

ANNUAL REPORT 2017



SUZUKI MOTOR CORPORATION

Contents

Mission Statement	1
A Message from the Management	2
New Mid-Term Management Plan SUZUKI NEXT 100	4
Financial Highlights	6
Year in Review	8
Automobiles	8
Motorcycles	10
Marine Products	12
Environmental Initiatives	13
Topics	14
Directors, Auditors and Officers	18
Corporate Governance Issues	19
Risks in Operations	20
The Status of the Corporate Group	22
Financial Section	24
Company Outline	52

社是

- 一. 消費者の立場になって
価値ある製品を作ろう
- 二. 協力一致清新な会社を
建設しよう
- 三. 自己の向上ととも常に
意欲的に前進しよう



Mission Statement

1. Develop products of superior value by focussing 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

Thank you very much for your continued support.

We would like to begin by addressing the improper activities in regards to fuel consumption and gas emission testing of the Company's automobiles last year, which caused unfortunate worry among our stakeholders. As a result of testing by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), it was confirmed that there were no problems with the Company's original values for fuel consumption (fuel consumption values listed in catalogues) and original values for gas emission. The Company has taken swift action to implement reliable measures for preventing recurrence of the incident. All executives and employees of the Company will continue to implement thorough compliance in order to maintain trust and meet the expectations of shareholders.

Management results of FY2016

With respect to the management environment of the Group for FY2016, the economy is recovering moderately as a whole. On the other hand, there are concerns about the influence of the policy of US administration, uncertainties about trend of Europe including the issue of the UK leaving the EU, prospects for the economy of developing countries, and others. In India, an important market for the Group, the economy is expanding mainly owing to increase of domestic consumption. Also in Japan, the economy is recovering moderately on the back of various measures introduced by the government.

Under these circumstances, the consolidated net sales of the fiscal year (April 2016 to March 2017) decreased by ¥11.2 billion (0.3%) to ¥3,169.5 billion compared to the previous fiscal year. The Japanese domestic net sales decreased by ¥10.4 billion (1.0%) to ¥1,037.5 billion year-on-year mainly owing to decrease in mini vehicle and OEM sales, despite increase in compact vehicle sales. The overseas net sales were flat on the year at ¥2,132.0 billion mainly owing to decrease in automobile sales in Indonesia and Pakistan, and the impact of the exchange rate, despite increase in automobile sales in areas including India and Europe.

In terms of the consolidated income, although there were impact of the exchange rate, the operating income increased by ¥71.4 billion (36.5%) to ¥266.7 billion year-on-year mainly owing to increase in automobile sales in India and Europe. The net income attributable to owners of the parent increased by ¥43.3 billion (37.1%) to ¥160.0 billion year-on-year partly owing to increase in gain on sales of investment securities, in addition to increase in the ordinary income, despite accounting impairment loss of ¥39.9 billion for businesses including the automobile business in Thailand as extraordinary losses.

Basic policies for profit distribution

Under the New Mid-Term Management Plan (from FY2015 to FY2019) SUZUKI NEXT 100, the Company plans active investments for future growth, which includes accumulated capital investment of 1 trillion yen and research and development expenses of 200 billion yen for FY2019. At the moment, the Company prioritises investment for growth centred in India, and set the dividend payout ratio target to 15% or more.

Also, partly because of large acquisition of treasury shares in the previous fiscal year, shareholder's equity ratio declined to 35.4% at the end of the previous fiscal year, and the improvement of shareholder's equity ratio is becoming an urgent issue. Meanwhile, the Company also recognises that capital efficiency and shareholder return are significant management issue as well.

Taking the above-mentioned condition into consideration, as with the previous fiscal year, the Company would utilise the gain on sales of investment securities for investment for growth and improvement of shareholder's equity ratio, and made the year-end dividends based on the net income attributable to owners of the parent excluding the gain on sales of investment securities, which was ¥27.00 per share, up by ¥10.00 per share from the previous fiscal year.

As a result, the annual dividends including interim dividends was ¥44.00 per share and up by ¥12.00 per share from the previous fiscal year. Dividend payout ratio based on the net income attributable to shareholders of the parent excluding the gain on sales of investment securities is 15.2%.

Outstanding issues

The Group has established the New Mid-Term Management Plan SUZUKI NEXT 100 - Strengthening of its management base toward the 100th anniversary of foundation and the next 100 years -, a five-year plan from 2015.

FY2016 marked the second year of the New Mid-Term Management Plan. The Company is making steady progress for achieving the 2019 fiscal year goals of 3,700 billion yen and maintaining an operating income margin of 7%.

Also, due to changes in the environment surrounding automobiles and to increasingly severe market competition, it has become necessary to focus on R&D for environmental performance and safety, and on growth investment with a focus on India. Amidst such conditions, the Company is addressing the following issues in order to achieve the New Mid-Term Management Plan.

■ Compliance

In response to the discovery of improper activities that were inconsistent with national regulations with regards to fuel consumption and gas emission testing of the Company's automobiles, the Company immediately implemented measures which included strengthening the legal education and compliance training, clarifying the responsibility of certification duties, strengthening internal check systems, etc. The entire Company shall continue to work to strengthen compliance.

■ Quality

The Company will make the customers' safety and security its top priority, develop and produce high-quality products which the customers can use securely, and provide after services. In the future, while accurately ascertaining the quality needs of customers, the Company will maintain a high level of quality awareness in all departments and will continue to make the utmost effort to ensure the safety and security of customers.

■ Products and R&D

Today, all corporations are expected to consider the environment. In the automotive industry, there is the need for environmental technology, low fuel consumption technology, etc. The environment surrounding automobiles continues to change. In addition to safety technology, it is now necessary to implement IT technology, etc. The Group will continue to provide products which are required by customers and which can be used safely and securely.

■ Production

Domestically, the Group shall work to obtain personnel necessary for achieving production plans.

Globally, while strengthening education, installation of safety facilities, etc. necessary for achieving "Safety First" factories, the Group shall work to improve product quality and to construct an optimal global production system.

■ Automobile Business

In the domestic automobile market, the Company succeeded in selling 100,000 standard and small vehicles for the first time ever. In response to strong demand in India, new Gujarat Plant began operation.

Furthermore, we are planning the constructing of Gujarat Plant No. 2 and the Engine & Transmission Plant with the aim of beginning operation in 2019. In addition to further strengthening the domestic automobile business and Indian automobile business which are the two pillars of the Group, we will strengthen our automobile business in regions such as ASEAN, Europe, and Pakistan. This will enable us to diversify our income sources and to carry forward the ALL GRIP structure reformation.

■ Motorcycle Business

While focussing on the 150cc and up, backbone, and sport categories, the Group will strengthen the consistency of the Suzuki brand by ranging the series from large engine displacement motorcycles to small engine displacement motorcycles. In the fiscal year, the Group focussed on reducing fixed expenses and reducing costs. New models including the GSX-R1000 and GSX-R150 were released at the end of the year. Moving forward, in addition to promoting sales of these new models, the Group will achieve a profitable structure through management reforms.

■ Outboard Motor Business

In addition to focussing on strengthening sales in the American market, the Group will proceed the development of the Asian market and make "THE ULTIMATE 4-STROKE OUTBOARD" its new brand slogan and aim at creating the world top 4-STROKE outboard motors brand.

■ Environment & Social Activities

In the fiscal year, the Company continued to engage in various social service activities for environmental conservation in close cooperation with the local community, as well as to promote our solar energy project in order to suppress global warming and to support disaster affected areas.

In addition, the Company is engaged in the research promotion and the scholarship assistance through Suzuki Foundation and Suzuki Education and Culture Foundation. In the future, the Company shall actively address human rights issues which are becoming increasingly prevalent internationally, and shall work to address the domestic issue of reforming work styles.

By balancing between investments for growth and strengthening of its management base, the Group will consistently promote efforts for enhancing corporate value.

For the details of Mid-Term Management Plan SUZUKI NEXT 100, please refer to the next page.

The Group has entered the third year of the New Mid-Term Management Plan (FY2015 to 2019) SUZUKI NEXT 100. Aiming for new growth, Team Suzuki will respond to rapid changes in the automotive manufacturing environment and will strive to constantly create products and provide services with outstanding value.

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

*Representative Director and President
Toshihiro Suzuki*

New Mid-Term Management Plan SUZUKI NEXT 100

~ Strengthening of management base toward the 100th anniversary of foundation and the next 100 years ~

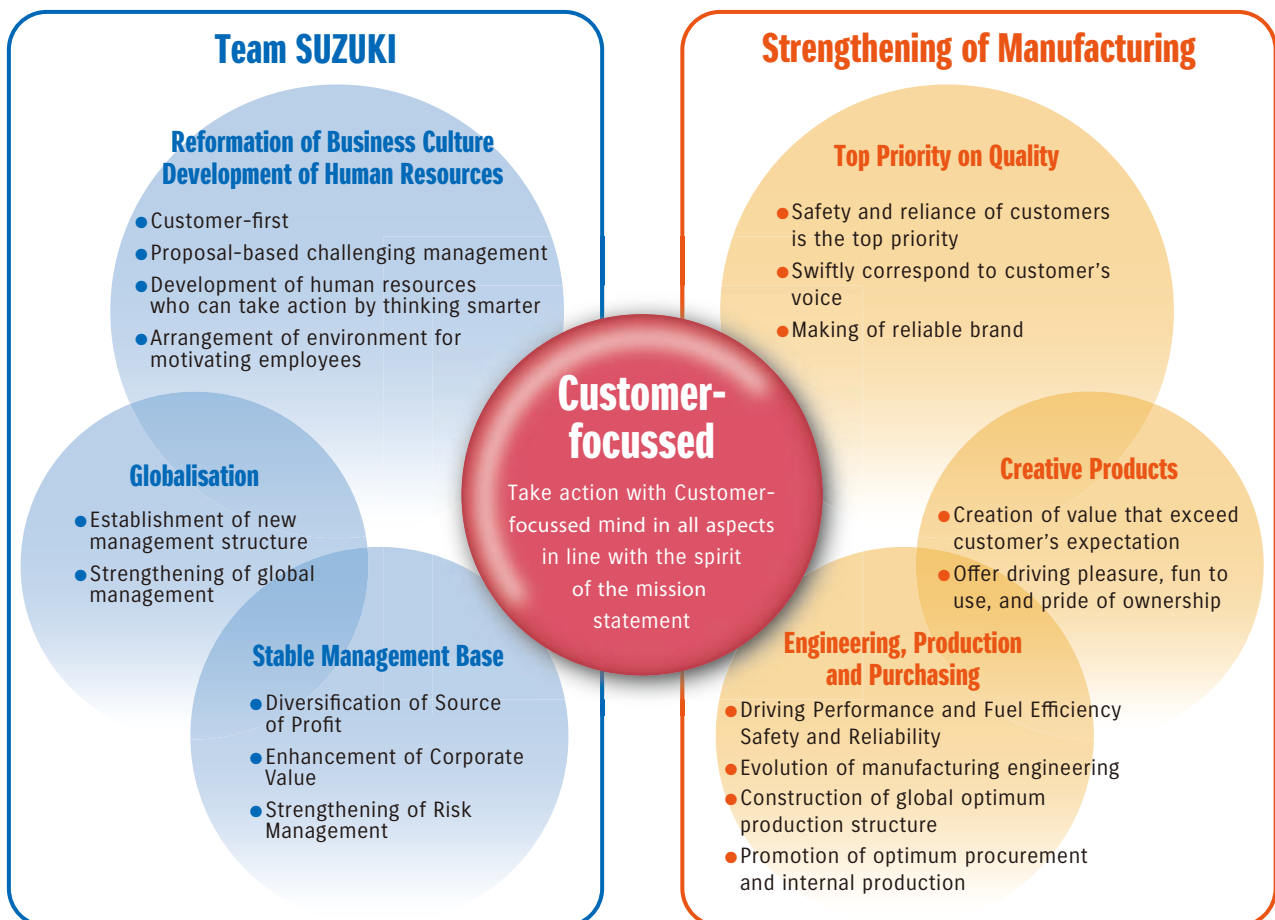
Suzuki Motor Corporation has established the New Mid-Term Management Plan SUZUKI NEXT 100, a five-year plan from 2015. The Suzuki Group will be celebrating its 100th anniversary of foundation in 2020. In order for the Group to continuously grow for the next 100 years, Suzuki will put efforts into strengthening of management base by positioning the next five years as the period to stabilise the foundation of management. The Group will tackle as Team Suzuki to globally develop manufacturing base and overhaul working procedure.

Under the New Mid-Term Management Plan, the Group will unite as one to enhance corporate value and aim for sustainable growth.

Overview of the New Mid-Term Management Plan SUZUKI NEXT 100 is as per below.

Basic Policy

By returning to the origin of “Develop products of superior value by focussing on the customer” as mentioned in the first paragraph of the mission statement, Suzuki will strengthen its business base.



Suzuki's Business Strategy

1. Automobile Business

■ Product Strategy

Efficient Development	
Consolidation of Passenger Platform	<ul style="list-style-type: none"> New development will be consolidated into three new lightweight platform of Mini, A, and B Inter-segment use of common functional parts through modularisation
Concentration of Development of Petrol Engine	<ul style="list-style-type: none"> Efficiently develop basic and new technologies by concentrating on 660 to 1,400cc
Development with Global Sight	<ul style="list-style-type: none"> Other than petrol engine technologies, put efforts into technologies which also consider the needs of emerging countries such as AGS, ISG, and infotainment Development of human resources and making of long-term base by co-developing with Indian engineers
Global Optimum Production	<ul style="list-style-type: none"> Make Japan, India, Indonesia, Thailand, and Hungary as global production base

Model Introduction Plan	
Introduce 20 new models globally in five years	
Minicar	Constantly introduce one model every year (five models in five years)
A Segment	Expand sales by introducing six models in five years
B Segment C Segment SUV	Introduce three models in each segment, a total of nine models in five years

■ Regional Strategy

Centred in Japan and India, Asia is the main region	
Japan	<ul style="list-style-type: none"> Maintain market and employment by placing as the base of development and production Constantly introduce mini and compact models every year Minicar share of more than 30%, compact car sales of more than 100,000 units Strengthen direct sales and expansion of distributor base
India	<ul style="list-style-type: none"> While still centring on the expanding new buyers, fulfil products, sales network, and productivity to meet increasing substitute demands Passenger share of more than 45%
ASEAN	<ul style="list-style-type: none"> Develop Indonesia and Thailand as pillars that follow Japan and India, to place them as the production base for inside and outside ASEAN
Europe	<ul style="list-style-type: none"> Brush up advanced technologies and product competitiveness through corresponding to fuel efficiency restriction, safety technologies, and design

2. Motorcycle Business

■ Enhancing Earning Strength and Brand Value

- Departure from chronic deficits through selection and concentration.
- Development of products which clearly define characteristics of Suzuki (150cc and up, backbone, sport)

Main Category and Product Development
<ul style="list-style-type: none"> Main Category 150cc and up · Backbone · Sport (Shift from low-priced to mid- to high-priced products) Return to the origin of basic performances of "Running, Cornering, and Braking" Pursue fun-to-ride and easy-to-ride Feedback of MotoGP technologies

Marketing Strategy	
High quality service → Improve customer satisfaction	
Developed Countries	Strengthen announcement activities of events, etc. Strengthen sales of parts and accessories → Improve profitability
Emerging Countries	Consolidate production base in ASEAN → Strengthen business base Develop sales network of large displacement model → Improve profitability

3. Outboard Motor Business

Product Strategy
<ul style="list-style-type: none"> Expand lineup of large four-stroke outboard motors Introduce more than six models in five years
Regional Strategy
<ul style="list-style-type: none"> Focus on strengthening sales in the US Development of Asian market



New Brand Slogan
**THE ULTIMATE
4-STROKE OUTBOARD**
Aim for the world's best four-stroke outboard motor brand

Mid-Term Management Target

As for the consolidated net sales, Suzuki will aim to promptly exceed its highest-ever marked in FY2007 (¥3,502.4 billion) by steadily increasing.

