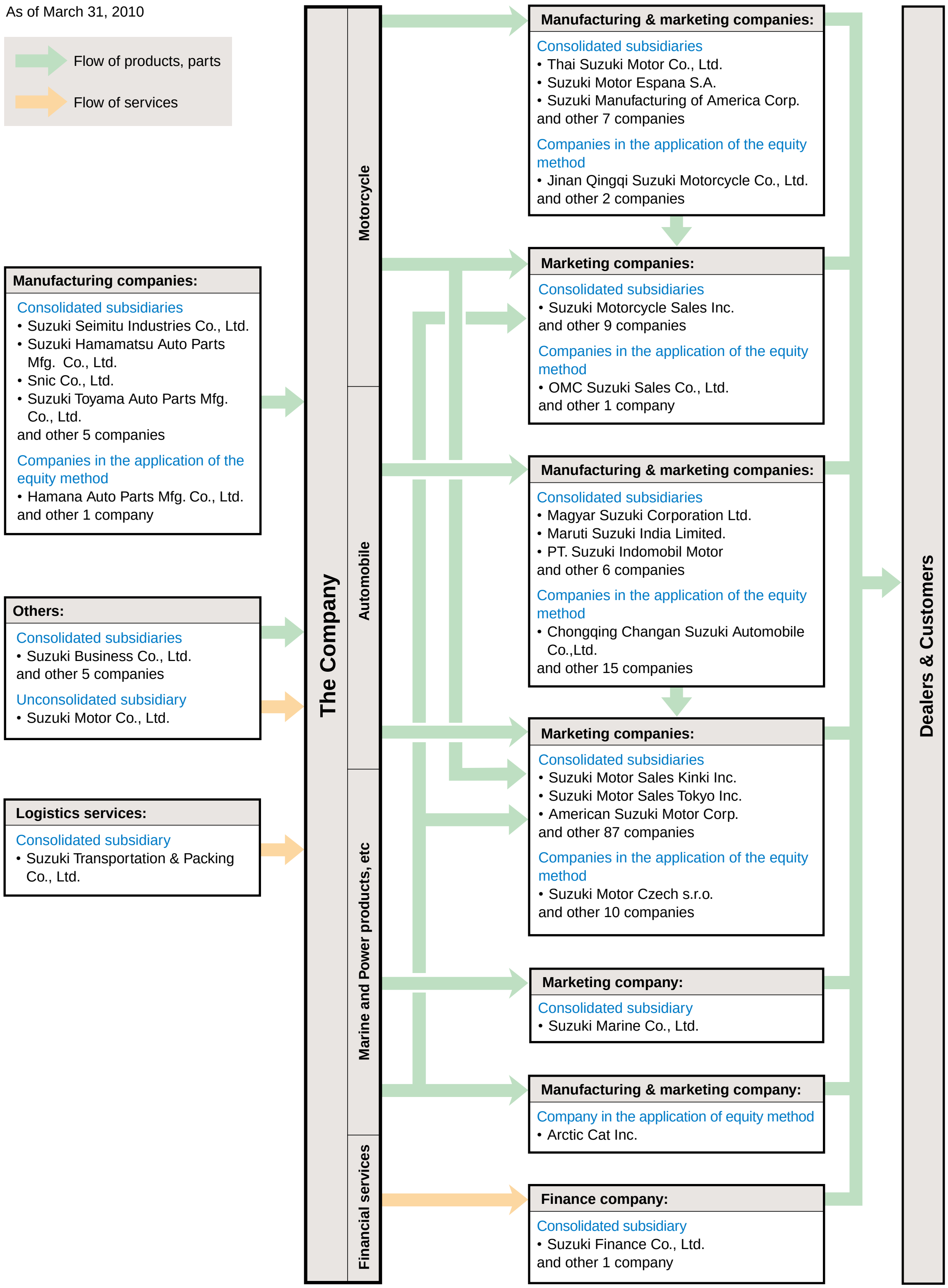
Outboard motors are manufactured mainly by the Company and marketed by a subsidiary, Suzuki Marine Co., Ltd. and others.
In the domestic market, the marketing of motorized wheelchairs and electro senior vehicles is conducted by subsidiaries such as Suzuki Motor Sales Kinki Inc. and others, and the marketing of houses is conducted by a subsidiary, Suzuki Business Co.,Ltd.

Financial services

Financial services are conducted by a subsidiary, Suzuki Finance Co., Ltd. and others.

2. Operation flow chart

As of March 31, 2010



FINANCIAL SECTION

CONTENTS

Management Policy

1. Business operations basic policy

Ever since establishment, the Group has maintained a basic policy of making “value-packed products” to give our customers satisfaction. The opening paragraph of our company’s mission statement promises that we will “develop products of superior quality by focusing on the customer”. Of course, the value of a product varies with the times as well as the differences between countries and in lifestyles. By keeping on top of the dynamic changes occurring in the marketplace, we strive to create products of real value, products that are always designed to win our customers’ approval.

We commits itself to make efforts to promote the “production of mini, small and subcompact vehicles” and the “development of environmentally benign products” needed by customers, and to be small, less, light, short and beautiful on every side of organization, facilities, parts, environment and so on as well as production, with the slogan, “Small Cars for a Big Future”, and has been working for the efficient, well-knit and healthy management.

2. Basic policies for profit distribution

We determine the profit distribution based on the performances, dividend payout ratio, strengthening of the corporate nature and full internal reserve for future business developments from the medium- to long-term viewpoint, with the emphasis on the continuous and stable distribution.

The Group has a structure in which profits are highly dependent on overseas manufacturing plants. These are mainly located in developing countries, and are therefore subject to exchange rate fluctuations. To achieve stable growth, we need to further enhance our corporate structure and prepare for unforeseen circumstances.

The management environment substantially changed from the latter half of the previous fiscal year, and sales have continued to drop substantially, but we were able to record profits by vigorous cost reductions in every aspect.

The management environment still looks grim, but to express our gratitude for your daily support, we have paid ¥7 of year-end dividend per share (annual dividend including interim dividend was ¥12 per share).

In future years, under the foregoing point of view, we will also determine the profit distribution based on the performance of fiscal year.

3. Outstanding issues

The Group has reviewed every aspect of our business to strengthen our management practices placing “Let’s review the current practices and stay true to the basics in order to survive the competition.” as our basic policy in promoting the growth strategy.

However, automobile sales declined in various regions of the world on account of the global financial crises, and the situation we are in has been difficult, with our sales for this fiscal year having dropped by more than 30% from the peak of the fiscal year ended in March 2008.

To overcome this crisis, we have been making concerted efforts as a group with the slogan of “Let’s come up with new ideas to overcome the huge challenges we face.” and “Let’s start again in all areas to address our 30% sales decrease.”

As specific measures, facing the fact of a large reduction in sales squarely, we promote the establishment of system to ensure profits in the declining sales by cost reduction by “weight reduction of 1g and cost reduction of 1 yen per part,” squeezing of fixed expenses by “internal cost reduction initiative” and further reviewing of organizations and structure.

Next, as for the issues challenged by our major businesses of motorcycle business and automobile business, we will promote launching of products fit for the market needs, strengthening of sales forces and improving of the quality and productivity for motorcycles. Especially, we will strengthen the small motorcycle business in the Asian region where further growth can be expected.

In automobile business, we will promote product development and sales activities closely tied with both domestic and overseas markets. In Japan, we will strengthen sales abilities and after sale activities in the Suzuki sales offices nationwide to promote the improvement of the customer satisfaction. We will try to create sales offices loved by as many customers as possible in order to achieve a sales increase. In overseas markets, we will try to improve SUZUKI brand image by using the slogan of “Way of life !” and increase the level of overseas bases through promotion of local procurement of parts, cost reduction activities, further improvement of quality and further progress in productivity, as well as sales enhancement. As to the business in North America that the profit has been declining, we will try to rebuild by reviewing the sales structure etc.

In addition, in research and development, the environmentally friendly product development for protecting global environment such as reduced emission gas, improved fuel efficiency, resource saving and recycling has become more and more important. In the limited research and development resources, we will consolidate power trains, standardize parts and concentrate funding on environmental technologies.

Further, we make efforts for the development of high fuel efficiency and low emission technologies such as diesel engine vehicles, hybrid vehicles and electric vehicles mainly with the product development abilities for small cars, the strength of the Group, based on the alliance with each company.

On December 9 last year, Suzuki Motor Corporation (the Company) and Volkswagen AG (VW) reached a common understanding to establish a comprehensive partnership. In terms of product portfolio, global distribution and manufacturing capacities, both companies ideally complement each other. The companies plan a joint approach to the growing worldwide demand for more environmentally friendly vehicles.

The management of the Company and VW have concluded that the complementary strengths of each company make for a perfect fit in exploiting their respective advantages as well as rising to the challenge of the global market.

In the automotive industry, where globalization and diversification proceed in parallel, both companies will establish a cooperative relationship while respecting each other's independence as a stand-alone entity. Both companies are focused on achieving synergies in the areas of rapidly growing emerging markets as well as in the development and manufacturing of innovative and environmentally friendly compact cars.

To support a smooth development of this relationship, VW has purchased 19.9%*1 of the Company's issued shares and the Company also intends to invest up to one half of the amount received from VW into shares of VW*2.

*1 Please see Note 16 (b).

*2 At the end of this March, the Company owns 2,000,000 shares of common stock of VW.

4. Corporate governance issues

(1) Basic concepts regarding corporate governance

The Company has made it a principle to carry out its corporate activities in a fair and efficient manner, and has desired to be a company which achieves a sustainable growth by retaining the faith of all our stakeholders including shareholders, customers, business partners, regional communities and employees, and by making contribution toward international society. For its fulfillment, the Company recognizes that enhancement of corporate governance is one of its most important management issues, and makes positive efforts toward the implementation of various measures.

(2) Organization of the Company

(a) Directors/Board of Directors

The Company has reduced the number of directors (twelve Directors as of issuance of this report), and introduced a managing officer system (senior managing executive officers and managing executive officers) aiming at agility of management, speedup of operation and clarification of responsibilities. All Directors, excluding Chairman & CEO, concurrently serve as executive general managers who are central to perform operations and assume the position responsible for main divisions or other functions, and they participate in decision-making at board meeting through providing on-site information. Further, we have established a dedicated department to find cross-sectional issues and to speed up such issues solving process in order to proceed with decision-making at board meeting company-wide promptly without the negative effects by bureaucratic sectionalism.

