

# ANNUAL REPORT

## 2011



**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 22 countries and regions overseas. The established network enables Suzuki to operate as a global organization serving 198 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

<b>Profile</b> _____	<b>1</b>
<b>A Message From the Management</b> _____	<b>2</b>
<b>Financial Highlights</b> _____	<b>4</b>
<b>Year in Review</b> _____	<b>5</b>
Automobiles _____	6
Motorcycles _____	9
Marine Products _____	12
Other Topics _____	13
<b>Corporate Data, Executives and Overseas Subsidiaries</b> _____	<b>15</b>
<b>The Status of the Corporate Group</b> _____	<b>16</b>
<b>Financial Section</b> _____	<b>18</b>

## A Message From the Management

In delivering our 2011 Annual Report, we wish to extend our greetings to you.

### • Management results of this fiscal year

The management environment of the Group for FY2010 continues to be in a severe situation such as the continuation of high unemployment rates in Europe and the US, even though the global economy has gradually recovered because of the economic recoveries centering on Asia and economic stimulus measures by each government. The domestic economy had been picking up because of the expansion of the overseas economies, however we are now in the worrying situation of stagnation of economic activities by the Great East Japan Earthquake.

Under these circumstances, consolidated net sales of FY2010 increased by ¥139.1 billion (5.6%) to ¥2,608.2 billion year-on-year because of the increased sales of motorcycles and automobiles in Asia though the sales in Europe and North America were lower than the previous fiscal year. As for the consolidated income, the increased income by the sales increase and the cost reduction covered the reduced income by the exchange influences.

As a result, operating income increased by ¥27.5 billion (34.7%) to ¥106.9 billion, ordinary income increased by ¥28.7 billion (30.5%) to ¥122.5 billion and net income increased by ¥16.3 billion (56.2%) to ¥45.2 billion year-on-year.

As to FY2010, the Company was able to record profits over the previous fiscal year by vigorous cost reductions in every aspect despite the influence of the yen appreciation and the shutdown by the Great East Japan Earthquake occurred in March. Although the management environment is still expected to be grim, the Company plans to distribute this total annual cash dividends amounting to ¥13 per share for the fiscal year ended 31 March 2011, accordingly, year-end dividends will be ¥7.00 per share. As a result, this annual cash dividends will be an increase of ¥1.00 per share from the previous fiscal year.

### • Outstanding issues

The Company has reviewed every aspect of our business and strengthened 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, in addition to the influence of the global financial crises after the Lehman Shock and the further development of the yen appreciation, the Great East Japan Earthquake has made the management environment drastically changed and more and more severe.

To overcome this crisis, we would make concerted efforts as a group with the slogan of “Exert ourselves with new ideas to overcome the great difficulty.” and “Restart in our all operations to get through this critical time.”

As the specific measures, the Company has set up a new “Corporate Planning Committee” which compiles the important challenges and discusses issues about the Group and conducted a review of structure and organizations to realize quick extraction of challenges and decision-making for the management. Furthermore, we will continue to promote the establishment of system to ensure profits in the declining sales by “internal cost reduction” activities which each and every employee reduces every cost.

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

In automobile business, we will keep on promoting the development of the products and sales activities closely tied with both domestic and overseas markets. In the domestic markets, we will strengthen sales abilities and after sales activities in the Suzuki sales shops nationwide to promote the improvement

of the customer satisfaction. We will try to create sales shops loved by as many customers as possible in order to achieve a sales increase.

In the overseas markets, we will try to improve SUZUKI brand image by using the slogan of “Way of life!” and promote local procurement, cost reduction activities, further improvement of quality and further progress in productivity, as well as sales enhancement. Because demands for automobiles are especially increasing in emerging markets such as Asia, we will make the further efforts to expand production capacity in such areas.

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.

The Company believes that the popularization of compact vehicles contribute to solve environmental issues. Therefore, regardless of domestic markets and overseas markets, the Company thinks that focusing on improvement of fuel efficiency of compact vehicles is the most urgent issue.

Suzuki has actual results of launching the mini vehicles with hybrid engine and direct-injection engine to markets. In India, about 70% of the SWIFT is diesel engine model.

Suzuki will continue to work to develop technology for more low-fuel consumption and low-emission electric vehicles such as range extender, hybrid vehicles, diesel engine vehicles and fuel-cell vehicles utilizing these experiences.

Under the slogan “Small Cars for a Big Future”, we are committed to promoting the “production of small vehicles” and the “development of environmentally friendly products” needed by our customers, and to be “Smaller, Fewer, Lighter, Shorter, and Neater” in all aspects of production, organization, facilities, parts, environment, etc. in order to promote a highly efficient, well-knit, and healthy business operation.

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

Under the experiences from the Great East Japan Earthquake occurred in March, we will further strengthen risk management and safety measures, and make efforts to recover the production as soon as possible in line with the actual situation of procurement of parts, etc.

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



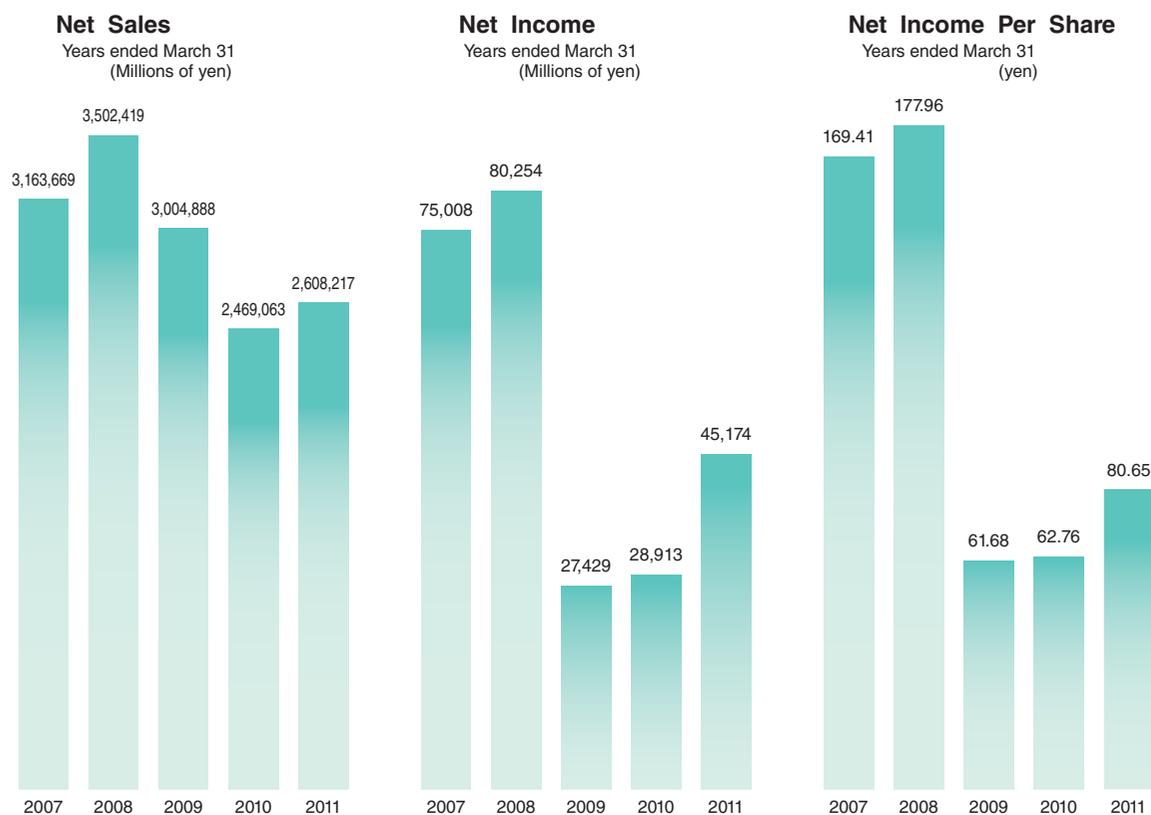
Osamu Suzuki  
Chairman & CEO

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

# Financial Highlights

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES Years ended March 31, 2011 and 2010	Millions of yen (except per share amounts)		Thousands of U.S. dollars (except per share amounts)
	2011	2010	2011
Net sales .....	<b>¥2,608,217</b>	¥2,469,063	\$31,367,622
Net income.....	<b>45,174</b>	28,913	543,283
Net income per share:			
Primary .....	<b>80.65</b>	62.76	0.96
Fully diluted .....	<b>74.11</b>	55.26	0.89
Cash dividends per share.....	<b>13.00</b>	12.00	0.15
Net assets .....	<b>1,106,999</b>	1,089,757	13,313,285
Total current assets.....	<b>1,372,885</b>	1,479,336	16,510,954
Total assets .....	<b>2,224,344</b>	2,381,314	26,750,988
Depreciation and amortization.....	<b>138,368</b>	141,846	1,664,088

Note: Yen amounts are translated into U.S. dollars, for convenience only, at ¥83.15= US\$1, the prevailing exchange rate on March 31, 2011.



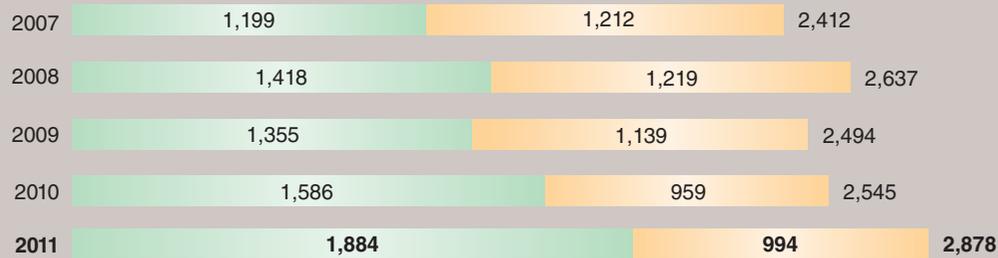
# Year in Review

## Automobile Production

Years ended March 31

(Thousand units)

Overseas Japan

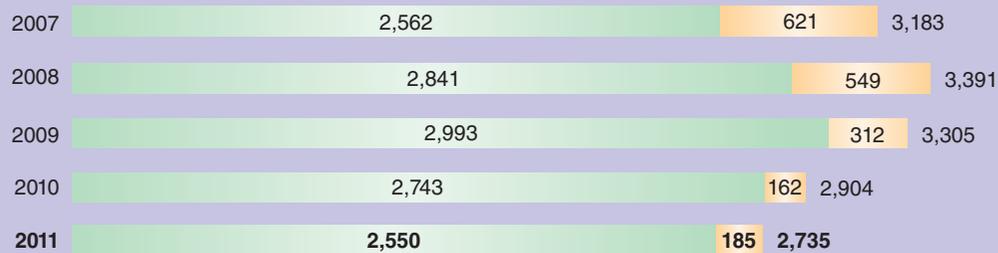


## Motorcycle Production

Years ended March 31

(Thousand units)  
(ATV included)

Overseas Japan

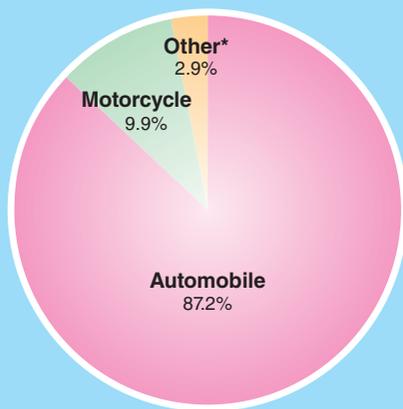


Production in overseas

Production in Japan

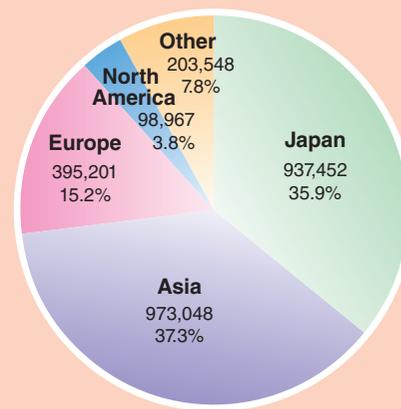
Total

## 2011 Percentage of Net Sales By Business



(Year ended March 31, 2011)

## 2011 Net Sales By Market



(Year ended March 31, 2011, Millions of yen)

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

# Automobiles

## Suzuki's Worldwide Manufacturing and Sales

Total overseas automobile production for fiscal 2010 increased to 1,884,000 units, 118.8% compared to the previous year. Worldwide production, including Japan, also increased to 2,878,000 units, 113.1% compared to the previous year.

