

ANNUAL REPORT

2012



SUZUKI MOTOR CORPORATION

FINANCIAL SECTION

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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 FY2011, The Company was able to record profits over the previous fiscal year by vigorous reduction of expenses in every aspect despite the influence of the yen appreciation, the Great East Japan Earthquake and the influence of floods in Thailand.

Although the management environment is still expected to be grim, The Company has paid total annual dividends amounting to ¥15.00 per share for the fiscal year ended 31 March 2012, accordingly, year-end dividend was ¥8.00 per share. As a result, the annual dividends were up by ¥2.00 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 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.

As a result, amid a number of negative factors such as the sluggish market in the US and Europe that has prevailed for several years, acute appreciation of the yen and natural disasters both in Japan and at overseas, the Group has been able to conduct stable management and achieve steady recovery.

Nonetheless, the Group now faces many issues that need to be addressed, including the appreciation of the yen, financial turmoil in European market, various environmental issues and risks associated with disasters.

With a view to overcoming those issues, the Group has set a new basic policy of “We must use our knowledge and try harder to break out of the present situation” and will be united as one and tackle them.

As a concrete measure, the Corporate Planning Committee established in April 2011 has been mainly responsible for sorting out the Group’s significant management issues, deciding management policies in a timely manner, promoting the implementation of such policies and following them up.

To respond to the intensifying competition at various regions and products, the Group will be expanding and strengthening its sales network both in Japan and at overseas, developing products that match the respective local market, making its products development more efficient by integrating engine, power train and platform and cost reduction.

In the arena of products development in particular, the Group has always defined its mission as offering valuable products for the customers. The Group’s brand slogan “Way of Life!” was created hoping to “to offer the customers the experience of excitement and exceed their expectations” The Group will be striving to develop products that would fulfill the three factors of “driving pleasure,” “fun to use” and “pride of ownership” that constitute the essence to realize the slogan “Way of Life!”

Concerning the environmental issues, the Group has been offering mini vehicles in Japan and many types of compact vehicles that are highly fuel-efficient in places like India and other Asian countries. The Group believes that a spread of such compact vehicles would be one of the best ways to contribute to solving the environmental issues. Going forward, the Group will continue trying to improve the fuel efficiency of compact vehicles by various measures such as maintaining its “No. 1 position in fuel efficiency” in the mini vehicles market. To give some concrete examples, the Group launched “Alto Eco,” which has the highest fuel efficiency as a gasoline-fueled vehicle, and “MR Wagon Eco,” a mini wagon that also boasts top fuel efficiency in its kind in current fiscal year.

In addition, the Group is working on developing electric motor technologies. The Group has already carried out demonstration experiment of “Swift Range Extender,” “Burgman Fuel Cell Scooter” and “e-Let’s” in Hamamatsu City and other areas. It should be noted that “e-Let’s” has already been on sales in current fiscal year.

The Group will continue to work to develop technology for more low-fuel consumption and low-emission electric vehicles, hybrid vehicles, diesel engine vehicles and fuel-cell vehicles.

In the Motorcycle segment, the Group will be aiming at recovering its presence in the motorcycle market by uniting the planning, technology and sales functions and by developing new products that suit the market needs as early as possible. The Group will particularly be focusing on compact motorcycle business in Asia where growth potential is high, and at the same time, will be offering ASEAN-standard vehicles in wider areas, reducing cost by reducing the number of engines and engine integration and streamlining the development process. Furthermore, the Group will also be strengthening its lineup of middle and large-sized motorcycles.

To minimize the impact of the yen appreciation, the Group has been promoting the procurement of parts from overseas market, reduction of cost and further improvement of quality and productivity. Particularly in Asia and other areas, demand for vehicles is rising, so the Group will be working to increase the share of internal production, expand global procurement activities and enhance local production capability.

Also, while the Group has been taking various measures to prevent anticipated damage caused by Tokai and Tonankai Earthquake, it has decided to relocate plants and facilities located in Ryuyo region in Iwata City, Shizuoka Prefecture after experiencing the Great East Japan Earthquake, since massive tsunami damages are anticipated in the area. By further diversifying its production and research sites including overseas, the Group will be enhancing its preparedness against natural disasters.

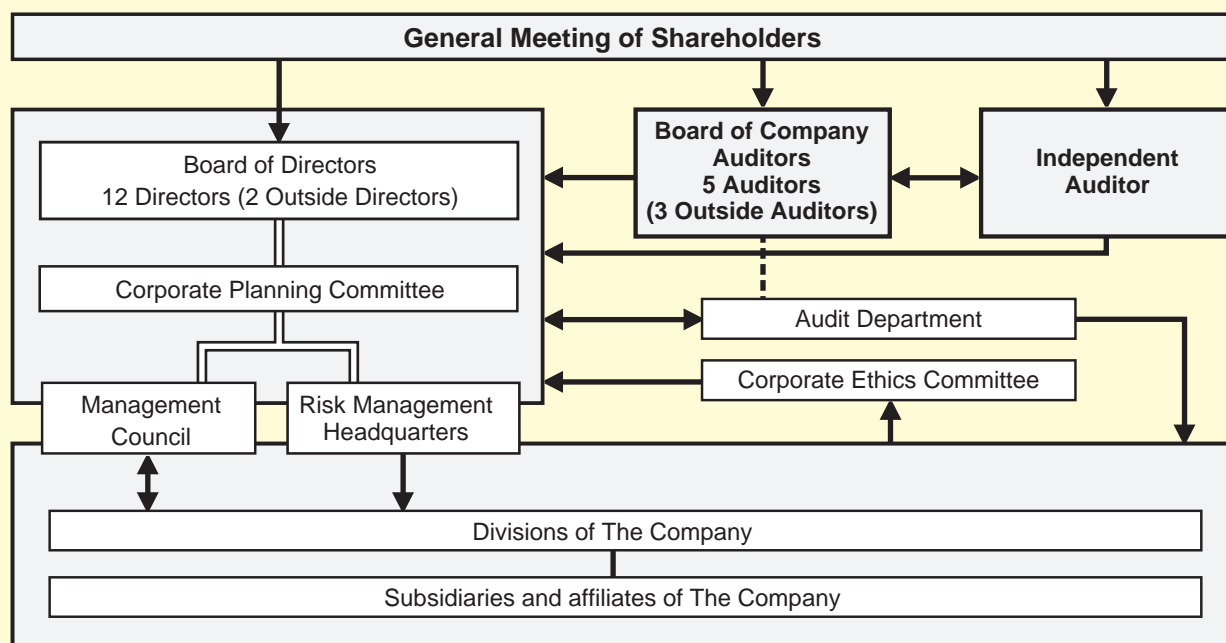
4. Corporate governance issues

(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.

In order to strengthen supervision and audit to management further, The Company adopted Outside Director system on General Meeting of Shareholders held on June 28, 2012. And as to Outside Company Auditor, The Company elected Outside Company Auditors who are more independent of The Company.

(2) Organization of The Company



(a) Directors/Board of Directors

The Company has kept the number of directors small (12 Directors as of issuance of this report, including 2 outside directors), 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 and Outside Directors, 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 man-

agement 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 Company 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 Company Auditors and internal auditing

The Company has adopted a company auditor system, and their board consists of five members including three persons of Outside Company 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 Company auditors, they execute audits on proper management of The Company, in accordance with the Rules of the Board of Company auditors and audit policies of the corresponding fiscal year, by holding meetings of the Board of Company 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. Two Company auditors have long been in charge of accounting in The Company and have large stock of knowledge in finance and accounting.

The audit department consists of 41 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.

Company 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. Company auditors also execute internal auditing and auditing on subsidiaries as Company auditors' auditing in cooperation with the audit department.

The audit department and company auditors exchange information with organization specialized in internal audit, which consists of legal, finance and information system department.

(c) Function, role and status of Outside Director

In order to strengthen supervision and audit to management further, The Company adopted Outside Director system and elect 2 Outside Directors at general meeting of shareholders held in June 28, 2012. As to 3 Outside Company Auditor, The Company elected Outside Company Auditors who are more independent of The Company.

The Company elected Mr. Masakazu Iguchi as Outside Director to receive appropriate advice related to the management of The Company in manufacturing industry based on a large stock of expertise as a doctor of engineering. Mr. Masakazu Iguchi currently serves as director of Suzuki Foundation (part-time).

Taking amount and nature into consideration, transaction with The Company and its subsidiaries has no possibility of having influence on decision by shareholders and investors on investment. Also, there are no special interest between him and The Company. The Company believes that he is sufficiently independent of the management of The Company.

The Company elected Mr. Sakutaro Tanino as Outside Director to receive appropriate advice related to the management of The Company from the international viewpoints based on a large stock of experience and knowledge as a diplomat. Mr. Sakutaro Tanino served as Director of Toshiba Corporation until June 2007.

Taking amount and nature into consideration, transaction with The Company and its subsidiaries has no possibility of having influence on decision by shareholders and investors on investment. Also, there are no special interest between him and The Company. The Company believes that he is sufficiently independent of the management of The Company.

The Company elected Mr. Shin Ishizuka as Outside Company Auditor because he is suitable person to properly conduct audit of The Company based on his experience and professional knowledge as an attorney-at-law. There are no special interest between him and The Company. The Company believes that he is sufficiently independent of the management of The Company.

The Company elected Mr. Masataka Osuka as Outside Company Auditor because he is suitable person to properly conduct audit of The Company based on a long term experiences and knowledge as a management of enterprises. Mr. Masataka Osuka currently serves as director of Suzuki Education & Culture Foundation (part-time), director of Chotokan Co., Ltd. (part-time until June 2012), director of Kinbutsurex Co., Ltd., (Subsidiary of Hamakyorex Co., Ltd. whose Chairman of the Board is Mr. Osuka) (part-time), and vice chairman of Hamamatsu Chamber of Commerce and Industries.