By balancing between investments for growth and strengthening of management base, Suzuki will consistently promote efforts for enhancing corporate value.

Mid-Term Management Target Value

	FY2016 Result	FY2017 Disclosed Value	FY2019 Target
Consolidated Net Sales	¥3,169.5 billion	¥3,400.0 billion	¥3,700.0 billion
Operating Income Margin	8.4%	7.1%	7.0%
Shareholder Return	ROE	15.4%	—
	Dividend payout ratio	12.1%	(¥44.00 per share)
R&D expenses	¥131.5 billion	¥150.0 billion	¥200.0 billion
(Total capital expenditures for five years)			(¥1,000 billion)

Global Sales Units

	FY2016 Result	FY2017 Disclosed Value	FY2019 Target
Automobile	Japan	639,000	645,000
	Europe	245,000	267,000
	Asia	1,870,000	1,983,000
	Others	164,000	176,000
	Total	2,918,000	3,071,000
Motorcycle	Japan	62,000	67,000
	Europe	45,000	53,000
	North America	32,000	40,000
	Asia	1,039,000	1,073,000
	Others	190,000	186,000
Total	1,367,000	1,419,000	

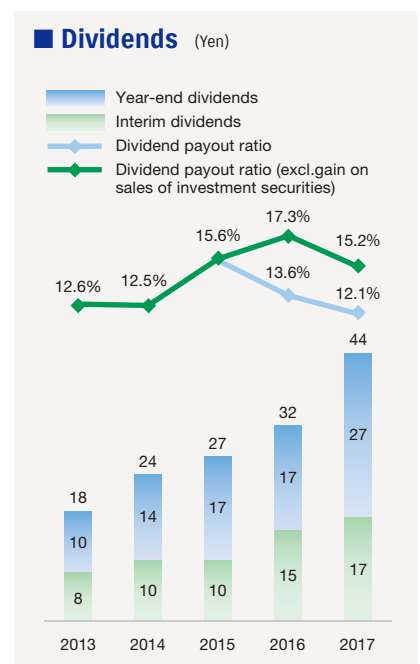
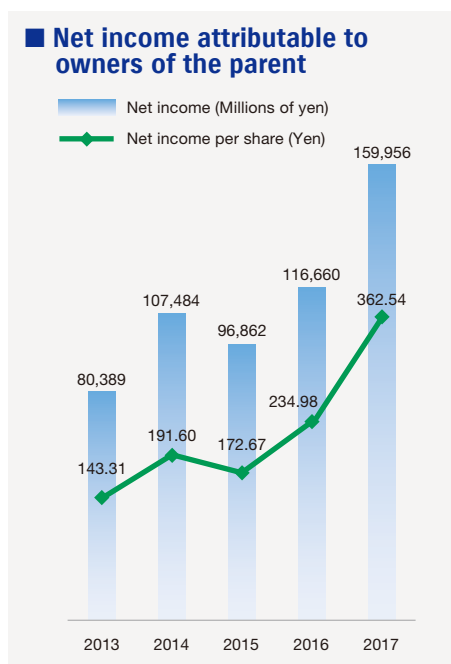
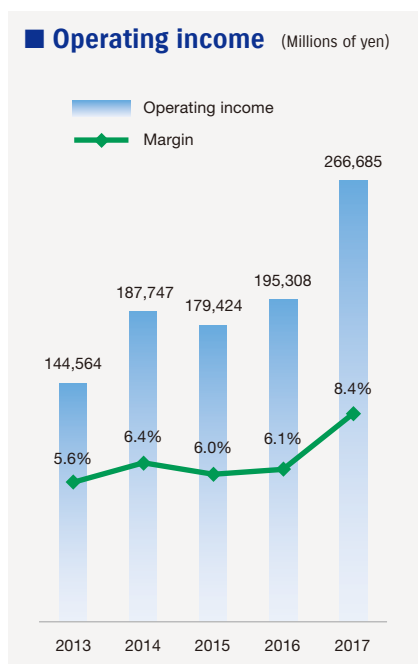
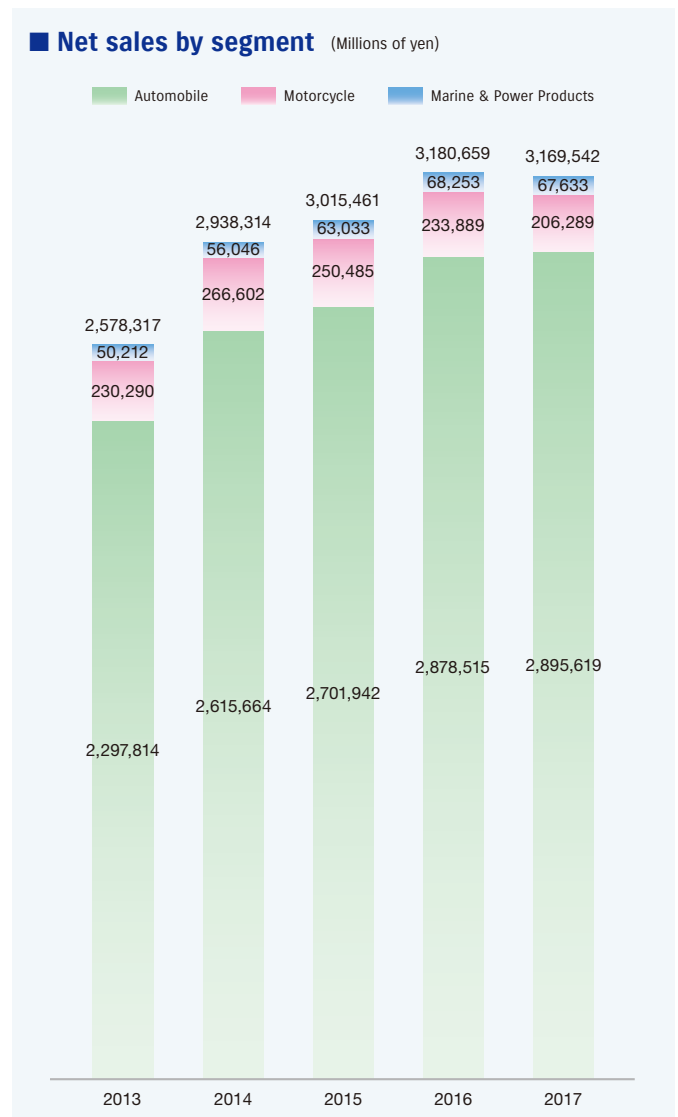
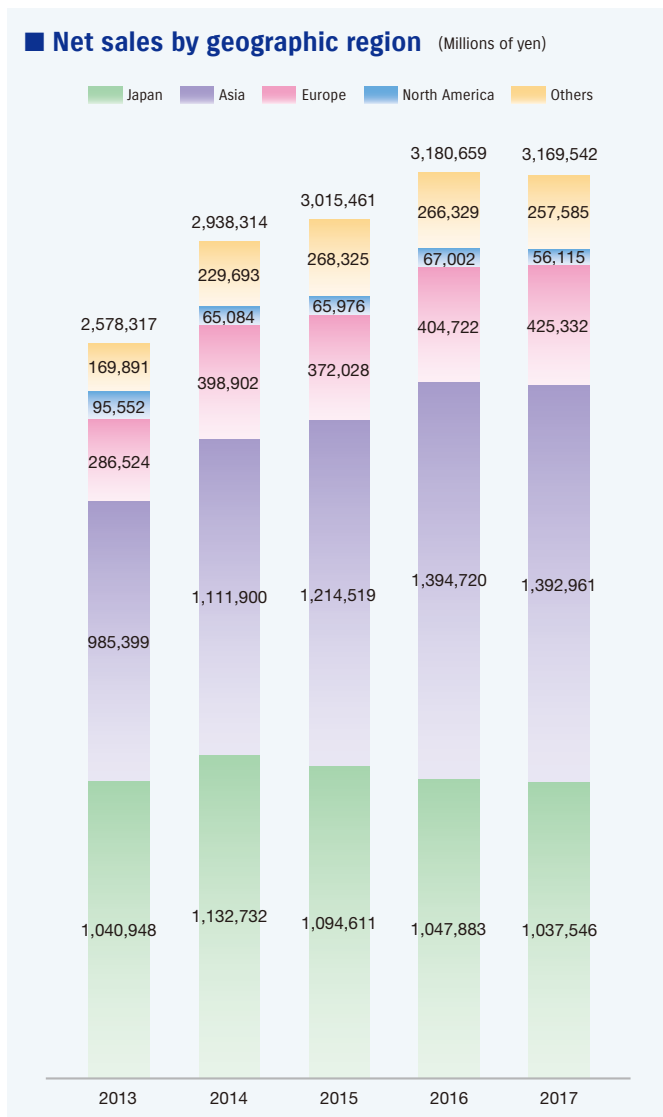
* The targets and forward-looking statements mentioned in this document are based on currently available information and assumptions, contain risks and uncertainty and do not constitute guarantees of future achievement.

* Please note that the future results may greatly vary by the changes of various factors. Those factors, which may influence the future results, include economic conditions and the trend of demand in major markets and the fluctuations of foreign exchange rates (mainly U.S. dollar/Yen rate, Euro/Yen rate, Indian Rupee/Yen rate).

* Foreign exchange rates...¥105/US\$, ¥120/Euro, ¥1.60/Indian Rupee, ¥0.80/100 Indonesian Rupiah, ¥3.00/Thai Baht.

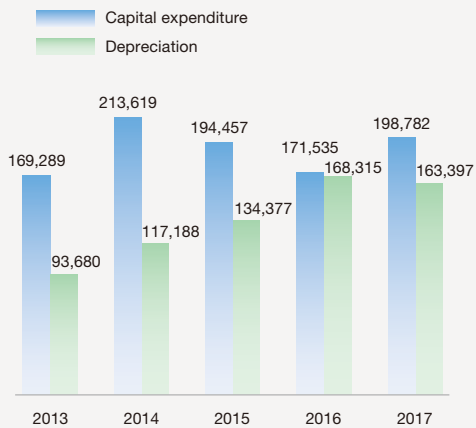
Financial Highlights

Years ended 31 March

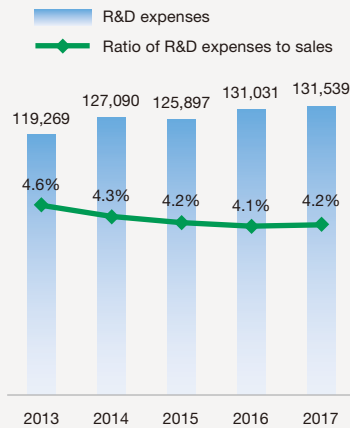


Years ended 31 March

Capital expenditure/Depreciation (Millions of yen)



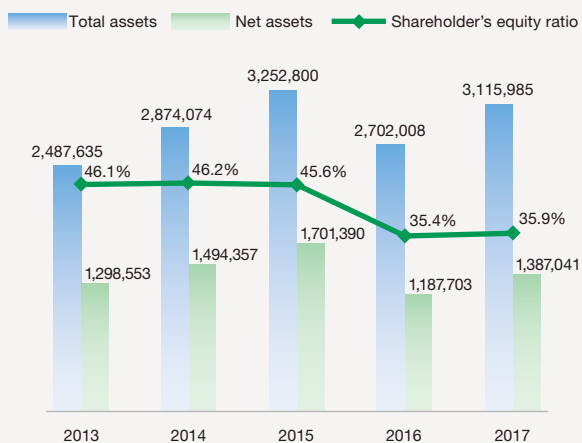
R&D expenses (Millions of yen)



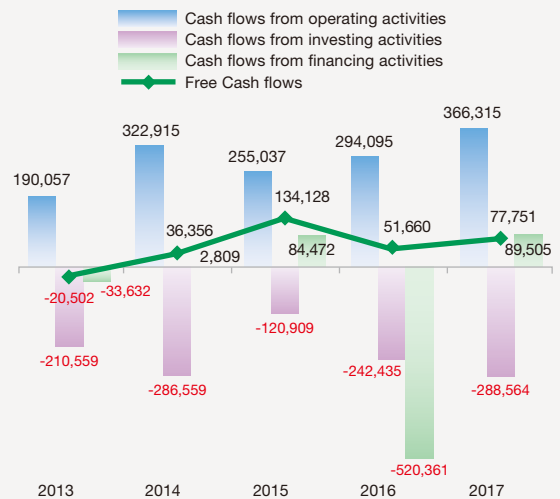
ROE



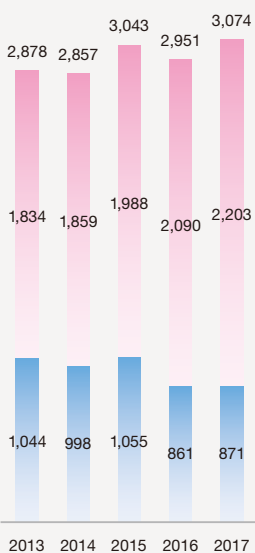
Total assets/Net assets/Shareholders' equity ratio (Millions of yen)



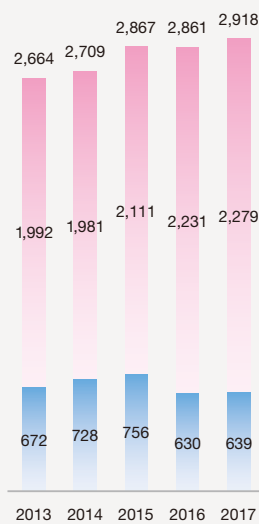
Cash flows (Millions of yen)



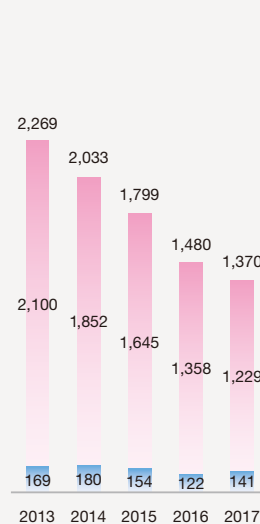
Automobile production (Thousand units)



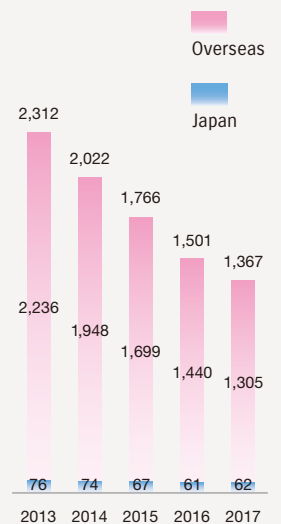
Automobile sales (Thousand units)



Motorcycle production (ATV included) (Thousand units)



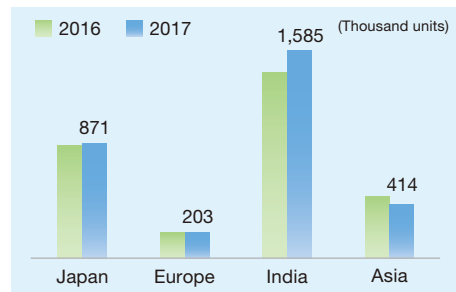
Motorcycle sales (ATV included) (Thousand units)



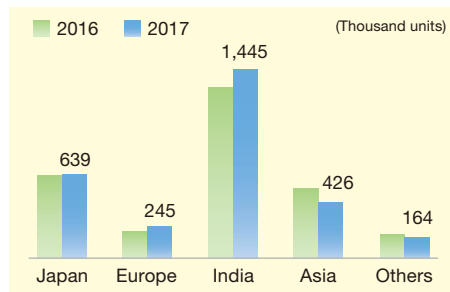
Year in Review

Automobiles

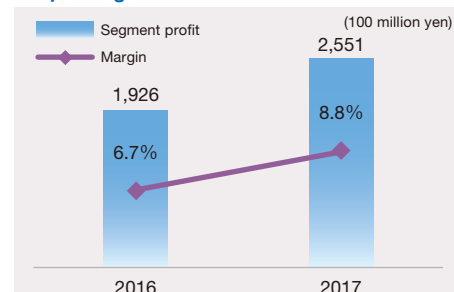
Production units



Sales units



Operating results of automobile business



Suzuki's Worldwide Manufacturing and Sales

Total overseas automobile production for FY2016 increased by 5.4% year-on-year to 2,203,000 units. Worldwide production, including Japan, also increased by 4.2% year-on-year to 3,074,000 units.