Sales of automobiles in overseas markets increased to 2,053,000 units, 118.8% compared to the previous year, while total global sales, including Japan, also increased to 2,642,000 units, 112.4% compared to the previous year.

## The Japanese Market

### 1. Market Overview

Total domestic automobile sales volume in fiscal 2010 was down 6% year-on-year at 4.6 million units. It was below 5 million units for the third fiscal year in a row. Domestic automobile sales volume rose 17% year-on-year in the first half owing partly to eco-car purchase subsidies. However, it fell 24% year-on-year in the second half owing partly to the end of eco-car purchase subsidies and partly to the Great East Japan Earthquake, which caused a big drop in sales in March (typically the month when demand is highest).

### 2. Suzuki Sales

Suzuki's domestic automobile sales volume in fiscal 2010 was down 5% year-on-year at 588,000 units. It was down year-on-year for the fifth fiscal year in a row. Suzuki was number four among Japan's 12 automakers in terms of domestic automobile sales volume.

Suzuki's domestic sales of minivehicles were down 6% year-on-year at 521,000 units. They were down year-on-year for the fifth fiscal year in a row. They rose 9% year-on-year in the first half owing to eco-car purchase subsidies. Despite the launch of the new MR Wagon, they fell 19% year-on-year in the second half due to the end of eco-car purchase subsidies.

Suzuki's domestic sales of registered vehicles were up 1% year-on-year at 68,000 units. They were up year-on-year for the first time in three fiscal years. Thanks partly to the launch of the new Solio in January, Suzuki was the only Japanese automaker to see its domestic sales of registered vehicles grow year-on-year in volume terms.

### 3. Suzuki Topics in Fiscal 2010

- In September 2010, Suzuki launched a new, comprehensively improved generation of the Swift compact passenger car. In November 2010, the Automotive Researchers' and Journalists' Conference of Japan (RJC) gave the new Swift the 2011 RJC Car of the Year award in recognition of its high levels of driving performance and environmental performance.
- Suzuki launched the new Solio compact passenger car in January 2011. Customers welcomed the new Solio's combination of compact body and roomy cabin, its low fuel consumption, and its great manoeuvrability. Within two months of the new Solio's launch, orders exceeded 10,000 units (five times Suzuki's forecast).



SOLIO

- The Wagon R mini passenger car was the number-one minivehicle model in terms of number of registered units for the eighth fiscal year in a row. Cumulative domestic sales of the Wagon R reached 3.5 million units in December 2010.



WAGON R

- Suzuki launched the comprehensively improved, third generation of the MR Wagon mini passenger car in January 2011. The third-generation MR Wagon has a distinctive design and a new engine that highlight its identity as a new type of vehicle.

## Overseas Markets

### 1. Market Overview

Automobile sales volume in Europe in fiscal 2010 was down by 8% year-on-year at 13,709,000 units owing partly to the end of purchase subsidies that had been offered by national governments. By contrast, there was significant market growth in India, where sales grew by 29% year-on-year to 2,520,000 units. Other markets also saw sales growth: Sales in China were up 18% year-on-year at 18,435,000 units. Sales in North America were up 12% year-on-year at 12,104,000 units. And sales in the five key ASEAN countries (Indonesia, Thailand, Vietnam, the Philippines, and Malaysia) were up 30% year-on-year at 2,594,000 units.

### 2. Suzuki Sales

Suzuki's overseas automobile sales volume in fiscal 2010 was up 19% year-on-year at 2,053,000 units. Suzuki saw significant sales growth in its key markets, India and China. Suzuki's sales in India were up 30% year-on-year at 1,133,000 units thanks partly to new models. They exceeded one million units in a single fiscal year for the first time. Suzuki's sales in China were up 11% year-on-year at 290,000 units owing to growth in the market. Suzuki's sales also grew significantly in other markets: They were up 33% year-on-year at 83,000 units in Pakistan and up 51% year-on-year at 96,000 units in the five key ASEAN countries (Indonesia, Thailand, Vietnam, the Philippines, and Malaysia). By contrast, Suzuki saw its sales in Europe fall by 14% year-on-year to 243,000 units and saw its sales in the United States fall by 14% year-on-year to 25,000 units.

### 3. Suzuki Topics in Fiscal 2010

- Cumulative worldwide sales of the Swift (Suzuki's first world strategic model, which was launched in 2005) reached two million units in February 2011. Cumulative sales of the Swift outside Japan stood at about 1,720,000 units.
- Suzuki launched the second generation of the Swift (world strategic model).
- Suzuki's flagship sedan, the Kizashi, won 17 awards in eight countries owing mainly to its performance and handling.
- Maruti Suzuki India achieved cumulative production volume of 10 million units in March 2011. The company reached this milestone 27 years and three months after starting to produce the Maruti 800 in 1983. In anticipation of further growth in the Indian market, Maruti Suzuki India plans to increase its annual production capacity from the current to 1.2 million units to as much as 1.7 million units by 2013.



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 Ltd. 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 2010 decreased to 2,550,000 units, 93.0% compared to the previous year. Worldwide production, including production in Japan, decreased to 2,735,000 units, 94.2% compared to the previous year.

Sales of motorcycle (including ATVs) in overseas market decreased to 2,616,000 units, 89.0% compared to the previous year, while total global sales, including Japan, were 2,695,000 units, 89.3% compared to the previous year.

## The Japanese Market

### 1. Market Overview

The total domestic motorcycle sales (factory shipments) of the four Japanese manufacturers in fiscal 2010 were up 1% year-on-year at 380,000 units after demand stopped falling. Sales of models with engine displacements up to 50cc were down 2% year-on-year at 235,000 units. Sales of models with engine displacements from 51cc to 125cc were up 20% year-on-year at 93,000 units. Sales of models with engine displacements from 126cc to 250cc were down 25% year-on-year at 26,000 units. Sales of models with engine displacements of 251cc or more were up 12% year-on-year at 25,000 units.

### 2. Suzuki Sales

Suzuki's domestic motorcycle sales (factory shipments) in fiscal 2010 reflected the overall domestic market situation by growing year-on-year after demand stopped falling; they were up 4% year-on-year at 73,200 units. Sales of models with engine displacements up to 50cc were flat year-on-year at 45,500 units. Sales of models with engine displacements from 51cc to 125cc were up 17% year-on-year at 21,000 units. Sales of models with engine displacements from 126cc to 250cc were down 11% year-on-year at 3,500 units. Sales of models with engine displacements of 251cc or more were up 14% year-on-year at 3,200 units.

### 3. Suzuki Topics in Fiscal 2010

The Great East Japan Earthquake caused delays in production and distribution such that sales volume in March was down 11% year-on-year. However, strong sales through February meant that sales volume for the whole fiscal year were up year-on-year. New models made a major contribution to the strong sales. The Address V125S helped to realize the significant year-on-year growth in sales of models with engine displacements from 51cc to 125cc. The Bandit 1250F ABS helped to realize the year-on-year growth in sales of models with engine displacements of 251cc or more.



ADDRESS V125S



GLADIUS 400 ABS



BANDIT1250F ABS

## Overseas Markets

### 1. Market Overview

The European and North America motorcycle markets remained stagnant in fiscal 2010; sales in Europe were down 13% year-on-year at 1,043,000 units, and sales in the North America were down 11% year-on-year at 502,000 units. Sales in China were down 13% year-on-year at 15,239,000 units. By contrast, sales in the six key ASEAN countries grew 19% year-on-year to 13,743,000 units. And sales in the growing Indian market were up 26% year-on-year at 11,791,000 units.



Toyokawa Plant  
Motorcycles and outboard motors assembling

### 2. Suzuki Sales

Suzuki's motorcycle marketing activities in Europe and the United States in fiscal 2010 reflected a priority on reducing inventories; Suzuki's motorcycle sales volume fell by 22% year-on-year to 81,000 units in Europe and by 36% year-on-year to 50,000 units in North America. Suzuki's sales in China were down 32% year-on-year at 1,074,000 units owing to the introduction of tighter emission regulations (Euro 3) and a resulting slowdown in demand. By contrast, Suzuki's sales in the six key ASEAN countries rose by 15% year-on-year to 759,000 units. And Suzuki's sales in India rose by 49% year-on-year to 281,000 units thanks to demand for scooters and to increased production capacity.



GSX-R750



GSX-R600



GSR750



KINGQUAD 500AXi 4x4



Hayate 125



Shogun AXELO 125



SlingShot Plus

### 3. Suzuki Topics in Fiscal 2010

In 2010, Suzuki made a good showing in MotoGP and in the MX1 and MX2 classes of the FIM Motocross World Championship. Suzuki also performed well in major races for production models in Europe and the United States; Suzuki's GSX-R models won the Endurance World Championship, and Suzuki's RM-Z models won the AMA Supercross Championship.

In 2011, Suzuki launched the GSX-R600, GSX-R750, and GSR750 in Europe and North America. It launched two scooters and three backbone models in China. And it pursued sales growth by launching the Shogun underbone motorcycle and Hayate scooter in ASEAN countries and the underbone SlingShot in India.



Suzuki Endurance Racing Team, World Championship



Alvaro Bautista , MotoGP



AMA Supercross

# Marine Products

Suzuki's exports of outboard motors (completely built units to all markets plus knockdown units to Thai Suzuki Motor in fiscal 2010) grew by 33% year-on-year in unit terms and by 37% year-on-year in turnover owing to worldwide demand recovery. Domestic sales declined by 10% year-on-year in unit terms and by 2% year-on-year in turnover.

Suzuki's four-stroke outboard motors range from the DF2 (the lowest-power model, which delivers 1.49kW/2PS) to the DF300 (the highest-power model, which delivers 220.7kW/300PS).

Two new models with Suzuki's fuel-saving Lean Burn Control technology (the DF40, which delivers 29.4kW/40PS, and the DF50, which delivers 36.8kW/50PS) won the Technical Innovation Award at the Miami International Boat Show in February 2011.



DF50



DF300



DF40/50 outboards win the 2011 NMMA Award for Innovation at the Miami International Boat Show



DF40

DF50

DF300

## Other Topics

### Environmental Initiatives

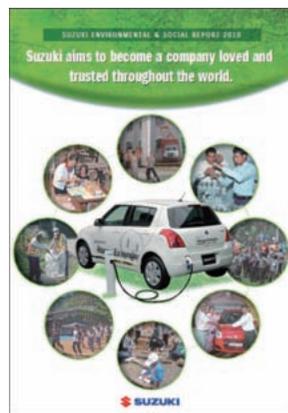
As a manufacturer of automobiles, motorcycles, out-board motors, and other items, Suzuki addresses environmental conservation at all product stages from development to disposal.

In product development, our environmental initiatives include improving fuel economy, reducing exhaust emissions and noise, and developing clean-energy vehicles. In manufacturing, our efforts include reducing environmental risk, reducing energy requirements, and promoting the use of alternative energy sources. In distribution, we focus on improving the operational efficiency and energy efficiency of transportation and on promoting the three Rs (reducing, reusing, and recycling). In marketing, we promote environmental management among our dealers and strive to ensure proper disposal of end-of-life products.

