

ANNUAL REPORT

2014



SUZUKI MOTOR CORPORATION

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Mission Statement

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

A Message from the Management

Management results of this fiscal year

The management environment of the Group for FY2013 in overseas economy mainly in developed countries is showing positive trend toward recovery, despite influence by tapering of monetary easing in the US, financial problem in Europe and unpredictable economic outlook for emerging countries such as India and Indonesia. Japanese economy also continues to be on recovery trend. On the other hand, there is a concern about the impact of recoil reduction of last-minute demand due to increase in consumption tax rate.

Under these circumstances, the consolidated net sales of this fiscal year (April 2013 to March 2014) increased by ¥360.0 billion (14.0%) to ¥2,938.3 billion compared to the previous fiscal year, owing to increase in Japan, Asia, and Europe. The Japanese domestic net sales increased by ¥91.8 billion (8.8%) to ¥1,132.7 billion year-on-year, by covering the decrease in OEM sales with the sales of Suzuki brand vehicles. The overseas net sales increased by ¥268.2 billion (17.4%) to ¥1,805.6 billion year-on-year.

In terms of the consolidated income, the operating income increased by ¥43.1 billion (29.9%) to ¥187.7 billion year-on-year, and the net income increased by ¥27.1 billion (33.7%) to ¥107.5 billion year-on-year. The operating income increased mainly owing to improvement in export profit from Japan by the impact of the exchange rate and increase in income in Asia.

The Company has decided to distribute year-end dividends amounting to ¥14.00 per share for this fiscal year (¥10.00 per share for the previous fiscal year). As a result, the annual dividends including interim dividends were ¥24.00 per share and up by ¥6.00 per share from the previous fiscal year.

Outstanding issues

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

-Strengthening and expansion of sales network

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

-Product development and strengthening of research and development

The Group will make effort to strengthen its ability of research and development such as environment technology, fuel efficient technology, weight reduction technology, safety technology, information and communications technology and product designing ability. Also, the Group will make effort to manufacture cars with lower cost by improving efficiency of development by integrating engine, powertrain and platform, and cost reduction.

-Strengthening of manufacturing capability

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

-Reconstruction of motorcycle business

As for the Motorcycle business, although business as a whole slightly turned into the black mainly owing to improvement in income of large-displacement motorcycles, compact motorcycle business mainly in Asia is still in the middle of reform. The Group will continuously be aiming at recovering its presence in the motorcycle market by uniting the planning, technology and sales functions and by developing new products that suit the market needs further. The Group will particularly be focusing on compact motorcycle business in Asia where growth potential is high, and at the same time, the Group will also be strengthening its lineup of middle and large-sized motorcycles

-Commitment to global environmental problem

Concerning the environmental issues, the Group has been offering minivehicles in Japan and many types of compact vehicles that are highly fuel-efficient in places like India and other Asian countries. The Group believes that a spread of such compact vehicles would be one of the best ways to contribute to solving the environmental issues. In addition to enhancement of next generation environmental technology in “SUZUKI GREEN Technology”, the Group will continue to tackle global environmental problem based on “Suzuki Environmental Plan 2015” and “Suzuki Biodiversity Protection Guideline”.

-Disaster prevention

While the Group has been taking various measures to prevent anticipated damage caused by Tokai and Tonankai Earthquake, after experiencing the Great East Japan Earthquake, it has diversified production and research sites including overseas. Firstly, it is relocating plants and facilities in Ryuyo region in Iwata City, Shizuoka Prefecture since massive tsunami damages are anticipated in the region, to Miyakoda district in northern part of Hamamatsu City. Also, the Group has diversified its production of engine for minivehicle, which was concentrated to Sagara plant, to Kosai plant to mitigate risk. Further, the Group is expanding its research facilities in India partly in order to mitigate risk concerning product development facility for automobile in Sagara test course. The Group will continue to enhance its preparedness against natural disasters.

The Group has carried out its operations on the basis of manufacturing of "value-packed products" to satisfy customers since its

establishment with the motto "Develop products of superior value by focusing on the customer" in the first paragraph of its mission statement. The Group will strive for manufacturing of really valuable products appreciated by customers, constantly paying attention to the movement of times.

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

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

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



Osamu Suzuki, Chairman & CEO

Representative Director and
Executive Vice President
Yasuhiro Harayama

Representative Director and
Executive Vice President
Osamu Honda

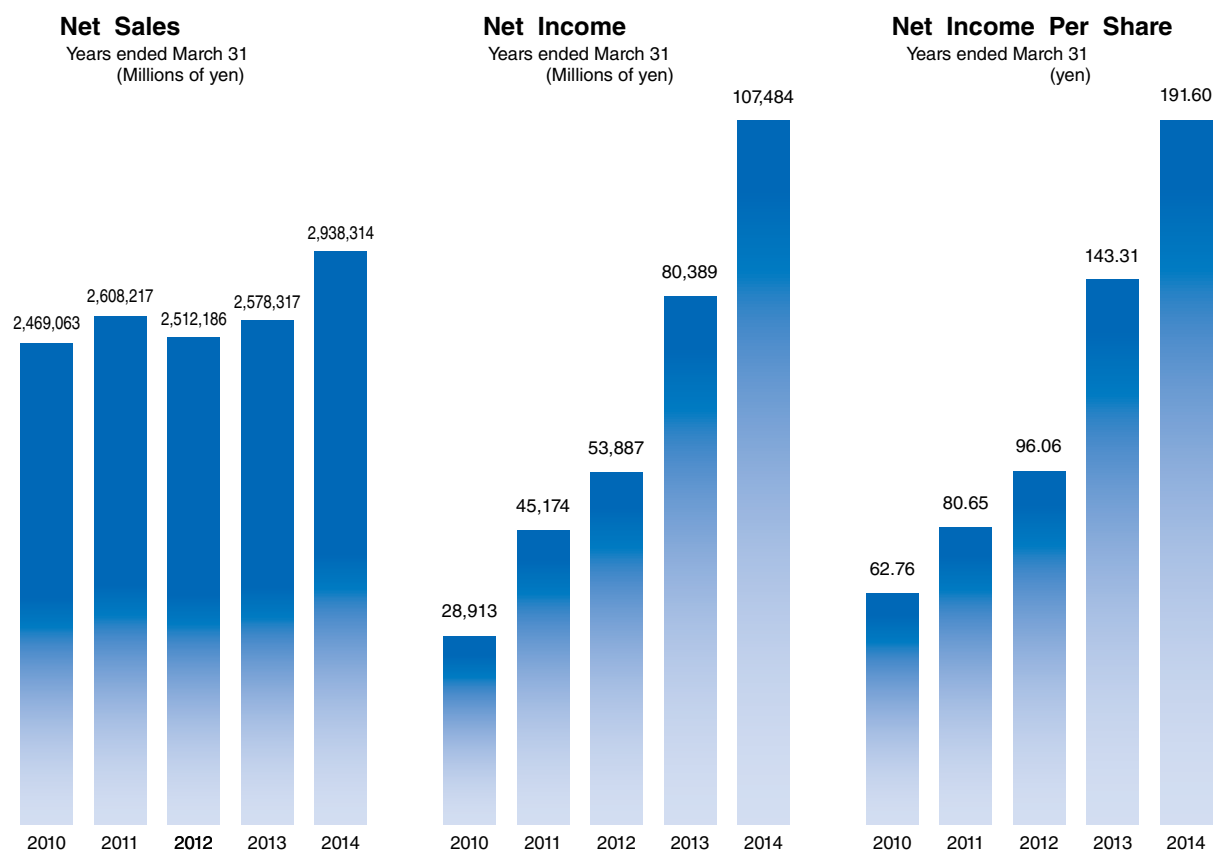
Representative Director and
Executive Vice President
Minoru Tamura

Representative Director and
Executive Vice President
Toshihiro Suzuki

Financial Highlights

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES Years ended March 31, 2014 and 2013	Millions of yen (except per share amounts)	Thousands of US dollars (except per share amounts)	
	2014	2013	2014
Net sales	¥2,938,314	¥2,578,317	\$28,549,496
Net income.....	107,484	80,389	1,044,346
Net income per share:			
Primary	191.60	143.31	1.86
Fully diluted	191.57	131.67	1.86
Cash dividends per share.....	24.00	18.00	0.23
Net assets	1,494,357	1,298,553	\$14,519,602
Total current assets.....	1,790,832	1,560,218	\$17,400,238
Total assets	2,874,074	2,487,635	\$27,925,327
Depreciation and amortization.....	117,188	93,680	\$1,138,639

Note: Yen amounts are translated into US dollars, for convenience only, at ¥102.92=US\$1, the prevailing exchange rate on March 31, 2014.



Year in Review

■ Production

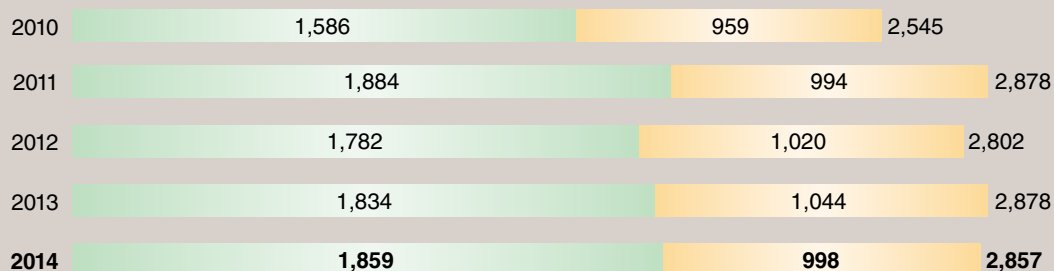
Automobile Production

Years ended March 31

(Thousand units)

Overseas Japan

Total



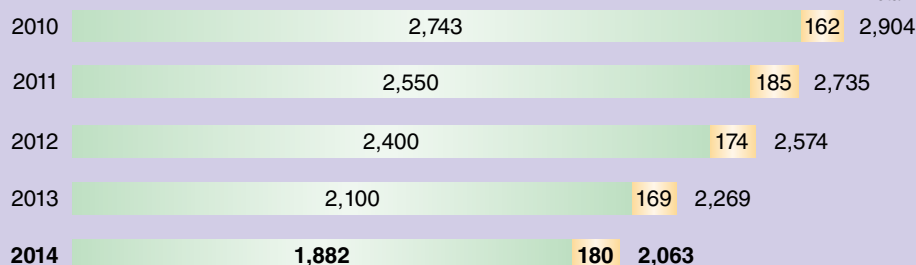
Motorcycle Production

Years ended March 31

(Thousand units)
(ATV included)

Overseas Japan

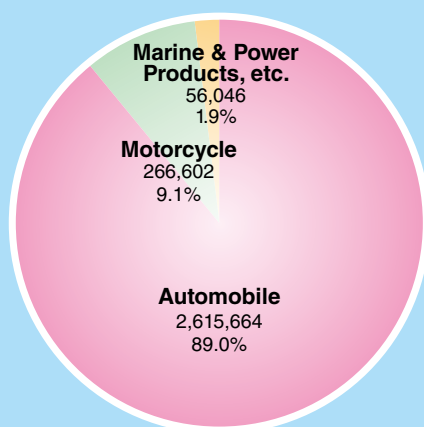
Total



■ 2014 Net Sales

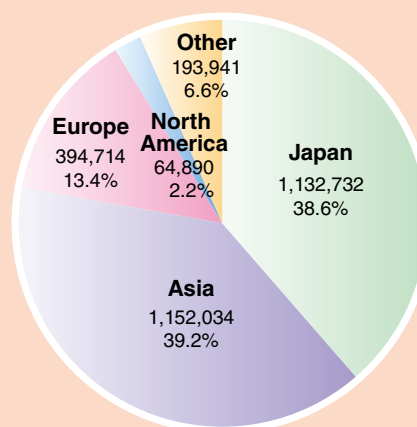
2014 Net Sales By Products

(Year ended March 31, 2014 Millions of yen)



2014 Net Sales By Market

(Year ended March 31, 2014 Millions of yen)



Automobiles

Suzuki's Worldwide Manufacturing and Sales

Total overseas automobile production for fiscal 2013 increased to 1,859,000 units, 101.3% compared to the previous fiscal year. Worldwide production, including Japan, decreased to 2,857,000 units, 99.3% compared to the previous fiscal year.

Sales of automobiles in overseas market decreased to 1,983,000 units, 99.7% compared to the previous fiscal year, while total global sales, including Japan, increased to 2,711,000 units, 101.9% compared to the previous fiscal year.

Operating Results by Segment

In the automobile business, the operating income marked the highest ever, which increased by ¥28.7 billion to ¥179.3 billion year-on-year, mainly owing to improvement in export profit from Japan by the impact of the exchange rate and increase in income in Asia.

The Japanese Market

1. Overview of the Japanese Automobile Market

Total domestic automobile sales volume in fiscal 2013 rose by 9% year-on-year to 5,692,000 units (an increase of 482,000 units). Sales declined in the first half but were boosted greatly in the second half by an economic recovery and by a rush to buy vehicles ahead of a hike in the rate of consumption tax. Sales exceeded five million units for the second fiscal year in a row. Sales of minivehicles showed a marked increase of 15% year-on-year to a record-high 2,262,000 units. Overall sales of registered vehicles rose by 6% year-on-year to 3,430,000 units. They were up on the year for the third fiscal year in a row.

2. Suzuki Sales

Suzuki's domestic automobile sales volume in fiscal 2013 surged by 8% year-on-year to a record-high 728,000 units. One key factor supporting the sales growth was a series of launches of new models throughout the fiscal year. Another was the rush to buy vehicles ahead of the hike in the rate of consumption tax. Suzuki's sales of minivehicles grew by 10% year-on-year to 647,000 units. The Spacia, Carry, Hustler and other new minivehicle models that each represent a clear response to market needs contributed to the growth. Suzuki's sales of registered vehicles declined by 5% year-on-year to 81,000 units. They were down on the year for the first time in four years.



Tall miniwagon Spacia Custom

3. Suzuki Topics in Fiscal 2013

- In June 2013, Suzuki launched the Spacia Custom (a variant of the Spacia). In November 2013, the Spacia won the Car of the Year Japan Small Mobility Award.
- In July 2013, Suzuki made enhancements to the WagonR. The improved model has the best fuel economy (30km/L)* of any miniwagon (a minicar with an overall height of at least 1,550mm) and incorporates advanced safety technologies such as collision-mitigation braking system.
- Also in July 2013, Suzuki enhanced the Swift compact car by adding a grade that includes the newly developed Dualjet engine (a unit that combines great fuel economy with powerful performance) and the Ene-Charge energy regenerative system.
- In September 2013, Suzuki launched the first comprehensively enhanced version of the Carry minitruck in 14 years. The newly improved Carry has a roomier, more comfortable cabin together with the class-leading** load-bed length of its predecessor.
- In January 2014, Suzuki launched the Hustler—a new-genre minivehicle that represents a fusion of a miniwagon and a sport utility vehicle. The Hustler has been a hit with customers across a wide range of ages. Orders are accordingly strong.

* Measured in the JC08 test cycle with a vehicle equipped with two-wheel drive and a continuously variable transmission. Verified by Japan's Ministry of Land, Infrastructure, Transport and Tourism. Measurements made by Suzuki in July 2013 show that some grades of the MR Wagon offer the same level of fuel efficiency.