Besides the above, the Company had stipulated the term of office of Directors to be for one year in order to clarify their management responsibilities and to address the change in the business environment flexibly.

In addition to the regular meetings of the Board of Directors held every month, Directors hold a special board meeting whenever necessary, and discussions including viewpoints of regulatory compliance and corporate ethics are thoroughly conducted in those meetings for decision-making. Combined with participation of Corporate Auditors at all times, the function of management supervision in meetings of the Board of Directors is working effectively. And management councils are held whenever necessary to discuss the strategic decision on execution of important management issues. Furthermore, Directors mutually exchange information through weekly meetings.

(b) Auditors/Board of Corporate Auditors and internal auditing

The Company has adopted a corporate auditor system, and their board consists of five members including three persons of Outside Corporate Auditors who have wide experiences and knowledge in other fields, international experience, legal and so on, in order to enhance the audit function and oversight function from outside the Company. In addition, the Company has audit department. Thus, along with auditing by Independent Auditor, audits are executed in three different ways, from the standpoint of compliance, internal control and management efficiency respectively.

As to Corporate Auditors, they execute audits on proper management of the Company, in accordance with the Rules of the Board of Corporate Auditors and audit policies of the corresponding fiscal year, by holding meetings of the Board of Corporate Auditors, participating in meetings of the Board of Directors, perusing approval documents and various minutes, and receiving reports and explanation from Directors on execution of business, etc.

The audit department audits the Company and domestic and foreign subsidiaries and affiliates, and periodically checks the integrity and efficiency of their internal control system. Results of the checks are reported to management together with suggestions regarding improvement and correction of problems. The audit department also helps to make rules for enhancement of management structures, conducts guidance and supports for compliance with the laws, regulations and rule and promotes efficiency and standardization of their business.

Corporate Auditors adjust audit plans and auditing themes of the audit department, attend its audit and receive reports and explanation on all its audits whenever necessary. Corporate Auditors also execute internal auditing and auditing on subsidiaries as Corporate Auditors' auditing in cooperation with the audit department.

(c) Independent Auditor

Seimei Audit Corporation is assigned as an Independent Auditor for the Company. Corporate Auditors receive explanation from Independent Auditor on audit plans for the corresponding fiscal year, reports on audit on the finance and accounting statements, and also reports on audit on subsidiaries. Corporate Auditors, audit department and Independent Auditor create a closer connection by exchanging information whenever necessary.

Name of Engagement Partners	Auditing company CPA belongs to
Satoru Imamura	Seimei Audit Corporation
Akira Iwama	Seimei Audit Corporation

Note: The number of other assistant members for audit: Eight certified public accountants and eight others.

(d) Relationships with Outside Corporate Auditors

Three Outside Corporate Auditors have no special interest in the Company.

(3) Development of internal control system and risk management system

In order to enhance corporate governance, the Company is making efforts to keep everyone informed about compliance and to strengthen internal control system. The basic policy for construction of internal control system and its development are as follows:

(a) Compliance system for Directors

Directors respect the “Mission Statement” and the “Suzuki Action Charter” and execute their duties in compliance with the “Rules of the Board of Directors”, the “Approval Procedures” and other rules of the Company, and mutually supervise their execution of duties through meetings of the Board of Directors, etc. And the Company established the “Suzuki Corporate Ethics Rules” (April, 2002) which lays out a set of basic points for Directors and employees to act in a fair and faithful manner in compliance with the law, the norms of the society and company rules and observes the same. It is revised whenever necessary by “Corporate Ethics Committee” which promotes corporate ethics in the Company. And Corporate Auditors audit the execution of duties of Directors in accordance with the audit policies and work responsibilities set by the Board of Corporate Auditors.

(b) Compliance system for employees

In order to ensure that employees execute their duties in compliance with the law and the Articles of Incorporation of the Company, the Company is making effort to keep everyone informed about the “Suzuki Employees’ Action Charter” which lays out the norms of action of employees, the “Approval Procedures” and the “Job Description” which set up the proceedings of execution of their duties in details, and other rules of the Company. It is revised whenever necessary. Furthermore, in accordance with the “Suzuki Corporate Ethics Rules”, the Company has developed compliance system for employees including internal report system, and has educated them through various training and in-house seminars regarding compliance. And, in accordance with the “Rule of Internal Auditing”, the audit department audits on the integrity and efficiency of various control systems, organizations and rules, and properness of function of internal control, etc.

(c) Risk management system

The Company has set up the “Risk Management Procedure” as part of the “Suzuki Corporate Ethics Rules” to cope with risks such as malpractices or illegal acts which could occur inside and outside the Company or such as natural disasters and terrorism which the Company can not prevent. Whenever the “Corporate Ethics Committee” recognizes risks that could cause urgent and serious damages to the Company’s management and business operations, the committee immediately sets up “Risk Management Headquarters”, in accordance with the “Risk Management Procedure”, as an organization that will decide on the measures to be taken against the occurred risk. “Risk Management Headquarters” immediately discuss and decide policies and measures to be taken and can give instructions to the appropriate divisions and departments. These divisions and departments are then able to communicate with each other to resolve any issues at hand.

(d) System to ensure proper business operation of the corporate group

To ensure a proper business operation of the corporate group which consists of the Company and its subsidiaries, the Company has established the “Rules of Business Control Supervision”. It is revised whenever necessary. The subsidiaries and affiliates report to the Company on their business operation and consult with the Company on important matters in accordance with those rules, and departments in charge give guidance and advice to them to enhance their management structure. And our audit department helps to make rules for the subsidiaries and affiliates, conducts guidance, supporting and auditing for their regulatory compliance. It also promotes efficiency and standardization of their business.

(4) Remuneration for Directors and Corporate Auditors for this fiscal year

Remuneration paid to Directors and Corporate Auditors is as follows:

(Amount of remuneration: million yen, Number of payees: person)

Classification	Total amount of remuneration	Amount of remuneration by remuneration type		Number of payees
		Basic pay	Bonus	
Directors	459	311	148	13
Corporate Auditors (excluding Outside Corporate Auditors)	41	28	13	2
Outside Corporate Auditors	20	16	4	3

Notes: 1. The amount of remuneration limit for directors (¥80 million per month) was resolved at the 135th ordinary general meeting of shareholders held on June 28, 2001 (however, salaries for employees are not included).

2. The amount of remuneration limit for corporate auditors (¥8 million per month) was resolved at the 123rd ordinary general meeting of shareholders held on June 29, 1989.

3. The above-mentioned bonus are recorded as provision for directors' bonuses at the end of this fiscal year and treated as expenses of this fiscal year.

4. The above-mentioned Directors include two Directors who resigned at the completion of the 143rd ordinary general meeting of shareholders held on June 26, 2009.

5. In addition to the above, the amount of remuneration which Outside Corporate Auditor obtained from subsidiaries of the Company as their officers is ¥4 million for one person.

6. In addition to the above, ¥201 million was paid to ten retired Directors as retirement benefit allowance in accordance with a resolution of the 140th ordinary general meeting of shareholders held on June 29, 2006. Further, ¥1 million was paid to a retired Director and ¥1 million was paid to a retired Corporate Auditor, as pensions for directors and corporate auditors under the Rules of Retirement Benefit Allowance for Directors and Corporate Auditors.

(5) Remuneration for Independent Auditor for this fiscal year

(a) The remuneration amount to be paid by the Company to Independent Auditors is ¥74 million.

(b) The remuneration amount to be paid by the Group to Independent Auditors is ¥76 million.

(c) Of the amount shown in (a), the remuneration amount to be paid for audit certification is ¥74 million.

Note: Since the audit agreement between the Company and Independent Auditors does not distinguish the remuneration for auditing based on the Companies Act of Japan from that for auditing based on the Financial Instruments and Exchange Act of Japan, the Company can not specify respective amounts substantially and has described the total amount for those audits.

(Reference)
Internal Control Report System under the Financial Instruments and Exchange Act of Japan

Effective from the fiscal year ended March 31, 2009, Internal Control Report System has been applied under the Financial Instruments and Exchange Act of Japan. The Company has established a project team to enhance the system for assessment of the effectiveness of internal controls over the financial reporting.

Our management executive assessed the effectiveness of internal control over financial reporting as of March 31, 2010 in accordance with "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions) " published by the Business Accounting Council of Financial Services Agency, the Japanese government. Based on that assessment, our management executive concluded that our Group's internal control over financial reporting was effective as of March 31, 2010.

Seimei Audit Corporation, the Company's Independent Auditor, has audited the Internal Control Report made by our management executive, and expressed an unqualified opinion regarding effectiveness of the Group's internal control over financial reporting as of March 31, 2010.

Financial Review

1. Operating results

The management environment of the Group for this fiscal year continues to be in a severe situation with high unemployment rates continued in Europe and the U.S., while the global economy has not fully recovered although it is gradually recovering because of the economic recoveries mainly in Asia and economic stimulus measures by each government. The domestic economy has recovered to some extent with recoveries in export and production based on the overseas economic recovery and the influences of economic measures, but it is still in a severe situation with deflationary concerns and a high unemployment rate.

Under these circumstances, consolidated sales largely declined for the two consecutive years to ¥2,469.1 billion (82.2% y-o-y) on account of the reduced domestic and overseas sales volume and fluctuations in exchange rates due to yen appreciation. As for the consolidated profits, the reduced profits caused by a sales decline and exchange influences were covered by the reduction of operating expenses mainly by “internal cost reduction initiative” and favorable sales of automobiles in Asia, and profits exceeded those of the previous fiscal year with ¥79.4 billion of operating income (103.2% y-o-y) and ¥28.9 billion of net income (105.4% y-o-y).

Meanwhile, non-consolidated sales declined to ¥1,286.6 billion (76.3% y-o-y). However, as for the profits, the reduced profits caused by a sales decline and exchange influences were covered by the vigorous reduction of various expenses and profits exceeded those of the previous fiscal year with ¥12.0 billion of operating income (105.1% y-o-y) and ¥7.1 billion of net income (215.6% y-o-y).

(1) The operating results by business segmentation

(a) Motorcycle

In the slowdown of the world economy, domestic and overseas sales were reduced, and sales of the motorcycle business were ¥262.9 billion (57.9% y-o-y), also influenced by exchange fluctuations by yen appreciation. As for profit, the Group posted an operating loss of ¥21.1 billion because the reduced operating expenses were unable to cover the reduced profits by reduced sales and influence of exchange fluctuations.

