

# ANNUAL REPORT 2015



**SUZUKI MOTOR CORPORATION**

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## Mission Statement

1. Develop products of superior value by focusing on the customer
2. Establish a refreshing and innovative company through teamwork
3. Strive for individual excellence through continuous improvement

## A Message from the Management

### Management results of this fiscal year

The management environment of the Group for fiscal 2014 in overseas economy is showing a moderate recovery trend, despite influence by the trend of normalization of monetary policy in the US, unpredictable economic outlook for emerging countries, downfall in crude oil prices and geopolitical risk in some regions. Particularly in India, it shows a steady recovery trend because of reformation by the newly-elected government and low price of crude oil.

On the other hand, outlook for Japanese economy is unpredictable partly owing to the impact of the hike in the rate of consumption tax.

Under these circumstances, the consolidated net sales of this fiscal year (April 2014 to March 2015) increased by ¥77.2 billion (2.6%) to ¥3,015.5 billion compared to the previous fiscal year. The Company was able to recover the net sales to ¥3.0 trillion, which had declined after the financial crisis of 2008. The Japanese domestic net sales decreased by ¥38.1 billion (3.4%) to ¥1,094.6 billion year-on-year owing to the decrease in the automobile sales.

However, the overseas net sales increased by ¥115.3 billion (6.4%) to ¥1,920.9 billion year-on-year mainly owing to the increase in the automobile sales in India.

In terms of the consolidated income, the operating income decreased by ¥8.3 billion (4.4%) to ¥179.4 billion year-on-year. Although the decrease in the income in Indonesia and Thailand were covered by the increase in the income in India, the operating income decreased mainly owing to the increase in the operating expenses of Japan and overseas. The ordinary income decreased by ¥3.5 billion (1.8%) to ¥194.3 billion year-on-year. The net income decreased by ¥10.6 billion (9.9%) to ¥96.9 billion year-on-year mainly owing to the increase in the adjustment of minority interests in income.

### Basic policies for profit distribution

The Group's earnings heavily depend on the overseas production sites located mainly at emerging countries and are susceptible to the fluctuations of foreign currencies. Furthermore, the Group plans to invest actively on such overseas sites going forward. With a view for the Group to achieve a sustainable growth in the future, it is indispensable to strengthen the Company's structure and prepare for unexpected contingency.

The Company determines the profit distribution with the dividend payout ratio of approximately 15% based on the performances, strengthening of the corporate nature and full internal reserve for future business expansion and others from the medium to long term viewpoint, with the emphasis on the continuous and stable distribution.

As to this fiscal year, although the income decreased year-on-year, with the consolidated dividend payout ratio, the year-end dividends were up by ¥3.00 per share from the previous fiscal year

to ¥17.00 per share. As a result, the annual dividends including interim dividends were ¥27.00 per share and up by ¥3.00 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.

### Outstanding issues

The Group sets a basic policy of "Think smarter, work harder and unite as a Suzuki Group; overcome our challenges and navigate our way to a brighter future" and will tackle following issues amid challenging condition.

#### - Strengthening of quality management system

The Group takes the quality management seriously as a management issue of utmost importance that needs to be addressed as early as possible. The Group will review its quality management system fundamentally for the purpose of preventing the recurrence.

#### -Product development and strengthening of research and development

The Group will make effort to strengthen research and development such as environment technology, fuel efficient technology, weight reduction technology, safety technology, information and communications technology and product designing ability to enhance competitiveness of products. Also, the Group will make effort to reduce costs by improving efficiency of development by integrating engine, powertrain and platform, standardization of parts and others.

#### -Strengthening of manufacturing capability

Based on the concept of "local production for local consumption", the Group will continue to strengthen manufacturing outside Japan. Especially in Asia, which has a growing demand for automobiles, the Group will strive to increase the ratio of in-house manufacturing, expand global procurement and enhance production capability at respective local markets. Moreover, along with the advancement of economic cooperation among different regions through FTA and the trend of the foreign currency market, the Group will also work to optimize the balance of manufacturing activities in and outside Japan.

#### -Strengthening and expansion of sales network

To respond to intensifying competition at various regions and products, the Group will be expanding and strengthening its sales network both in Japan and overseas, and execute marketing activities in a close contact with the market.

#### -Reconstruction of motorcycle business

As for the Motorcycle business, the Group will review its omni-

directional business strategy and take aggressive steps such as selecting and concentrating the region, product and technology, strengthening its marketing capability, shortening its development period, introducing its products in timely manner and challenging to state-of-the-art technology and design, among others, thereby offering value that exceeds customers' expectations. By so doing, The Group will be aiming at recovering its presence in the motorcycle market.

#### -Commitment to global environmental problem

Concerning the environmental issues, the Group has been offering minivehicles 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.

In addition to enhancement of next generation environmental technology in "Suzuki Green Technology", the Group will continue to tackle global environmental problem based on "Suzuki Environmental Plan 2015" and "Suzuki Biodiversity Protection Guideline".

#### -Disaster prevention

While the Group has been taking various measures to prevent anticipated damage caused by Tokai and Tonankai Earthquake, after experiencing the Great East Japan Earthquake, it has diversified production and research sites including overseas. Firstly, it is

relocating plants and facilities in Ryuyo region in Iwata City, Shizuoka Prefecture since massive tsunami damages are anticipated in the region, to inland area of Hamamatsu City. Also, the Group has diversified its production of engine for minivehicle, which was concentrated to Sagara plant, to Kosai plant to mitigate risk. Further, the Group is expanding its research facilities in India partly in order to mitigate risk concerning product development facility for automobile in Sagara test course. The Group will continue to enhance its preparedness against natural disasters.

The Group has been carrying out the motto "Develop products of superior value by focusing on the customer" in the first paragraph of its mission statement. The Group will continuously strive for manufacturing of really valuable products appreciated by customers. With the slogan, "Small Cars for a Big Future", the Group commits itself in promoting "production of small and subcompact vehicles" and "development of environmentally benign products" needed by customers.

The Group makes efforts to be "Smaller, Fewer, Lighter, Shorter, and Cleaner" on every side and works for the efficient, well-knit and healthy management.

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

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



Representative Director and Chairman (CEO)

**Osamu Suzuki**

Representative Director and  
Vice Chairman  
**Yasuhito Harayama**

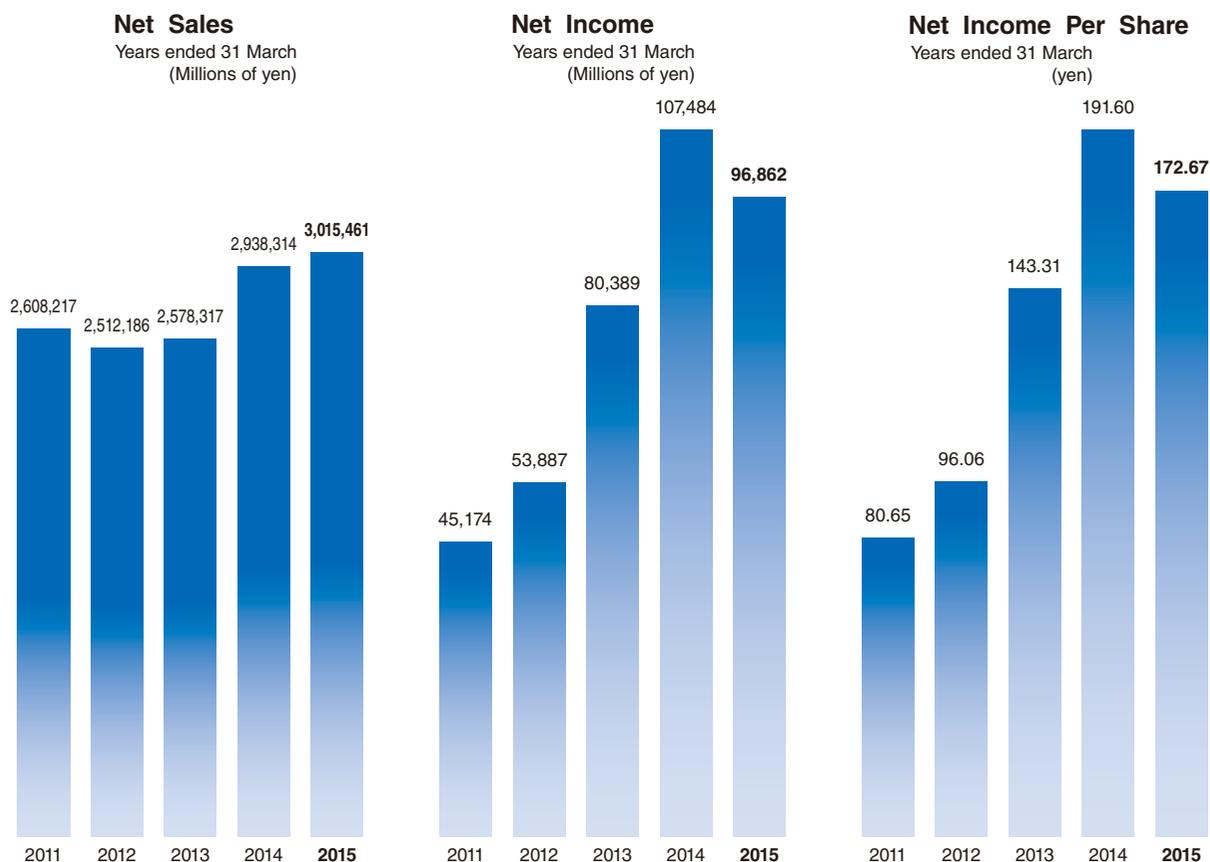
Representative Director and  
Executive Vice President  
**Osamu Honda**

Representative Director and  
President (COO)  
**Toshihiro Suzuki**

# Financial Highlights

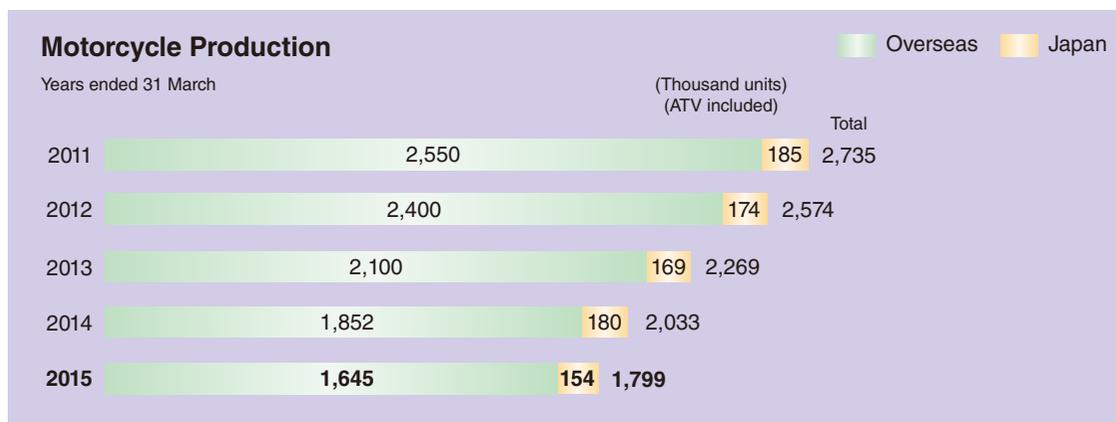
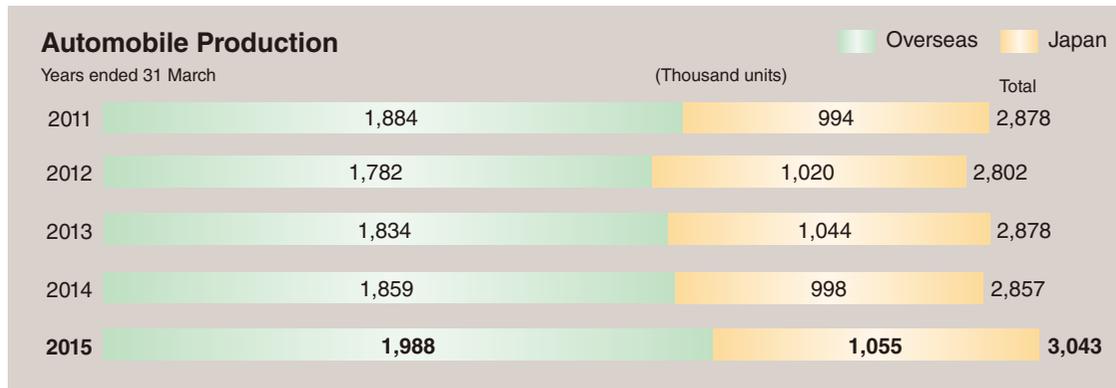
SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES Years ended 31 March, 2015 and 2014	Millions of yen (except per share amounts)		Thousands of US dollars (except per share amounts)
	2015	2014	2015
Net sales .....	<b>¥3,015,461</b>	¥2,938,314	<b>\$25,093,298</b>
Net income.....	<b>96,862</b>	107,484	<b>806,044</b>
Net income per share:			
Primary .....	<b>172.67</b>	191.60	<b>1.44</b>
Fully diluted .....	<b>172.63</b>	191.57	<b>1.44</b>
Cash dividends per share.....	<b>27.00</b>	24.00	<b>0.22</b>
Net assets .....	<b>1,701,390</b>	1,494,357	<b>14,158,199</b>
Total current assets.....	<b>2,008,729</b>	1,790,832	<b>16,715,730</b>
Total assets .....	<b>3,252,800</b>	2,874,074	<b>27,068,326</b>
Depreciation and amortization.....	<b>134,377</b>	117,188	<b>1,118,228</b>

Note: Yen amounts are translated into US dollars, for convenience only, at ¥120.17=US\$1, the prevailing exchange rate on 31 March, 2015.

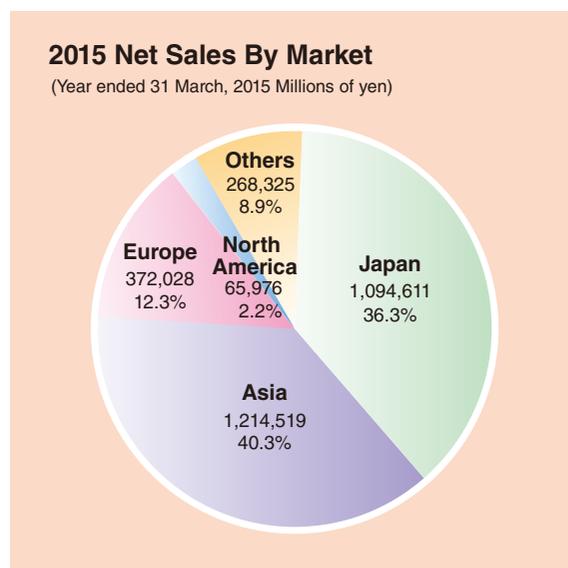
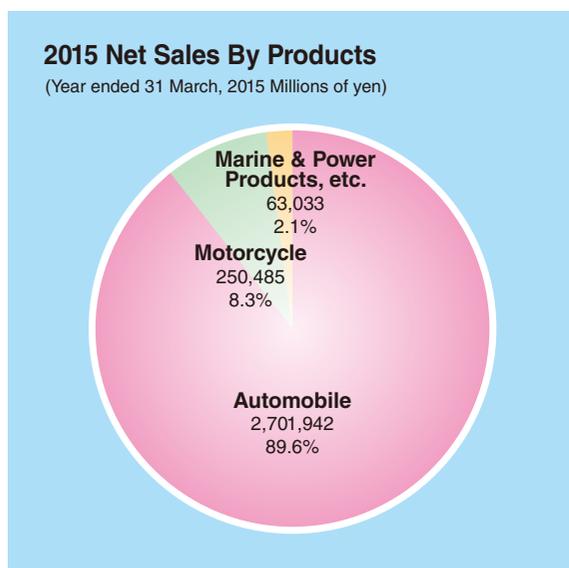


# Year in Review

## Production



## 2015 Net Sales



## Automobiles

### Suzuki's Worldwide Manufacturing and Sales

Total overseas automobile production for fiscal 2014 increased by 6.9% year-on-year to 1,988,000 units. Worldwide production, including Japan, also increased by 6.5% year-on-year to 3,043,000 units.

Sales of automobiles in overseas market increased by 6.6% year-on-year to 2,111,000 units, while total global sales, including Japan, also increased by 5.8% year-on-year to 2,867,000 units.

### Operating Results by Segment

In the automobile business, the operating income decreased by ¥7.5 billion to ¥171.8 billion year-on-year mainly owing to the decrease in the income in Japan, Indonesia, and Thailand, despite the increase in the income in India.

### The Japanese Market

#### 1. Overview of the Japanese Automobile Market

Total domestic automobile sales volume in fiscal 2014 declined by 7% year-on-year to 5,297,000 units. It fell year-on-year for the first time in four fiscal years because a consumption-tax hike in April 2014 dampened demand. Sales of registered vehicles fell by 9% year-on-year to 3,124,000 units. Sales of minivehicles fell by 4% year-on-year to 2,173,000 units. Still, sales of minivehicles exceeded 2,000,000 units for the second fiscal year in a row. Minivehicles accounted for 41% of overall automobile sales. The proportion exceeded 40% for the first time.

#### 2. Suzuki Sales

Suzuki's domestic automobile sales in fiscal 2014 grew year-on-year in volume terms for the fourth fiscal year in a row. They rose by 4% year-on-year to a record-high 756,000 units.

Suzuki's sales of minivehicles grew by 5% year-on-year to a record-high 679,000 units.

The key driver of that growth was steady demand for the Hustler. Suzuki's sales of registered vehicles fell year-on-year for the second fiscal year in a row. They declined by 6% year-on-year to 76,000 units.

#### 3. Suzuki Topics in Fiscal 2014

- In August 2014, Suzuki enhanced the WagonR by launching versions equipped with a newly developed fuel-saving system called S-ENE CHARGE. The WagonR versions equipped with S-ENE CHARGE have the best fuel economy of any miniwagon\*<sup>1</sup> (a minicar with an overall height of at least 1,550mm) in Japan.
- The Hustler mini-crossover won acclaim for creating a new genre. It won numerous awards including 2014–2015 Japan Automobile Hall of Fame Car of the Year and 2015 JJC Car of the Year.
- In December 2014, Suzuki launched a comprehensively enhanced version of the Alto minicar. The new Alto has a simple, stylish exterior design. Also, lower weight and higher powertrain efficiency give it the best fuel economy of any gasoline-engine vehicle in Japan\*<sup>2</sup>. In March 2015, Suzuki expanded the Alto range by adding the sporty Alto Turbo RS.
- In February 2015, Suzuki launched the first comprehensively enhanced versions of the Every (a one-box commercial minivan) and Every Wagon (a one-box mini passenger vehicle) in nine and a half years. The new versions offer even greater roominess, fuel efficiency, and user-friendliness.
- In February 2015, Suzuki launched the SX4 S-CROSS compact crossover. The Company is having the SX4 S-CROSS built by its Hungarian subsidiary, Magyar Suzuki, and is importing it into Japan.

\*<sup>1</sup> Suzuki measured the fuel economy of the S-ENE CHARGE-equipped WagonR in the JC08 test cycle and had it verified by Japan's Ministry of Land, Infrastructure, Transport and Tourism. Suzuki's claim to the best fuel economy of any miniwagon in Japan is based on the Company's research in August 2014.

