

May 13, 2016

**HONDA MOTOR CO., LTD. REPORTS  
CONSOLIDATED FINANCIAL RESULTS  
FOR THE FISCAL FOURTH QUARTER AND  
THE FISCAL YEAR ENDED MARCH 31, 2016**

Tokyo, May 13, 2016--- Honda Motor Co., Ltd. today announced its consolidated financial results for the fiscal fourth quarter and the fiscal year ended March 31, 2016.

**Fourth Quarter Results**

Honda's consolidated loss for the period attributable to owners of the parent for the fiscal fourth quarter ended March 31, 2016 totaled JPY 93.4 billion (USD 829 million), a decrease of JPY 175.3 billion (USD 1,556 million) from the same period last year. Loss per share attributable to owners of the parent for the quarter amounted to JPY 51.85 (USD 0.46), a decrease of JPY 97.3 (USD 0.86) from earnings per share attributable to owners of the parent for the quarter amounted to JPY 45.45 for the corresponding period last year. One Honda American Depository Share represents one common share.

Consolidated sales revenue for the quarter amounted to JPY 3,657.8 billion (USD 32,463 million), an increase of 4.8% from the same period last year, due primarily to increased revenue in automobile and financial services business operations, despite decreased revenue from unfavorable foreign currency translation effects.

Consolidated operating loss for the quarter amounted to JPY 63.8 billion (USD 566 million), a decrease of JPY 149.9 billion (USD 1,331 million) from the same period last year, due primarily to increased SG&A expenses, including quality related expenses and unfavorable foreign currency effects, despite an increase in profit attributable to increased sales revenue and model mix, as well as continuing cost reduction efforts.

Share of profit of investments accounted for using the equity method for the quarter amounted to JPY 8.3 billion (USD 74 million) for the quarter, a decrease of 53.3% from the corresponding period last year.

Consolidated loss before income taxes for the quarter totaled JPY 58.7 billion (USD 521 million), a decrease of JPY 166.3 billion (USD 1,476 million) from the corresponding period last year.

## Business Segment

### Motorcycle Business

For the three months ended March 31, 2015 and 2016

Unit (Thousands)

|                            | Honda Group Unit Sales           |                                  |        |       | Consolidated Unit Sales          |                                  |        |       |
|----------------------------|----------------------------------|----------------------------------|--------|-------|----------------------------------|----------------------------------|--------|-------|
|                            | Three months ended Mar. 31, 2015 | Three months ended Mar. 31, 2016 | Change | %     | Three months ended Mar. 31, 2015 | Three months ended Mar. 31, 2016 | Change | %     |
| <b>Motorcycle business</b> | 4,307                            | <b>4,173</b>                     | -134   | -3.1  | 2,777                            | <b>2,633</b>                     | -144   | -5.2  |
| Japan                      | 52                               | <b>42</b>                        | -10    | -19.2 | 52                               | <b>42</b>                        | -10    | -19.2 |
| North America              | 85                               | <b>89</b>                        | 4      | 4.7   | 85                               | <b>89</b>                        | 4      | 4.7   |
| Europe                     | 52                               | <b>57</b>                        | 5      | 9.6   | 52                               | <b>57</b>                        | 5      | 9.6   |
| Asia                       | 3,732                            | <b>3,743</b>                     | 11     | 0.3   | 2,202                            | <b>2,203</b>                     | 1      | 0.0   |
| Other Regions              | 386                              | <b>242</b>                       | -144   | -37.3 | 386                              | <b>242</b>                       | -144   | -37.3 |

Note: Honda Group Unit Sales is the total unit sales of completed products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed products of Honda and its consolidated subsidiaries.

With respect to Honda's sales for the fiscal fourth quarter by business segment, in motorcycle business operations, sales revenue from sales to external customers decreased by 15.0%, to JPY 437.2 billion (USD 3,880 million) from the same period last year due mainly to decreased in consolidated unit sales, as well as unfavorable foreign currency translation effects. Operating profit totaled JPY 27.6 billion (USD 245 million), a decrease of 48.2% from the same period last year, due primarily to decrease in sales volume and model mix as well as unfavorable foreign currency effects, despite continuing cost reduction efforts.