Sales of automobiles in overseas market increased by 2.2% year-on-year to 2,279,000 units, while total global sales, including Japan, also increased by 2.0% year-on-year to 2,918,000 units.

Operating Results by Segment

In the automobile business, the operating income increased by ¥62.5 billion (32.4%) to ¥255.1 billion year-on-year mainly owing to improvement in sales and model mix in Japan, India, and Europe.

Japanese Market

1. Overview of the Japanese Automobile Market

Total domestic automobile sales volume in FY2016 rose by 3% year-on-year to 5,078,000 units. It recovered above five million units for the first time in two fiscal years. Sales of standard and small vehicles rose by 8% year-on-year to 3,358,000 units, while sales of minivehicles fell for the second consecutive fiscal year by 5% year-on-year to 1,720,000 units, owing partly to the impact of improper fuel consumption in April 2016.

2. Suzuki Sales

Suzuki's domestic automobile sales in FY2016 grew by 1% year-on-year to 639,000 units. Though Suzuki's sales of minivehicles fell for the second consecutive fiscal year by 3% year-on-year to 532,000 units, its market share grew from 30.3% in the previous fiscal year to 30.9%. Suzuki's sales of standard and small vehicles rose for the second consecutive fiscal year by 32% year-on-year to 107,000 units. The key drivers of that growth were Solio launched in November 2016 equipped with newly-developed hybrid system, and the all-new Swift launched in December 2016. Owing to sales contribution of these two models, the company achieved standard and small vehicle sales target of 100,000 units for the first time.

3. Suzuki Topics in FY2016

- Compact crossover Ignis was awarded the 2016 Good Design Award in September 2016.
- Alto minicar achieved accumulated domestic sales of five million units in December 2016.



Solio Hybrid
(launched in November 2016)



Spacia CustomZ
(launched in December 2016)



Swift
(launched in January 2017)



WagonR
(launched in February 2017)

Overseas Markets

1. Overview of Suzuki's Main Overseas Automobile Markets

New car sales (total market of passenger and commercial vehicles) in India grew in FY2016 by 8% year-on-year to 3,761,000 units, while sales of passenger cars grew in Europe by 5% year-on-year to 17,898,000 units, and in China by 15% year-on-year to 24,578,000 units.

As for other countries and areas, new car sales in Indonesia grew by 3% year-on-year to 1,064,000 units, Thailand grew by 2% year-on-year to 797,000 units, Pakistan fell by 5% year-on-year to 210,000 units, Oceania in total grew by 2% year-on-year to 1,347,000 units, Latin America in total grew by 1% year-on-year to 5,665,000 units, the Middle East in total fell by 15% year-on-year to 2,426,000 units, and Africa in total fell by 16% year-on-year to 1,233,000 units.

2. Suzuki Sales

Suzuki's overseas automobile sales volume in FY2016 grew by 2% year-on-year to 2,279,000 units. Suzuki's sales in India rose by 11% year-on-year to a record-high 1,445,000 units owing mainly to strong demand for models including the Baleno and the Vitara Brezza. Suzuki's sales in Europe grew by 18% year-on-year to 245,000 units owing to launching of new models, the Baleno and the Ignis, in addition to strong demand for the Vitara. Suzuki's sales in China fell by 20% year-on-year to 148,000 units.

As for other countries and areas, Suzuki's sales in Indonesia fell by 23% year-on-year to 92,000 units, Thailand grew by 8% year-on-year to 23,000 units, Pakistan fell by 15% year-on-year to 113,000 units, other Asian countries in total fell by 34% year-on-year to 50,000 units, Oceania in total grew by 6% year-on-year to 26,000 units, Latin America in total grew by 2% year-on-year to 103,000 units, the Middle East in total fell by 10% year-on-year to 13,000 units, and Africa in total fell by 47% year-on-year to 23,000 units.

3. Suzuki Topics in FY2016

- Swift achieved accumulated global sales of five million units in April 2016.
- Suzuki entered in light commercial vehicle segment in India by launching the Super Carry light truck in July 2016.
- Ignis made its European premiere at the Paris Motor Show in September 2016, and its sales started for the overseas market, subsequently. The Ignis was selected as a finalist for the 2017 World Urban Car category at the World Car Awards in March 2017.
- Vitara Brezza won the Indian Car of the Year (ICOTY) 2017 in December 2016.



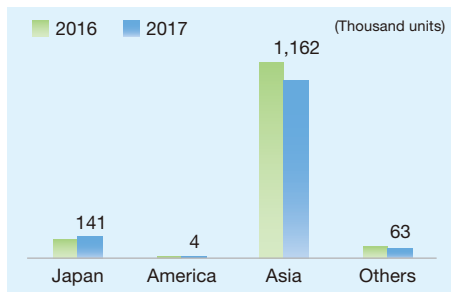
Super Carry (launched in India in July 2017)



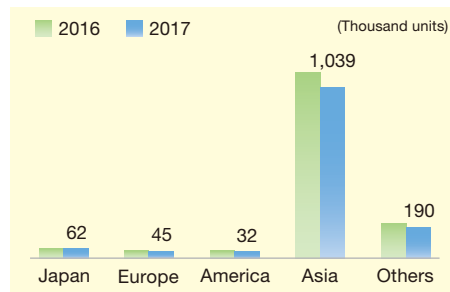
Ignis (unveiled in Europe in September 2016)

Motorcycles

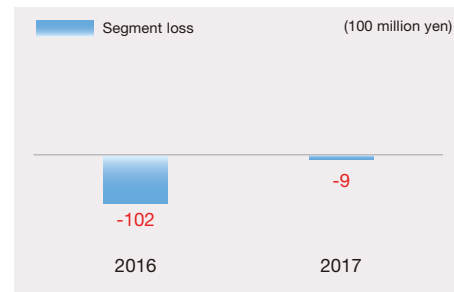
Production units (ATV included)



Sales units (ATV included)



Operating results of motorcycle business



Suzuki's Worldwide Manufacturing and Sales

Total overseas motorcycle production (including ATVs) in FY2016 decreased by 9.4% year-on-year to 1,229,000 units. Worldwide production, including production in Japan, also decreased by 7.4% year-on-year to 1,370,000 units.

Sales of motorcycles (including ATVs) in overseas market decreased by 9.3% year-on-year to 1,305,000 units, while total global sales, including Japan, also decreased by 8.9% year-on-year to 1,367,000 units.

Operating Results by Segment

In the motorcycle business, the operating loss of ¥10.2 billion in the previous fiscal year improved to an operating loss of ¥0.9 billion owing to reduction of expenses such as sundry expenses, despite the impact of the exchange rate.

Japanese Market

1. Overview of Japanese Motorcycle Market

The total domestic motorcycle sales (factory shipments) of the four Japanese manufacturers in FY2016 fell by 6% year-on-year to 341,000 units. Sales of models with engine displacements of 126cm³ and higher were down 10% year-on-year at 75,000 units. Sales of models with engine displacements up to 125cm³ were down 5% year-on-year at 266,000 units. In addition to aging of users and decrease in younger population, which is a structural concern of poor demand in the domestic market, the cause of decline is assumed to be a decrease in production of models with engine displacements up to 125cm³, which was impacted by the 2016 Kumamoto Earthquake, and less than average number of launches of new models with engine displacements of 126cm³ and higher.

2. Suzuki Sales

Suzuki's domestic sales (factory shipments) in FY2016 grew by 3% year-on-year to 60,000 units. Sales of models with engine displacements of 126cm³ and higher fell by 2% year-on-year to 8,000 units. Sales of models with engine displacements up to 125cm³ rose by 4% year-on-year to 52,000 units. Although models with engine displacements between 126cm³ and 250cm³ grew by 8% to 4,262 units owing to launch of new model GIXXER, models with engine displacements of 251cm³ and higher fell by 11% to 3,545 units. Models with engine displacements up to 125cm³ increased year-on-year owing to strong sales of the Let's series.

3. Suzuki Topics in FY2016

- The all-new SV650 ABS, a sportbike with 650cm³ V-twin engine was launched in August 2016.
- GIXXER, a 150cm³ sportbike favoured in the overseas market was launched in January 2017.
- New 750cm³ model GSX-S750 ABS was launched in March 2017.



SV650 ABS (launched in August 2016)



GIXXER (launched in January 2017)



GSX-S750 ABS (launched in March 2017)

Overseas Markets

1. Overview of Suzuki's Main Overseas Motorcycle Markets

Sales of motorcycles in Europe in FY2016 grew by 10% year-on-year to 1,041,000 units. Sales of motorcycles (including ATVs) in North America declined by 4% year-on-year to 791,000 units.

Sales in the six key ASEAN countries (Indonesia, Thailand, Vietnam, the Philippines, Malaysia, and Cambodia) were flat on the year at 12,519,000 units. Sales in China fell by 9% year-on-year to 7,976,000 units. Sales in India grew by 7% year-on-year to 17,587,000 units.

2. Suzuki Sales

Suzuki's overseas motorcycle sales in FY2016 declined by 9% year-on-year to 1,305,000 units.

Sales declined in Europe by 6% year-on-year to 45,000 units, North America by 30% year-on-year to 32,000 units.

Sales in the six key ASEAN countries fell by 13% year-on-year to 265,000 units owing mainly to a drop in sales in Indonesia. Sales in China also fell by 21% year-on-year to 359,000 units. Sales in India grew by 12% year-on-year to 351,000 units.

3. Suzuki Topics in FY2016

- Five new models (GSX-R1000R, GSX-S750, V-Strom 650/XT, V-Strom 1000/XT, and GSX-R125) for 2017 were unveiled at the Intermot held in Cologne, Germany in October 2016, and four more models (GSX-S125, GSX250R, V-Strom 250, and BURGMAN 400) were unveiled at the Milan Show held in Milan, Italy in November 2016.
- Two new models (GSX-R150 and GSX-S150) for the ASEAN region were unveiled at the Indonesia Motorcycle Show held in Jakarta, Indonesia in November 2016.
- In its second season after returning to the world's premier motorcycle racing MotoGP, Suzuki made four podium appearances including a win at the British MotoGP Round 12, finishing fourth overall for the 2016 season. Also, Suzuki Endurance Racing Team, an endurance team of a subsidiary Suzuki France that participates with the supersport bike GSX-R1000, achieved its second consecutive, 15th title of the World Endurance Championship.



GSX-R1000R (unveiled for overseas market in October 2016)



V-Strom 1000XT ABS (unveiled for overseas market in October 2016)



GSX250R ABS (unveiled for overseas market in November 2016)

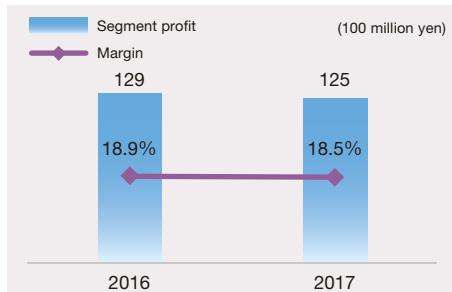


GSX-R150 ABS (launched in Indonesia in November 2016)

Marine Products

Operating results of marine and power products, etc. business

Years ended 31 March



Operating Results by Segment

In the marine and power products, etc. business, the net sales decreased by ¥0.7 billion (0.9%) to ¥67.6 billion year-on-year mainly owing to the impact of the exchange rate, despite increase in the sales of the outboard motors in North America. The operating income decreased by ¥0.4 billion (2.6%) to ¥12.5 billion year-on-year.

Overview of Marine Products

Suzuki's domestic outboard motor sales in FY2016 rose by 4% year-on-year in volume and in net terms.

Suzuki's export sales surged by 5% year-on-year in volume terms and by 1% year-on-year in net terms. Shift in demand toward larger models and strong sales in countries including the United States covered the negative impact of the foreign exchange rate.

Suzuki's four-stroke outboard motors range from the DF2 (the lowest-power model, which delivers 1.49kW/2PS) to the DF350 (the highest-power model, which delivers 257.4kW/350PS). The Company produces small models in Thailand and larger models at the Toyokawa Plant in Japan.

Suzuki Topics in FY2016

- New black colour was introduced for the first time in 20 years for Suzuki outboard models. Graphic was also renewed, making it a more stylish design while keeping the image of Suzuki outboard which has a history of more than 50 years.
- New large outboard models DF175AP and DF150AP were unveiled in September 2016. They received Top Products award by the Boating Industry, a leading marine magazine in the United States. They became the third Suzuki outboard models to win the award.



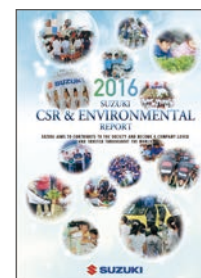
DF175AP
(unveiled in September 2016)

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 CSR & ENVIRONMENTAL REPORT 2016

Suzuki Topics in FY2016

- Suzuki published “Suzuki CSR & Environmental Report 2016”. The Company has published a report about its environmental initiatives every year since FY1999.
- Burgman Fuel Cell, a fuel cell scooter with a vehicle type approval, was registered and it received a license plate in March 2017. Riding on public roads to verify market potential of fuel cell motorcycle has started.
- New models of Solio/Solio Bandit compact cars equipped with newly-developed hybrid system were introduced in Japan. Also, full model change of Suzuki’s main automobile models, Swift compact car and WagonR/WagonR Stingray minicars equipped with mild hybrid system were launched in Japan.



Burgman Fuel Cell



Solio Hybrid (launched in November 2016)



Swift (launched in January 2017)



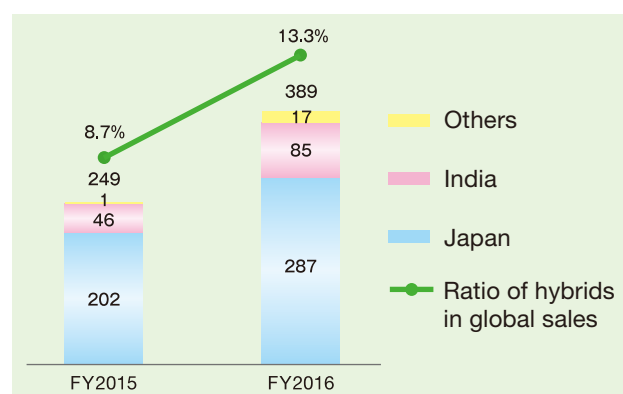
WagonR (launched in February 2017)

Sales units of models equipped with hybrid system (Thousand units)

	FY2015 Global automobile sales units		FY2016 Global automobile sales units	
		Of which hybrids		Of which hybrids
Japan	630	202	639	287
India	1,305	46	1,445	85
Others	926	1	835	17
Total	2,861	249	2,918	389

* Hybrids include mild hybrid, S-ENE CHARGE, and SHVS.