\*<sup>2</sup> Suzuki measured the fuel economy of the new Alto in the JC08 test cycle. Suzuki's claim to the best fuel economy of any gasoline-engine vehicle in Japan is based on the Company's research in December 2014 and excludes hybrids.



Alto



Hustler

## Overseas Markets

### 1. Overview of Suzuki's Main Overseas Automobile Markets

Sales of automobiles (passenger cars and multi-utility vehicles) in India grew in fiscal 2014 by 4% year-on-year to 2,601,000 units. One reason for this growth was evidence of a moderate economic pickup following the change of government in May 2014. Sales in the five key ASEAN countries (Indonesia, Thailand, Vietnam, the Philippines, and Malaysia) fell by 8% year-on-year to 3,088,000 units. The drop was particularly marked in Indonesia and Thailand. Sales fell in Indonesia because of an economic slump and a weak rupiah. Sales fell in Thailand because the previous government's policies had left households with greater debt and because less financing was available for purchases. Sales in Europe (the European Union and the European Free Trade Association) grew by 8% year-on-year owing to an economic recovery that began the previous fiscal year. Sales in China grew by 5% year-on-year to 23,702,000 units.

### 2. Suzuki Sales

Suzuki's overseas automobile sales volume in fiscal 2014 grew by 7% year-on-year to 2,111,000 units as economic conditions in the Company's overseas markets showed moderate recovery. Suzuki's sales in India rose by 11% year-on-year to 1,171,000 units owing to strong demand for models including the new Celerio, Alto K10, and Ciaz. Suzuki's sales in the five key ASEAN countries fell by 18% year-on-year to 184,000 units owing mainly to an economic slump. Suzuki's sales in China grew by 11% year-on-year to 257,000 units owing mainly to the launch of the SX4 S-CROSS. Suzuki's sales in Europe (the European Union and the European Free Trade Association) grew by 1% year-on-year to 161,000 units owing partly to the launch of the Celerio and Vitara and partly to sales of the SX4 S-CROSS throughout the fiscal year.

### 3. Suzuki Topics in Fiscal 2014

- In April 2014, Suzuki launched a minivan-based WagonR in Pakistan.
- In August 2014, cumulative worldwide sales of the Swift (a series that Suzuki launched in 2004) reached four million units.
- In October 2014, Suzuki began a series of launches for the Ciaz by putting it on the market in India.
- In November 2014, Suzuki launched a completely updated Alto K10.
- In January 2015, Suzuki ceremonially laid the foundation stone for a new plant in Gujarat.
- In March 2015, Suzuki held a ceremony as the first unit of the Europe-specification Vitara rolled off the production line.
- Maruti Suzuki India's sales volume in India exceeded one million units for the fifth fiscal year in a row.



Iwata Plant  
(Multi-purpose vehicle and commercial vehicle assembling)



Kosai Plant  
(Passenger car and automobile engines assembling)



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



Celerio



Ciaz



Vitara

## Motorcycles

### Suzuki's Worldwide Manufacturing and Sales

Total overseas motorcycle production (including ATVs) in fiscal 2014 decreased by 11.2% year-on-year to 1,645,000 units. Worldwide production, including production in Japan, also decreased by 11.5% year-on-year to 1,799,000 units.

Sales of motorcycles (including ATVs) in overseas market decreased by 13% year-on-year to 1,696,000 units, while total global sales, including Japan, also decreased by 12.8% year-on-year to 1,763,000 units.

### Operating Results by Segment

In the motorcycle business, the operating income of ¥0.1 billion in the previous fiscal year became an operating loss of ¥0.7 billion.

### The Japanese Market

#### 1. Overview of Japanese Motorcycle Market

The total domestic motorcycle sales (factory shipments) of the four Japanese manufacturers in fiscal 2014 fell by 11% year-on-year to 391,000 units owing to a hike in the rate of consumption tax. Sales of models with engine displacements of 126cm<sup>3</sup> and higher were down 7% year-on-year at 84,000 units. Sales of models with engine displacements up to 125cm<sup>3</sup> were down 12% year-on-year at 307,000 units.

Domestic motorcycle demand dropped sharply after the financial crisis of 2008. That decrease has since abated. Overall sales are expected to grow year-on-year in fiscal 2015. Notably, demand for models with engine displacements of 126cm<sup>3</sup> and higher has been trending upward during the past few years and looks set to grow further in fiscal 2015.

#### 2. Suzuki Sales

Suzuki's domestic sales (factory shipments) of models with engine displacements up to 125cm<sup>3</sup> fell by 6% year-on-year to 55,000 units in spite of new products including the new Let's and the Address 110. The Company's sales of models with engine displacements of 126cm<sup>3</sup> and higher fell by 19% year-on-year to 10,000 units. Overall, Suzuki maintained its market share of 16.8% in volume terms but recorded a 9% year-on-year drop in sales (factory shipments) to 66,000 units.

Suzuki aims to achieve sales growth in fiscal 2015. The Company plans to increase factory shipments of models with engine displacements up to 125cm<sup>3</sup> by launching more products. As for models with engine displacements of 126cm<sup>3</sup> and higher, which are more profitable, the Company plans to aggressively promote existing products.

#### 3. Suzuki Topics in Fiscal 2014

- In June 2014, Suzuki launched the V-Strom 1000 ABS, a sport adventure tourer that enables comfortable riding in diverse conditions.
- The GSR250 series is popular owing to its rider-friendly engine. Suzuki added the fully faired GSR250F in September 2014.
- The V-Strom 650 ABS is popular because it allows users to enjoy everything from urban rides to long-distance tours. In October 2014, Suzuki added the V-Strom 650XT ABS, which has new, adventure-themed styling.
- In December 2014, Suzuki launched the Let's G, a 50cm<sup>3</sup> scooter that's light, fuel-efficient, and user-friendly. In March 2015, the Company launched the Let's, a basic model that offers greater practicality.
- In March 2015, Suzuki launched the Address 110 scooter. This model has low weight for rider-friendliness around town and an engine that combines great performance with superior fuel economy.



Let's



Address 110



GSR250F



V-Strom 1000 ABS

## Overseas Markets

### 1. Overview of Suzuki's Main Overseas Motorcycle Markets

Sales of motorcycles in Europe in fiscal 2014 grew by 4% year-on-year to 855,000 units. Sales of motorcycles (including ATVs) in North America grew by 4% to 831,000 units. Sales in the six key ASEAN countries (Indonesia, Thailand, Vietnam, the Philippines, Malaysia, and Cambodia) declined by 3% year-on-year to 13,423,000 units. Sales in China fell by 9% year-on-year to 10,347,000 units. Sales in India grew by 8% year-on-year to 16,004,000 units.



Toyokawa Plant  
(Motorcycles and outboard motors assembling)

### 2. Suzuki Sales

Suzuki's overseas motorcycle sales in fiscal 2014 declined by 13% year-on-year to 1,696,000 units. Sales in Europe fell by 5% year-on-year to 45,000 units. Sales in North America rose for the first time in eight years; they were up 4% year-on-year at 43,000 units. Sales in the six key ASEAN countries fell by 29% year-on-year to 436,000 units owing mainly to a drop in sales in Indonesia. Sales in China fell by 9% year-on-year to 564,000 units. Sales in India fell by 4% year-on-year to 341,000 units.



GSX-S1000 ABS



V-Strom 650XT ABS



Address



GIXXER

### 3. Suzuki Topics in Fiscal 2014

- Suzuki returned to MotoGP in March 2015 by running the 1,000cm<sup>3</sup> inline-four GSX-RR in the season-opening race in Qatar.
- In September 2014, Suzuki unveiled the GSX-S1000/F, V-Strom 650XT, and Address in Europe.
- In August 2014, Suzuki launched the GIXXER in India. This model earned high praise for its styling and won bike-of-the-year awards from many media organizations.



MotoGP First Round Qatar



2015 Internot Motorcycle Show held in Cologne, Germany



GIXXER won many bike-of-the-year awards

## Marine Products

### Operating Results by Segment

In the marine and power products, etc. business, the net sales increased year-on-year mainly owing to the increase in the sales of the outboard motors in Europe and North America, while the operating income was at the same level as the previous fiscal year.

### Overview of Marine Products

Suzuki's domestic outboard motor sales in fiscal 2014 fell by 5% year-on-year in volume terms and by 7% year-on-year in net terms. One reason was a hike in the rate of consumption tax. Another was a shift in demand toward smaller models. The overall domestic market shrank, so Suzuki's share grew from 21% to 24%.

Suzuki's export sales surged by 9% year-on-year in volume terms and by 23% year-on-year in net terms. Sales in North America and Europe made a significant contribution. They were strong (especially in the United States) owing partly to foreign-exchange effects and partly to a shift in demand toward larger models.

Suzuki's four-stroke outboard motors range from the DF2 (the lowest-power model, which delivers 1.49kW/2PS) to the DF300 (the highest-power model, which delivers 220.7kW/300PS). The Company produces small models in Thailand and larger models at the Toyokawa Plant in Japan.

### Suzuki Topics in Fiscal 2014

The year 2015 marks 50 years of Suzuki outboard motors. In fiscal 2014, the Company celebrated this milestone by opening an exhibition at the Suzuki Plaza, by holding a photo contest, and by publishing a special magazine for worldwide consumption.



DF30A



DF300AP



DF300AP



DF200AP



DF30A

## Others

### Environmental Initiatives

As a manufacturer of automobiles, motorcycles, outboard motors, and other items, Suzuki acts in consideration of the environment at all product stages from development to disposal.

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

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

### Suzuki Topics in Fiscal 2014

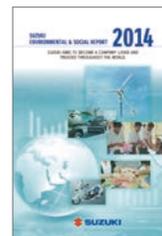
- Suzuki published “Suzuki Environmental and Social Report 2014”. The Company has published a report about its environmental initiatives every year since fiscal 1999.
- In June 2014, Maruti Suzuki India switched on a one-megawatt solar power plant that it had installed in line with an Indian government plan to boost adoption of solar power. The solar power plant enabled the Company to reduce CO<sub>2</sub> emissions by 1,200 tons per year. Maruti Suzuki India plans to continue harnessing eco-friendly technologies that cut CO<sub>2</sub> emissions. The Company aims to use such technologies to tackle environmental problems and expand its environmental conservation initiatives.
- In August 2014, Suzuki launched WagonR and WagonR Stingray versions equipped with a newly developed fuel-saving system called S-ENE CHARGE. An integrated starter generator (ISG) works with a specially designed lithium-ion battery. The ISG generates electricity during deceleration and stores it in the battery. The ISG uses that electricity to operate as a motor during acceleration, thereby reducing the load imposed on the engine, so it suppresses fuel consumption without compromising acceleration performance. The S-ENE CHARGE system combines with an enhanced R06A engine to realize fuel economy of 32.4km/L\*<sup>1</sup> (the best of any miniwagon in Japan)\*<sup>2</sup>.
- In December 2014, Suzuki launched the eighth-generation Alto. A newly developed platform and comprehensive weight savings make this model 60kg\*<sup>3</sup> lighter than its predecessor. The lightness combines with increased powertrain efficiency to realize fuel economy of 37km/L\*<sup>4</sup> (the best of any gasoline-engine vehicle in Japan)\*<sup>4</sup>.

\*1 Measured in the JC08 test cycle using the WagonR FZ grade and WagonR Stingray X grade (each with two-wheel drive). Verified by Japan's Ministry of Land, Infrastructure, and Transport.

\*2 A miniwagon is a minicar with an overall height of at least 1,550mm. Suzuki made the fuel-economy comparison in August 2014 using measurements taken in the JC08 test cycle and verified by Japan's Ministry of Land, Infrastructure, and Transport.

\*3 Suzuki compared the weight of the new Alto (equipped with a continuously variable transmission) with that of the previous-generation Alto Eco.

\*4 Suzuki measured the fuel economy in the JC08 test cycle. The comparison excludes hybrids and is based on Suzuki research in December 2014.



SUZUKI ENVIRONMENTAL & SOCIAL REPORT 2014



Solar Power Plant



Lithium-ion Battery



ISG



WagonR



Alto

### Suzuki's cooperation with other automobile manufacturers

Suzuki has been cooperating with other automobile manufacturers both in and outside Japan.

Suzuki and Nissan have been supplying each other with vehicles in Japan on an original-equipment-manufacturer (OEM) basis since 2002. To Mazda, Suzuki has been supplying vehicles in Japan since 1989, and has been supplying vehicles in Indonesia since 2013. Suzuki has been also making vehicles' OEM supply to Mitsubishi in Japan since 2011.

From Fiat, Suzuki has been sourcing its diesel engines for vehicles sold mainly in Europe since 2003. In India, Suzuki has been producing diesel engines at its own factories since 2006 using technologies acquired from Fiat.

Since 2013, Suzuki has been supplying a British manufacturer, Caterham with 660cm<sup>3</sup> engines and some drive-train components designed for minivehicles for the installation on its sport cars. The car is sold also in Japan as a British-made minivehicle.

Suzuki continues pursuing opportunities and areas of cooperation with other manufacturers where effective use of companies' business resources and mutual benefit can be expected.

# Topics

April 2014

## Launch of WagonR in Pakistan

Pakistani subsidiary, Pak Suzuki Motor started production and sales of a minivheicle-based WagonR. Although the overall length of the WagonR sold in Pakistan is stretched 205mm in the engine room to install a 1.0L engine, all of its other features are based on the Japanese minicar. Pakistan is the third country to launch the WagonR at Suzuki's overseas production base after India and Indonesia. Approximately half of Suzuki's global automobile sales in this fiscal year were models based on Japanese minicars. Centered in Asia, the Japanese minicar technologies are contributing to the development of motorization and the daily lives in each country.



WagonR sold by Pak Suzuki Motor.

July 2014

## Achievement of Accumulated Global Production of Three Million Units for Suzuki Outboard Motor

Suzuki held a ceremony for the achievement of accumulated global production of three million units for the outboard motors at the Toyokawa Plant in Aichi Prefecture, Japan. Development of outboard motors started in 1962 and the first outboard motor D55 was launched in April 1965. Since then, Suzuki has been developing a wide variety of outboard motor lineup by meeting the global market demands. In addition to the Toyokawa Plant that produces mid- and large-sized outboard motors, production of small- and mid-sized outboard motors are conducted at a Thai subsidiary, Thai Suzuki Motor from July 1999.



Commemoration ceremony held at the Toyokawa Plant on 24 July, 2014

## Selection of Recipients for Suzuki Education and Culture Foundation Scholarships

Suzuki Education and Culture Foundation gives scholarships to students who would otherwise not be able to focus on their studies for financial reasons. Eligible students include those who attend high schools in Shizuoka Prefecture and those who graduated from high schools in Shizuoka Prefecture and are now at university. Founded in 2000 to mark Suzuki's 80th anniversary, in its 14th year, the foundation decided to give scholarships to 54 high school students and 14 university students, a total of 68 students for fiscal 2014.



August 2014

## Worldwide Sales of Swift Reach Four Million Units

In August 2014, Swift reached cumulative worldwide sales of four million units in nine years and nine months since the start of sales as a world strategic model in November 2004. First produced and sold in Japan, Swift is currently produced in eight countries including Hungary, India, and China having been favored in more than 140 countries and regions around the world. Of the four million units, approximately half were sold in India, followed by approximately 19% in Europe, and approximately 11% in Japan.



## Class-Topping Fuel Economy from WagonR with S-ENE CHARGE

Suzuki launched versions of the WagonR and WagonR Stingray with a newly developed fuel-saving system called S-ENE CHARGE, thereby offering fuel economy of 32.4km/L\*<sup>1</sup> (the best of any minivagon in Japan)\*<sup>2</sup>. An integrated starter generator (ISG) in the S-ENE CHARGE system works as a motor during acceleration, thereby reducing the load imposed on the engine, so it suppresses fuel consumption without compromising acceleration performance. The system works together with an idle-stop function. The ISG promotes comfort by restarting the engine smoothly and quietly.

\*1 Measured in the JC08 test cycle using the WagonR FZ grade and WagonR Stingray X grade (each with two-wheel drive). Verified by Japan's Ministry of Land, Infrastructure, Transport and Tourism.

\*2 A minivagon is a minicar with an overall height of at least 1,550mm. Suzuki made comparisons in August 2014 using measurements taken in the JC08 test cycle and verified by Japan's Ministry of Land, Infrastructure, Transport and Tourism.



October 2014

## UT Concept on Display at International Home Care and Rehabilitation Exhibition

Suzuki displayed a city-oriented electric wheelchair called the UT Concept at the 41st International Home Care and Rehabilitation Exhibition (hosted by the Japan National Council of Social Welfare and the Health and Welfare Information Association). This concept model has compactness and maneuverability that make it ideal for urban pedestrian environments. It also has advanced active-safety technologies that enable the user to avoid obstacles and steps and bumps.



## Launch of Mid-Size Sedan in Overseas Market

Suzuki launched mid-size sedan Ciaz in India from October 2014. It has authentic sedan style with rich and elegant design, and is also exported from India to areas including the Middle East, Latin America, and Africa. Also in December 2014, a Chinese joint venture, Chongqing Changan Suzuki Automobile started its production and launched it under the name Alivio.



## Winning of NMMA's Innovation Award for DF25A/30A Outboards

Suzuki's new four-stroke outboard motors DF25A/30A received the 2014 IBEX Innovation Award for outboard motors from the National Marine Manufacturers Association (NMMA) in the US at the International Boat Builder's Exhibition & Conference (IBEX) held in Tampa, Florida from 30 September to 2 October, 2014. Suzuki's high technologies were accredited by the best awards in the marine technology, which are given to those new products that demonstrate consumer benefits.



### Announcement to Consolidate the Motorcycle Business into the Hamamatsu Plant

Due to the countermeasure to the earthquake and the tsunami, and the decrease in the domestic motorcycle production volume, Suzuki decided to consolidate the motorcycle business, which is currently dispersed, into the Hamamatsu Plant (located in Miyakoda district of Hamamatsu), and relocate the motorcycle assembly of the Toyokawa Plant (located in Aichi prefecture) as a part of the consolidation.

Currently, Suzuki's motorcycle business is dispersed in three different locations: the motorcycle technical center (located in Iwata, Shizuoka); the Takatsuka Plant (located in Hamamatsu); and the Toyokawa Plant (located in Toyokawa). Suzuki decided to consolidate these three locations into the Hamamatsu Plant, to consistently operate from engineering, development, and testing, to production of the engines and the powertrain, and the assembly. By doing so, Suzuki will put efforts into the efficiency of product development and production of the ever-diversifying motorcycles.

#### November 2014

### Winning of RJC Car of the Year and Japan Automotive Hall of Fame Car of the Year awards for the Hustler minicar

Hustler minicar won the 2015 RJC (Automotive Researchers' and Journalists' Conference of Japan) Car of the Year and the 2014-2015 Japan Automotive Hall of Fame Car of the Year awards, highly valued for pioneer of a new genre, adoption of fuel-efficient technologies, sportiness that exceeds its class, excellent user-friendliness, design, etc. It became a hit with the accumulated sales for its first year exceeding 10,000 units.

Also, as an RJC Special Achievement Award, Nippon (Japanese) Minicar (recipient: Japan Automobile Manufacturers Association, Inc. Mini-Vehicle Committee) was chosen, valued for the brilliant evolution that the minicar has achieved up to this date, and the role it plays in the Japanese motorization.