### Automobile Business

For the three months ended March 31, 2015 and 2016

Unit (Thousands)

|                            | Honda Group Unit Sales           |                                  |        |       | Consolidated Unit Sales          |                                  |        |       |
|----------------------------|----------------------------------|----------------------------------|--------|-------|----------------------------------|----------------------------------|--------|-------|
|                            | Three months ended Mar. 31, 2015 | Three months ended Mar. 31, 2016 | Change | %     | Three months ended Mar. 31, 2015 | Three months ended Mar. 31, 2016 | Change | %     |
| <b>Automobile business</b> | 1,069                            | <b>1,229</b>                     | 160    | 15.0  | 881                              | <b>980</b>                       | 99     | 11.2  |
| Japan                      | 221                              | <b>202</b>                       | -19    | -8.6  | 198                              | <b>184</b>                       | -14    | -7.1  |
| North America              | 393                              | <b>493</b>                       | 100    | 25.4  | 393                              | <b>493</b>                       | 100    | 25.4  |
| Europe                     | 43                               | <b>55</b>                        | 12     | 27.9  | 43                               | <b>55</b>                        | 12     | 27.9  |
| Asia                       | 344                              | <b>420</b>                       | 76     | 22.1  | 179                              | <b>189</b>                       | 10     | 5.6   |
| Other Regions              | 68                               | <b>59</b>                        | -9     | -13.2 | 68                               | <b>59</b>                        | -9     | -13.2 |

Note: Honda Group Unit Sales is the total unit sales of completed products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed products of Honda and its consolidated subsidiaries. Certain sales of automobiles that are financed with residual value type auto loans by our Japanese finance subsidiaries and sold through our consolidated subsidiaries are accounted for as operating leases in conformity with IFRS and are not included in consolidated sales revenue to the external customers in our Automobile business. Accordingly, they are not included in Consolidated Unit Sales, but are included in Honda Group Unit Sales of our Automobile business.

In automobile business operations, sales revenue from sales to external customers increased by 10.0%, to JPY 2,675.3 billion (USD 23,743 million) from the same period last year due mainly to increased consolidated unit sales, despite decreased revenue from unfavorable foreign currency translation effects. Honda reported an operating loss of JPY 114.7 billion (USD 1,018 million), a decline of JPY 96.6 billion from the same period last year, due primarily to increased SG&A expenses, including quality related expenses and unfavorable foreign currency effects, despite an increase in sales volume and model mix, as well as continuing cost reduction efforts.

## Financial Services Business

Sales revenue from customers in the financial services business operations increased by 1.0%, to JPY 455.3 billion (USD 4,041 million) from the same period last year, due mainly to an increase in revenue from operating leases, despite decreased revenue from unfavorable foreign currency translation effects. Operating profit decreased by 19.6% to JPY 43.5 billion (USD 387 million) from the same period last year due mainly to increased SG&A expenses, as well as unfavorable foreign currency effects.

## Power Product and Other Businesses

For the three months ended March 31, 2015 and 2016

|                               | Unit (Thousands)                                |                                     |        |       |
|-------------------------------|---|-------------------------------------|--------|-------|
|                               | Honda Group Unit Sales/ Consolidated Unit Sales |                                     |        |       |
|                               | Three months ended<br>Mar. 31, 2015             | Three months ended<br>Mar. 31, 2016 | Change | %     |
| <b>Power product business</b> | 2,022   | <b>1,955</b>                        | -67    | -3.3  |
| Japan                         | 102   | <b>101</b>                          | -1     | -1.0  |
| North America                 | 1,009   | <b>1,006</b>                        | -3     | -0.3  |
| Europe                        | 462   | <b>413</b>                          | -49    | -10.6 |
| Asia                          | 319   | <b>319</b>                          | 0      | 0.0   |
| Other Regions                 | 130   | <b>116</b>                          | -14    | -10.8 |

Note1: Honda Group Unit Sales is the total unit sales of completed products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed products of Honda and its consolidated subsidiaries. In power product business, there is no discrepancy between Honda Group Unit Sales and Consolidated Unit Sales for the three months ended March 31, 2015 and 2016, since no affiliates and joint ventures accounted for using the equity method were involved in the sale of Honda power products.

Note2: Aircrafts and aircraft engines which began deliveries in December 2015 are included in the power products and other businesses segment.

Sales revenue from sales to external customers in power product and other businesses decreased by 4.3%, to JPY 89.9 billion (USD 798 million) from the same period last year, due mainly to a decreased revenue from unfavorable foreign currency translation effects. Honda reported an operating loss of JPY 20.2 billion (USD 180 million), a decline of JPY 16.8 billion (USD 150 million) from the same period last year, due mainly to an increase in operating costs and expenses in other businesses.