Suzuki Transportation & Packing Co., Ltd., subsidiary of The Company, has transaction with Hamamatsu Koun Co., Ltd. (Subsidiary of Hamakyorex Co., Ltd. whose Chairman of the Board is Mr. Osuka).

Taking amount and nature into consideration, transaction with The Company and its subsidiaries has no possibility of having influence on decision by shareholders and investors on investment. Also, there are no special interest between him and The Company. The Company believes that he is sufficiently independent of the management of The Company.

The Company elected Mr. Norio Tanaka as Outside Company Auditor because he is suitable person to properly conduct audit of The Company based on a large stock of the experiences and the professional knowledge as a certified public accountant.

There are no special interest between him and The Company. The Company believes that he is sufficiently independent of the management of The Company.

The Company concluded that all 5 members of Outside Director/Auditor has no possibility of causing conflict of interest between them and shareholders, and filed them as independent auditor under the rules of the Tokyo Stock Exchange, Inc.

As to independence from The Company with regard to the election of Outside Director/Auditor, The Company judges their independence under "Standard of judgment" set by Tokyo Stock Exchange, Inc.

The Company makes decision on important issue regarding to management through discussion in meeting of board of directors and management council in which principally all directors and auditors participate. The Company believes that corporate governance of The Company function sufficiently.

(d) Independent Auditor

Seimei Audit Corporation is assigned as an Independent Auditor for The Company. Company 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. Company auditors, audit department and Independent Auditor create a closer connection by exchanging information whenever necessary.

CPA who engaged in the audit	Auditing company CPA belongs to
Designated and engagement partner Satoru Imamura	Seimei Audit Corporation
Designated and engagement partner Akira Iwama	Seimei Audit Corporation

Note: The number of other assistant members for audit: 7 certified public accountants and 11 others.

(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 Company auditors audit the execution of duties of Directors in accordance with the audit policies and work responsibilities set by the Board of Company 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 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, conducts guidance, supporting and auditing for their regulatory compliance. It also promotes efficiency and standardization of their business.

(4) Remuneration for Directors and Company auditors for current fiscal year**(a) Remuneration paid to Directors and Company 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	516	343	172	12
Company auditors (excluding Outside Company Auditors)	48	33	14	2
Outside Company Auditors	10	7	3	3

- Notes: 1. The amount of remuneration limit for directors (¥80 million per month) was resolved at the 135th ordinary general meeting of shareholders held on June 28, 2001.
2. The amount of remuneration limit for company auditors (¥8 million per month) was resolved at the 123rd 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 current fiscal year and treated as expenses of current fiscal year.
4. Above-mentioned Directors include 2 directors who retired at the end of the 145th ordinary general meeting of shareholders held on June 29, 2011.
5. In addition to mentioned above, 52 million yen was paid to 3 retired directors as retirement benefit under the resolution of 140th ordinary general meeting of shareholders. Also, 1 million yen was paid to a retired company auditor under The Company's regulations on the retirement allowance of directors and company auditors.
6. The following information is disclosed in 146th annual securities report
- Total amount of consolidated remuneration paid to persons who received consolidated remuneration of ¥100 million or more each.

(b) Policy for determination of the amount of remuneration for Directors and Company Auditors

The remuneration for Directors and Company Auditors consists of the basic remuneration, the bonuses, and stock option as compensation which was newly introduced from this fiscal year. Regarding the basic remuneration, the amount of remuneration limit per month for all Directors and for all Company Auditors is respectively determined by the resolution of general meeting of shareholders. Regarding the bonuses, the total amount of bonus for all Directors and all Company Auditors are referred and resolved by the general meeting of shareholders for each period.

The Company abolished the retirement benefit plan for the Directors and Company Auditors at the 140th general meeting of shareholders held on June 29, 2006, and at the same time reduced the number of Directors to be elected while enhancing the accountability of each of the Directors. As to stock option as compensation which was newly introduced, it is replacement for abolished retirement benefit plan and aims at strengthening the connection with The Company's performance and stock prices and ensuring that the Directors share with the shareholders, not only the benefit of any increase in stock prices but also the risk of any decline. The amount of remuneration paid to the Directors (excluding Outside Directors) that is separate from basic remuneration, which would be the grant of stock option as compensation (subscription rights to shares) is referred and resolved by the general meeting of shareholders.

The way of determination of remuneration for each Director and each Company Auditor is as follows

(Director)

Regarding the basic remuneration, a representative director who are given the authorization by the Board of Directors at the time of taking office as the director determines the amount taking into consideration each Director's contribution in office, duties and so on toward the enhancement of the corporate value in each fiscal year and from medium to long term viewpoint. Regarding the bonus, Board of Directors takes the management environment and the operating results into consideration and determines agenda of the payment of bonuses to Directors and Company Auditors. After the proposal of the total amount of bonus was resolved by the general meeting of shareholders, a representative director who is given the authorization by the Board of Directors determines the amount to be paid reflecting the result and performance in each Director's office, duties and so on.

Regarding stock option as compensation, after approval of amount limit of remuneration related to subscription rights to shares, Board of Directors decide allocation of subscription rights to shares to each director.

(Company Auditor)

The amount of the basic remuneration and the bonus for each Company Auditor is determined by the discussion of all Company Auditors within the amount limit approved by the general meeting of shareholders, taking each Company Auditor's office and duties into consideration.

The Company abolished the retirement benefit system for directors and company auditors at the closure of the 140th ordinary general meeting of shareholders held on 29 June 2006. At the general meeting of shareholders it was resolved and approved that the directors and company auditors reappointed after then are paid their respective retirement benefits at the time of their respective retirements and the their respective amount are determined by the Board of Directors for the director and by the discussion of the Company Auditors for the company auditor, pursuant to the Rules of Retirement Benefit Allowance for Directors and Company Auditors which was effective as of that abolishment and based on their respective years of service until that abolishment.

(5) Remuneration for Independent Auditor for current fiscal year

- (a) The remuneration amount to be paid by The Company to Independent Auditors is ¥69 million.
- (b) The remuneration amount to be paid by the Group to Independent Auditors is ¥72 million.
- (c) Of the amount shown in (a), the remuneration amount to be paid for audit certification is ¥69 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, 2012 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, 2012.

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, 2012.

Financial review

1. Operating results

The management environment of the Group for FY2011 continues to be in an unpredictable situation with bad influence of financial turmoil in Europe on global economy. The domestic economy is somewhat recovering from the stagnation following the Great East Japan Earthquake, but in severe situation with slowdown of overseas economy, lengthening yen appreciation, and further, surging oil price and other factors.

Under these circumstances, the Japanese domestic market sales was able to accomplish its highest ever net sales at ¥986.8 billion (up 5.3% year-on-year) by recovering in the second half from the sales drop of the first half due to the impact of the Great East Japan Earthquake. As for the overseas, the net sales decreased by ¥145.4 billion (8.7%) to ¥1,525.4 billion year-on-year due to the sales drop of the automobiles in India, in addition to the impact of the yen appreciation. As a result, the consolidated net sales of the FY2011 decreased by ¥96.0 billion (3.7%) to ¥2,512.2 billion year-on-year.

In terms of the consolidated income, the operating income increased by ¥12.4 billion (11.6%) to ¥119.3 billion year-on-year by absorbing the factors of income decrease such as decreased sales and impact of the exchange rate, to the factors of income increase such as cost reduction, decrease of expenses, and decrease of depreciation. Ordinary income increased by ¥8.1 billion (6.6%) to ¥130.6 billion year-on-year. Net income increased by ¥8.7 billion (19.3%) to ¥53.9 billion year-on-year by absorbing the increase of tax expense due to the reversal of deferred tax assets involved with the lowering of tax rate such as the income tax.

(1) The operating results by segment

(a) Motorcycle

Although wholesales in North America increased, mainly due to the decrease of sales in Europe, sales decreased by ¥2.9 billion (1.1%) to ¥254.8 billion year-on-year. As for the operating income, although it improved by ¥8.4 billion year-on-year, there was operating loss of ¥2.4 billion due to the impact of the yen appreciation and the floods in Thailand.

(b) Automobile

The Japanese domestic market sales increased year-on-year as a result of recovering from the first half drop due to the impact of the Great East Japan Earthquake, by strengthening the lineup and working to expand the sales such as by launching the Alto Eco and the MR Wagon Eco, in addition to the great sales of the Solio. As for the overseas, sales decreased year-on-year due to the impact of the yen appreciation, decrease of exports especially to Europe, and sales decrease in India. Consequently, sales of the automobile business decreased by ¥93.0 billion (4.0%) to ¥2,209.0 billion year-on-year. However, the operating income increased by ¥3.5 billion (3.2%) to ¥114.6 billion year-on-year, mainly due to cost reduction, decrease of expenses, and decrease of depreciation.

(c) Marine and Power products, etc

Sales of the marine and power products, etc. business was nearly at the same level as the previous fiscal year at ¥48.5 billion, but the operating income increased by ¥0.5 billion (7.0%) to ¥7.2 billion year-on-year.

(2) The operating results by geographical areas

(a) Japan

The Group had been attempting to cover the sales decrease due to the Great East Japan Earthquake by strengthening the lineup with the launching fuel efficient automobile. However, due to worsening condition for export caused by the yen appreciation, sales decreased by ¥26.3 billion (1.7%) to ¥1,546.1 billion year-on-year. Operating income increased by ¥26.4 billion (49.7%) to ¥79.6 billion year-on-year. This was because although there were factors of income decrease such as decreased sales and impact of the exchange rate, factors of income increase such as decrease of depreciation and improved profitability of automobile business in Japan could cover factors of income decrease.