#### December 2014

### Launch of New Let's 50cm<sup>3</sup> Scooter Series

Suzuki comprehensively updated the Let's 50cm<sup>3</sup> scooter series and adopted a newly designed engine that offers outstanding fuel economy of 54.8km/L\*. The Company offers two versions: the basic Let's (launched in March 2015) and the higher-grade Let's G (launched in December 2014). Each version is affordably priced and meets daily mobility needs for men and women across a wide age range.

\*Measured by Suzuki in the World-wide Motorcycle Test Cycle.



Let's (left) and Let's G (right)

### Launch of the All-New Alto Minicar

The all-new Alto adopted a newly-developed platform and achieved a weight reduction of 60kg\*<sup>1</sup> by thoroughly reducing its weight. Along with the enhanced efficiency of the powertrain, it realized fuel consumption of 37.0km/L\*<sup>2</sup>, the lowest among any gasoline-engine vehicle in Japan\*<sup>3</sup>. It evolved in fuel efficiency, driving performance, design, and safety performance, while brushing up basic performances including the ease of maneuverability and handling as a utility minicar by returning to the origin of minicar.

Plus, in March 2015, Alto Turbo RS was added to the lineup. The model's body rigidity is increased, and installed with the enhanced turbo engine that realizes strong acceleration, coupled with Auto Gear Shift equipped with paddle shift.

\*<sup>1</sup> Comparison between the all-new Alto equipped with continuously variable transmission and conventional Alto Eco.

\*<sup>2</sup> 2WD equipped with continuously variable transmission.

\*<sup>3</sup> Suzuki measured the fuel economy of the new Alto in the JC08 test cycle. Suzuki's claim to the best fuel economy of any gasoline-engine vehicle in Japan is based on the Company's research in December 2014 and excludes hybrids.



#### January 2015

### Holding of the Foundation Stone Ceremony of a New Plant in Gujarat, India

Foundation stone ceremony of new vehicle manufacturing facilities in Gujarat was held. The purpose of the new plant is to secure production capacity for future development of the Indian automobile market and expansion of exports from India. The new plant is aimed to start production from mid-2017, with the annual production capacity planned to be 250,000 units. Vehicles and parts produced at new plant in Gujarat will be supplied only to Maruti Suzuki India (MSIL), and distributed through MSIL's sales network.



#### February 2015

### Announcement to Fund 35 Scientific Researches for Fiscal 2014 by the Suzuki Foundation

Suzuki Foundation, which was established in March 1980 to mark the 60th anniversary of Suzuki, selected 33 scientific research projects and two proposed scientific research projects for fiscal 2014. Thus far, the Foundation has made 1,379 supports including research projects by universities and research institutes in Japan and subsidizing programs in Japan for researchers from overseas.



February 2015

## Comprehensively Enhanced Versions of the Every and Every Wagon

Suzuki launched comprehensively enhanced versions of the Every (a one-box commercial minivan) and Every Wagon (a one-box mini passenger vehicle). These models each offer even greater roominess, fuel efficiency, and user-friendliness. The Every is valuable for work owing to abundant storage space and outstanding ease of loading and unloading. The Every Wagon additionally incorporates a comprehensive range of comfort-enhancing items that help users enjoy leisure activities. Plus, each model has advanced safety technologies including the first collision-mitigating brakes in its class\*.

\*Every: one-box minivan class; Every Wagon: one-box minivan class



Note: The Every Wagon in the photo contains props for illustrative purposes.

## Launch of SX4 S-CROSS in Japan

SX4 S-CROSS is a model produced by a Hungarian subsidiary, Magyar Suzuki, and imported to Japan by Suzuki. It realizes excellent drivability and stability in various driving scenes through the adoption of new 4WD system ALLGRIP, and can be used in a wide range of usage from daily use to outdoors. Production of the SX4 S-CROSS started from August 2013 by Magyar Suzuki and they are exported throughout Europe, as well as to areas including Latin America, Oceania, and Africa. Its production also began in China from December 2013 by a joint venture, Chongqing Changan Suzuki Automobile.



March 2015

## World Premiere of Concept Models iK-2 and iM-4 at the Geneva Motor Show

World premiere was made for two concept models, the iK-2 compact hatchback and the iM-4 mini 4x4 at the 85th Geneva International Motor Show held in Switzerland. New environmental technologies from Suzuki were introduced, these are a new-generation platform; the BOOSTERJET, a new downsized direct-injection turbo gasoline engine; and the SHVS mild hybrid system. Suzuki plans to launch production model based on the iK-2 in Europe early 2016. Work is underway on developing a production model of the iM-4 as well.



iK-2



iM-4

## Winning of 13 Bike-of-the-Year Awards in India by GIXXER

Bike-of-the-year awards in 13 categories that are presented by magazines and TV stations in India went to the sportbike GIXXER, which is being produced and distributed by an Indian subsidiary, Suzuki Motorcycle India. GIXXER has been earning high appraisal in India for its cutting-edge sporty design, superior fuel efficiency, and strong acceleration. Suzuki will continue its effort to expand the sales of sportbikes in the growing Indian motorcycle market.



## Launch of Address 110 Scooter

Suzuki launched the Address 110 scooter, which combines a light, rider-friendly frame with superior performance and fuel economy. An Indonesian subsidiary named PT. Suzuki Indomobil Motor is producing the Address 110 as a global small scooter, marketing it in Indonesia and exporting it to Japan, ASEAN countries, Europe, and Oceania. Suzuki is promoting this model as an affordable new choice for riders who want to step up from 50cm<sup>3</sup> scooters and for those who already ride scooters with displacements of 51cm<sup>3</sup> to 125cm<sup>3</sup>.



## VITARA Rolls Off the Line in Hungary

Ceremony for the all-new SUV VITARA was held as it rolled off the production line of a Hungarian subsidiary, Magyar Suzuki. The ceremony welcomed guests including Dr. Viktor Orbán, Prime Minister of Hungary, and Junicih Kosuge, Ambassador Extraordinary and Plenipotentiary to Hungary. Osamu Suzuki, Chairman and CEO of Suzuki Motor Corporation attended the ceremony. The all-new SUV VITARA will be delivered from Magyar Suzuki as a world strategic compact SUV, not only to European countries but also several new markets, and is planned to be produced 70,000 units in its first year of manufacturing.



Dr. Viktor Orbán, Prime Minister of Hungary (right) and Osamu Suzuki, Chairman and CEO of Suzuki Motor Corporation (left)

# Directors, Officers and Auditors

(as of 30 June, 2015)

## [Representative Directors]

Representative Director and Chairman (CEO)	<b>Osamu Suzuki</b>	
Representative Director and Vice Chairman	<b>Yasuhito Harayama</b>	Supporting CEO
Representative Director and President (COO)	<b>Toshihiro Suzuki</b>	
Representative Director and Executive Vice President	<b>Osamu Honda</b>	Chief Technology Officer

## [Directors]

Director and Senior Managing Officer	<b>Eiji Mochizuki</b>	Executive General Manager, Motorcycle Operations
Director and Managing Officer	<b>Takashi Iwatsuki</b>	Executive General Manager, Global Business Administration & Planning
	<b>Masahiko Nagao</b>	Executive General Manager, Corporate Planning Office
Director	<b>Masakazu Iguchi</b>	
	<b>Sakutaro Tanino</b>	

\*Mr. Masakazu Iguchi and Mr. Sakutaro Tanino are the outside directors as stipulated in Article 2, Item 15 of Companies Act of Japan.

## [Auditors]

Company Auditor	<b>Kunio Nakamura</b>
	<b>Shunji Matsumoto</b>
Outside Company Auditor	<b>Shin Ishizuka</b>
	<b>Masataka Osuka</b>
	<b>Norio Tanaka</b>

\*Mr. Shin Ishizuka, Mr. Masataka Osuka and Mr. Norio Tanaka are the outside company auditors as stipulated in Article 2, Item 16 of Companies Act of Japan.

## [Senior Managing Officers]

Senior Managing Officer	<b>Kenichi Ayukawa</b>	Executive General Manager, India/Africa Automobile Operations / Managing Director and CEO, Maruti Suzuki India Ltd.
	<b>Ichizo Aoyama</b>	Executive General Manager, R&D/Global IT

## [Managing Officers]

Managing Officer	<b>Toshiaki Hasuike</b>	Deputy Executive General Manager, Automobile Engineering / Joint Managing Director, Maruti Suzuki India Ltd.
	<b>Kazuo Hakamata</b>	Executive General Manager, Purchasing
	<b>Hiroaki Matsuura</b>	Executive General Manager, Manufacturing Engineering / Managing Officer, Manufacturing Engineering Dept. IV
	<b>Masato Kasai</b>	Executive General Manager, Automobile Engineering
	<b>Izumi Oishi</b>	Manufacturing / Executive General Manager, Manufacturing
	<b>Taisuke Toyoda</b>	Executive General Manager, Finance / Managing Officer, Finance Dept.
	<b>Hirofumi Nagao</b>	Division General Manager, Pakistan Automobile Division / Managing Director, Pak Suzuki Motor Co., Ltd. (Pakistan)
	<b>Keiichi Asai</b>	President, Chongqing Changan Suzuki Automobile Co., Ltd. (China)
	<b>Shuji Oishi</b>	Division General Manager, Indonesia Automobile Division / President, PT. Suzuki Indomobil Motor (Indonesia)
	<b>Kazuki Yamaguchi</b>	President, Suzuki Motor Sales Kinki Inc.
	<b>Shigeyuki Yamamura</b>	Executive General Manager, Administration / Managing Officer, Human Resources Dept.
	<b>Toshiaki Suzuki</b>	Executive General Manager, Domestic Marketing / Managing Officer, Domestic Sales Force Promotion Dept.
	<b>Hidenori Yamashita</b>	Deputy Executive General Manager, Manufacturing (Production Quality Assurance & Overseas Manufacturing) / Managing Officer, Overseas Manufacturing Dept.
	<b>Kinji Saito</b>	Executive General Manager, Global Automobile Operations / Divisional General Manager, Asia Automobile Division
<b>Ichiro Onishi</b>	Executive General Manager, Customer Quality Assurance	

# Corporate Governance Issues

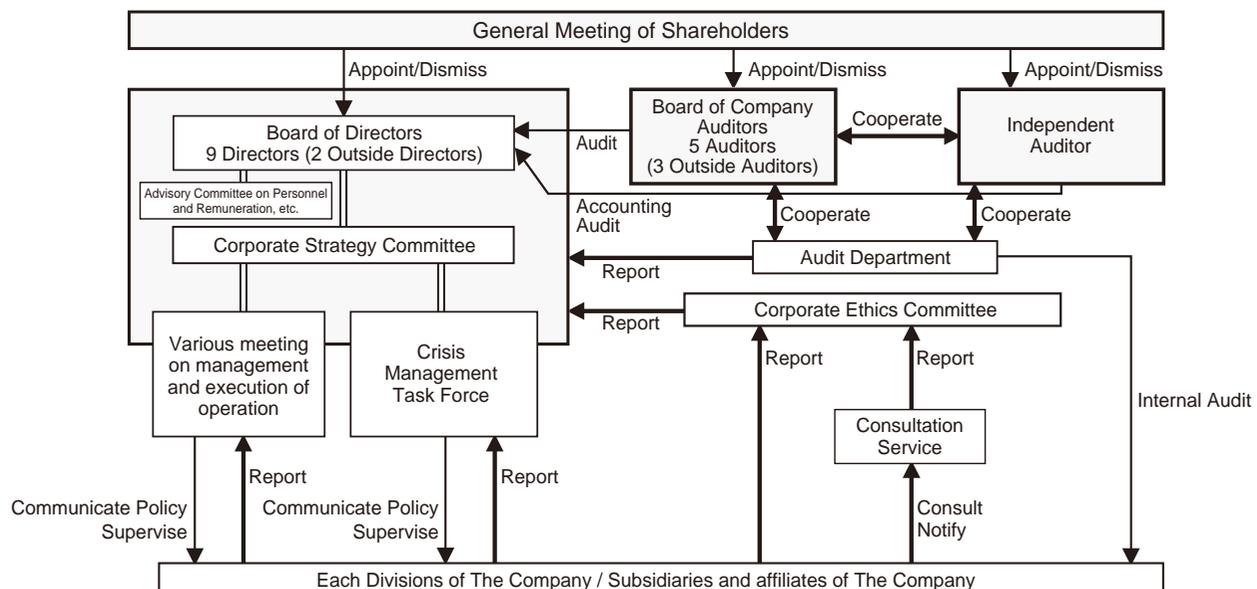
## 1. Basic concepts regarding corporate governance

Through fair and efficient corporate activities, The Company always intends to be trusted by all our stakeholders including shareholders, customers, partner companies, local communities and employees, and to be a continuously growing company, while making a further contribution to the international community. In order to realize that intention, The Company considers that the enhancement of the corporate governance is one of the most important issues for proper corporate management and is aggressively taking various kinds of measures.

Also, in order to be trusted further by society and stakeholders, we disclose information quickly in fair and accurate manner prescribed in laws and regulations and aggressively disclose information that we concluded is beneficial to understand The Company. We will further enhance the transparency of The Company.

## 2. Corporate Governance Structure

Corporate governance structure of The Company is as follows.



### (a) Execution of Operation

#### (Board of Directors)

In addition to the regular meetings of the Board of Directors composed of 9 Directors including 2 Outside Company Directors held every month, Directors hold a special board meeting whenever necessary, and discuss the matters set forth in the Articles of Incorporation and the laws and regulations, and important managerial agenda based on the deliberation criteria, and make decisions on a sufficient discussion, including in terms of regulatory compliance and corporate ethics, and make efforts to strengthen oversight of business execution.

Also, for the purpose of enabling the agile corporate management, speeding up decision making and executing operations, and clarifying the individual responsibilities, The Company has introduced a Senior Managing Officer and Managing Officer system.

In order to clarify managerial accountability for individual Directors and flexibly respond to the changing business environment, the term of each Director is set to one year.

#### (Outside Directors)

By electing Outside Directors who are highly independent of The Company and have no possibility of causing conflict of interest between them and shareholders, The Company enhanced supervision to management further, and is receiving helpful advice and indication for the growth of The Company based on large stock of experience and professional knowledge.

#### (Corporate Strategy Committee)

At the Corporate Strategy Committee (Chairman: Representative Director and President) which is composed of few executives as a council-system organization, important missions and strategies for management are cross-functionally and comprehensively discussed, while pre-reviewing matters to be discussed at the Board of Directors.

**(Various meeting on management and execution of operation)**

The Company enhances efficiency of management by enabling appropriate execution of operation through closely exchanging important information and identifying administrative issues. To achieve that, The Company holds various councils to discuss countermeasures on execution of management issues weekly, monthly, extraordinarily, or biannually, depending on the content. Members of the council include Directors, Executive General Managers and Deputy Executive General Managers.

**(Advisory Committee on Personnel and Remuneration, etc.)**

Aimed to enhance clarity and objectivity upon electing candidates for Directors and Auditors, as well as deciding remuneration of Directors, as an advisory committee for the Board of Directors, The Company establishes "Advisory Committee on Personnel and Remuneration, etc."

The majority of the committee is composed of Outside Directors, and an observer participates each from Full-Time Company Auditors and Outside Company Auditors.

The committee discusses issues such as election standards and adequacy of candidates for Directors and Auditors, as well as adequacy of system and level of Director's remuneration. The Board of Directors decides based on their results.

Decision for election and remuneration of candidates for Senior Managing Officers and Managing Officers who do not concurrently serve as Directors are also based on results of the committee's discussion.

**(b) Auditor's Audit, Internal Auditing, and Independent Auditor****(Auditor's Audit)**

The Company's Board of Company Auditors is composed of 5 members including 3 Outside Company Auditors, and they hold regular meetings every two months and special board meetings whenever necessary.

Company Auditors 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 participating in the Board of Directors and various meeting on management and execution of operation, perusing approval documents and various minutes, and receiving reports and explanation from Directors on execution of business, etc.

2 Full-Time Company Auditors and 1 Outside Company Auditor have large stock of knowledge in finance and accounting due to long experience of being in charge of accounting in The Group as to Full-Time Company Auditors, and large stock of experience as certified public accountant as to Outside Company Auditor respectively.

**(Internal Auditing)**

The Company establishes Audit Department as an organization to conduct internal auditing. They audit The Company and domestic and foreign subsidiaries and affiliates, and periodically check the situation of compliances to laws and regulations, and effectiveness of their internal control system. Results of the checks are reported to management and Company Auditors 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 rules and promotes efficiency and standardization of their business.

**(Independent Auditor)**

2 certified public accountants who engaged in the audit for fiscal 2014 are Satoru Imamura and Koji Sato, who belong to Seimei Audit Corporation. The numbers of other assistant members for audit are 7 certified public accountants and 10 others.

**(Mutual cooperation of Auditor's Audit, Internal Auditing, and Independent Auditor, and their relationship with departments of internal control)**

Company Auditors, Audit Department and Independent Auditor cooperate appropriately and audit concerning compliance with laws, internal control, and management efficiency from three different angles.

Company Auditors receive periodical reports from Independent Auditor such as on audit plans and results of quarter reviews, as well as on situation of conducting fiscal auditing. Company Auditors trade comments and share information as necessary to strengthen cooperation, such as by conducting observation of Independent Auditor's audit to comprehend situation of conducting auditing, while also receiving reports on the efforts for quality management of auditing as an audit corporation.

Also, Company Auditors adjust audit plans and auditing themes with the Audit Department, attend its audit whenever necessary, and receive reports and explanation on all its audits.

The Audit Department and Company Auditors exchange information with organization specialized in internal audit, which consists of legal, finance and IT system departments.

**(c) Function, role and status of Outside Director and Outside Company Auditor**

The Company elected 2 Outside Directors and 3 Outside Company Auditors.

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.

There are no interest between him and The Company. The Company believes that he is sufficiently independent of the management of The Company. He is also in charge of a member of “Advisory Committee on Personnel and Remuneration, etc.”

The Company elected Mr. Sakutaro Tanino as Outside Director to receive appropriate supervision and advice related to the management of The Company from the international viewpoints based on a large stock of experience and knowledge as a diplomat. There are no special interest between him and The Company. The Company believes that he is sufficiently independent of the management of The Company. He is also in charge of a member of “Advisory Committee on Personnel and Remuneration, etc.”

The Company elected Mr. Shin Ishizuka as Outside Company Auditor to appropriately conduct audit of The Company based on his experience and professional knowledge as an attorney-at-law. There are no interest between him and The Company. The Company believes that he is sufficiently independent of the management of The Company. He is also in charge of an observer of “Advisory Committee on Personnel and Remuneration, etc.”

The Company elected Mr. Masataka Osuka as Outside Company Auditor to appropriately conduct audit of The Company based on a long term experiences and knowledge as a management of enterprises. 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 to appropriately 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/Company Auditor have no possibility of causing conflict of interest between them and shareholders, and filed them as independent director/auditor under the rules of the Tokyo Stock Exchange, Inc.

As to independence from The Company with regard to the election of Outside Director/Company Auditor, The Company judges their independence under the below “Standard for Independence of Outside Directors and Outside Company Auditors” based on “Standard of judgment” set by Tokyo Stock Exchange, Inc.