We also pursue environmental initiatives that are not directly related to our products. For instance, we promote energy savings and green purchasing in our offices, give our workers environmental education, and support social action programs in local communities.

#### Suzuki Topics in Fiscal 2010

- Suzuki published the Suzuki 2010 Environmental and Social Report. We have published a report about our environmental initiatives every year since fiscal 1999.
- In May 2010, the Suzuki Swift Range Extender gained type approval from the Japanese Ministry of Land, Infrastructure, Transport and Tourism. In autumn 2010, it began undergoing trials with dealers throughout Japan and playing a part in an experiment organized by Hamamatsu City.
- In September 2010, Suzuki registered the e-Let's electric scooter as a moped with the local authorities. Since autumn 2010, the e-Let's has been playing a part in an experiment organized by Hamamatsu City.
- In March 2011, the Burgman Fuel-Cell Scooter became the first fuel-cell vehicle of any kind to earn Whole Vehicle Type Approval in the European Union. Suzuki and British company Intelligent Energy, which developed the Burgman Fuel-Cell Scooter's fuel-cell system are participating in trials of the scooter on public roads under the aegis of the British government's Technology Strategy Board.



Suzuki 2010 Environmental and Social Report



SWIFT Range Extender



e-Let's electric scooter



Burgman Fuel-Cell Scooter

## Suzuki's business collaborations with other automotive manufacturers

(as of end of July, 2011)

In December 2009, Suzuki and Volkswagen AG signed a partnership agreement as mutually independent and equal partners. Since then, the companies have proactively exchanged information and achieved a certain degree of mutual understanding. However, the relationship reflecting the agreed fundamental principle of mutually independent and equal partners is yet to be established, the companies are in discussion on this issue.

Meanwhile, Suzuki cooperates with a number of other automakers. In Europe, Suzuki supplies vehicles to Fiat Group Automobiles S.p.A., Adam Opel AG, and Nissan Motor Co., Ltd (Nissan) on an OEM basis. Some Suzuki vehicles equip engines supplied by Fiat Powertrain Technologies S.p.A (FPT) and Renault S.A. In India where Suzuki regards as one of its key markets, Suzuki produces diesel engines with technology from FPT and uses them in a number of models. In Japan, Suzuki supplies vehicles on an OEM basis to Nissan, Mazda Motor Corporation, and Mitsubishi Motors Corporation. Both in Japan and overseas, Suzuki receives OEM supplies of vehicles from other automakers.

Suzuki will continue its cooperation with any automaker as mutually independent partner in pursuit of mutual benefit. Through such cooperation, Suzuki aims to make efficient use of its business resources and achieve continued commercial success.



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



SPLASH  
(manufactured at Magyar Suzuki in Hungary and supplied to Opel)



EQUATOR  
(manufactured by Nissan and supplied to Suzuki for U.S. market)



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



ALTO  
(manufactured at Kosai plant, Japan and supplied to Mazda)

# 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 June 29, 2011)

### [Representative Directors]

#### Chairman & CEO

Osamu Suzuki

#### Representative Director and Executive Vice President

Minoru Tamura  
Osamu Honda  
Toshihiro Suzuki  
Yasuhito Harayama

### [Directors]

#### Director and Senior Managing Officer

Shinzo Nakanishi  
Toyokazu Sugimoto  
Masanori Atsumi  
Naoki Aizawa  
Eiji Mochizuki

### [Senior Managing Officer]

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  
Tsuneo Ohashi  
Kenichi Ayukawa

### [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.U.
Spain	Suzuki Motor Iberica, S.A.U.
Italy	Suzuki Italia S.p.A.
France	Suzuki France S.A.S.
Hungary	Magyar Suzuki Corporation Ltd.
UK	Suzuki GB PLC
Austria	Suzuki Austria Automobil 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 Motor (Thailand) Co., Ltd.
Malaysia	Suzuki Motorcycle Malaysia SDN.BHD.
Philippines	Suzuki Philippines Inc.
Cambodia	Cambodia Suzuki Motor Co., Ltd.
China	Suzuki Motor (China) Investment Co., Ltd.
Vietnam	Vietnam Suzuki Corporation
Taiwan	Taiwan Suzuki Automobile Corporation

### [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 138 companies and affiliates of 38. 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.

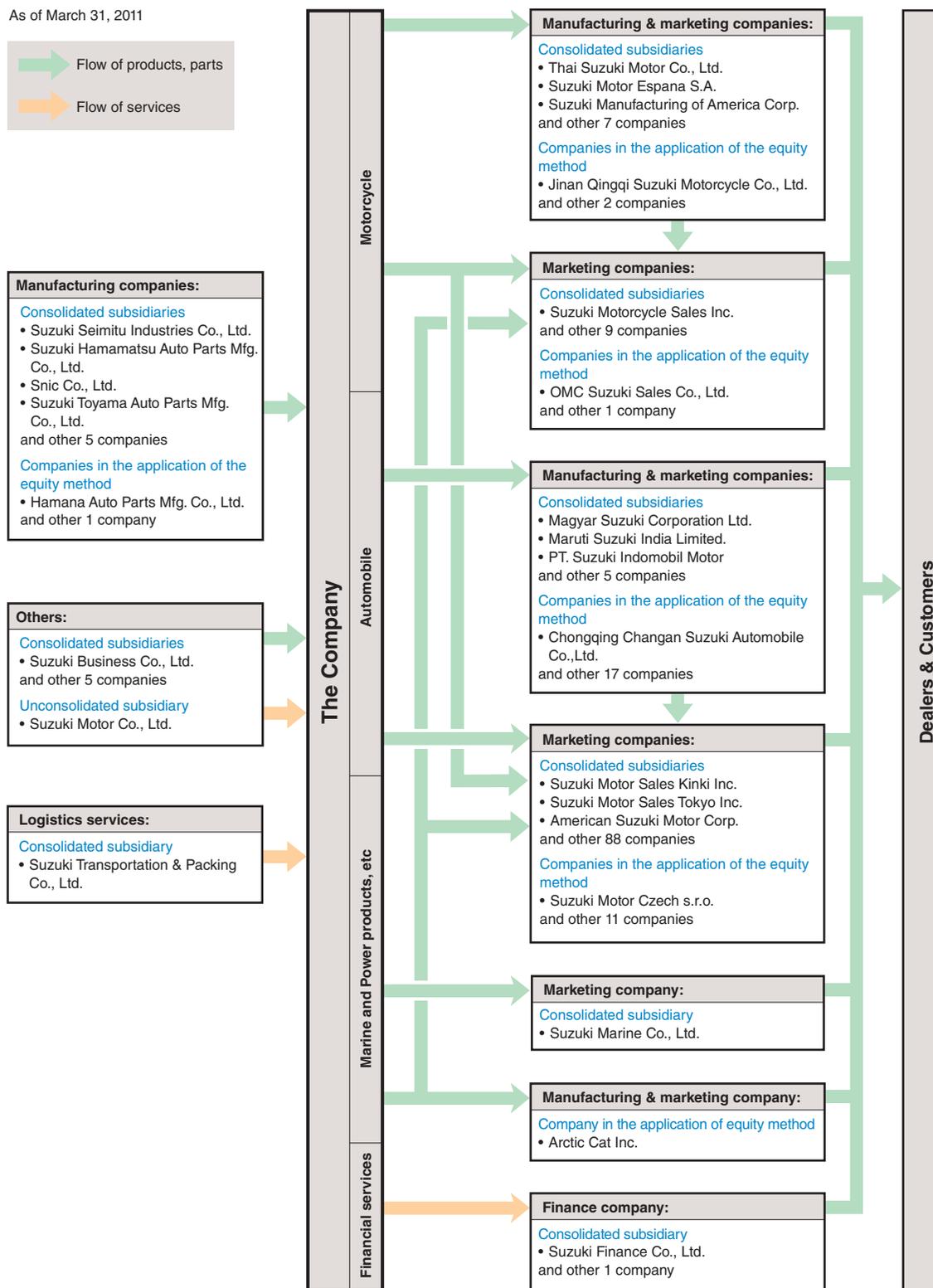
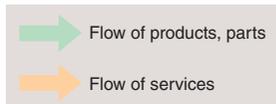
In the domestic market, the marketing of motorized wheelchairs and electro senior vehicles is conducted by subsidiaries such as Suzuki Motor Sales Kinki Inc. and others, and the marketing of houses is conducted by a subsidiary, Suzuki Business Co.,Ltd.

### Financial services

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

## 2. Operation flow chart

As of March 31, 2011



## FINANCIAL SECTION

---

### CONTENTS

<b>Management policy</b> .....	<b>19</b>
<b>Financial Review</b> .....	<b>23</b>
<b>Five-Year Summary</b> .....	<b>27</b>
<b>Consolidated Financial Statements</b> .....	<b>28</b>
Consolidated Balance Sheets .....	28
Consolidated Statements of Income and Consolidated Statements of Comprehensive Income .....	30
Consolidated Statements of Changes in Net Assets .....	32
Consolidated Statements of Cash Flows .....	33
Notes to Consolidated Financial Statements .....	34
Report of Independent Auditor .....	54
<b>Non-Consolidated Financial Statements</b> .....	<b>55</b>
Non-Consolidated Balance Sheets .....	55
Non-Consolidated Statements of Income .....	57

# 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 commit ourselves 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. They 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.

As to FY2010, the Company was able to record profits over the previous fiscal year by vigorous cost reductions in every aspect despite the influence of the yen appreciation and the shutdown by the Great East Japan Earthquake occurred in March.

Although the management environment is still expected to be grim, the Company has paid this total annual cash dividends amounting to ¥13 per share for the fiscal year ended March 31, 2011, accordingly, year-end dividends were ¥7.00 per share. As a result, this annual cash dividends were an increase of ¥1.00 per share from the previous fiscal year.

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 business and strengthened 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, in addition to the influence of the global financial crises after the Lehman Shock and the further development of the yen appreciation, the Great East Japan Earthquake has made the management environment drastically changed and more and more severe.

To overcome this crisis, we would make concerted efforts as a group with the slogan of “Exert ourselves with new ideas to overcome the great difficulty.” and “Restart in our all operations to get through this critical time.”

As the specific measures, the Company has set up a new “Corporate Planning Committee” which compiles the important challenges, discusses issues about the Group and conducts a review of structures and organizations to realize quick extraction of challenges and decision-making for the management. Furthermore, we will continue to promote the establishment of system to ensure profits in the declining sales by “internal cost reduction” activities through which each and every employee reduces every cost.

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

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

In the overseas markets, we will try to improve SUZUKI brand image by using the slogan of “Way of life!” and promote local procurement, cost reduction activities, further improvement of quality and further progress in productivity, as well as sales enhancement. Because demands for automobiles are increasing especially in Asia, we will make the further efforts to expand production capacity in such areas.

In research and development, it has become more and more important to develop environmentally friendly products which reduce emission gas, improve fuel efficiency, save resources, can be recycled easily to protect global environment.

The Company believes that the popularization of compact vehicles contribute to solve environmental issues. Therefore, regardless of domestic markets and overseas markets, the Company thinks that focusing on improvement of fuel efficiency of compact vehicles is the most urgent issue.

Suzuki has actual results of launching the mini vehicles with hybrid engine and direct-injection engine to markets. In India, about 70% of the SWIFT is diesel engine model.

Suzuki will continue to work to develop technology for more low-fuel consumption and low-emission electric vehicles such as range extender, hybrid vehicles, diesel engine vehicles and fuel-cell vehicles utilizing these experiences.

Under the experiences from the Great East Japan Earthquake occurred in March, we will further strengthen risk management and safety measures, and make efforts to recover the production as soon as possible in line with the actual situation of procurement of parts, etc.