### Geographical Information

With respect to Honda's sales for the fiscal fourth quarter by geographic segment, in Japan, sales revenue from domestic and export sales amounted to JPY 997.2 billion (USD 8,850 million), a decrease of 1.7% from the same period last year due mainly to decreased revenue in automobile and financial services business operations. Honda reported an operating loss of JPY 180.4 billion (USD 1,602 million), a decrease of JPY 189.0 billion (USD 1,678 million) from the same period last year, due mainly to an increase in SG&A expenses, including quality related expenses, as well as decreased in profit attributable to decreased sales revenue and model mix, despite continuing cost reduction efforts.

In North America, sales revenue increased by 14.0%, to JPY 2,102.6 billion (USD 18,660 million) from the same period last year due mainly to increased revenue in automobile and financial services business operations, despite decreased revenue from unfavorable foreign currency translation effects. Operating profit totaled JPY 26.4 billion (USD 235 million), an increase of JPY 34.1 billion (USD 303 million) from the same period last year due mainly to an increase in profit attributable to increased sales revenue and model mix, despite increased SG&A expenses, including quality related expenses, as well as unfavorable foreign currency effects.

In Europe, sales revenue increased by 27.2%, to JPY 229.7 billion (USD 2,039 million) from the same period last year due mainly to increased revenue in automobile and motorcycle business operations, despite decreased revenue from unfavorable foreign currency translation effects. Operating profit totaled JPY 21.8 billion (USD 194 million), an increase of JPY 38.0 billion (USD 337 million) from the same period last year due mainly to an increase in profit attributable to increased sales revenue and model mix.

In Asia, sales revenue decreased by 8.2%, to JPY 841.1 billion (USD 7,465 million) from the same period last year mainly due to decreased revenue from unfavorable foreign currency translation effects, despite increased revenue in automobile business operations. Operating profit decreased by 8.3%, to JPY 65.7 billion (USD 583 million) from the same period last year due mainly to increased in SG&A expenses as well as unfavorable foreign currency effects, despite continuing cost reduction efforts and an increase in profit attributable to increased sales revenue and model mix.

In Other regions, which includes South America, the Middle/Near East, Africa and Oceania, sales revenue decreased by 28.9%, to JPY 163.4 billion (USD 1,451 million) from the same period last year mainly due to decreased revenue in motorcycle business operations as well as unfavorable foreign currency translation effects, despite increased revenue in automobile business operations. Honda reported an operating loss of JPY 19.7 billion (USD 175 million), a decrease of JPY 27.5 billion (USD 244 million) from the same period last year mainly due to an increase in SG&A expenses and decreased profit attributable to decreased sales revenue and model mix, as well as unfavorable foreign currency effects, despite continuing cost reduction efforts.

Explanatory note:

United States dollar amounts have been translated from yen solely for the convenience of the reader at the rate of JPY 112.68=USD 1, the mean of the telegraphic transfer selling exchange rate and the telegraphic transfer buying exchange rate prevailing on the Tokyo foreign exchange market on March 31, 2016.

## **Fiscal Year Results**

Honda's consolidated profit for the period attributable to owners of the parent for the fiscal year ended March 31, 2016 totaled JPY 344.5 billion, a decrease of 32.4% from the previous fiscal year. Earnings per share attributable to owners of the parent for the year amounted to JPY 191.16, a decrease of JPY 91.5 from JPY 282.66 for the previous fiscal year.

Consolidated sales revenue for the year amounted to JPY 14,601.1 billion, an increase of 9.6% from the previous fiscal year, due primarily to increased revenue in automobile and financial services business operations, despite decreased revenue from unfavorable foreign currency translation effects.

Consolidated operating profit for the year amounted to JPY 503.3 billion, a decrease of 24.9% from the previous fiscal year, due primarily to increased in SG&A expenses, including quality related expenses as well as unfavorable foreign currency translation effects, despite an increase in profit attributable to increased sales revenue and model mix, as well as continuing cost reduction efforts.

Share of profit of investments accounted for using the equity method for the year amounted to JPY 126.0 billion, an increase of 31.1% from the previous fiscal year.

Consolidated profit before income taxes for the year totaled JPY 635.4 billion, a decrease of 21.2% from the previous fiscal year.

Honda has been conducting market-based measures in relation to airbag inflators mainly in North America and Japan. This is related to the problem where the internal pressure of the inflator rises abnormally at the time of airbag deployment on the driver's side and passenger's side, causing damage to the container and spraying metal fragments inside of the cars. We have been continuing to focus on the satisfaction and safety of our customers and make every effort to replace those airbag inflators affected by market-based measures as quickly as possible.