(b) Europe

Sales decreased by ¥26.3 billion (7.9%) to ¥306.7 billion year-on-year. But operating income increased by ¥1.8 billion (442.1%) to ¥2.2 billion year-on-year mainly due to decrease of expenses.

(c) North America

Sales increased by ¥4.3 billion (4.4%) to ¥101.7 billion year-on-year due to increased wholesale of motorcycle. Operating income also improved and turned around ¥0.4 billion surplus as a result of ¥2.5 billion improvement from ¥2.2 billion operating loss in the previous fiscal year.

(d) Asia

Sales unit increased in India, Thailand and Vietnam as to motorcycle, and in Indonesia, Thailand, Pakistan and other areas as to automobile. But sales amount decreased by ¥79.4 billion (8.4%) to ¥869.2 billion year-on-year due to decreased sales of automobile in India and the exchange rate factor. Operating income also decreased by ¥15.3 billion (32.6%) to ¥31.6 billion year-on-year due to decrease in profit of Maruti Suzuki India Ltd.

(e) Other areas

Sales increased by ¥2.5 billion (3.3%) to ¥77.6 billion year-on-year. Operating income decreased by ¥1.4 billion (39.3%) to ¥2.2 billion year-on-year.

(3) Selling, general and administrative expenses

In the current consolidated fiscal year, the amount of selling, general and administrative expenses decreased by ¥37.2 billion to ¥477.7 billion year-on-year because of reduction of selling expenses such as promotion expenses.

(4) Other income and expenses

In the current consolidated fiscal year, the net amount of other income and expenses was a loss of ¥2.6 billion mainly due to provision for disaster and impairment loss. Compared to the previous fiscal year, profit decreased by ¥13.8 billion year-on-year mainly due to provision for disaster and foreign exchange losses.

(5) Forecasts for next fiscal year

In the midst of the continuous yen appreciation, the next fiscal year will expect increase of depreciation and research and development expenses due to increased investments in growing markets such as India and ASEAN, but the Group will work as one to reform in every field to accomplish more than the below forecasts for the consolidated operation by developing the business activity.

(Forecast of consolidated results-First Half)

Net sales	¥1,300.0 billion	(up 6.0% year-on-year)
Operating income	¥65.0 billion	(up 0.4% year-on-year)
Net income	¥35.0 billion	(up 9.3% year-on-year)
Foreign exchange		75 yen/US\$, 105yen/Euro

(Forecast of consolidated results-Full Year)

Net sales	¥2,600.0 billion	(up 3.5% year-on-year)
Operating income	¥120.0 billion	(up 0.6% year-on-year)
Net income	¥70.0 billion	(up 29.9% year-on-year)
Foreign exchange		75 yen/US\$, 105yen/Euro

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

2. Liquidity and capital resources

(1) Cash flow

Cash flow provided by operating activities for FY2011 amounted to ¥226.7 billion (¥226.5 billion was provided in the previous fiscal year), and ¥93.6 billion was used for the acquisition of property, plant and equipment etc. in the investment activities (¥87.4 billion was used in the previous fiscal year). As a result, free cash flow amounted to ¥133.1 billion (¥139.1 billion for the previous fiscal year). In financing activities, ¥56.5 billion was used mainly in repayment of borrowings etc. (¥75.0 billion was used in the previous fiscal year).

As a result, the balance of cash and cash equivalents at the end of FY2011 was ¥710.5 billion and up ¥78.6 billion from the end of previous fiscal year.

(2) Demand for money

During the current consolidated fiscal year, The Company and consolidated subsidiaries invested a total ¥126.7 billion of capital expenditures on various areas such as new model production and R&D investments.

Capital expenditure project for the next fiscal year is ¥250.0 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 this section are based on our conclusions as of March 31, 2012.

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

It is very important for an automobile and motorcycle manufacturer to correctly understand customer needs and to develop and launch to the market new attractive products that satisfy the customers in a timely manner. 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 the current consolidated fiscal year, and transactions in foreign currencies account for significant part. 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 automobile manufacturer around the world and other companies for research and development, manufacturing, sales and finance, but factors that can 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 of 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 and Tonankai 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 also conduct businesses around the world and are subject to number of risks relating to our overseas operations. Such risks include political or social instability and difficulties, natural disasters, diseases, wars, terrorism and strikes. These unexpected events may delay or suspend the purchase of raw materials and parts, manufacturing, sales of products, logistics and provision of services. If such delay or suspension caused by any of these factors occur or prolong, they 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 section 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)
	2012	2011	2010	2009	2008	2012
Net sales	¥2,512,186	¥2,608,217	¥2,469,063	¥3,004,888	¥3,502,419	\$30,565,596
Net income.....	53,887	45,174	28,913	27,429	80,254	655,641
Net income per share:						
Primary	96.06	80.65	62.76	61.68	177.96	1.168
Fully diluted	88.28	74.11	55.26	53.97	155.89	1.074
Cash dividends per share.....	15.00	13.00	12.00	16.00	16.00	0.182
Net assets	1,111,757	1,106,999	1,089,757	742,915	902,894	13,526,678
Total current assets.....	1,509,568	1,372,885	1,479,336	1,267,790	1,483,038	18,366,815
Total assets	2,302,439	2,224,344	2,381,314	2,157,849	2,409,165	28,013,619
Depreciation and amortization....	103,117	138,368	141,846	141,203	161,600	1,254,622

NON-CONSOLIDATED

Years ended March 31	Millions of yen (except per share amounts)					Thousands of U.S. dollars (except per share amounts)
	2012	2011	2010	2009	2008	2012
Net sales	¥1,383,269	¥1,409,205	¥1,286,633	¥1,685,777	¥2,031,639	\$16,830,146
Net income.....	15,846	10,834	7,086	3,287	40,864	192,808
Net income per share:						
Primary	28.25	19.34	15.38	7.39	90.60	0.343
Fully diluted	25.98	17.80	13.57	6.50	79.39	0.316
Cash dividends per share.....	15.00	13.00	12.00	16.00	16.00	0.182
Net assets	703,292	691,207	673,803	405,434	453,374	8,556,913
Total current assets.....	921,669	818,964	899,655	705,203	758,848	11,213,891
Total assets	1,597,903	1,524,232	1,625,023	1,402,420	1,430,088	19,441,576
Depreciation and amortization....	38,532	61,265	72,359	72,942	76,584	468,826

Note: Yen amounts are translated into U.S. dollars for convenience only, at ¥82.19 = U.S.\$1, the prevailing exchange rate as of March 30, 2012.

Consolidated Financial Statements

Consolidated Balance Sheets

As of March 31, 2012 and 2011

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
ASSETS			
Current assets:			
Cash and deposits	¥ 291,670	¥ 261,264	\$ 3,548,731
Short-term investment securities *NOTE 4	542,668	484,110	6,602,615
Receivables:			
Notes and accounts receivables-trade.....	254,066	204,603	3,091,205
Allowance for doubtful accounts.....	(5,020)	(2,997)	(61,082)
Merchandise and finished goods	169,303	163,083	2,059,898
Work in process	20,574	22,078	250,333
Raw materials and supplies	49,803	46,725	605,957
Deferred tax assets.....	92,910	86,398	1,130,435
Other.....	93,591	107,619	1,138,719
Total current assets.....	<u>1,509,568</u>	<u>1,372,885</u>	<u>18,366,815</u>
Property, plant and equipment: *NOTE 5			
Land	184,876	184,205	2,249,373
Buildings and structures.....	350,250	342,552	4,261,468
Machinery, equipment, vehicles, tools, furniture and fixtures	1,289,852	1,311,062	15,693,542
Construction in progress	57,239	46,060	696,434
	<u>1,882,218</u>	<u>1,883,881</u>	<u>22,900,818</u>
Accumulated depreciation	(1,375,355)	(1,360,157)	(16,733,860)
Total property, plant and equipment.....	<u>506,862</u>	<u>523,724</u>	<u>6,166,958</u>
Investments and other assets:			
Investment securities *NOTE 4	155,806	165,713	1,895,682
Investments in affiliates.....	34,548	41,610	420,346
Deferred tax assets.....	67,294	81,222	818,766
Other.....	28,359	39,187	345,049
Total investments and other assets.....	<u>286,008</u>	<u>327,734</u>	<u>3,479,845</u>
Total assets	<u>¥2,302,439</u>	<u>¥2,224,344</u>	<u>\$28,013,619</u>