** Based on Suzuki's research into the minitruck class in August 2013.



Minicar crossover Hustler

Overseas Markets

1. Overview of Suzuki's Main Overseas Automobile Markets

Sales of automobiles (passenger cars and multi-utility vehicles) in India fell by 6% year-on-year to 2,504,000 units. One reason for the decrease was higher fuel prices brought about by a weaker rupee. Another was higher interest rates. Sales in the five key ASEAN countries (Indonesia, Thailand, Vietnam, the Philippines, and Malaysia) fell by 8% year-on-year to 3,364,000 units. A key reason for the decrease was that consumers in Thailand were reluctant to buy vehicles before the government launched a tax incentive scheme. Sales in Europe (the European Union and the European Free Trade Association) rose by 3% year-on-year to 12,593,000 units owing to signs of economic recovery. Sales in China rose by 16% year-on-year to 22,491,000 units.

2. Suzuki Sales

Suzuki's overseas automobile sales volume in fiscal 2013 was roughly flat on the year; it slipped by 0.3% to 1,983,000 units in the midst of uncertain market conditions. Suzuki's sales in India rose by 0.3% year-on-year to 1,054,000 units. Despite a slowdown in the Indian economy, the Company enjoyed firm demand for compact cars including the new Celerio and the Swift. Suzuki's sales in China declined by 8% year-on-year to 233,000 units. The Company launched the SX4 S-CROSS in China at the end of the fiscal year, but overall demand for compact cars was down. Suzuki's sales in the five key ASEAN countries (Indonesia, Thailand, Vietnam, the Philippines, and Malaysia) surged by 19% year-on-year to 225,000 units owing partly to strong sales of the Ertiga and partly to the launch in Indonesia of a model that meets the government's requirements for LCGC (Low-Cost Green Car) scheme. Suzuki's sales in Europe (the European Union and the European Free Trade Association) rose by 7% year-on-year to 160,000 units owing largely to the launch of the SX4 S-CROSS.

3. Suzuki Topics in Fiscal 2013

- In September 2013, Suzuki conducted the Indonesian launch of the WagonR, which meets the government's requirements for LCGC (Low-Cost Green Car) scheme.
- Also in September 2013, Suzuki launched the SX4 S-CROSS. The first market to receive this model was Europe.
- Suzuki announced the establishment in India of the completely Suzuki-owned automobile production subsidiary Suzuki Motor Gujarat. The new subsidiary will enable Suzuki to accommodate growth in the Indian automobile market and increase exports from the country. Production is scheduled to start in 2017.
- In February 2014, Suzuki unveiled a global model called the Celerio. The Celerio for Thailand meets the government's requirements for its eco-car project.
- Maruti Suzuki's sales volume in India exceeded one million units for the fourth fiscal year in a row.



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



Kosai Plant
(Passenger car and automobile engines assembling)



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



Three-row compact car Ertiga



C-segment crossover SX4 S-CROSS



Global compact car Celerio

Motorcycles

Suzuki's Worldwide Manufacturing and Sales

Total overseas motorcycle production (including ATVs) in fiscal 2013 decreased to 1,882,000 units, 89.6% compared to the previous fiscal year. Worldwide production, including production in Japan, also decreased to 2,063,000 units, 90.9% compared to the previous fiscal year.

Sales of motorcycles (including ATVs) in overseas market decreased to 1,953,000 units, 87.4% compared to the previous fiscal year, while total global sales, including Japan, also decreased to 2,027,000 units, 87.7% compared to the previous fiscal year.

Operating Results by Segment

In the motorcycle business, the operating loss of ¥11.9 billion in the previous fiscal year became an operating income of ¥100 million, slightly turning into the black for the first time in six fiscal years, mainly owing to improvement in income of large-displacement motorcycles.

The Japanese Market

1. Overview of Japanese Motorcycle Market

The total domestic motorcycle sales (factory shipments) of the four Japanese manufacturers in fiscal 2013 rose by 9% year-on-year to 438,000 units owing partly to a rush to buy motorcycles ahead of a hike in the rate of consumption tax. Sales of models with engine displacements of 126cm³ and higher were up 33% year-on-year at 90,000 units. Sales of models with engine displacements up to 125cm³ were up 4% year-on-year at 348,000 units. The domestic motorcycle market began shrinking after the financial crisis of 2008, but sales of models with engine displacements of 126cm³ and higher are now trending upward; they have grown for three years in a row.

2. Suzuki Sales

Suzuki's domestic sales (factory shipments) of models with engine displacements of 126cm³ and higher surged by 35% year-on-year to 13,000 units owing partly to new products including the GSR250S, the Burgman 200, and the Japan-specification Hayabusa. Sales of models with engine displacements up to 125cm³ declined by 6% year-on-year to 59,000 units owing partly to inventory adjustments that involved a reduction in shipments. Total sales were roughly flat on the year; they were down 1% at 72,000 units. Suzuki's sales of models with engine displacements of 126cm³ and higher have reflected the market trend by growing for three years in a row. The Company plans to treat these highly profitable models as the focus of its sales-promotion efforts.

3. Suzuki Topics in Fiscal 2013

- In January 2014, Suzuki launched the half-faired GSR250S to complement the GSR250, an on-road sportbike that has been popular since its launch in July 2012 owing to its bold styling and rider-friendly engine.
- Suzuki launched the Burgman 200, a light, compact scooter with superior acceleration, in February 2014. The Company had already launched this model overseas.
- Suzuki launched the Japan-specification Hayabusa in February 2014. This motorcycle satisfies Japanese regulations while delivering the same maximum output and torque as the European version. It is the first motorcycle in Japan to have a transponder for electronic toll collection as standard equipment*.

* Based on Suzuki research in January 2014.



Half-faired GSR250S



Light, compact scooter BURGMAN 200



Japan-specification Hayabusa

Overseas Markets

1. Overview of Suzuki's Main Overseas Motorcycle Markets

Sales of motorcycles in Europe in fiscal 2013 were flat on the year at 821,000 units. Sales of motorcycles (including ATVs) in North America rose by 5% year-on-year to 801,000 units. Sales in the six key ASEAN countries (Indonesia, Thailand, Vietnam, the Philippines, Malaysia, and Cambodia) were flat on the year at 13,863,000 units. Sales in China fell by 9% year-on-year to 11,313,000 units. Sales in India grew by 7% year-on-year to 14,805,000 units.



Toyokawa Plant
(Motorcycles and outboard motors assembling)

2. Suzuki Sales

Suzuki's overseas motorcycle sales fell by 12% year-on-year to 1,953,000 units. Suzuki's sales in Europe rose for the first time in six fiscal years; they were up 1% at 48,000 units. Suzuki's sales in North America fell by 7% year-on-year to 41,000 units. Suzuki's sales in the six key ASEAN countries (Indonesia, Thailand, Vietnam, the Philippines, Malaysia, and Cambodia) fell by 6% year-on-year to 611,000 units owing partly to prolonged political turmoil in Thailand. Suzuki's sales fell by 23% year-on-year to 620,000 units in China and by 14% year-on-year to 356,000 units in India.



Sportbike GIXXER (India)



Sport Adventure Tourer V-Strom 1000 ABS



Compact scooter Let's (India)



Light, compact scooter BURGMAN 200

3. Suzuki Topics in Fiscal 2013

- Suzuki announced in Spain in June 2013 that it would be returning to MotoGP in 2015. The Company unveiled the race machine it was developing.
- In September 2013, the Suzuki Endurance Racing Team won the FIM Endurance World Championship for the fourth time in a row and the 13th time in total.
- Also in September 2013, Suzuki unveiled new models in Europe: the V-Strom 1000 ABS and the Burgman 125/200.
- Also in September 2013, Suzuki announced in Bangkok that it planned to launch a number of large-displacement models in the ASEAN market.



Endurance World Championship



MotoGP Prototype



Introduction of large-displacement models in Bangkok

Marine Products

Operating Results by Segment

In the marine and power products, etc. business, the net sales and the operating income increased year-on-year owing to increase in sales of outboard motors in Europe.

Overview of Marine Products

Suzuki's domestic outboard motor sales volume in fiscal 2013 was slightly down by 1% year-on-year. The net sales decreased by 5% year-on-year due to a shift in demand toward smaller models. The export sales volume also declined by 2% year-on-year. On the contrary, the net sales increased by 6% year-on-year due to a shift in demand toward larger models.

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

Suzuki Topic in Fiscal 2013

- In September 2013, Suzuki agreed with the French boat builder Bénéteau for an exclusive supply of Suzuki outboard motors to their outboard powered boats sold in four countries in Europe.



DF60AV



DF150TG



DF175TG



DF50AV



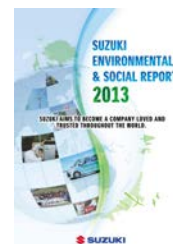
DF30A

Others

Environmental Initiatives

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

In product development, our environmental initiatives include improving fuel economy, reducing exhaust emissions, developing clean-energy vehicles, and reducing noise. In manufacturing, our efforts include reducing environmental risk, reducing energy requirements, and promoting the use of alternative energy sources. In distribution, we focus on improving the operational efficiency and energy efficiency of transportation and on promoting the three Rs (reducing, reusing, and recycling). In marketing, we promote environmental management among our dealers and strive to ensure proper disposal of end-of-life products. We also pursue environmental initiatives that are not directly related to our products. For instance, we promote energy savings and green purchasing in our offices, give our workers environmental education, and support social action programmes in local communities.



SUZUKI ENVIRONMENTAL & SOCIAL REPORT 2013



Swift XS-DJE



Swift RS



Alto Eco



Auto Gear Shift

Suzuki Topics in Fiscal 2013

- Suzuki published “Suzuki Environmental and Social Report 2013”. The Company has published a report about its environmental initiatives every year since fiscal 1999.
- In July 2013, Suzuki launched the Swift in a more eco-friendly form that incorporates fuel-saving technologies including the newly developed Dualjet engine and the Ene-Charge energy regenerative system. This vehicle has plenty of power for dynamic performance and offers the best fuel economy of any petrol-engine car with an engine displacement of at least 1.2L*.
- In December 2013, Suzuki launched a more fuel-efficient form of the Alto Eco minicar. The enhanced Alto Eco became the most fuel-efficient petrol-engine car in Japan**; it delivers fuel economy of 35km/L*** (an improvement of 2km/L) together with nimble performance. Suzuki increased fuel efficiency by complementing the Alto Eco's existing fuel-saving technologies (for instance, the Ene-Charge energy regenerative system and an Engine Auto Stop Start System) with a higher compression ratio, better fuel combustion, lower frictional resistance, and optimized powertrain control.
- In January 2014, Suzuki announced that it had developed the Auto Gear Shift system, which combines the merits of manual and automatic transmissions. The Auto Gear Shift system is based on a manual transmission, so it offers manual-transmission fuel economy. Optimal computer-controlled gearshifts also contribute to fuel savings.

*Measured in the JC08 test cycle using the XG-DJE, XL-DJE, and XS-DJE variants (each equipped with two-wheel drive and a continuously variable transmission). Verified by Japan's Ministry of Land, Infrastructure and Transport. Comparison is based on Suzuki research in July 2013 and excludes hybrids.

**Measured in the JC08 test cycle and verified by Japan's Ministry of Land, Infrastructure and Transport. Comparison is based on Suzuki research in November 2013 and excludes hybrids.

***Measured with a two-wheel-drive vehicle in the JC08 test cycle and verified by Japan's Ministry of Land, Infrastructure and Transport.

Suzuki's cooperation with other automobile manufacturers (as of July 2014)

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

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

From Fiat, Suzuki has been sourcing its diesel engines for vehicles sold mainly in Europe since 2005. In India, Suzuki has been producing diesel engines at its own factories since 2006 using technologies acquired from Fiat.

In 2013, Suzuki started supplying British manufacturer, Caterham with 660cm³ engines and some drive-train components designed for minivehicles for the installation on its sport cars. The car is sold also in Japan as a British-made minivehicle.

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

Alliance with Volkswagen formed in December 2009 by entering into a framework agreement accompanied with a capital relationship did not realize any projects. Suzuki terminated the said agreement for breach of contract by Volkswagen. Currently, Suzuki is engaged in proceedings at the International Court of Arbitration with a view to securing the return of its shares.

Topics

April 2013

Donation for Construction of Sea Wall in Hamamatsu City

Suzuki announced plans to help Hamamatsu City fund the construction of an anti-tsunami sea wall. The Hamamatsu Chamber of Commerce and Industry made an appeal for five billion yen. Suzuki is contributing 500 million yen over five years.

June 2013

Launch of the Feminine Alto Lapin Chocolat

Suzuki launched the Alto Lapin Chocolat—a minicar designed specially for young women. The Alto Lapin Chocolat has cute styling, jewellery-inspired design details, and candy colouring. Plus, it has ultraviolet- and infrared-cutting glass whose functional benefits reflect consideration of female users. In December 2013, the car won the interior and design awards at the Japan Fashion Color Association's 2014 Auto Color Awards.



July 2013

Launch of WagonR in More Fuel-Efficient and 20th-Anniversary Forms

Suzuki enhanced the WagonR and WagonR Stingray to achieve fuel economy of 30km/L* (the best of any minivan in Japan**) and incorporated advanced safety technologies that make these models even more appealing. Suzuki also launched a special model to celebrate the WagonR's 20th anniversary.

*Measured in the JC08 test cycle using a vehicle with two-wheel drive and a continuously variable transmission. Verified by Japan's Ministry of Land, Infrastructure, Transport and Tourism.

**A minivan is a minicar with an overall height of at least 1,550mm. Suzuki made comparisons in July 2013 using measurements taken in the JC08 test cycle and verified by Japan's Ministry of Land, Infrastructure, Transport and Tourism.



Launch of Swift with Dualjet Engine and Ene-Charge System

Suzuki offered SUZUKI GREEN Technology environmental innovations in a compact car for the first time with the launch of the Swift in a form that incorporates the newly developed Dualjet engine and the Ene-Charge energy regenerative system. The Dualjet engine combines high fuel economy with powerful performance by means of measures that include two fuel-injection systems for each cylinder, cooled exhaust-gas recirculation, and a heightened compression ratio. The SUZUKI GREEN Technology-equipped Swift offers fuel economy of 26.4km/L* (the best of any petrol-engine car with an engine displacement of at least 1.2L**) together with an even higher level of the driving enjoyment for which the Swift is known.

*Measured in the JC08 test cycle using the XG-DJE, XL-DJE, and XS-DJE variants (each equipped with two-wheel drive and a continuously variable transmission). Verified by Japan's Ministry of Land, Infrastructure, Transport and Tourism.

**Suzuki made comparisons in July 2013 using measurements (excluding those for hybrids) taken in the JC08 test cycle and verified by Japan's Ministry of Land, Infrastructure, Transport and Tourism.



Selection of Recipients for Suzuki Education and Culture Foundation Scholarships

Suzuki founded the Suzuki Education and Culture Foundation (a juridical foundation) in 2000 to mark its 80th anniversary. The foundation is funded by donations from its chairman, Osamu Suzuki, and the Suzuki group. It gives scholarships to students who would otherwise not be able to focus on their studies for financial reasons. Eligible students include those who attend high schools in Shizuoka Prefecture and those who graduated from high schools in Shizuoka Prefecture and are now at university. In fiscal 2013, the foundation decided to give 20,000 yen a month each to 55 high-school students and 50,000 yen a month each to 13 university students. The foundation held a certification ceremony for the recipients.



August 2013

Announcement of Plans to Build Hamamatsu Plant

Suzuki announced plans to build a production, research, development, and testing complex called the Hamamatsu Plant at the Hamamatsu City Miyakoda Industrial Site. The Hamamatsu Plant will have a northern block and a southern block. The northern block will consist of a factory producing powertrain parts for motorcycles, automobiles, and next-generation eco-cars. The southern block will consist of (a) a factory producing engines for motorcycles and (b) an engineering centre handling research, development, and testing for motorcycles and next-generation eco-cars. Suzuki plans to complete the parts plant at the end of 2016 and the motorcycle engine factory in 2017. In January 2014 the Company held a ceremony for praying safety of Hamamatsu Plant construction.