Provisions made for the above warranty programs issued are JPY 436.0 billion during the fiscal year ended March 31, 2016. This is include the financial impact from the amendment of the Consent Order issued by the U.S. National Highway Traffic Safety Administration ("NHTSA") in November 2015, which is based on an agreement with our supplier in May 2016.

## Business Segment

### Motorcycle Business

For the years ended March 31, 2015 and 2016

|               | Honda Group Unit Sales      |                             |               |       | Consolidated Unit Sales     |                             |               |       |
|---------------|-----------------------------|-----------------------------|---------------|-------|-----------------------------|-----------------------------|---------------|-------|
|               | Year ended<br>Mar. 31, 2015 | Year ended<br>Mar. 31, 2016 | Change        | %     | Year ended<br>Mar. 31, 2015 | Year ended<br>Mar. 31, 2016 | Change        | %     |
|               | <b>Motorcycle business</b>  | 17,592                      | <b>17,055</b> | -537  | -3.1                        | 10,725                      | <b>10,572</b> | -153  |
| Japan         | 199                         | <b>180</b>                  | -19           | -9.5  | 199                         | <b>180</b>                  | -19           | -9.5  |
| North America | 286                         | <b>308</b>                  | 22            | 7.7   | 286                         | <b>308</b>                  | 22            | 7.7   |
| Europe        | 191                         | <b>204</b>                  | 13            | 6.8   | 191                         | <b>204</b>                  | 13            | 6.8   |
| Asia          | 15,345                      | <b>15,133</b>               | -212          | -1.4  | 8,478                       | <b>8,650</b>                | 172           | 2.0   |
| Other Regions | 1,571                       | <b>1,230</b>                | -341          | -21.7 | 1,571                       | <b>1,230</b>                | -341          | -21.7 |

Note: Honda Group Unit Sales is the total unit sales of completed products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed products of Honda and its consolidated subsidiaries.

With respect to Honda's sales for the fiscal year by business segment, in motorcycle business operations, sales revenue from sales to external customers decreased by 2.2%, to JPY 1,805.4 billion from the previous fiscal year, due mainly to decreased revenue from unfavorable foreign currency translation effects. Operating profit totaled JPY 181.7 billion, a decrease of 5.4% from the previous fiscal year, due primarily to unfavorable foreign currency effects, despite continuing cost reduction efforts.

### Automobile Business

For the years ended March 31, 2015 and 2016

|               | Honda Group Unit Sales      |                             |              |       | Consolidated Unit Sales     |                             |              |       |
|---------------|-----------------------------|-----------------------------|--------------|-------|-----------------------------|-----------------------------|--------------|-------|
|               | Year ended<br>Mar. 31, 2015 | Year ended<br>Mar. 31, 2016 | Change       | %     | Year ended<br>Mar. 31, 2015 | Year ended<br>Mar. 31, 2016 | Change       | %     |
|               | <b>Automobile business</b>  | 4,367                       | <b>4,743</b> | 376   | 8.6                         | 3,513                       | <b>3,636</b> | 123   |
| Japan         | 761                         | <b>668</b>                  | -93          | -12.2 | 696                         | <b>614</b>                  | -82          | -11.8 |
| North America | 1,750                       | <b>1,929</b>                | 179          | 10.2  | 1,750                       | <b>1,929</b>                | 179          | 10.2  |
| Europe        | 161                         | <b>172</b>                  | 11           | 6.8   | 161                         | <b>172</b>                  | 11           | 6.8   |
| Asia          | 1,426                       | <b>1,723</b>                | 297          | 20.8  | 637                         | <b>670</b>                  | 33           | 5.2   |
| Other Regions | 269                         | <b>251</b>                  | -18          | -6.7  | 269                         | <b>251</b>                  | -18          | -6.7  |

Note: Honda Group Unit Sales is the total unit sales of completed products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed products of Honda and its consolidated subsidiaries. Certain sales of automobiles that are financed with residual value type auto loans by our Japanese finance subsidiaries and sold through our consolidated subsidiaries are accounted for as operating leases in conformity with IFRS and are not included in consolidated sales revenue to the external customers in our Automobile business. Accordingly, they are not included in Consolidated Unit Sales, but are included in Honda Group Unit Sales of our Automobile business.

In automobile business operations, sales revenue from sales to external customers increased by 10.6%, to JPY 10,625.4 billion from the previous fiscal year due mainly to an increase in consolidated unit sales, despite decreased revenue from unfavorable foreign currency translation effects. Operating profit totaled JPY 153.3 billion, a decrease of 45.2% from the previous fiscal year, due primarily to an increase in SG&A expenses, including quality related expenses and unfavorable foreign currency effects, despite increased in sales volume and model mix as well as continuing cost reduction efforts.