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

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable-trade.....	¥ 354,899	¥ 267,209	\$ 4,318,041
Short-term loans payable *NOTE 5	170,463	178,559	2,074,019
Current portion of long term loans payable *NOTE 5	51,968	59,714	632,300
Current portion of bonds with subscription rights to shares *NOTE 5	149,975	—	1,824,735
Income taxes payable.....	21,170	11,064	257,578
Accrued expenses	118,608	139,129	1,443,102
Other.....	169,941	150,045	2,067,672
Total current liabilities	<u>1,037,028</u>	<u>805,723</u>	<u>12,617,450</u>
Noncurrent liabilities:			
Bonds with subscription rights to shares *NOTE 5	—	149,975	—
Long-term loans payable *NOTE 5	67,359	96,333	819,555
Provision for retirement benefits *NOTE 7	36,647	37,122	445,882
Provision for directors' retirement benefits.....	1,356	1,440	16,509
Provision for disaster	18,065	—	219,795
Deferred tax liabilities	1,135	305	13,814
Other.....	29,089	26,444	353,932
Total noncurrent liabilities	<u>153,653</u>	<u>311,621</u>	<u>1,869,490</u>
Total liabilities	<u>1,190,681</u>	<u>1,117,345</u>	<u>14,486,941</u>
Net assets:			
Shareholders' equity: *NOTE 12			
Capital stock:			
Common stock			
Authorized - 1,500,000,000 shares			
Issued,			
as of March 31, 2012 – 561,047,304	138,014	—	1,679,215
as of March 31, 2011 – 561,047,304	—	138,014	—
Capital surplus.....	144,364	144,364	1,756,475
Retained earnings	834,296	788,263	10,150,824
Treasury stock.....	(81)	(78)	(990)
Total shareholders' equity	<u>1,116,594</u>	<u>1,070,564</u>	<u>13,585,526</u>
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities.....	29,865	25,717	363,370
Deferred gains or losses on hedges.....	(1,119)	(614)	(13,619)
Foreign currency translation adjustment.....	(157,591)	(126,089)	(1,917,408)
Total accumulated other comprehensive income.....	<u>(128,845)</u>	<u>(100,986)</u>	<u>(1,567,657)</u>
Minority interests			
	124,009	137,422	1,508,809
Total net assets	<u>¥1,111,757</u>	<u>¥1,106,999</u>	<u>\$13,526,678</u>
Total liabilities and net assets.....	<u>¥2,302,439</u>	<u>¥2,224,344</u>	<u>\$28,013,619</u>

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

Years ended March 31, 2012 and 2011

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Net sales	¥2,512,186	¥2,608,217	\$30,565,596
Cost of sales	1,915,228	1,986,460	23,302,450
Gross profit.....	596,957	621,757	7,263,146
Selling, general and administrative expenses	477,653	514,822	5,811,575
Operating income.....	119,304	106,934	1,451,570
Other income (expenses):			
Interest and dividend income.....	17,617	15,190	214,353
Interest expense	(4,750)	(5,091)	(57,797)
Equity in earnings (losses) of affiliates.....	(67)	4,161	(816)
Other, net *NOTE 18	(15,353)	(3,008)	(186,803)
Income before income taxes	116,751	118,186	1,420,507
Income taxes: *NOTE 8			
Current.....	36,142	29,621	439,737
Deferred	16,440	23,327	200,028
	52,582	52,949	639,765
Income before minority interests.....	64,169	65,237	780,741
Minority interests in income	10,281	20,063	125,099
Net income	¥ 53,887	¥ 45,174	\$ 655,641
Net income per share:			
Primary	¥ 96.06	¥ 80.65	\$ 1.168
Fully diluted	88.28	74.11	1.074
Cash dividends per share	15.00	13.00	0.182

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

(Consolidated Statements of Comprehensive Income)

Years ended March 31, 2012 and 2011

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Income before minority interests	¥64,169	¥65,237	\$780,741
Other comprehensive income			
Valuation difference on available-for-sale securities	3,974	9,726	48,362
Deferred gains or losses on hedges.....	(852)	(1,420)	(10,369)
Foreign currency translation adjustment	(52,689)	(45,192)	(641,071)
Share of other comprehensive income of associates accounted for using equity method	781	(3,707)	9,506
Total other comprehensive income *NOTE 13	(48,785)	(40,593)	(593,572)
Comprehensive income	15,383	24,643	187,168
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent	26,028	18,456	316,685
Comprehensive income attributable to minority interests	(10,644)	6,187	(129,516)

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, 2012 and 2011

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Thousands of shares of common stock	Millions of yen					
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Total other comprehen- sive Income	Minority interests
Balance as of March 31, 2010	<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)
Balance as of March 31, 2011	<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>
Dividends from surplus.....	—	—	—	(7,854)	—	—	—
Net income.....	—	—	—	53,887	—	—	—
Purchase of treasury stock.....	—	—	—	—	(3)	—	—
Disposal of treasury stock.....	—	—	(0)	—	1	—	—
Transfer of loss on disposal of treasury stock.....	—	—	0	(0)	—	—	—
Net changes of items other than shareholders' equity.....	—	—	—	—	—	(27,858)	(13,413)
Balance as of March 31, 2012	<u>561,047</u>	<u>¥138,014</u>	<u>¥144,364</u>	<u>¥834,296</u>	<u>¥(81)</u>	<u>¥(128,845)</u>	<u>¥124,009</u>

	Thousands of shares of common stock	Thousands of U.S. dollars					
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Total other comprehen- sive Income	Minority interests
Balance as of March 31, 2011	<u>561,047</u>	<u>\$1,679,215</u>	<u>\$1,756,475</u>	<u>\$9,590,749</u>	<u>\$(957)</u>	<u>\$(1,228,701)</u>	<u>\$1,672,004</u>
Dividends from surplus.....	—	—	—	(95,564)	—	—	—
Net income.....	—	—	—	655,641	—	—	—
Purchase of treasury stock.....	—	—	—	—	(47)	—	—
Disposal of treasury stock.....	—	—	(2)	—	15	—	—
Transfer of loss on disposal of treasury stock.....	—	—	2	(2)	—	—	—
Net changes of items other than shareholders' equity.....	—	—	—	—	—	(338,956)	(163,195)
Balance as of March 31, 2012	<u>561,047</u>	<u>\$1,679,215</u>	<u>\$1,756,475</u>	<u>\$10,150,824</u>	<u>\$(990)</u>	<u>\$(1,567,657)</u>	<u>\$1,508,809</u>

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

Consolidated Statements of Cash Flows

Years ended March 31, 2012 and 2011

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Cash flows from operating activities			
Income before income taxes.....	¥116,751	¥118,186	\$1,420,507
Depreciation and amortization	103,117	138,368	1,254,622
Impairment loss	6,030	8,513	73,366
Increase (decrease) in provision for retirement benefits..	(255)	(2,114)	(3,108)
Increase (decrease) in provision for disaster	18,065	—	219,795
Interest and dividends income.....	(17,617)	(15,190)	(214,353)
Interest expenses	4,750	5,091	57,797
Equity in (earnings) losses of affiliates.....	67	(4,161)	816
Loss (gain) on valuation of securities	5,341	5,356	64,983
Loss (gain) on sales of investment securities.....	(9,650)	(370)	(117,412)
Decrease (increase) in notes and accounts receivable-trade	(58,773)	36,411	(715,094)
Decrease (increase) in inventories	(21,060)	(7,811)	(256,247)
Increase (decrease) in notes and accounts payable-trade	97,280	(117,986)	1,183,610
Increase (decrease) in accrued expenses	6,676	23,365	81,230
Other, net.....	(9,689)	62,650	(117,895)
Subtotal	241,031	250,310	2,932,617
Interest and dividends income received	19,312	13,822	234,978
Interest expenses paid	(4,081)	(5,012)	(49,665)
Income taxes paid	(29,543)	(32,650)	(359,457)
Net cash provided by (used in) operating activities	226,718	226,470	2,758,473
Cash flows from investing activities			
Payments into time deposits	(42,786)	(88,169)	(520,581)
Proceeds from withdrawal of time deposits.....	40,875	49,791	497,328
Purchases of short-term investment securities	(84,628)	(301,849)	(1,029,669)
Proceeds from sales of short-term investment securities	59,157	386,687	719,759
Purchases of property, plant and equipment	(119,210)	(129,732)	(1,450,420)
Proceeds from sales of property, plant and equipment...	3,751	6,823	45,638
Purchases of investment securities	(2,188)	(25,227)	(26,633)
Proceeds from sales and redemption of investment securities.	25,025	1,038	304,480
Payments for investments in capital	(384)	(431)	(4,673)
Payments of loans receivable	(458)	(326)	(5,580)
Collection of loans receivable	28,759	16,331	349,909
Other, net.....	(1,554)	(2,314)	(18,912)
Net cash provided by (used in) investing activities	(93,643)	(87,379)	(1,139,354)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable.....	(12,480)	(57,077)	(151,848)
Proceeds from long-term loans payable	29,948	24,616	364,377
Repayment of long-term loans payable	(64,165)	(38,158)	(780,692)
Proceeds from issuance of new shares.....	—	6,423	—
Cash dividends paid	(7,853)	(7,266)	(95,557)
Cash dividends paid to minority shareholders.....	(1,947)	(3,480)	(23,693)
Other, net.....	(42)	(34)	(512)
Net cash provided by (used in) financing activities	(56,540)	(74,977)	(687,926)
Effect of exchange rate changes on cash and cash equivalents	2,072	(15,646)	25,214
Net increase (decrease) in cash and cash equivalents	78,607	48,466	956,406
Cash and cash equivalents at beginning of period	631,923	583,456	7,688,568
Cash and cash equivalents at end of period *NOTE 10	¥710,530	¥631,923	\$8,644,974

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 82.19 to U.S. \$1, the rate of exchange prevailing as of March 30, 2012. 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, 2012 and 2011, 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 (goodwill) and in affiliated companies accounted for under the equity method is, as a rule, amortized on a straight-line basis over a period of five years after appropriate adjustments.

The account settlement date of 30 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 25 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

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

(c) Provision for product warranties

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

(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 gross average 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

Main durable years are as follows

Buildings and structures 3 to 75 years

Machinery, equipment and vehicles 3 to 15 years

b. Intangible assets (excluding lease assets)

..... Straight line method

c. Lease assets

Finance lease which transfer ownership

..... 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 lease assets with guaranteed residual value under lease agreement, remaining value is the guaranteed residual value. And as to other lease assets, remaining value would be zero.

(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.

Consolidated tax payment has been applied since current fiscal year.

(l) 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 the current consolidated fiscal year, the allowable amount which occurs at the end of the current consolidated fiscal year is appropriated.