Unveiling of Comprehensively Enhanced Carry Minitruck

Suzuki unveiled the first comprehensively enhanced version of the Carry minitruck in 14 years. The newly improved Carry has proven popular with customers owing to a roomy, comfortable cabin, a capacious load bed, powerful performance, superior manoeuvrability and fuel economy, and comprehensive anti-rust measures. Plus, it meets a wider range of needs owing to the availability of discharge headlamps, which brightly illuminate the road far ahead. In October 2013, the Carry won a place in the Good Design Best 100 at the 2013 Japan Good Design Awards. The judges recognized it as representing excellence in manufacturing in a mature field.



September 2013

Suzuki Wins 2013 Endurance World Championship Title

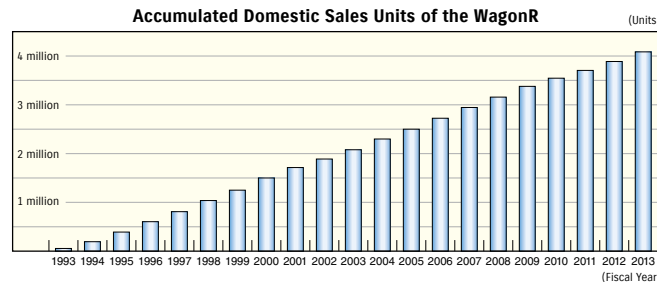
Suzuki Endurance Racing Team (SERT), a racing team supported by Suzuki's French subsidiary, Suzuki France S.A.S., won the World Endurance Championship title for the fourth consecutive year, its 13th all-time title. Suzuki proved the high performance of the GSX-R1000 at the production-based motorcycle endurance race championship. Suzuki is also developing MotoGP machine toward its participation in 2015.



Suzuki Endurance Racing Team (SERT)

Domestic Sales of WagonR Reach Four Million Units

Sales of the WagonR miniwagon in Japan reached four million units* in the month that marked the 20th anniversary of the launch of the WagonR series. Ever since its market debut in first-generation form on September 3, 1993, the WagonR has won fans among customers of both sexes across a wide age range owing to its striking, distinctive styling, the ease with which people can get in and out of its cabin, the ease with which people can drive it, and its roominess. The WagonR created the miniwagon market. Suzuki plans to continue satisfying customers' desires and enhancing the product in terms of safety, eco-friendliness, and other aspects of functionality and performance in order to keep it relevant and popular over the long term.



*Confirmed by Suzuki in September 2013 using data from the Japan Light Motor Vehicle and Motorcycle Association.

Suzuki SX4 S-CROSS Rolls Off the Line in Hungary

Suzuki held a ceremony for its first C-segment crossover SX4 S-CROSS as it rolled off the production line of Suzuki's Hungarian subsidiary, Magyar Suzuki Corporation Ltd. by welcoming Dr. Viktor Orbán, Prime Minister of Hungary. With the initial production and sales volume planned to be 100,000 units for the first year, the SX4 S-CROSS will not only be supplied throughout Europe including Hungary, but will also be exported to markets including Oceania, Asia, the Middle East and Latin America as a world strategic model. The SX4 S-CROSS also received maximum 5-star Euro NCAP overall safety rating, and proved its high safety performance.



Prime Minister Viktor Orbán and Suzuki Chairman and CEO Osamu Suzuki

Exclusive Supply of Outboard Motors to the French Boat Builder Bénéteau

Suzuki agreed with the French boat builder Bénéteau for an exclusive supply of Suzuki outboard motors to their outboard powered boats sold in four countries in Europe.

Suzuki and Bénéteau plan to mutually support each other in marketing and product development. Suzuki will seek to strengthen its outboards brand and increase the technology and product strength of outboards while increasing the sales of large outboard motors.



Strengthening Production Structure in Indonesia. Introduction of the Eco-Car WagonR

Suzuki's Indonesian subsidiary PT. Suzuki Indomobil Motor (SIM) revealed a 1.0L fuel-efficient five-seater passenger car Karimun WagonR, a model that meets the government's requirements for LCGC (Low-Cost Green Car) scheme. Its production started in September at SIM's Tambun Plant, and sales started in November. In order to meet the growing automobile market in Indonesia, Suzuki is constructing new engine and transmission plant and new automobile assembly plant within the Greenland International Industrial Center. Production ability in Indonesia is planned to reach 250,000 units in FY2015.



November 2013

Resolution to Install Mega-Solar Power Facility at the Nakazato Industrial Park Located in Makinohara

Suzuki resolved to install mega-solar power facility at 42 hectares of land in the Nakazato Industrial Park located in Makinohara, Shizuoka Prefecture. The generation capacity of the facility is 18 megawatt, which is scheduled to start its generation in the autumn of 2015.

Suzuki will contribute to the local community through its power generation business, and strengthen its efforts on environmental problems by promoting local production of the energy for local consumption.

Unveiling of an Enhanced Alto Eco: the Most Fuel-Efficient Petrol Car in Japan

Suzuki unveiled a more fuel-efficient form of the Alto Eco minicar. The enhanced Alto Eco became the most fuel-efficient petrol-engine car in Japan*; it delivers fuel economy of 35km/L** (an improvement of 2km/L) together with nimble performance. Suzuki increased fuel efficiency by complementing the Alto Eco's existing fuel-saving technologies with a higher compression ratio, better fuel combustion, lower frictional resistance, and optimized powertrain control. Also, Suzuki began offering the Alto Eco at a more affordable price.

*Suzuki made comparisons in November 2013 using measurements (excluding those for hybrids) taken in the JC08 test cycle and verified by Japan's Ministry of Land, Infrastructure, Transport and Tourism.

**Measured with a two-wheel-drive vehicle in the JC08 test cycle and verified by Japan's Ministry of Land, Infrastructure and Transport.



Spacia and Spacia Custom Win Car of the Year Japan Small Mobility Award

The Spacia and Spacia Custom won the 2013-2014 Car of the Year Japan Small Mobility Award. The award was established in 2013 to honour the year's best minivehicle. The judges praised the first recipients, the Spacia and Spacia Custom, for exemplifying a new form of small mobility.



December 2013

Unveiling of the New-Genre Hustler Minicar Crossover

Suzuki created a lifestyle-focused new genre—the minicar crossover—by unveiling the Hustler, which represents a fusion of passenger minivan and sport utility vehicle (SUV). The Hustler is packaged for spaciousness and superior rough-terrain performance, has distinctive SUV-inspired looks, and offers outstandingly user-friendly equipment and functionality. SUZUKI GREEN Technology gives it nimble, powerful performance and superior fuel economy. The Hustler with four-wheel drive has functionality that is new to minivehicles*. Plus, the Hustler incorporates advanced safety technologies such as the Radar Brake Support collision-mitigation braking system**.

*The Hustler (except the A grade) with four-wheel drive and a continuously variable transmission has Hill Descent Control and Grip Control functions. Suzuki made comparisons with other vehicles in December 2013.

**The Hustler (except the A grade) with a continuously variable transmission has the advanced safety technologies.



January 2014

Unveiling of Japan-Specification Hayabusa Sportbike

Suzuki unveiled the Japanese version of its flagship sportbike, the Hayabusa. The company launched the Hayabusa in 1999 and has since sold it mainly in Europe and North America. In the past few years, Suzuki has expanded the Hayabusa's availability to other areas including emerging nations such as India; the bike has become popular worldwide. The Japan-specification Hayabusa satisfies Japanese regulations while delivering the same power as the European version. It is the first motorcycle in Japan to have a transponder for electronic toll collection (convenient for touring) as standard equipment*.

*Based on Suzuki research in January 2014.



Development of New Transmission Auto Gear Shift

Auto Gear Shift is an automated manual transmission which makes operations of clutch pedal and gearshift unnecessary. It features smooth shifting of gears and the same creep function as in conventional automatic transmission and continuously variable transmission, while realizing low fuel consumption with its high transmission efficiency. It is equipped on the new compact car Celerio which was launched in February in India.



Resolution to establish automobile manufacturing subsidiary, Suzuki Motor Gujarat in India

Suzuki resolved to establish an automobile manufacturing subsidiary, Suzuki Motor Gujarat Private Limited (SMG) in India. SMG has the purpose to expand production capacity in India for future development of Indian automobile market and to expand exports from India.

SMG will build automobile manufacturing plant in Gujarat, located in western India. Start of production is set to be within 2017. In the initial stage, annual production capacity is scheduled to be 100,000 units, and the capacity will be increased gradually depending on market trend. Contract manufacturing agreement between SMG and Maruti Suzuki India Limited (MSIL) is planned, in which MSIL will become the distributor of vehicles including exports.

February 2014

Launch of More Confidence-Inspiring Mobility Scooters: the Seniorcar ET4D and ET4E

Suzuki enhanced the Seniorcar ET4D and Seniorcar ET4E by incorporating functions that give the user greater peace of mind by making driving easier. New features include indicators and voice warnings that encourage caution when the vehicle encounters a steep slope, when the vehicle is turning or reversing, and when the battery runs low. The Seniorcar ET4D offers even greater comfort and convenience by means of a big basket that is incorporated into a front design that conveys a sense of freshness and stability.



Seniorcar ET4D

Suzuki Foundation announces funding of 27 scientific researches for fiscal 2013

Suzuki Foundation, which was established in March 1980 to mark the 60th anniversary of Suzuki, selected 25 scientific research projects and two proposed scientific research projects for fiscal 2013, and held a presentation ceremony. Thus far, the Foundation has made 1,316 supports including research projects by universities and research institutes in Japan and subsidizing programs in Japan for researchers from overseas. The Foundation does not limit the usage of the funding to researches, but for any other purposes as well including transportation fees. For this reason, the Foundation is valued by many universities and research institutes that the Foundation supported.



Launch of fuel-efficient new compact car Celerio in India. Introduction to Thailand and Europe also announced.

Suzuki unveiled a new compact car Celerio at the India Auto Expo, which was held in India in February. The Celerio adopts a design that surpasses that of conventional A-segment cars, as well as roomy and elegant package. It is a global compact model which realizes low fuel consumption by the combination of new transmission Auto Gear Shift (AGS) to a 1.0L engine, in addition to its lightweight body. Approximately half of the bookings for the first two months are equipped with AGS, which is drawing attention for its advantage in price and fuel-efficiency in India, where manual transmission is the mainstream.

Subsequently in March, the Celerio was exhibited at the Geneva Motor Show (Switzerland) and at the Bangkok International Motor Show (Thailand). Production of the Celerio started in May at Suzuki's Thai subsidiary, Suzuki Motor (Thailand) Co., Ltd. as its second car that meets the eco-car project promoted by the government. It is planned to be distributed in Thailand and its neighboring countries as well as in Europe.



India Auto Expo



Geneva Motor Show

Directors, Officers and Auditors (as of June 27, 2014)

[Representative Directors]

Representative Director and Chairman & CEO	Osamu Suzuki	
Representative Director and Executive Vice President	Minoru Tamura	Supporting CEO / Domestic Marketing / Executive General Manager, Domestic Marketing
	Osamu Honda	Supporting CEO / Automobile Engineering, R&D, and Quality / Executive General Manager, Automobile Engineering
	Toshihiro Suzuki	Supporting CEO / Global Marketing
	Yasuhiro Harayama	Supporting CEO / Business Development / Executive General Manager, Business Development

[Directors]

Director and Senior Managing Officer	Naoki Aizawa	Manufacturing / Chief Officer, Gujarat Project
	Eiji Mochizuki	Executive General Manager, Motorcycle Operations
Director	Masakazu Iguchi	
	Sakutaro Tanino	

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

[Auditors]

Company Auditor	Kunio Nakamura	
	Shunji Matsumoto	
Company Auditor (non full-time)	Shin Ishizuka	
	Masataka Osuka	
	Norio Tanaka	

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

[Senior Managing Officers]

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

[Managing Officers]

Managing Officer	Toshiaki Hasuie	Deputy Executive General Manager, Automobile Engineering / Joint Managing Director, Maruti Suzuki India Ltd. (Engineering, Quality Control, Purchasing and Manufacturing)
	Hiroyasu Uchida	Executive General Manager, Administration / Managing Officer, Human Resources Dept.
	Takashi Iwatsuki	Executive General Manager, Global Marketing Administration & Planning
	Kazuo Hakamata	Executive General Manager, Purchasing
	Hiroaki Matsuura	Executive General Manager, Manufacturing Engineering / General Manager, Manufacturing Engineering Dept.IV
	Seiichi Furusho	President, Suzuki Motor Sales Fukuoka Inc.
	Tadashi Kondo	Associate Officer, Gujarat Project
	Motoo Murakami	Deputy Executive General Manager, Motorcycle Operations
	Masato Kasai	Deputy Executive General Manager, Automobile Engineering
	Izumi Oishi	Executive General Manager, Manufacturing
	Taisuke Toyoda	Executive General Manager, Finance / Managing Officer, Finance Dept.
	Masahiko Nagao	Executive General Manager, Corporate Planning Office
	Tatsuyoshi Okusa	President, Suzuki Motor Sales Hyogo Inc.
	Tomoyoshi Aiso	President, Suzuki Motor Sales Ibaraki Inc.
	Hirofumi Nagao	Managing Director, Pak Suzuki Motor Co., Ltd. (Pakistan)
	Keiichi Asai	Based in Chongqing Changan Suzuki Automobile Co., Ltd. (China)

Management Policy

1. Basic policies for profit distribution

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

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

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

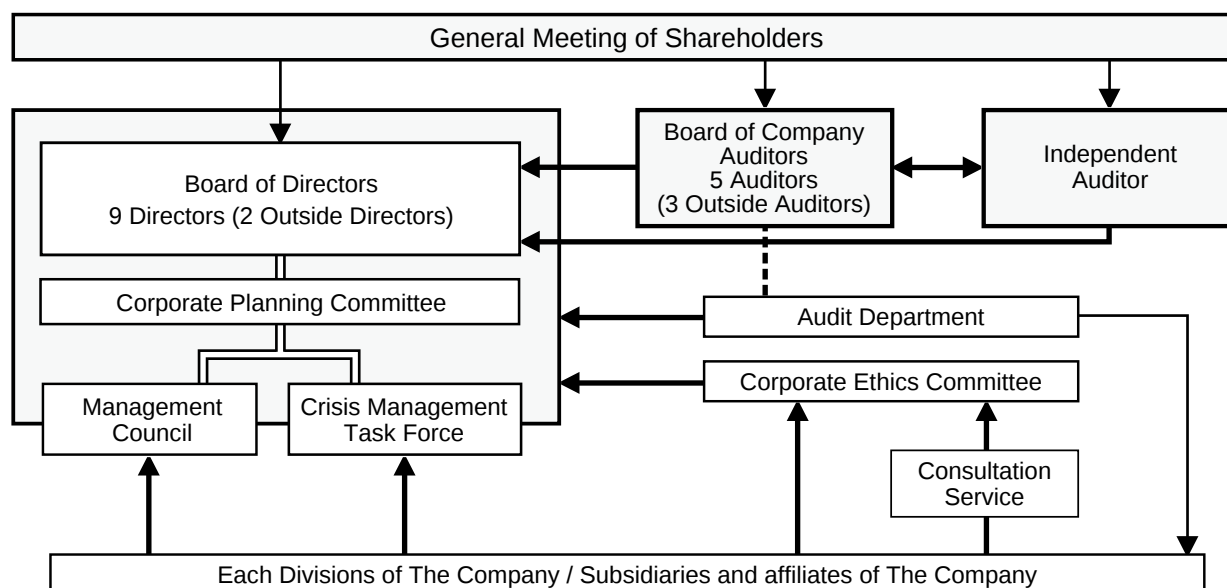
2. Corporate governance issues

(1) Basic concepts regarding corporate governance

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

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

(2) Organization of The Company



(a) Execution of Operation (Board of Directors)

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

In addition, all Directors, excluding Chairman & CEO and Outside Directors, also work as leaders for accomplishment of tasks such as Executive General Manager of each division or other functional units to allow for discussion based on site information at board meetings for making proper decisions in line with actual situations of each department.