## 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 (ten Directors as of issuance of this report), and introduced a managing officer system (senior managing officers and managing officers) aiming at agility of management, speedup of operation and clarification of responsibilities. All Directors, excluding Chairman & CEO, assume the position responsible for main divisions or other functions as a central of execution of operation, and they participate in decision-making at board meeting through providing on-site information.

Furthermore, the Corporate Planning Committee which is a collegial system composed of four Representative Director and Executive Vice Presidents as the Corporate Planning Committee Member discusses administrative and important issues in a cross-sectoral and comprehensive manner and coordinates and formulates basic policies. And the Company has established the Corporate Planning Office as a dedicated department to materialize the policies.

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 are 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, and legal matters and so on, in order to enhance the audit function and oversight function from outside the Company. In addition, the Company has the 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 consists of forty two members. It 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: Nine certified public accountants and seven 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. They are 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	512	339	173	12
Corporate Auditors (excluding Outside Corporate Auditors)	45	31	14	2
Outside Corporate Auditors	15	12	3	3

Notes: 1. The amount of remuneration limit for directors (¥80 million per month) was resolved at the 135<sup>th</sup> ordinary general meeting of shareholders held on June 28, 2001.

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

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

4. ¥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. The following information is disclosed in 145<sup>th</sup> annual securities report.

Total amount of consolidated remuneration paid to persons who received consolidated remuneration of ¥100 million or more each.

#### (5) Remuneration for Independent Auditor for this fiscal year

(a) The remuneration amount to be paid by the Company to Independent Auditors is ¥72 million.

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

(c) Of the amount shown in (a), the remuneration amount to be paid for audit certification is ¥72 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, 2011 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, 2011.

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, 2011.

# Financial Review

---

## 1. Operating results

The management environment of the Group for FY2010 continues to be in a severe situation such as the continuation of high unemployment rates in Europe and the US, even though the global economy has gradually recovered because of the economic recoveries centering on Asia and economic stimulus measures by each government. The domestic economy had been picking up because of the expansion of the overseas economies, however we are now in the worrying situation of stagnation of economic activities by the Great East Japan Earthquake.

Under these circumstances, consolidated net sales of FY2010 increased by ¥139.1 billion (5.6%) to ¥2,608.2 billion year-on-year because of the increased sales of motorcycles and automobiles in Asia though the sales in Europe and North America were lower than the previous fiscal year. As for the consolidated income, the increased income by the sales increase and the cost reduction covered the reduced income by the exchange influences. As a result, operating income increased by ¥27.5 billion (34.7%) to ¥106.9 billion and net income increased by ¥16.3 billion (56.2%) to ¥45.2 billion year-on-year.

### (1) The operating results by segment

#### (a) Motorcycle

Sales of the motorcycle business decreased by ¥5.2 billion (2.0%) to ¥257.7 billion year-on-year due to the sales decline in Europe, North America and Japan despite the sales increase in Asia. As for income and loss, operating loss was ¥10.8 billion on account of the continued sales slowdown of large-size motorcycles to Europe and the US, but operating loss was reduced by ¥10.3 billion year-on-year because of improvement of operating results in Asia.

#### (b) Automobile

Domestic market has been slow in and after October on account of the termination of the government subsidies for eco-friendly car purchases. Furthermore, on account of the impact of the Great East Japan Earthquake, domestic sales were below the previous fiscal year despite our sales expansion efforts such as the launch of the new "SWIFT", "SOLIO" and "MR WAGON" and strengthening of sales force. Overseas sales exceeded the previous fiscal year because of the sales increase in emerging countries centering on Asia such as India and Indonesia. As a result, sales of the automobile business increased by ¥139.0 billion (6.4%) to ¥2,323.0 billion year-on-year. Operating income also increased by ¥17.9 billion (19.8%) to ¥108.5 billion year-on-year.

#### (c) Marine and Power products, etc

Sales of marine and power products, etc. business increased by ¥3.2 billion (7.1%) to ¥48.6 billion year-on-year because of the sales increase mainly in Europe, North America, Asia and Oceania. Operating income also increased by ¥1.4 billion (26.2%) to ¥6.7 billion year-on-year.

#### (d) Financial Services

Sales of financial services business decreased by ¥18.5 billion (23.2%) to ¥61.1 billion year-on-year and operating income decreased by ¥0.8 billion (21.3%) to ¥3.0 billion year-on-year.

### (2) The operating results by geographical areas

#### (a) Japan

Sales increased by ¥83.9 billion (5.6%) to ¥1,572.4 billion year-on-year because of the increase in exports of automobiles to Europe, Asia and Central and South America despite the impact of the Great East Japan Earthquake. Operating income increased by ¥19.1 billion (55.8%) to ¥53.2 billion year-on-year because of the increased income by the sales increase and the cost reduction covered the reduced income by the influence of exchange rates.

#### (b) Europe

Sales decreased by ¥90.5 billion (21.4%) to ¥333.0 billion year-on-year on account of the influences by the termination of the car scrapping scheme of each government. Operating income also decreased by ¥4.2 billion (91.1%) to ¥0.4 billion year-on-year.

#### (c) North America

On account of the reduced sales of motorcycles and automobiles, sales decreased by ¥31.5 billion (24.4%) to ¥97.4 billion year-on-year. As for income and loss, operating loss was reduced by ¥9.4 billion to ¥2.2 billion year-on-year because of the reduction of various expenses.

#### (d) Asia

Sales increased by ¥168.0 billion (21.5%) to ¥948.6 billion year-on-year because of the increased sales of motorcycles and automobiles in various countries such as India, Indonesia, Pakistan and Thailand. Operating income decreased by ¥9.3 billion (16.5%) to ¥46.9 billion year-on-year.

#### (e) Other areas

Sales increased by ¥7.8 billion (11.4%) to ¥75.2 billion year-on-year because of the increased sales of automobiles in Oceania and Africa. Operating income also increased by ¥2.5 billion (200.0%) to ¥3.7 billion year-on-year.

### (3) Selling, general and administrative expenses

In this fiscal year, the amount of selling, general and administrative expenses increased by ¥6.9 billion to ¥514.8 billion because the sales promotion expenses increased due to the increased sales.

### (4) Other income and expenses

In this fiscal year, the net amount of other income and expenses was a profit of ¥11.3 billion mainly due to financial account balance and exchange gain. Compared to the previous fiscal year, profit decreased by ¥1.9 billion mainly due to an increase in impairment loss and loss on valuation of securities

### (5) Outlook of the next fiscal year

The outlook of the next fiscal year is as follows.

(Forecast of consolidated results)

Net sales	¥2,610.0 billion	(up 0.1% y-o-y)
Operating income	¥110.0 billion	(up 2.9% y-o-y)
Net income	¥50.0 billion	(up 10.7% y-o-y)
Exchange rate	1 U.S. dollar = 80 yen, 1 Euro = 110 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/U.S. dollar rate, Yen/Euro rate).

## 2. Liquidity and capital resources

### (1) Cash flow

Cash flow from operating activities for this fiscal year increased by ¥226.5 billion (a fund increase of ¥326.4 billion for the previous fiscal year), and the fund of ¥87.4 billion was mainly used for the acquisition of property, plant and equipment and investments in the investing activities (a fund decrease of ¥282.3 billion for the previous fiscal year). As a result, free cash flow increased by ¥139.1 billion (a fund increase of ¥44.1 billion for the previous fiscal year). For the financing activities, the fund decreased by ¥75.0 billion mainly because of repayment of borrowings (a fund increase of ¥103.4 billion for the previous fiscal year).

As a result, the balance of cash and cash equivalents at the end of this fiscal year was ¥631.9 billion and up ¥48.5 billion from the end of previous fiscal year.

### (2) Demand for money

During this fiscal year, the Group invested a total ¥130.3 billion of capital expenditures for new model production, R&D investments, and so on. In the financing, ¥6.4 billion was secured by way of third-party allotment of new shares to Volkswagen AG in June 2010, of which was mainly appropriated to capital expenditures for automobile R&D.

Capital expenditure project for the next fiscal year is ¥210.0 billion. The required fund will be covered mainly by our own funds.

## 3. Significant accounting policies

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

\* : An amount less than 100 million yen has been rounded off in "financial review" section.

## 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 March 31, 2011.

### 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 conduct 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 an 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 are 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 are subject to number of risks relating to our overseas operations and any occurrences of unexpected events such as political or social instability and difficulties, natural disasters, diseases, wars, terrorism 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

Years ended March 31	Millions of yen (except per share amounts)					Thousands of U.S. dollars (except per share amounts)
	2011	2010	2009	2008	2007	2011
Net sales .....	<b>¥2,608,217</b>	¥2,469,063	¥3,004,888	¥3,502,419	¥3,163,669	<b>\$31,367,622</b>
Net income.....	<b>45,174</b>	28,913	27,429	80,254	75,008	<b>543,283</b>
Net income per share:						
Primary .....	<b>80.65</b>	62.76	61.68	177.96	169.41	<b>0.969</b>
Fully diluted .....	<b>74.11</b>	55.26	53.97	155.89	151.41	<b>0.891</b>
Cash dividends per share.....	<b>13.00</b>	12.00	16.00	16.00	14.00	<b>0.156</b>
Net assets .....	<b>1,106,999</b>	1,089,757	742,915	902,894	855,973	<b>13,313,285</b>
Total current assets.....	<b>1,372,885</b>	1,479,336	1,267,790	1,483,038	1,435,405	<b>16,510,954</b>
Total assets .....	<b>2,224,344</b>	2,381,314	2,157,849	2,409,165	2,321,441	<b>26,750,988</b>
Depreciation and amortization....	<b>138,368</b>	141,846	141,203	161,600	149,910	<b>1,664,088</b>

## NON-CONSOLIDATED

Years ended March 31	Millions of yen (except per share amounts)					Thousands of U.S. dollars (except per share amounts)
	2011	2010	2009	2008	2007	2011
Net sales .....	<b>¥1,409,205</b>	¥1,286,633	¥1,685,777	¥2,031,639	¥1,939,806	<b>\$16,947,751</b>
Net income.....	<b>10,834</b>	7,086	3,287	40,864	43,054	<b>130,300</b>
Net income per share:						
Primary .....	<b>19.34</b>	15.38	7.39	90.60	97.23	<b>0.232</b>
Fully diluted .....	<b>17.80</b>	13.57	6.50	79.39	86.91	<b>0.214</b>
Cash dividends per share.....	<b>13.00</b>	12.00	16.00	16.00	14.00	<b>0.156</b>
Net assets .....	<b>691,207</b>	673,803	405,434	453,374	429,730	<b>8,312,773</b>
Total current assets.....	<b>818,964</b>	899,655	705,203	758,848	758,005	<b>9,849,244</b>
Total assets .....	<b>1,524,232</b>	1,625,023	1,402,420	1,430,088	1,381,889	<b>18,331,115</b>
Depreciation and amortization....	<b>61,265</b>	72,359	72,942	76,584	73,881	<b>736,811</b>

Note: Yen amounts are translated into U.S. dollars for convenience only, at ¥83.15 = U.S.\$1, the prevailing exchange rate as of March 31, 2011.