(b) Automobile

In domestic market, because of the launching of fuel consumption improved cars including “SWIFT,” “MR WAGON,” and “PALLETE,” the strengthened product and expanded sales efforts such as the launching of new “ALTO,” all the types of which fit the environmentally friendly car dissemination promotion tax system, and the implementation of governmental measures, sales increased over the previous fiscal year. On the other hand, overseas sales in India increased because of favorable sales of new model automobiles including “A-star” and “Ritz (SPLASH for the Japanese name)”, but overseas sales were below those of the previous fiscal year on account of exchange fluctuations by yen appreciation. As a result, sales for the automobile business were 2,184.0 billion yen (86.5% y-o-y). Operating income increased to 90.6 billion yen (131.2% y-o-y) because the cost reduction and the reduced operating expenses covered the reduced profits by reduced sales and influence of exchange fluctuations.

(c) Marine and Power products, etc

Sales and operating income of marine and power products, etc. business were ¥45.4 billion (68.1% y-o-y) and ¥5.3 billion (57.5% y-o-y), respectively, on account of global decreasing demand for outboard motors.

(d) Financial Services

Sales and operating income of financial services business were ¥79.6 billion (101.1% y-o-y) and ¥3.8 billion (95.5% y-o-y), respectively.

(2) The operating results of geographical segmentation

(a) Japan

Sales were ¥1,488.5 billion (81.6% y-o-y) on account of the reduced domestic and export sales. Operating income increased to ¥34.1 billion (118.6% y-o-y) because the reduced operating expenses covered the reduced profits by reduced sales and influence of exchange fluctuations.

(b) Europe

Sales declined to ¥423.5 billion (68.5% y-o-y) on account of reduced sales in the economic recession and the influence of exchange fluctuations by yen appreciation. However, operating income increased by ¥1.5 billion to ¥4.6 billion because of the reduced operating expenses.

(c) North America

Sales were ¥128.9 billion (57.1% y-o-y) on account of reduced sales in the economic deterioration and credit crunch started by the financial crisis and the Group posted an operating loss of ¥11.6 billion. However, operating loss decreased by ¥12.5 billion compared to the previous fiscal year because of the reduced operating expenses.

(d) Asia

Sales were ¥780.6 billion (103.7% y-o-y) because the increased number of units sold of automobiles by Maruti Suzuki India Ltd. in India covered the sales decrease in ASEAN and the sales decrease influenced by exchange fluctuations of yen appreciation. Operating income increased to ¥56.2 billion (159.0% y-o-y) by increased profits of Maruti Suzuki India Ltd.

(e) Other areas

Sales were ¥67.4 billion (75.1% y-o-y) because of the sales reduction in Oceania and Central and South America. Operating income decreased to ¥1.2 billion (70.0% y-o-y) because the reduced operating expenses were unable to cover the reduced profits by reduced sales and influence of exchange fluctuations.

(3) Selling, general and administrative expenses

In this fiscal year, the amount of selling, general and administrative expenses decreased by ¥104.1 billion to ¥507.9 billion, because the advertising and promotion expenses decreased due to the reduced sales.

(4) Other income and expenses

In this fiscal year, the net amount of other income and expenses was a profit of ¥13.1 billion mainly due to financial account balance. Compared to the previous fiscal year, profit increased by ¥9.9 billion mainly due to decreased loss on valuation of securities.

(5) Outlook of the next fiscal year

For the sales outlook of the next fiscal year, sales increases are expected in Asia, South and Central America, and Oceania while sales in Japan, Europe and the U.S. are expected to continue to be low. We will make further efforts for improvement in every aspect as a group and develop business activities to achieve the results exceeding the consolidated results estimates.

(Forecast of consolidated results)

Net sales	¥2,500.0 billion	(up 1.3% y-o-y)
Operating income	¥80.0 billion	(up 0.8% y-o-y)
Net income	¥30.0 billion	(up 3.8% y-o-y)
Exchange rate	1 US dollar = 90 yen, 1 Euro = 115 yen	

* The business forecasts mentioned above are calculated based on currently available information and assumptions and contain risks and uncertainty. Please note that the future results may greatly vary by the changes of various factors. Those factors, which may influence the future results, include economic conditions and the trend of demand in major markets and the fluctuations of foreign exchange rate (mainly Yen/US dollar rate, Yen/Euro rate).

2. Liquidity and capital resources

(1) Cash flow

For this fiscal year, cash flow from operating activities increased by ¥326.4 billion (a fund increase of ¥34.2 billion for the previous fiscal year), and ¥282.3 billion of funds was used for investing activities including the acquisition of property, plant and equipment and investments (a fund decrease of ¥262.9 billion for the previous fiscal year), resulting in an increase of ¥44.1 billion for free cash flow (a fund decrease of ¥228.7 billion for the previous fiscal year). For the financing activities, ¥103.4 billion of funds increased as a result of the repayment of loans payable in addition to a fund increase by disposal of treasury stocks (a fund increase of ¥232.9 billion yen for the previous fiscal year).

As a result, the balance of cash and cash equivalents at the end of this fiscal year were ¥583.5 billion, up ¥155.7 billion from the end of the previous fiscal year.

(2) Demand for money

During this fiscal year, the Company and its main subsidiaries and affiliates invested a total ¥131.3 billion of capital expenditures (including ¥11.0 billion of capital expenditures of main subsidiaries and affiliates) for new model production, R&D investments, and so on. In the financing, the long-term loans payable of ¥50 billion was secured in the beginning of this fiscal year when the payments of the funds for facilities were concentrated. Further, ¥222.5 billion was secured by way of third-party allotment of treasury shares to Volkswagen AG in January 2010, of which ¥100 billion was appropriated to the repayment of the short-term loans payable.

Capital expenditure project for the next fiscal year is ¥170.0 billion (including ¥10.0 billion of capital expenditures project of main subsidiaries and affiliates). The required fund will be covered mainly by our own funds and others.

3. Significant accounting policies

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

4. Risks in operations

Risks that may affect the management results, stock price and financial situation of the Group include the followings.
Matters in relation to the future mentioned in the text below are based on our conclusions as of June 29. 2010.

Risk relating to markets

(1) Change in economic situations, demand fluctuation in the markets

The long term economic slowdown, world economic deterioration and financial crisis, and the reduced buying motivation of the consumers may lead to a substantially reduced demand for the products of the Group including motorcycles, automobiles and outboard motors.

In addition, we conduct businesses around the world, and our dependency on the overseas manufacturing plants especially in the developing countries of the Asian regions has been increasing over the years. The unexpected situation in these markets such as the rapid change in the economic situations may affect the performance of the Group. Further, unexpected change or new application of tax systems in each country may also affect the performance and financial conditions of the Group.

(2) Severer competitions with other companies

We are facing competitions with rival companies in every global market where we do our businesses. Competitions may get harder if the globalization of the world's automobiles and motorcycles industries is further promoted. Competitions with other companies include various aspects such as product quality, safety, price, environmental performance, as well as efficiency of product development and manufacturing system, establishment of sales and service systems and sales finance.

We will make further efforts for maintaining and improving our competitive edges, but there may be risks that impede our competitive advantages.

Risk relating to business

(1) New product development and launching abilities

To correctly understand customer needs and to develop and launch to the market new attractive products that satisfy the customers in a timely manner are very important for a automobile and motorcycle manufacturer. It has become more important than ever to understand customer needs that rapidly change, such as the reduced demands caused by domestic and overseas economic slowdown and the increased interest in the environmental performance.

In addition, for launching of new products, specific product development abilities as well as abilities to continually manufacture products will be required in addition to appropriately understanding customer needs.

However, even if we were able to appropriately understand the customer needs, there may be possibilities that we are unable to develop new products matching the customer needs in a timely manner on account of technical abilities, procurement of parts, production capabilities and other factors. If we are unable to launch products matching the customer needs to the market in a timely manner, the sales share and sales may be reduced, which may adversely affect the performance and financial conditions of the Group.

(2) Change in product prices and purchase prices, dependence on specific suppliers

Various factors including a rapid change in demands, insufficient supply or price rise of specific parts and raw materials, unstable economic conditions, revisions of import regulations and harder price competition may rapidly change the product prices and purchase prices of the Group. There is no guarantee that such rapid price change does not last long or such change does not occur in the markets where there have not been such changes so far. Rapid changes in product prices and purchase prices may adversely affect the performance and financial positions of the Group in any market where we conduct our businesses.

In addition, the procurement of some of the parts has been limited to specific suppliers on account of technical abilities, quality, and price competitiveness. If we are unable to obtain the parts continuously and stably on account of unforeseeable accidents of the suppliers, it may adversely affect the performance and financial conditions of the Group.

(3) Business development in various countries in the world

We have been conducting our businesses in various countries in the world, and in some of the countries, we conduct joint ventures with local companies in accordance with local laws or other requirements. These businesses are restricted by various legal and other regulations in each country (including those related to tax, tariff, overseas investment and fund transfer to the home country). Any changes to such regulations, management policies of the joint venture partners or management environment may adversely affect the performance and financial conditions of the Group.

(4) Fluctuations of exchange rates and interest rates

We export motorcycles, automobiles, outboard motors and related parts to various countries in the world from Japan. In addition, we export those products and parts from the overseas manufacturing plants to multiple other countries. Fluctuations of exchange rates affect the management results and financial conditions of the Group as well as our competitiveness and the performance and financial conditions of the Group.

Further, the exchange fluctuations will affect the price setting of the products sold by the Company in foreign currencies as well as the price of the raw materials purchased. The ratio of the overseas sales has reached two thirds of consolidated sales for this fiscal year, and transactions in foreign currencies are substantial significant. We take hedging measures such as forward exchange contracts to reduce the risks of exchange-rates and interest-rates fluctuations, but it is impossible to hedge every risk, and the yen appreciation against other currencies may adversely affect the performance and financial conditions of the Group. On the contrary, the yen depreciation may result in opportunity losses.

(5) Government regulations

Various legal regulations are applied to the motorcycle, automobile and outboard motor industries in relation to the emission level of emission gas, mileage, noises, safety and contaminated material emission level from the manufacturing plants. These regulations may be revised, in many cases strengthened. Expenses to comply with these regulations may largely affect the performance of the Group.

In addition, many governments determine the imposition of tariffs, price control regulations and exchange control regulations. The Group is paying expenses to comply with these regulations and will expect to continue bearing them. We may pay more expenses depending on the establishment of new laws or changes of existing laws. Further, unexpected changes or new application of tax systems and economic measures of each country may adversely affect the performance and financial conditions of the Group.