## Financial Services Business

Sales revenue from customers in the financial services business operations increased by 18.0%, to JPY 1,835.6 billion from the previous fiscal year due mainly to an increase in revenue from operating leases and sales of returned lease vehicles, despite decreased revenue from unfavorable foreign currency translation effects. Operating profit decreased by 1.6% to JPY 199.3 billion from the previous fiscal year due mainly to increased SG&A expenses.

## Power Product and Other Businesses

For the years ended March 31, 2015 and 2016

|                               | Unit (Thousands)                                |                             |        |      |
|-------------------------------|---|-----------------------------|--------|------|
|                               | Honda Group Unit Sales/ Consolidated Unit Sales |                             |        |      |
|                               | Year ended<br>Mar. 31, 2015                     | Year ended<br>Mar. 31, 2016 | Change | %    |
| <b>Power product business</b> | 5,983   | <b>5,965</b>                | -18    | -0.3 |
| Japan                         | 338   | <b>363</b>                  | 25     | 7.4  |
| North America                 | 2,705   | <b>2,811</b>                | 106    | 3.9  |
| Europe                        | 1,091   | <b>1,008</b>                | -83    | -7.6 |
| Asia                          | 1,382   | <b>1,349</b>                | -33    | -2.4 |
| Other Regions                 | 467   | <b>434</b>                  | -33    | -7.1 |

Note1: Honda Group Unit Sales is the total unit sales of completed products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed products of Honda and its consolidated subsidiaries. In power product business, there is no discrepancy between Honda Group Unit Sales and Consolidated Unit Sales for the year ended March 31, 2015 and 2016, since no affiliates and joint ventures accounted for using the equity method were involved in the sale of Honda power products.

Note2: Aircrafts and aircraft engines which began deliveries in December 2015 are included in the power products and other businesses segment.

Sales revenue from sales to external customers in power product and other businesses increased 3.8%, to JPY 334.7 billion from the previous fiscal year, due mainly to increased sales revenue in other businesses, despite decreased revenue from unfavorable foreign currency translation effects. Honda reported an operating loss of JPY 31.1 billion, a decline of JPY 27.2 billion from the previous fiscal year, due mainly to an increase in operating costs and expenses in other businesses.

### Geographical Information

With respect to Honda's sales for the fiscal year by geographic segment, in Japan, sales revenue from domestic and export sales amounted to JPY 3,928.5 billion basically unchanged from the previous fiscal year, due mainly to increased revenue in financial services business operations, despite decreased revenue in automobile business operations. Honda reported an operating loss of JPY 98.7 billion, a decrease of JPY 308.8 billion from the previous fiscal year, due mainly to an increase in SG&A expenses, including quality related expenses, as well as decreased profit attributable to decreased sales revenue and model mix, despite favorable foreign currency effects.

In North America, sales revenue increased by 18.6%, to JPY 8,537.0 billion from the previous fiscal year due mainly to increased revenue in automobile and financial services business operations, despite unfavorable foreign currency translation effects. Operating profit totaled JPY 210.8 billion, an increase of 16.2% from the previous fiscal year due mainly to an increase in profit attributable to increased sales revenue and model mix, despite increased SG&A expenses, including quality related expenses, as well as unfavorable foreign currency effects.

In Europe, sales revenue increased by 7.2%, to JPY 776.0 billion from the previous fiscal year due mainly to increased revenue in automobile business operations, despite decreased revenue from unfavorable foreign currency translation effects. Operating profit totaled JPY 18.7 billion, an increase of JPY 41.3 billion from the previous fiscal year due mainly to increase in sales volume profit attributable to increased sales revenue and model mix, despite an increased SG&A expenses as well as unfavorable foreign currency effects.

In Asia, sales revenue increased by 6.2%, to JPY 3,535.3 billion from the previous fiscal year mainly due to increased revenue in automobile and motorcycle business operations, despite decreased revenue from unfavorable foreign currency translation effects. Operating profit increased by 20.3%, to JPY 335.5 billion from the previous fiscal year due mainly to continuing cost reduction efforts, an increase in profit attributable to increased sales revenue and model mix, and favorable foreign currency effects, despite increased SG&A expenses.