# Consolidated Financial Statements

## Consolidated Balance Sheets

As of March 31, 2011 and 2010

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and deposits .....	¥ 261,264	¥ 147,394	\$ 3,142,083
Short-term investment securities <sup>*NOTE 4</sup> .....	484,110	602,388	5,822,133
Receivables:			
Notes and accounts receivables-trade.....	204,603	248,565	2,460,653
Allowance for doubtful accounts.....	(2,997)	(3,066)	(36,045)
Merchandise and finished goods .....	163,083	172,322	1,961,312
Work in process .....	22,078	19,380	265,524
Raw materials and supplies .....	46,725	44,492	561,939
Deferred tax assets.....	86,398	97,657	1,039,070
Other.....	108,329	150,202	1,302,823
Total current assets.....	<u>1,372,885</u>	<u>1,479,336</u>	<u>16,510,954</u>
<b>Property, plant and equipment: <sup>*NOTE 5</sup></b>			
Land .....	184,205	180,538	2,215,345
Buildings and structures.....	342,552	345,543	4,119,694
Machinery, equipment, vehicles, tools, furniture and fixtures	1,311,062	1,321,010	15,767,443
Construction in progress .....	46,060	34,174	553,942
	<u>1,883,881</u>	<u>1,881,268</u>	<u>22,656,426</u>
Accumulated depreciation .....	(1,360,157)	(1,315,414)	(16,357,873)
Total property, plant and equipment.....	<u>523,724</u>	<u>565,853</u>	<u>6,298,552</u>
<b>Investments and other assets:</b>			
Investment securities <sup>*NOTE 4</sup> .....	165,713	135,271	1,992,942
Investments in affiliates.....	41,610	43,280	500,431
Deferred tax assets.....	81,222	101,277	976,824
Other.....	39,187	56,294	471,283
Total investments and other assets.....	<u>327,734</u>	<u>336,123</u>	<u>3,941,482</u>
Total assets .....	<u>¥2,224,344</u>	<u>¥2,381,314</u>	<u>\$26,750,988</u>

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

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities:</b>			
Accounts payable-trade.....	¥ 267,209	¥ 391,874	\$ 3,213,584
Short-term loans payable *NOTE 5 .....	178,559	221,320	2,147,443
Current portion of long term loans payable *NOTE 5 .....	59,714	39,616	718,158
Income taxes payable .....	11,064	13,129	133,067
Accrued expenses .....	139,129	121,136	1,673,231
Other.....	150,045	146,837	1,804,510
Total current liabilities .....	<u>805,723</u>	<u>933,915</u>	<u>9,689,995</u>
<b>Noncurrent liabilities:</b>			
Bonds with subscription rights to shares *NOTE 5 .....	149,975	149,975	1,803,668
Long-term loans payable *NOTE 5 .....	96,333	136,104	1,158,546
Provision for retirement benefits *NOTE 7 .....	37,122	39,337	446,451
Provision for directors' retirement benefits.....	1,440	1,453	17,327
Other.....	26,750	30,771	321,714
Total noncurrent liabilities .....	<u>311,621</u>	<u>357,641</u>	<u>3,747,708</u>
Total liabilities.....	<u>1,117,345</u>	<u>1,291,556</u>	<u>13,437,703</u>
<b>Net assets:</b>			
<b>Shareholders' equity: *NOTE 12</b>			
Capital stock:			
Common stock			
Authorized - 1,500,000,000 shares			
Issued,			
as of March 31, 2011 – 561,047,304 .....	138,014	—	1,659,828
as of March 31, 2010 – 557,387,304 .....	—	134,803	—
Capital surplus .....	144,364	141,153	1,736,196
Retained earnings .....	788,263	750,357	9,480,020
Treasury stock.....	(78)	(61)	(946)
Total shareholders' equity .....	<u>1,070,564</u>	<u>1,026,251</u>	<u>12,875,099</u>
<b>Accumulated other comprehensive income:</b>			
Valuation difference on available-for-sale securities.....	25,717	16,546	309,292
Deferred gains or losses on hedges.....	(614)	910	(7,394)
Foreign currency translation adjustment.....	(126,089)	(91,725)	(1,516,413)
Total accumulated other comprehensive income.....	<u>(100,986)</u>	<u>(74,268)</u>	<u>(1,214,515)</u>
<b>Minority interests .....</b>			
	137,422	137,774	1,652,700
Total net assets	<u>¥1,106,999</u>	<u>¥1,089,757</u>	<u>\$13,313,285</u>
Total liabilities and net assets.....	<u>¥2,224,344</u>	<u>¥2,381,314</u>	<u>\$26,750,988</u>



**(Consolidated Statements of Comprehensive Income)**

Years ended March 31, 2011 and 2010

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
<b>Income before minority interests</b> .....	<b>¥65,237</b>	¥52,239	<b>\$784,574</b>
<b>Other comprehensive income</b>			
Valuation difference on available-for-sale securities .....	<b>9,726</b>	14,225	<b>116,980</b>
Deferred gains or losses on hedges.....	<b>(1,420)</b>	1,239	<b>(17,088)</b>
Foreign currency translation adjustment .....	<b>(45,192)</b>	31,272	<b>(543,510)</b>
Share of other comprehensive income of associates accounted for using equity method .....	<b>(3,707)</b>	1,006	<b>(44,583)</b>
Total other comprehensive income .....	<b>(40,593)</b>	47,743	<b>(488,201)</b>
<b>Comprehensive income</b> .....	<b>24,643</b>	99,982	<b>296,373</b>
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent	<b>18,456</b>	67,024	<b>221,960</b>
Comprehensive income attributable to minority interests	<b>6,187</b>	32,958	<b>74,413</b>

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, 2011 and 2010

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen						
	Thousands of shares of common stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total other comprehen- sive Income *NOTE 3	Minority interests
<b>Balance as of March 31, 2009</b>	<u>542,647</u>	<u>¥120,210</u>	<u>¥138,142</u>	<u>¥735,337</u>	<u>¥(241,878)</u>	<u>¥(112,379)</u>	<u>¥103,482</u>
Issuance of new shares.....	14,740	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
<b>Balance as of March 31, 2010</b>	<u>557,387</u>	<u>¥134,803</u>	<u>¥141,153</u>	<u>¥750,357</u>	<u>¥(61)</u>	<u>¥(74,268)</u>	<u>¥137,774</u>
Issuance of new shares.....	3,660	3,211	3,211	—	—	—	—
Dividends from surplus.....	—	—	—	(7,267)	—	—	—
Net income.....	—	—	—	45,174	—	—	—
Purchase of treasury stock.....	—	—	—	—	(17)	—	—
Disposal of treasury stock.....	—	—	(0)	—	0	—	—
Transfer of loss on disposal of treasury stock.....	—	—	0	(0)	—	—	—
Net changes of items other than shareholders' equity.....	—	—	—	—	—	(26,717)	(351)
<b>Balance as of March 31, 2011</b>	<u>561,047</u>	<u>¥138,014</u>	<u>¥144,364</u>	<u>¥788,263</u>	<u>¥(78)</u>	<u>¥(100,986)</u>	<u>¥137,422</u>

	Thousands of U.S. dollars						
	Thousands of shares of common stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total other comprehen- sive Income	Minority interests
<b>Balance as of March 31, 2010</b>	<u>557,387</u>	<u>\$1,621,203</u>	<u>\$1,697,571</u>	<u>\$9,024,144</u>	<u>\$(743)</u>	<u>\$(893,192)</u>	<u>\$1,656,933</u>
Issuance of new shares.....	3,660	38,624	38,624	—	—	—	—
Dividends from surplus.....	—	—	—	(87,406)	—	—	—
Net income.....	—	—	—	543,283	—	—	—
Purchase of treasury stock.....	—	—	—	—	(208)	—	—
Disposal of treasury stock.....	—	—	(0)	—	5	—	—
Transfer of loss on disposal of treasury stock.....	—	—	0	(0)	—	—	—
Net changes of items other than shareholders' equity.....	—	—	—	—	—	(321,322)	(4,232)
<b>Balance as of March 31, 2011</b>	<u>561,047</u>	<u>\$1,659,828</u>	<u>\$1,736,196</u>	<u>\$9,480,020</u>	<u>\$(946)</u>	<u>\$(1,214,515)</u>	<u>\$1,652,700</u>

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

## Consolidated Statements of Cash Flows

Years ended March 31, 2011 and 2010

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
<b>Cash flows from operating activities</b>			
Income before income taxes.....	¥118,186	¥ 92,499	\$1,421,368
Depreciation and amortization .....	138,368	141,846	1,664,088
Impairment loss .....	8,513	0	102,386
Increase (decrease) in provision for retirement benefits..	(2,114)	(3,107)	(25,424)
Interest and dividends income.....	(15,190)	(16,177)	(182,690)
Interest expenses .....	5,091	8,276	61,234
Equity in (earnings) losses of affiliates.....	(4,161)	(692)	(50,047)
Loss (gain) on valuation of securities .....	5,356	19	64,425
Decrease (increase) in notes and accounts receivable-trade	36,411	8,103	437,897
Decrease (increase) in inventories .....	(7,811)	95,993	(93,946)
Increase (decrease) in notes and accounts payable-trade	(117,986)	16,859	(1,418,956)
Increase (decrease) in accrued expenses .....	23,365	(19,509)	281,002
Other, net.....	62,280	10,348	749,008
Subtotal	250,310	334,460	3,010,346
Interest and dividends income received .....	13,822	16,966	166,239
Interest expenses paid .....	(5,012)	(7,888)	(60,287)
Income taxes paid .....	(32,650)	(17,161)	(392,665)
Net cash provided by (used in) operating activities	226,470	326,377	2,723,633
<b>Cash flows from investing activities</b>			
Payments into time deposits .....	(88,169)	(45,844)	(1,060,361)
Proceeds from withdrawal of time deposits.....	49,791	74,606	598,816
Purchases of short-term investment securities .....	(301,849)	(464,632)	(3,630,182)
Proceeds from sales of short-term investment securities	386,687	313,030	4,650,483
Purchases of property, plant and equipment .....	(129,732)	(129,131)	(1,560,224)
Proceeds from sales of property, plant and equipment...	6,823	6,361	82,058
Purchases of investment securities .....	(25,227)	(17,508)	(303,391)
Proceeds from sales of investment securities .....	1,038	9,210	12,487
Purchase of investments in subsidiaries resulting in change in scope of consolidation.....	—	(376)	—
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation.....	—	15	—
Payments for investments in capital .....	(431)	(2,163)	(5,194)
Payments of loans receivable .....	(326)	(40,770)	(3,925)
Collection of loans receivable .....	16,331	15,533	196,412
Other, net.....	(2,314)	(616)	(27,841)
Net cash provided by (used in) investing activities	(87,379)	(282,286)	(1,050,862)
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term loans payable.....	(57,077)	(171,079)	(686,445)
Proceeds from long-term loans payable .....	24,616	78,489	296,054
Repayment of long-term loans payable .....	(38,158)	(18,976)	(458,906)
Proceeds from issuance of new shares.....	6,423	—	77,249
Purchase of treasury stock.....	(17)	(4)	(208)
Proceeds from sales of treasury stock.....	0	222,485	5
Cash dividends paid .....	(7,266)	(5,645)	(87,391)
Cash dividends paid to minority shareholders.....	(3,480)	(1,337)	(41,860)
Other, net.....	(17)	(485)	(209)
Net cash provided by (used in) financing activities	(74,977)	103,445	(901,712)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(15,646)	6,551	(188,175)
<b>Net increase (decrease) in cash and cash equivalents</b>	48,466	154,088	582,883
<b>Cash and cash equivalents at beginning of period</b>	583,456	427,797	7,016,917
<b>Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation</b>	—	1,570	—
<b>Cash and cash equivalents at end of period</b> *NOTE 10	¥631,923	¥583,456	\$7,599,800

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 Financial Services Agency as required by the Financial Instruments and Exchange Act of Japan.

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

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

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

As permitted, an amount of less than one million yen has been omitted. For the convenience of readers, the consolidated financial statements, including the opening balance of shareholders' equity, have been presented in U.S. dollars by translating all Japanese yen amounts on the basis of 83.15 to U.S.\$1, the rate of exchange prevailing as of March 31, 2011. 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, 2011 and 2010, include the accounts of the Company and its significant subsidiaries and the number of consolidated subsidiaries are 138 and 138 respectively. All significant inter-company accounts and transactions are eliminated in consolidation. Investments in affiliated companies are accounted for by the equity method.