## (Reference)

### **The Standard for Independence of Outside Directors and Outside Company Auditors**

The Company never elects any person who falls under any of the followings as a candidate for the Outside Director or Outside Company Auditor in order to ensure the independence:

1. Persons concerned with the Company and its subsidiaries (“The Group”)
  - (1) With regard to Outside Directors, any person who is or was a person executing business (Note 1) of the Group at present or in the past,
  - (2) With regard to Outside Company Auditors, any person who is or was a Director, Managing Officer, executive officer or employee of the Group at present or in the past, or
  - (3) A spouse or a relative within the second degree of kinship of the present Director, Managing Officer or executive officer of the Group.
2. Persons concerned such as business partners or major shareholders, etc.
  - (1) Any person who is a person executing business of any of the followings:
    - 1) A company of which major business partner is the Group (Note 2)
    - 2) A major business partner of the Group (Note 3)
    - 3) A major shareholder having 10% or more of total voting rights of the Company
    - 4) A company for which the Group has 10% or more of total voting rights
  - (2) A person who is or was a representative partner or a partner of the Group’s Accounting Auditor at present or in the past five years
  - (3) A person who receives a large amount of remuneration from the Group other than remuneration for Director/Company Auditor (Note 4)
  - (4) A person who receives a large amount of donation from the Group (Note 5)
  - (5) A spouse or a relative within the second degree of kinship of the person who falls under category from (1) through (4) above

Notes 1. A person executing business:

A director executing business, a managing officer, an executive officer or an employee

2. A company of which major business partner is the Group:

A company which belongs to the group of the business partner who receives 2% or more of its consolidated net sales in the latest business year ended of the group from our Group in any of the business year in past three years

3. A major business partner of the Group:

A company which belongs to the group of the business partner who makes payment 2% or more of our Group’s consolidated net sales or provides the Group with 2% or more of loans of its consolidated total assets in the latest business year ended of the Group in any of the business year in past three years

4. A person who receives a large amount of remuneration:

A consultant or legal or accounting expert who receives annual compensation of 10 million yen or more (for the organization, 2% or more of its annual total revenues) in any of the business year in past three years

5. A person who receives a large amount of donation:

A person who receives annual donation of 10 million yen or more (for the organization, a person directly involved in activities which is the purpose of the donation) in any of the business year in past three years

### **(3) Development status 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 of internal control system is as follows:

#### **(a) Systems to ensure that Directors' execution of their duties complies with laws and regulations and the Articles of Incorporation**

- 1) Directors shall 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.
- 2) The Company established the "Suzuki Corporate Ethics Rules" which lays out a set of basic points for Directors and employees to act in a fair and faithful manner in compliance with the laws, the norms of the society and company rules and observe the same. It is revised whenever necessary by "Corporate Ethics Committee" which promotes corporate ethics in The Company.
- 3) Company Auditors shall audit the execution of duties of Directors in accordance with the audit policies and work responsibilities set by the Board of Company Auditors.

#### **(b) Systems relating to the storage and administration of the information in relation to Directors' execution of their duties**

Information relating to Directors' decision-making and execution of duties shall be managed and stored in accordance with laws and regulations and the rules of The Company, and be kept available whenever necessary.

#### **(c) Rules and other systems relating to management of the risk of loss**

- 1) The Company has set up the "Risk Management Procedure" as part of the "Suzuki Corporate Ethics Rules" to establish the risk management system, and shall manage and cope with risks of losses in accordance with the same.
- 2) Decision shall be made, while important management matters are sufficiently deliberated, including risk evaluation, in the meetings of the Board of Directors and through the approval system in accordance with the deliberation standard.
- 3) Risk that is expected to arise with regard to the execution of operation of departments such as engineering, production or sales shall be handled by each department in accordance with the rules of or manuals on the prevention or handling of such risk.
- 4) To prepare for the occurrence of disasters, The Company shall develop behavior manual and Business Continuity Plan (BCP), take out insurance or provide training, or other suitable measures.

#### **(d) Systems to ensure that Directors' execution of their duties is made efficiently**

- 1) As the basic system to ensure that Directors' execution of their duties is made efficiently, the meetings of the Board of Directors shall be held in principle every month and at any time whenever necessary. And management councils shall be held when ever necessary to discuss the strategic decision on execution of important management issues.
- 2) The operational organization shall be revised from time to time in order to clarify the responsibility, strengthen the cooperation among the concerned sections and establish efficient business operational systems.
- 3) Business shall be efficiently operated by developing the business plan, periodically confirming the progress of the plan, taking measures and making revisions from time to time.

#### **(e) Systems to ensure that employees' execution of their duties complies with laws and regulations and the Articles of Incorporation**

- 1) In addition to (a) 2) above, The Company shall keep every employee informed about the "Suzuki Employees' Action Charter" which lays out the norms of action of employees to ensure that employees' execution of their duties complies with laws and regulations and the Articles of Incorporation, and revises the same whenever necessary.
- 2) The Company shall keep every employee informed about the "Action Procedures" and the "Division of Duties" which set up the proceedings of execution of their duties in details, and other rules of the Company, and revise the same whenever necessary.
- 3) In accordance with the "Suzuki Corporate Ethics Rules" mentioned in (a) 2) above, the Company shall develop the compliance system for employees, and educate them through various training and in-house seminars regarding compliance.
- 4) The Company shall make its employees report the fact of violation or suspected violation of laws or regulations, and establish the consultation office with which employees can consult on such fact, etc. or which they can notify in order to promptly detect it and take corrective measures or actions to prevent the reoccurrence.
- 5) In accordance with the "Rules of Internal Auditing", the Audit Department shall audit on the integrity and efficiency of various control systems, organizations and rules, and properness of function of internal control, etc.

**(f) Systems to ensure proper business operation of the Corporate Group consisting of our Company and subsidiaries**

- A) The system regarding the reporting of matters relating to execution of duties of Directors, etc. of subsidiaries to The Company  
Matters relating to decision making and execution of duties of Directors, etc. of affiliated companies are promptly or periodically reported by affiliated companies to The Company in accordance with the “Rules of Business Control Supervision for Affiliated Companies”.
- B) Rules and other systems regarding the management of the risk of losses in subsidiaries  
The Company shall manage the risk of losses in affiliated companies in accordance with “Risk Management Procedure” set up in “Suzuki Corporate Ethics Rules”. If the risk of losses arises, The Company shall appropriately take actions jointly with affiliated companies.
- C) Systems to ensure that the execution of duties of Directors, etc. of subsidiaries is made efficiently
  - 1) To ensure an efficient business operation of the Corporate Group, The Company shall conduct the followings in accordance with the “Rules of Business Control Supervision for Affiliated Companies”.
    - (a) The Company’s departments in charge stipulated in the Rules at any time shall give guidance and advice to the affiliated companies on their business operations and managements, and cooperate with them.
    - (b) The Company’s Audit Department shall make rules for the affiliated companies in order to reinforce their management practices. It shall also promote efficiency and standardization of their business.
  - 2) The Company shall periodically confirm the progress of the business plan developed by affiliated companies and provide guidance, supports and auditing in order to urge affiliated companies to take actions or make revisions appropriately.
  - 3) The Company and its affiliated companies shall share the management policies or information in The Company’s monthly meetings to report the status of performance for each section and group meetings held as needed in order to efficiently and properly conduct business through mutual cooperation.
- D) Systems to ensure that the execution of the duties of Directors, etc. and employees of subsidiaries complies with laws and regulations and the Articles of Incorporation  
The Company shall keep every Director, etc. and employee of affiliated companies informed about the importance of the compliance with laws and regulations, the norm of the society and internal rules, etc. and fair and sincere behaviors. It shall also provide guidance, supports and auditing in order to make appropriate rules in accordance with laws and regulations or legal environment of the country where affiliated companies locate.

**(g) Matters for employees to support the business of the Company Auditors when the Company Auditor seeks appointment of the employees**

- 1) The secretariat of the Board of Company Auditors shall be established in the Audit Department.
- 2) The assistants of the business of the Company Auditors shall be placed as required.

**(h) Matters for independence of the employees mentioned in (g) above from the Directors and for ensuring the efficiency of instructions given the employees**

- 1) The hiring, transfer and discipline of the assistants of the Company Auditors shall be consulted with the Company Auditor previously appointed by the Board of Company Auditors.
- 2) The Company Auditor appointed by the Board of Company Auditors may request the change of the assistant at any time. The Directors shall not deny the request without reasonable reasons.
- 3) The personal evaluation of the assistant of the Company Auditors shall be consulted with the Company Auditor appointed by the Board of Company Auditors.
- 4) The Audit Department shall clearly state that the assistant work for the Company Auditor conducted under the instruction and control of the Company Auditor shall not be subject to the instruction and control of any other persons than the Company Auditor in the Division of Duties, and carry out it thoroughly.

**(i) System for Directors and employees to report to the Company Auditors and system for the Directors, the Company Auditors and employees of subsidiaries to report or any recipient of such reporting to report to The Company’s Company Auditor, and other systems for reporting to the Company Auditors**

- 1) If Directors, etc. of The Company and its affiliated companies find any fact that could cause tremendous loss on The Company, they shall immediately report it to the Company Auditors.
- 2) Approval Procedures, Affiliated Company Consultation Documents and minutes of the management councils shall be circulated to the Company Auditors, and any other references requested by the Company Auditors shall be provided.
- 3) The Company Auditors shall conduct the followings as required when implementing internal auditing and auditing of affiliated companies.
  - (a) Adjust the audit themes with the General Manager of the Audit Department
  - (b) Present at the auditing and attend the briefing of the audit results
  - (c) Receive the circulation of the audit report or the report of the audit results
- 4) The Group’s department in charge of consultation shall periodically report to the Company Auditors about the status of consultation from the Group’s employees.

**(j) Systems to ensure that any person reporting to Company Auditors will not be unfairly treated on the ground of making such reporting**

In accordance with “Suzuki Corporate Ethics Rules”, the Company shall not make any disadvantageous treatment such as dismissal on the basis of having reported to Company Auditors mentioned in (i) above. It shall also take suitable measures to prevent the worsening of office environment surrounding the reporter.

**(k) Matters regarding procedures for prepayment or redemption of expenses arising from the execution of duties of Company Auditors and processing of other expenses or liabilities arising from the execution of such duties**

- 1) The Company shall allocate a certain amount of budget every year to pay expenses arising from the execution of duties of Company Auditors.
- 2) If the Company Auditors require the Company to make prepayment, etc. of expenses in accordance with Article 388 of the Companies Act, the Company shall quickly process that expenses or liabilities, except where it is considered that the expenses or liabilities relating such request are not necessary for the performance of duties of Company Auditors.
- 3) The Company Auditors may use the external advisers including attorneys, certified public accountants and others in implementing audit as required.

**(l) Other System to ensure effecting auditing by the Company Auditors**

- 1) The Company Auditors shall attend the meetings of the Board of Directors and other important meetings.
- 2) The Company Auditors shall hold periodic meetings with Accounting Auditors, exchange information or opinions and ask Accounting Auditors to make reports, when necessary.

**(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 each type of remuneration			Number of payees
		Basic pay	Stock option	Bonus	
Directors (excluding Outside Directors)	527	273	79	174	7
Company Auditors (excluding Outside Company Auditors)	47	47	-	-	3
Outside Directors/Company Auditors	27	27	-	-	5

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 28 June, 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 29 June, 1989.

3. The maximum amount of remuneration for Directors for stock options as compensation (¥170 million per year) was resolved at the 147th Ordinary General Meeting of Shareholders held on 27 June, 2013 and 148th Ordinary General Meeting of Shareholders held on 27 June, 2014.

The above-mentioned “stock options” is the amount recorded as expenses of current fiscal year, among the amount of remuneration for stock acquisition rights granted for stock options.

As for stock options as compensation, due to decision of new policy for amount of Director’s remuneration as stated in (4)(b), the Company has decided not to newly grant options after granting them in July 2014.

4. 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.

Please notice that bonus for Outside Directors and Company Auditors were abolished for the following years of fiscal 2013 and basic remuneration is solely maintained.

5. Remuneration of Company Auditors includes one Company Auditor who retired at the closure of the 148th Ordinary General Meeting of Shareholders held on 27 June, 2014.

6. In addition to the above, ¥7 million was paid to 1 retired Director and ¥5 million was paid to 1 retired Company Auditor as retirement benefits for Directors and Company Auditors under the resolution at the 140th Ordinary General Meeting of Shareholders held on 29 June, 2006.

7. The following information is disclosed in 149th 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

In April 2015, The Company established “Advisory Committee on Personnel and Remuneration, etc.” with Outside Directors constituting half or more of its members, as an advisory committee to the Board of Directors, in order to enhance the objectivity and transparency of remuneration of Directors, etc.

### (Remuneration of Directors)

Remuneration of Directors (excluding Outside Directors) shall consist of basic remuneration consisting of basic pay for each position and evaluation of individual performance, bonus linked to the Company’s performance of each fiscal year and stock-based remuneration linked to the Company’s mid- and long-term performance or stock price. Remuneration of Outside Directors shall be solely basic remuneration (at the fixed amount).

Also, remuneration of Directors shall be decided by the Board of Directors based on the deliberation results of “Advisory Committee on Personnel and Remuneration, etc.” on the policy regarding the decision of Director’s remuneration, standards, remuneration system and adequacy of the remuneration level.

The basic remuneration shall be within the range of the amount of remuneration limit (monthly amount) approved at a General Meeting of Shareholders, and the amount of remuneration for each Director shall be determined and paid in consideration of the duties and responsibilities of each Director.

As for bonuses, a proposal based on the calculation method linked with the Company’s performance shall be submitted to an Ordinary General Meeting of Shareholders for approval and then paid.

Bonuses for Outside Directors were abolished for the following years of fiscal 2013.

The stock-based remuneration shall be paid within the range of amount of remuneration limit (monthly amount) approved at the General Meeting of Shareholders, as the remuneration that is linked to mid-and long-term Company’s performance and stock price. Directors shall contribute such type of remuneration to the officer stockholding association every month, acquire the Company’s shares and continuously hold them during their term of office.

### (Remuneration of Company Auditors)

Remuneration of Company Auditors shall be solely basic remuneration (at fixed amount), and the amount shall be decided and paid in the discussion among Company Auditors within the range of the amount of remuneration limit (monthly amount) approved at a General Meeting of Shareholders.

Bonuses for Company Auditors were abolished for the following years of fiscal 2013.

While the Company discontinued its retirement benefits plan for officers at the 140th Ordinary General Meeting of Shareholders, held on 29 June, 2006, it has introduced the granting of stock options as compensation (stock acquisition rights) with a view toward strengthening Directors’ connection to the Company’s performance and stock price and ensuring that Directors share with shareholders not only the benefits of any increases in the stock price, but also the risks of any declines, pursuant to the approval granted at the 146th Ordinary General Meeting of Shareholders, held on 28 June, 2012.

However, the Company has decided not to newly grant options after granting them in July 2014.

### (Reference)

Remuneration of Directors are calculated using a method based on points set for each position of Directors as per below.

As for the calculation method, The Company received a document that states that all Company Auditors agreed on appropriateness of the method.

#### 1. Calculation method

$\text{Paid amount} = \text{Consolidated net income} \times 0.18\% \times \text{Each Director's point} \div \text{Total of Director's point}$

Notes: 1. “Indexes on profits for such accounting period” stated in Article 34(1)(iii)(a) of Corporation Tax Act of Japan is “Consolidated net income”.

2. As of April 2015, amount of above-mentioned “Consolidated net income” used in the method is amount shown as “Net income attributable to owners of the parent”, which is an amount before accounting loss of such paid remuneration amount.

3. Amount of consolidated net income multiplied by 0.18% is rounded down to the nearest million.

#### 2. Number and point of Directors by position

	Point	Number of Directors	Total Point
Chairman	30	1	30
Vice Chairman	18	1	18
President	22	1	22
Executive Vice President	18	1	18
Directors	13	3	39
Total	-	7	127

Note: Above number is based on number of Directors as of 30 June, 2015.

**3. Eligible person**

Only Directors that apply to “Managing members” as stated in Article 34(1)(iii) of Corporation Tax Act of Japan, and excludes Outside Directors.

**4. Fixed amount**

“Fixed amount” as stated in Article 34(1)(iii)(a)[1] of Corporation Tax Act of Japan is limited up to ¥300 million. If amount of consolidated net income multiplied by 0.18% exceeds ¥300 million, ¥300 million divided by each Director’s point would become remuneration of each Director.

**5. Others**

Remuneration of Director retiring during the fiscal year would be decided by calculating amount of remuneration that would have been paid if expiring the full fiscal year, and dividing it by the actual service months (rounded down to the nearest 10,000).

**(5) Remuneration for Independent Auditor for current fiscal year**

(a) The remuneration amount to be paid by The Company to Independent Auditors is ¥85 million.

(b) The remuneration amount to be paid by The Group to Independent Auditors is ¥88 million.

\*The amounts shown in (a) and (b) were all paid for audit certification.

Because the remuneration amount for the audit under Companies Act of Japan and for the audit under Financial Instrument and Exchange Act of Japan is not divided in the Auditing Agreement between The Company and Independent Auditor and is not be able to be actually divided, the amount described in the above specifies the total of these remuneration amounts.

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

Effective from the fiscal year ended 31 March, 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 31 March, 2015 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 31 March, 2015.

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 31 March, 2015.

# Risks in Operations

Risks that may affect the management results, stock price and financial situation of The Group include the followings. Forward-looking statements in this section are based on our conclusions as of 31 March, 2015.

## 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. They may also affect the performance and financial conditions of The Group.

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 and financial conditions 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. As the automobiles and motorcycles industries in the world are globalized further, competitions may get harder. 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, launching of new products will require specific product development abilities as well as abilities to continually manufacture products in addition to appropriately understanding customer needs.

However, even if we are able to appropriately understand the customer needs, we may not be able 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 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, or management policies or management environment of the joint venture partners 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 may adversely affect the performance and financial conditions of The Group as well as our competitiveness.

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 about 60 percent 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 buy 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 such as for research and development, manufacturing, sales and finance, but factors that cannot 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 adversely affect the performance and financial condition of The Group largely. We have taken various preventive measures such as quake-resistant measures for buildings and facilities, fire preventive measures, establishment of BCP (Business Continuity Plan), 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, and provision of logistics and 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.

# The Status of the Corporate Group

## The outline of the corporate group

The corporate group of the Company consists of subsidiaries of 133 companies and affiliates of 35. The main businesses are manufacturing and marketing of motorcycles, automobiles, marine & power products, motorized wheelchairs, electro senior vehicles and houses, further developing the businesses of logistics and other services related to the respective operations.

The position of the group companies in relation to the segmentation is as follows.

### Motorcycle

Motorcycles are manufactured by the Company as well as in overseas, by a subsidiary Thai Suzuki Motor Co., Ltd. and an affiliate, Jinan Qingqi Suzuki Motorcycle Co., Ltd. and others. Some of parts are manufactured by a subsidiary, Suzuki Auto Parts Mfg. Co., Ltd. and others, and those parts are purchased by the Company.

The marketing of the motorcycles is conducted in the domestic market by a subsidiary, Suzuki Motorcycle Sales Inc. and other marketing companies, and in overseas markets through a subsidiary, Suzuki Deutschland GmbH and other marketing companies and manufacturing & marketing companies.