(6) Quality assurance

We place the top priority on the product safety and make efforts to establish the quality assurance system from development to sales. We purchase insurance for the product liability, but there are risks not covered by insurance. The occurrence of large expenses for a large-scale recall to ensure safety of the customers may adversely affect the performance and financial conditions of the Group.

(7) Alliance with other companies

We conduct various alliance activities with other companies for research and development, manufacturing, sales and finance, but factors that may not be controlled by the Group such as situations inherent to the alliance partners may adversely affect the performance and financial conditions of the Group.

(8) Legal proceedings

We may become a party to lawsuits and other legal proceedings in the course of our business activities. In the case where any judgments disadvantageous to us are made in such legal proceedings, they may adversely affect the performance and financial conditions of the Group.

(9) Influences by natural disasters, wars, terrorism and strikes, etc.

The major manufacturing plants of the Group in Japan conduct manufacturing activities, located mainly in the Tokai region. In addition, the head office and other facilities of the Company are also concentrated in the Tokai region. Any occurrences of Tokai earthquake and South East Sea earthquake may largely affect the performance. We have taken various preventive measures such as quake-resistant measures for buildings and facilities, fire preventive measures, establishment of business recovery plans, purchases of earthquake insurances to minimize the influences of damage by such disasters.

We conduct businesses around the world and subject to number of risks relating to its overseas operations and any occurrences of unexpected events such as political or social instability and difficulties, natural disasters, diseases, wars, terrorisms and strikes may delay or suspend the purchase of raw materials and parts, manufacturing, sales of products, logistics and provision of services. The prolonged delay and suspension caused by any of these factors may adversely affect the performance and financial conditions of the Group.

Further, there are various risks other than those mentioned above, and what have been stated in this document do not represent all the risks of the Group.

Five-Year Summary

SUZUKI MOTOR CORPORATION

CONSOLIDATED

	Millions of yen (except per share amounts)					Thousands of U.S. dollars (except per share amounts)
Years ended March 31	**2010**	2009	2008	2007	2006	**2010**
Net sales	**¥2,469,063**	¥3,004,888	¥3,502,419	¥3,163,669	¥2,746,453	**$26,537,654**
Net income	**28,913**	27,429	80,254	75,008	65,945	**310,767**
Net income per share:						
Primary	**62.76**	61.68	177.96	169.41	125.64	**0.674**
Fully diluted	**55.26**	53.97	155.89	151.41	122.14	**0.593**
Cash dividends per share	**12.00**	16.00	16.00	14.00	11.00	**0.128**
Net assets	**1,089,757**	742,915	902,894	855,973	616,770	**11,712,780**
Total current assets	**1,479,336**	1,267,790	1,483,038	1,435,405	1,067,709	**15,900,007**
Total assets	**2,381,314**	2,157,849	2,409,165	2,321,441	1,849,714	**25,594,519**
Depreciation and amortization	**141,846**	141,203	161,600	149,910	126,520	**1,524,579**

NON-CONSOLIDATED

	Millions of yen (except per share amounts)					Thousands of U.S. dollars (except per share amounts)
Years ended March 31	**2010**	2009	2008	2007	2006	**2010**
Net sales	**¥1,286,633**	¥1,685,777	¥2,031,639	¥1,939,806	¥1,690,169	**$13,828,824**
Net income	**7,086**	3,287	40,864	43,054	37,271	**76,163**
Net income per share:						
Primary	**15.38**	7.39	90.60	97.23	70.78	**0.165**
Fully diluted	**13.57**	6.50	79.39	86.91	68.82	**0.145**
Cash dividends per share	**12.00**	16.00	16.00	14.00	11.00	**0.128**
Net assets	**673,803**	405,434	453,374	429,730	364,127	**7,242,084**
Total current assets	**899,655**	705,203	758,848	758,005	518,728	**9,669,560**
Total assets	**1,625,023**	1,402,420	1,430,088	1,381,889	1,082,344	**17,465,853**
Depreciation and amortization	**72,359**	72,942	76,584	73,881	59,362	**777,726**

Note: Yen amounts are translated into U.S. dollars for convenience only, at ¥93.04 = US$1, the prevailing exchange rate as of March 31, 2010.
The “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (Accounting Standards Board of Japan; ASBJ Statement No. 5) and “Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8) have been applied since the year ended March 31, 2007.

Consolidated Financial Statements

Consolidated Balance Sheets

As of March 31, 2010 and 2009

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
ASSETS			
Current assets:			
Cash and deposits	**¥ 147,394**	¥ 136,915	**$ 1,584,203**
Short-term investment securities *NOTE 4	**602,388**	343,503	**6,474,513**
Receivables:			
Notes and accounts receivables-trade	**248,565**	249,289	**2,671,594**
Allowance for doubtful accounts	**(3,066)**	(3,159)	**(32,958)**
Merchandise and finished goods	**172,322**	252,255	**1,852,129**
Work in process	**19,380**	23,620	**208,304**
Raw materials and supplies	**44,492**	48,664	**478,207**
Other	**247,859**	216,701	**2,664,012**
Total current assets	**1,479,336**	1,267,790	**15,900,007**
Property, plant and equipment: *NOTE 5			
Land	**180,538**	164,822	**1,940,442**
Buildings and structures	**345,543**	331,552	**3,713,928**
Machinery, equipment, vehicles, tools, furniture and fixtures	**1,321,010**	1,259,758	**14,198,310**
Construction in progress	**34,174**	37,853	**367,313**
	1,881,268	1,793,987	**20,219,995**
Accumulated depreciation	**(1,315,414)**	(1,205,024)	**(14,138,166)**
Total property, plant and equipment	**565,853**	588,962	**6,081,829**
Investments and other assets:			
Investment securities *NOTE 4	**132,841**	91,913	**1,427,787**
Investments in affiliates	**16,594**	26,703	**178,359**
Other	**186,688**	182,478	**2,006,535**
Total investments and other assets	**336,123**	301,096	**3,612,682**
Total assets	**¥2,381,314**	¥2,157,849	**$25,594,519**

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable-trade	**¥ 391,874**	¥ 368,811	**$ 4,211,891**
Short-term loans payable *NOTE 5	**221,320**	384,567	**2,378,771**
Current portion of long term loans payable *NOTE 5	**39,616**	14,442	**425,803**
Current portion of convertible bonds *NOTE 5	**—**	29,605	**—**
Income taxes payable	**13,129**	6,285	**141,119**
Accrued expenses	**121,136**	138,244	**1,301,978**
Other	**146,837**	143,165	**1,578,218**
Total current liabilities	**933,915**	1,085,121	**10,037,783**
Noncurrent liabilities:			
Bonds with subscription rights to shares *NOTE 5	**149,975**	149,975	**1,611,941**
Long-term loans payable *NOTE 5	**136,104**	102,757	**1,462,855**
Provision for retirement benefits *NOTE 7	**39,337**	42,090	**422,805**
Provision for directors' retirement benefits	**1,453**	1,600	**15,619**
Other	**30,771**	33,390	**330,733**
Total noncurrent liabilities	**357,641**	329,813	**3,843,955**
Total liabilities	**1,291,556**	1,414,934	**13,881,738**
Net assets:			
Shareholders' equity: *NOTE 12			
Common stock:			
Authorized-1,500,000,000 shares Issued,			
as of March 31, 2010—557,387,304	**134,803**	—	**1,448,872**
as of March 31, 2009—542,647,091	**—**	120,210	**—**
Capital surplus	**141,153**	138,142	**1,517,122**
Retained earnings	**750,357**	735,337	**8,064,892**
Treasury stock	**(61)**	(241,878)	**(664)**
Total shareholders' equity	**1,026,251**	751,812	**11,030,223**
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	**16,546**	2,309	**177,840**
Deferred gains or losses on hedges	**910**	(324)	**9,786**
Foreign currency translation adjustment	**(91,725)**	(114,364)	**(985,874)**
Total valuation and translation adjustments	**(74,268)**	(112,379)	**(798,247)**
Minority interests	**137,774**	103,482	**1,480,804**
Total net assets	**¥1,089,757**	¥ 742,915	**$11,712,780**
Total liabilities and net assets	**¥2,381,314**	¥2,157,849	**$25,594,519**

Consolidated Statements of Income

Years ended March 31, 2010 and 2009

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Net sales	¥2,469,063	¥3,004,888	$26,537,654
Cost of sales	1,881,772	2,315,958	20,225,409
Gross profit	587,291	688,930	6,312,245
Selling, general and administrative expenses	507,923	612,003	5,459,190
Operating income	79,368	76,926	853,054
Other income (expenses):			
Interest and dividend income	16,177	22,459	173,876
Interest expense	(8,276)	(9,278)	(88,953)
Equity in earnings (losses) of affiliates	692	(1,245)	7,446
Other, net	4,537	(8,756)	48,767
Income before income taxes	92,499	80,105	994,191
Income taxes: *NOTE 8			
Current	29,419	24,651	316,205
Deferred	10,840	15,348	116,516
	40,260	39,999	432,721
Minority interests in income	23,325	12,676	250,702
Net income	¥ 28,913	¥ 27,429	$ 310,767

	Yen		U.S. dollars
Net income per share:			
Primary	¥ 62.76	¥ 61.68	$ 0.674
Fully diluted	55.26	53.97	0.593
Cash dividends per share	12.00	16.00	0.128

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, 2010 and 2009

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Thousands of shares of common stock	Millions of yen					
		Common stock	Capital surplus	Retained earnings	Treasury stock	Valuation and translation adjustments	Minority interests
Balance as of March 31, 2008	542,647	¥120,210	¥138,143	¥717,357	¥(219,499)	¥22,396	¥124,285
Effect of changes in accounting policies applied to foreign subsidiaries	—	—	—	(2,231)	—	—	—
Dividends from surplus	—	—	—	(7,217)	—	—	—
Net income	—	—	—	27,429	—	—	—
Purchase of treasury stock	—	—	—	—	(22,384)	—	—
Disposal of treasury stock	—	—	(1)	—	5	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	(134,776)	(20,803)
Balance as of March 31, 2009	542,647	¥120,210	¥138,142	¥735,337	¥(241,878)	¥(112,379)	¥103,482
Issuance of new shares	—	14,592	14,575	—	—	—	—
Dividends from surplus	—	—	—	(5,650)	—	—	—
Net income	—	—	—	28,913	—	—	—
Purchase of treasury stock	—	—	—	—	(19)	—	—
Disposal of treasury stock	—	—	(19,348)	—	241,835	—	—
Transfer of loss on disposal of treasury stock	—	—	7,783	(7,783)	—	—	—
Change of scope of consolidation	—	—	—	(459)	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	38,110	34,291
Balance as of March 31, 2010	**557,387**	**¥134,803**	**¥141,153**	**¥750,357**	**¥(61)**	**¥(74,268)**	**¥137,774**