In Other regions, which includes South America, the Middle/Near East, Africa and Oceania, sales revenue decreased by 14.9%, to JPY 808.6 billion from the previous fiscal year mainly due to decreased revenue in motorcycle business operations as well as unfavorable foreign currency translation effects, despite increased revenue in automobile business operations. Honda reported an operating loss of JPY 8.3 billion, a decrease of JPY 48.4 billion from the previous fiscal year mainly due to increased SG&A expenses as well as unfavorable foreign currency effects, despite continuing cost reduction efforts.

## Forecasts for the Fiscal Year Ending March 31, 2017

In regard to the forecasts of the financial results for the fiscal year ending March 31, 2017, Honda projects consolidated results to be as shown below:

### **Fiscal year ending March 31, 2017**

|  | <u>Yen (billions)</u> | <u>Changes from FY2016</u> |
|--|-----------------------|----------------------------|
| Sales revenue  | 13,750.0              | -5.8%                      |
| Operating profit   | 600.0                 | +19.2%                     |
| Profit before income taxes   | 705.0                 | +10.9%                     |
| Profit for the year attributable to owners of the parent                     | 390.0                 | +13.2%                     |
|  | <u>Yen</u>            |                            |
| Earnings per share attributable to owners of the parent<br>Basic and diluted | 216.39                |                            |

Note: The forecasts are based on the assumption that the average exchange rates for the Japanese yen to the U.S. dollar will be JPY 105 for the full year ending March 31, 2017.

The reasons for the increases or decreases in the forecasts of the operating profit, and profit before income taxes for the fiscal year ending March 31, 2017 from the previous year are as follows.

|   | <u>Yen (billions)</u> |
|---|-----------------------|
| Revenue, model mix, etc.  | +49.6                 |
| Cost reduction, the effect of raw material cost fluctuations, etc.      | +113.0                |
| SG&A expenses   | +291.0                |
| R&D expenses  | -54.0                 |
| Currency effect   | -303.0                |
| <hr/> Operating profit compared with fiscal year 2016                   | <hr/> +96.6           |
| Share of profit of investments<br>accounted for using the equity method | +3.9                  |
| Finance income and finance costs  | -31.0                 |
| <hr/> Profit before income taxes compared with fiscal year 2016         | <hr/> +69.5           |

This announcement contains "forward-looking statements" as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based on management's assumptions and beliefs taking into account information currently available to it. Therefore, please be advised that the actual results of the Company could differ materially from those described in these forward-looking statements as a result of numerous factors, including general economic conditions in the principal markets of the Company, its consolidated subsidiaries and its affiliates accounted for by the equity-method, and fluctuation of foreign exchange rates, as well as other factors detailed from time to time.

## **Consolidated Statements of Financial Position for the Fiscal Year Ended March 31, 2016**

Total assets decreased by JPY 196.5 billion, to JPY 18,229.2 billion from March 31, 2015, mainly due to a decrease in Receivables from financial services as well as foreign currency translation effects, despite an increase in Cash and cash equivalents and Equipment on operating lease. Total liabilities increased by JPY 154.4 billion, to JPY 11,197.5 billion from March 31, 2015, mainly due to increased Provisions, despite foreign currency translation effects. Total equity decreased by JPY 351.0 billion, to JPY 7,031.7 billion from March 31, 2015 due mainly to foreign currency translation effects, despite increased in Retained earnings.

## Consolidated Statements of Cash Flow for the Fiscal Year Ended March 31, 2016

Consolidated cash and cash equivalents on March 31, 2016 increased by JPY 285.7 billion from March 31, 2015, to JPY 1,757.4 billion. The reasons for the increases or decreases for each cash flow activity, when compared with the previous fiscal year, are as follows:

### Cash flow from operating activities

Net cash provided by operating activities amounted to JPY 1,390.9 billion for the fiscal year ended March 31, 2016. Cash inflows from operating activities increased by JPY 370.5 billion compared with the previous fiscal year due mainly to an increase in cash received from customers, despite increased payments for parts and raw materials.

### Cash flow from investing activities

Net cash used in investing activities amounted to JPY 875.0 billion. Cash outflows from investing activities increased by JPY 34.5 billion compared with the previous fiscal year, due mainly to an increase in acquisition of financial asset.

### Cash flow from financing activities

Net cash used in financing activities amounted to JPY 95.2 billion. Cash outflows from financing activities increased by JPY 107.7 billion compared with the previous fiscal year, due mainly to a decrease in proceeds of financing liabilities.