For the purpose of enabling the agile corporate management and executing operations and clarifying the individual responsibilities, The Company has introduced a Senior Managing Officer and Managing Officer system and reduced the number of Directors. In order to clarify managerial accountability for individual Directors and flexibly respond to the changing business environment, the term of each Director is set to one year.

(Outside Directors)

By electing Outside Directors (2 Directors as of 148th Ordinary General Meeting of Shareholders held on June 27, 2014) who are highly independent of The Company and have no possibility of causing conflict of interest between them and shareholders, The Company enhanced supervision to management further, and is receiving helpful advice and indication based on large stock of experience and professional knowledge regarding execution of operation.

(Corporate Planning Committee)

At the Corporate Planning Committee which is composed of 4 Executive Vice Presidents as a council-system organization, important missions for management at each department are cross-functionally and comprehensively reviewed and basic concepts are adjusted and established. In order to embody the said basic concepts, The Company has the Corporate Planning Office.

(Various meeting on execution of operation)

The Company enhances efficiency of management by sharing important information on execution of operation. To achieve that, The Company takes various measures such as holding management councils to discuss the strategic decision on execution of important management issues. Members of the council include Directors, Executive General Managers and Deputy Executive General Managers. Furthermore, they mutually exchange information through weekly meetings to identify administrative issues early and execute operation appropriately.

(b) Audit and supervision

(Board of Company Auditors)

The Company adopts a Company Auditor system. The Board of Company Auditors composed of 5 members including 3 Outside Company Auditors holds regular meetings every two months and holds a special board meeting whenever necessary.

Company Auditors execute audits on proper management of The Company, in accordance with the Rules of the Board of Company Auditors and audit policies of the corresponding fiscal year, by participating in important meetings such as that of the Board of Directors and management councils, perusing approval documents and various minutes, and receiving reports and explanation from Directors on execution of business, etc.

In addition, majority of Company Auditors are Outside Company Auditors who are highly independent of The Company and have no possibility of causing conflict of interest between them and shareholders. Their wide experiences and knowledge in legal matters, management of enterprises, accounting and other areas enhance the audit function and oversight function from outside The Company.

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

(Audit Department)

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

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

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

(Independent Auditor)

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

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

Note: The number of other assistant members for audit: 7 certified public accountants and 8 others.

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

(c) Function, role and status of Outside Director

In order to strengthen supervision and audit to management further, The Company adopted Outside Director system at General Meeting of Shareholders held on June 28, 2012 and elected 2 Outside Directors at General Meeting of Shareholders held on June 27, 2014. As to 3 Outside Company Auditors, The Company elected Outside Company Auditors who are more independent of The Company.

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

Suzuki Foundation has transactions with The Company and subsidiaries such as endowment which are less than 0.01% of consolidated net sales of The Company. There are no special interest between him and The Company. The Company believes that he is sufficiently independent of the management of The Company.

The Company elected Mr. Sakutaro Tanino as Outside Director to receive appropriate advice related to the management of The Company from the international viewpoints based on a large stock of experience and knowledge as a diplomat. He served as Director of Toshiba Corporation until June 2007, and he has assumed as Director of it in June 2014.

Toshiba Corporation has transactions with The Company which are about 0.06% of consolidated net sales of The Company. There are no special interest between him and The Company. The Company believes that he is sufficiently independent of the management of The Company.

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

The Company elected Mr. Masataka Osuka as Outside Company Auditor to appropriately conduct audit of The Company based on a long term experiences and knowledge as a management of enterprises. He currently serves as Chairman of the Board of Hamakyorex Co., Ltd., Director of Kinbutsurex Co., Ltd., (Subsidiary of Hamakyorex Co., Ltd.) (part-time), Director of Suzuki Education & Culture Foundation (part-time), and president of Hamamatsu Chamber of Commerce and Industries. He also served as Director of Chotokan (part-time) until June 2012.

Hamakyorex Co., Ltd. has transactions with subsidiaries of The Company which are less than 0.01% of consolidated net sales of The Company.

Kinbutsurex Co., Ltd. (subsidiary of Hamakyorex Co., Ltd.) has transactions with The Company which are less than 0.01% of consolidated net sales of The Company.

Subsidiaries of Hamakyorex Co., Ltd. have transactions with subsidiaries of The Company which are about 0.02% of consolidated net sales of The Company.

Suzuki Education & Culture Foundation has transactions with The Company such as endowment and others which are less than 0.01% of consolidated net sales of The Company.

Hamamatsu Chamber of Commerce and Industries has transactions with The Company and its subsidiaries which are less than 0.01% of consolidated net sales of The Company.

Chotokan has transactions with The Company and its subsidiaries which are less than 0.01% of consolidated net sales of The Company. There are no special interest between him and The Company. The Company believes that he is sufficiently independent of the management of The Company.

The Company elected Mr. Norio Tanaka as Outside Company Auditor to appropriately conduct audit of The Company based on a large stock of the experiences and the professional knowledge as a certified public accountant. There are no interest between him and The Company. The Company believes that he is sufficiently independent of the management of The Company.

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

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

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

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

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

(a) Compliance system for Directors

Directors respect the "Mission Statement" and the "Suzuki Activity Charter" and execute their duties in compliance with the "Rules of the Board of Directors", the "Approval Procedures" and other rules of The Company, and mutually supervise their execution of duties through meetings of the Board of Directors, etc. And The Company established the "Suzuki Rules of Corporate Ethics" which lays out a set of basic points for Directors and employees to act in a fair and faithful manner in compliance with the laws, regulations, social rules and in-company rules. It is revised whenever necessary by "Corporate Ethics Committee" which promotes corporate ethics in The Company. And Company Auditors audit the execution of duties of Directors in accordance with the audit policies and work responsibilities set by the Board of Company Auditors.

(b) Compliance system for employees

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

(c) Crisis management system

“Crisis Management Procedures” are laid down within the “Suzuki Rules of Corporate Ethics” as a countermeasure to crisis that may occur from illegalities and injustices inside/outside The Company, or natural disasters or terrorism, which are impossible for The Company to prevent. When the “Corporate Ethics Committee” finds risks that may cause urgent and serious damages to the corporate management and business operations, the committee immediately sets up a “Crisis Management Task Force” in line with the “Crisis Management Procedures” in order to deal with the crisis. This organization swiftly disucsses and decides on the policies and measures to be taken against the risk occurred and gives instructions to the appropriate departments and divisions which are then able to communicate each other to solve the problem.

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

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

(4) Remuneration for Directors and Company Auditors for current fiscal year

(a) Remuneration paid to Directors and Company Auditors is as follows:

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

Classification	Total amount of remuneration	Amount of each type of remuneration			Number of payees
		Basic pay	Stock option	Bonus	
Directors (excluding Outside Directors)	576	305	85	185	10
Company Auditors (excluding Outside Company Auditors)	57	40	-	16	2
Outside Directors/Company Auditors	29	22	-	7	5

- Notes:
1. The amount of remuneration limit for Directors (¥80 million per month) was resolved at the 135th Ordinary General Meeting of Shareholders held on June 28, 2001.
 2. The amount of remuneration limit for Company Auditors (¥8 million per month) was resolved at the 123rd Ordinary General Meeting of Shareholders held on June 29, 1989.
 3. The maximum amount of remuneration for Directors for stock options as compensation (¥170 million per year) was resolved at the 146th Ordinary General Meeting of Shareholders held on June 28, 2012 and 147th Ordinary General Meeting of Shareholders held on June 27, 2013.
 4. The above-mentioned Stock option are recorded as stock options as compensation in current fiscal year as expenses.
 5. The above-mentioned bonuses are recorded as provision for Directors' bonuses at the end of current fiscal year and treated as expenses of current fiscal year.
 6. The above includes 3 Directors who retired at the end of the 147th Ordinary General Meeting of Shareholders held on June 27, 2013.
 7. In addition to the above, ¥47 million was paid to 2 retired Directors as retirement benefits for Directors under the resolution at the 140th Ordinary General Meeting of Shareholders held on June 29, 2006.
 8. The following information is disclosed in 148th annual securities report
 - Total amount of consolidated remuneration paid to persons who received consolidated remuneration of ¥100 million or more each.

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

Remuneration for Directors/Company Auditors consists of basic remuneration, bonuses and stock options with respect to Directors, and basic remuneration and bonuses with respect to Company Auditors.

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

(Director)

As for basic remuneration, the amount of remuneration limit (monthly amount) for all Directors shall be determined by a resolution of a General Meeting of Shareholders, and the amount of remuneration for each Director shall be determined by the representative Director who is authorized by the Board of Directors in consideration of the duties and responsibilities of each Director to enhance the corporate value in each fiscal year and on a mid-and long-term basis.

As for bonuses, the Board of Directors will decide on a proposal regarding bonus payments to Directors/Company Auditors in consideration of the management environment and The Company's performance in each fiscal year, and the representative Director who is authorized by the Board of Directors will decide, pursuant to the approval of a General Meeting of Shareholders concerning the total amount of the bonus, the amount of the bonus for each Director that reflects each Director's achievement of his or her duties and responsibilities.

As for granting stock options as compensation, the Board of Directors will decide, pursuant to the approval of a General Meeting of Shareholders concerning the maximum amount of remuneration, etc. with respect to the stock acquisition rights in each fiscal year, the allocation of stock acquisition rights to each Director (excluding Outside Directors).

(Company Auditor)

As for basic remuneration, the amount of remuneration limit (monthly amount) for all Company Auditors shall be determined by a resolution of a General Meeting of Shareholders. As for bonuses, the total amount of bonuses shall be determined through the approval of a General Meeting of Shareholders in each fiscal year.

The amount of the basic remuneration and bonus for each Company Auditor shall be determined through consultations among Company Auditors in proportion to each Company Auditor's duty and responsibility.

(5) Remuneration for Independent Auditor for current fiscal year

(a) The remuneration amount to be paid by The Company to Independent Auditors is ¥84 million.

(b) The remuneration amount to be paid by The Group to Independent Auditors is ¥87 million.

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

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

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

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

Our management executive assessed the effectiveness of internal control over financial reporting as of March 31, 2014 in accordance with "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions) " published by the Business Accounting Council of Financial Services Agency, The Japanese government. Based on that assessment, our management executive concluded that our Group's internal control over financial reporting was effective as of March 31, 2014.

Seimei Audit Corporation, The Company's Independent Auditor, has audited the Internal Control Report made by our management executive, and expressed an unqualified opinion regarding effectiveness of The Group's internal control over financial reporting as of March 31, 2014.

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 March 31, 2014.

Risk relating to markets

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

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

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

(2) Severer competitions with other companies

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

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

Risk relating to business

(1) New product development and launching abilities

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

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

However, even if we are able to appropriately understand the customer needs, we may not be able to develop new products matching the customer needs in a timely manner on account of technical abilities, procurement of parts, production capabilities and other factors. If we are unable to launch products matching the customer needs to the market in a timely manner, the sales share and sales may be reduced, which may adversely affect the performance and financial conditions of The Group.

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

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

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

(3) Business development in various countries in the world

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

(4) Fluctuations of exchange rates and interest rates

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

Further, the exchange fluctuations will affect the price setting of the products sold by The Company in foreign currencies as well as the price of the raw materials purchased. The ratio of the overseas sales has reached about 60 percent of consolidated sales for the current consolidated fiscal year, and transactions in foreign currencies account for significant part. We take hedging measures such as forward exchange contracts to reduce the risks of exchange-rates and interest-rates fluctuations, but it is impossible to hedge every risk, and the yen appreciation against other currencies may adversely affect the performance and financial conditions of The Group. On the contrary, the yen depreciation may result in opportunity losses.

(5) Government regulations

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

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

(6) Quality assurance

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

(7) Alliance with other companies

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

(8) Legal proceedings

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

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

The major manufacturing plants of The Group in Japan conduct manufacturing activities, located mainly in the Tokai region. In addition, the head office and other facilities of The Company are also concentrated in the Tokai region. Any occurrences of Tokai and Tonankai Earthquake may adversely affect the performance and financial condition of The Group largely. We have taken various preventive measures such as quake-resistant measures for buildings and facilities, fire preventive measures, establishment of BCP (Business Continuity Plan), purchases of earthquake insurances to minimize the influences of damage by such disasters.

We also conduct businesses around the world and are subject to number of risks relating to our overseas operations. Such risks include political or social instability and difficulties, natural disasters, diseases, wars, terrorism and strikes. These unexpected events may delay or suspend the purchase of raw materials and parts, manufacturing, sales of products, and provision of logistics and services. If such delay or suspension caused by any of these factors occur or prolong, they may adversely affect the performance and financial conditions of The Group.

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

The Status of the Corporate Group

The outline of the corporate group

The corporate group of the Company consists of subsidiaries of 134 companies and affiliates of 37. The main businesses are manufacturing and marketing of motorcycles, automobiles, marine & power products, motorized wheelchairs, electro senior vehicles and houses, further developing the businesses of logistics and other services related to the respective operations.

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

Motorcycle

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

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

Automobile

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

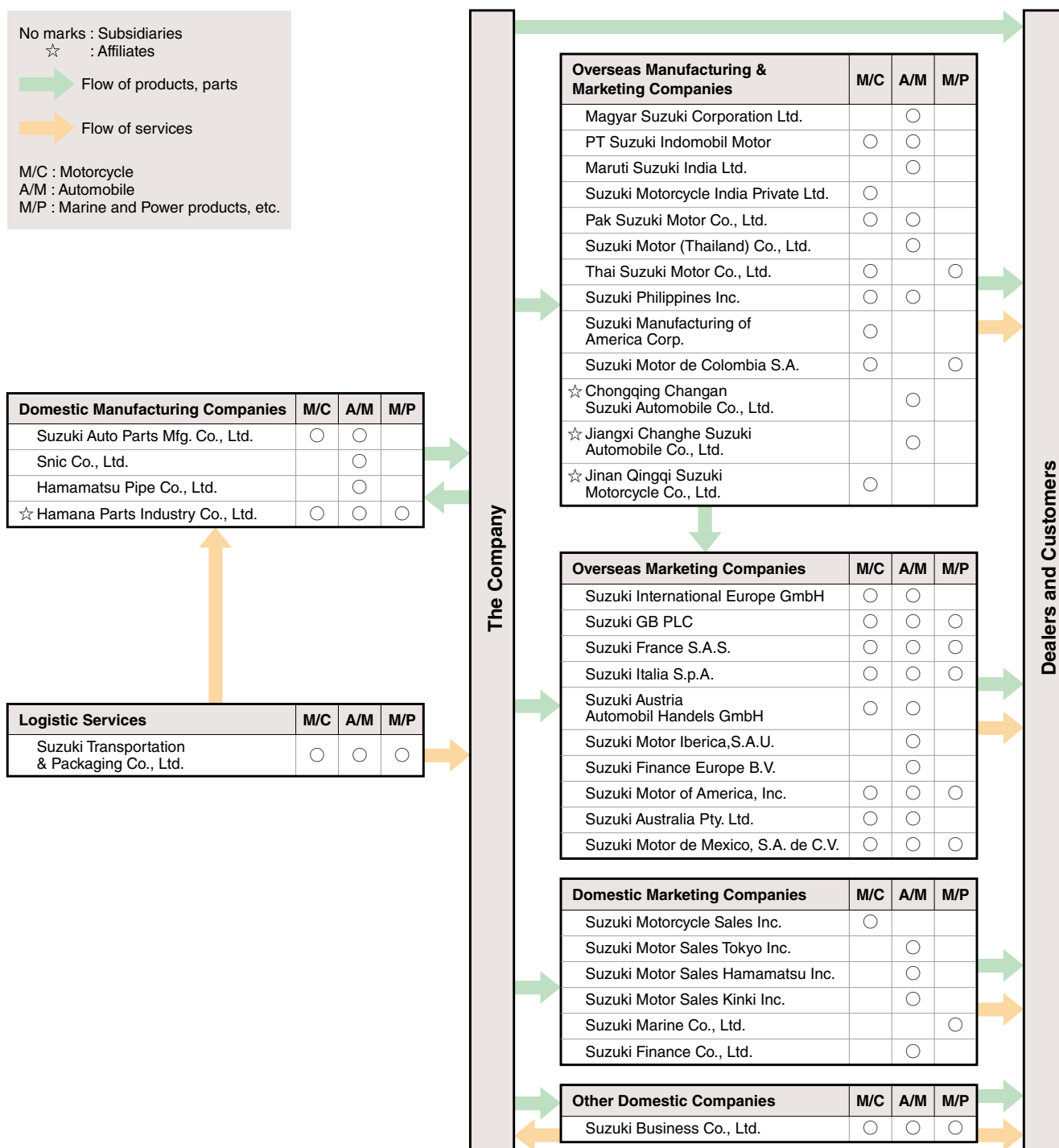
The marketing of automobiles is carried out in the domestic market by a subsidiary, Suzuki Motor Sales Kinki Inc. and other marketing companies throughout the market, and in overseas markets, by a subsidiary, Suzuki International Europe GmbH and other marketing companies and manufacturing & marketing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

Marine and Power products, etc.