* Hybrid sales units of Others are units exported from Japan and India.



Models equipped with hybrid system

WagonR/WagonR Stingray, Hustler, Spacia/Spacia Custom, Solio/Solio Bandit, Swift, Baleno, Ignis, Ciaz, and Ertiga

* Depending on the market, there are models that are not equipped with hybrid system.

Topics

April 2016

Suzuki Makinohara Solar Power Plant completed

Suzuki Makinohara Solar Power Plant, a 20MW (megawatt) solar power facility that has been under construction and conducting test operations since 2015, has been completed. Combined with the 0.9MW power facility installed in the Hamamatsu Plant at Miyakoda-cho, Kita-ku, Hamamatsu and the 4MW power plant at Maisaka-cho, Nishi-ku, Hamamatsu, this brings the total installed capacity of the Suzuki Group's solar power facilities to approximately 25MW. We estimate the CO₂ emission reduction effect of operating these solar power facilities to be about 10% of Suzuki's domestic plant CO₂ emissions for FY2015. By contributing regionally through power generation projects and promoting local production for local consumption, the Suzuki Group will reinforce its efforts to curb climate change and conserve the environment.



Suzuki Makinohara Solar Power Plant

July 2016

Suzuki Education and Culture Foundation selects scholarship students for FY2016

The Suzuki Education and Culture Foundation offers non-repayable scholarships to high school students in Shizuoka prefecture, or university students who graduated from high school in Shizuoka prefecture, who are keen to learn but unable to focus on their studies for financial reasons.

In FY2016, the foundation decided to provide scholarships to 20 new high school students and 3 new university students, in addition to the 32 high school students and 10 university students it has been supporting since the previous year. This brings the total number of students supported over the last 16 years to 295 and the total amount of support to ¥232.5 million.

The activities of the Suzuki Education and Culture Foundation are aimed at contributing to young people's healthy development and international exchanges by providing financial assistance for schoolchildren and university students and supporting sports and learning activities for youngsters and schools for foreigners, etc.



September 2016

Suzuki unveils new DF175AP/DF150AP outboard motors

Suzuki unveiled its new DF175AP and DF150AP outboard motors at the Genoa International Boat Show in Italy.

These outboard motors adopt Suzuki Selective Rotation technology enabling switching between regular and reverse propeller direction, a world-first in this engine class*.

Under the brand slogan "The Ultimate 4-Stroke Outboard - Aiming to be the world's No. 1 brand in 4-stroke outboards", Suzuki Motor Corporation is addressing customer needs in the global market with a model lineup that demonstrates high output and excellent fuel efficiency, from the portable DF2 to the powerful DF350A.

* Between 150-175 HP class. Based on Suzuki's research.



DF175AP

October 2016

Suzuki and Toyota begin exploring business partnership, sign memorandum

Suzuki and Toyota Motor Corporation announced on 12 October, 2016 that the two companies would start discussions leading toward a collaborative partnership.

They later signed a memorandum of agreement on 6 February, 2017 stating both companies' intention to contribute to the resolution of social issues and the healthy and sustainable development of the automobile society.

They are considering how to achieve future partnerships in areas such as environmental technology, safety technology, information technology, and product and unit complementation.



Akio Toyoda, President, Toyota Motor Corporation and Osamu Suzuki, Chairman, Suzuki Motor Corporation (at the press conference held on 12 October, 2016)

November 2016

Suzuki cooperates on Manufacturing Skill Transfer Promotion Programme, establishes training institute in India

Suzuki Motor Corporation is collaborating on the Manufacturing Skill Transfer Promotion Programme agreed between the governments of India and Japan on 11 November, 2016, having decided to establish an industrial training institute in the Mehsana district of Gujarat state to support human resource development in India's manufacturing sector.

The industrial training institute has been established as the Japan-India Institute for Manufacturing (JIM), and opened on 1 August, 2017.

In promoting the Indian government's "Make in India" and "Skill India" initiatives, Suzuki will be helping through Japanese manufacturing to cultivate India's human resources and develop its manufacturing industry.



Signing ceremony held at the Japanese Prime Minister's office (provided by the Cabinet Office of Japan)

October, November 2016

Suzuki unveils 9 new motorcycle models at European motorcycle show

At INTERMOT held in October in Cologne, Germany, Suzuki Motor Corporation unveiled five new motorcycle models for the overseas market mainly targeting Europe and North America.

Comprehensively enhanced for the first time in eight years, the sixth generation of Suzuki's flagship supersport bike GSX-R1000 and its advanced version GSX-R1000R have been further evolved by incorporating technologies developed in MotoGP.

In addition, four more new models for the overseas market were unveiled at Milan Show in November, including the new GSX250R.

Suzuki's motorcycle business is playing a vital role in strengthening the Suzuki brand. We strive to enhance our product series and will actively release original products that surpass our customers' expectations.



GSX-R1000R

November 2016

Suzuki launches new Solio and Solio Bandit with newly-developed hybrid system

Suzuki has launched new versions of the Solio and Solio Bandit equipped with a newly-developed hybrid system. While maintaining the Solio's original appeal of a compact body and roomy cabin, the new models adopt Suzuki's unique hybrid system combining Motor Generator Unit with Auto Gear Shift (AGS) to realize low fuel consumption of 32.0km/L* together with a powerful sense of acceleration.

* Measured in JC08 test cycle and verified by Japan's Ministry of Land, Infrastructure, Transport and Tourism.

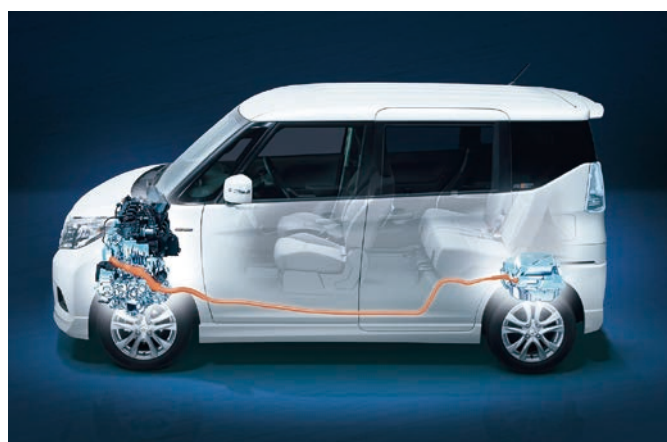


Image of hybrid system

December 2016

Suzuki achieves ASV++ rating in JNCAP preventive safety performance assessment

Suzuki cars equipped with Dual Camera Brake Support (DCBS), a stereo camera type collision-mitigating system, or Dual Sensor Brake Support (DSBS), a monocular camera and infrared laser radar device, have attained the top rating of ASV++¹ in the FY2016 JNCAP² program of preventive safety performance assessment.

In FY2016 about 60% of passenger cars (mini vehicles and standard and small vehicles) sold by Suzuki were fitted with a collision-mitigating system including one of the above brake supports. Suzuki will continue to enhance our safety technologies going forward as we work on improving the safety of our vehicles.



【Suzuki models certified with ASV++】

	Equipped with DCBS	Equipped with DSBS
Minivehicle	Hustler, Spacia	WagonR
Standard and small vehicle	Solio, Ignis	Swift

*For models equipped with optional safety package.

* 1 ASV: Advanced Safety Vehicle

* 2 JNCAP: Japan New Car Assessment Program

December 2016

Suzuki launches all-new Swift

The new Swift has adopted a daringly advanced design while retaining the essential Swift DNA. Onto the new-generation platform HEARTECT is installed a mild hybrid 1.2L engine or 1.0L direct-injection turbo engine to deliver both driving performance and fuel economy. Launched in 2004, the Swift is Suzuki's flagship compact car, which is now manufactured at overseas plants too, and sold around the world.



January 2017

MotoGP project for the 2017 Championship announced

Suzuki Motor Corporation has presented its new project for Team SUZUKI ECSTAR, a team competing in the MotoGP class of the world's premier motorcycle racing series, the 2017 FIM* Road Racing Grand Prix (MotoGP).

Two new riders, Andrea Iannone (Italy), who was ranked ninth in the MotoGP class last season, and Alex Rins (Spain), who has stepped up from the Moto2 class, are competing. As well as enhancing machine development, Suzuki will strive to improve its brand image by feeding this back into its products and developing more attractive bikes.

* FIM: Fédération Internationale de Motocyclisme (International Motorcycling Federation)



Andrea Iannone (left) and Alex Rins (right)

December 2016

Vitara Brezza wins Indian Car of the Year

The new SUV Vitara Brezza, manufactured and sold by Suzuki's Indian subsidiary Maruti Suzuki India Limited, has won Indian Car of the Year (ICOTY) 2017.

The Vitara Brezza is a stylish urban compact SUV developed by focussing on Indian customers' tastes and values, such as by keeping vehicle length under 4m to gain tax incentives. Sales of the Vitara Brezza reached 100,000 units in March 2017, about one year after launch, making it a core model that is leading Maruti Suzuki India Limited's sales and India's growing SUV market.



Launching event held in India (February 2016)

February 2017

Gujarat Plant in India starts operation

Suzuki Motor Gujarat Pvt. Ltd. (SMG), established in Ahmedabad, Gujarat in India, has started to manufacture Baleno from 1 February. The Gujarat Plant is located close to Mundra Port, and will be utilised as the export hub for markets including Europe, Africa and Japan.

SMG is also planning construction of its Gujarat Plant No.2 and Engine & Transmission Plant. Suzuki's total production capacity in India upon completion of Plant No.2 is forecast to reach 2 million units, which will meet growing demand in India's automobile market.



Gujarat Plant

February 2017

Suzuki launches all-new WagonR and WagonR Stingray

The all-new WagonR and WagonR Stingray offer even roomier cabin space and further enhance the user-friendliness of a miniwagon, while adopting three distinctive styling designs. Onto the new-generation platform HEARTECT is installed a mild hybrid system that lets the vehicle drive solely on motor when it starts moving, which realises a low fuel consumption of 33.4km/L*. There are advanced safety technologies such as the Dual Sensor Brake Support collision-mitigating system and head-up display, and user-friendliness has been enhanced such as with umbrella holders on the inside of both rear doors.

* Measured in JC08 test cycle and verified by Japan's Ministry of Land, Infrastructure, Transport and Tourism. For HYBRID FX (2WD) WagonR, HYBRID FZ (2WD) WagonR, and WagonR Stingray HYBRID X (2WD) models.



March 2017

Ignis Finishes in Top 3 in 2017 World Urban Car Category

The Suzuki Ignis compact car finished in the Top 3 of the Urban Car category at the World Car Awards held by the WCA (World Car Awards). The Urban Car category was instigated for the first time this year in order to select the world's top cars for urban environments. The Ignis is a stylish and highly-maneuvrable compact crossover model that is sold throughout the world, including Japan, India, and Europe.



February 2017

Suzuki Foundation funding for FY2016

Founded in March 1980 to commemorate the 60th anniversary of the foundation of Suzuki Motor Corporation, the Suzuki Foundation provided financial assistance in FY2016 to 38 research initiatives totalling ¥78 million in the form of scientific technology research assistance and proposed subject research assistance.

This was the Foundation's 37th round of financial assistance, which has included research funding for universities and research institutes nationwide and grants for accepting overseas researchers in order to support technical development in the machine industry and encourage and assist young people keen to get involved in these fields. Since its launch, the Foundation has supported 1,516 projects in all with financial assistance totalling ¥1,716.6 million.



Directors, Auditors and Officers

[Representative Directors]

Representative Director and Chairman (Chairman of the Board of Directors)	Osamu Suzuki	
Representative Director and Vice Chairman	Yasuhito Harayama	Supporting Chairman
Representative Director and President (CEO & COO)	Toshihiro Suzuki	

[Directors]

Director and Senior Technical Executive	Osamu Honda	
Director and Managing Officer	Masahiko Nagao	Executive General Manager, Corporate Planning Office
	Hiroaki Matsuura	Executive General Manager, Manufacturing Engineering
Director	Masakazu Iguchi	
	Sakutaro Tanino	

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

[Audit & Supervisory Board Members]

Audit & Supervisory Board Member	Kunio Nakamura	
	Eiji Mochizuki	
Audit & Supervisory Board Member (Outside)	Norio Tanaka	
	Yasuhiro Yamazaki	
	Nobuyuki Araki	

* Norio Tanaka, Yasuhiro Yamazaki and Nobuyuki Araki are the outside audit & supervisory board members as stipulated in Article 2, Item 16 of Companies Act of Japan. Yasuhiro Yamazaki is an audit & supervisory board member.

[Executive Vice President]

Executive Vice President	Kenichi Ayukawa	Managing Director and CEO, Maruti Suzuki India Ltd.
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[Senior Managing Officers]

Senior Managing Officer	Ichizo Aoyama	Executive General Manager, Global IT
	Toshiaki Hasuike	Executive General Manager, Automobile Engineering

[Managing Officers]

Managing Officer	Kazuo Hakamata	Production & Purchasing, PT. Suzuki Indomobil Motor (Indonesia)
	Masato Kasai	Executive General Manager, Customer Quality and Service
	Izumi Oishi	Executive General Manager, Manufacturing
	Taisuke Toyoda	Executive General Manager, Finance
	Hirofumi Nagao	Based in Pak Suzuki Motor Co., Ltd. (Pakistan)
	Keiichi Asai	President, Chongqing Changan Suzuki Automobile Co., Ltd. (China)
	Shuji Oishi	President, PT. Suzuki Indomobil Motor (Indonesia)
	Kazuki Yamaguchi	President, Suzuki Motor Sales Kinki Inc.
	Shigeyuki Yamamura	Executive General Manager, Administration
	Toshiaki Suzuki	Executive General Manager, Domestic Marketing I, Domestic Marketing
	Hidenori Yamashita	Deputy Executive General Manager, Manufacturing (Production Quality Assurance & Overseas Manufacturing)
	Kinji Saito	Executive General Manager, Global Automobile Marketing
	Ichiro Onishi	Deputy Executive General Manager, Automobile Engineering (Development Quality)
	Keiji Miyamoto	Executive General Manager, Domestic Marketing II, Domestic Marketing
	Kazuhiko Ayabe	Executive General Manager, Purchasing
	Shinichi Imaizumi	Division General Manager, Domestic Marketing Administration & Promotion Division, Domestic Marketing
	Naoki Suzuki	Deputy Executive General Manager, Automobile Engineering (Powertrain)
	Kazunobu Hori	Deputy Executive General Manager, Manufacturing Engineering
Katsuhiko Kato	Executive General Manager, Automobile Product & Cost Planning	
Shigeo Yamagishi	Executive General Manager, Vehicle Regulations and Engineering Administration	

Corporate Governance Issues

1. Basic policy on 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 realise 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 actively disclose information that we concluded is beneficial to understand the Company. We will further enhance the transparency of the Company.