### Supplemental information for cash flows

|   | FY2015<br>Year-end | FY2016<br>Year-end |
|---|--------------------|--------------------|
| Equity attributable to owners of the parent ratio (%)                         | 38.6               | 37.1               |
| Equity attributable to owners of the parent ratio on a market price basis (%) | 38.2               | 30.5               |
| Repayment period (years)  | 6.6                | 4.7                |
| Interest coverage ratio   | 12.4               | 16.1               |

- Equity attributable to owners of the parent ratio: Equity attributable to owners of the parent / total assets
- Equity attributable to owners of the parent ratio on a market price basis: issued common stock stated at market price / total assets
- Repayment period: interest bearing debt / cash flows from operating activities
- Interest coverage ratio: (cash flows from operating activities + interest paid) / interest paid

#### Explanatory notes:

1. All figures are calculated based on the information included in the consolidated financial statements.
2. The issued common stock stated at market price is calculated based on issued shares of Honda's common stock minus treasury stock.
3. Cash flows from operating activities are obtained from the consolidated statement of cash flows.
4. Interest bearing debt represents Honda's outstanding debts with interest payments, which are included on the consolidated statements of financial position.

## **Profit Redistribution Policy and Dividend per Share of Common Stock for the fiscal years 2016 and 2017**

The Company strives to carry out its operations worldwide from a global perspective and to increase its corporate value. With respect to the redistribution of profits to its shareholders, which we consider to be one of the most important management issues, the Company's basic policy for dividends is to make distributions after taking into account its long-term consolidated earnings performance.

The Company may also acquire its own shares at a timing that it deems optimal, with the goal of improving efficiency of the Company's capital structure and implementing a flexible capital policy. The present goal is to maintain a shareholders return ratio (i.e. the ratio of the total of the dividend payment and the repurchase of the Company's own shares to consolidated profit for the year attributable to owners of the parent) of approximately 30%. Retained earnings will be allocated toward financing R&D activities that are essential for the future growth of the Company and capital expenditures and investment programs that will expand its operations for the purpose of improving business results and strengthening the Company's financial condition.

The Company plans to distribute year-end cash dividends of JPY 22 per share for the year ended March 31, 2016. As a result, total cash dividends for the year ended March 31, 2016, together with the first quarter cash dividends of JPY 22, the second quarter cash dividends of JPY 22 and the third quarter cash dividends of JPY 22, are planned to be JPY 88 per share.

Also, please note that the year-end cash dividends for the year ended March 31, 2016 is a matter to be resolved at the ordinary general meeting of shareholders.

The Company expects to distribute quarterly cash dividends of JPY 22 per share for each quarter for the year ending March 31, 2017. As a result, total cash dividends for the year ending March 31, 2017 are expected to be JPY 88 per share.

## **Management Policy**

Honda's business activities are based on fundamental corporate philosophies known as "Respect for the Individual" and "The Three Joys." "Respect for the Individual" defines Honda's relationship with its associates, business partners and society. It is based on sharing a commitment to initiative, equality and mutual trust among people. It is Honda's belief that everyone who comes into contact with Honda's activities will gain a sense of satisfaction through the experience of buying, selling or creating Honda's products and services. This philosophy is expressed as "The Three Joys." With these corporate philosophies as the foundation, Honda's business is guided by the following Company Principle:

"Maintaining a global viewpoint, we are dedicated to supplying products of the highest quality at a reasonable price for worldwide customer satisfaction." Honda actively works to share a sense of satisfaction with all of its customers as well as its shareholders, and to continue improving its corporate value.

## **Medium- and Long-term Management Strategy and Management Target: Preparing for the Future**

Honda aims to achieve global growth by further encouraging and strengthening innovation as well as creating quality products that please the customers and exceed their expectations.

Honda will focus all its energies on the tasks set out below as it pursues the vision toward 2020 of "providing good products to customers with speed, affordability and low CO2 emissions."

### **1. Product Quality**

Honda will strive to improve its product quality by verification within each department of development, purchasing, production, sales and service department, along with integrated verification through coordination among those departments.

### **2. Research and Development**

Honda will continue to be innovative in advanced technology and products, aiming to create and introduce new value-added products to quickly respond to specific needs in various markets around the world, in addition to its efforts to develop the most effective safety and environmental technologies. Honda will also continue its efforts to conduct research on experimental technologies for the future.

### **3. Production Efficiency**

Honda will strengthen its production systems at its global production bases and supply high-quality products flexibly and efficiently, with the aim of meeting the needs of its customers in each region. Honda will work at improving its global supply chain by devising more effective business continuity plans in order to respond to various risks including but not limited to natural disasters.

### **4. Sales Efficiency**

Honda will remain proactive in its efforts to expand product lines and the innovative use of IT to show its continued commitment to different customers throughout the world by upgrading its sales and service structure.