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

Operation Flow Chart

Operation flow chart is as follows (Major companies only)



FINANCIAL SECTION

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Management discussion and analysis

1. Operating results

(1) The operating results by segment

(a) Motorcycle

The net sales increased by ¥36.3 billion (15.8%) to ¥266.6 billion year-on-year, mainly owing to the impact of the exchange rate and launch of new large-displacement motorcycle V-Strom 1000 ABS in Europe. As for the operating income, the operating loss of ¥11.9 billion in the previous fiscal year became an operating income of ¥100 million, slightly turning into the black for the first time in six fiscal years, mainly owing to improvement in income of large displacement motorcycles.

(b) Automobile

The Japanese domestic net sales increased year-on-year as a result of expanding its sales and strengthening the products such as by improvement in fuel efficiency of the Alto Eco and launch of new-genre mini passenger car Hustler, in addition to great sales of the Spacia, as well as the impact of last-minute demand due to increase in consumption tax rate. As for the overseas, the net sales increased year-on-year mainly owing to increase in Europe, India, and Indonesia. As a result, the overall net sales of the automobile business increased by ¥317.9 billion (13.8%) to ¥2,615.7 billion year-on-year. The operating income increased by ¥28.7 billion (19.0%) to ¥179.3 billion year-on-year, mainly owing to improvement in export profit from Japan by the impact of the exchange rate and increase in income in Asia.

(c) Marine and Power products, etc.

The net sales increased by ¥5.8 billion (11.6%) to ¥56.0 billion year-on-year, mainly owing to increase in sales of outboard motors in Europe. The operating income increased by ¥2.4 billion (41.5%) to ¥8.3 billion year-on-year.

(2) The operating results by geographical areas

(a) Japan

The net sales increased by ¥149.6 billion (9.6%) to ¥1,701.7 billion year-on-year. The Company was able to increase sales by covering decrease in OEM sales with increase in sales of Suzuki brand vehicles, impact of the exchange rate and others. The operating income increased by ¥32.0 billion (31.2%) to ¥134.5 billion year-on-year because of improvement of export profit owing to the impact of the exchange rate and other causes.

(b) Europe

The net sales increased by ¥118.2 billion (45.8%) to ¥376.5 billion year-on-year owing to launch of C-segment crossover model SX4 S-CROSS, new large displacement motorcycle and other causes. The operating loss of ¥1.1 billion in the previous fiscal year became an operating income of ¥4.2 billion, turning into the black.

(c) Asia

The net sales increased by ¥194.4 billion (19.8%) to ¥1,175.4 billion year-on-year mainly owing to increased sales of automobiles in Indonesia and Thailand, impact of exchange rate and other causes. The operating income increased by ¥21.3 billion (56.1%) to ¥59.4 billion year-on-year.

(d) Other areas

The net sales decreased by ¥18.1 billion (10.7%) to ¥151.0 billion year-on-year owing to winding down of automobile marketing business in the United States and other causes. The operating income decreased by ¥2.9 billion (92.1%) to ¥200 million year-on-year.

(3) Selling, general and administrative expenses

In the current consolidated fiscal year, the amount of selling, general and administrative expenses increased by ¥93.3 billion (18.1%) to ¥607.8 billion year-on-year because of increase of sales expenses such as advertising expenses.

(4) Other income and expenses

In the current consolidated fiscal year, the net amount of other income and expenses was a gain of ¥9.3 billion, which increased by ¥14.5 billion year-on-year. This was mainly due to decrease of loss on liquidation of subsidiaries and affiliates from the previous fiscal year.

(5) Forecasts for the next fiscal year

As for the next fiscal year, by closely looking at the impact of recoil reduction of last-minute demand due to increase in consumption tax rate in Japan, and economic trends in emerging Asian markets such as India, Indonesia, and Thailand in overseas, The Group will work as one to reform in every field to accomplish more than the below forecasts for the consolidated operation by developing the business activity.

(Forecasts for the consolidated operating results-First Half)

Net Sales	¥1,400.0 billion	(up 2.2% year-on-year)
Operating income	¥91.0 billion	(up 0.8% year-on-year)
Net income	¥55.0 billion	(up 6.5% year-on-year)

(Forecasts for the consolidated operating results-Full Year)

Net Sales	¥3,000.0 billion	(up 2.1% year-on-year)
Operating income	¥188.0 billion	(up 0.1% year-on-year)
Net income	¥115.0 billion	(up 7.0% year-on-year)
Foreign exchange rates	100 yen/US\$, 135yen/Euro, 1.65yen/Indian Rupee 0.85yen/100Indonesian Rupiah, 3.10yen/Thai Baht	

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

2. Liquidity and capital resources

(1) Cash flow

Cash flow provided by operating activities for FY2013 amounted to ¥322.9 billion (¥190.1 billion was provided in the previous fiscal year), and ¥286.6 billion was used for the acquisition of property, plant and equipment etc. in the investment activities (¥210.6 billion was used in the previous fiscal year). As a result, free cash flow amounted to ¥36.3 billion of positive (¥20.5 billion of negative for the previous fiscal year). In financing activities, ¥2.8 billion was provided by net increase of short term loan and others (¥33.6 billion was used in the previous fiscal year).

As a result, the balance of cash and cash equivalents at the end of FY2013 amounted to ¥710.6 billion and increased by ¥49.5 billion from the end of previous fiscal year.

(2) Demand for money

During the current consolidated fiscal year, The Company and consolidated subsidiaries invested a total ¥213.6 billion of capital expenditures on various areas such as development of new model and research & development.

Capital expenditure project for the next fiscal year is ¥230.0 billion. The required fund will be covered mainly by our own funds.

3. Significant accounting policies

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

* An amount less than 100 million yen has been rounded off in "Management discussion and analysis" section.

Five-Year Summary

SUZUKI MOTOR CORPORATION

CONSOLIDATED

Years ended March 31	Millions of yen (except per share amounts)					Thousands of US dollars (except per share amounts)
	2014	2013	2012	2011	2010	2014
Net sales	¥2,938,314	¥2,578,317	¥2,512,186	¥2,608,217	¥2,469,063	\$28,549,496
Net income.....	107,484	80,389	53,887	45,174	28,913	1,044,346
Net income per share:						
Primary	191.60	143.31	96.06	80.65	62.76	1.86
Fully diluted.....	191.57	131.67	88.28	74.11	55.26	1.86
Cash dividends per share.....	24.00	18.00	15.00	13.00	12.00	0.23
Net assets	1,494,357	1,298,553	1,111,757	1,106,999	1,089,757	14,519,602
Total current assets.....	1,790,832	1,560,218	1,509,568	1,372,885	1,479,336	17,400,238
Total assets	2,874,074	2,487,635	2,302,439	2,224,344	2,381,314	27,925,327
Depreciation and amortization....	117,188	93,680	103,117	138,368	141,846	1,138,639

NON-CONSOLIDATED

Years ended March 31	Millions of yen (except per share amounts)					Thousands of US dollars (except per share amounts)
	2014	2013	2012	2011	2010	2014
Net sales	¥1,498,853	¥1,422,595	¥1,383,269	¥1,409,205	¥1,286,633	\$14,563,284
Net income.....	67,219	36,405	15,846	10,834	7,086	653,119
Net income per share:						
Primary	119.81	64.89	28.25	19.34	15.38	1.16
Fully diluted.....	119.79	59.64	25.98	17.80	13.57	1.16
Cash dividends per share.....	24.00	18.00	15.00	13.00	12.00	0.23
Net assets	859,224	761,353	703,292	691,207	673,803	8,348,468
Total current assets.....	1,070,668	921,352	921,669	818,964	899,655	10,402,916
Total assets	1,850,068	1,641,700	1,597,903	1,524,232	1,625,023	17,975,787
Depreciation and amortization....	33,605	35,626	38,532	61,265	72,359	326,519

Note: Yen amounts are translated into US dollars for convenience only, at ¥102.92 = US\$1, the prevailing exchange rate as of March 31, 2014.

Consolidated Financial Statements

Consolidated Balance Sheets

As of March 31, 2014 and 2013

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of US dollars
	2014	2013	2014
ASSETS			
Current assets:			
Cash and cash equivalents *NOTE 4	¥ 710,611	¥ 661,102	\$ 6,904,498
Receivables:			
Notes and accounts receivables-trade *NOTE 4	310,694	253,237	3,018,792
Allowance for doubtful accounts.....	(4,804)	(5,076)	(46,681)
Inventories.....	276,285	261,380	2,684,468
Deferred tax assets.....	105,064	93,307	1,020,835
Other.....	392,982	296,266	3,818,325
Total current assets.....	1,790,832	1,560,218	17,400,238
Property, plant and equipment: *NOTE 5			
Land	238,532	211,512	2,317,650
Buildings and structures.....	385,797	368,706	3,748,513
Machinery, equipment, vehicles.....	1,120,381	1,067,477	10,885,946
Tools, furniture and fixtures.....	378,011	338,607	3,672,866
Construction in progress	96,560	79,075	938,212
	2,219,283	2,065,378	21,563,189
Accumulated depreciation	(1,524,862)	(1,456,918)	(14,816,000)
Total property, plant and equipment	694,420	608,460	6,747,188
Investments and other assets:			
Investment securities *NOTE 4	270,329	199,249	2,626,595
Investments in affiliates *NOTE 4	55,699	48,248	541,191
Assets for retirement benefits *NOTE 7	15,862	—	154,123
Deferred tax assets.....	20,924	36,179	203,309
Other.....	26,005	35,277	252,680
Total investments and other assets	388,821	318,956	3,777,900
Total assets.....	¥2,874,074	¥2,487,635	\$27,925,327

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

	Millions of yen		Thousands of US dollars
	2014	2013	2014
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term loans payable *NOTE 4	¥ 197,413	¥ 171,790	\$ 1,918,122
Current portion of long-term loans payable *NOTE 4 and 5	38,748	35,299	376,487
Accounts payable-trade *NOTE 4	433,819	350,472	4,215,115
Income taxes payable	46,628	21,420	453,055
Accrued expenses *NOTE 4	171,274	155,519	1,664,151
Provision for product warranties.....	61,447	57,656	597,040
Provision for loss on liquidation of subsidiaries and affiliates....	—	5,521	—
Deferred tax liabilities	967	—	9,401
Other.....	106,634	86,935	1,036,093
Total current liabilities.....	1,056,933	884,616	10,269,468
Noncurrent liabilities:			
Long-term loans payable *NOTE 4 and 5	209,166	220,392	2,032,319
Provision for retirement benefits *NOTE 7	—	37,903	—
Liabilities for retirement benefits *NOTE 7	36,918	—	358,712
Provision for disaster	16,596	17,214	161,251
Deferred tax liabilities	29,179	111	283,515
Other.....	30,923	28,843	300,458
Total noncurrent liabilities	322,783	304,464	3,136,257
Total liabilities	1,379,717	1,189,081	13,405,725
Net assets:			
Shareholders' equity: *NOTE 11			
Capital stock:			
Common stock: Authorized-1,500,000,000 shares Issued,			
as of March 31, 2014 – 561,047,304.....	138,014	—	1,340,990
as of March 31, 2013 – 561,047,304.....	—	138,014	—
Capital surplus	144,364	144,364	1,402,689
Retained earnings	1,008,555	912,304	9,799,411
Treasury stock.....	(57)	(86)	(557)
Total shareholders' equity.....	1,290,877	1,194,597	12,542,533
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	104,745	58,888	1,017,739
Deferred gains or losses on hedges.....	131	1,687	1,276
Foreign currency translation adjustment	(72,898)	(108,218)	(708,306)
Accumulated adjustment for retirement benefits	3,867	—	37,582
Total accumulated other comprehensive income	35,846	(47,642)	348,292
Subscription rights to shares *NOTE 14	168	84	1,641
Minority interests	167,464	151,513	1,627,134
Total net assets	¥1,494,357	¥1,298,553	\$14,519,602
Commitments and contingent liabilities *NOTE 15			
Total liabilities and net assets	¥2,874,074	¥2,487,635	\$27,925,327

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

Years ended March 31, 2014 and 2013

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of US dollars
	2014	2013	2014
Net sales	¥2,938,314	¥2,578,317	\$28,549,496
Cost of sales	2,142,754	1,919,218	20,819,610
Gross profit.....	795,559	659,098	7,729,886
Selling, general and administrative expenses	607,812	514,534	5,905,681
Operating income	187,747	144,564	1,824,205
Other income (expenses):			
Interest and dividend income.....	18,441	19,550	179,178
Interest expense	(6,158)	(5,510)	(59,839)
Equity in earnings (losses) of affiliates.....	(115)	664	(1,119)
Other, net.....	(2,823)	(19,864)	(27,437)
Income before income taxes	197,090	139,403	1,914,987
Income taxes: *NOTE 8			
Current.....	67,212	40,405	653,058
Deferred	2,387	7,971	23,200
	69,600	48,377	676,258
Income before minority interests	127,489	91,026	1,238,728
Minority interests in income	20,005	10,636	194,381
Net income	¥ 107,484	¥ 80,389	\$ 1,044,346
	Yen		US dollars
Net income per share:			
Primary	¥ 191.60	¥ 143.31	\$ 1.86
Fully diluted	191.57	131.67	1.86
Cash dividends per share	24.00	18.00	0.23

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

(Consolidated Statements of Comprehensive Income)

Years ended March 31, 2014 and 2013

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of US dollars
	2014	2013	2014
Income before minority interests	¥127,489	¥91,026	\$1,238,728
Other comprehensive income			
Valuation difference on available-for-sale securities	47,596	29,494	462,459
Deferred gains or losses on hedges.....	(1,196)	1,884	(11,626)
Foreign currency translation adjustment	27,555	51,812	267,739
Share of other comprehensive income of associates accounted for using equity method	7,504	3,672	72,915
Change in equity.....	—	6,595	—
Total other comprehensive income *NOTE 12	81,459	93,459	791,488
Comprehensive income	208,949	184,485	2,030,216
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent	187,105	168,188	1,817,966
Comprehensive income attributable to minority interests	21,844	16,297	212,250