The difference at the time of acquisition between the cost and underlying net equity of investments in consolidated subsidiaries and in affiliated companies accounted for under the equity method (goodwill) 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 collectability 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 Group 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**

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

**(j) Method of depreciation and amortization of significant depreciable assets****a. Property, plant and equipment (excluding lease assets)**

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

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 self-owned 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) Application of the "Accounting Standard for Equity Method of Accounting for Investments" and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method"**

The "Accounting Standard for Equity Method of Accounting for Investments" (Accounting Standards Board of Japan; ASBJ Statement No.16, March 10, 2008) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ PITF No. 24, March 10, 2008) have been applied since the current consolidated fiscal year.

This application gave no influences on the income before income taxes etc. of the current consolidated fiscal year.

**(b) Application of the "Accounting Standard for Asset Retirement Obligations"**

The "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18, March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008) have been applied since the current consolidated fiscal year.

Influences by this application on the operating income and income before income taxes etc. of the current consolidated fiscal year were insignificant.

**(c) Application of the "Accounting Standard for Business Combinations" and related matters**

The "Accounting Standard for Business Combinations" (ASBJ Statement No.21, December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, December 26, 2008), the "Partial amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No.23, December 26, 2008), the "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, December 26, 2008), the "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No.16, December 26, 2008) and the "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008) have been applied since the current consolidated fiscal year.

**(Changes in presentation)****(Consolidated statements of income)**

The “Cabinet Office Ordinance on the Partial Revision to the accounting standards of Consolidated Financial Statements” (Cabinet Office Ordinance No. 5 March 24, 2009) has been applied in accordance with the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22, December 26, 2008) and “Income before minority interests” was presented since the current consolidated fiscal year. The consolidated statements of income for the previous fiscal year has been modified to conform with the new presentation rules for the current fiscal year.

**(Additional Information)**

The “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No.25, June 30, 2010) has been applied since the current consolidated fiscal year.

The consolidated balance sheet and consolidated statements of changes in net assets for the previous fiscal year has been modified to conform with the new presentation rules for the current fiscal year. Also, the Company prepared a consolidated statement of comprehensive income for the previous fiscal year. The amount of “Accumulated other comprehensive income” and “Total accumulated other comprehensive income” of the previous fiscal year are the amount of “Valuation and translation adjustments” and “Total valuation and translation adjustments”, respectively.

**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 rate 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, each of the Group company manages liquidity risk related to accounts payable and borrowings by making a financial plan.

**c. Supplement to fair values of financial instruments**

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

## (b) Matters for fair values of the financial instruments

Carrying amounts in the consolidated balance sheet, fair values and unrealized gain (loss) at March 31, 2011 and 2010 are as follows. Financial instruments whose fair value cannot be reliably determined are not included in the below table.

(Amount: Millions of yen)

	2011			2010		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Cash and deposits	¥261,264	¥261,264	¥ —	¥147,394	¥147,394	¥ —
Notes and accounts receivables-trade	204,603	204,181	(421)	248,565	248,565	—
Short-term investment securities and Investment securities						
Available-for-sale securities	240,843	240,843	—	261,867	261,867	—
Investments in subsidiaries and affiliates	5,575	8,262	2,687	5,937	6,618	680
Total of assets	712,286	714,552	2,265	663,764	664,444	680
Accounts payable-trade	267,209	267,209	—	391,874	391,874	—
Short-term loans payable	178,559	178,559	—	221,320	221,320	—
Current portion of long-term loans payable	59,714	59,935	(220)	39,616	39,629	(13)
Accrued expenses	139,129	139,129	—	—	—	—
Bonds with subscription rights to shares	149,975	150,274	(299)	149,975	153,724	(3,749)
Long-term loans payable	96,333	97,070	(737)	136,104	136,559	(455)
Total of liabilities	890,921	892,179	(1,257)	938,891	943,109	(4,218)
Derivatives						
Hedge accounting is applied	(900)	(900)	—	1,504	1,504	—
Hedge accounting is not applied	(327)	(327)	—	(373)	(373)	—

(Amount: Thousands of U.S. dollars)

	2011		
	Carrying amount	Fair value	Unrealized gain (loss)
Cash and deposits	\$3,142,083	\$3,142,083	\$ —
Notes and accounts receivables-trade	2,460,653	2,455,579	(5,073)
Short-term investment securities and Investment securities			
Available-for-sale securities	2,896,498	2,896,498	—
Investments in subsidiaries and affiliates	67,049	99,373	32,324
Total of assets	8,566,285	8,593,535	27,250
Accounts payable-trade	3,213,584	3,213,584	—
Short-term loans payable	2,147,443	2,147,443	—
Current portion of long-term loans payable	718,158	720,806	(2,648)
Accrued expenses	1,673,231	1,673,231	—
Bonds with subscription rights to shares	1,803,668	1,807,275	(3,607)
Long-term loans payable	1,158,546	1,167,417	(8,870)
Total of liabilities	10,714,632	10,729,758	(15,126)
Derivatives*			
Hedge accounting is applied	(10,831)	(10,831)	—
Hedge accounting is not applied	(3,936)	(3,936)	—

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

**Matters for methods used to measure fair values of financial instruments****Assets:****a. Cash and deposits**

Because fair values of deposits are approximately equal to the carrying amounts, such carrying amounts are used.

**b. Notes and accounts receivables-trade**

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

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

**c. 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, Short-term loans payable and Accrued expenses**

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.

**Derivatives:**

Please refer to Note 4 (g) Derivative transactions.

(c) Short-term investment securities and Investment securities quoted at the stock exchange as of March 31, 2011 and 2010

	Millions of yen		
	Acquisition cost	2011 Carrying amount	Unrealized gain (loss)
Securities for which the carrying amount exceeds the acquisition costs			
Stocks.....	¥ 68,712	¥115,207	¥ 46,495
Bonds.....	—	—	—
Other.....	75,801	77,487	1,686
Sub Total	<u>¥144,513</u>	<u>¥192,695</u>	<u>¥ 48,181</u>
Securities for which the carrying amount does not exceed the acquisition cost			
Stocks.....	¥ 26,736	¥ 22,232	¥ (4,503)
Bonds.....	26,201	25,915	(286)
Other.....	—	—	—
Sub Total	<u>¥ 52,938</u>	<u>¥ 48,148</u>	<u>¥ (4,789)</u>
Total	<u>¥197,452</u>	<u>¥240,843</u>	<u>¥ 43,391</u>
	Millions of yen		
	Acquisition cost	2010 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	<u>¥199,919</u>	<u>¥231,476</u>	<u>¥ 31,557</u>
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	<u>¥ 34,704</u>	<u>¥ 30,390</u>	<u>¥ (4,314)</u>
Total	<u>¥234,624</u>	<u>¥261,867</u>	<u>¥ 27,242</u>
	Thousands of U.S. dollars		
	Acquisition cost	2011 Carrying amount	Unrealized gain (loss)
Securities for which the carrying amount exceeds the acquisition costs			
Stocks.....	\$ 826,369	\$1,385,543	\$559,173
Bonds.....	—	—	—
Other.....	911,620	931,900	20,279
Sub Total	<u>\$1,737,990</u>	<u>\$2,317,443</u>	<u>\$579,452</u>
Securities for which the carrying amount does not exceed the acquisition cost			
Stocks.....	\$ 321,543	\$ 267,383	\$ (54,159)
Bonds.....	315,117	311,671	(3,445)
Other.....	—	—	—
Sub Total	<u>\$ 636,660</u>	<u>\$ 579,055</u>	<u>\$ (57,605)</u>
Total	<u>\$2,374,650</u>	<u>\$2,896,498</u>	<u>\$521,847</u>

## (d) Available-for-sale securities sold during 2011 and 2010

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Amounts sold .....	<b>¥387,075</b>	¥313,182	<b>\$4,655,150</b>
Gains on sales of available-for-sale securities .....	<b>372</b>	145	<b>4,484</b>
Loss on sales of available-for-sale securities .....	—	—	—

## (e) Financial instruments whose fair value cannot be reliably determined as of March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Available-for-sale securities			
Unlisted stock .....	<b>¥ 18,370</b>	¥ 18,952	<b>\$ 220,933</b>
Negotiable certificate of deposit .....	<b>388,000</b>	452,000	<b>4,666,265</b>
Other .....	<b>2,704</b>	5,054	<b>32,521</b>
Unlisted stock of affiliates .....	<b>11,531</b>	10,656	<b>138,678</b>

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

	Millions of yen			
	2011			
	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. ....	<b>¥ —</b>	—	—	—
Corporate bonds .....	<b>16,206</b>	—	—	—
Other .....	<b>468,184</b>	—	—	—
Total	<b>¥484,391</b>	—	—	—

	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. ....	<b>¥ —</b>	—	—	—
Corporate bonds .....	—	—	—	—
Other .....	602,388	—	—	—
Total	<b>¥602,388</b>	—	—	—

	Thousands of U.S. dollars			
	2011			
	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. ....	<b>\$ —</b>	—	—	—
Corporate bonds .....	<b>194,912</b>	—	—	—
Other .....	<b>5,630,596</b>	—	—	—
Total	<b>\$5,825,509</b>	—	—	—

## (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, 2011 and 2010

Currency related transactions (non-market transactions)

(Amount: Millions of yen)

Type	2011				2010			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Foreign currency forward contracts								
Selling								
USD	¥ 37	¥ —	¥ (71)	¥ (71)	¥ 160	¥ —	¥ (3)	¥ (3)
EUR	112	—	(4)	(4)	—	—	—	—
GBP	135	—	5	5	66	—	(6)	(6)
Buying								
USD	8,882	—	(2)	(2)	—	—	—	—
JPY	1,783	—	(44)	(44)	3,000	—	(48)	(48)
Total	10,952	—	(118)	(118)	3,226	—	(57)	(57)

(Amount: Thousands of U.S. dollars)

Type	2011			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Foreign currency forward contracts				
Selling				
USD	\$ 448	\$ —	\$ (865)	\$ (865)
EUR	1,353	—	(56)	(56)
GBP	1,629	—	62	62
Buying				
USD	106,829	—	(35)	(35)
JPY	21,453	—	(534)	(534)
Total	131,714	—	(1,429)	(1,429)

Interest rate related transactions (non-market transactions)

(Amount: Millions of yen)

Type	2011				2010			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Interest rate swaps								
Pay fixed								
receive floating	¥ 5,255	¥ 2,627	¥ (208)	¥ (208)	¥ 11,757	¥ 11,757	¥ (315)	¥ (315)
Total	5,255	2,627	(208)	(208)	11,757	11,757	(315)	(315)

(Amount: Thousands of U.S. dollars)

Type	2011			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Interest rate swaps				
Pay fixed				
receive floating	\$ 63,207	\$ 31,603	\$ (2,506)	\$ (2,506)
Total	63,207	31,603	(2,506)	(2,506)

## b. Derivative transactions to which hedge accounting is applied as of March 31, 2011 and 2010

Currency related transactions

(Amount: Millions of yen)

	Type	2011			2010		
		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	¥ 11,829	¥ —	¥ 350	¥ 18,742	¥ —	¥ (7)
	EUR	44,490	—	(890)	46,147	—	3,364
	CAD	4,190	—	(119)	10,141	—	(330)
	AUD	10,456	—	(336)	10,170	—	(240)
	NZD	537	—	1	1,878	—	(9)
	GBP	2,259	—	3	3,530	—	74
	Buying (Principal hedged item: Accounts payable-trade)						
	USD	—	—	—	208	—	12
EUR	3,035	—	137	35,163	—	(887)	
JPY	7,625	—	(47)	9,529	—	(495)	
Deferral accounting	Foreign currency forward contracts						
	Selling (Principal hedged item: Accounts receivable-trade)						
	USD	18,978	—	*	9,831	—	*
	EUR	8,483	—	*	11,221	—	*
	CAD	1,222	—	*	2,698	—	*
	AUD	255	—	*	1,557	—	*
	NZD	367	—	*	329	—	*
	GBP	2,162	—	*	2,040	—	*
	Buying (Principal hedged item: Accounts payable-trade)						
	USD	3,826	—	*	94	—	*
EUR	761	—	*	—	—	—	
JPY	1,713	—	*	298	—	*	
	Total	122,195	—	(900)	163,584	—	1,480

(Amount: Thousands of U.S. dollars)

	Type	2011		
		Contract/ notional amount	Amount due after one year	Fair value
Principle accounting	Foreign currency forward contracts			
	Selling (Principal hedged item: Accounts receivable-trade)			
	USD	\$ 142,268	\$ —	\$ 4,220
	EUR	535,057	—	(10,708)
	CAD	50,397	—	(1,435)
	AUD	125,757	—	(4,042)
	NZD	6,468	—	16
	GBP	27,174	—	41
	Buying (Principal hedged item: Accounts payable-trade)			
	USD	—	—	—
EUR	36,505	—	1,648	
JPY	91,710	—	(572)	
Deferral accounting	Foreign currency forward contracts			
	Selling (Principal hedged item: Accounts receivable-trade)			
	USD	228,241	—	*
	EUR	102,021	—	*
	CAD	14,701	—	*
	AUD	3,070	—	*
	NZD	4,422	—	*
	GBP	26,004	—	*
	Buying (Principal hedged item: Accounts payable-trade)			
	USD	46,015	—	*
EUR	9,156	—	*	
JPY	20,603	—	*	
	Total	1,469,577	—	(10,831)

\*: 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

(Amount: Millions of yen)

	Type	2011			2010		
		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
	Total	—	—	—	62,423	—	24

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

Short-term borrowings as of March 31, 2011 and 2010 consisted of the following. The annual interest rates of short-term borrowings as of March 31, 2011 were from 0.28 percent to 13.80 percent.