	Thousands of shares of common stock	Thousands of U.S. dollars					
		Common stock	Capital surplus	Retained earnings	Treasury stock	Valuation and translation adjustments	Minority interests
Balance as of March 31, 2009	542,647	$1,292,028	$1,484,764	$7,903,457	$(2,599,722)	$(1,207,863)	$1,112,235
Issuance of new shares	—	156,844	156,654	—	—	—	—
Dividends from surplus	—	—	—	(60,736)	—	—	—
Net income	—	—	—	310,767	—	—	—
Purchase of treasury stock	—	—	—	—	(210)	—	—
Disposal of treasury stock	—	—	(207,955)	—	2,599,267	—	—
Transfer of loss on disposal of treasury stock	—	—	83,658	(83,658)	—	—	—
Change of scope of consolidation	—	—	—	(4,936)	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	409,616	368,569
Balance as of March 31, 2010	**557,387**	**$1,448,872**	**$1,517,122**	**$8,064,892**	**$(664)**	**$(798,247)**	**$1,480,804**

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

Consolidated Statements of Cash Flows

Years ended March 31, 2010 and 2009

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Cash flows from operating activities			
Income before income taxes	¥92,499	¥80,105	$994,191
Depreciation and amortization	141,846	141,203	1,524,579
Impairment loss	0	344	0
Increase (decrease) in provision for retirement benefits	(3,107)	(3,860)	(33,395)
Interest and dividends income	(16,177)	(22,459)	(173,876)
Interest expenses	8,276	9,278	88,953
Equity in (earnings) losses of affiliates	(692)	1,245	(7,446)
Loss (gain) on valuation of securities	19	27,487	211
Decrease (increase) in notes and accounts receivable-trade	8,103	47,617	87,092
Decrease (increase) in inventories	95,993	60,713	1,031,744
Increase (decrease) in notes and accounts payable-trade	16,859	(206,212)	181,209
Increase (decrease) in accrued expenses	(19,509)	(4,979)	(209,687)
Other, net	10,348	(62,081)	111,231
Subtotal	334,460	68,401	3,594,808
Interest and dividends income received	16,966	20,864	182,358
Interest expenses paid	(7,888)	(7,494)	(84,787)
Income taxes paid	(17,161)	(47,530)	(184,451)
Net cash provided by (used in) operating activities	326,377	34,241	3,507,927
Cash flows from investing activities			
Payments into time deposits	(45,844)	(93,789)	(492,742)
Proceeds from withdrawal of time deposits	74,606	55,545	801,880
Purchases of short-term investment securities	(464,632)	(8,207)	(4,993,901)
Proceeds from sales of short-term investment securities	313,030	8,586	3,364,468
Purchases of property, plant and equipment	(129,131)	(202,201)	(1,387,919)
Proceeds from sales of property, plant and equipment	6,361	5,041	68,373
Purchases of investment securities	(17,508)	(23,997)	(188,182)
Proceeds from sales of investment securities	9,210	3,002	98,994
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(376)	—	(4,043)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	15	—	167
Payments for investments in capital	(2,163)	(1)	(23,250)
Payments of loans receivable	(40,770)	(7,728)	(438,208)
Collection of loans receivable	15,533	1,119	166,957
Other, net	(616)	(277)	(6,625)
Net cash provided by (used in) investing activities	(282,286)	(262,908)	(3,034,031)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	(171,079)	213,576	(1,838,773)
Proceeds from long-term loans payable	78,489	52,792	843,605
Repayment of long-term loans payable	(18,976)	(1,963)	(203,956)
Purchase of treasury stock	(4)	(22,384)	(53)
Proceeds from sales of treasury stock	222,485	3	2,391,290
Cash dividends paid	(5,645)	(7,218)	(60,676)
Cash dividends paid to minority shareholders	(1,337)	(1,895)	(14,377)
Other, net	(485)	(39)	(5,217)
Net cash provided by (used in) financing activities	103,445	232,870	1,111,841
Effect of exchange rate changes on cash and cash equivalents	6,551	(32,775)	70,418
Net increase (decrease) in cash and cash equivalents	154,088	(28,571)	1,656,156
Cash and cash equivalents at beginning of period	427,797	456,369	4,597,993
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	1,570	—	16,881
Cash and cash equivalents at end of period *NOTE 10	¥583,456	¥427,797	$6,271,030

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) have been prepared on the basis of generally accepted accounting principles and practices in Japan, and the consolidated financial statements were filed with the Ministry of Finance Japan 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 U.S. dollars by translating all Japanese yen amounts on the basis of 93.04 to U.S.$1, the rate of exchange prevailing as of March 31, 2010. 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.

NOTE 2: Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements for the years ended March 31, 2010 and 2009, include the accounts of the Company and its significant subsidiaries and the number of consolidated subsidiaries are 138 and 140 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 on a straight-line basis over a period of five years after appropriate adjustments.

The account settlement date of 31 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 26 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 receivables

The allowance is appropriated for an estimated uncollectible amount into this account based on doubtful receivable ratio for general receivables and the identified collectibility for specific receivables.

(c) Provision for warranty costs

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.

(d) Provision for recycling end-of-life products

The provision is appropriated for an estimated expense related to the recycling end-of-life products of the Company based on actual sales.

(e) 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 Company is computed and provided on the basis of actual results in the past.

(f) 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 a component of net assets, 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.

(g) 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 and its subsidiaries are principally forward exchange contracts and interest 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.

(h) 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 year are translated into Japanese yen using the average exchange rate during the 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.

(i) Inventories

Cost method mainly by the gross average method (Figures on the consolidated balance sheet are by the method of book devaluation based on the reduction of profitability)

(j) Method of depreciation and amortization of noncurrent 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

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

.... The same method as depreciation and amortization of selfowned noncurrent assets

Finance lease which do not transfer ownership

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

(k) 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 expenses may be posted.

(l) Provision for retirement benefits and provision for directors' retirement 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 occurs at the end of this fiscal year is appropriated.

With regard to prior service costs, the amount, prorated on a straight line basis over the period of average length of employees' remaining service years at the time when it occurs, is treated as expense. As for the actuarial differences, the amounts prorated on a straight line basis over the period of average length of employees' remaining service years in each fiscal year in which the differences occur are respectively treated as expenses from the next term of the fiscal year in which they arise.

As for directors and corporate auditors of the Company, 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 corporate 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 corporate auditors are 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 this fiscal year.

Furthermore, for the directors and corporate 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 corporate auditors.

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 offset any 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.

(m) Revenue recognition

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

(n) 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 convertible bonds 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.

(o) Cash and cash equivalents

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

(p) Reclassification

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

NOTE 3: Changes in basic matters for preparing consolidated financial statements

(a) Revenue recognition

The "Accounting Standards for Construction Contracts" (Accounting Standards Board of Japan; ASBJ Statement No.15, December 27, 2007) and "Guidance on Accounting Standards for Construction Contracts (ASBJ Guidance No. 18, December 27, 2007) are applied from this fiscal year. The percentage-of-completion method is applied to contracts with confirmed results for progress of construction contracts implemented during this fiscal year until the end of this fiscal year, and the completed-contract method is applied to other contracts.

This change gives no influences on the net sales, operating income and income before income taxes for this fiscal year.

(b) Application of the "Partial Amendments to Accounting Standard for Retirement Benefits (Part3) "

The "Partial Amendments to Accounting Standard for Retirement Benefits (Part3)" (ASBJ Statement No.19, July 31, 2008) is applied from this fiscal year.

This change gives no influences on the operating income and income before income taxes for this fiscal year.

In addition, there is no balance amount of retirement benefit liabilities to accrue with the application of this accounting standard.

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 value 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.

Objectives of derivative transactions are foreign currency forward contracts to hedge the risks of exchange-rate fluctuations related to receivables denominated in foreign currencies and interest swaps to hedge the risks of interest-rates fluctuations 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 (g).

In addition, liquidity risk related to accounts payable and borrowings, each of the Group company manages 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 unrealized gain (loss) at March 31, 2010 are as follows. Financial instruments whose fair value cannot be reliably determined are not included in the below table.

(Amount: Millions of yen)

	Carrying amount	Fair value	Unrealized gain (loss)
Cash and deposits	147,394	147,394	—
Notes and accounts receivables-trade	248,565	248,565	—
Short-term investment securities and Investment securities			
Available-for-sale securities	261,867	261,867	—
Investments in subsidiaries and affiliates	5,937	6,618	680
Total of assets	663,764	664,444	680
Accounts payable-trade	391,874	391,874	—
Short-term loans payable	221,320	221,320	—
Current portion of long-term loans payable	39,616	39,629	(13)
Bonds with subscription rights to shares	149,975	153,724	(3,749)
Long-term loans payable	136,104	136,559	(455)
Total of liabilities	938,891	943,109	(4,218)
Derivatives			
Hedge accounting is applied	1,504	1,504	—
Hedge accounting is not applied	(373)	(373)	—

(Amount: Thousands of U.S. dollars)

	Carrying amount	Fair value	Unrealized gain (loss)
Cash and deposits	1,584,203	1,584,203	—
Notes and accounts receivables-trade	2,671,594	2,671,594	—
Short-term investment securities and Investment securities			
Available-for-sale securities	2,814,566	2,814,566	—
Investments in subsidiaries and affiliates	63,818	71,133	7,314
Total of assets	7,134,183	7,141,498	7,314
Accounts payable-trade	4,211,891	4,211,891	—
Short-term loans payable	2,378,771	2,378,771	—
Current portion of long-term loans payable	425,803	425,945	(141)
Bonds with subscription rights to shares	1,611,941	1,652,239	(40,298)
Long-term loans payable	1,462,855	1,467,755	(4,899)
Total of liabilities	10,091,263	10,136,603	(45,339)
Derivatives			
Hedge accounting is applied	16,174	16,174	—
Hedge accounting is not applied	(4,016)	(4,016)	—

Matters for methods used to measure fair values of financial instruments

Assets

a. Cash and deposits and Notes and accounts receivables-trade

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

b. Short-term investment securities and Investment securities

These fair values are prices of the stock exchanges. Also please see Note 2 (f).