### Automobile

Automobiles are manufactured by the Company as well as in overseas, by subsidiaries, Magyar Suzuki Corporation Ltd., Maruti Suzuki India Limited and by an affiliate, Chongqing Changan Suzuki Automobile Co., Ltd. and others. Some of parts are manufactured by Suzuki Auto Parts Mfg. Co., Ltd. and others, and they are purchased by the Company.

The marketing of automobiles is carried out in the domestic market by a subsidiary, Suzuki Motor Sales Kinki Inc. and other marketing companies throughout the market, and in overseas markets, by a subsidiary, Suzuki Deutschland GmbH and other marketing companies and manufacturing & marketing companies. The business of logistics services is conducted by a subsidiary, Suzuki Transportation & Packing Co., Ltd.

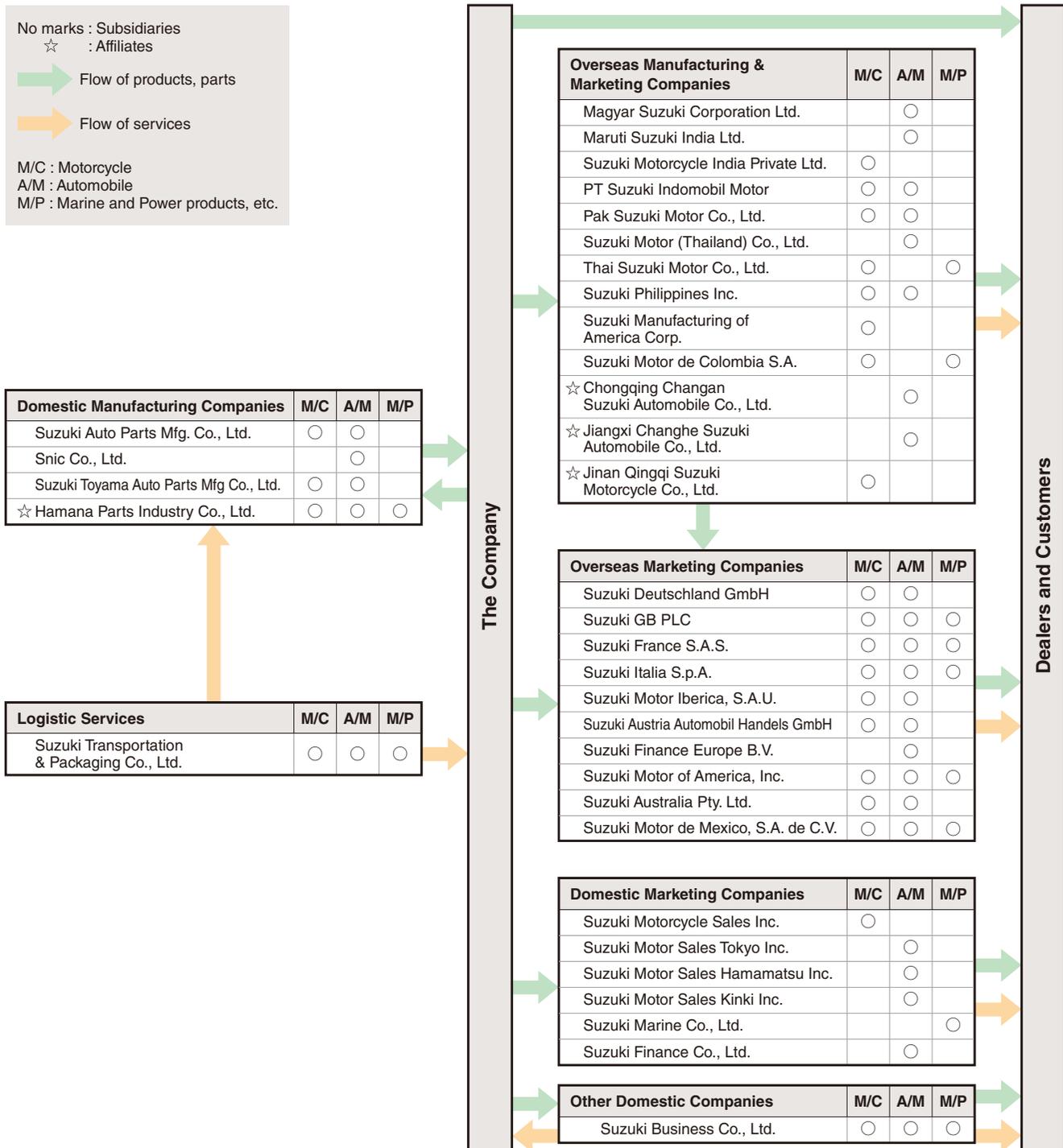
### Marine and Power products, etc.

Outboard motors are manufactured mainly by the Company and marketed by a subsidiary, Suzuki Marine Co., Ltd. and others.

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

## Operation Flow Chart

Operation flow chart is as follows (Major companies only)



## FINANCIAL SECTION

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# Management Discussion and Analysis

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## 1. Operating results

### (1) The operating results by segment

#### (a) Motorcycle

The net sales decreased by ¥16.1 billion (6.0%) to ¥250.5 billion year-on-year mainly owing to the decrease in the sales in Asia. The operating income of ¥0.1 billion in the previous fiscal year became an operating loss of ¥0.7 billion.

#### (b) Automobile

The Company made efforts to expand its sales and strengthen the products such as by winning numbers of awards including the 2015 RJC Car of the Year award for the much-favored Hustler minicar, launching the all-new Alto minicar, which has achieved the top level of fuel efficiency among non-hybrid gasoline vehicles in Japan, and launching the Every and Every Wagon one-box minicars which have pursued roominess, fuel efficiency, and user-friendliness. However, partly owing to the impact of the recoil reduction from the hike in the rate of the consumption tax in Japan, the Japanese domestic net sales decreased year-on-year. The overseas net sales increased year-on-year mainly owing to the increase in India. Consequently, the net sales of the automobile business increased by ¥86.3 billion (3.3%) to ¥2,702.0 billion year-on-year. The operating income decreased by ¥7.5 billion (4.2%) to ¥171.8 billion year-on-year mainly owing to the decrease in the income in Japan, Indonesia, and Thailand, despite the increase in the income in India.

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

The net sales increased by ¥7.0 billion (12.5%) to ¥63.0 billion year-on-year mainly owing to the increase in the sales of the outboard motors in Europe and North America. The operating income was at the same level as the previous fiscal year at ¥8.3 billion.

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

#### (a) Japan

The net sales increased by ¥63.3 billion (3.7%) to ¥1,765.0 billion year-on-year due to expansion of triangle trade via Japan and other causes. The operating income decreased by ¥43.8 billion (32.6%) to ¥90.7 billion year-on-year mainly owing to the strengthening of sales promotion of Japan and overseas and the increase in the quality expenses.

#### (b) Europe

The net sales increased by ¥59.6 billion (15.9%) to ¥436.1 billion year-on-year owing to launch of all-new compact SUV Vitara, expansion of triangle trade via Japan, and other causes. The operating income increased by ¥0.9 billion (23.2%) to ¥5.1 billion year-on-year.

#### (c) Asia

The net sales increased by ¥130.8 billion (11.1%) to ¥1,306.2 billion year-on-year due to increase of sales in India, Pakistan and others though decrease of sales in Indonesia and Thailand. The operating income increased by ¥22.2 billion (37.3%) to ¥81.6 billion year-on-year, by covering the decrease in the income in Indonesia and Thailand with the Indian automobile business.

#### (d) Other areas

The net sales increased by ¥8.2 billion (5.4%) to ¥159.2 billion year-on-year owing to increase of sales of outboard motors in the United States, increase of sales of motorcycles and automobiles in Latin America, and other causes. The operating income increased by ¥2.4 billion to ¥2.6 billion year-on-year.

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

In the current consolidated fiscal year, the amount of selling, general and administrative expenses increased by ¥37.9 billion (6.2%) to ¥645.7 billion year-on-year because of increase of sales expenses such as sales promotion expenses.

### (4) Other income and expenses

In the current consolidated fiscal year, the net amount of other income and expenses was a gain of ¥13.8 billion, which increased by ¥4.5 billion year-on-year. This was mainly due to increase of Interest income and dividends income from the previous fiscal year.

## (5) Forecasts for the next fiscal year

As for the next fiscal year, although the decrease in the demand of minicars in Japan is expected, the Company forecasts increase in sales and income compared to this fiscal year mainly owing to the increase in the overseas sales including India. The Group will work as one to reform in every field to accomplish the below forecasts for the consolidated operation by pursuing the business activity.

(Forecasts for the consolidated operating results-First Half)

Net sales	¥1,500.0 billion	(up 4.8% year-on-year)
Operating income	¥91.0 billion	(up 0.5% year-on-year)
Net income attributable to owners of the parent	¥55.0 billion	(up 2.0% year-on-year)

(Forecasts for the consolidated operating results-Full Year)

Net sales	¥3,100.0 billion	(up 2.8% year-on-year)
Operating income	¥190.0 billion	(up 5.9% year-on-year)
Net income attributable to owners of the parent	¥110.0 billion	(up 13.6% year-on-year)
Foreign exchange rates	115yen/US\$, 125yen/Euro, 1.85yen/Indian Rupee 0.90yen/100Indonesian Rupiah, 3.50yen/Thai Baht	

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

## 2. Liquidity and capital resources

### (1) Cash flow

Cash flow provided by operating activities for FY2014 amounted to ¥255.0 billion (¥322.9 billion was provided in the previous fiscal year), and ¥120.9 billion was used for the acquisition of property, plant and equipment etc. and others in the investment activities (¥286.6 billion was used in the previous fiscal year). As a result, free cash flow amounted to ¥134.1 billion of positive (¥36.3 billion of positive for the previous fiscal year). In financing activities, ¥84.5 billion was provided by net increase of long term loan and others (¥2.8 billion was provided in the previous fiscal year).

As a result, the balance of cash and cash equivalents at the end of FY2014 amounted to ¥932.3 billion and increased by ¥221.7 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 ¥194.5 billion of capital expenditures on various areas such as development of new model and research & development.

Capital expenditure project for the next fiscal year is ¥180.0 billion. The required fund will be covered mainly by our own funds and external financing if necessary.

## 3. Significant accounting policies

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

\* An amount less than 100 million yen has been rounded off in "Management Discussion and Analysis" section.

# Five-Year Summary

SUZUKI MOTOR CORPORATION

## CONSOLIDATED

Years ended 31 March	Millions of yen (except per share amounts)					Thousands of US dollars (except per share amounts)
	2015	2014	2013	2012	2011	2015
Net sales .....	<b>¥3,015,461</b>	¥2,938,314	¥2,578,317	¥2,512,186	¥2,608,217	<b>\$25,093,298</b>
Net income.....	<b>96,862</b>	107,484	80,389	53,887	45,174	<b>806,044</b>
Net income per share:						
Primary .....	<b>172.67</b>	191.60	143.31	96.06	80.65	<b>1.44</b>
Fully diluted .....	<b>172.63</b>	191.57	131.67	88.28	74.11	<b>1.44</b>
Cash dividends per share.....	<b>27.00</b>	24.00	18.00	15.00	13.00	<b>0.22</b>
Net assets .....	<b>1,701,390</b>	1,494,357	1,298,553	1,111,757	1,106,999	<b>14,158,199</b>
Total current assets.....	<b>2,008,729</b>	1,790,832	1,560,218	1,509,568	1,372,885	<b>16,715,730</b>
Total assets .....	<b>3,252,800</b>	2,874,074	2,487,635	2,302,439	2,224,344	<b>27,068,326</b>
Depreciation and amortization....	<b>134,377</b>	117,188	93,680	103,117	138,368	<b>1,118,228</b>

## NON-CONSOLIDATED

Years ended 31 March	Millions of yen (except per share amounts)					Thousands of US dollars (except per share amounts)
	2015	2014	2013	2012	2011	2015
Net sales .....	<b>¥1,663,147</b>	¥1,498,853	¥1,422,595	¥1,383,269	¥1,409,205	<b>\$13,839,954</b>
Net income.....	<b>51,248</b>	67,219	36,405	15,846	10,834	<b>426,463</b>
Net income per share:						
Primary .....	<b>91.34</b>	119.81	64.89	28.25	19.34	<b>0.76</b>
Fully diluted .....	<b>91.32</b>	119.79	59.64	25.98	17.80	<b>0.76</b>
Cash dividends per share.....	<b>27.00</b>	24.00	18.00	15.00	13.00	<b>0.22</b>
Net assets .....	<b>937,767</b>	859,224	761,353	703,292	691,207	<b>7,803,677</b>
Total current assets.....	<b>1,191,614</b>	1,070,668	921,352	921,669	818,964	<b>9,916,069</b>
Total assets .....	<b>2,096,545</b>	1,850,068	1,641,700	1,597,903	1,524,232	<b>17,446,495</b>
Depreciation and amortization....	<b>37,421</b>	33,605	35,626	38,532	61,265	<b>311,407</b>

Note: Yen amounts are translated into US dollars for convenience only, at ¥120.17 = US\$1, the prevailing exchange rate as of 31 March 2015.

# Consolidated Financial Statements

## Consolidated Balance Sheets

As of 31 March 2015 and 2014

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of US dollars
	2015	2014	2015
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents *NOTE 4 .....	¥ 932,261	¥ 710,611	\$ 7,757,854
Receivables:			
Notes and accounts receivables-trade *NOTE 4 .....	316,826	310,694	2,636,483
Allowance for doubtful accounts.....	(4,156)	(4,804)	(34,590)
Inventories.....	314,391	276,285	2,616,222
Deferred tax assets.....	115,015	105,064	957,109
Other.....	334,391	392,982	2,782,651
Total current assets.....	<u>2,008,729</u>	<u>1,790,832</u>	<u>16,715,730</u>
<b>Property, plant and equipment:</b>			
Land *NOTE 5.....	259,540	238,532	2,159,774
Buildings and structures *NOTE 5.....	403,922	385,797	3,361,255
Machinery, equipment, vehicles.....	1,280,563	1,120,381	10,656,269
Tools, furniture and fixtures.....	391,797	378,011	3,260,357
Construction in progress .....	70,456	96,560	586,310
	<u>2,406,280</u>	<u>2,219,283</u>	<u>20,023,967</u>
Accumulated depreciation.....	(1,610,388)	(1,524,862)	(13,400,915)
Total property, plant and equipment.....	<u>795,892</u>	<u>694,420</u>	<u>6,623,051</u>
<b>Investments and other assets:</b>			
Investment securities *NOTE 4 .....	341,325	270,329	2,840,355
Investments in affiliates *NOTE 4 .....	59,544	55,699	495,501
Assets for retirement benefits *NOTE 7 .....	1,860	15,862	15,484
Deferred tax assets.....	19,985	20,924	166,311
Other.....	25,462	26,005	211,889
Total investments and other assets .....	<u>448,179</u>	<u>388,821</u>	<u>3,729,543</u>
Total assets.....	<u>¥3,252,800</u>	<u>¥2,874,074</u>	<u>\$27,068,326</u>

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

	Millions of yen		Thousands of US dollars
	2015	2014	2015
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities:</b>			
Short-term loans payable <sup>*NOTE 4 and 5</sup> .....	¥ 177,805	¥ 197,413	\$ 1,479,615
Current portion of long-term loans payable <sup>*NOTE 4 and 5</sup> .....	104,145	38,748	866,650
Accounts payable-trade <sup>*NOTE 4</sup> .....	479,950	433,819	3,993,925
Income taxes payable .....	21,797	46,628	181,392
Accrued expenses <sup>*NOTE 4</sup> .....	181,217	171,274	1,508,005
Provision for product warranties.....	60,305	61,447	501,835
Deferred tax liabilities .....	6,190	967	51,517
Other <sup>*NOTE 5</sup> .....	121,188	106,634	1,008,479
Total current liabilities.....	<u>1,152,601</u>	<u>1,056,933</u>	<u>9,591,423</u>
<b>Noncurrent liabilities:</b>			
Long-term loans payable <sup>*NOTE 4 and 5</sup> .....	272,717	209,166	2,269,426
Liabilities for retirement benefits <sup>*NOTE 7</sup> .....	40,791	36,918	339,450
Provision for disaster .....	8,923	16,596	74,260
Deferred tax liabilities .....	43,766	29,179	364,208
Other <sup>*NOTE 5</sup> .....	32,609	30,923	271,357
Total noncurrent liabilities .....	<u>398,808</u>	<u>322,783</u>	<u>3,318,703</u>
Total liabilities .....	<u>1,551,409</u>	<u>1,379,717</u>	<u>12,910,126</u>
<b>Net assets:</b>			
<b>Shareholders' equity: <sup>*NOTE 11</sup></b>			
Capital stock:			
Common stock: Authorized-1,500,000,000 shares Issued, as of 31 March 2015 – 561,047,304.....	138,014	—	1,148,495
as of 31 March 2014 – 561,047,304.....	—	138,014	—
Capital surplus.....	144,364	144,364	1,201,337
Retained earnings .....	1,082,440	1,008,555	9,007,576
Treasury stock.....	(62)	(57)	(517)
Total shareholders' equity.....	<u>1,364,757</u>	<u>1,290,877</u>	<u>11,356,893</u>
<b>Accumulated other comprehensive income:</b>			
Valuation difference on available-for-sale securities .....	158,788	104,745	1,321,361
Deferred gains or losses on hedges.....	679	131	5,654
Foreign currency translation adjustment .....	(42,997)	(72,898)	(357,806)
Accumulated adjustment for retirement benefits .....	864	3,867	7,190
Total accumulated other comprehensive income .....	<u>117,333</u>	<u>35,846</u>	<u>976,399</u>
Subscription rights to shares <sup>*NOTE 14</sup> .....	250	168	2,088
Minority interests .....	219,048	167,464	1,822,818
Total net assets .....	<u>¥1,701,390</u>	<u>¥1,494,357</u>	<u>\$14,158,199</u>
Commitments and contingent liabilities <sup>*NOTE 15</sup> .....			
Total liabilities and net assets .....	<u>¥3,252,800</u>	<u>¥2,874,074</u>	<u>\$27,068,326</u>



**(Consolidated Statements of Comprehensive Income)**

Years ended 31 March 2015 and 2014

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of US dollars
	2015	2014	2015
<b>Income before minority interests</b> .....	<b>¥127,627</b>	¥127,489	<b>\$1,062,058</b>
<b>Other comprehensive income</b> *NOTE 12			
Valuation difference on available-for-sale securities .....	<b>57,734</b>	47,596	<b>480,437</b>
Deferred gains or losses on hedges.....	<b>587</b>	(1,196)	<b>4,884</b>
Foreign currency translation adjustment .....	<b>46,774</b>	27,555	<b>389,233</b>
Adjustment for retirement benefits .....	<b>(3,005)</b>	—	<b>(25,012)</b>
Share of other comprehensive income of associates accounted for using equity method .....	<b>3,489</b>	7,504	<b>29,038</b>
Total other comprehensive income .....	<b>105,579</b>	81,459	<b>878,581</b>
<b>Comprehensive income</b> .....	<b>233,206</b>	208,949	<b>1,940,639</b>
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent	<b>178,312</b>	187,105	<b>1,483,833</b>
Comprehensive income attributable to minority interests	<b>54,894</b>	21,844	<b>456,806</b>