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Short-term loans payable and current portion of long term loans payable			
Secured .....	¥ —	¥ 191	\$ —
Unsecured .....	<b>238,274</b>	260,746	<b>2,865,601</b>
Lease obligations due within one year .....	<b>61</b>	72	<b>738</b>
	<b>¥238,336</b>	¥261,010	<b>\$2,866,340</b>

Long-term debt as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Long-term loans payable maturing through 2016			
Secured .....	¥ 276	¥ 1	\$ 3,328
Unsecured .....	<b>96,056</b>	136,102	<b>1,155,218</b>
Lease obligations due more than one year .....	<b>71</b>	66	<b>862</b>
Other interest-bearing debts (Long-term guarantee deposited)	<b>10,139</b>	9,973	<b>121,942</b>
Unsecured zero coupon convertible bonds with 130% call option in yen due 2013 .....	<b>149,975</b>	149,975	<b>1,803,668</b>
	<b>¥256,519</b>	¥296,119	<b>\$3,085,020</b>

“The zero coupon convertible bonds with 130% call option” are convertible into common stock at the options of holders at the conversion price of ¥3,020.20 per share.

If the outstanding convertible bonds were fully converted as of March 31, 2011, 49,657,307 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.

The aggregate annual maturities of long-term debt, excluding other interest-bearing debt, outstanding as of March 31, 2011 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2013 .....	<b>¥198,579</b>	<b>\$2,388,204</b>
2014 .....	<b>18,920</b>	<b>227,549</b>
2015 .....	<b>14,838</b>	<b>178,458</b>
2016 .....	<b>10,820</b>	<b>130,134</b>
Thereafter.....	<b>3,220</b>	<b>38,730</b>
	<u><b>¥246,379</b></u>	<u><b>\$2,963,077</b></u>

Assets pledged as collateral as of March 31, 2011:

	Millions of yen	Thousands of U.S. dollars
Property, plant and equipment .....	<b>¥ 909</b>	<b>\$10,937</b>
Other intangible assets .....	<b>189</b>	<b>2,284</b>
	<u><b>¥1,099</b></u>	<u><b>\$13,222</b></u>

Secured liabilities as of March 31, 2011:

	Millions of yen	Thousands of U.S. dollars
Long-term loans payable.....	<b>¥ 276</b>	<b>\$ 3,328</b>
Other (noncurrent liabilities).....	<b>767</b>	<b>9,229</b>
	<u><b>¥1,044</b></u>	<u><b>\$12,557</b></u>

**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, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	<b>2011</b>	2010	<b>2011</b>
Commitment contract total.....	<b>¥155,000</b>	¥155,000	<b>\$1,864,101</b>
Actual loan balance.....	—	—	—
Variance	<u><b>¥155,000</b></u>	<u>¥155,000</u>	<u><b>\$1,864,101</b></u>

**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
	2011	2010	2011
a. Retirement benefit obligation	<b>¥(104,625)</b>	¥(103,031)	<b>\$(1,258,271)</b>
b. Pension assets	<b>70,228</b>	65,834	<b>844,595</b>
c. Unrecognized retirement benefit obligation (a+b)	<b>¥ (34,397)</b>	¥ (37,197)	<b>\$ (413,676)</b>
d. Unrecognized difference by an actuarial calculation	<b>2,701</b>	4,005	<b>32,494</b>
e. Unrecognized prior service cost (decrease of liabilities)	<b>(5,427)</b>	(6,145)	<b>(65,269)</b>
f. Provision for retirement benefits (c+d+e)	<b>¥ (37,122)</b>	¥ (39,337)	<b>\$ (446,451)</b>

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
	2011	2010	2011
a. Service cost	<b>¥6,278</b>	¥6,961	<b>\$75,505</b>
b. Interest cost	<b>1,613</b>	1,592	<b>19,402</b>
c. Assumed return on investment	<b>(487)</b>	(259)	<b>(5,866)</b>
d. Amortized amount of actuarial difference	<b>1,167</b>	881	<b>14,040</b>
e. Amortized amount of prior service cost	<b>(722)</b>	(718)	<b>(8,684)</b>
f. Retirement benefit cost (a+b+c+d+e)	<b>¥7,849</b>	¥8,457	<b>\$94,397</b>

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	: <b>2011 Mainly 2.00%</b> 2010 Mainly 2.00%
c. Reassessment rate	: <b>2011 1.50%</b> 2010 1.50%
d. Assumed return of investment ratio	: <b>2011 0.61% – 1.90%</b> 2010 0.58% – 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 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
	2011	2010	2011
<b>Deferred tax assets</b>			
Excess-depreciation and Impairment loss .....	¥ 81,896	¥ 77,678	\$ 984,920
Various reserves.....	38,850	42,151	467,233
Unrealized gross profits elimination.....	17,917	18,434	215,489
Loss on valuation of securities .....	9,413	16,901	113,214
Other.....	85,250	83,428	1,025,266
Gross deferred tax assets total.....	233,329	238,595	2,806,124
Valuation allowance .....	(30,357)	(23,811)	(365,094)
Deferred tax assets total .....	¥202,971	¥214,784	\$2,441,029
<b>Deferred tax liabilities</b>			
Valuation difference on available-for-sale securities .....	¥ (17,171)	¥ (10,812)	\$ (206,518)
Variance from the complete market value method of consolidated subsidiaries .....	(6,104)	(6,724)	(73,416)
Reserve for advanced depreciation of noncurrent assets ...	(4,423)	(2,812)	(53,200)
Other.....	(7,955)	1,199	(95,679)
Deferred tax liabilities total .....	¥ (35,655)	¥ (19,149)	\$ (428,814)
Net amounts of deferred tax assets.....	¥167,315	¥195,634	\$2,012,215

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

	2011	2010
Statutory tax rate.....	39.8%	39.8%
Valuation allowance .....	9.4%	7.9%
Tax credit.....	—	(0.2%)
Difference in foreign subsidiaries tax rate .....	(4.1%)	(3.7%)
Other.....	(0.3%)	(0.3%)
Effective tax rate .....	44.8%	43.5%

**NOTE 9: Research and development costs**

Research and development costs included in selling, general and administrative expenses, for the years ended March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Research and development costs.....	¥104,079	¥108,784	\$1,251,703

**NOTE 10: Cash and cash equivalents**

Cash and cash equivalents as of March 31, 2011 and 2010 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Cash and deposits .....	<b>¥261,264</b>	¥147,394	<b>\$3,142,083</b>
Short-term investment securities.....	<b>484,110</b>	602,388	<b>5,822,133</b>
Time deposits with maturities of over three months.....	<b>(46,122)</b>	(8,305)	<b>(554,693)</b>
Bonds etc. with redemption period of over three months	<b>(67,328)</b>	(158,020)	<b>(809,723)</b>
	<b>¥631,923</b>	¥583,456	<b>\$7,599,800</b>

**NOTE 11: Lease transactions**

Operating lease transactions as of March 31, 2011 and 2010 were as follows:

As a lessee	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Future lease payments			
Due within one year .....	<b>¥ 189</b>	¥ 310	<b>\$ 2,284</b>
Thereafter .....	<b>657</b>	947	<b>7,911</b>
	<b>¥ 847</b>	¥1,258	<b>\$10,195</b>
 As a lessor			
Future lease revenues			
Due within one year .....	—	¥ 6	—
Thereafter .....	—	—	—
	—	¥ 6	—

**NOTE 12: Net assets**

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

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

The Companies Act allows both legal capital reserve and legal retained earnings to be transferred to the capital 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, 2011, 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 .....	¥6,146	\$73,918
Trade notes discounted.....	86	1,036
	<b>¥6,232</b>	<b>\$74,955</b>

**NOTE 14: Segment Information****1. Outline of Reportable Segments**

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

The Company has four reportable segments of "Motorcycle", "Automobile", "Marine and Power products, etc." and "Financial Services" based on the form of management organization and nature of products and services.

Main products and services of each segment are as follows:

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

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

The accounting policies of the reportable segments are consistent to the description of the "Summary of significant accounting policies" (Note 2).

**3. Information about net sales, profit or loss, assets, liabilities and other items by reportable segment**

	Millions of yen					
	2011					Consolidated
	Motorcycle	Automobile	Marine & Power products, etc.	Financial Services	Eliminations or corporate assets	
Net Sales:						
Net sales to external customers ...	¥ 257,682	¥2,274,580	¥ 48,557	¥ 27,397	¥ —	¥2,608,217
Internal net sales or transfer among segments .....	—	48,450	91	33,730	(82,272)	—
Total	<u>257,682</u>	<u>2,323,031</u>	<u>48,648</u>	<u>61,127</u>	<u>(82,272)</u>	<u>2,608,217</u>
Segment profit (loss).....	<u>(10,814)</u>	<u>108,529</u>	<u>6,696</u>	<u>3,001</u>	<u>(477)</u>	<u>106,934</u>
Segment assets .....	<u>187,000</u>	<u>1,184,164</u>	<u>66,469</u>	<u>112,769</u>	<u>673,941</u>	<u>2,224,344</u>
Other content:						
Depreciation .....	10,079	126,763	1,508	17	—	138,368
Amortization of goodwill.....	267	76	26	—	—	370
Impairment loss.....	6,776	1,734	2	—	—	8,513
Investment in associates accounted for by equity method...	7,382	33,495	732	—	—	41,610
Increase in property, plant and equipment and intangible assets ...	13,875	115,344	1,068	1	—	130,289