With regard to prior service costs, the amount, prorated on a straight line basis over the certain period within 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 certain period within 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 company 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 company auditors. However, The Company's retirement benefit system for them was abolished at the closure of the ordinary general meeting of shareholders held on June 2006. And it was approved at ordinary general meeting of shareholders that reappointed directors and company auditors were paid their retirement benefit at the time of their retirement, based on their years of service. Estimated amount of such retirement benefits is appropriated at the end of the current consolidated fiscal year.

Furthermore, for the directors and company auditors of some consolidated subsidiaries, the amount to be paid at the end of the year was posted pursuant to their regulation on the retirement allowance of directors and company auditors.

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

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

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

(m) Provision for disaster

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

(n) Revenue recognition

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

(o) 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.

(p) Cash and cash equivalents

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

(q) Reclassification

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

NOTE 3: Additional Information**Application of “accounting standard for accounting changes and error corrections” and related matters**

As for accounting changes and error corrections from the beginning of the current consolidated fiscal year, the “accounting standard for accounting changes and error corrections” (Accounting Standards Board of Japan; ASBJ Statement No.24 4 December 2009) and the “Guidance on accounting standard for accounting changes and error corrections” ASBJ Guidance No.24 4 December 2009) have been applied.

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

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

b. Type of financial instruments, risks and risk management

With respect to customers' credit risks from operating receivables such as notes and accounts receivables-trade, in order to mitigate the risks, the Group identifies credit standing of major counterparties and manages due date and receivable balance of each counterparty in line with our rules and regulations for credit control. The Group hedges risks of exchange-rate fluctuations from operating receivables denominated in foreign currency by forward exchange contract in principle.

Investment securities are mainly stocks of companies with which the Group has business relationship, and as for listed stocks, the Group quarterly identifies those fair values and reports them to the Board of Directors.

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

Applications of borrowings are fund for operating capital (mainly short-term) and capital expenditures (long-term), and the Group uses interest-rate swaps for the interest rate risks of some long-term borrowings to fix interest expenses.

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 difference as of March 31, 2012 and 2011 are as follows. Financial instruments whose fair value cannot be reliably determined are not included in the below table.

(Amount: Millions of yen)

	2012			2011		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Cash and deposits	¥291,670	¥291,670	¥ —	¥261,264	¥261,264	¥ —
Notes and accounts receivables-trade	254,066	254,099	32	204,603	204,181	(421)
Short-term investment securities and Investment securities						
Available-for-sale securities	232,499	232,499	—	240,843	240,843	—
Investments in affiliates	456	243	(212)	5,575	8,262	2,687
Total of assets	778,692	778,512	(179)	712,286	714,552	2,265
Accounts payable-trade	354,899	354,899	—	267,209	267,209	—
Short-term loans payable	170,463	170,463	—	178,559	178,559	—
Current portion of long-term loans payable	51,968	52,027	(58)	59,714	59,935	(220)
Current portion of bonds with subscription rights to shares	149,975	149,525	449	—	—	—
Accrued expenses	140,150	140,150	—	139,129	139,129	—
Bonds with subscription rights to shares	—	—	—	149,975	150,274	(299)
Long-term loans payable	67,359	67,883	(523)	96,333	97,070	(737)
Total of liabilities	934,817	934,949	(132)	890,921	892,179	(1,257)
Derivatives						
Hedge accounting is applied	(1,983)	(1,983)	—	(900)	(900)	—
Hedge accounting is not applied	(533)	(533)	—	(327)	(327)	—

(Amount: Thousands of U.S. dollars)

	2012		
	Carrying amount	Fair value	Difference
Cash and deposits	\$3,548,731	\$3,548,731	\$ —
Notes and accounts receivables-trade	3,091,205	3,091,606	400
Short-term investment securities and Investment securities			
Available-for-sale securities	2,828,808	2,828,808	—
Investments in affiliates	5,551	2,962	(2,588)
Total of assets	9,474,297	9,472,109	(2,188)
Accounts payable-trade	4,318,041	4,318,041	—
Short-term loans payable	2,074,019	2,074,019	—
Current portion of long-term loans payable	632,300	633,010	(709)
Current portion of bonds with subscription rights to shares	1,824,735	1,819,261	5,474
Accrued expenses	1,705,205	1,705,205	—
Long-term loans payable	819,555	825,929	(6,373)
Total of liabilities	11,373,858	11,375,468	(1,609)
Derivatives*			
Hedge accounting is applied	(24,139)	(24,139)	—
Hedge accounting is not applied	(6,489)	(6,489)	—

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

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

Assets:

a. Cash and deposits

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

b. Notes and accounts receivables-trade

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

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

c. Short-term investment securities and Investment securities

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 book values, such book values are used.

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

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

c. Current portion of bonds with subscription rights to shares and bonds with subscription rights to shares

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

Derivatives:

Please refer to Note 4 (d) Derivative transactions

*2. Financial instruments whose fair value cannot be reliably determined as of March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Available-for-sale securities			
Negotiable certificate of deposit.....	¥444,700	¥388,000	\$5,410,633
Unlisted stock.....	18,176	18,370	221,157
Unlisted stock of affiliates.....	10,629	11,531	129,324
Other	3,128	2,704	38,063

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

*3. The amounts to be redeemed after the account settlement date of securities with maturities among available-for-sale securities

	Millions of yen			
	2012		2011	
	Within one year	More than one year	Within one year	More than one year
Bonds				
Corporate bonds	¥ 2,809	¥ —	¥ 16,206	¥ —
Other	539,859	—	468,184	—
Total	<u>¥542,668</u>	<u>¥ —</u>	<u>¥484,391</u>	<u>¥ —</u>

	Thousands of U.S. dollars	
	2012	
	Within one year	More than one year
Bonds		
Corporate bonds	\$ 34,180	\$ —
Other	6,568,434	—
Total	<u>\$6,602,615</u>	<u>\$ —</u>

(c) Securities

a. Available-for-sale securities quoted at the stock exchange as of March 31, 2012 and 2011

	Millions of yen		
	Acquisition cost	2012 Carrying amount	Difference
Securities for which the carrying amount exceeds the acquisition costs			
Stocks.....	¥ 72,961	¥121,006	¥ 48,044
Bonds.....	2,809	2,809	—
Other.....	90,892	92,038	1,145
Sub Total	¥166,663	¥215,853	¥ 49,190
Securities for which the carrying amount does not exceed the acquisition cost			
Stocks.....	¥ 19,723	¥ 16,645	¥ (3,077)
Bonds.....	—	—	—
Other.....	—	—	—
Sub Total	¥ 19,723	¥ 16,645	¥ (3,077)
Total	¥186,387	¥232,499	¥ 46,112
	Millions of yen		
	Acquisition cost	2011 Carrying amount	Difference
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	¥144,513	¥192,695	¥ 48,181
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	¥ 52,938	¥ 48,148	¥ (4,789)
Total	¥197,452	¥240,843	¥ 43,391
	Thousands of U.S. dollars		
	Acquisition cost	2012 Carrying amount	Difference
Securities for which the carrying amount exceeds the acquisition costs			
Stocks.....	\$ 887,718	\$1,472,275	\$548,556
Bonds.....	34,180	34,180	—
Other.....	1,105,884	1,119,822	13,938
Sub Total	\$2,027,783	\$2,626,278	\$598,495
Securities for which the carrying amount does not exceed the acquisition cost			
Stocks.....	\$ 239,977	\$ 202,529	\$ (37,448)
Bonds.....	—	—	—
Other.....	—	—	—
Sub Total	\$ 239,977	\$ 202,529	\$ (37,448)
Total	\$2,267,761	\$2,828,808	\$561,047

b. Available-for-sale securities sold during 2012 and 2011

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Amounts sold	¥73,822	¥387,075	\$898,195
Gains on sales of available-for-sale securities	9,650	372	117,412
Loss on sales of available-for-sale securities	—	—	—

c. Available-for-sale securities redeemed during 2012 and 2011

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Amounts redeemed	¥9,995	¥ —	\$121,608

(d) Derivative transactions

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

a. Derivative transactions to which hedge accounting is not applied as of March 31, 2012 and 2011

Currency related transactions (non-market transactions)

(Amount: Millions of yen)

Type	2012				2011			
	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	¥ 4,383	¥ —	¥ (46)	¥ (46)	¥ 37	¥ —	¥ (71)	¥ (71)
EUR	—	—	—	—	112	—	(4)	(4)
GBP	—	—	—	—	135	—	5	5
Buying								
USD	6,355	—	161	161	8,882	—	(2)	(2)
JPY	25,594	—	(1,113)	(1,113)	1,783	—	(44)	(44)
Currency swap transactions								
Receive US Dollar and pay Indian Rupee	2,569	—	237	237	—	—	—	—
Total	38,903	—	(760)	(760)	10,952	—	(118)	(118)

(Amount: Thousands of U.S. dollars)

Type	2012			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Foreign currency forward contracts				
Selling				
USD	\$ 53,336	\$ —	\$ (566)	\$ (566)
Buying				
USD	77,324	—	1,963	1,963
JPY	311,407	—	(13,546)	(13,546)
Currency swap transactions				
Receive US Dollar and pay Indian Rupee	31,264	—	2,894	2,894
Total	473,332	—	(9,256)	(9,256)

Interest rate related transactions (non-market transactions)

(Amount: Millions of yen)

Type	2012				2011			
	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)
Total	—	—	—	—	5,255	2,627	(208)	(208)

Commodity-related transactions (market transactions)

(Amount: Millions of yen)

Type	2012				2011			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Commodity Futures contract Buying	¥ 3,105	—	¥ 227	¥ 227	—	—	—	—
Total	3,105	—	227	227	—	—	—	—