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

## Consolidated Statements of Changes in Net Assets

Years ended 31 March 2015 and 2014

Millions of yen

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Thousands of shares of common stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total other comprehensive income	Subscription rights to shares	Minority interests
<b>Balance as of 31 March 2013</b>	<b>561,047</b>	<b>¥138,014</b>	<b>¥144,364</b>	<b>¥912,304</b>	<b>¥(86)</b>	<b>¥(47,642)</b>	<b>¥84</b>	<b>¥151,513</b>
Dividends from surplus ..	—	—	—	(11,220)	—	—	—	—
Net income .....	—	—	—	107,484	—	—	—	—
Purchase of treasury stock ..	—	—	—	—	(5)	—	—	—
Disposal of treasury stock ..	—	—	(13)	—	35	—	—	—
Transfer of loss on disposal of treasury stock ..	—	—	13	(13)	—	—	—	—
Net changes of items other than shareholders' equity .....	—	—	—	—	—	83,488	83	15,950
<b>Balance as of 31 March 2014</b>	<b>561,047</b>	<b>¥138,014</b>	<b>¥144,364</b>	<b>¥1,008,555</b>	<b>¥(57)</b>	<b>¥35,846</b>	<b>¥168</b>	<b>¥167,464</b>
Cumulative effects of changes in accounting policies .....	—	—	—	(8,118)	—	—	—	—
<b>Balance as of 31 March 2014 reflected changes in accounting policies</b>	<b>561,047</b>	<b>¥138,014</b>	<b>¥144,364</b>	<b>¥1,000,437</b>	<b>¥(57)</b>	<b>¥35,846</b>	<b>¥168</b>	<b>¥167,464</b>
Dividends from surplus ..	—	—	—	(13,464)	—	—	—	—
Net income .....	—	—	—	96,862	—	—	—	—
Effects of changes of fiscal year .....	—	—	—	(1,384)	—	—	—	—
Purchase of treasury stock ..	—	—	—	—	(30)	—	—	—
Disposal of treasury stock ..	—	—	(9)	—	25	—	—	—
Transfer of loss on disposal of treasury stock ..	—	—	9	(9)	—	—	—	—
Net changes of items other than shareholders' equity ..	—	—	—	—	—	81,487	81	51,583
<b>Balance as of 31 March 2015</b>	<b>561,047</b>	<b>¥138,014</b>	<b>¥144,364</b>	<b>¥1,082,440</b>	<b>¥(62)</b>	<b>¥117,333</b>	<b>¥250</b>	<b>¥219,048</b>

Thousands of US dollars

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Thousands of shares of common stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total other comprehensive income	Subscription rights to shares	Minority interests
<b>Balance as of 31 March 2014</b>	<b>561,047</b>	<b>\$1,148,495</b>	<b>\$1,201,337</b>	<b>\$8,392,738</b>	<b>\$(477)</b>	<b>\$298,296</b>	<b>\$1,405</b>	<b>\$1,393,565</b>
Cumulative effects of changes in accounting policies .....	—	—	—	(67,557)	—	—	—	—
<b>Balance as of 31 March 2014 reflected changes in accounting policies</b>	<b>561,047</b>	<b>\$1,148,495</b>	<b>\$1,201,337</b>	<b>\$8,325,181</b>	<b>\$(477)</b>	<b>\$298,296</b>	<b>\$1,405</b>	<b>\$1,393,565</b>
Dividends from surplus ..	—	—	—	(112,049)	—	—	—	—
Net income .....	—	—	—	806,044	—	—	—	—
Effects of changes of fiscal year .....	—	—	—	(11,521)	—	—	—	—
Purchase of treasury stock ..	—	—	—	—	(252)	—	—	—
Disposal of treasury stock ..	—	—	(77)	—	212	—	—	—
Transfer of loss on disposal of treasury stock .....	—	—	77	(77)	—	—	—	—
Net changes of items other than shareholders' equity ..	—	—	—	—	—	678,102	682	429,253
<b>Balance as of 31 March 2015</b>	<b>561,047</b>	<b>\$1,148,495</b>	<b>\$1,201,337</b>	<b>\$9,007,576</b>	<b>\$(517)</b>	<b>\$976,399</b>	<b>\$2,088</b>	<b>\$1,822,818</b>

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

## Consolidated Statements of Cash Flows

Years ended 31 March 2015 and 2014

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of US dollars
	2015	2014	2015
<b>Cash flows from operating activities</b>			
Income before income taxes.....	¥193,246	¥197,090	\$1,608,111
Depreciation and amortization .....	134,377	117,188	1,118,228
Impairment loss .....	969	1,029	8,067
Increase (decrease) in allowance for doubtful accounts	(867)	(699)	(7,216)
Interest and dividends income.....	(25,259)	(18,441)	(210,200)
Interest expenses .....	9,433	6,158	78,505
Foreign exchange losses (gains).....	4,804	6,718	39,981
Equity in (earnings) losses of affiliates.....	1,454	115	12,105
Loss (gain) on sales of property, plant and equipment ...	102	(290)	850
Decrease (increase) in notes and accounts receivable-trade	(9,242)	(49,559)	(76,914)
Decrease (increase) in inventories .....	(37,179)	(10)	(309,392)
Increase (decrease) in notes and accounts payable-trade	44,390	72,664	369,398
Increase (decrease) in accrued expenses .....	2,542	12,680	21,155
Other, net.....	15,838	7,126	131,804
Sub-total	334,611	351,772	2,784,485
Interest and dividends income received .....	25,347	18,999	210,933
Interest expenses paid .....	(8,108)	(5,646)	(67,475)
Income taxes paid .....	(96,813)	(42,209)	(805,640)
Net cash provided by (used in) operating activities	255,037	322,915	2,122,302
<b>Cash flows from investing activities</b>			
Payments into time deposits .....	(79,661)	(77,477)	(662,905)
Proceeds from withdrawal of time deposits.....	136,236	38,842	1,133,695
Purchases of short-term investment securities .....	(193,152)	(209,912)	(1,607,325)
Proceeds from sales of short-term investment securities	206,239	165,156	1,716,227
Purchases of property, plant and equipment .....	(192,694)	(204,739)	(1,603,516)
Other, net.....	2,123	1,570	17,674
Net cash provided by (used in) investing activities	(120,909)	(286,559)	(1,006,149)
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term loans payable.....	(26,353)	24,691	(219,297)
Proceeds from long-term loans payable .....	173,000	30,000	1,439,627
Repayment of long-term loans payable .....	(45,191)	(38,488)	(376,066)
Purchase of treasury stock.....	(30)	(5)	(252)
Cash dividends paid .....	(13,466)	(11,219)	(112,062)
Cash dividends paid to minority shareholders.....	(3,456)	(2,133)	(28,765)
Other, net.....	(28)	(35)	(236)
Net cash provided by (used in) financing activities	84,472	2,809	702,945
Effect of exchange rate changes on cash and cash equivalents	5,042	10,342	41,962
Net increase (decrease) in cash and cash equivalents	223,643	49,508	1,861,060
Cash and cash equivalents at beginning of period	710,611	661,102	5,913,381
Increase (decrease) in cash and cash equivalents resulting from change of fiscal year of subsidiaries	(2,039)	—	(16,969)
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	45	—	382
Cash and cash equivalents at end of period *NOTE 10	¥932,261	¥710,611	\$7,757,854

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

## Notes to Consolidated Financial Statements

### NOTE 1: Basis of presenting consolidated financial statements

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

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

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

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

As permitted, an amount of less than one million yen has been omitted. For the convenience of readers, the consolidated financial statements, including the opening balance of shareholders' equity, have been presented in US dollars by translating all Japanese yen amounts on the basis of 120.17 to US\$1, the rate of exchange prevailing as of 31 March 2015. Consequently, the totals shown in the consolidated financial statements (both in yen and in US dollars) do not necessarily agree with the sum of the individual amounts.

### NOTE 2: Summary of significant accounting policies

#### (a) Principles of consolidation

The consolidated financial statements for the years ended 31 March 2015 and 2014, include the accounts of The Group. And the numbers of consolidated subsidiaries are both 133. 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.

Consolidated subsidiaries that settled the account in 31 December without provisional account settlement as of consolidated account settlement date were consolidated with the financial statements based on their financial statements as of 31 December and made necessary adjustments for consolidation regarding important transactions that occurred between 31 December and consolidated account settlement date.

From this consolidated fiscal year, Suzuki Motor Iberica, S.A.U. and other 5 subsidiaries have changed the settlement date from 31 December to 31 March and Suzuki Motor (Thailand) Co., Ltd. and other 16 subsidiaries have been consolidated based on the financial statements of provisional account as of consolidated account settlement date. As a result, subsidiary which has been consolidated based on the financial statements as of 31 December is 1 subsidiary.

With regard to these changing mentioned above, the net income (loss) of three months from 1 January to 31 March 2014 has been recognized in retained earnings.

As a result, retained earnings decreased by ¥1,384 million from the beginning of this consolidated fiscal year.

The account settlement date of Magyar Suzuki Corporation Ltd. and other 4 subsidiaries is 31 December, but they are continuously consolidated based on the financial statements of provisional account settlement as of 31 March.

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

#### (b) Allowance for doubtful accounts

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

#### (c) Allowance for investment loss

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

#### (d) Provision for product warranties

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

#### (e) Provision for directors' bonuses

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

#### (f) Provision for directors' retirement benefits

The amount to be paid at the end of fiscal year had been posted pursuant to The Company's regulations on the retirement allowance of Directors and Company Auditors. However, The Company's retirement benefit system for them was abolished at the closure of the Ordinary General Meeting of Shareholders held on 29 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.

**(g) 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.

**(h) 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.

**(i) Provision for recycling expenses**

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

**(j) Short-term investment securities and Investment securities**

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

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

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

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

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

**(k) Hedge accounting**

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

If foreign currency forward contracts meet certain criteria, exceptional hedge accounting is applied and these contracts are handled together with hedged items. If interest rate swap contracts meet certain criteria, special exceptional hedge accounting is applied and these contracts are handled together with hedged items. If cross currency interest rate swap contracts meet certain criteria, integration method (special exceptional method and exceptional method) is applied and these contracts are handled together with hedged items.

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

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

**(l) Foreign currency translation**

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

Assets and liabilities of the foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the balance sheet date.

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

**(m) 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).

**(n) 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.

**(o) 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 to The Company and its domestic wholly owned subsidiaries since the fiscal year ended 31 March 2012.

**(p) Retirement benefits**

With regard to calculation of retirement benefit obligations, benefit formula basis method was used to attribute expected benefit to period up to the end of this fiscal year. With regard to past service costs, they are treated as expense on a straight-line basis over the certain years within the period of average length of employees' remaining service years at the time when it occurs. As for the actuarial gain or loss, the amounts, prorated on a straight-line basis over the certain years within the period of average length of employees' remaining service years in each year in which the differences occur, are respectively treated as expenses from the next term of the year in which they arise. Retirement benefit cost and retirement benefit obligation are calculated based on the actuarial assumptions, which include discount rate, assumed return of investment ratio, revaluation ratio, salary rise ratio, retirement ratio and mortality ratio. Discount rate is decided on the basis of yield on low-risk, long-term bonds, and assumed return of investment ratio is decided based on the investment policies of pension assets of each pension system etc. Decreased yield on long-term bond leads to a decrease in discount rate and has an adverse influence on the calculation of retirement benefit cost. However, the pension system adopted by The Company has a cash balance type plan, and thus the revaluation ratio, which is one of the base ratios, can reduce adverse effects caused by a decrease in the discount rate. If the investment yield of pension assets is less than the assumed return of investment ratio, it will have an adverse effect on the calculation of retirement benefit cost. But by focusing on low-risk investments, this influence should be minimal in the case of the pension fund systems of The Company and its subsidiaries.

**(q) Net income per share**

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

**(r) Cash and cash equivalents**

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

**(s) Reclassification**

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

**NOTE 3: Changes in accounting policies**

**(a) Application of accounting standard for retirement benefits**

Body text stipulated in article 35 of the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No.26 of 17 May 2012) and article 67 of the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25 of 26 March 2015) have been applied from this consolidated fiscal year.

The revision of the calculation method for retirement benefit obligations and service costs, with the changing method of attributing benefits to accounting periods from the straight-line basis method to the benefit formula basis, and the changing method of determination of the discount rate from the method of determination the bonds period by using the approximate number of years of the average remaining service period of employees which is based on determination of the discount rate to a single weighted average discount rate reflecting the estimated timing and amount of benefit payment, have been applied from this consolidated fiscal year.

In accordance with transitional accounting as stipulated in article 37 of the Accounting Standard for Retirement Benefits, the effect of the changes in accounting policies arising from initial application is recognized in retained earnings from the beginning of this consolidated fiscal year.

As a result, assets for retirement benefits decreased by ¥10,357 million, liabilities for retirement benefits increased by ¥1,885 million and retained earnings decreased by ¥8,118 million from the beginning of this consolidated fiscal year. Influences by the above-mentioned on operating income and income before income taxes for this consolidated fiscal year are insignificant.

**(b) New accounting standards not yet applied**

- Accounting Standard for Business Combinations (ASBJ Statement No.21 of 13 September 2013)
- Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22 of 13 September 2013)
- Accounting Standard for Business Divestitures (ASBJ Statement No.7 of 13 September 2013)
- Accounting Standard for Earnings Per Share (ASBJ Statement No.2 of 13 September 2013)
- Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10 of 13 September 2013)
- Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No.4 of 13 September 2013)

**a. Overview**

The accounting methods for difference arising from a change in ownership interest in a subsidiary when the Company continues to have control because of additional acquisition of shares of the subsidiary, treatment of acquisition-related costs, expression of net income, etc. and expression of minority interests to non-controlling interests, provisional accounting treatments and others have been revised.

**b. Application date**

These accounting standards will be applied from the beginning of the consolidated fiscal year on and after 1 April 2015. Provisional accounting treatments will be applied to business combinations to be performed on and after 1 April 2015.

**c. Effect of applying accounting standard**

The effect in the consolidated financial statements as a result of the adoption of these accounting standards is currently unconfirmed.

**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. Basically, accounts payable-trade is 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 or cross currency interest rate swaps for the risks of fluctuation in interest rate and exchange rate of some long-term borrowings.

Objectives of derivative transactions are foreign currency forward contracts to hedge the risks of exchange rate fluctuations related to receivables denominated in foreign currencies, interest rate swaps to hedge the risks of fluctuations in interest rate related to borrowings, and cross currency interest rate swaps to hedge the risk of fluctuation in exchange rate and interest rate related to borrowings. The Group executes and manages derivatives within the actual demand in line with our rules and regulations which set out the authority to trade. In addition, in using derivatives, The Group deals with financial institutions which have high credit grade in order to reduce credit risks. With respect to hedge accounting, also please see Note 2 (k).

In addition, each company of The Group 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 31 March 2015 and 2014 were as follows. Financial instruments whose fair value cannot be reliably determined are not included in the below table.

Millions of yen

	2015			2014		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Cash and deposits	<b>¥457,513</b>	<b>¥457,513</b>	<b>¥ —</b>	¥358,851	¥358,851	¥ —
Notes and accounts receivables-trade	<b>316,826</b>	<b>318,567</b>	<b>1,741</b>	310,694	311,221	527
Short-term investment securities and Investment securities						
Available-for-sale securities	<b>1,007,347</b>	<b>1,007,347</b>	<b>—</b>	863,514	863,514	—
Investments in affiliates	<b>616</b>	<b>669</b>	<b>52</b>	513	252	(261)
Total of assets	<b>1,782,304</b>	<b>1,784,098</b>	<b>1,794</b>	1,533,573	1,533,838	265
Accounts payable-trade	<b>479,950</b>	<b>479,950</b>	<b>—</b>	433,819	433,819	—
Short-term loans payable	<b>177,805</b>	<b>177,805</b>	<b>—</b>	197,413	197,413	—
Current portion of long-term loans payable	<b>104,145</b>	<b>103,768</b>	<b>377</b>	38,748	38,779	(31)
Accrued expenses	<b>181,217</b>	<b>181,217</b>	<b>—</b>	171,274	171,274	—
Long-term loans payable	<b>272,717</b>	<b>268,346</b>	<b>4,370</b>	209,166	207,874	1,291
Total of liabilities	<b>1,215,834</b>	<b>1,211,087</b>	<b>4,747</b>	1,050,421	1,049,160	1,260
Derivatives						
Hedge accounting is applied	<b>1,072</b>	<b>1,072</b>	<b>—</b>	51	51	—
Hedge accounting is not applied	<b>1,603</b>	<b>1,603</b>	<b>—</b>	1,160	1,160	—

Thousands of US dollars

	2015		
	Carrying amount	Fair value	Difference
Cash and deposits	<b>\$3,807,223</b>	<b>\$3,807,223</b>	<b>\$ —</b>
Notes and accounts receivables-trade	<b>2,636,483</b>	<b>2,650,976</b>	<b>14,492</b>
Short-term investment securities and Investment securities			
Available-for-sale securities	<b>8,382,687</b>	<b>8,382,687</b>	<b>—</b>
Investments in affiliates	<b>5,131</b>	<b>5,572</b>	<b>440</b>
Total of assets	<b>14,831,524</b>	<b>14,846,458</b>	<b>14,933</b>
Accounts payable-trade	<b>3,993,925</b>	<b>3,993,925</b>	<b>—</b>
Short-term loans payable	<b>1,479,615</b>	<b>1,479,615</b>	<b>—</b>
Current portion of long-term loans payable	<b>866,650</b>	<b>863,511</b>	<b>3,139</b>
Accrued expenses	<b>1,508,005</b>	<b>1,508,005</b>	<b>—</b>
Long-term loans payable	<b>2,269,426</b>	<b>2,233,061</b>	<b>36,365</b>
Total of liabilities	<b>10,117,623</b>	<b>10,078,119</b>	<b>39,504</b>
Derivatives			
Hedge accounting is applied	<b>8,922</b>	<b>8,922</b>	<b>—</b>
Hedge accounting is not applied	<b>13,339</b>	<b>13,339</b>	<b>—</b>

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

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

## Assets:

## a. Cash and deposits

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

## b. Notes and accounts receivables-trade

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

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

## c. Short-term investment securities and Investment securities

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

## Liabilities:

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

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

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

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

## Derivatives:

Please refer to Note 4 (d) Derivative transactions.