Millions of yen						
<b>2010</b>						
	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
Segment profit (loss).....	(21,057)	90,608	5,306	3,815	694	79,368
Segment assets .....	202,444	1,320,542	47,995	173,408	636,923	2,381,314
Other content:						
Depreciation .....	14,155	125,571	2,100	18	—	141,846
Amortization of goodwill.....	23	2	0	—	—	25
Impairment loss.....	—	0	—	—	—	0
Investment in associates accounted for by equity method...	17,475	23,951	1,853	—	—	43,280
Increase in property, plant and equipment and intangible assets ...	12,279	106,819	1,143	1	—	120,244
Thousands of U.S. dollars						
<b>2011</b>						
	Motorcycle	Automobile	Marine & Power products, etc.	Financial Services	Eliminations or corporate assets	Consolidated
Net Sales:						
Net sales to external customers ...	\$3,099,010	\$27,355,151	\$ 583,969	\$ 329,490	\$ —	\$31,367,622
Internal net sales or transfer among segments .....	—	582,684	1,102	405,660	(989,447)	—
Total	3,099,010	27,937,835	585,072	735,151	(989,447)	31,367,622
Segment profit (loss).....	(130,060)	1,305,222	80,531	36,093	(5,743)	1,286,042
Segment assets .....	2,248,949	14,241,304	799,387	1,356,220	8,105,127	26,750,988
Other content:						
Depreciation .....	121,223	1,524,517	18,136	211	—	1,664,088
Amortization of goodwill.....	3,213	920	323	—	—	4,457
Impairment loss.....	81,495	20,856	34	—	—	102,386
Investment in associates accounted for by equity method...	88,783	402,836	8,811	—	—	500,431
Increase in property, plant and equipment and intangible assets ...	166,874	1,387,184	12,847	16	—	1,566,923

(Reference information)

(a) Operating Results by Geographical areas

	Millions of yen						
	<b>2011</b>						
	Japan	Europe	North America	Asia	Other areas*	Eliminations	Consolidated
Net Sales:							
Net sales to external customers...	¥1,181,928	¥ 327,451	¥ 94,907	¥ 928,772	¥ 75,158	¥ —	¥2,608,217
Internal net sales or transfer among geographical areas.....	390,487	5,508	2,516	19,816	0	(418,329)	—
Total	<u>1,572,416</u>	<u>332,960</u>	<u>97,423</u>	<u>948,588</u>	<u>75,159</u>	<u>(418,329)</u>	<u>2,608,217</u>
Operating income (loss).....	<u>53,163</u>	<u>408</u>	<u>(2,180)</u>	<u>46,904</u>	<u>3,663</u>	<u>4,975</u>	<u>106,934</u>

	Millions of yen						
	<b>2010</b>						
	Japan	Europe	North America	Asia	Other areas*	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 geographical areas.....	372,500	7,590	1,744	37,996	0	(419,832)	—
Total	<u>1,488,463</u>	<u>423,481</u>	<u>128,881</u>	<u>780,628</u>	<u>67,441</u>	<u>(419,832)</u>	<u>2,469,063</u>
Operating expenses.....	<u>1,454,336</u>	<u>418,913</u>	<u>140,524</u>	<u>724,461</u>	<u>66,219</u>	<u>(414,760)</u>	<u>2,389,695</u>
Operating income (loss).....	<u>34,126</u>	<u>4,567</u>	<u>(11,642)</u>	<u>56,166</u>	<u>1,221</u>	<u>(5,071)</u>	<u>79,368</u>
Assets .....	<u>995,360</u>	<u>177,714</u>	<u>36,047</u>	<u>503,777</u>	<u>29,320</u>	<u>639,093</u>	<u>2,381,314</u>

	Thousands of U.S. dollars						
	<b>2011</b>						
	Japan	Europe	North America	Asia	Other areas*	Eliminations	Consolidated
Net sales:							
Net sales to external customers...	\$14,214,417	\$3,938,079	\$1,141,395	\$11,169,838	\$903,890	\$ —	\$31,367,622
Internal net sales or transfer among geographical areas.....	4,696,178	66,250	30,258	238,319	11	(5,031,018)	—
Total	<u>18,910,595</u>	<u>4,004,329</u>	<u>1,171,654</u>	<u>11,408,157</u>	<u>903,902</u>	<u>(5,031,018)</u>	<u>31,367,622</u>
Operating income (loss).....	<u>639,364</u>	<u>4,910</u>	<u>(26,223)</u>	<u>564,100</u>	<u>44,056</u>	<u>59,841</u>	<u>1,286,048</u>

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

## (b) Information about geographical areas (2011) and Overseas net sales (2010)

## (Information about Geographic Areas)

	Millions of yen			
	2011			
	Japan	India	Other	Total
Net sales* .....	¥937,452	¥684,780	¥985,984	¥2,608,217

	Thousands of U.S. dollars			
	2011			
	Japan	India	Other	Total
Net sales* .....	\$11,274,228	\$8,235,488	\$11,857,904	\$31,367,622

\* Net sales are counted based on the country location of external customers and divided by countries.

## (Overseas net sales)

	Millions of yen				
	2010				
	Europe	North America	Asia	Other areas*	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%

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

## (Additional Information)

The "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and the "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008) have been applied since the current consolidated fiscal year.

**NOTE 15: Impairment loss**

The assets are divided into groups of the assets for business and the assets for rent respectively in units of business facilities.

Impairment loss of 6,762 million yen on property, plant and equipment of motorcycle business was posted because of the serious deterioration of marketing environment. In addition, impairment loss of 1,750 million yen on the asset (land) of the asset group of marketing base of which the fair value has dropped significantly was posted.

The recoverable amounts of the asset group are measured by net selling price or value in use and the land value are evaluated by price calculated on a rational basis.

**NOTE 16: Subsequent events**

The following plan for the profit distribution for the year ended March 31, 2011 was approved by the ordinary general meeting of shareholders of the Company held on June 29, 2011. As a result, annual dividend including interim dividend (6 yen per share) shall be 13 yen per share:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends .....	¥3,927	\$47,230

## 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, 2011 and 2010, and the related consolidated statements of income, comprehensive 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, 2011 and 2010, 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, 2011

# Non-Consolidated Financial Statements

## Non-Consolidated Balance Sheets

As of March 31, 2011 and 2010

SUZUKI MOTOR CORPORATION	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and deposits .....	¥ 132,540	¥ 59,717	\$1,593,991
Short-term investment securities.....	389,670	454,760	4,686,359
Receivables:			
Notes and accounts receivable-trade.....	27,238	46,519	327,581
Subsidiaries and affiliates .....	98,052	109,679	1,179,227
Allowance for doubtful accounts.....	(8,386)	(2,527)	(100,859)
Merchandise and finished goods .....	29,208	46,828	351,269
Work in process .....	15,929	12,228	191,571
Raw materials and supplies .....	8,476	8,313	101,938
Deferred tax assets.....	66,773	69,068	803,043
Other.....	59,462	95,067	715,121
Total current assets	<u>818,964</u>	<u>899,655</u>	<u>9,849,244</u>
<b>Property, plant and equipment:</b>			
Land .....	86,047	85,117	1,034,851
Buildings and structures.....	218,652	219,378	2,629,612
Machinery, equipment, vehicles, tools, furniture and fixtures .....	710,669	721,549	8,546,839
Construction in progress .....	7,174	8,776	86,280
	<u>1,022,544</u>	<u>1,034,821</u>	<u>12,297,584</u>
Accumulated depreciation .....	(821,659)	(808,451)	(9,881,654)
Total property, plant and equipment	<u>200,884</u>	<u>226,369</u>	<u>2,415,930</u>
<b>Investments and other assets:</b>			
Investment securities.....	164,892	134,432	1,983,069
Investments in subsidiaries and affiliates .....	236,503	222,546	2,844,298
Deferred tax assets.....	72,752	94,789	874,952
Other.....	30,235	47,229	363,621
Total investments and other assets	<u>504,383</u>	<u>498,997</u>	<u>6,065,941</u>
Total assets	<u>¥1,524,232</u>	<u>¥1,625,023</u>	<u>\$18,331,115</u>

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities:</b>			
Short-term loans payable .....	<b>¥151,787</b>	¥ 163,564	<b>\$1,825,466</b>
Payables:			
Accounts payable-trade .....	<b>223,704</b>	330,686	<b>2,690,376</b>
Subsidiaries and affiliates .....	<b>11,270</b>	21,261	<b>135,539</b>
Current portion of long-term dept .....	<b>24,043</b>	18,680	<b>289,156</b>
Accrued expenses .....	<b>79,424</b>	61,997	<b>955,196</b>
Income taxes payable .....	<b>765</b>	520	<b>9,208</b>
Other .....	<b>110,219</b>	94,656	<b>1,325,551</b>
Total current liabilities	<b>601,215</b>	691,367	<b>7,230,495</b>
<b>Noncurrent liabilities:</b>			
Long-term loans payable .....	<b>52,046</b>	77,078	<b>625,937</b>
Bonds with subscription rights to shares .....	<b>149,975</b>	149,975	<b>1,803,668</b>
Provision for retirement benefits .....	<b>10,903</b>	13,768	<b>131,133</b>
Provision for directors' retirement benefits .....	<b>1,410</b>	1,410	<b>16,964</b>
Other .....	<b>17,473</b>	17,619	<b>210,144</b>
Total noncurrent liabilities	<b>231,809</b>	259,851	<b>2,787,847</b>
Total liabilities	<b>833,025</b>	951,219	<b>10,018,342</b>
<b>Net assets:</b>			
<b>Shareholders' equity:</b>			
Capital stock:			
Common stock			
Authorized - 1,500,000,000 shares			
Issued,			
as of March 31, 2011 – 561,047,304 .....	<b>138,014</b>	—	<b>1,659,828</b>
as of March 31, 2010 – 557,387,304 .....	—	134,803	—
Capital surplus .....	<b>144,364</b>	141,153	<b>1,736,196</b>
Retained earnings .....	<b>384,351</b>	380,784	<b>4,622,381</b>
Treasury stock .....	<b>(35)</b>	(19)	<b>(432)</b>
Total shareholders' equity .....	<b>666,694</b>	656,721	<b>8,017,974</b>
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities .....	<b>25,354</b>	16,219	<b>304,923</b>
Deferred gains or losses on hedges .....	<b>(841)</b>	862	<b>(10,124)</b>
Total valuation and translation adjustments	<b>24,512</b>	17,082	<b>294,799</b>
Total net assets	<b>¥ 691,207</b>	¥ 673,803	<b>\$ 8,312,773</b>
Total liabilities and net assets	<b>¥1,524,232</b>	¥1,625,023	<b>\$18,331,115</b>

## Non-Consolidated Statements of Income

Years ended March 31, 2011 and 2010

SUZUKI MOTOR CORPORATION	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
<b>Net sales</b> .....	<b>¥1,409,205</b>	¥1,286,633	<b>\$16,947,751</b>
<b>Cost of sales</b> .....	<b>1,104,394</b>	1,033,860	<b>13,281,957</b>
Gross profit .....	<b>304,810</b>	252,773	<b>3,665,794</b>
<b>Selling, general and administrative expenses</b> .....	<b>276,924</b>	240,766	<b>3,330,415</b>
Operating income .....	<b>27,886</b>	12,006	<b>335,378</b>
<b>Other income (expenses):</b>			
Interest and dividends income .....	<b>8,815</b>	6,770	<b>106,017</b>
Interest expenses .....	<b>(2,041)</b>	(3,945)	<b>(24,556)</b>
Other, net .....	<b>(3,973)</b>	2,086	<b>(47,784)</b>
	<b>2,800</b>	4,910	<b>33,677</b>
Income before income taxes .....	<b>30,687</b>	16,917	<b>369,056</b>
<b>Income taxes</b> .....	<b>19,852</b>	9,831	<b>238,755</b>
Net income .....	<b>¥ 10,834</b>	¥ 7,086	<b>\$ 130,300</b>
<b>Net income per share:</b>			
Primary .....	<b>¥19.34</b>	¥15.38	<b>\$0.232</b>
Fully diluted .....	<b>17.80</b>	13.57	<b>0.214</b>
<b>Cash dividends per share</b> .....	<b>13.00</b>	12.00	<b>0.156</b>



**Way of Life!**

**SUZUKI MOTOR CORPORATION**

300 Takatsuka-Cho,  
Minami-ku, Hamamatsu City,  
Japan 432-8611  
<http://www.suzuki.co.jp>