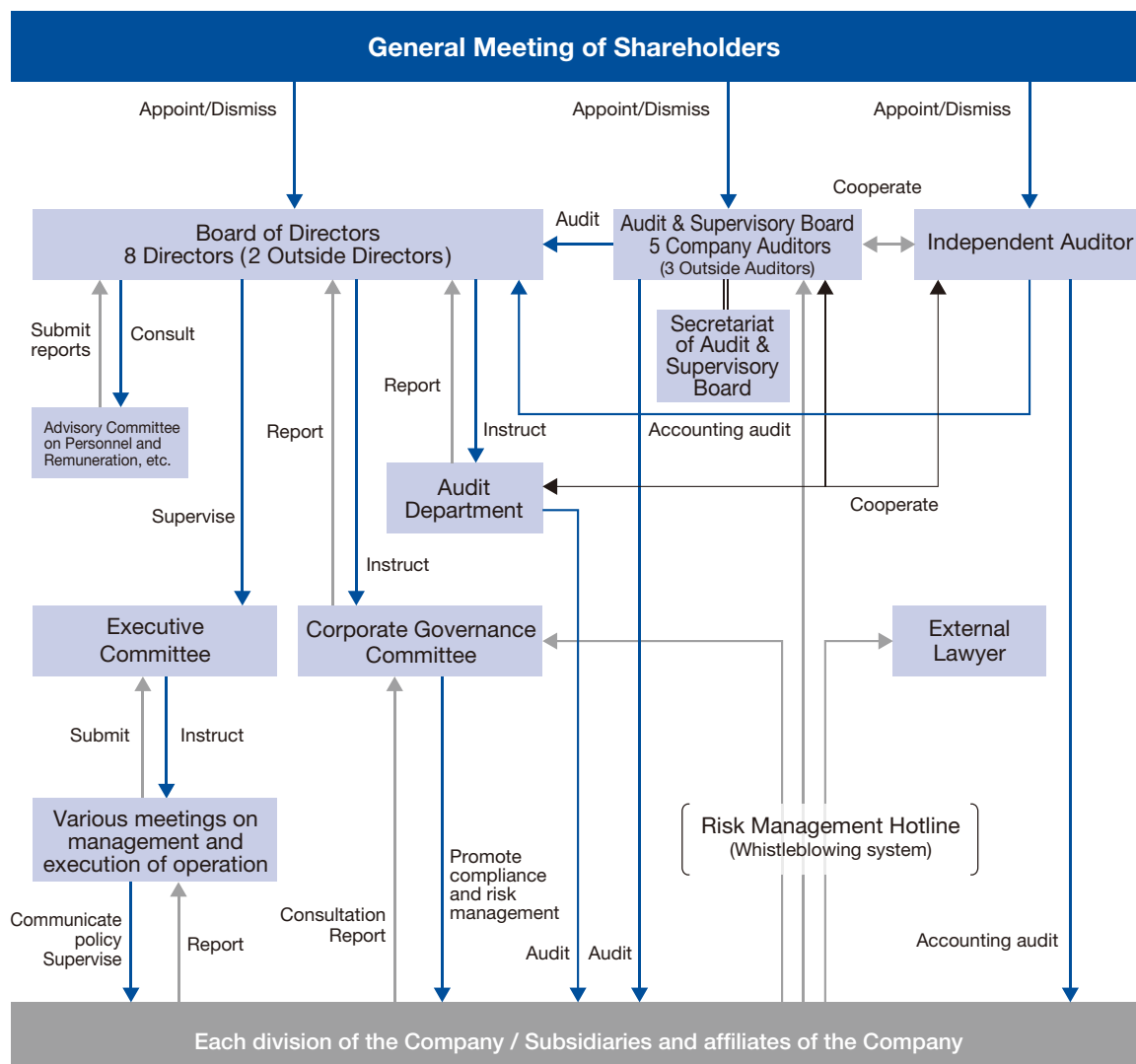
2. Corporate Governance System

The Company has elected to be a company with Audit & Supervisory Board.

In addition to the supervisory function of execution of business by the Board of Directors and the auditing function by the Audit & Supervisory Board, establishment of Advisory Committee on Personnel and Remuneration, etc. of which highly independent Outside Directors and Outside Auditors as the advisory body of the Board of Directors enables enhancement of governance.

For details of the Company's corporate governance system, please refer to the Corporate Governance Report.

<http://www.globalsuzuki.com/ir/library/governance/pdf/report.pdf>



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 the end of FY2016.

1. Risk relating to markets

■ 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 automobiles, motorcycles and outboard motors. They may also adversely 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 emerging 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 adversely affect the performance and financial conditions of the Group. Further, unexpected change or new application of tax systems, financial policies and others in each country may also adversely affect the performance and financial conditions of the Group.

■ 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 globalised 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.

2. Risk relating to business

■ New product development and launching abilities

It is very important for an automobile and motorcycle manufacturer to grasp correctly the customer needs and environment surrounding cars 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 grasp the customer needs that rapidly change and environment surrounding cars, such as the reduced demands caused by domestic and overseas economic slowdown, the increased interest in the environmental performance and the rapid spread of cars loaded with advanced technology.

Besides, launching of new products will require abilities of specific product development, development capability of advanced technology toward the future, and further abilities of continually manufacture products, in addition to appropriately understanding customer needs and environment surrounding cars.

However, even if we are able to grasp correctly the customer needs and environment surrounding cars, 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, securities of superior human resources 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.

■ 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.

■ 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.

■ Fluctuations of exchange rates and interest rates

We export automobiles, motorcycles, 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. The ratio of the overseas sales has reached about 70 percent of consolidated sales for the current consolidated fiscal year. As the Group depends heavily on the overseas manufacturing plants located mainly in emerging countries, it is susceptible to fluctuations in the foreign currencies. Also, since the Group procures a major part of fund in Japan where interest rates continue to be low, it is susceptible to changes in the interest rates.

We take hedging measures such as forward exchange contracts and decentralisation of production sites to optimise the production system globally to reduce the risks of exchange rates and interest rates fluctuations, but it is impossible to hedge every risk. The currencies appreciation in main production countries against other currencies may adversely affect the performance and financial conditions of the Group. On the other hand, by transferring production sites to other countries, it may result in opportunity losses that the Group can no longer benefit from foreign exchange gain in export even when the currency of its local country weakens.

Further, rapid increase of interest rates in Japan may adversely affect the performance and financial conditions of the Group.

■ Government regulations

Various legal regulations are applied to the automobiles, motorcycles 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.

■ 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.

■ 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.

■ Dependency on information technology

We create, process and stock information in the form of electronic data in all areas of the business activities such as design and development, production, marketing and accounting. The Group's products are also equipped with a variety of electronic control systems, which control vehicles and mounted equipment. While safety measures have been taken on the said items, infrastructure failure such as power shutoff and attacks by computer hacker and viruses may occur. If the group's operation is interrupted, and data is destroyed or lost, and leakage of confidential information takes place, it may adversely affect the performance and financial conditions of the Group.

■ Leakage of information

We have adopted a structure to prevent leakage of personal information of inside and outside of company and confidential information related to the Group's management, operation and technology, etc. But if such information is leaked or used without due authorisation attributable to unexpected circumstances, the Group may be subject to legal demand, lawsuit, indemnity liability and obligation to pay a fine, and this may adversely affect the performance and financial conditions of the Group.

■ Compliance

We have established a compliance system to prevent violation of laws and regulations and respond quickly to various issues related to compliance. Nevertheless, if we detect a fact of violation of laws or inappropriate response to compliance issues due to unexpected circumstances, the Group's social credibility may be affected seriously, which may adversely affect the performance and financial conditions of the Group.

■ Protection of intellectual property

We have stocked intellectual property such as technology and knowhow to distinguish its products with those of competitors, and have taken measures to protect such property and to prevent infringement of intellectual property rights by a third party. Nonetheless, if the Group's intellectual property is infringed unlawfully, or if the Group is pointed out by a third party to have infringed intellectual property rights and faces lawsuit or asked to terminate manufacturing and marketing of its products and to pay indemnity, it may adversely affect the performance and financial conditions of the Group.

■ 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, it may adversely affect the performance and financial conditions of the Group.

■ Influences of natural disasters, epidemics, wars, terrorism and strikes, etc.

In Japan, we are exposed to a variety of risks such as natural disasters including earthquake, typhoon and flood and unexpected accident. Especially, the Group's major facilities including head office, R&D sites and major manufacturing plants are concentrated in the Tokai region where occurrence of periodic massive earthquakes is highly probable.

We have taken various preventive measurements such as quake-resistant measures for buildings and facilities, fire preventive measures, establishment of BCP (Business Continuity Plan), purchases of earthquake insurances and others to minimise the influences of damage by natural disasters such as Tokai and Tonankai Earthquake. But, occurrences of any Tokai and Tonankai Earthquake may adversely affect the performance and financial condition of the Group largely.

We also conduct businesses around the world and are exposed to number of risks relating to our overseas operations. These risks around the world are natural disasters, epidemics, wars, terrorism, strikes, and various matters attributable to unstable political and social situation and difficulties, etc. 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, it 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 does 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 consolidated subsidiaries of 136 companies and affiliates of 32. The main businesses are manufacturing and marketing of automobiles, motorcycles, marine & power products, motorised 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.

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.

Motorcycle

Motorcycles are manufactured by the Company as well as in overseas, by a subsidiary Thai Suzuki Motor 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.

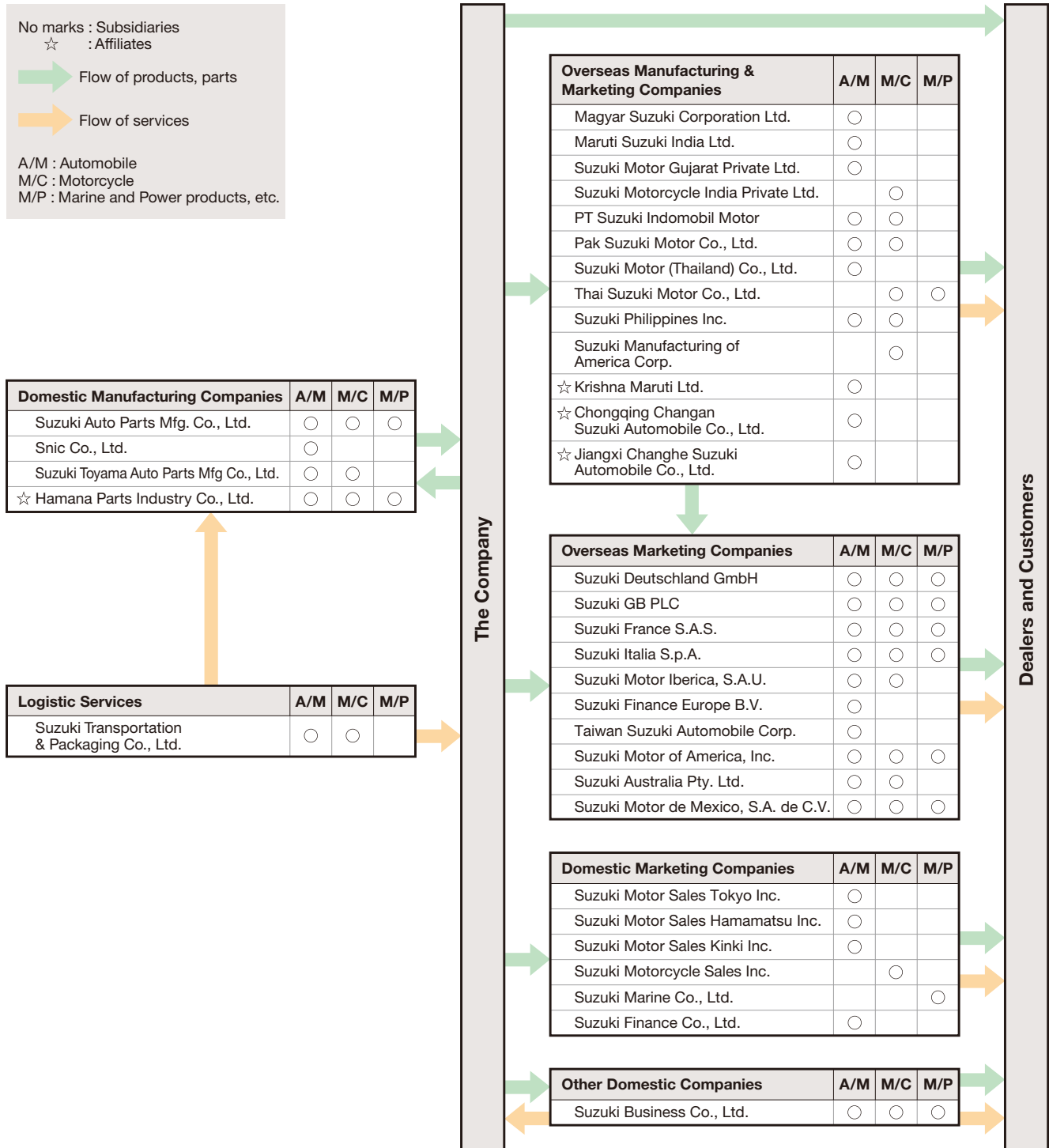
Marine and Power products, etc.

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 motorised 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 and businesses only)



FINANCIAL SECTION

CONTENTS

Five-Year Summary	25
Consolidated Financial Statements	26
Consolidated Balance Sheets	26
Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	28
Consolidated Statements of Changes in Net Assets.....	30
Consolidated Statements of Cash Flows.....	32
Notes to Consolidated Financial Statements.....	33
Independent Auditor's Report.....	51

Five-Year Summary

SUZUKI MOTOR CORPORATION

CONSOLIDATED

Years ended 31 March	Millions of yen (except per share amounts)				
	2017	2016	2015	2014	2013
Net sales	¥3,169,542	¥3,180,659	¥3,015,461	¥2,938,314	¥2,578,317
Net income attributable to owners of the parent	159,956	116,660	96,862	107,484	80,389
Net income per share:					
Primary	362.54	234.98	172.67	191.60	143.31
Fully diluted	362.48	234.92	172.63	191.57	131.67
Cash dividends per share	44.00	32.00	27.00	24.00	18.00
Net assets	1,387,041	1,187,703	1,701,390	1,494,357	1,298,553
Total current assets.....	1,955,973	1,632,630	2,008,729	1,790,832	1,560,218
Total assets	3,115,985	2,702,008	3,252,800	2,874,074	2,487,635
Depreciation and amortization....	163,397	168,315	134,377	117,188	93,680

Consolidated Financial Statements

Consolidated Balance Sheets

As of 31 March 2017 and 2016

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen	
	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents ^{*NOTE 12}	¥ 614,031	¥ 450,088
Receivables:		
Notes and accounts receivable-trade ^{*NOTE 5}	349,224	335,343
Allowance for doubtful accounts	(4,821)	(5,528)
Inventories	332,116	286,301
Deferred tax assets ^{*NOTE 10}	113,845	116,378
Others	551,576	450,046
Total current assets	<u>1,955,973</u>	<u>1,632,630</u>
Property, plant and equipment:		
Land ^{*NOTE 7}	261,130	255,013
Buildings and structures ^{*NOTE 7}	438,043	416,217
Machinery, equipment and vehicles	1,363,140	1,286,385
Tools, furniture and fixtures	396,523	408,683
Construction in progress	48,223	50,361
	<u>2,507,061</u>	<u>2,416,660</u>
Accumulated depreciation	<u>(1,750,717)</u>	<u>(1,659,584)</u>
Total property, plant and equipment	<u>756,344</u>	<u>757,076</u>
Investments and other assets:		
Investment securities ^{*NOTE 5}	314,594	226,516
Investments in affiliates ^{*NOTE 5}	52,841	46,250
Assets for retirement benefits ^{*NOTE 9}	44	50
Deferred tax assets ^{*NOTE 10}	21,140	14,773
Others	15,047	24,709
Total investments and other assets	<u>403,667</u>	<u>312,301</u>
Total assets	<u>¥3,115,985</u>	<u>¥2,702,008</u>