Liabilities

a. Accounts payable-trade and Short-term loans payable

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

c. Bonds with subscription rights to shares

Fair values of bonds with subscription rights to shares are measured based on the market value.

(c) Short-term investment securities and Investment securities quoted at the stock exchange as of March 31, 2010 and 2009

	Millions of yen		
	2010		
	Acquisition cost	Carrying amount	Unrealized gain (loss)
Securities for which the carrying amount exceeds the acquisition costs			
Stocks	**¥ 54,880**	**¥ 86,133**	**¥31,253**
Bonds	**—**	**—**	**—**
Other	**145,039**	**145,343**	**303**
Sub Total	**¥199,919**	**¥231,476**	**¥31,557**
Securities for which the carrying amount does not exceed the acquisition cost			
Stocks	**¥ 24,709**	**¥ 20,430**	**¥ (4,279)**
Bonds	**9,995**	**9,960**	**(34)**
Other	**—**	**—**	**—**
Sub Total	**¥ 34,704**	**¥ 30,390**	**¥ (4,314)**
Total	**¥234,624**	**¥261,867**	**¥ 27,242**

	Millions of yen		
	2009		
	Acquisition cost	Carrying amount	Unrealized gain (loss)
Securities for which the carrying amount exceeds the acquisition costs			
Stocks	¥ 17,434	¥ 32,147	¥14,713
Bonds	—	—	—
Other	57,126	59,483	2,357
Sub Total	¥ 74,560	¥ 91,631	¥17,070
Securities for which the carrying amount does not exceed the acquisition cost			
Stocks	¥ 44,670	¥ 31,534	¥ (13,135)
Bonds	9,995	9,670	(324)
Other	—	—	—
Sub Total	¥ 54,665	¥ 41,205	¥ (13,460)
Total	¥129,226	¥132,836	¥ 3,610

	Thousands of U.S. dollars		
	2010		
	Acquisition cost	Carrying amount	Unrealized gain (loss)
Securities for which the carrying amount exceeds the acquisition costs			
Stocks	**$ 589,858**	**$ 925,773**	**$ 335,914**
Bonds	**—**	**—**	**—**
Other	**1,558,893**	**1,562,156**	**3,263**
Sub Total	**$2,148,751**	**$2,487,929**	**$ 339,177**
Securities for which the carrying amount does not exceed the acquisition cost			
Stocks	**$ 265,583**	**$ 219,583**	**$ (46,000)**
Bonds	**107,426**	**107,053**	**(372)**
Other	**—**	**—**	**—**
Sub Total	**$ 373,010**	**$ 326,637**	**$ (46,373)**
Total	**$2,521,762**	**$2,814,566**	**$ 292,804**

(d) Available-for-sale securities sold during 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Amounts sold	**¥313,182**	¥11,588	**$3,366,111**
Gains on sales of available-for-sale securities	**145**	0	**1,565**
Loss on sales of available-for-sale securities	**—**	0	**—**

(e) Financial instruments whose fair value cannot be reliably determined as of March 31, 2010

	Millions of yen	Thousands of U.S. dollars
	2010	
Available-for-sale securities		
Unlisted stock	**¥ 18,952**	**$ 203,701**
Negotiable certificate of deposit	**452,000**	**4,858,125**
Other	**5,054**	**54,330**
Unlisted stock of affiliates	**10,656**	**114,540**

(f) The amounts to be redeemed after the account settlement date of securities with maturities among available-for-sale securities

	Millions of yen			
	2010			
	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years
Bonds				
Government, local gov. bonds, etc.	**—**	**—**	**—**	**—**
Corporate bonds	**—**	**—**	**—**	**—**
Other	**¥602,388**	**—**	**—**	**—**
Total	**¥602,388**	**—**	**—**	**—**

	Millions of yen			
	2009			
	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years
Bonds				
Government, local gov. bonds, etc.	—	—	—	—
Corporate bonds	—	—	—	—
Other	¥343,503	—	—	—
Total	¥343,503	—	—	—

	Thousands of U.S. dollars			
	2010			
	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years
Bonds				
Government, local gov. bonds, etc.	**—**	**—**	**—**	**—**
Corporate bonds	**—**	**—**	**—**	**—**
Other	**$6,474,513**	**—**	**—**	**—**
Total	**$6,474,513**	**—**	**—**	**—**

(g) 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. Fair values of derivatives which are shown in the below table are valued at the market rates reported by the financial institutions.

a. Derivative transactions to which hedge accounting is not applied as of March 31, 2010

Currency related transactions (non-market transactions)

Type	Millions of yen				Thousands of U.S. dollars			
	Contract/ notional amount	Amount due after one year	Fair value	Unrealized gain (loss)	Contract/ notional amount	Amount due after one year	Fair value	Unrealized gain (loss)
Foreign currency forward contracts								
Selling								
USD	160	—	(3)	(3)	1,724	—	(32)	(32)
GBP	66	—	(6)	(6)	711	—	(72)	(72)
Buying								
JPY	3,000	—	(48)	(48)	32,244	—	(517)	(517)
Total	3,226	—	(57)	(57)	34,680	—	(622)	(622)

Interest rate related transactions (non-market transactions)

Type	Millions of yen				Thousands of U.S. dollars			
	Contract/ notional amount	Amount due after one year	Fair value	Unrealized gain (loss)	Contract/ notional amount	Amount due after one year	Fair value	Unrealized gain (loss)
Interest rate swaps Pay fixed receive floating	11,757	11,757	(315)	(315)	126,375	126,375	(3,394)	(3,394)
Total	11,757	11,757	(315)	(315)	126,375	126,375	(3,394)	(3,394)

b. Derivative transactions to which hedge accounting is applied as of March 31, 2010

Currency related transactions

	Type	Millions of yen			Thousands of U.S. dollars		
		Contract/notional amount	Amount due after one year	Fair value	Contract/notional amount	Amount due after one year	Fair value
Principle accounting	Foreign currency forward contracts						
	Selling (Principal hedged item: Accounts receivable-trade)						
	USD	18,742	—	(7)	201,450	—	(79)
	EUR	46,147	—	3,364	496,000	—	36,166
	CAD	10,141	—	(330)	108,996	—	(3,554)
	AUD	10,170	—	(240)	109,308	—	(2,584)
	NZD	1,878	—	(9)	20,187	—	(104)
	GBP	3,530	—	74	37,944	—	800
	Buying (Principal hedged item: Accounts payable-trade)						
	USD	208	—	12	2,242	—	133
	EUR	35,163	—	(887)	377,943	—	(9,538)
	JPY	9,529	—	(495)	102,426	—	(5,322)
Deferral accounting	Foreign currency forward contracts						
	Selling (Principal hedged item: Accounts receivable-trade)						
	USD	9,831	—	*	105,668	—	*
	EUR	11,221	—	*	120,607	—	*
	CAD	2,698	—	*	28,999	—	*
	AUD	1,557	—	*	16,744	—	*
	NZD	329	—	*	3,542	—	*
	GBP	2,040	—	*	21,935	—	*
	Buying (Principal hedged item: Accounts payable-trade)						
	USD	94	—	*	1,012	—	*
	JPY	298	—	*	3,208	—	*
	Total	163,584	—	1,480	1,758,218	—	15,916

*: Because deferral accounting for foreign currency forward contracts is handled together with accounts receivable-trade and accounts payable-trade hedged, its fair values are included in that of accounts receivable-trade and accounts payable-trade.

Interest rate related transactions

	Type	Millions of yen			Thousands of U.S. dollars		
		Contract/notional amount	Amount due after one year	Fair value	Contract/notional amount	Amount due after one year	Fair value
Principle accounting	Interest rate swaps						
	(Principal hedged item: Long term loans payable)						
	Pay fixed receive floating	62,423	—	24	670,926	—	258
	Total	62,423	—	24	670,926	—	258

(Additional Information)

The "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan; ASBJ Statement No.10, March 10, 2008) and "Guidance on Accounting Standard for Financial Instruments (ASBJ Guidance No. 19, March 10, 2008) are applied from this fiscal year.

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

Short-term borrowings as of March 31, 2010 and 2009 consisted of the following. The annual interest rates of short-term borrowings as of March 31, 2010 were 0.40 percent to 12.00 percent.

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Short-term loans payable and current portion of long term loans payable			
Secured	**¥ 191**	¥ 141	**$ 2,058**
Unsecured	**260,746**	398,868	**2,802,517**
Lease obligations due within one year	**72**	78	**781**
Unsecured zero coupon convertible bonds in yen due 2010	**—**	29,605	**—**
	¥261,010	¥428,693	**$2,805,356**

Long-term debt as of March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Long-term loans payable maturing through 2016			
Secured	**¥ 1**	¥ 42	**$ 16**
Unsecured	**136,102**	102,715	**1,462,838**
Lease obligations due more than one year	**66**	96	**719**
Other interest-bearing debts (Long-term guarantee deposited)	**9,973**	9,652	**107,193**
Unsecured zero coupon convertible bonds with 130% call option in yen due 2013	**149,975**	149,975	**1,611,941**
	¥296,119	¥262,480	**$3,182,709**

"The zero coupon convertible bonds with 130% call option" are convertible into common stock at the options of holders at the conversion price of ¥3,021.60 per share.

If the outstanding convertible bonds were fully converted as of March 31, 2010, 49,634,299 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.

Remarks: Because the offer price per share of 3,660,000 new shares (the amount to be paid in under the Companies Act of Japan) issued on June 23, 2010 as the issue date, executed in accordance with a resolution on the offer of shares to be issued by third-party allotment adopted at the meeting of the Board of Directors held on June 3, 2010, fell below the current market price as defined in the terms and conditions of the bonds, the Company has adjusted the conversion price of the bonds from 3,021.60 to 3,020.20 in accordance with terms and conditions of the bonds.