## \*2. Financial instruments whose fair value cannot be reliably determined as of 31 March 2015 and 2014

	Millions of yen		Thousands of US dollars
	2015	2014	2015
<b>Available-for-sale securities</b>			
Unlisted stock other than stocks of affiliates	<b>¥18,748</b>	¥18,747	<b>\$156,013</b>
Unlisted stock of affiliates .....	<b>23,084</b>	17,077	<b>192,098</b>
Others .....	<b>119</b>	557	<b>997</b>

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

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

Millions of yen

	2015			2014		
	Within 1 year	Over 1 year, Within 5 years	Over 5 years, Within 10 years	Within 1 year	Over 1 year, Within 5 years	Over 5 years, Within 10 years
Cash and deposits	¥ 457,513	¥ —	¥ —	¥ 358,851	¥ —	¥ —
Notes and accounts receivables- trade	241,373	75,017	435	249,336	60,831	526
Securities and investment securities with maturities	685,647	—	—	612,489	—	—
Total	¥1,384,534	¥75,017	¥435	¥1,220,677	¥60,831	¥526

Thousands of US dollars

	2015		
	Within 1 year	Over 1 year, Within 5 years	Over 5 years, Within 10 years
Cash and deposits	\$ 3,807,223	\$ —	\$ —
Notes and accounts receivables- trade	2,008,598	624,264	3,619
Securities and investment securities with maturities	5,705,647	—	—
Total	\$11,521,469	\$624,264	\$3,619

## (c) Securities

## a. Available-for-sale securities with market value as of 31 March 2015 and 2014

	Millions of yen					
	2015			2014		
	Acquisition cost	Carrying Amount	Difference	Acquisition cost	Carrying Amount	Difference
Securities for which the carrying amount exceeds the acquisition costs						
Stocks.....	¥ 93,769	¥ 320,628	¥ 226,859	¥ 91,865	¥250,014	¥158,148
Bonds.....	—	—	—	—	—	—
Others.....	249,238	263,329	14,090	175,441	181,767	6,325
Sub-Total	¥343,008	¥ 583,957	¥ 240,949	¥267,307	¥431,782	¥164,474
Securities for which the carrying amount does not exceed the acquisition costs						
Stocks.....	¥ 1,549	¥ 1,191	¥ (358)	¥ 1,928	¥ 1,567	¥ (361)
Bonds.....	—	—	—	5,000	5,000	—
Others.....	422,198	422,198	—	425,164	425,164	—
Sub-Total	¥423,748	¥ 423,389	¥ (358)	¥432,093	¥431,732	¥ (361)
Total	¥766,756	¥1,007,347	¥ 240,591	¥699,401	¥863,514	¥164,113

	Thousands of US dollars		
	2015		
	Acquisition cost	Carrying Amount	Difference
Securities for which the carrying amount exceeds the acquisition costs			
Stocks.....	\$ 780,304	\$ 2,668,124	\$ 1,887,819
Bonds.....	—	—	—
Others.....	2,074,052	2,191,308	117,255
Sub-Total	\$ 2,854,357	\$ 4,859,432	\$ 2,005,075
Securities for which the carrying amount does not exceed the acquisition costs			
Stocks.....	\$ 12,898	\$ 9,913	\$ (2,984)
Bonds.....	—	—	—
Others.....	3,513,341	3,513,341	—
Sub-Total	\$ 3,526,239	\$3,523,254	\$ (2,984)
Total	\$ 6,380,596	\$ 8,382,687	\$ 2,002,090

## b. Available-for-sale securities sold during 2015 and 2014

	Millions of yen		Thousands of US dollars
	2015	2014	2015
	Amounts sold .....	¥206,255	¥165,779
Gains on sales of available-for-sale securities .....	—	17	—
Loss on sales of available-for-sale securities .....	—	0	—

## (d) Derivative transactions

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

## a. Derivative transactions to which hedge accounting is not applied as of 31 March 2015 and 2014

Currency related transactions (non-market transactions)

Millions of yen

Type	2015				2014			
	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								
Buying								
USD	¥ 3,746	—	¥394	¥394	¥17,687	—	¥(142)	¥(142)
EUR	1,694	—	(16)	(16)	—	—	—	—
JPY	14,550	—	(43)	(43)	11,405	—	(262)	(262)
Total	¥19,990	—	¥333	¥333	¥29,093	—	¥(404)	¥(404)

Thousands of US dollars

Type	2015			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Foreign currency forward contracts				
Buying				
USD	\$31,175	—	\$3,279	\$3,279
EUR	14,098	—	(138)	(138)
JPY	121,079	—	(362)	(362)
Total	\$166,352	—	\$2,778	\$2,778

Interest and currency related transactions (non-market transactions)

Millions of yen

Type	2015				2014			
	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 swap								
Pay fixed								
receive floating								
Pay PHP								
receive USD	¥ —	¥ —	¥ —	¥ —	¥1,200	¥ —	¥ 84	¥ 84
Cross currency interest rate swap								
Pay floating								
receive floating								
Pay INR								
receive USD	5,568	2,784	1,323	1,323	7,153	4,769	1,536	1,536
Pay fixed								
receive floating								
Pay IDR								
receive USD	12,017	12,017	0	0	—	—	—	—
Pay fixed								
receive floating								
Pay IDR								
receive JPY	10,000	10,000	(0)	(0)	—	—	—	—
Total	¥27,585	¥24,801	¥1,323	¥1,323	¥8,353	¥4,769	¥1,620	¥1,620

Thousands of US dollars

Type	2015			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Cross currency interest rate swap Pay floating receive floating Pay INR receive USD	<b>\$ 46,340</b>	<b>\$ 23,170</b>	<b>\$11,012</b>	<b>\$11,012</b>
Pay fixed receive floating Pay IDR receive USD	<b>100,000</b>	<b>100,000</b>	<b>0</b>	<b>0</b>
Pay fixed receive floating Pay IDR receive JPY	<b>83,215</b>	<b>83,215</b>	<b>(0)</b>	<b>(0)</b>
Total	<b>\$229,555</b>	<b>\$206,385</b>	<b>\$11,012</b>	<b>\$11,012</b>

Commodity-related transactions (market transactions)

Millions of yen

Type	2015				2014			
	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	<b>¥1,304</b>	—	<b>¥(54)</b>	<b>¥(54)</b>	¥4,545	—	¥(55)	¥(55)
Total	<b>¥1,304</b>	—	<b>¥(54)</b>	<b>¥(54)</b>	¥4,545	—	¥(55)	¥(55)

Thousands of US dollars

Type	2015			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Commodity Futures contract Buying	<b>\$10,854</b>	—	<b>\$(450)</b>	<b>\$(450)</b>
Total	<b>\$10,854</b>	—	<b>\$(450)</b>	<b>\$(450)</b>

Earthquake-related transactions

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

## b. Derivative transactions to which hedge accounting is applied as of 31 March 2015 and 2014

## Currency related transactions

Millions of yen

Type	2015			2014		
	Contract/ notional amount	Amount due after one year	Fair value	Contract/ notional amount	Amount due after one year	Fair value
Foreign currency forward contracts (Principle hedge accounting)						
Selling (Principal hedged item: Account receivable-trade)						
USD	¥ 8,034	—	¥ 42	¥ 3,847	—	¥ (35)
EUR	21,695	—	1,012	1,367	—	(7)
CAD	414	—	11	80	—	0
AUD	4,528	—	141	3,265	—	(95)
NZD	1,236	—	3	1,256	—	(40)
GBP	40	—	1	221	—	(1)
MXN	1,518	—	14	827	—	(6)
Buying (Principal hedged item: Account payable-trade)						
USD	—	—	—	70	—	2
EUR	11,083	—	(88)	7,225	—	(3)
Foreign currency forward contracts (Exceptional hedge accounting)						
Selling (Principal hedged item: Account receivable-trade)						
USD	—	—	*	616	—	*
EUR	19,354	—	*	8,947	—	*
CAD	51	—	*	15	—	*
AUD	2,883	—	*	2,039	—	*
NZD	375	—	*	350	—	*
GBP	40	—	*	301	—	*
MXN	492	—	*	691	—	*
CNY	720	—	*	56	—	*
Buying (Principal hedged item: Account payable-trade)						
USD	3,649	—	*	—	—	*
EUR	2,726	—	*	679	—	*
JPY	895	—	*	—	—	*
Total	¥79,742	—	¥1,139	¥31,862	—	¥(188)

Thousands of US dollars

Type	2015		
	Contract/ notional amount	Amount due after one year	Fair value
Foreign currency forward contracts (Principle hedge accounting)			
Selling (Principal hedged item: Account receivable-trade)			
USD	\$ 66,856	—	\$ 354
EUR	180,537	—	8,424
CAD	3,447	—	95
AUD	37,687	—	1,180
NZD	10,292	—	25
GBP	334	—	10
MXN	12,635	—	124
Buying (Principal hedged item: Account payable-trade)			
EUR	92,235	—	(734)
Foreign currency forward contracts (Exceptional hedge accounting)			
Selling (Principal hedged item: Account receivable-trade)			
EUR	161,061	—	*
CAD	426	—	*
AUD	23,995	—	*
NZD	3,126	—	*

GBP	336	—	*
MXN	4,101	—	*
CNY	5,993	—	*
Buying (Principal hedged item: Account payable-trade)			
USD	30,370	—	*
EUR	22,688	—	*
JPY	7,454	—	*
Total	\$663,581	—	\$9,481

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

## Interest and currency related transactions

Millions of yen

Type	Principal hedged item	2015			2014		
		Contract/ notional amount	Amount due after one year	Fair value	Contract/ notional amount	Amount due after one year	Fair value
Interest rate swap (Principle hedge accounting)							
Pay fixed receive floating	Long-term debt	¥ 63,500	¥ 63,500	¥(32)	¥ —	¥ —	¥ —
Cross currency interest rate swap (Principle hedge accounting)							
Pay fixed receive floating Pay JPY receive USD	Long-term debt	—	—	—	121,243	121,243	(73)
Pay fixed receive floating Pay IDR receive USD		8,919	4,026	(18)	3,782	2,319	2
Pay fixed receive floating Pay THB receive USD		14,962	14,962	(16)	12,940	12,940	311
Cross currency interest rate swap (Integration hedge accounting)							
Pay fixed receive floating Pay JPY receive USD	Long-term debt	98,000	98,000	*	—	—	—
Pay fixed receive floating Pay CNY receive JPY	Long-term debt	243	243	*	—	—	—
Pay fixed receive floating Pay INR receive USD	receivable	2,913	2,913	*	—	—	—
Total		¥188,538	¥183,645	¥(67)	¥137,965	¥136,502	¥240

Thousands of US dollars

Type	Principal hedged item	2015		
		Contract/ notional amount	Amount due after one year	Fair value
Interest rate swap (Principle hedge accounting)				
Pay fixed receive floating	Long-term debt	\$528,418	\$528,418	\$ (274)
Cross currency interest rate swap (Principle hedge accounting)				
Pay fixed receive floating Pay IDR receive USD	Long-term debt	74,225	33,506	(149)

Pay fixed receive floating Pay THB receive USD	Long-term debt	<b>124,507</b>	<b>124,507</b>	<b>(135)</b>
Cross currency interest rate swap (Integration hedge accounting)				
Pay fixed receive floating Pay JPY receive USD	Long-term debt	<b>815,511</b>	<b>815,511</b>	*
Pay fixed receive floating Pay CNY receive JPY	Long-term debt	<b>2,022</b>	<b>2,022</b>	*
Pay fixed receive floating Pay INR receive USD	receivable	<b>24,248</b>	<b>24,248</b>	*
Total		<b>\$1,568,932</b>	<b>\$1,528,214</b>	<b>\$(559)</b>

\* Because these cross currency interest rate swap transactions are handled together with hedged items, their fair values are included in that of hedged items.

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

Short-term debt as of 31 March 2015 and 2014 were as follows. The annual interest rates of short-term debt as of 31 March 2015 were from **0.15** percent to **10.5** percent.

	Millions of yen		Thousands of US dollars
	<b>2015</b>	2014	<b>2015</b>
Short-term loans payable and current portion of Long-term loans payable			
Unsecured .....	<b>¥281,950</b>	¥236,161	<b>\$2,346,265</b>
Lease obligations due within one year .....	<b>43</b>	46	<b>365</b>
	<b>¥281,994</b>	¥236,207	<b>\$2,346,631</b>

Long-term debt as of 31 March 2015 and 2014 were as follows:

	Millions of yen		Thousands of US dollars
	<b>2015</b>	2014	<b>2015</b>
Long-term loans payable maturing through 2020			
Secured .....	<b>¥ —</b>	¥ 236	<b>\$ —</b>
Unsecured .....	<b>272,717</b>	208,930	<b>2,269,426</b>
Lease obligations due more than one year .....	<b>49</b>	72	<b>408</b>
Other interest-bearing debts (Long-term guarantee deposited)	<b>13,731</b>	13,655	<b>114,270</b>
	<b>¥286,497</b>	¥222,894	<b>\$2,384,104</b>

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

The aggregate annual maturities of long-term debt, excluding other interest-bearing debt, outstanding as of 31 March 2015 were as follows:

<u>Year ending 31 March</u>	<u>Millions of yen</u>	<u>Thousands of US dollars</u>
2017 .....	<b>¥ 46,879</b>	<b>\$ 390,108</b>
2018 .....	<b>90,725</b>	<b>754,975</b>
2019 .....	<b>50,160</b>	<b>417,413</b>
2020 .....	<b>8,000</b>	<b>66,577</b>
Thereafter .....	<b>77,000</b>	<b>640,758</b>
	<b>¥272,766</b>	<b>\$2,269,834</b>

Assets pledged as collateral as of 31 March 2015:

	<u>Millions of yen</u>	<u>Thousands of US dollars</u>
Buildings and structures .....	<b>¥643</b>	<b>\$5,352</b>
Land .....	<b>97</b>	<b>807</b>
	<b>¥740</b>	<b>\$6,160</b>

Secured liabilities as of 31 March 2015:

	<u>Millions of yen</u>	<u>Thousands of US dollars</u>
Others (noncurrent liabilities) .....	<b>¥448</b>	<b>\$3,734</b>

#### NOTE 6: Loan commitment

The Company has the commitment line contract with five banks for effective financing. The outstanding balance of this contract as of 31 March 2015 and 2014 were as follows:

	<u>Millions of yen</u>		<u>Thousands of US dollars</u>
	<b>2015</b>	2014	<b>2015</b>
Commitment line contract total .....	<b>¥200,000</b>	¥200,000	<b>\$1,664,308</b>
Actual loan balance .....	—	—	—
Variance	<b>¥200,000</b>	¥200,000	<b>\$1,664,308</b>

**NOTE 7: Retirement and severance benefit**

(Year ended 31 March 2014)

**1 Outline of adopted retirement benefit systems**

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

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

**2 Defined benefit plan****(a) Reconciliation of retirement benefit obligation from the opening balance to the closing balance**

	Millions of yen
Opening balance of retirement benefit obligation	<b>¥108,739</b>
Service cost	<b>6,024</b>
Interest cost	<b>2,199</b>
Actuarial differences arised in current fiscal year	<b>(611)</b>
Retirement allowance paid	<b>(4,940)</b>
Past service cost arised in current fiscal year	<b>159</b>
Others	<b>(475)</b>
Closing balance of retirement benefit obligation	<b>¥111,096</b>

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

	Millions of yen
Opening balance of pension assets	<b>¥83,842</b>
Expected return on pension assets	<b>825</b>
Actuarial differences arised in current fiscal year	<b>808</b>
Contribution from employers	<b>8,028</b>
Retirement allowance paid	<b>(3,512)</b>
Others	<b>48</b>
Closing balance of pension assets	<b>¥90,040</b>

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

	Millions of yen
Defined benefit obligation of funded severance plan	<b>¥82,668</b>
Plan asset	<b>(90,040)</b>
	<b>(7,371)</b>
Defined benefit obligation of unfunded severance plan	<b>28,427</b>
Net amount of liability and asset for retirement benefits recognized in consolidated balance sheet	<b>¥21,056</b>
Liability for retirement benefits	<b>¥36,918</b>
Asset for retirement benefits	<b>(15,862)</b>
Net amount of liability and asset for retirement benefits recognized in consolidated balance sheet	<b>¥21,056</b>

**(d) Breakdown of retirement benefit expenses**

	Millions of yen
Service cost	<b>¥6,024</b>
Interest cost	<b>2,199</b>
Expected return on plan assets	<b>(825)</b>
Recognition of actuarial gains and losses	<b>527</b>
Amortization of past service cost	<b>(636)</b>
Others	<b>(656)</b>
Total amount of retirement benefit expenses for defined benefit plans	<b>¥6,633</b>

## (e) Accumulated adjustment for retirement benefit

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

	Millions of yen
Unrecognized past service cost	<b>¥3,276</b>
Unrecognized actuarial gains and losses	<b>2,742</b>
Total	<b>¥6,018</b>

## (f) Plan assets

## a. Major breakdown of pension assets

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

Debt securities	<b>51.1%</b>
General account of life insurance companies	<b>38.0%</b>
Others	<b>10.9%</b>
Total	<b>100.0%</b>

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

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

## (g) Actuarial assumptions

Discount rate	<b>2.00%</b>
Expected long-term return on pension assets	<b>0.82%</b>

## 3 Defined contribution plan

Contribution to defined contribution plan by The Company and consolidated subsidiaries was 216 million yen.

(Year ended 31 March 2015)

## 1. Outline of adopted retirement benefit systems

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

## 2. Defined benefit plan

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

	Millions of yen	Thousands of US dollars
Opening balance of retirement benefit obligation	<b>¥111,096</b>	<b>\$ 924,494</b>
Cumulative effects of changes in accounting	<b>12,243</b>	<b>101,882</b>
Opening balance reflected changes in accounting	<b>¥123,339</b>	<b>\$1,026,377</b>
Service cost	<b>6,638</b>	<b>55,245</b>
Interest cost	<b>1,681</b>	<b>13,994</b>
Actuarial differences arised in current fiscal year	<b>886</b>	<b>7,378</b>
Retirement allowance paid	<b>(4,751)</b>	<b>(39,542)</b>
Past service cost arised in current fiscal year	<b>5,322</b>	<b>44,294</b>
Others	<b>301</b>	<b>2,505</b>
Closing balance of retirement benefit obligation	<b>¥133,418</b>	<b>\$1,110,251</b>

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

	Millions of yen	Thousands of US dollars
Opening balance of pension assets	<b>¥90,040</b>	<b>\$749,273</b>
Expected return on pension assets	<b>1,000</b>	<b>8,322</b>
Actuarial differences arised in current fiscal year	<b>454</b>	<b>3,785</b>
Contribution from employers	<b>5,905</b>	<b>49,142</b>
Retirement allowance paid	<b>(3,364)</b>	<b>(27,993)</b>
Others	<b>451</b>	<b>3,755</b>
Closing balance of pension assets	<b>¥94,487</b>	<b>\$786,285</b>

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

	Millions of yen	Thousands of US dollars
Defined benefit obligation of funded severance plan	<b>¥95,065</b>	<b>\$791,090</b>
Plan asset	<b>(94,487)</b>	<b>(786,285)</b>
	<b>577</b>	<b>4,804</b>
Defined benefit obligation of unfunded severance plan	<b>38,353</b>	<b>319,161</b>
Net amount of liability and asset for retirement benefits recognized in consolidated balance sheet	<b>¥38,930</b>	<b>\$323,965</b>
Liability for retirement benefits	<b>¥40,791</b>	<b>\$339,450</b>
Asset for retirement benefits	<b>(1,860)</b>	<b>(15,484)</b>
Net amount of liability and asset for retirement benefits recognized in consolidated balance sheet	<b>¥38,930</b>	<b>\$323,965</b>

## (d) Breakdown of retirement benefit expenses

	Millions of yen	Thousands of US dollars
Service cost	<b>¥6,638</b>	<b>\$55,245</b>
Interest cost	<b>1,681</b>	<b>13,994</b>
Expected return on plan assets	<b>(1,000)</b>	<b>(8,322)</b>
Recognition of actuarial gain and losses	<b>992</b>	<b>8,262</b>
Amortization of past service cost	<b>117</b>	<b>981</b>
Others	<b>46</b>	<b>384</b>
Total amount of retirement benefit expenses for defined benefit plans	<b>¥8,477</b>	<b>\$70,546</b>

## (e) Adjustment for retirement benefit

Breakdown of adjustment for retirement benefit recognized were as follows:

	Millions of yen	Thousands of US dollars
Past service cost	<b>¥(5,140)</b>	<b>\$(42,780)</b>
Actuarial gains and losses	<b>616</b>	<b>5,129</b>
Total	<b>¥(4,524)</b>	<b>\$(37,650)</b>

## (f) Accumulated adjustment for retirement benefit

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

	Millions of yen	Thousands of US dollars
Unrecognized past service cost	<b>¥(1,864)</b>	<b>\$(15,513)</b>
Unrecognized actuarial gains and losses	<b>3,344</b>	<b>27,828</b>
Total	<b>¥1,479</b>	<b>\$12,314</b>

**(g) Plan assets**

## a. Major breakdown of pension assets

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

Debt securities	<b>49.0%</b>
General account of life insurance companies	<b>37.9%</b>
Others	<b>13.1%</b>
Total	<b>100.0%</b>

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

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

**(h) Actuarial assumptions**

Discount rate	<b>1.12%</b>
Expected long-term return on pension assets	<b>0.88%</b>

**3. Defined contribution plan**

Contribution to defined contribution plan by The Company and consolidated subsidiaries was 231 million yen (1,926 thousand US dollars).