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

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2014 and 2013

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen							
	Thousands of shares of common stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total other comprehensive income	Subscription rights to shares	Minority interests
Balance as of March 31, 2012	561,047	¥138,014	¥144,364	¥834,296	¥(81)	¥(128,845)	¥—	¥124,009
Dividends from surplus ..	—	—	—	(8,976)	—	—	—	—
Change in equity.....	—	—	—	6,595	—	—	—	—
Net income.....	—	—	—	80,389	—	—	—	—
Purchase of treasury stock.....	—	—	—	—	(5)	—	—	—
Net changes of items other than shareholders' equity.....	—	—	—	—	—	81,203	84	27,504
Balance as of March 31, 2013	561,047	¥138,014	¥144,364	¥912,304	¥(86)	¥(47,642)	¥84	¥151,513
Dividends from surplus ..	—	—	—	(11,220)	—	—	—	—
Net income.....	—	—	—	107,484	—	—	—	—
Purchase of treasury stock.....	—	—	—	—	(5)	—	—	—
Disposal of treasury stock.....	—	—	(13)	—	35	—	—	—
Transfer of loss on disposal of treasury stock	—	—	13	(13)	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	83,488	83	15,950
Balance as of March 31, 2014	561,047	¥138,014	¥144,364	¥1,008,555	¥(57)	¥35,846	¥168	¥167,464

	Thousands of US dollars							
	Thousands of shares of common stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total other comprehensive income	Subscription rights to shares	Minority interests
Balance as of March 31, 2013	561,047	\$1,340,990	\$1,402,689	\$8,864,214	\$(843)	\$(462,908)	\$825	\$1,472,150
Dividends from surplus ..	—	—	—	(109,022)	—	—	—	—
Net income.....	—	—	—	1,044,346	—	—	—	—
Purchase of treasury stock.....	—	—	—	—	(54)	—	—	—
Disposal of treasury stock.....	—	—	(128)	—	341	—	—	—
Transfer of loss on disposal of treasury stock	—	—	128	(128)	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	811,201	815	154,984
Balance as of March 31, 2014	561,047	\$1,340,990	\$1,402,689	\$9,799,411	\$(557)	\$348,292	\$1,641	\$1,627,134

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

Consolidated Statements of Cash Flows

Years ended March 31, 2014 and 2013

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen		Thousands of US dollars
	2014	2013	2014
Cash flows from operating activities			
Income before income taxes.....	¥197,090	¥139,403	\$1,914,987
Depreciation and amortization	117,188	93,680	1,138,639
Impairment loss	1,029	458	10,000
Increase (decrease) in provision for loss on liquidation of subsidiaries and affiliates	(5,521)	5,521	(53,648)
Increase (decrease) in allowance for doubtful accounts	(699)	44	(6,798)
Interest and dividends income.....	(18,441)	(19,550)	(179,178)
Interest expenses	6,158	5,510	59,839
Foreign exchange losses (gains).....	6,718	670	65,278
Equity in (earnings) losses of affiliates.....	115	(664)	1,119
Loss (gain) on valuation of securities	44	3,849	428
Loss (gain) on sales of investment securities.....	(17)	—	(167)
Loss (gain) on sales of property, plant and equipment ...	(290)	200	(2,823)
Decrease (increase) in notes and accounts receivable-trade	(49,559)	10,247	(481,530)
Decrease (increase) in inventories	(10)	(3,029)	(101)
Increase (decrease) in notes and accounts payable-trade	72,664	(8,142)	706,030
Increase (decrease) in accrued expenses	12,680	11,608	123,207
Other, net.....	12,621	(30,049)	122,633
Subtotal	351,772	209,759	3,417,917
Interest and dividends income received	18,999	19,466	184,601
Interest expenses paid	(5,646)	(5,211)	(54,861)
Income taxes paid	(42,209)	(33,957)	(410,119)
Net cash provided by (used in) operating activities	322,915	190,057	3,137,537
Cash flows from investing activities			
Payments into time deposits	(77,477)	(32,908)	(752,797)
Proceeds from withdrawal of time deposits.....	38,842	41,603	377,409
Purchases of short-term investment securities	(209,912)	(113,726)	(2,039,567)
Proceeds from sales of short-term investment securities	165,156	64,127	1,604,705
Purchases of property, plant and equipment.....	(204,739)	(163,929)	(1,989,302)
Proceeds from sales of property, plant and equipment...	4,421	3,505	42,956
Purchases of investment securities	(2,712)	(4,002)	(26,356)
Proceeds from sales of investment securities	623	—	6,059
Payments of loans receivable	(1,086)	(436)	(10,556)
Collection of loans receivable	555	673	5,392
Other, net.....	(230)	(5,465)	(2,235)
Net cash provided by (used in) investing activities	(286,559)	(210,559)	(2,784,292)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable.....	24,691	(8,603)	239,907
Proceeds from long-term loans payable	30,000	190,482	291,488
Repayment of long-term loans payable	(38,488)	(54,708)	(373,966)
Redemption of bonds.....	—	(149,975)	—
Purchase of treasury stock.....	(5)	(5)	(54)
Cash dividends paid	(11,219)	(8,975)	(109,012)
Cash dividends paid to minority shareholders.....	(2,133)	(1,814)	(20,727)
Other, net.....	(35)	(32)	(340)
Net cash provided by (used in) financing activities	2,809	(33,632)	27,295
Effect of exchange rate changes on cash and cash equivalents	10,342	4,706	100,495
Net increase (decrease) in cash and cash equivalents	49,508	(49,427)	481,035
Cash and cash equivalents at beginning of period	661,102	710,530	6,423,463
Cash and cash equivalents at end of period *NOTE 10	¥710,611	¥661,102	\$6,904,498

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

Notes to Consolidated Financial Statements

NOTE 1: Basis of presenting consolidated financial statements

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

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

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

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

As permitted, an amount of less than one million yen has been omitted. For the convenience of readers, the consolidated financial statements, including the opening balance of shareholders' equity, have been presented in US dollars by translating all Japanese yen amounts on the basis of 102.92 to US\$1, the rate of exchange prevailing as of March 31, 2014. Consequently, the totals shown in the consolidated financial statements (both in yen and in US dollars) do not necessarily agree with the sum of the individual amounts.

NOTE 2: Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements for the years ended March 31, 2014 and 2013, include the accounts of The Group. And the numbers of consolidated subsidiaries are 133 and 135 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 28 consolidated subsidiaries is December 31, but Magyar Suzuki Corporation Ltd. and 4 others are consolidated based on the financial statements of provisional account settlement as of March 31. Other 23 subsidiaries are consolidated with the financial statements based on their respective account settlement date.

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

(b) Allowance for doubtful accounts

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

(c) Allowance for investment loss

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

(d) Provision for product warranties

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

(e) Provision for directors' bonuses

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

(f) Provision for loss on liquidation of subsidiaries and affiliates

Reasonably estimated amount is appropriated for anticipated loss caused by liquidation and restructuring of businesses operated by subsidiaries and affiliates.

(g) 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 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.

(h) 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.

(i) Provision for product liabilities

With regards to the products exported to North American market, to prepare for the payment of compensation, not covered by "Product Liability Insurance" the anticipated amount to be borne by The Group is computed and provided on the basis of actual results in the past.

(j) Provision for recycling expenses

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

(k) Short-term investment securities and Investment securities

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

If we judge the decline in investment value is not temporary, we recognize revaluation loss based on the reasonable standard.

If the stock market falls, we may incur significant loss on valuation of securities.

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

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

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

(l) Hedge accounting

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

If foreign currency forward contracts meet certain criteria, exceptional hedge accounting is applied and these contracts are handled together with hedged items.

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

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

(m) Foreign currency translation

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

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

(n) 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).

(o) **Method of depreciation and amortization of significant depreciable assets**

a. Property, plant and equipment (excluding lease assets)

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

Main durable years are as follows:

Buildings and structures 3 to 75 years

Machinery, equipment and vehicles 3 to 15 years

b. Intangible assets (excluding lease assets)

..... Straight-line method

c. Lease assets

Finance lease which transfer ownership

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

(p) **Income taxes**

The provision for income taxes is computed based on the income before income taxes included in the consolidated statements of income. The assets and liability approach is adopted to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. In making a valuation for the possibility of collection of deferred tax assets, The Company and its subsidiaries estimate their future taxable income reasonably. If the estimated amount of future taxable income decrease, deferred tax assets may decrease and income taxes expenses may be posted.

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

(q) **Retirement benefits**

With regard to calculation of retirement benefit obligations, straight-line basis method was used to attribute expected benefit to period up to the end of this fiscal year. With regard to past service costs, they are treated as expense on a straight-line basis over the certain years within the period of average length of employees' remaining service years at the time when it occurs. As for the actuarial gain or loss, the amounts, prorated on a straight-line basis over the certain years within the period of average length of employees' remaining service years in each year in which the differences occur, are respectively treated as expenses from the next term of the year in which they arise.

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

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

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

(r) **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.

(s) **Cash and cash equivalents**

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

(t) **Reclassification**

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

NOTE 3: Changes in accounting principles and accounting estimates**(a) Application of accounting standard for retirement benefits**

Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No.26 of 17 May 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25 of 17 May 2012) has been applied since the end of this fiscal year. (Except body text stipulated in article 35 of the Accounting Standard for Retirement Benefits and article 67 of Guidance on Accounting Standard for Retirement Benefits) Pension assets are deducted from retirement benefit obligation and the net amount is recognized as liability for retirement benefits, and previously unrecognized actuarial gains or losses and past service costs are recognized as liabilities for retirement benefits.

In accordance with transitional accounting as stipulated in article 37 of the Accounting Standard for Retirement Benefits, the effect of the change in accounting policies arising from initial application is recognized in accumulated adjustments for retirement benefit within the accumulated other comprehensive income.

As a result, ¥15,862 million of assets for retirement benefits and ¥36,918 million of liabilities for retirement benefits were recognized, and Accumulated Other Comprehensive Income increased by ¥3,867 million, and minority interests decreased by ¥6 million.

(b) New accounting standards not yet applied

Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No.26 of 17 May 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25 of 17 May 2012)

a. Overview

The accounting methods for unrecognized actuarial gains or losses and past service costs as well as the calculation method for retirement benefit obligations and service costs and the enhancement of disclosure have been revised.

b. Application date

The revision of the calculation method for retirement benefit obligations and service costs will be applied from the beginning of the consolidated fiscal year on or after April 1, 2014. Since transitional handling has been specified in mentioned above accounting standard, the standard will not be applied retrospectively to the consolidated financial statements of prior periods.

c. Effect of applying accounting standard

The effect on the consolidated financial statements is being reviewed as of March 31, 2014.

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

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

b. Type of financial instruments, risks and risk management

With respect to customers' credit risks from operating receivables such as notes and accounts receivables-trade, in order to mitigate the risks, The Group identifies credit standing of major counterparties and manages due date and receivable balance of each counterparty in line with our rules and regulations for credit control. The Group hedges risks of exchange-rate fluctuations from operating receivables denominated in foreign currency by forward exchange contract in principle. Investment securities are mainly stocks of companies with which The Group has business relationship, and as for listed stocks, The Group quarterly identifies those fair values and reports them to the Board of Directors.

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

Applications of borrowings are fund for operating capital (mainly short-term) and capital expenditures (long-term), and The Group uses interest-rate swaps for the interest rate risks of some long-term borrowings to fix interest expenses. Also, The Group uses cross currency interest rate swaps for fluctuation of exchange rate in repayment of principle and interest rate risk to fix cash flow. Objectives of derivative transactions are foreign currency forward contracts to hedge the risks of exchange-rate fluctuations related to receivables denominated in foreign currencies, interest rate swaps to hedge the risks of fluctuations in interest rate related to borrowings, and cross currency interest rate swaps to hedge the risk of fluctuation in exchange rate and interest rate related to borrowings. The Group executes and manages derivatives within the actual demand in line with our rules and regulations which set out the authority to trade. In addition, in using derivatives, The Group deals with financial institutions which have high credit grade in order to reduce credit risks. With respect to hedge accounting, also please see Note 2 (I).

In addition, each of The Group company manages liquidity risk related to accounts payable and borrowings by making a financial plan.

c. Supplement to fair values of financial instruments

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

(b) Matters for fair values of the financial instruments

Carrying amounts in the consolidated balance sheet, fair values and difference as of March 31, 2014 and 2013 were as follows. Financial instruments whose fair value cannot be reliably determined are not included in the below table.

Millions of yen

	2014			2013		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Cash and deposits	¥358,851	¥358,851	¥ —	¥279,009	¥279,009	¥ —
Notes and accounts receivables-trade	310,694	311,221	527	253,237	253,225	(12)
Short-term investment securities and Investment securities						
Available-for-sale securities	863,514	863,514	—	738,687	738,687	—
Investments in affiliates	513	252	(261)	513	357	(155)
Total of assets	1,533,573	1,533,838	265	1,271,448	1,271,279	(168)
Accounts payable-trade	433,819	433,819	—	350,472	350,472	—
Short-term loans payable	197,413	197,413	—	171,790	171,790	—
Current portion of long-term loans payable	38,748	38,779	(31)	35,299	35,313	(14)
Accrued expenses	171,274	171,274	—	155,519	155,519	—
Long-term loans payable	209,166	207,874	1,291	220,392	218,067	2,324
Total of liabilities	1,050,421	1,049,160	1,260	933,474	931,164	2,310
Derivatives						
Hedge accounting is applied	51	51	—	2,596	2,596	—
Hedge accounting is not applied	1,160	1,160	—	(1,845)	(1,845)	—

Thousands of US dollars

	2014		
	Carrying amount	Fair value	Difference
Cash and deposits	\$3,486,699	\$3,486,699	\$ —
Notes and accounts receivables-trade	3,018,792	3,023,913	5,121
Short-term investment securities and Investment securities			
Available-for-sale securities	8,390,152	8,390,152	—
Investments in affiliates	4,989	2,448	(2,541)
Total of assets	14,900,634	14,903,215	2,580
Accounts payable-trade	4,215,115	4,215,115	—
Short-term loans payable	1,918,122	1,918,122	—
Current portion of long-term loans payable	376,487	376,791	(304)
Accrued expenses	1,664,151	1,664,151	—
Long-term loans payable	2,032,319	2,019,765	12,553
Total of liabilities	10,206,195	10,193,946	12,249
Derivatives			
Hedge accounting is applied	504	504	—
Hedge accounting is not applied	11,280	11,280	—

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

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

Assets:

a. Cash and deposits

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

b. Notes and accounts receivables-trade

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

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

c. Short-term investment securities and Investment securities

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

Liabilities:

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

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

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

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

Derivatives:

Please refer to Note 4 (d) Derivative transactions.