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

	Millions of yen	
	2017	2016
LIABILITIES AND NET ASSETS		
Current liabilities:		
Short-term loans payable ^{*NOTE 5 and 7}	¥ 96,643	¥ 201,507
Current portion of long-term loans payable ^{*NOTE 5 and 7}	119,958	64,982
Accounts payable-trade ^{*NOTE 5}	428,063	402,624
Electronically recorded obligations.....	83,070	64,055
Income taxes payable	31,863	29,486
Accrued expenses ^{*NOTE 5}	191,068	183,695
Provision for product warranties	76,995	66,032
Deferred tax liabilities ^{*NOTE 10}	55	481
Others ^{*NOTE 7}	160,402	133,089
Total current liabilities.....	<u>1,188,121</u>	<u>1,145,956</u>
Noncurrent liabilities:		
Bonds with subscription rights to shares ^{*NOTE 5 and 6}	200,400	—
Long-term loans payable ^{*NOTE 5 and 7}	222,870	262,797
Liabilities for retirement benefits ^{*NOTE 9}	63,099	56,346
Provision for disaster	1,976	3,056
Deferred tax liabilities ^{*NOTE 10}	1,384	7,484
Others ^{*NOTE 7}	51,091	38,663
Total noncurrent liabilities	<u>540,822</u>	<u>368,348</u>
Total liabilities	<u>1,728,943</u>	<u>1,514,305</u>
Net assets:		
Shareholders' equity: ^{*NOTE 13}		
Capital stock:		
Common stock:		
Authorised: 1,500,000,000 shares		
Issued: 491,000,000 shares as of		
31 March 2017 and 2016	138,014	138,014
Capital surplus.....	144,035	144,166
Retained earnings	1,058,549	913,656
Treasury stock	(191,051)	(191,169)
Total shareholders' equity.....	<u>1,149,548</u>	<u>1,004,668</u>
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	98,827	77,624
Deferred gains or losses on hedges.....	1,269	536
Foreign currency translation adjustment	(119,236)	(115,551)
Accumulated adjustment for retirement benefits	(10,543)	(9,580)
Total accumulated other comprehensive income	<u>(29,683)</u>	<u>(46,970)</u>
Subscription rights to shares ^{*NOTE 16}	<u>126</u>	<u>188</u>
Non-controlling interests.....	<u>267,049</u>	<u>229,816</u>
Total net assets	<u>¥1,387,041</u>	<u>¥1,187,703</u>
Total liabilities and net assets.....	<u>¥3,115,985</u>	<u>¥2,702,008</u>

(Consolidated Statements of Comprehensive Income)

Years ended 31 March 2017 and 2016

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen	
	2017	2016
Net Income	¥197,616	¥153,300
Other comprehensive income *NOTE 14		
Valuation difference on available-for-sale securities	28,375	(77,011)
Deferred gains or losses on hedges.....	505	(29)
Foreign currency translation adjustment	3,634	(100,590)
Adjustment for retirement benefits	(655)	(10,562)
Share of other comprehensive income of associates accounted for using equity method	(2,318)	(3,411)
Total other comprehensive income	29,541	(191,605)
Comprehensive income	227,158	(38,304)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent...	177,276	(51,260)
Comprehensive income attributable to non-controlling interests..	49,881	12,955

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 2017 and 2016

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen					
	Thousands of shares of common stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance as of 31 March 2015	561,047	¥138,014	¥144,364	¥1,082,440	¥(62)	¥1,364,757
Dividends from surplus.....	—	—	—	(16,156)	—	(16,156)
Net income attributable to owners of the parent.....	—	—	—	116,660	—	116,660
Purchase of treasury stock ...	—	—	—	—	(460,479)	(460,479)
Disposal of treasury stock.....	—	—	(95)	—	180	84
Retirement of treasury stock ..	(70,047)	—	(269,191)	—	269,191	—
Transfer to capital surplus from retained earnings	—	—	269,287	(269,287)	—	—
Capital increase of Consolidated subsidiaries	—	—	(198)	—	—	(198)
Net changes of items other than shareholders' equity.....	—	—	—	—	—	—
Total changes during the fiscal year	—	—	(198)	(168,783)	(191,107)	(360,089)
Balance as of 31 March 2016	491,000	¥138,014	¥144,166	¥913,656	¥(191,169)	¥1,004,668
Dividends from surplus.....	—	—	—	(15,003)	—	(15,003)
Net income attributable to owners of the parent.....	—	—	—	159,956	—	159,956
Purchase of treasury stock ...	—	—	—	—	(4)	(4)
Disposal of treasury stock.....	—	—	(60)	—	122	62
Transfer to capital surplus from retained earnings	—	—	60	(60)	—	—
Capital increase of consolidated subsidiaries.....	—	—	(130)	—	—	(130)
Net changes of items other than shareholders' equity.....	—	—	—	—	—	—
Total changes during the fiscal year	—	—	(130)	144,892	118	144,880
Balance as of 31 March 2017	491,000	¥138,014	¥144,035	¥1,058,549	¥(191,051)	¥1,149,548

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Accumulated adjustment for retirement benefit	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance as of 31 March 2015	¥158,788	¥679	¥(42,997)	¥864	¥117,333	¥250	¥219,048	¥1,701,390
Dividends from surplus.....	—	—	—	—	—	—	—	(16,156)
Net income attributable to owners of the parent.....	—	—	—	—	—	—	—	116,660
Purchase of treasury stock ...	—	—	—	—	—	—	—	(460,479)
Disposal of treasury stock.....	—	—	—	—	—	—	—	84
Retirement of treasury stock ..	—	—	—	—	—	—	—	—
Transfer to capital surplus from retained earnings	—	—	—	—	—	—	—	—
Capital increase of Consolidated subsidiaries	—	—	—	—	—	—	—	(198)
Net changes of items other than shareholders' equity.....	(81,163)	(142)	(72,553)	(10,444)	(164,304)	(62)	10,768	(153,598)
Total changes during the fiscal year	(81,163)	(142)	(72,553)	(10,444)	(164,304)	(62)	10,768	(513,687)
Balance as of 31 March 2016	¥77,624	¥536	¥(115,551)	¥(9,580)	¥(46,970)	¥188	¥229,816	¥1,187,703
Dividends from surplus.....	—	—	—	—	—	—	—	(15,003)
Net income attributable to owners of the parent.....	—	—	—	—	—	—	—	159,956
Purchase of treasury stock ...	—	—	—	—	—	—	—	(4)
Disposal of treasury stock.....	—	—	—	—	—	—	—	62
Transfer to capital surplus from retained earnings	—	—	—	—	—	—	—	—
Capital increase of Consolidated subsidiaries	—	—	—	—	—	—	—	(130)
Net changes of items other than shareholders' equity.....	21,202	732	(3,685)	(962)	17,287	(62)	37,232	54,458
Total changes during the fiscal year	21,202	732	(3,685)	(962)	17,287	(62)	37,232	199,338
Balance as of 31 March 2017	¥98,827	¥1,269	¥(119,236)	¥(10,543)	¥(29,683)	¥126	¥267,049	¥1,387,041

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

Consolidated Statements of Cash Flows

Years ended 31 March 2017 and 2016

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen	
	2017	2016
Cash flows from operating activities		
Income before income taxes etc.	¥295,200	¥245,631
Depreciation and amortization	163,397	168,315
Impairment loss	39,936	322
Increase (decrease) in allowance for doubtful accounts	(812)	(1,029)
Interest and dividend income.....	(16,827)	(20,885)
Interest expenses	4,771	6,381
Foreign exchange losses (gains).....	876	4,627
Equity in (earnings) losses of affiliates.....	(2,327)	2,492
Loss (gain) on sales of property, plant and equipment ...	(667)	(83)
Loss (gain) on sales of investment securities.....	(47,775)	(36,760)
Decrease (increase) in notes and accounts receivable-trade	(17,023)	3,479
Decrease (increase) in inventories	(50,386)	8,298
Increase (decrease) in notes and accounts payable-trade ...	45,218	593
Increase (decrease) in accrued expenses	6,473	14,857
Others, net.....	20,370	(36,630)
Sub-total	440,423	359,610
Interest and dividend income received	15,412	20,328
Interest expenses paid	(4,613)	(7,833)
Income taxes paid	(84,906)	(78,010)
Net cash provided by (used in) operating activities	366,315	294,095
Cash flows from investing activities		
Payments into time deposits	(38,552)	(61,915)
Proceeds from withdrawal of time deposits.....	8,367	28,596
Purchases of short-term investment securities	(297,947)	(274,553)
Proceeds from sales of short-term investment securities	268,519	173,478
Purchases of property, plant and equipment	(192,054)	(162,574)
Others, net.....	(36,898)	54,533
Net cash provided by (used in) investing activities	(288,564)	(242,435)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable.....	(102,949)	27,088
Proceeds from long-term loans payable	83,172	45,400
Repayment of long-term loans payable	(63,449)	(108,365)
Proceeds from issuance of bonds with subscription rights to shares	200,500	—
Purchase of treasury stock.....	(4)	(460,479)
Cash dividends paid	(15,003)	(16,156)
Cash dividends paid to non-controlling interests.....	(9,417)	(7,504)
Others, net.....	(3,342)	(344)
Net cash provided by (used in) financing activities	89,505	(520,361)
Effect of exchange rate changes on cash and cash equivalents	(3,313)	(13,471)
Net increase (decrease) in cash and cash equivalents	163,942	(482,172)
Cash and cash equivalents at beginning of period	450,088	932,261
Cash and cash equivalents at end of period *NOTE 12	¥614,031	¥450,088

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. However, due to the inherent uncertainties 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.

NOTE 2: Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements for the years ended 31 March 2017 and 2016 include the accounts of the Group, and the numbers of consolidated subsidiaries were 136 respectively. In addition, the numbers of investments in affiliated companies for the years ended 31 March 2017 and 2016 were 32 and 33 respectively. All significant inter-company accounts and transactions are eliminated in consolidation. Investments in affiliated companies are accounted for by the equity method.

The difference at the time of acquisition between the cost and underlying net equity of investments in consolidated subsidiaries (goodwill) and in affiliated companies accounted for under the equity method is, as a rule, amortized on a straight-line basis over a period of five years after appropriate adjustments.

The account settlement date of 19 consolidated subsidiaries is 31 December, however Magyar Suzuki Corporation Ltd. and 17 others are consolidated based on the financial statements of provisional account settlement as of 31 March. Subsidiary which has been consolidated based on the financial statements as of 31 December is 1 subsidiary.

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 general receivable. With respect to specific receivable with higher default possibility, recoverable amount is estimated respectively and uncollectible amount is appropriated.

(c) Allowance for investment loss

In order to allow for loss from non-marketable securities, the difference between book value and fair value is appropriated.

(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

The provision is appropriated for product compensation related to North American market which is not covered by "Product Liability Insurance" based on the actual payments.

(i) Provision for recycling expenses

The provision is appropriated for an estimated expense related to the recycle of products of the Company based on number of vehicles owned in the market, etc.

(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 the Company and its subsidiaries judge the decline in investment value is not temporary, the Company and its subsidiaries recognise revaluation loss based on the reasonable standard. If the stock market falls, the Company and its subsidiaries 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 moving average method).

Available-for-sale securities for which market quotations are unavailable are stated at cost by 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 recognised.

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 utilise the above hedging instruments in order to reduce our exposure to the risks of the fluctuation of interest rate and foreign exchange. 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 their 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 by 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 adjustment" and "Non-controlling 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 leases which transfer ownership

..... The same method as depreciation and amortization of self-owned noncurrent assets.

Finance leases which do not transfer ownership

..... Straight-line method with the lease period as the durable years. With respect to lease assets with guaranteed residual value under lease agreement, remaining value is the guaranteed residual value. With respect to other lease assets, remaining value is 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 asset and liability approach is adopted to recognise 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 amounts of future taxable income decrease, deferred tax assets may decrease and income taxes may be posted.

Consolidated tax payment has been applied to the Company and its domestic wholly owned subsidiaries from the fiscal year ended 31 March 2012.

(p) Retirement benefits

With respect to calculation of retirement benefit obligations, benefit formula basis method is used to attribute expected benefit to period up to the end of fiscal year ended 31 March 2017. With respect 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. With respect to 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 based on yield on low-risk and 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 it 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 the decrease in 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. However, 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: Additional Information

Application of Implementation Guidance on Recoverability of Deferred Tax Assets

The "Implementation Guidance on Recoverability of Deferred Tax Assets" (Accounting Standards Board of Japan (ASBJ) Statement No.26, 28 March 2016) has been applied since the fiscal year ended 31 March 2017.

NOTE 4: Impairment loss

The Group recorded impairment loss in the following group of assets as of 31 March 2017.

Use	Location	Classification	Amount (Millions of yen)
Assets for automobile business	Thailand	Machinery and equipment and vehicles, Tools, furniture and fixtures, etc.	26,346
	Asia	Machinery and equipment and vehicles, etc.	296
Assets for motorcycle business	Asia	Machinery and equipment and vehicles, Buildings and structures, etc.	5,192
Assets for other business	Japan	Land	1,496
Assets for rent	Japan	Land	6,007
Idle assets	Japan	Land	597
Total			39,936

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

[Assets for business]

(Suzuki Motor (Thailand) Co., Ltd.)

Suzuki Motor (Thailand) Co., Ltd, a fully owned subsidiary of the Company in Thailand commenced its automobile production in March 2012, and has exported its product worldwide, besides sales in the Thailand's domestic market. However, due to slowdown in the domestic market as well as appreciation of Thai Baht, the performance of the automotive business in Thailand has remained at low level. In FY2016, the Company carried out the examination on future recoverability of the business assets of Suzuki Motor (Thailand) Co., Ltd. Since the examination indicated that the recoverable amount fell below the book value of the assets, the Company decided to record an impairment loss as an extraordinary loss.

(Others)

Since the examination indicated that the recoverable amount fell below the book value of the assets, the Company decided to record an impairment loss as an extraordinary loss.

[Assets for rent and idle assets]

The Company reduced the book value of the group of the assets whose market value particularly fell to the recoverable amount and recorded an impairment loss as an extraordinary loss.

The impairment loss consists of ¥6,696 million for buildings and structures, ¥15,320 million for machinery and equipment and vehicles, ¥7,294 million for tools, furniture and fixtures, ¥8,101 million for land, and ¥2,523 million for construction in progress. The recoverable amount of the asset group is measured by net selling price or value in use, and the land value is evaluated by price calculated on a rational basis.

NOTE 5: Financial Instruments

(a) Matters for conditions of financial instruments

a. Policy for financial instruments

With respect to the fund management, the Group uses short-term deposits and short-term investment securities, and with respect to 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 the fluctuations of interest rates and exchange rates, 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 receivable-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 the risks of the fluctuation exchange rate 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 with respect to 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 the fluctuation of interest rate and exchange rate of some long-term borrowings.

Objectives of derivative transactions are foreign currency forward contracts to hedge the risks of the fluctuation of exchange rate related to receivables and payables denominated in foreign currencies, interest rate swaps to hedge the risks of the fluctuation of interest rate related to borrowings, and cross currency interest rate swaps to hedge the risks of the fluctuation of exchange rate and interest rate related to borrowings and lending. 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.

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. Since the rational valuation techniques include variable factors, the results of valuation may differ when different assumptions are applied. In addition, in Note 5 (d) Derivative transactions, contract amounts do not present market risks for the derivative transactions.

(b) Matters for fair values of the financial instruments

Carrying amounts in the consolidated balance sheet, fair values and difference as of 31 March 2017 and 2016 were as follows. Financial instruments whose fair value cannot be reliably measured are not included in the below table.