(Amount: Thousands of U.S. dollars)

Type	2012			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Commodity Futures contract Buying	\$ 37,789	—	\$ 2,766	\$ 2,766
Total	37,789	—	2,766	2,766

b. Derivative transactions to which hedge accounting is applied as of March 31, 2012 and 2011

Currency related transactions

(Amount: Millions of yen)

	Type	2012			2011		
		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	¥ 31,303	¥ —	¥ (638)	¥ 11,829	¥ —	¥ 350
	EUR	35,589	—	(83)	44,490	—	(890)
	CAD	3,064	—	(205)	4,190	—	(119)
	AUD	9,623	—	(352)	10,456	—	(336)
	NZD	1,464	—	(83)	537	—	1
	GBP	1,406	—	(94)	2,259	—	3
	Buying (Principal hedged item: Accounts payable-trade)						
	EUR	1,410	—	11	3,035	—	137
JPY	23,599	—	(279)	7,625	—	(47)	
Currency option transactions							
	Buying (Principal hedged item: Accounts payable-trade)						
JPY	9,338	—	(316)	—	—	—	
Deferral accounting	Foreign currency forward contracts						
	Selling (Principal hedged item: Accounts receivable-trade)						
	USD	15,461	—	*	18,978	—	*
	EUR	5,713	—	*	8,483	—	*
	CAD	1,651	—	*	1,222	—	*
	AUD	842	—	*	255	—	*
	NZD	439	—	*	367	—	*
	GBP	1,896	—	*	2,162	—	*
	CNY	669	—	*	—	—	*
	Buying (Principal hedged item: Accounts payable-trade)						
	USD	145	—	*	3,826	—	*
EUR	1,154	—	*	761	—	*	
JPY	64	—	*	1,713	—	*	
Total	144,840	—	(2,042)	122,195	—	(900)	

(Amount: Thousands of U.S. dollars)

	Type	2012		
		Contract/ notional amount	Amount due after one year	Fair value
Principle accounting	Foreign currency forward contracts			
	Selling (Principal hedged item: Accounts receivable-trade)			
	USD	\$ 380,869	\$ —	\$ (7,774)
	EUR	433,016	—	(1,009)
	CAD	37,286	—	(2,499)
	AUD	117,093	—	(4,290)
	NZD	17,815	—	(1,019)
	GBP	17,107	—	(1,148)
	Buying (Principal hedged item: Accounts payable-trade)			
EUR	17,157	—	143	
JPY	287,134	—	(3,396)	
Currency option transactions				
	Buying (Principal hedged item: Accounts payable-trade)			
JPY	113,615	—	(3,853)	
Deferral accounting	Foreign currency forward contracts			
	Selling (Principal hedged item: Accounts receivable-trade)			
	USD	188,124	—	*
	EUR	69,520	—	*
	CAD	20,092	—	*
	AUD	10,254	—	*
	NZD	5,343	—	*
	GBP	23,076	—	*
	CNY	8,142	—	*
	Buying (Principal hedged item: Accounts payable-trade)			
	USD	1,775	—	*
	EUR	14,049	—	*
JPY	788	—	*	
Total	1,762,264	—	(24,849)	

*: 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.

Commodity transactions

(Amount: Millions of yen)

	Type	2012			2011		
		Contract/ notional amount	Amount due after one year	Fair value	Contract/ notional amount	Amount due after one year	Fair value
Principle accounting	Commodity Futures contract						
	(Principal hedged item: Raw material and supplies)						
	Buying	¥ 931	¥ —	¥ 58	¥ —	¥ —	¥ —
Total	931	—	58	—	—	—	

(Amount: Thousands of U.S. dollars)

	Type	2012		
		Contract/ notional amount	Amount due after one year	Fair value
Principle accounting	Commodity Futures contract			
	(Principal hedged item: Raw material and supplies)			
	Buying	\$ 11,337	\$ —	\$ 710
Total	11,337	—	710	

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

Short-term borrowings as of March 31, 2012 and 2011 consisted of the following. The annual interest rates of short-term borrowings as of March 31, 2012 were from 0.28 percent to 12.25 percent.

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Short-term loans payable and current portion of long term loans payable			
Secured	¥ —	¥ —	\$ —
Unsecured	222,432	238,274	2,706,320
Lease obligations due within one year	47	61	581
Unsecured zero coupon convertible bonds with 130% call option in yen due 2013.....	149,975	—	1,824,735
	¥372,455	¥238,336	\$4,531,637

Long-term debt as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Long-term loans payable maturing through 2016			
Secured	¥ 375	¥ 276	\$ 4,568
Unsecured	66,983	96,056	814,987
Lease obligations due more than one year.....	34	71	417
Other interest-bearing debts (Long-term guarantee deposited)	11,538	10,139	140,382
Unsecured zero coupon convertible bonds with 130% call option in yen due 2013.....	—	149,975	—
	¥78,931	¥256,519	\$960,356

"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, 2012, 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.

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The aggregate annual maturities of long-term debt, excluding other interest-bearing debt, outstanding as of March 31, 2012 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2014	¥26,927	\$327,620
2015	22,110	269,017
2016	15,309	186,268
2017	3,046	37,064
Thereafter.....	0	2
	<u>¥67,393</u>	<u>\$819,973</u>

Assets pledged as collateral as of March 31, 2012:

	Millions of yen	Thousands of U.S. dollars
Property, plant and equipment	¥ 842	\$10,250
Other intangible assets	190	2,313
	<u>¥1,032</u>	<u>\$12,563</u>

Secured liabilities as of March 31, 2012:

	Millions of yen	Thousands of U.S. dollars
Long-term loans payable.....	¥ 375	\$ 4,568
Other (noncurrent liabilities).....	678	8,260
	<u>¥1,054</u>	<u>\$12,828</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, 2012 and 2011 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Commitment contract total.....	¥155,000	¥155,000	\$1,885,874
Actual loan balance.....	—	—	—
Variance	<u>¥155,000</u>	<u>¥155,000</u>	<u>\$1,885,874</u>

NOTE 7: Retirement and severance benefit**(a) Outline of an adopted retirement benefit system**

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

(b) Component of retirement benefit obligation as of March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
a. Retirement benefit obligation	¥(105,874)	¥(104,625)	\$ (1,288,170)
b. Pension assets	76,475	70,228	930,467
c. Unfunded retirement benefit obligation (a+b)	¥ (29,399)	¥ (34,397)	\$ (357,703)
d. Unrecognized difference by an actuarial calculation	1,377	2,701	16,764
e. Unrecognized prior service cost (decrease of liabilities)	(4,875)	(5,427)	(59,315)
f. Net amount in consolidated balance sheet (c+d+e)	(32,896)	(37,122)	(400,254)
g. Prepaid pension cost	3,750	—	45,628
h. Provision for retirement benefits (f-g)	¥ (36,647)	¥ (37,122)	\$ (445,882)

Remarks: 1) The premium retirement allowance paid on a temporary basis is not included.

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

(c) Component of retirement benefit cost for years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
a. Service cost	¥5,338	¥6,278	\$64,954
b. Interest cost	1,760	1,613	21,418
c. Assumed return on investment	(579)	(487)	(7,056)
d. Amortized amount of actuarial difference	1,155	1,167	14,053
e. Amortized amount of prior service cost	(750)	(722)	(9,130)
f. Retirement benefit cost (a+b+c+d+e)	¥6,923	¥7,849	\$84,240

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. Allocation method of the estimated amount of retirement benefits	: Straight line basis
b. Discount rate	: 2012 Mainly 2.00% 2011 Mainly 2.00%
c. Reassessment rate	: 2012 1.50% 2011 1.50%
d. Assumed return of investment ratio	: 2012 Mainly 0.70% 2011 0.61% – 1.90%
e. Number of years for amortization of prior service cost	: Mainly 15 years To be amortized by straight line method with certain term within the employees' average remaining service years at the time when the difference was caused.
f. Number of years for amortization of actuarial difference	: Mainly 15 years To be amortized from the next fiscal year by straight line method with certain term within the employees' average remaining service years at the time when the difference was caused.

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
	2012	2011	2012
Deferred tax assets			
Excess-depreciation and Impairment loss	¥ 78,671	¥ 81,896	\$ 957,190
Various reserves.....	45,274	38,850	550,852
Unrealized gross profits elimination.....	16,719	17,917	203,422
Loss on valuation of securities	7,985	9,413	97,158
Deferred assets and others.....	1,668	3,736	20,301
Other.....	69,973	81,513	851,368
Gross deferred tax assets total.....	220,293	233,329	2,680,293
Valuation allowance	(35,650)	(30,357)	(433,762)
Deferred tax assets total	¥184,642	¥202,971	\$2,246,531
Deferred tax liabilities			
Valuation difference on available-for-sale securities	¥ (15,957)	¥ (17,171)	\$ (194,154)
Variance from the complete market value method of consolidated subsidiaries	(4,952)	(6,104)	(60,250)
Reserve for advanced depreciation of noncurrent assets ...	(3,437)	(4,423)	(41,829)
Other.....	(1,225)	(7,955)	(14,908)
Deferred tax liabilities total	¥ (25,572)	¥ (35,655)	\$ (311,143)
Net amounts of deferred tax assets.....	¥159,069	¥167,315	\$1,935,388

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

	2012	2011
Statutory tax rate.....	39.8%	39.8%
Effect of change of tax rate	11.4%	(0.0%)
Tax credit.....	(5.5%)	(0.1%)
Difference in foreign subsidiaries tax rate	(3.1%)	(4.1%)
Other.....	2.5%	9.2%
Effective tax rate	45.0%	44.8%

Re-evaluation of deferred tax assets and liabilities due to the reduction of corporate tax

Following promulgation in December 2, 2011 of the "Act for Partial Revision of the Income Tax Act etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No.114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction Following the Great East Japan Earthquake" (Act No.117 of 2011), effective statutory tax rate used in calculation of deferred tax assets and deferred tax liability in the current consolidated fiscal year (only for settled after April 1, 2012) is changed from 39.8% in the previous consolidated fiscal year to 37.2% (expected to be settled or recovered from April 1, 2012 to March 31, 2015) and to 34.9% (expected to be settled or recovered after April 1, 2015). As a result, net amount of deferred tax assets and liabilities decreased by ¥10,626 million. Also, income taxes-deferred in the current consolidated fiscal year increased by ¥12,802 million, valuation difference on available-for-sale securities increased by ¥2,203 million, and deferred gains or losses on hedges decreased by ¥27 million.