*2. Financial instruments whose fair value cannot be reliably determined as of March 31, 2014 and 2013

	Millions of yen		Thousands of US dollars
	2014	2013	2014
Available-for-sale securities			
Unlisted stock other than stocks of affiliates	¥18,747	¥18,876	¥182,151
Unlisted stock of affiliates	17,077	16,569	165,928
Others	557	1,295	5,416

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

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

Millions of yen

	2014			2013		
	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	¥ 358,851	¥ —	¥ —	¥ 279,009	¥ —	¥ —
Notes and accounts receivables- trade	249,336	60,831	526	203,859	48,822	555
Securities and investment securities with maturities	612,489	—	—	559,609	—	—
Total	¥1,220,677	¥60,831	¥526	¥1,042,478	¥48,822	¥555

Thousands of US dollars

	2014		
	Within 1 year	Over 1 year, Within 5 years	Over 5 years, Within 10 years
Cash and deposits	\$ 3,486,699	\$ —	\$ —
Notes and accounts receivables- trade	2,422,623	519,052	5,116
Securities and i nvestment securities with maturities	5,951,125	—	—
Total	\$11,860,449	\$519,052	\$5,116

(c) Securities

a. Available-for-sale securities with market value as of March 31, 2014 and 2013

Millions of yen						
	2014			2013		
	Acquisition cost	Carrying Amount	Difference	Acquisition cost	Carrying Amount	Difference
Securities for which the carrying amount exceeds the acquisition costs						
Stocks.....	¥ 91,865	¥250,014	¥ 158,148	¥ 86,883	¥176,008	¥ 89,124
Bonds.....	—	—	—	—	—	—
Others.....	175,441	181,767	6,325	144,648	147,424	2,776
Sub-Total	¥267,307	¥431,782	¥ 164,474	¥231,531	¥323,432	¥ 91,901
Securities for which the carrying amount does not exceed the acquisition costs						
Stocks.....	¥ 1,928	¥ 1,567	¥ (361)	¥ 5,158	¥ 4,356	¥ (801)
Bonds.....	5,000	5,000	—	—	—	—
Others.....	425,164	425,164	—	410,898	410,898	—
Sub-Total	¥432,093	¥431,732	¥ (361)	¥416,056	¥415,255	¥ (801)
Total	¥699,401	¥863,514	¥164,113	¥647,588	¥738,687	¥91,099

Thousands of US dollars			
	2014		
	Acquisition cost	Carrying Amount	Difference
Securities for which the carrying amount exceeds the acquisition costs			
Stocks.....	\$ 892,593	\$2,429,211	\$1,536,618
Bonds.....	—	—	—
Others.....	1,704,643	1,766,106	61,462
Sub-Total	\$2,597,237	\$4,195,318	\$1,598,080
Securities for which the carrying amount does not exceed the acquisition costs			
Stocks.....	\$ 18,739	\$ 15,231	\$ (3,507)
Bonds.....	48,581	48,581	—
Others.....	4,131,021	4,131,021	—
Sub-Total	\$4,198,342	\$4,194,834	\$ (3,507)
Total	\$ 6,795,579	\$ 8,390,152	\$1,594,573

b. Available-for-sale securities sold during 2014 and 2013

	Millions of yen		Thousands of US dollars
	2014	2013	2014
Amounts sold	¥165,779	¥64,127	\$1,610,764
Gains on sales of available-for-sale securities	17	—	167
Loss on sales of available-for-sale securities	0	—	0

(d) Derivative transactions

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

a. Derivative transactions to which hedge accounting is not applied as of March 31, 2014 and 2013

Currency related transactions (non-market transactions)

Millions of yen

Type	2014				2013			
	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	¥ —	—	¥ —	¥ —	¥ 2,323	—	¥ 73	¥ 73
Buying								
USD	17,687	—	(142)	(142)	17,356	—	(6)	(6)
JPY	11,405	—	(262)	(262)	38,808	—	(2,772)	(2,772)
Total	¥29,093	—	¥(404)	¥(404)	¥58,488	—	¥(2,705)	¥(2,705)

Thousands of US dollars

Type	2014			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Foreign currency forward contracts				
Buying				
USD	\$171,861	—	\$(1,384)	\$(1,384)
JPY	110,819	—	(2,547)	(2,547)
Total	\$282,681	—	\$(3,932)	\$(3,932)

Cross currency interest rate swap transactions (non-market transactions)

Millions of yen

Type	2014				2013			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Pay fixed receive floating								
Pay PHP receive USD	¥1,200	¥ —	¥ 84	¥ 84	¥ —	¥ —	¥ —	¥ —
Pay floating receive floating								
Pay INR receive USD	7,153	4,769	1,536	1,536	6,537	6,537	762	762
Total	¥8,353	¥4,769	¥1,620	¥1,620	¥6,537	¥6,537	¥762	¥762

Thousands of US dollars

Type	2014			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Pay fixed receive floating				
Pay PHP receive USD	\$11,659	\$ —	\$ 822	\$ 822
Pay floating receive floating				
Pay INR receive USD	69,510	46,340	14,927	14,927
Total	\$81,169	\$46,340	\$15,750	\$15,750

Commodity-related transactions (market transactions)

Millions of yen

Type	2014				2013			
	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	¥4,545	—	¥(55)	¥(55)	¥7,592	—	¥97	¥97
Total	¥4,545	—	¥(55)	¥(55)	¥7,592	—	¥97	¥97

Thousands of US dollars

Type	2014			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Commodity Futures contract Buying	\$44,164	—	\$(537)	\$(537)
Total	\$44,164	—	\$(537)	\$(537)

Earthquake-related transactions

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

b. Derivative transactions to which hedge accounting is applied as of March 31, 2014 and 2013

Currency related transactions

Principle hedged item: Account receivable-trade, account payable-trade and long-term debt

Millions of yen

Type	2014			2013		
	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						
USD	¥ 3,847	—	¥ (35)	¥22,369	—	¥ 745
EUR	1,367	—	(7)	18,902	—	(130)
CAD	80	—	0	1,583	—	(30)
AUD	3,265	—	(95)	2,941	—	(151)
NZD	1,256	—	(40)	515	—	(14)
GBP	221	—	(1)	522	—	(49)
MXN	827	—	(6)	832	—	(25)
Buying						
USD	70	—	2	1,498	—	(46)
EUR	7,225	—	(3)	2,304	—	(19)
JPY	—	—	—	7,200	—	(1,158)
Currency option transactions (Principle hedge accounting)						
Buying						
JPY	—	—	—	2,578	—	(356)
Foreign currency forward contracts (Exceptional hedge accounting)						
Selling						
USD	616	—	*	5,654	—	*
EUR	8,947	—	*	6,831	—	*
CAD	15	—	*	1,279	—	*
AUD	2,039	—	*	3,455	—	*
NZD	350	—	*	563	—	*
GBP	301	—	*	1,173	—	*
MXN	691	—	*	1,149	—	*
CNY	56	—	*	295	—	*
Buying						
USD	—	—	*	383	—	*
EUR	679	—	*	477	—	*
JPY	—	—	*	412	—	*
Total	¥31,862	—	¥(188)	¥82,925	—	¥(1,237)

Thousands of US dollars

Type	2014		
	Contract/ notional amount	Amount due after one year	Fair value
Foreign currency forward contracts (Principal hedge accounting)			
Selling			
USD	\$ 37,378	—	\$ (348)
EUR	13,285	—	(75)
CAD	786	—	4
AUD	31,732	—	(927)
NZD	12,207	—	(396)
GBP	2,152	—	(10)
MXN	8,043	—	(63)
Buying			
USD	689	—	27
EUR	70,203	—	(37)
Foreign currency forward contracts (Exceptional hedge accounting)			
Selling			
USD	5,985	—	*
EUR	86,940	—	*
CAD	154	—	*
AUD	19,817	—	*
NZD	3,406	—	*
GBP	2,932	—	*
MXN	6,722	—	*
CNY	545	—	*
Buying			
EUR	6,604	—	*
Total	\$309,588	—	\$(1,827)

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

Cross currency interest rate swap transactions
Principal hedged item: long-term debt

Millions of yen

Type	2014			2013		
	Contract/ notional amount	Amount due after one year	Fair value	Contract/ notional amount	Amount due after one year	Fair value
Principle hedge accounting						
Pay fixed receive floating						
Pay JPY receive USD	¥121,243	¥121,243	¥ (73)	¥121,000	¥121,000	¥3,910
Pay fixed receive floating						
Pay IDR receive USD	3,782	2,319	2	1,896	675	(35)
Pay fixed receive floating						
Pay THB receive USD	12,940	12,940	311	—	—	—
Total	¥137,965	¥136,502	¥240	¥122,896	¥121,675	¥3,875

Thousands of US dollars

Type	2014		
	Contract/ notional amount	Amount due after one year	Fair value
Principle hedge accounting			
Pay fixed receive floating			
Pay JPY receive USD	\$1,178,031	\$1,178,031	\$ (718)
Pay fixed receive floating			
Pay IDR receive USD	36,753	22,535	26
Pay fixed receive floating			
Pay THB receive USD	125,730	125,730	3,024
Total	\$1,340,515	\$1,326,298	\$2,332

Commodity transactions
Principal hedged item: raw materials and supplies

Millions of yen

Type	2014			2013		
	Contract/ notional amount	Amount due after one year	Fair value	Contract/ notional amount	Amount due after one year	Fair value
Commodity futures contract (Principle hedge accounting)						
Buying	¥ —	—	¥ —	¥536	—	¥(41)
Total	¥ —	—	¥ —	¥536	—	¥(41)

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

Short-term borrowings as of March 31, 2014 and 2013 were as follows. The annual interest rates of short-term borrowings as of March 31, 2014 were from 0.24 percent to 12.25 percent.

	Millions of yen		Thousands of US dollars
	2014	2013	2014
Short-term loans payable and current portion of Long-term loans payable			
Secured	¥ —	¥ —	\$ —
Unsecured	236,161	207,090	2,294,609
Lease obligations due within one year	46	27	452
	<u>¥236,207</u>	<u>¥207,118</u>	<u>\$2,295,061</u>

Long-term debt as of March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of US dollars
	2014	2013	2014
Long-term loans payable maturing through 2019			
Secured	¥ 236	¥ 307	\$ 2,293
Unsecured	208,930	220,084	2,030,025
Lease obligations due more than one year	72	21	702
Other interest-bearing debts (Long-term guarantee deposited)	13,655	12,716	132,683
	<u>¥222,894</u>	<u>¥233,130</u>	<u>\$2,165,705</u>

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

The aggregate annual maturities of long-term debt, excluding other interest-bearing debt, outstanding as of March 31, 2014 were as follows:

Year ending March 31	Millions of yen	Thousands of US dollars
2016	¥ 95,383	\$ 926,775
2017	36,375	353,431
2018	77,475	752,777
2019	3	33
Thereafter	0	2
	¥209,238	\$2,033,021

Assets pledged as collateral as of March 31, 2014:

	Millions of yen	Thousands of US dollars
Property, plant and equipment	¥ 793	\$ 7,712
Other intangible assets	319	3,107
	¥1,113	\$10,820

Secured liabilities as of March 31, 2014:

	Millions of yen	Thousands of US dollars
Long-term loans payable	¥236	\$2,293
Others (noncurrent liabilities)	529	5,144
	¥765	\$7,438

NOTE 6: Loan commitment

The Company has the commitment line contract with five banks for effective financing. The outstanding balance of this contract as of March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of US dollars
	2014	2013	2014
Commitment line contract total	¥200,000	¥200,000	\$1,943,256
Actual loan balance	—	—	—
Variance	¥200,000	¥200,000	\$1,943,256

NOTE 7: Retirement and severance benefit

(Year ended March 31, 2013)

(a) Outline of adopted retirement benefit systems

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

(b) Component of retirement benefit obligation as of March 31, 2013	Millions of yen
a. Retirement benefit obligation	¥(108,739)
b. Pension assets	83,842
c. Unfunded retirement benefit obligation (a+b)	¥ (24,897)
d. Unrecognized difference by an actuarial calculation	(810)
e. Unrecognized past service cost (decrease of liabilities)	(4,063)
f. Net amount in consolidated balance sheet (c+d+e)	(29,771)
g. Prepaid pension cost	8,131
h. Provision for retirement benefits (f-g)	¥ (37,903)

Remarks: 1) The premium retirement allowance paid on a temporary basis is not included.
 2) Some of subsidiaries adopt simplified methods for the calculation of retirement benefits.

(c) Component of retirement benefit cost for year ended March 31, 2013

	Millions of yen
a. Service cost	¥5,214
b. Interest cost	2,101
c. Assumed return on investment	(699)
d. Amortized amount of actuarial difference	1,497
e. Amortized amount of past service cost	(734)
f. Retirement benefit cost (a+b+c+d+e)	¥7,379

Remarks: "a. Service cost" includes retirement benefits cost of some of subsidiaries calculated by simplified methods.

(d) Items related to the calculation standard for the retirement benefit obligation

a. Allocation method of the estimated amount of retirement benefits	: Straight-line basis
b. Discount rate	: Mainly 2.00%
c. Reassessment rate	: 1.50%
d. Assumed return of investment ratio	: Mainly 0.77%
e. Number of years for amortization of past service cost	: Mainly 15 years To be amortized by straight-line method with certain term within the employees' average remaining service years at the time when the difference was caused.
f. Number of years for amortization of actuarial difference	: Mainly 15 years To be amortized from the next fiscal year by straight-line method with certain term within the employees' average remaining service years at the time when the difference was caused.

(Year ended March 31, 2014)

1. Outline of adopted retirement benefit systems

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

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

	Millions of yen	Thousands of US dollars
Opening balance of retirement benefit obligation	¥108,739	\$1,056,548
Service cost	6,024	58,538
Interest cost	2,199	21,373
Actuarial differences arised in current fiscal year	(611)	(5,940)
Retirement allowance paid	(4,940)	(48,003)
Past service cost arised in current fiscal year	159	1,551
Others	(475)	(4,623)
Closing balance of retirement benefit obligation	¥111,096	\$1,079,445

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

	Millions of yen	Thousands of US dollars
Opening balance of pension assets	¥83,842	\$814,639
Expected return on pension assets	825	8,022
Actuarial differences arised in current fiscal year	808	7,851
Contribution from employers	8,028	78,002
Retirement allowance paid	(3,512)	(34,127)
Others	48	468
Closing balance of pension assets	¥90,040	\$874,856

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

	Millions of yen	Thousands of US dollars
Defined benefit obligation of funded severance plan	¥82,668	\$803,232
Plan asset	(90,040)	(874,856)
	(7,371)	(71,623)
Defined benefit obligation of unfunded severance plan	28,427	276,212
Net amount of liability and asset for retirement benefits recognized in consolidated balance sheet	¥21,056	\$204,589
Liability for retirement benefits	¥36,918	\$358,712
Asset for retirement benefits	(15,862)	(154,123)
Net amount of liability and asset for retirement benefits recognized in consolidated balance sheet	¥21,056	\$204,589

(d) Breakdown of retirement benefit expenses

	Millions of yen	Thousands of US dollars
Service cost	¥6,024	\$58,538
Interest cost	2,199	21,373
Expected return on plan assets	(825)	(8,022)
Recognition of actuarial gain and losses	527	5,122
Amortization of past service cost	(636)	(6,182)
Others	(656)	(6,382)
Total amount of retirement benefit expenses for defined benefit plans	¥6,633	\$64,448

(e) Accumulated adjustment for retirement benefit

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

	Millions of yen	Thousands of US dollars
Unrecognized past service cost	¥3,276	\$31,837
Unrecognized actuarial gain and losses	2,742	26,642
Total	¥6,018	\$58,480

(f) Plan assets

a. Major breakdown of pension assets

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

Debt securities	51.1%
General account of life insurance companies	38.0%
Others	10.9%
Total	100.0%

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

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

(g) Actuarial assumptions

Discount rate	2.00%
Expected long-term return on pension assets	0.82%

3. Defined contribution plan

Contribution to defined contribution plan by The Company and consolidated subsidiaries is 216 million yen (2,104 thousand US dollars).