Millions of yen

	2017			2016		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
(1) Cash and deposits	¥693,952	¥693,952	¥ —	¥497,187	¥497,187	¥ —
(2) Notes and accounts receivable-trade	349,224	351,454	2,229	335,343	337,385	2,041
(3) Short-term investment securities and Investment securities						
Available-for-sale securities	636,102	636,102	—	488,274	488,274	—
Investments in affiliates	660	2,104	1,443	588	1,024	436
Total of assets	1,679,940	1,683,613	3,673	1,321,394	1,323,872	2,477
(1) Accounts payable-trade	428,063	428,063	—	402,624	402,624	—
(2) Short-term loans payable	96,643	96,643	—	201,507	201,507	—
(3) Current portion of long-term loans payable	119,958	119,809	148	64,982	64,924	58
(4) Accrued expenses	191,068	191,068	—	183,695	183,695	—
(5) Bonds with subscription rights to shares	200,400	251,450	(51,050)	—	—	—
(6) Long-term loans payable	222,870	221,236	1,634	262,797	260,818	1,979
Total of liabilities	1,259,003	1,308,270	(49,267)	1,115,607	1,113,569	2,037
Derivatives						
Hedge accounting is applied	1,544	1,544	—	1,340	1,340	—
Hedge accounting is not applied	296	296	—	736	736	—

* 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**

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

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

c. Short-term investment securities and Investment securities

With respect to these fair values, fair values of stock are prices of exchanges. With respect 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**

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

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

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

c. Bonds with subscription rights to shares

These fair values are calculated based on the prices offered by financial institutions, etc.

Derivatives:

Please refer to Note 5 (d) Derivative transactions.

*2. Financial instruments whose fair value cannot be reliably determined

	Millions of yen	
	2017	2016
Available-for-sale securities		
Unlisted stock other than stocks of affiliates	¥17,188	¥17,882
Unlisted stock of affiliates	20,514	17,188
Others	77	210

Those fair values cannot be reliably measured because market values are unavailable and future cash flows cannot be estimated. Therefore, they are not included in "(3) Short-term investment securities and Investment securities" of assets.

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

	2017			2016		
	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	¥ 693,952	¥ —	¥ —	¥ 497,187	¥ —	¥ —
Notes and accounts receivable- trade	226,403	122,412	409	244,470	90,513	360
Securities and investment securities with maturities	338,756	—	—	279,571	—	—
Total	¥1,259,111	¥122,412	¥409	¥1,021,229	¥90,513	¥360

(c) Securities

a. Available-for-sale securities with market value

	Millions of yen					
	2017			2016		
	Acquisition cost	Carrying Amount	Difference	Acquisition cost	Carrying Amount	Difference
Securities for which the carrying amount exceeds the acquisition costs						
Stocks.....	¥ 50,691	¥ 127,569	¥ 76,878	¥ 50,789	¥149,942	¥ 99,152
Bonds	—	—	—	—	—	—
Others.....	413,408	477,832	64,423	302,911	332,224	29,313
Sub-Total	¥464,100	¥605,401	¥141,301	¥353,700	¥482,166	¥128,465
Securities for which the carrying amount does not exceed the acquisition costs						
Stocks.....	¥ 758	¥ 700	¥ (58)	¥ 6,549	¥ 6,107	¥ (441)
Bonds	—	—	—	—	—	—
Others.....	30,000	30,000	—	—	—	—
Sub-Total	¥ 30,758	¥ 30,700	¥ (58)	¥ 6,549	¥ 6,107	¥ (441)
Total	¥494,858	¥636,102	¥141,243	¥360,249	¥488,274	¥128,024

b. Available-for-sale securities sold

	Millions of yen	
	2017	2016
Amounts sold	¥337,540	¥247,317
Gains on sales of available-for-sale securities	47,775	36,760

c. Marketable securities impaired / Loss on valuation of securities

Year ended 31 March 2016

The Group recognised impairment of 1,337 million yen on available-for-sale securities. With respect to impairing securities with a market value, if the market value at the end of the period has significantly declined compared to the acquisition cost, the Group recognises impairment to the extent deemed necessary based on recoverability. With respect to impairing securities without a market value, if the real price has significantly declined compared to the acquisition cost, the Group recognises impairment to the extent deemed necessary based on recoverability.

Year ended 31 March 2017

The Group recognised impairment of 0 million yen on available-for-sale securities. With respect to impairing securities with a market value, if the market value at the end of the period has significantly declined compared to the acquisition cost, the Group recognises impairment to the extent deemed necessary based on recoverability. With respect to impairing securities without a market value, if the real price has significantly declined compared to the acquisition cost, the Group recognises impairment to the extent deemed necessary based on recoverability.

(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. With respect 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

Currency-related transactions (non-market transactions)

Millions of yen

Type	2017				2016			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Foreign currency forward contracts								
Selling								
USD	¥ 565	—	¥ 2	¥ 2	¥ 5,444	—	¥175	¥175
Buying								
JPY	13,500	—	221	221	3,733	—	160	160
EUR	1,377	—	(6)	(6)	766	—	36	36
USD	17,432	—	(371)	(371)	83	—	(0)	(0)
MXN	—	—	—	—	57	—	(1)	(1)
Cross currency Swap								
Buying								
JPY	13,000	—	354	354	—	—	—	—
Total	¥45,875	—	¥199	¥199	¥10,085	—	¥370	¥370

Interest and currency related transactions (non-market transactions)

Millions of yen

Type	2017				2016			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)	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	¥—	¥—	¥—	¥—	¥ 2,610	¥ —	¥842	¥842
Pay fixed receive floating Pay IDR receive USD	—	—	—	—	11,268	11,268	(932)	(932)
Pay fixed receive floating Pay IDR receive JPY	—	—	—	—	10,000	10,000	418	418
Total	¥—	¥—	¥—	¥—	¥23,878	¥21,268	¥328	¥328

Commodity-related transactions (market transactions)

Millions of yen

Type	2017				2016			
	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	¥2,376	—	¥96	¥96	¥859	—	¥36	¥36
Total	¥2,376	—	¥96	¥96	¥859	—	¥36	¥36

Earthquake-related transactions

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

b. Derivative transactions to which hedge accounting is applied

Currency-related transactions

Millions of yen

Type	2017			2016		
	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: Accounts receivable-trade)						
USD	¥ 8,074	—	¥ 753	¥ 6,790	—	¥106
EUR	—	—	—	5,738	—	227
CAD	—	—	—	296	—	3
AUD	2,703	—	307	2,897	—	(81)
NZD	714	—	59	270	—	(1)
GBP	779	—	19	575	—	35
MXN	1,095	—	(32)	1,657	—	(17)
PLN	1,115	—	(11)	—	—	—
Buying (Principal hedged item: Accounts payable-trade)						
USD	16	—	0	—	—	—
THB	2,555	—	8	4,289	—	(41)
EUR	—	—	—	515	—	1

Foreign currency forward contracts (Exceptional hedge accounting)							
Selling (Principal hedged item: Accounts receivable-trade)							
USD	3,931	—	*	961	—	*	
EUR	11,930	—	*	20,169	—	*	
CAD	236	—	*	353	—	*	
AUD	775	—	*	3,417	—	*	
NZD	451	—	*	308	—	*	
GBP	10,020	—	*	195	—	*	
MXN	1,677	—	*	597	—	*	
CNY	—	—	*	2,371	—	*	
PLN	1,768	—	*	—	—	*	
Buying (Principal hedged item: Accounts payable-trade)							
THB	3,373	—	*	2,223	—	*	
JPY	—	—	*	400	—	*	
Total	¥51,221	—	¥1,103	¥54,032	—	¥231	

* Since 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	2017			2016		
		Contract/ notional amount	Amount due after one year	Fair value	Contract/ notional amount	Amount due after one year	Fair value
Interest rate swap (special exceptional hedge accounting)							
Pay fixed receive floating	Long-term debt	¥ 12,500	¥ 12,500	*	¥ 32,500	¥ 12,500	*
Cross currency interest rate swap (Principle hedge accounting)							
Pay fixed receive floating Pay IDR receive USD	Long-term debt	13,631	4,599	(89)	12,608	5,055	—
Pay fixed receive floating Pay THB receive USD		13,181	13,181	1,086	12,899	12,899	1,109
Pay fixed receive floating Pay IDR receive USD	Current portion of long-term loans payable	11,219	—	(430)	—	—	—
Pay fixed receive floating Pay IDR receive JPY		10,000	—	(126)	—	—	—
Cross currency interest rate swap (Integration hedge accounting)							
Pay fixed receive floating Pay JPY receive USD	Long-term debt	129,172	59,172	*	118,000	118,000	*
Pay fixed receive fixed Pay JPY receive EUR		11,300	11,300	*	—	—	*
Pay fixed receive floating Pay CNY receive JPY	Long-term receivable	243	243	*	243	243	*
Pay fixed receive floating Pay INR receive USD		2,720	2,720	*	2,732	2,732	*
Total		¥203,967	¥103,717	¥440	¥178,983	¥151,430	¥1,109

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

NOTE 6: Bonds with subscription rights to shares

(1) Name of the bond	SUZUKI MOTOR CORPORATION Euro Yen Zero Coupon (subject to the maximum number of shares to be delivered) Convertible Bond due 2021	SUZUKI MOTOR CORPORATION Euro Yen Zero Coupon (subject to the maximum number of shares to be delivered) Convertible Bond due 2023
(2) Total issue amount	100 billion yen plus the aggregate principal amount of the bonds in respect of replacement certificates of the bonds with stock acquisition rights	Same as on the left
(3) Issue price	100.5% of principal amount	100.0% of principal amount
(4) Offer price	103.0% of principal amount	102.5% of principal amount
(5) Balance as of 31 March 2017 (Millions of yen)	100,400	100,000
(6) Coupon	Zero	Same as on the left
(7) Closing and issue date	1 April 2016	Same as on the left
(8) Redemption price	100% of principal amount	Same as on the left
(9) Redemption at maturity, Early redemption and Cancellation by acquisition	31 March 2021 by 100% of principal amount Early redemption and cancellation by acquisition by the bonds under certain circumstances are specified in the Information Memorandum.	31 March 2023 by 100% of principal amount Same as on the left
(10) Matters concerning the stock acquisition rights		
i. Type of share to be issued upon exercise of the stock acquisition rights	Common stock of the Company	Same as on the left
ii. Total number of stock acquisition rights	10,000 units plus the units of the aggregate principal amount of the bonds in respect of replacement certificates of the bonds with stock acquisition rights divided by 10 million yen	Same as on the left
iii. Conversion price	4,120.0 yen (please refer to vii.)	Same as on the left
iv. Exercise period and Supplementary conditions	From 15 April 2016 to 17 March 2021 [Automatic-acquisition-upon-exercise clause (subject to the maximum number of shares to be delivered)] Exercising by 31 December 2020 [One-time acquisition clause (subject to the maximum number of shares to be delivered)] Giving notice from 31 March 2020 to 16 December 2020 [Contingent conversion mechanism (130%)] Until 31 December 2020	From 15 April 2016 to 17 March 2023 [Same as on the left] Exercising by 31 December 2022 [Same as on the left] Giving notice from 31 March 2022 to 16 December 2022 [Same as on the left] Until 31 December 2022
v. Asset and amount to be paid upon exercise of the stock acquisition rights	The bonds in respect of the relevant stock acquisition rights shall be contributed upon exercising of each stock acquisition right, and the price of the bonds shall be equal to the principal amount of the bonds.	
vi. Capital stock and capital surplus increased in case the stocks are issued by exercising stock acquisition rights	The amount of capital stock increased in case the stocks are issued by exercising stock acquisition rights shall be half of the maximum increase of capital stock and etc., calculated in accordance with Article 17 of the "Company Calculation Ordinance," and any amount less than one yen arising from such calculation shall be rounded up. The increase in capital surplus shall be obtained by subtracting the capital stock increased from the maximum increase of capital stock and etc.	
vii. Adjustments of the conversion price	The dividend of fiscal year end retained earnings was approved as 27 Yen per share and the annual dividend was determined as 44 Yen per share during the Ordinary General Meeting of Shareholders held on 29 June 2017. By the approval and determination, the conversion price of Euro Yen Zero Coupon (subject to the maximum number of shares to be delivered) Convertible Bond due 2021 and Euro Yen Zero Coupon (subject to the maximum number of shares to be delivered) Convertible Bond due 2023 has been adjusted to 4,116.3 Yen retroactively since 1 April 2017 in accordance with the clause of Adjustments of the Conversion Price in the guideline for the bonds.	
(11) Security or guarantee	None	
(12) Use of proceeds	Proceeds from the issuance of the bonds shall be used as strategic investment for accelerating the Group's mid-term management plan and for strengthening its competitive position.	

NOTE 7: Short-term debts and long-term debts

	Millions of yen	
	2017	2016
Short-term loans payable and Current portion of long-term loans payable		
Unsecured	¥216,601	¥266,490
Lease obligations due within one year	12	41
	<u>¥216,613</u>	<u>¥266,531</u>

Long-term debts were as follows:

	Millions of yen	
	<u>2017</u>	<u>2016</u>
Long-term loans payable maturing through 2022		
Unsecured	¥222,870	¥262,797
Lease obligations due more than one year	7	16
Other interest-bearing debts (Long-term guarantee deposited)	12,540	11,900
	<u>¥235,419</u>	<u>¥274,714</u>

As is customary in Japan, both short-term and long-term bank loans are subjected 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 debts excluding other interest-bearing debts as of 31 March 2017 were as follows:

<u>Year ending 31 March</u>	Millions of yen
2019	¥ 79,110
2020	28,188
2021	18,578
Thereafter	97,000
	<u>¥222,878</u>

Assets pledged as collateral as of 31 March 2017:

	Millions of yen
Buildings and structures	¥552
Land	97
	<u>¥649</u>

Secured liabilities as of 31 March 2017:

	Millions of yen
Others (noncurrent liabilities)	<u>¥300</u>

NOTE 8: Loan commitment

The Company has the commitment line contract with six banks for effective financing. The outstanding balance of this contract was as follows:

	Millions of yen	
	<u>2017</u>	<u>2016</u>
Commitment line contract total	¥250,000	¥250,000
Actual loan balance	—	—
Variance	<u>¥250,000</u>	<u>¥250,000</u>

NOTE 9: Retirement and severance benefits
1. Outline of adopted retirement benefit systems

The Company established cash balance corporate pension plan and lump-sum retirement benefit plan. Some of consolidated subsidiaries established defined benefit corporate pension plan and lump-sum retirement benefit plan. Some of foreign consolidated subsidiaries established defined contribution plan.