NOTE 9: Research and development costs

Research and development costs included in selling, general and administrative expenses, for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Research and development costs.....	¥109,848	¥104,079	\$1,336,519

NOTE 10: Cash and cash equivalents

Cash and cash equivalents as of March 31, 2012 and 2011 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Cash and deposits	¥291,670	¥261,264	\$3,548,731
Short-term investment securities.....	542,668	484,110	6,602,615
Time deposits with maturities of over three months	(41,442)	(46,122)	(504,233)
Bonds etc. with redemption period of over three months	(82,365)	(67,328)	(1,002,138)
	¥710,530	¥631,923	\$8,644,974

NOTE 11: Lease transactions

Operating lease transactions as of March 31, 2012 and 2011 were as follows:

As a lessee	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Future lease payments			
Due within one year	¥ 189	¥ 189	\$ 2,310
Thereafter	488	657	5,946
	¥ 678	¥ 847	\$ 8,257

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 meeting of the board of directors. Proceeds in excess of the capital stock should be credited to "legal capital surplus".

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

The Companies Act allows both legal capital 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 meeting of the board of directors.

NOTE 13: Other comprehensive income

Other comprehensive income in the current consolidated fiscal year comprised the following

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Valuation difference on available-for-sale securities		
Unrealized loss (gain) arising during the period	¥ 976	\$ 11,884
Reclassification adjustment of unrealized gain (loss) through profit or loss	1,820	22,146
Before tax effect	2,796	34,030
Tax effect	1,177	14,331
Balance at the end of the period	¥ 3,974	\$ 48,362
Deferred gains or losses on hedges		
Unrealized loss (gain) arising during the period	¥ (558)	\$ (6,794)
Reclassification adjustment of unrealized gain (loss) through profit or loss	(640)	(7,797)
Before tax effect	(1,199)	(14,592)
Tax effect	347	4,222
Balance at the end of the period	¥ (852)	\$ (10,369)
Foreign currency translation adjustment		
Unrealized loss (gain) arising during the period	¥ (52,689)	\$ (641,071)
Balance at the end of the period	¥ (52,689)	\$ (641,071)
Share of other comprehensive income of associates accounted for using equity method		
Unrealized loss (gain) arising during the period	¥ 781	\$ 9,506
Total other comprehensive income	¥ (48,785)	\$ (593,572)

NOTE 14: Cash dividends

Dividends paid in the current consolidated fiscal year

	Resolution	
	Ordinary General Meeting of Shareholders held on June 29, 2011	Meeting of the Board of Directors held on November 7, 2011
Total amount of cash dividends	3,927 million yen	3,927 million yen
Cash dividends per share (yen)	7.00 yen	7.00 yen
Record date	March 31, 2011	September 30, 2011
Effective date	June 30, 2011	November 30, 2011

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

	Resolution
	Ordinary General Meeting of Shareholders held on June 28, 2012
Total amount of cash dividends	4,488 million yen
Cash dividends per share (yen)	8.00 yen
Record date	March 31, 2012
Effective date	June 29, 2012

NOTE 15: Stock option plan

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

The plan was adopted at the Ordinary General Meeting of Shareholders and meeting of the board of directors held on June 28, 2012 based on The Company Act of Japan.

The details of the plan are as follows

1. **Resolution date**
June 28, 2012
2. **Category and number of people to whom stock options are granted**
10 directors of The Company (excluding outside directors)
3. **Type of shares to be issued on the exercise of subscription rights to sharers**
Common stock of The Company
4. **Number of shares**
Number of subscription rights to shares shall be 800, and number of shares that are the subject to each subscription rights to shares shall be 100.
5. **Amount to be paid for subscription rights to sharers**
An amount equal to the amount to be paid 1 yen per share to be delivered upon the exercise of the subscription rights to shares multiplied by the number of shares to be granted.
6. **Period during which subscription rights to sharers can be exercised**
From July 21, 2012 to July 20, 2042
7. **Terms of exercise of subscription rights to sharers**
 - (1) A person who is allocated subscription rights to shares shall be able to exercise share subscription rights only up until 10th day (the next business day if the 10th day falls on a non-business day) from the day after the date of resignation as The Company's Director as well as the Senior Managing Officer or Managing Officer without the role of Director being served concurrently.
 - (2) If a person who is allocated subscription rights to shares was dead, heir may exercise the rights.
8. **Matters relating to assignment of subscription rights to sharers**
The acquisition of subscription rights to shares by assignment shall require the approval of the Board of Directors of The Company.
9. **Matters relating to subrogation payment**
None

Resolution was made at the meeting of board of directors held on June 28, 2012 on grant of stock options as compensation same to mentioned above except number of subscription rights to shares (120) to 6 managing officers who does not concurrently serve as director and issuance of new subscription rights to shares.

NOTE 16: Contingent liabilities

As of March 31, 2012, 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	¥7,116	\$86,581
Trade notes discounted	50	608
	<u>¥7,166</u>	<u>\$87,189</u>

NOTE 17: 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 three reportable segments of "Motorcycle", "Automobile" and "Marine and Power products, etc." based on the form of management organization and nature of products and services.

The Group has classified the businesses into four reportable segments, "Motorcycle", "Automobile", "Marine and Power products, etc." and "Financial services". But from the current consolidated fiscal year, the Group classifies the businesses into three reportable segments, according to the characteristic of products and services "Motorcycle", "Automobile" and "Marine and Power products, etc." to grasp information of business structure and management environment of the Group more accurately.

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

Segment information of the year ended March 31, 2011 were prepared based on the segmentation of the year ended March 31, 2012

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

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

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

	Millions of yen				
	Motorcycle	Automobile	2012 Marine & Power products, etc.	Adjustment	Consolidated
Net Sales:					
Net sales to external customers ...	¥ 254,761	¥2,208,969	¥ 48,455	¥ —	¥2,512,186
Internal net sales or transfer among segments	—	—	—	—	—
Total	254,761	2,208,969	48,455	—	2,512,186
Segment profit (loss).....	(2,433)	114,571	7,167	—	119,304
Segment assets	155,583	1,334,426	41,565	770,863	2,302,439
Other content:					
Depreciation	6,689	95,337	1,090	—	103,117
Amortization of goodwill.....	423	63	70	—	557
Impairment loss.....	2,525	3,483	20	—	6,030
Investment in associates accounted for by equity method...	5,540	28,684	324	—	34,548
Increase in property, plant and equipment and intangible assets ...	11,833	113,786	1,090	—	126,710

Millions of yen					
2011					
	Motorcycle	Automobile	Marine & Power products, etc.	Adjustment	Consolidated
Net Sales:					
Net sales to external customers ...	¥ 257,682	¥2,301,977	¥ 48,557	¥ —	¥2,608,217
Internal net sales or transfer among segments	—	—	—	—	—
Total	<u>257,682</u>	<u>2,301,977</u>	<u>48,557</u>	<u>—</u>	<u>2,608,217</u>
Segment profit (loss).....	<u>(10,814)</u>	<u>111,052</u>	<u>6,696</u>	<u>—</u>	<u>106,934</u>
Segment assets	<u>187,000</u>	<u>1,316,400</u>	<u>47,002</u>	<u>673,941</u>	<u>2,224,344</u>
Other content:					
Depreciation	<u>10,079</u>	<u>126,781</u>	<u>1,508</u>	<u>—</u>	<u>138,368</u>
Amortization of goodwill.....	<u>267</u>	<u>76</u>	<u>26</u>	<u>—</u>	<u>370</u>
Impairment loss.....	<u>6,776</u>	<u>1,734</u>	<u>2</u>	<u>—</u>	<u>8,513</u>
Investment in associates accounted for by equity method...	<u>7,382</u>	<u>33,495</u>	<u>732</u>	<u>—</u>	<u>41,610</u>
Increase in property, plant and equipment and intangible assets ...	<u>13,875</u>	<u>115,345</u>	<u>1,068</u>	<u>—</u>	<u>130,289</u>
Thousands of U.S. dollars					
2012					
	Motorcycle	Automobile	Marine & Power products, etc.	Adjustment	Consolidated
Net Sales:					
Net sales to external customers ...	\$3,099,660	\$26,876,377	\$ 589,558	\$ —	\$30,565,596
Internal net sales or transfer among segments	—	—	—	—	—
Total	<u>3,099,660</u>	<u>26,876,377</u>	<u>589,558</u>	<u>—</u>	<u>30,565,596</u>
Segment profit (loss).....	<u>(29,611)</u>	<u>1,393,979</u>	<u>87,202</u>	<u>—</u>	<u>1,451,570</u>
Segment assets	<u>1,892,970</u>	<u>16,235,877</u>	<u>505,724</u>	<u>9,379,046</u>	<u>28,013,619</u>
Other content:					
Depreciation	<u>81,388</u>	<u>1,159,962</u>	<u>13,271</u>	<u>—</u>	<u>1,254,622</u>
Amortization of goodwill.....	<u>5,156</u>	<u>768</u>	<u>853</u>	<u>—</u>	<u>6,778</u>
Impairment loss.....	<u>30,728</u>	<u>42,387</u>	<u>250</u>	<u>—</u>	<u>73,366</u>
Investment in associates accounted for by equity method...	<u>67,405</u>	<u>348,998</u>	<u>3,942</u>	<u>—</u>	<u>420,346</u>
Increase in property, plant and equipment and intangible assets ...	<u>143,980</u>	<u>1,384,428</u>	<u>13,271</u>	<u>—</u>	<u>1,541,680</u>

4. Information regarding change of reportable segments

The Group has classified the businesses into four reportable segments, "Motorcycle", "Automobile", "Marine and Power products, etc." and "Financial services". But from the current consolidated fiscal year, the Group classifies the businesses into three reportable segments, according to the characteristic of products and services "Motorcycle", "Automobile" and "Marine and Power products, etc." to grasp information of business structure and management environment of the Group more accurately.