NOTE 8: Income taxes

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

	Millions of yen		Thousands of US dollars
	2014	2013	2014
Deferred tax assets			
Excess-depreciation and Impairment loss	¥ 59,105	¥ 68,083	\$ 574,283
Various reserves	39,548	41,433	384,268
Unrealized profits elimination	20,876	18,725	202,839
Loss on valuation of securities	12,254	12,648	119,071
Deferred assets and others	3,367	3,154	32,723
Others	82,757	76,845	804,095
Gross deferred tax assets total	217,910	220,892	2,117,283
Valuation allowance	(54,930)	(48,183)	(533,715)
Deferred tax assets total	¥162,980	¥172,708	\$1,583,567
Deferred tax liabilities			
Valuation difference on available-for-sale securities	¥(56,219)	¥ (30,468)	\$(546,247)
Variance from the complete market value method of consolidated subsidiaries	(5,243)	(5,167)	(50,948)
Reserve for advanced depreciation of noncurrent assets ...	(3,603)	(3,555)	(35,012)
Others	(2,071)	(4,140)	(20,131)
Deferred tax liabilities total	(67,138)	(43,332)	(652,340)
Net amounts of deferred tax assets	¥ 95,841	¥129,376	\$ 931,226

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

	2014	2013
Statutory tax rate	37.2%	37.2%
Effect of change of tax rate	3.1%	2.7%
Tax credit	(3.3%)	(5.9%)
Tax rate difference (consolidated overseas subsidiaries)	(2.0%)	—%
Others	0.3%	0.7%
Effective tax rate	35.3%	34.7%

NOTE 9: Research and development costs

Research and development costs included in selling, general and administrative expenses, for the years ended March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of US dollars
	2014	2013	2014
Research and development costs.....	¥127,090	¥119,269	\$1,234,843

NOTE 10: Cash and cash equivalents

Cash and cash equivalents as of March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of US dollars
	2014	2013	2014
Cash and deposits	¥358,851	¥279,009	\$3,486,699
Short-term investment securities.....	612,489	559,609	5,951,125
Time deposits with maturities of over three months	(73,370)	(34,845)	(712,886)
Bonds etc. with redemption period of over three months	(187,359)	(142,670)	(1,820,440)
	¥710,611	¥661,102	\$6,904,498

NOTE 11: Net assets

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

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

The Companies Act allows both legal capital surplus and legal retained earnings to be transferred to the capital stock following the approval at an Ordinary General Meeting of Shareholders.

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

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

NOTE 12: Other comprehensive income

Other comprehensive income in the current consolidated fiscal year comprised were as follows:

	Millions of yen		Thousands of US dollars
	2014	2013	2014
Valuation difference on available-for-sale securities			
Unrealized loss (gain) arising during the period.....	¥73,280	¥48,141	\$ 712,011
Reclassification adjustment of unrealized gain (loss) through profit or loss.....	40	(3,305)	392
Before tax effect.....	73,320	44,835	712,404
Tax effect.....	(25,724)	(15,340)	(249,944)
Balance at the end of the period.....	¥47,596	¥29,494	\$ 462,459
Deferred gains or losses on hedges			
Unrealized loss (gain) arising during the period.....	¥ (4,119)	¥ 3,126	\$ (40,024)
Reclassification adjustment of unrealized gain (loss) through profit or loss.....	1,785	447	17,353
Before tax effect.....	(2,333)	3,573	(22,671)
Tax effect.....	1,136	(1,689)	11,044
Balance at the end of the period.....	¥ (1,196)	¥ 1,884	\$ (11,626)
Foreign currency translation adjustment			
Unrealized loss (gain) arising during the period.....	¥27,748	¥45,254	\$ 269,610
Reclassification adjustment of unrealized gain (loss) through profit or loss.....	(192)	6,557	(1,871)
Balance at the end of the period.....	¥27,555	¥51,812	\$ 267,739
Share of other comprehensive income of associates accounted for using equity method			
Unrealized loss (gain) arising during the period.....	¥ 7,504	¥ 3,672	\$ 72,915
Change in equity			
The amount arising during the period.....	¥ —	¥ 6,595	\$ —
Total other comprehensive income.....	¥81,459	¥93,459	\$ 791,488

NOTE 13: Cash dividends

	Resolution			
	Ordinary General Meeting of Shareholders held on June 27, 2013		Meeting of the Board of Directors held on November 1, 2013	
Total amount of cash dividends	¥5,610 million	\$54,510 thousand	¥5,610 million	\$54,511 thousand
Cash dividends per share	¥10.00	\$0.097	¥10.00	\$0.097
Record date	March 31, 2013		September 30, 2013	
Effective date	June 28, 2013		November 29, 2013	

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

	Resolution	
	Ordinary General Meeting of Shareholders held on June 27, 2014	
Total amount of cash dividends	¥7,854 million	\$76,317 thousand
Cash dividends per share	¥14.00	\$0.136
Record date	March 31, 2014	
Effective date	June 30, 2014	

NOTE 14: Stock option plan

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

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

The details of the plan were as follows:

1. Resolution date	June 28, 2012
2. Category and number of people to whom stock options are granted	10 Directors of The Company (excluding Outside Directors) 6 Managing Officers who do not concurrently serve as Directors
3. Class of shares that are the subject of subscription rights to shares	Common stock of The Company
4. Number of shares	74,000 shares
5. Amount to be paid for subscription rights to shares	1 yen per 1 share
6. Period during which subscription rights to shares can be exercised	From July 21, 2012 to July 20, 2042
7. 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, heir may exercise the rights.
8. Matters relating to assignment of subscription rights to shares	The acquisition of subscription rights to shares by assignment shall require the approval of the Board of Directors of The Company.
9. Matters relating to subrogation payment	None

1. Resolution date	June 27, 2013
2. Category and number of people to whom stock options are granted	7 Directors of The Company (excluding Outside Director) 10 Senior Managing Officers and Managing Officers who do not concurrently serve as Directors
3. Class of shares that are the subject of subscription rights to shares	Same to the plan adopted at June 28, 2012
4. Number of shares	46,200 shares
5. Amount to be paid for subscription rights to shares	Same to the plan adopted at June 28, 2012.
6. Period during which subscription rights to shares can be exercised	From July 20, 2013 to July 19, 2043
7. Terms of exercise of subscription rights to shares	Same to the plan adopted at June 28, 2012
8. Matters relating to assignment of subscription rights to shares	Same to the plan adopted at June 28, 2012
9. Matters relating to subrogation payment	Same to the plan adopted at June 28, 2012

1. Resolution date	June 27, 2014
2. Category and number of people to whom stock options are granted	7 Directors of The Company (excluding Outside Director) 6 Managing Officers who do not concurrently serve as Directors
3. Class of shares that are the subject of subscription rights to shares	Same to the plan adopted at June 28, 2012
4. Number of shares	37,700 shares
5. Amount to be paid for subscription rights to shares	Same to the plan adopted at June 28, 2012.
6. Period during which subscription rights to shares can be exercised	From July 23, 2014 to July 22, 2044
7. Terms of exercise of subscription rights to shares	Same to the plan adopted at June 28, 2012
8. Matters relating to assignment of subscription rights to shares	Same to the plan adopted at June 28, 2012
9. Matters relating to subrogation payment	Same to the plan adopted at June 28, 2012

NOTE 15: Contingent liabilities

As of March 31, 2014 and 2013, The Company and some of consolidated subsidiaries had the contingent liabilities as follows:

	Millions of yen		Thousands of US dollars
	2014	2013	2014
Guarantee of indebtedness of affiliates and others	¥8,277	¥8,159	\$80,427
Trade notes discounted	—	51	—
	¥8,277	¥8,210	\$80,427

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

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

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

Main products and services of each segment are as follows:

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

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

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

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

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

Millions of yen					
2013					
	Motorcycle	Automobile	Marine & Power products, etc.	Adjustment	Consolidated
Net Sales:					
Net sales to external customers ...	¥230,290	¥2,297,814	¥50,212	¥ —	¥2,578,317
Segment profit (loss)	(11,946)	150,613	5,896	—	144,564
Segment assets	196,638	1,462,165	43,847	784,983	2,487,635
Other content:					
Depreciation	5,910	86,866	903	—	93,680
Amortization of goodwill	392	1,466	89	—	1,948
Impairment loss	27	431	—	—	458
Investment in associates accounted for by equity method...	12,835	35,215	197	—	48,248
Increase in property, plant and equipment and intangible assets ...	15,683	152,701	903	—	169,288

Thousands of US dollars					
2014					
	Motorcycle	Automobile	Marine & Power products, etc.	Adjustment	Consolidated
Net Sales:					
Net sales to external customers ...	\$2,590,388	\$25,414,540	\$ 544,567	\$ —	\$28,549,496
Segment profit	1,020	1,742,091	81,092	—	1,824,205
Segment assets	2,161,031	16,022,851	414,575	9,326,868	27,925,327
Other content:					
Depreciation	70,620	1,059,312	8,705	—	1,138,639
Amortization of goodwill	4,407	15,638	983	—	21,029
Impairment loss	1,251	8,747	2	—	10,000
Investment in associates accounted for by equity method...	149,004	391,335	851	—	541,191
Increase in property, plant and equipment and intangible assets ...	221,993	1,842,251	11,346	—	2,075,592

(Reference information)

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

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

Millions of yen						
2014						
	Japan	Europe	Asia	Other areas	Eliminations	Consolidated
Net Sales:						
Net sales to external customers...	¥1,309,383	¥360,465	¥1,118,169	¥150,296	¥ —	¥2,938,314
Internal net sales or transfer among geographical areas.....	392,284	16,000	57,185	679	(466,149)	—
Total	1,701,667	376,466	1,175,355	150,975	(466,149)	2,938,314
Operating income.....	134,513	4,154	59,419	241	(10,582)	187,747
Millions of yen						
2013						
	Japan	Europe	Asia	Other areas	Eliminations	Consolidated
Net Sales:						
Net sales to external customers...	¥1,203,474	¥ 254,692	¥ 951,713	¥ 168,437	¥ —	¥2,578,317
Internal net sales or transfer among geographical areas.....	348,576	3,594	29,298	660	(382,129)	—
Total	1,552,050	258,287	981,012	169,097	(382,129)	2,578,317
Operating income (loss).....	102,516	(1,062)	38,071	3,052	1,986	144,564
Thousands of US dollars						
2014						
	Japan	Europe	Asia	Other areas	Eliminations	Consolidated
Net sales:						
Net sales to external customers...	\$12,722,338	\$3,502,383	\$10,864,455	\$1,460,318	\$ —	\$28,549,496
Internal net sales or transfer among geographical areas.....	3,811,545	155,467	555,629	6,597	(4,529,239)	—
Total	16,533,884	3,657,850	11,420,085	1,466,916	(4,529,239)	28,549,496
Operating income.....	1,306,974	40,361	577,338	2,350	(102,819)	1,824,205

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

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

Millions of yen				
2014				
	Japan	India	Others	Consolidated
Net sales.....	¥1,132,732	¥708,316	¥1,097,265	¥2,938,314

Millions of yen				
2013				
	Japan	India	Others	Consolidated
Net sales.....	¥1,040,948	¥647,390	¥889,977	¥2,578,317

Thousands of US dollars				
2014				
	Japan	India	Others	Consolidated
Net sales.....	\$11,005,950	\$6,882,207	\$10,661,338	\$28,549,496

Independent Auditor's Report

To the Board of Directors of
Suzuki Motor Corporation

We have audited the accompanying consolidated financial statements of Suzuki Motor Corporation and its subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statement of income, statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, all expressed in Japanese Yen, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Suzuki Motor Corporation and its consolidated subsidiaries as at March 31, 2014, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

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

Seimei Audit Corporation.

Seimei Audit Corporation
Tokyo, Japan
June 27, 2014

Company Outline

- 1. Company Name** **SUZUKI MOTOR CORPORATION**
- 2. Date of Incorporation**

March 1920 Incorporated as Suzuki Loom Manufacturing Co.
 June 1954 Name changed to Suzuki Motor Co., Ltd.
 October 1990 Name changed to Suzuki Motor Corporation
- 3. Head Office**

300 Takatsuka-cho, Minami-ku, Hamamatsu-shi, Shizuoka 432-8611 Japan
Mailing Address : Hamamatsu-Nishi, P.O.Box 1 Naka-ku, Hamamatsu-shi, Shizuoka, Japan
Website Address : <http://www.globalsuzuki.com>
- 4. Main Products**

Motorcycles, Automobiles, Outboard Motors, Motorized Wheelchairs,
 Electro Senior Vehicles, Industrial Equipment
- 5. Fiscal Year-End**

March 31
- 6. Public Accounting Firm**

Seimei Audit Corporation
- 7. Capital and Shareholders** (as of March 31, 2014)

Capital	¥138,014 million
Total number of authorized shares	1,500 million
Total number of shares issued	561,047,304
Number of shareholders	38,451
Stock Listing	Tokyo Stock Exchange
Securities Code	7269
Ordinary General Meeting of Shareholders	June
Record Dates	• Ordinary General Meeting of Shareholders March 31 • Year-End Dividend March 31 • Interim Dividend September 30
Shareholders' Register Manager	Sumitomo Mitsui Trsut Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

<Ten Major Shareholders>

Name of Shareholder	Number of Shares Held (Thousands of Shares)	Shareholding Ratio (%)
Volkswagen AG	111,610	19.9
The Master Trust Bank of Japan, Ltd. (Trust Account)	22,874	4.1
Tokio Marine & Nichido Fire Insurance Co., Ltd.	17,961	3.2
Japan Trustee Services Bank, Ltd. (Trust Account)	16,912	3.0
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	16,000	2.9
The Shizuoka Bank, Ltd.	14,500	2.6
Resona Bank, Ltd.	13,000	2.3
The Bank of New York - JASDEC Non-Treaty Account	10,868	1.9
Sompo Japan Insurance Inc.	7,761	1.4
Nippon Steel & Sumitomo Metal Corporation	7,759	1.4

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

*2. Our Company holds 6,740 of treasury stocks.

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

Suzuki Group

Subsidiaries: 134 companies (71 in domestic, 63 in overseas) Affiliates: 37 companies

(1) Major Domestic Subsidiaries

[Manufacturing Subsidiaries]

Suzuki Auto Parts Mfg. Co., Ltd.
Hamamatsu Pipe Co., Ltd.
Suzuki Akita Auto Parts Mfg. Co., Ltd.
Snic Co., Ltd.
Suzuki Toyama Auto Parts Mfg. Co., Ltd.
Suzuki Kasei Co., Ltd.

(2) Major Overseas Subsidiaries

[Marketing Subsidiaries]

30 directly managed overseas marketing companies

[EUROPE]

Germany	Suzuki International Europe 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.

[Non-Manufacturing Subsidiaries]

Suzuki Transportation & Packing Co., Ltd.
Suzuki Business Co., Ltd.
Bell Art Co., Ltd.

[Marketing Subsidiaries]

54 directly managed domestic marketing companies

[ASIA]

India	Maruti Suzuki India Ltd.
India	Suzuki Motorcycle India Private Limited
Pakistan	Pak Suzuki Motor Co., Ltd.
Indonesia	PT. Suzuki Indomobil Motor
Thailand	Thai Suzuki Motor Co., Ltd.
Thailand	Suzuki Motor (Thailand) Co., Ltd.
Malaysia	Suzuki Motorcycle Malaysia SDN.BHD.
Philippines	Suzuki Philippines Inc.
Cambodia	Cambodia Suzuki Motor Co., Ltd.
China	Suzuki Motor (China) Investment Co., Ltd.
Vietnam	Vietnam Suzuki Corporation
Taiwan	Taiwan Suzuki Automobile Corporation
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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Way of Life!

SUZUKI MOTOR CORPORATION

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Minami-Ku, Hamamatsu-shi,
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<http://www.globalsuzuki.com>

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