**NOTE 8: Income taxes**

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

	Millions of yen		Thousands of US dollars
	2015	2014	2015
<b>Deferred tax assets</b>			
Impairment loss and Excess-depreciation .....	¥ 57,418	¥ 59,105	\$ 477,811
Various reserves .....	37,254	39,548	310,017
Unrealized profits elimination .....	24,197	20,876	201,359
Loss on valuation of securities .....	14,265	12,254	118,713
Deferred assets .....	3,579	3,367	29,787
Others .....	75,362	82,757	627,134
Deferred tax assets sub-total .....	212,078	217,910	1,764,824
Valuation allowance .....	(39,996)	(54,930)	(332,832)
Deferred tax assets total .....	¥172,082	¥162,980	\$1,431,991
<b>Deferred tax liabilities</b>			
Valuation difference on available-for-sale securities .....	¥(76,700)	¥ (56,219)	\$(638,265)
Variance from the complete market value method of consolidated subsidiaries .....	(5,811)	(5,243)	(48,357)
Reserve for advanced depreciation of noncurrent assets ...	(3,450)	(3,603)	(28,713)
Others .....	(1,076)	(2,071)	(8,959)
Deferred tax liabilities total .....	(87,038)	(67,138)	(724,296)
Net amounts of deferred tax assets .....	¥ 85,043	¥ 95,841	\$ 707,695

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

	2015	2014
Statutory tax rate .....	—	37.2%
Effect of change of tax rate .....	—	3.1%
Tax credit .....	—	(3.3%)
Tax rate difference (consolidated overseas subsidiaries)	—	(2.0%)
Others .....	—	0.3%
Effective tax rate .....	—	35.3%

\* For the year ended 31 March 2015, notes have been omitted as the difference between the statutory tax rate and the effective tax rate after adoption of tax effect accounting was less than 5% of the statutory tax rate.

**NOTE 9: Research and development costs**

Research and development costs included in selling, general and administrative expenses, for the years ended 31 March 2015 and 2014 were as follows:

	Millions of yen		Thousands of US dollars
	2015	2014	2015
Research and development costs.....	<b>¥125,896</b>	¥127,090	<b>\$1,047,655</b>

**NOTE 10: Cash and cash equivalents**

Cash and cash equivalents as of 31 March 2015 and 2014 were as follows:

	Millions of yen		Thousands of US dollars
	2015	2014	2015
Cash and deposits .....	<b>¥457,513</b>	¥358,851	<b>\$3,807,223</b>
Short-term investment securities.....	<b>685,647</b>	612,489	<b>5,705,647</b>
Time deposits with maturities of over three months .....	<b>(18,012)</b>	(73,370)	<b>(149,888)</b>
Bonds etc. with redemption period of over three months	<b>(192,888)</b>	(187,359)	<b>(1,605,126)</b>
	<b>¥932,261</b>	¥710,611	<b>\$7,757,854</b>

**NOTE 11: Net assets**

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

The Companies Act provides that an amount equivalent to 10% of cash dividends should be appropriated as a legal capital surplus or legal retained earnings until total amount of them reaches a certain limit, defined as 25% of the capital stock. The Companies Act allows both legal capital surplus and legal retained earnings to be transferred to the capital stock following the approval at an Ordinary General Meeting of Shareholders.

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

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

**NOTE 12: Other comprehensive income**

Other comprehensive income as of 31 March 2015 and 2014 were as follows:

	Millions of yen		Thousands of US dollars
	2015	2014	2015
Valuation difference on available-for-sale securities			
Unrealized loss (gain) arising during the period .....	<b>¥77,327</b>	¥73,280	<b>\$ 643,480</b>
Reclassification adjustment of unrealized gain (loss) through profit or loss.....	<b>—</b>	40	<b>—</b>
Before tax effect.....	<b>77,327</b>	73,320	<b>643,480</b>
Tax effect .....	<b>(19,592)</b>	(25,724)	<b>(163,043)</b>
Balance at the end of the period.....	<b>¥57,734</b>	¥47,596	<b>\$ 480,437</b>
Deferred gains or losses on hedges			
Unrealized loss (gain) arising during the period .....	<b>¥ 965</b>	¥ (4,119)	<b>\$ 8,034</b>
Reclassification adjustment of unrealized gain (loss) through profit or loss.....	<b>75</b>	1,785	<b>628</b>
Before tax effect.....	<b>1,041</b>	(2,333)	<b>8,662</b>
Tax effect .....	<b>(453)</b>	1,136	<b>(3,777)</b>

Balance at the end of the period.....	¥ 587	¥ (1,196)	\$ 4,884
Foreign currency translation adjustment			
Unrealized loss (gain) arising during the period.....	¥ 46,774	¥27,748	\$ 389,233
Reclassification adjustment of unrealized gain (loss) through profit or loss.....	—	(192)	—
Balance at the end of the period	¥ 46,774	¥27,555	\$ 389,233
Adjustment for retirement benefit			
Unrealized loss (gain) arising during the period.....	¥ (5,176)	¥ —	\$ (43,072)
Reclassification adjustment of unrealized gain (loss) through profit or loss.....	651	—	5,422
Before tax effect.....	(4,524)	—	(37,650)
Tax effect.....	1,518	—	12,637
Balance at the end of the period.....	¥ (3,005)	¥ —	\$ (25,012)
Share of other comprehensive income of associates accounted for using equity method			
Unrealized loss (gain) arising during the period	¥ 3,489	¥ 7,504	\$ 29,038
Total other comprehensive income.....	¥105,579	¥81,459	\$ 878,581

**NOTE 13: Cash dividends**

	Resolution			
	Ordinary General Meeting of Shareholders held on 27 June 2014		Meeting of the Board of Directors held on 6 November 2014	
Total amount of cash dividends	¥7,854 million	\$65,362 thousand	¥5,610 million	\$46,687 thousand
Cash dividends per share	¥14.00	\$0.12	¥10.00	\$0.08
Record date	31 March 2014		30 September 2014	
Effective date	30 June 2014		28 November 2014	

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 26 June 2015	
Total amount of cash dividends	¥9,537 million	\$79,368 thousand
Cash dividends per share	¥17.00	\$0.14
Record date	31 March 2015	
Effective date	29 June 2015	

**NOTE 14: Stock option plan**

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

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

The details of the plan were as follows:

<b>1. Resolution date</b>	28 June 2012
<b>2. Category and number of people to whom stock options are granted</b>	10 Directors of The Company (excluding Outside Directors) 6 Managing Officers who do not concurrently serve as Directors
<b>3. Class of shares that are the subject of subscription rights to shares</b>	Common stock of The Company
<b>4. Number of shares</b>	67,000 shares
<b>5. Amount to be paid for subscription rights to shares</b>	1 yen per 1 share
<b>6. Period during which subscription rights to shares can be exercised</b>	From 21 July 2012 to 20 July 2042
<b>7. Terms of exercise of subscription rights to shares</b>	(1) A person who is allocated subscription rights to shares shall be able to exercise share subscription rights only up until 10th day (the next business day if the 10th day falls on a non-business day) from the day immediately following the date of resignation as The Company's Director as well as the Senior Managing Officer or Managing Officer without the role of Director being served concurrently. (2) If a person who is allocated subscription rights to shares was dead, heir may exercise the rights.
<b>8. Matters relating to assignment of subscription rights to shares</b>	The acquisition of subscription rights to shares by assignment shall require the approval of the Board of Directors of The Company.
<b>9. Matters relating to subrogation payment</b>	None

<b>1. Resolution date</b>	27 June 2013
<b>2. Category and number of people to whom stock options are granted</b>	7 Directors of The Company (excluding Outside Director) 10 Senior Managing Officers and Managing Officers who do not concurrently serve as Directors
<b>3. Class of shares that are the subject of subscription rights to shares</b>	Same to the plan adopted at 28 June 2012
<b>4. Number of shares</b>	42,000 shares
<b>5. Amount to be paid for subscription rights to shares</b>	Same to the plan adopted at 28 June 2012
<b>6. Period during which subscription rights to shares can be exercised</b>	From 20 July 2013 to 19 July 2043
<b>7. Terms of exercise of subscription rights to shares</b>	Same to the plan adopted at 28 June 2012
<b>8. Matters relating to assignment of subscription rights to shares</b>	Same to the plan adopted at 28 June 2012
<b>9. Matters relating to subrogation payment</b>	Same to the plan adopted at 28 June 2012

1. Resolution date	27 June 2014
2. Category and number of people to whom stock options are granted	6 Directors of The Company (excluding Outside Director) 6 Managing Officers who do not concurrently serve as Directors
3. Class of shares that are the subject of subscription rights to shares	Same to the plan adopted at 28 June 2012
4. Number of shares	32,400 shares
5. Amount to be paid for subscription rights to shares	Same to the plan adopted at 28 June 2012
6. Period during which subscription rights to shares can be exercised	From 23 July 2014 to 22 July 2044
7. Terms of exercise of subscription rights to shares	Same to the plan adopted at 28 June 2012
8. Matters relating to assignment of subscription rights to shares	Same to the plan adopted at 28 June 2012
9. Matters relating to subrogation payment	Same to the plan adopted at 28 June 2012

**NOTE 15: Contingent liabilities**

As of 31 March 2015 and 2014, The Company and some of consolidated subsidiaries had the contingent liabilities as follows:

	Millions of yen		Thousands of US dollars
	<u>2015</u>	<u>2014</u>	<u>2015</u>
Guarantee of indebtedness of affiliates and others .....	<b>¥10,425</b>	¥8,277	<b>\$86,756</b>

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

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

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

Main products and services of each segment are as follows:

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

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

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

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

	Millions of yen				
	2015				
	Motorcycle	Automobile	Marine & Power products, etc.	Adjustment	Consolidated
Net Sales:					
Net sales to external customers ...	<b>¥250,485</b>	<b>¥2,701,942</b>	<b>¥63,033</b>	<b>¥ —</b>	<b>¥3,015,461</b>
Segment profit (loss) .....	<b>(675)</b>	<b>171,827</b>	<b>8,272</b>	<b>—</b>	<b>179,424</b>
Segment assets .....	<b>203,256</b>	<b>1,893,036</b>	<b>45,159</b>	<b>1,111,348</b>	<b>3,252,800</b>
Other content:					
Depreciation .....	<b>8,504</b>	<b>124,686</b>	<b>1,186</b>	<b>—</b>	<b>134,377</b>
Amortization of goodwill .....	<b>639</b>	<b>1,757</b>	<b>122</b>	<b>—</b>	<b>2,519</b>
Impairment loss .....	<b>—</b>	<b>969</b>	<b>—</b>	<b>—</b>	<b>969</b>
Investment in associates accounted for by equity method...	<b>15,089</b>	<b>45,346</b>	<b>82</b>	<b>—</b>	<b>60,519</b>
Increase in property, plant and equipment and intangible assets ...	<b>8,356</b>	<b>184,785</b>	<b>1,314</b>	<b>—</b>	<b>194,457</b>

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

	Thousands of US dollars				
	2015				
	Motorcycle	Automobile	Marine & Power products, etc.	Adjustment	Consolidated
Net Sales:					
Net sales to external customers ...	<b>\$2,084,427</b>	<b>\$22,484,333</b>	<b>\$ 524,537</b>	<b>\$ —</b>	<b>\$25,093,298</b>
Segment profit (loss) .....	<b>(5,621)</b>	<b>1,429,874</b>	<b>68,839</b>	<b>—</b>	<b>1,493,091</b>
Segment assets .....	<b>1,691,409</b>	<b>15,752,987</b>	<b>375,796</b>	<b>9,248,132</b>	<b>27,068,326</b>
Other content:					
Depreciation .....	<b>70,771</b>	<b>1,037,582</b>	<b>9,874</b>	<b>—</b>	<b>1,118,228</b>
Amortization of goodwill .....	<b>5,324</b>	<b>14,625</b>	<b>1,017</b>	<b>—</b>	<b>20,968</b>
Impairment loss .....	<b>—</b>	<b>8,067</b>	<b>—</b>	<b>—</b>	<b>8,067</b>
Investment in associates accounted for by equity method...	<b>125,569</b>	<b>377,356</b>	<b>686</b>	<b>—</b>	<b>503,612</b>
Increase in property, plant and equipment and intangible assets ...	<b>69,540</b>	<b>1,537,702</b>	<b>10,942</b>	<b>—</b>	<b>1,618,185</b>

## (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 31 March)

	Millions of yen					
	2015					
	Japan	Europe	Asia	Other areas	Eliminations	Consolidated
Net Sales:						
Net sales to external customers...	¥1,317,659	¥306,156	¥1,233,494	¥158,151	¥ —	¥3,015,461
Internal net sales or transfer among geographical areas.....	447,311	129,982	72,736	1,029	(651,059)	—
Total	1,764,970	436,139	1,306,230	159,181	(651,059)	3,015,461
Operating income.....	90,718	5,116	81,607	2,620	(637)	179,424

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

	Thousands of US dollars					
	2015					
	Japan	Europe	Asia	Other areas	Eliminations	Consolidated
Net sales:						
Net sales to external customers...	\$10,964,960	\$2,547,693	\$10,264,578	\$1,316,066	\$ —	\$25,093,298
Internal net sales or transfer among geographical areas.....	3,722,322	1,081,657	605,276	8,566	(5,417,822)	—
Total	14,687,283	3,629,350	10,869,854	1,324,632	(5,417,822)	25,093,298
Operating income.....	754,915	42,573	679,102	21,802	(5,302)	1,493,091

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

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

	Millions of yen			
	<b>2015</b>			
	Japan	India	Others	Consolidated
Net sales.....	<b>¥1,094,611</b>	<b>¥787,560</b>	<b>¥1,133,289</b>	<b>¥3,015,461</b>

	Millions of yen			
	2014			
	Japan	India	Others	Consolidated
Net sales.....	¥1,132,732	¥638,720	¥1,166,861	¥2,938,314

	Thousands of US dollars			
	<b>2015</b>			
	Japan	India	Others	Consolidated
Net sales.....	<b>\$9,108,860</b>	<b>\$6,553,717</b>	<b>\$9,430,720</b>	<b>\$25,093,298</b>

## Independent Auditor's Report

To the Board of Directors of  
Suzuki Motor Corporation

We have audited the accompanying consolidated financial statements of Suzuki Motor Corporation and its subsidiaries, which comprise the consolidated balance sheet as at 31 March 2015, and the consolidated statement of income, statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, all expressed in Japanese Yen, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Suzuki Motor Corporation and its consolidated subsidiaries as at 31 March 2015, 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 US 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  
Tokyo, Japan  
26 June 2015

# Company Outline

- 1. Company Name** **SUZUKI MOTOR CORPORATION**
- 2. Date of Incorporation** March 1920 Incorporated as Suzuki Loom Manufacturing Co.  
June 1954 Name changed to Suzuki Motor Co., Ltd.  
October 1990 Name changed to Suzuki Motor Corporation
- 3. Head Office** 300 Takatsuka-cho, Minami-ku, Hamamatsu-shi, Shizuoka 432-8611 Japan  
**Mailing Address** : Hamamatsu-Nishi, P.O.Box 1 Naka-ku, Hamamatsu-shi, Shizuoka, Japan  
**Website Address** : <http://www.globalsuzuki.com>
- 4. Main Products** Motorcycles, Automobiles, Outboard Motors, Motorized Wheelchairs, Electro Senior Vehicles, Industrial Equipment
- 5. Fiscal Year-End** 31 March
- 6. Public Accounting Firm** Seimei Audit Corporation
- 7. Capital and Shareholders** (as of 31 March, 2015)

Capital	¥138,014 million
Total number of authorized shares	1,500 million
Total number of shares issued	561,047,304
Number of shareholders	33,311
Stock Listing	Tokyo Stock Exchange
Securities Code	7269
Ordinary General Meeting of Shareholders	June
Record Dates	<ul style="list-style-type: none"> <li>• Ordinary General Meeting of Shareholders 31 March</li> <li>• Year-End Dividend 31 March</li> <li>• Interim Dividend 30 September</li> </ul>
Shareholders' Register Manager	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo

## <Ten Major Shareholders>

Name of Shareholder	Number of Shares Held (Thousands of Shares)	Shareholding Ratio (%)
Volkswagen AG	111,610	19.9
The Master Trust Bank of Japan, Ltd. (Trust Account)	22,869	4.1
Tokio Marine & Nichido Fire Insurance Co., Ltd.	17,961	3.2
Japan Trustee Services Bank, Ltd. (Trust Account)	16,485	2.9
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	16,000	2.9
The Shizuoka Bank, Ltd.	14,500	2.6
Resona Bank, Ltd.	13,000	2.3
JP Morgan Chase Bank 380055	9,429	1.7
Sompo Japan Nipponkoa Insurance Inc.	7,761	1.4
Nippon Steel & Sumitomo Metal Corporation	7,759	1.4

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

\*2. Our Company holds 7,248 of treasury stocks.

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

**Suzuki Group**

Subsidiaries: 133 companies (68 in domestic, 65 in overseas) Affiliates: 35 companies

**(1) Major Domestic Subsidiaries****[Manufacturing Subsidiaries]**

Suzuki Auto Parts Mfg. Co., Ltd.

Suzuki Akita Auto Parts Mfg. Co., Ltd.

Snic Co., Ltd.

Suzuki Toyama Auto Parts Mfg. Co., Ltd.

**(2) Major Overseas Subsidiaries****[Marketing Subsidiaries]**

30 directly managed overseas marketing companies

**[EUROPE]**

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

**[AMERICA]**

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

**[Non-Manufacturing Subsidiaries]**

Suzuki Transportation &amp; Packing Co., Ltd.

Suzuki Business Co., Ltd.

Suzuki Engineering Co., Ltd.

**[Marketing Subsidiaries]**

54 directly managed domestic marketing companies

**[ASIA]**

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

**[OCEANIA]**

<b>Australia</b>	Suzuki Australia Pty. Ltd.
<b>New Zealand</b>	Suzuki New Zealand Ltd.

**[AFRICA]**

<b>South Africa</b>	Suzuki Auto South Africa (Pty.) Ltd.
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**Way of Life!**

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