Some of consolidated subsidiaries adopt simplified method 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	
	2017	2016
Opening balance retirement of benefit obligation	¥152,161	¥133,418
Service cost	8,706	8,322
Interest cost	754	1,855
Actuarial differences.....	1,832	14,073
Retirement allowance paid	(5,844)	(4,753)
Past service cost	100	347
Others	4,364	(1,103)
Closing balance of retirement benefit obligation	¥162,076	¥152,161

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

	Millions of yen	
	2017	2016
Opening balance of pension assets	¥95,865	¥94,487
Expected return on pension assets.....	1,698	1,537
Actuarial differences.....	(671)	(1,344)
Contribution from employers.....	5,254	4,856
Retirement allowance paid	(3,599)	(3,452)
Others	473	(219)
Closing balance of pension assets	¥99,021	¥95,865

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

	Millions of yen	
	2017	2016
Defined benefit obligation of funded severance plan	¥112,320	¥108,729
Pension assets.....	(99,021)	(95,865)
	13,299	12,864
Defined benefit obligation of unfunded severance plan	49,755	43,431
Net amount of liability and asset for retirement benefits recognised in consolidated balance sheet	¥63,055	¥56,296
Liabilities for retirement benefits	¥63,099	¥56,346
Assets for retirement benefits	(44)	(50)
Net amount of liability and asset for retirement benefits recognised in consolidated balance sheet	¥63,055	¥56,296

(d) Breakdown of retirement benefit expenses

	Millions of yen	
	2017	2016
Service cost	¥8,706	¥8,322
Interest cost	754	1,855
Expected return on pension assets.....	(1,698)	(1,537)
Recognition of actuarial gains and losses	1,875	987
Amortization of past service cost.....	(333)	(342)
Others	110	48
Total amount of retirement benefit expenses for defined benefit plans	<u>¥9,415</u>	<u>¥9,334</u>

(e) Adjustment for retirement benefits

Breakdown of adjustment for retirement benefit recognised were as follows:

	Millions of yen	
	2017	2016
Past service cost	¥(433)	¥(293)
Actuarial gains and losses	(447)	(14,782)
Total	<u>¥(881)</u>	<u>¥(15,075)</u>

(f) Accumulated adjustment for retirement benefits

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

	Millions of yen	
	2017	2016
Unrecognised past service cost.....	¥(2,591)	¥(2,158)
Unrecognised actuarial gains and losses.....	(11,885)	(11,437)
Total	<u>¥(14,477)</u>	<u>¥(13,596)</u>

(g) Pension assets

a. Major breakdown of pension assets

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

	2017	2016
Debt securities.....	45.4%	43.9%
General account of life insurance companies	37.6%	37.9%
Others	17.0%	18.2%
Total	<u>100.0%</u>	<u>100.0%</u>

b. Method to determine long-term expected return on pension 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

	2017	2016
Discount rate.....	mainly 0.15%	mainly 0.15%
Expected long-term return on pension assets.....	mainly 1.80%	mainly 1.80%

3. Defined contribution plan

Year ended 31 March 2016

Contribution to defined contribution plan by the Company and consolidated subsidiaries was 233 million yen.

Year ended 31 March 2017

Contribution to defined contribution plan by the Company and consolidated subsidiaries was 340 million yen.

NOTE 10: Income taxes

(a) Breakdown of deferred tax assets and deferred tax liabilities by their main occurrence causes

	Millions of yen	
	2017	2016
Deferred tax assets		
Impairment loss and Excess-depreciation	¥54,224	¥57,330
Various provisions	38,171	34,044
Unrealised profits elimination	21,698	19,383
Loss on valuation of securities	12,586	13,655
Deferred assets	3,210	3,606
Others	66,259	81,523
Deferred tax assets sub-total	196,151	209,544
Valuation allowance	(38,934)	(36,743)
Deferred tax assets total	¥157,217	¥172,800
Deferred tax liabilities		
Valuation difference on available-for-sale securities	¥(19,590)	¥(39,938)
Variance from the complete market value method of consolidated subsidiaries	(8,682)	(5,264)
Reserve for advanced depreciation of noncurrent assets ...	(3,678)	(3,265)
Others	8,279	(1,145)
Deferred tax liabilities total	(23,671)	(49,614)
Net amounts of deferred tax assets	¥133,545	¥123,186

* Net amounts of deferred tax assets are included in the following accounts in the consolidated balance sheets.

	Millions of yen	
	2017	2016
Current assets – Deferred tax assets	¥113,845	¥116,378
Investment and other assets – Deferred tax assets	21,140	14,773
Current liabilities – Deferred tax liabilities	(55)	(481)
Noncurrent liabilities – Deferred tax liabilities	(1,384)	(7,484)

(b) Breakdown of the differences between the statutory tax rate and the effective tax rate

	2017	2016
Statutory tax rate	30.21%	32.34%
Tax rate difference	4.15%	2.82%
Effect of change of tax rate	—	2.64%
Others	(1.31)%	(0.21)%
Effective tax rate	33.06%	37.59%

NOTE 11: Research and development costs

Research and development costs included in selling, general and administrative expenses were as follows:

	Millions of yen	
	2017	2016
Research and development costs	¥131,539	¥131,031

NOTE 12: Cash and cash equivalents

Cash and cash equivalents were as follows:

	Millions of yen	
	2017	2016
Cash and deposits	¥693,952	¥497,187
Short-term investment securities	338,756	279,571
Time deposits with maturities of over three months.....	(79,920)	(47,098)
Bonds etc. with redemption period of over three months	(338,756)	(279,571)
	¥614,031	¥450,088

NOTE 13: Net assets

The Companies Act of Japan (“the Companies Act”) requires that at least 50% of the contribution of new shares shall 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 shall be credited to “Legal capital surplus”.

The Companies Act provides that an amount equivalent to 10% of cash dividends shall 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 sheets 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 14: Other comprehensive income

	Millions of yen	
	2017	2016
Valuation difference on available-for-sale securities		
Loss (gain) arising during the period.....	¥62,839	¥(78,299)
Reclassification adjustments.....	(51,445)	(35,422)
Before tax effect.....	11,393	(113,722)
Tax effect.....	16,982	36,711
Balance at the end of the period.....	¥28,375	¥(77,011)
Deferred gains or losses on hedges		
Loss (gain) arising during the period.....	¥5,324	¥2,939
Reclassification adjustments.....	(4,554)	(3,088)
Before tax effect.....	770	(148)
Tax effect.....	(264)	119
Balance at the end of the period.....	¥505	¥(29)
Foreign currency translation adjustment		
Loss (gain) arising during the period.....	¥3,634	¥(101,996)
Reclassification adjustments.....	—	1,405
Balance at the end of the period.....	¥3,634	¥(100,590)
Adjustment for retirement benefit		
Loss (gain) arising during the period.....	¥(1,684)	¥(15,274)
Reclassification adjustments.....	803	198
Before tax effect.....	(881)	(15,075)
Tax effect.....	225	4,513
Balance at the end of the period.....	¥(655)	¥(10,562)
Share of other comprehensive income of associates accounted for using equity method		
Loss (gain) arising during the period.....	¥(2,318)	¥(3,411)
Total other comprehensive income	¥29,541	¥(191,605)

NOTE 15: Cash dividends

	Resolutions	
	Ordinary General Meeting of Shareholders held on 29 June 2016	Meeting of the Board of Directors held on 4 November 2016
Total amount of cash dividends	¥7,501 million	¥7,501million
Cash dividends per share	¥17.00	¥17.00
Record date	31 March 2016	30 September 2016
Effective date	30 June 2016	30 November 2016

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 29 June 2017
Total amount of cash dividends	¥11,914 million
Cash dividends per share	¥27.00
Record date	31 March 2017
Effective date	30 June 2017

NOTE 16: Stock option plans

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

The plans were adopted at the Ordinary General Meetings of Shareholders and meetings of the Board of Directors held on 28 June 2012, 27 June 2013 and 27 June 2014 based on the Companies Act.

The details of the plans were as follows:

	The plan adopted at 28 June 2012	The plan adopted at 27 June 2013	The plan adopted at 27 June 2014
Category and number of people to whom stock options are granted	10 Directors of the Company (excluding Outside Directors) 6 Managing Officers who do not concurrently serve as Directors	7 Directors of the Company (excluding Outside Directors) 10 Senior Managing Officers and Managing Officers who do not concurrently serve as Directors	6 Directors of the Company (excluding Outside Directors) 6 Managing Officers who do not concurrently serve as Directors
Class of shares that are the subject of subscription rights to shares	92,000 of Common stock of the Company	49,800 of Common stock of the Company	32,400 of Common stock of the Company
Adoption date	20 July 2012	19 July 2013	22 July 2014
Terms of exercise of subscription rights to shares	(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, the person's heir shall be able to exercise the rights.		
Period during which subscription rights to shares can be exercised	From 21 July 2012 to 20 July 2042	From 20 July 2013 to 19 July 2043	From 23 July 2014 to 22 July 2044
Number of shares which subscription rights to shares have not exercised	35,000	20,400	12,600

NOTE 17: Contingent liabilities

As of 31 March 2017 and 2016, the Company and some of consolidated subsidiaries had the contingent liabilities as follows:

	Millions of yen	
	2017	2016
Guarantee of indebtedness of affiliates and others	¥2,051	¥1,427

NOTE 18: 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 segments and to assess their performances.

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

Main products and services of each segment are as follows:

Segment	Main products and services
Automobile	Minivehicles, Sub-compact vehicles, Standard-sized vehicles
Motorcycle	Motorcycles, All-terrain vehicles
Marine and Power products, etc.	Outboard motors, Engines for snowmobiles, etc., Motorised wheelchairs, 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" (Note 2).

3. Information about the amounts of net sales, profit or loss, assets and other items by reportable segment

	Millions of yen				
	2017				
	Automobile	Motorcycle	Marine & Power products, etc.	Adjustment	Consolidated
Net Sales:					
Net sales to external customers	¥2,895,619	¥206,289	¥67,633	¥ —	¥3,169,542
Segment profit (loss)	255,060	(930)	12,555	—	266,685
Segment assets	2,205,138	204,159	46,375	660,311	3,115,985
Other content:					
Depreciation	150,475	9,796	3,124	—	163,397
Amortization of goodwill	1,547	54	0	—	1,602
Impairment loss	33,077	5,343	1,514	—	39,936
Investments in affiliated companies accounted for by equity method	48,957	3,796	87	—	52,841
Increase in property, plant and equipment and intangible assets ...	181,268	15,814	1,699	—	198,782
	Millions of yen				
	2016				
	Automobile	Motorcycle	Marine & Power products, etc.	Adjustment	Consolidated
Net Sales:					
Net sales to external customers	¥2,878,515	¥233,889	¥68,253	¥ —	¥3,180,659
Segment profit (loss)	192,619	(10,198)	12,887	—	195,308
Segment assets	1,984,591	190,376	46,094	480,945	2,702,008
Other content:					
Depreciation	158,116	7,992	2,207	—	168,315
Amortization of goodwill	1,723	184	79	—	1,988
Impairment loss	292	30	—	—	322
Investments in affiliated companies accounted for by equity method	42,193	3,990	67	—	46,250
Increase in property, plant and equipment and intangible assets ...	161,679	7,531	2,324	—	171,535

(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

	Millions of yen					
	2017					
	Japan	Europe	Asia	Other areas	Eliminations	Consolidated
Net Sales:						
Net sales to external customers...	¥1,293,486	¥344,591	¥1,389,743	¥141,721	¥ —	¥3,169,542
Internal net sales or transfer among geographical areas.....	565,322	213,651	117,165	546	(896,685)	—
Total	1,858,809	558,242	1,506,909	142,267	(896,685)	3,169,542
Operating income.....	137,240	13,101	121,396	4,060	(9,113)	266,685

	Millions of yen					
	2016					
	Japan	Europe	Asia	Other areas	Eliminations	Consolidated
Net Sales:						
Net sales to external customers...	¥1,301,207	¥323,309	¥1,402,285	¥153,857	¥ —	¥3,180,659
Internal net sales or transfer among geographical areas.....	508,962	227,156	93,830	542	(830,491)	—
Total	1,810,169	550,465	1,496,116	154,399	(830,491)	3,180,659
Operating income.....	84,812	6,721	103,823	2,431	(2,481)	195,308

- *Notes: 1. Classification of countries or areas is based on a geographical adjacency.
 2. The major countries or areas belonging to classifications other than Japan:
 (1) Europe Hungary, Germany, United Kingdom and France
 (2) Asia India, Indonesia, Thailand and Pakistan
 (3) Other areas United States, Australia, Mexico and Colombia
 3. Classification is counted based on the location of the Company and its consolidated subsidiaries.

(b) The amount of net sales based on external customers

	Millions of yen			
	2017			
	Japan	India	Others	Consolidated
Net sales.....	¥1,037,546	¥1,018,813	¥1,113,182	¥3,169,542

	Millions of yen			
	2016			
	Japan	India	Others	Consolidated
Net sales.....	¥1,047,883	¥980,640	¥1,152,134	¥3,180,659

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 of 31 March 2017, 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 comply with ethical requirements and 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 of 31 March 2017, 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.

Seimei Audit Corporation.

Seimei Audit Corporation
Tokyo, Japan
29 June 2017

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 Website Address : http://www.globalsuzuki.com
4. Main Products	Automobiles, Motorcycles, Outboard Motors, Motorised 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, 2017)

Capital	¥138,014 million
Total number of authorised shares	1,500 million
Total number of shares issued	491,000,000
Number of shareholders	26,548
Stock Listing	Tokyo Stock Exchange
Securities Code	7269
Ordinary General Meeting of Shareholders	June
Record Dates	<ul style="list-style-type: none"> • Ordinary General Meeting of Shareholders 31 March • Year-End Dividend 31 March • Interim Dividend 30 September
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 (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	31,352	7.1
Japan Trustee Services Bank, Ltd. (Trust Account)	18,106	4.1
Tokio Marine & Nichido Fire Insurance Co., Ltd.	17,961	4.1
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	16,000	3.6
The Shizuoka Bank, Ltd.	14,500	3.3
Resona Bank, Ltd.	13,000	2.9
JP Morgan Chase Bank 380055	9,697	2.2
Sompo Japan Nipponkoa Insurance Inc.	7,761	1.8
Nippon Steel & Sumitomo Metal Corporation	7,759	1.8
Japan Trustee Services Bank, Ltd. (Trust Account5)	7,281	1.7

(Note) *1. Number of shares less than 1,000 is truncated.

*2. Percentage of Shareholding is calculated excluding treasury stock (49,717 thousand shares).

Suzuki Group

Consolidated subsidiaries: 136 companies (69 in domestic, 67 in overseas) Affiliates: 32 companies

(1) Major Domestic Subsidiaries

[Manufacturing Subsidiaries]

Suzuki Auto Parts Mfg. Co., Ltd.
 Snic Co., Ltd.
 Suzuki Akita Auto Parts Mfg. Co., Ltd.
 Suzuki Toyama Auto Parts Mfg. Co., Ltd.

[Non-Manufacturing Subsidiaries]

Suzuki Transportation & Packing Co., Ltd.
 Suzuki Business Co., Ltd.
 Suzuki Engineering Co., Ltd.

[Marketing Subsidiaries]

54 directly managed domestic marketing companies

(2) Major Overseas Subsidiaries

[EUROPE]

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

[AMERICA]

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

[ASIA]

India	Maruti Suzuki India Ltd.
India	Suzuki Motorcycle India Private Limited
India	Suzuki Motor Gujarat Private Limited
Pakistan	Pak Suzuki Motor Co., Ltd.
Indonesia	PT. Suzuki Indomobil Motor
Thailand	Thai Suzuki Motor Co., Ltd.
Thailand	Suzuki Motor (Thailand) Co., Ltd.
Philippines	Suzuki Philippines Inc.
Cambodia	Cambodia Suzuki Motor Co., Ltd.
China	Suzuki Motor (China) Investment Co., Ltd.
Vietnam	Vietnam Suzuki Corporation
Taiwan	Taiwan Suzuki Automobile Corporation
Myanmar	Suzuki (Myanmar) Motor Co., Ltd.

[OCEANIA]

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

[AFRICA]

South Africa	Suzuki Auto South Africa (Pty.) Ltd.
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Marketing Subsidiaries

43 directly managed overseas marketing companies



Way of Life!

SUZUKI MOTOR CORPORATION

300 Takatsuka-Cho,
Minami-Ku, Hamamatsu-shi,
Shizuoka, Japan 432-8611
<http://www.globalsuzuki.com>