The aggregate annual maturities of long-term debt, excluding other interest-bearing debt, outstanding as of March 31, 2010 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2011	—	—
2012	**¥ 55,512**	**$ 596,656**
2013	**192,423**	**2,068,181**
2014	**12,538**	**134,761**
Thereafter	**25,671**	**275,915**
	¥286,145	**$3,075,514**

Assets pledged as collateral as of March 31, 2010:

	Millions of yen	Thousands of U.S. dollars
Notes and accounts receivable-trade	**¥ 142**	**$ 1,529**
Merchandise and finished goods	**36**	**393**
Work in process	**16**	**178**
Raw materials and supplies	**34**	**375**
Property, plant and equipment	**1,155**	**12,421**
	¥1,386	**$14,897**

Secured liabilities as of March 31, 2010:

	Millions of yen	Thousands of U.S. dollars
Short-term loans payable	**¥ 174**	**$ 1,875**
Current portion of long-term loans payable	**17**	**182**
Long-term loans payable	**1**	**16**
Other (noncurrent liabilities)	**857**	**9,214**
	¥1,050	**$11,289**

NOTE 6: Loan commitment

The Company has the commitment contract with five banks for effective financing. The outstanding balance of this contract as of March 31, 2010 and 2009 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Commitment contract total	**¥155,000**	¥155,000	**$1,665,950**
Actual loan balance	**—**	—	**—**
Variance	**¥155,000**	¥155,000	**$1,665,950**

NOTE 7: Accrued retirement and severance benefit

(a) Outline of an adopted retirement benefit system

As for the Company, cash balance corporate pension plan and termination allowance plan are established. And as for some of consolidated subsidiaries, defined benefit corporate pension plan and termination allowance plan are established.

(b) Items related to a retirement benefit obligation

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
a. Retirement benefit obligation	**¥(103,031)**	¥(104,885)	**$(1,107,392)**
b. Pension assets	**65,834**	62,081	**707,589**
c. Unrecognized retirement benefit obligation (a+b)	**¥ (37,197)**	¥ (42,804)	**$ (399,802)**
d. Unrecognized difference by an actuarial calculation	**4,005**	7,578	**43,053**
e. Unrecognized prior service cost (decrease of liabilities)	**(6,145)**	(6,864)	**(66,056)**
f. Provision for retirement benefits (c+d+e)	**¥ (39,337)**	¥ (42,090)	**$ (422,805)**

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

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
a. Service cost	**¥6,961**	¥6,164	**$74,818**
b. Interest cost	**1,592**	1,613	**17,118**
c. Assumed return on investment	**(259)**	(536)	**(2,785)**
d. Amortized amount of actuarial difference	**881**	973	**9,479**
e. Amortized amount of prior service cost	**(718)**	(718)	**(7,725)**
f. Retirement benefit cost (a+b+c+d+e)	**¥8,457**	¥7,496	**$90,906**

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

(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 : **2010 Mainly 2.00%**
2009 Mainly 2.00%

c. Reassessment rate : **2010 1.50%**
2009 1.50%

d. Assumed return of investment ratio : **2010 0.58%—1.90%**
2009 0.77%—1.90%

e. 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.

f. 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 when the difference was caused.

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 U.S. dollars
	2010	2009	**2010**
Deferred tax assets			
Excess-depreciation	**¥ 66,322**	¥ 61,325	**$ 712,837**
Various reserves	**42,151**	43,971	**453,049**
Unrealized gross profits elimination	**18,434**	21,330	**198,139**
Other	**111,686**	119,794	**1,200,411**
Gross deferred tax assets total	**238,595**	246,421	**2,564,439**
Valuation allowance	**(23,811)**	(16,545)	**(255,925)**
Deferred tax assets total	**¥214,784**	¥229,876	**$2,308,513**
Deferred tax liabilities			
Valuation difference on available-for-sale securities	**¥ (10,812)**	¥ (1,297)	**$ (116,209)**
Variance from the complete market value method of consolidated subsidiaries	**(6,724)**	(6,218)	**(72,273)**
Reserve for advanced depreciation of noncurrent assets.	**(2,812)**	(3,002)	**(30,232)**
Other	**1,199**	(1,377)	**12,894**
Deferred tax liabilities total	**¥ (19,149)**	¥ (11,894)	**$ (205,820)**
Net amounts of deferred tax assets	**¥195,634**	¥217,981	**$2,102,692**

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

	2010	2009
Statutory tax rate	**39.8%**	39.8%
Valuation allowance	**7.9%**	14.4%
Tax credit	**(0.2%)**	(3.0%)
Difference in foreign subsidiaries tax rate	**(3.7%)**	(2.5%)
Other	**(0.3%)**	1.2%
Effective tax rate	**43.5%**	49.9%

NOTE 9: Research and development costs

Research and development costs included in selling, general and administrative expenses, for the years ended March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Research and development costs	**¥108,784**	¥114,961	**$1,169,226**

NOTE 10: Cash and cash equivalents

Cash and cash equivalents as of March 31, 2010 and 2009 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Cash and deposits	**¥147,394**	¥136,915	**$1,584,203**
Short-term investment securities	**602,388**	343,503	**6,474,513**
Time deposits with maturities of over three months	**(8,305)**	(49,328)	**(89,267)**
Bonds etc. with redemption period of over three months	**(158,020)**	(3,293)	**(1,698,418)**
	¥583,456	¥427,797	**$6,271,030**

NOTE 11: Lease transactions

Operating lease transactions as of March 31, 2010 and 2009 were as follows:

As a lessee

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Future lease payments			
Due within one year	**¥ 310**	¥ 401	**$ 3,340**
Thereafter	**947**	1,213	**10,182**
	¥1,258	¥1,614	**$13,523**

As a lessor

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Future lease revenues			
Due within one year	**¥ 6**	¥ 45	**$ 65**
Thereafter	**0**	6	**0**
	¥ 6	¥ 51	**$ 65**

NOTE 12: Net assets

The Companies Act of Japan requires that at least 50% of the contribution of new shares be included in a company's common stock. The portion to be recorded as common stock is determined by resolution of the board of directors. Proceeds in excess of the common 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 common stock.

The Companies Act allows both legal capital reserve and legal retained earnings to be transferred to the common stock following the approval at a 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 allows to repurchase treasury stock and dispose of such treasury stock by resolution of the board of directors.

NOTE 13: Contingent liabilities

As of March 31, 2010, the Company and some of consolidated subsidiaries had the following contingent liabilities:

	Millions of yen	Thousands of U.S. dollars
Guarantee of indebtedness of affiliates and others	¥6,997	$75,213
Trade notes discounted	318	3,421
	¥7,316	$78,634

NOTE 14: Segment Information

(a) Business segment

	Millions of yen					
	2010					
	Motorcycle	Automobile	Marine & Power products, etc.	Financial Services	Eliminations or corporate assets	Consolidated
Net Sales:						
Net sales to external customers	¥ 262,910	¥2,129,276	¥ 45,314	¥ 31,562	¥ —	¥2,469,063
Internal net sales or transfer among segments	—	54,689	112	48,009	(102,810)	—
Total	262,910	2,183,965	45,427	79,571	(102,810)	2,469,063
Operating expenses	283,967	2,093,356	40,120	75,755	(103,505)	2,389,695
Operating income (loss)	¥ (21,057)	¥ 90,608	¥ 5,306	¥ 3,815	¥ 694	¥ 79,368
Assets, depreciation, impairment loss and capital expenditures:						
Assets	¥ 202,444	¥1,320,542	¥ 47,995	¥ 173,408	¥ 636,923	¥2,381,314
Depreciation	14,155	125,571	2,100	18	—	141,846
Impairment loss	—	0	—	—	—	0
Capital expenditures	12,279	106,819	1,143	1	—	120,244

	Millions of yen					
	2009					
	Motorcycle	Automobile	Marine & Power products, etc.	Financial Services	Eliminations or corporate assets	Consolidated
Net Sales:						
Net sales to external customers	¥ 454,349	¥2,453,574	¥ 66,628	¥ 30,336	¥ —	¥3,004,888
Internal net sales or transfer among segments	—	70,438	92	48,357	(118,887)	—
Total	454,349	2,524,012	66,720	78,693	(118,887)	3,004,888
Operating expenses	460,765	2,454,963	57,485	74,700	(119,953)	2,927,962
Operating income (loss)	¥ (6,416)	¥ 69,049	¥ 9,234	¥ 3,993	¥ 1,065	¥ 76,926
Assets, depreciation, impairment loss and capital expenditures:						
Assets	¥ 255,227	¥1,317,375	¥ 60,363	¥ 159,900	¥ 364,981	¥2,157,849
Depreciation	17,192	121,773	2,218	20	—	141,203
Impairment loss	5	314	23	0	—	344
Capital expenditures	20,947	179,394	3,650	1	—	203,994

	Thousands of U.S. dollars					
	2010					
	Motorcycle	Automobile	Marine & Power products, etc.	Financial Services	Eliminations or corporate assets	Consolidated
Net Sales:						
Net sales to external customers	$2,825,775	$22,885,600	$ 487,047	$ 339,232	$ —	$26,537,654
Internal net sales or transfer among segments	—	587,802	1,206	516,009	(1,105,018)	—
Total	2,825,775	23,473,402	488,253	855,241	(1,105,018)	26,537,654
Operating expenses	3,052,105	22,499,533	431,216	814,230	(1,112,487)	25,684,599
Operating income (loss)	$ (226,330)	$ 973,868	$ 57,036	$ 41,011	$ 7,468	$ 853,054
Assets, depreciation, impairment loss and capital expenditures:						
Assets	$2,175,884	$14,193,275	$ 515,859	$1,863,806	$6,845,693	$25,594,519
Depreciation	152,143	1,349,654	22,578	202	—	1,524,579
Impairment loss	—	0	—	—	—	0
Capital expenditures	131,985	1,148,099	12,295	16	—	1,292,396

(b) Geographical segment

	Millions of yen 2010						
	Japan	Europe	North America	Asia	Other areas*1	Eliminations or corporate assets	Consolidated
Net sales:							
Net sales to external customers	¥1,115,963	¥ 415,890	¥ 127,136	¥ 742,631	¥ 67,440	¥ —	¥2,469,063
Internal net sales or transfer among segments	372,500	7,590	1,744	37,996	0	(419,832)	—
Total	1,488,463	423,481	128,881	780,628	67,441	(419,832)	2,469,063
Operating expenses	1,454,336	418,913	140,524	724,461	66,219	(414,760)	2,389,695
Operating income (loss)	¥ 34,126	¥ 4,567	¥ (11,642)	¥ 56,166	¥ 1,221	¥ (5,071)	¥ 79,368
Assets:	¥ 995,360	¥ 177,714	¥ 36,047	¥ 503,777	¥ 29,320	¥ 639,093	¥2,381,314