As a result, compared to previous classification sales of the FY 2010 decreased by ¥21,053 million for the "Automobile", ¥ 91 million for "Marine and Power products, etc.", and ¥61,127 million for "Financial services", and increased by ¥82,272 million for the "adjustment". Segment profit (loss) increased by ¥2,523 million for the "Automobile", and ¥477 million for the "adjustment", and decreased by ¥3,001 million for the "Financial services".

(Reference information)

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

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

	Millions of yen						
	2012						
	Japan	Europe	North America	Asia	Other areas*	Eliminations	Consolidated
Net Sales:							
Net sales to external customers...	¥1,185,782	¥ 304,650	¥ 99,240	¥ 844,878	¥ 77,634	¥ —	¥2,512,186
Internal net sales or transfer among geographical areas.....	360,362	2,035	2,482	24,320	1	(389,202)	—
Total	<u>1,546,145</u>	<u>306,686</u>	<u>101,722</u>	<u>869,198</u>	<u>77,635</u>	<u>(389,202)</u>	<u>2,512,186</u>
Operating income.....	<u>79,575</u>	<u>2,213</u>	<u>362</u>	<u>31,596</u>	<u>2,223</u>	<u>3,333</u>	<u>119,304</u>

	Millions of yen						
	2011						
	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>

	Thousands of U.S. dollars						
	2012						
	Japan	Europe	North America	Asia	Other areas*	Eliminations	Consolidated
Net sales:							
Net sales to external customers...	\$14,427,337	\$3,706,665	\$1,207,451	\$10,279,571	\$944,570	\$ —	\$30,565,596
Internal net sales or transfer among geographical areas.....	4,384,508	24,770	30,201	295,900	15	(4,735,395)	—
Total	<u>18,811,845</u>	<u>3,731,436</u>	<u>1,237,652</u>	<u>10,575,472</u>	<u>944,585</u>	<u>(4,735,395)</u>	<u>30,565,596</u>
Operating income.....	<u>968,193</u>	<u>26,930</u>	<u>4,406</u>	<u>384,434</u>	<u>27,047</u>	<u>40,557</u>	<u>1,451,570</u>

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

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

	Millions of yen			
	2012			
	Japan	India	Other	Consolidated
Net sales.....	¥986,774	¥584,653	¥940,758	¥2,512,186

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

	Thousands of U.S. dollars			
	2012			
	Japan	India	Other	Consolidated
Net sales.....	\$12,006,021	\$7,113,436	\$11,446,138	\$30,565,596

NOTE 18: Impairment loss

The assets are divided into groups of the assets for business and the assets for rent respectively in units of business facilities. As for the assets which are decided to be disposed and idle assets which are not expected to be used in the future, tests of impairment are conducted based on individual assets.

During the current consolidated fiscal year, impairment loss of ¥ 6,030 million on property, plant and equipment (land, building etc.) based on decision to relocate facilities and plants at the Ryuyo region in Iwata City, Shizuoka Prefecture where possible tsunami in Tokai and Tonankai Earthquake are expected to cause great damage, and on idle asset was posted.

The recoverable amount is measured by net selling price or value in use, and the land value is evaluated by price calculated on a rational basis.

Independent Auditor's Report

To the Board of Directors of
Suzuki Motor Corporation

We have audited the accompanying consolidated financial statements of Suzuki Motor Corporation and its subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2012, and the consolidated statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, all expressed in Japanese Yen, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Suzuki Motor Corporation and its consolidated subsidiaries as at March 31, 2012, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

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

Seimei Audit Corporation.

Seimei Audit Corporation
Tokyo, Japan
June 28, 2012

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets

As of March 31, 2012 and 2011

SUZUKI MOTOR CORPORATION	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
ASSETS			
Current assets:			
Cash and deposits	¥ 168,897	¥ 132,540	\$ 2,054,964
Short-term investment securities.....	446,974	389,670	5,438,307
Receivables:			
Notes and accounts receivable-trade.....	21,005	27,238	255,566
Subsidiaries and affiliates	125,225	98,052	1,523,608
Allowance for doubtful accounts.....	(10,692)	(8,389)	(130,088)
Merchandise and finished goods	39,497	29,208	480,563
Work in process	11,376	15,929	138,422
Raw materials and supplies	8,222	8,476	100,037
Deferred tax assets.....	67,647	66,773	823,057
Other.....	43,515	59,465	529,453
Total current assets	<u>921,669</u>	<u>818,964</u>	<u>11,213,891</u>
Property, plant and equipment:			
Land	88,299	86,047	1,074,331
Buildings and structures.....	220,951	218,652	2,688,298
Machinery, equipment, vehicles, tools, furniture and fixtures	690,620	710,669	8,402,732
Construction in progress	5,894	7,174	71,718
	<u>1,005,765</u>	<u>1,022,544</u>	<u>12,237,080</u>
Accumulated depreciation	(821,352)	(821,659)	(9,993,337)
Total property, plant and equipment	<u>184,413</u>	<u>200,884</u>	<u>2,243,743</u>
Investments and other assets:			
Investment securities.....	154,931	164,892	1,885,037
Investments in subsidiaries and affiliates	265,702	236,503	3,232,786
Deferred tax assets.....	52,955	72,752	644,307
Other.....	18,230	30,235	221,809
Total investments and other assets	<u>491,820</u>	<u>504,383</u>	<u>5,983,941</u>
Total assets	<u>¥1,597,903</u>	<u>¥1,524,232</u>	<u>\$19,441,576</u>

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term loans payable	¥131,438	¥151,787	\$1,599,196
Payables:			
Accounts payable-trade	273,962	223,704	3,333,282
Subsidiaries and affiliates	15,383	11,270	187,171
Current portion of long-term dept	18,475	24,043	224,784
Current portion of bonds with subscription rights to shares	149,975	—	1,824,735
Accrued expenses	83,897	79,424	1,020,781
Income taxes payable	6,943	765	84,478
Other	140,939	110,219	1,714,800
Total current liabilities	<u>821,014</u>	<u>601,215</u>	<u>9,989,230</u>
Noncurrent liabilities:			
Long-term loans payable	30,800	52,046	374,741
Bonds with subscription rights to shares	—	149,975	—
Provision for retirement benefits	11,261	10,903	137,017
Provision for directors' retirement benefits	1,331	1,410	16,196
Provision for disaster	12,806	—	155,809
Other	17,396	17,473	211,667
Total noncurrent liabilities	<u>73,595</u>	<u>231,809</u>	<u>895,432</u>
Total liabilities	<u>894,610</u>	<u>833,025</u>	<u>10,884,662</u>
Net assets:			
Shareholders' equity:			
Capital stock:			
Common stock			
Authorized - 1,500,000,000 shares			
Issued,			
as of March 31, 2012 – 561,047,304	138,014	—	1,679,215
as of March 31, 2011 – 561,047,304	—	138,014	—
Capital surplus	144,364	144,364	1,756,475
Retained earnings	392,343	384,351	4,773,613
Treasury stock	(38)	(35)	(470)
Total shareholders' equity	<u>674,684</u>	<u>666,694</u>	<u>8,208,835</u>
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	29,287	25,354	356,342
Deferred gains or losses on hedges	(679)	(841)	(8,263)
Total valuation and translation adjustments	<u>28,608</u>	<u>24,512</u>	<u>348,078</u>
Total net assets	<u>¥ 703,292</u>	<u>¥ 691,207</u>	<u>\$ 8,556,913</u>
Total liabilities and net assets	<u>¥1,597,903</u>	<u>¥1,524,232</u>	<u>\$19,441,576</u>

Non-Consolidated Statements of Income

Years ended March 31, 2012 and 2011

SUZUKI MOTOR CORPORATION	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Net sales	¥1,383,269	¥1,409,205	\$16,830,146
Cost of sales	1,076,187	1,104,394	13,093,896
Gross profit	307,082	304,810	3,736,249
Selling, general and administrative expenses	256,982	276,924	3,126,686
Operating income	50,100	27,886	609,563
Other income (expenses):			
Interest and dividends income	6,384	8,815	77,673
Interest expenses	(1,516)	(2,041)	(18,446)
Other, net	(7,810)	(3,973)	(95,025)
	(2,942)	2,800	(35,798)
Income before income taxes	47,157	30,687	573,765
Income taxes	31,310	19,852	380,956
Net income	¥ 15,846	¥ 10,834	\$ 192,808
Net income per share:			
Primary	¥28.25	¥19.34	\$0.343
Fully diluted	25.98	17.80	0.316
Cash dividends per share	15.00	13.00	0.182



Way of Life!

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