	Millions of yen 2009						
	Japan	Europe	North America	Asia	Other areas*1	Eliminations or corporate assets	Consolidated
Net sales:							
Net sales to external customers	¥1,345,370	¥ 610,132	¥ 222,285	¥ 737,349	¥ 89,750	¥ —	¥3,004,888
Internal net sales or transfer among segments	478,496	8,503	3,316	15,550	0	(505,866)	—
Total	1,823,866	618,636	225,601	752,900	89,750	(505,866)	3,004,888
Operating expenses	1,795,084	615,525	249,744	717,580	88,006	(537,979)	2,927,962
Operating income (loss)	¥ 28,782	¥ 3,110	¥ (24,143)	¥ 35,320	¥ 1,744	¥ 32,112	¥ 76,926
Assets:	¥1,068,052	¥ 180,015	¥ 74,046	¥ 410,050	¥ 23,715	¥ 401,969	¥2,157,849

	Thousands of U.S. dollars 2010						
	Japan	Europe	North America	Asia	Other areas*1	Eliminations or corporate assets	Consolidated
Net sales:							
Net sales to external customers	$11,994,445	$4,470,023	$1,366,474	$7,981,851	$724,859	$ —	$26,537,654
Internal net sales or transfer among segments	4,003,657	81,581	18,752	408,393	2	(4,512,387)	—
Total	15,998,103	4,551,605	1,385,227	8,390,244	724,861	(4,512,387)	26,537,654
Operating expenses	15,631,307	4,502,510	1,510,364	7,786,558	711,736	(4,457,877)	25,684,599
Operating income (loss)	$ 366,795	$ 49,094	$ (125,136)	$ 603,686	$ 13,125	$ (54,510)	$ 853,054
Assets:	$10,698,196	$1,910,091	$ 387,442	$5,414,631	$315,142	$6,869,015	$25,594,519

*1 “Other areas” consists principally of Oceania and South America.

(c) Overseas sales

	Millions of yen				
			2010		
	Europe	North America	Asia	Other areas*2	Consolidated
Overseas sales	¥451,145	¥131,824	¥771,726	¥161,808	¥1,516,504
Consolidated net sales					2,469,063
Ratio of overseas sales to consolidated net sales	18.3%	5.3%	31.3%	6.6%	61.4%

	Millions of yen				
			2009		
	Europe	North America	Asia	Other areas*2	Consolidated
Overseas sales	¥737,945	¥234,766	¥791,829	¥274,780	¥2,039,321
Consolidated net sales					3,004,888
Ratio of overseas sales to consolidated net sales	24.6%	7.8%	26.4%	9.1%	67.9%

	Thousands of U.S. dollars				
			2010		
	Europe	North America	Asia	Other areas*2	Consolidated
Overseas sales	$4,848,944	$1,416,859	$8,294,561	$1,739,123	$16,299,489
Consolidated net sales					26,537,654
Ratio of overseas sales to consolidated net sales	18.3%	5.3%	31.3%	6.6%	61.4%

*2 “Other areas” consists principally of Oceania and South America.

NOTE 15: Impairment loss

The assets are divided into two groups, i.e. the assets for business and the assets for rent respectively in business places. The book value of the asset group of marketing base of which land price have dropped significantly was decreased to the recoverable amount. As a result, the corresponding amount of decrease was posted as an impairment loss in extraordinary loss.

The recoverable amount of this asset group is measured by net selling price and the land value is evaluated by price reasonably calculated.

NOTE 16: Subsequent events

(a) The following plan for the profit distribution for the year ended March 31, 2010 was approved by the ordinary general meeting of shareholders of the Company held on June 29, 2010. As a result, annual dividend including interim dividend (5 yen per share) shall be 12 yen per share:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends	¥3,901	$41,935

(b) At the board meeting held on June 3, 2010, the Board of Directors of the Company adopted a resolution to issue new shares by third-party allotment to Volkswagen AG, and the payment procedures was completed on June 23, 2010. The outline is as follows.

1. Outline of issue of new shares by third-party allotment

(1)	Number of shares to be newly issued:	3,660,000 shares of common stock
(2)	Offer price:	1,755 yen per share
(3)	Total amount of offer price:	6,423,300,000 yen
(4)	Amount of capital incorporation:	877.50 yen per share
(5)	Total amount of capital incorporation:	3,211,650,000 yen
(6)	Offer or transfer method	Third-party allotment
	(Allotted party)	Volkswagen AG
(7)	Payment period:	From and including June 23, 2010 to and including July 5, 2010

(8) Rationale and objective
As a result of the conversion of the "3rd Unsecured Convertible Bonds" issued by Suzuki due to maturing, the percentage of the number of Suzuki shares held by Volkswagen AG (VW) was 19.37%, less than 19.89% of the total number of the issued shares, as of the last day of March 2010, in accordance with the comprehensive agreement between Suzuki and VW, upon request of VW, Suzuki issues new shares to VW so that the above-mentioned percentage equals 19.89%.

(9) Intended use of funds procured
Mainly be applied to equipment funds for research and development for automobile business.

2. Change in total number of shares issued and amount of common stock as a result of capital increase by third-party allotment
   - Total number of shares issued before the third-party allotment: 557,387,304 shares
     (Common stock: 134,803,112,161 yen)
   - Increase in number of shares by the third-party allotment: 3,660,000 shares
     (Increased amount of common stock: 3,211,650,000 yen)
   - Total number of shares issued after the third-party allotment: 561,047,304 shares
     (Common stock: 138,014,762,161 yen)

Report of Independent Auditor

To the Board of Directors and Shareholders of
Suzuki Motor Corporation

We have audited the accompanying consolidated balance sheets of Suzuki Motor Corporation and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our 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 consolidated subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity 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 29, 2010

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets

As of March 31, 2010 and 2009

SUZUKI MOTOR CORPORATION	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars 2010
ASSETS			
Current assets:			
Cash and deposits	**¥ 59,717**	¥ 50,322	**$ 641,850**
Short-term investment securities	**454,760**	284,019	**4,887,791**
Receivables:			
Notes and accounts receivable-trade	**46,519**	61,991	**499,996**
Subsidiaries and affiliates	**109,679**	91,121	**1,178,838**
Allowance for doubtful accounts	**(47)**	(46)	**(505)**
Merchandise and finished goods	**46,828**	58,607	**503,321**
Work in process	**12,228**	18,863	**131,437**
Raw materials and supplies	**8,313**	9,500	**89,350**
Other	**161,655**	130,824	**1,737,479**
Total current assets	**899,655**	705,203	**9,669,560**
Property, plant and equipment:			
Land	**85,117**	84,677	**914,848**
Buildings and structures	**219,378**	212,974	**2,357,890**
Machinery, equipment, vehicles, tools, furniture and fixtures	**721,549**	714,141	**7,755,261**
Construction in progress	**8,776**	4,033	**94,328**
	1,034,821	1,015,827	**11,122,327**
Accumulated depreciation	**(808,451)**	(770,735)	**(8,689,293)**
Total property, plant and equipment	**226,369**	245,091	**2,433,034**
Investments and other assets:			
Investment securities	**134,326**	91,197	**1,443,752**
Investments in subsidiaries and affiliates	**222,546**	221,347	**2,391,942**
Other	**142,124**	139,579	**1,527,564**
Total investments and other assets	**498,997**	452,124	**5,363,259**
Total assets	**¥1,625,023**	¥1,402,420	**$17,465,853**

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term loans payable	**¥ 163,564**	¥ 231,000	**$ 1,757,996**
Payables:			
Accounts payable-trade	**330,686**	294,229	**3,554,240**
Subsidiaries and affiliates	**21,261**	17,370	**228,523**
Current portion of long-term dept	**18,680**	—	**200,781**
Current portion of convertible bonds	**—**	29,605	**—**
Accrued expenses	**61,997**	94,149	**666,356**
Income taxes payable	**520**	—	**5,589**
Other	**94,656**	93,654	**1,017,376**
Total current liabilities	**691,367**	760,009	**7,430,863**
Noncurrent liabilities:			
Long-term loans payable	**77,078**	49,899	**828,450**
Bonds with subscription rights to shares	**149,975**	149,975	**1,611,941**
Provision for retirement benefits	**13,768**	16,896	**147,981**
Provision for directors' retirement benefits	**1,410**	1,550	**15,161**
Other	**17,619**	18,654	**189,371**
Total noncurrent liabilities	**259,851**	236,976	**2,792,905**
Total liabilities	**951,219**	996,985	**10,223,769**
Net assets:			
Shareholders' equity:			
Common stock:			
Authorized – 1,500,000,000 shares Issued,			
as of March 31, 2010 – 557,387,304	**134,803**	—	**1,448,872**
as of March 31, 2009 – 542,647,091	**—**	120,210	**—**
Capital surplus	**141,153**	138,142	**1,517,122**
Retained earnings	**380,784**	387,132	**4,092,696**
Treasury stock	**(19)**	(241,849)	**(205)**
Total shareholders' equity	**656,721**	403,635	**7,058,485**
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	**16,219**	738	**174,328**
Deferred gains or losses on hedges	**862**	1,060	**9,269**
Total valuation and translation adjustments	**17,082**	1,798	**183,598**
Total net assets	**¥ 673,803**	¥ 405,434	**$ 7,242,084**
Total liabilities and net assets	**¥1,625,023**	¥1,402,420	**$17,465,853**

Non-Consolidated Statements of Income

Years ended March 31, 2010 and 2009

SUZUKI MOTOR CORPORATION	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars 2010
Net sales	**¥1,286,633**	¥1,685,777	**$13,828,824**
Cost of sales	**1,033,860**	1,347,065	**11,112,003**
Gross profit	**252,773**	338,711	**2,716,821**
Selling, general and administrative expenses	**240,766**	327,289	**2,587,773**
Operating income	**12,006**	11,422	**129,047**
Other income (expenses):			
Interest and dividends income	**6,770**	10,732	**72,765**
Interest expenses	**(3,945)**	(1,465)	**(42,405)**
Other, net	**2,086**	(16,431)	**22,420**
	4,910	(7,164)	**52,780**
Income before income taxes	**16,917**	4,257	**181,828**
Income taxes	**9,831**	970	**105,664**
Net income	**¥ 7,086**	¥ 3,287	**$ 76,163**

	Yen 2010	Yen 2009	U.S. dollars 2010
Net income per share:			
Primary	**¥ 15.38**	¥ 7.39	**$ 0.165**
Fully diluted	**13.57**	6.50	**0.145**
Cash dividends per share	**12.00**	16.00	**0.128**

Way of Life!

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