### **5. Safety Technologies**

Honda is working to develop safety technologies that enhance accident prediction and prevention, technologies to help reduce the risk of injuries to passengers and pedestrians from car accidents and technologies that enhance compatibility between large and small vehicles, as well as expand its lineup of products incorporating such technologies. Honda will reinforce and continue to advance its contribution to traffic safety in Japan and motorized societies abroad. Honda also intends to remain active in a variety of traffic safety programs, including advanced driving and motorcycling training programs provided by local dealerships.

## 6. The Environment

Honda will step up its efforts to create better, cleaner and more fuel-efficient engine technologies and to further improve recyclables throughout its product lines as well as further promote the development of fuel cells. Honda has now set a target to reduce CO2 emissions from its global products by 30% by 2020 compared to year 2000 levels. Honda will strengthen its efforts to realize reductions in CO2 emissions through its entire corporate activities including production and its supply chain. Furthermore, Honda will strengthen its efforts in advancing technologies in the area of total energy management, to reduce CO2 emissions related to mobility and people's everyday lives.

## 7. Continuing to Enhance Honda's Social Reputation and Communication with the Community

In addition to continuing to provide products incorporating Honda's advanced safety and environmental technologies, Honda will continue striving to enhance its social reputation by, among other things, strengthening its corporate governance, compliance and risk management as well as participating in community activities and making philanthropic contributions.

Through these company-wide activities, Honda will strive to be a company that its shareholders, investors, customers and society want it to exist.

### **Basic Rationale for Selection of Accounting Standards**

The Company adopted IFRS for the Company's consolidated financial statements from the year ended March 31, 2015 which have been included in the annual securities report (to be submitted to the Financial Services Agency of Japan) and Form 20-F (to be submitted to the U.S. Securities and Exchange Commission), aiming at improving comparability of financial information across international capital markets as well as standardization of financial information and enhancing efficiency of financial reporting of the Company and its consolidated subsidiaries.

## Consolidated Financial Summary

For the three months and the years ended March 31, 2015 and 2016

### Financial Highlights

|   | Yen (millions)                      |                                     |                             |                             |
|---|-------------------------------------|-------------------------------------|-----------------------------|-----------------------------|
|   | Three months ended<br>Mar. 31, 2015 | Three months ended<br>Mar. 31, 2016 | Year ended<br>Mar. 31, 2015 | Year ended<br>Mar. 31, 2016 |
| Sales revenue   | 3,491,515                           | <b>3,657,889</b>                    | 13,328,099                  | <b>14,601,151</b>           |
| Operating profit (loss)   | 86,098                              | <b>(63,831)</b>                     | 670,603                     | <b>503,376</b>              |
| Profit (loss) before income taxes                                 | 107,659                             | <b>(58,706)</b>                     | 806,237                     | <b>635,450</b>              |
| Profit (loss) for the period attributable to owners of the parent | 81,905                              | <b>(93,444)</b>                     | 509,435                     | <b>344,531</b>              |

|  | Yen   |                |        |               |
|--|-------|----------------|--------|---------------|
| Earnings (loss) per share attributable to owners of the parent |       |                |        |               |
| Basic and diluted  | 45.45 | <b>(51.85)</b> | 282.66 | <b>191.16</b> |

|   | U.S. Dollar (millions)              |                             |
|---|-------------------------------------|-----------------------------|
|   | Three months ended<br>Mar. 31, 2016 | Year ended<br>Mar. 31, 2016 |
| Sales revenue   | <b>32,463</b>                       | <b>129,581</b>              |
| Operating profit (loss)   | <b>(566)</b>                        | <b>4,467</b>                |
| Profit (loss) before income taxes                                 | <b>(521)</b>                        | <b>5,639</b>                |
| Profit (loss) for the period attributable to owners of the parent | <b>(829)</b>                        | <b>3,058</b>                |

|  | U.S. Dollar   |             |
|--|---------------|-------------|
| Earnings (loss) per share attributable to owners of the parent |               |             |
| Basic and diluted  | <b>(0.46)</b> | <b>1.70</b> |

## [1] Consolidated Statements of Financial Position

|   |  | Yen (millions)           |                          |
|---|--|--------------------------|--------------------------|
|   |  | Mar. 31, 2015            | Mar. 31, 2016            |
| Assets  |  |                          |                          |
| Current assets:                                   |  |                          |                          |
| Cash and cash equivalents                         |  | 1,471,730                | 1,757,456                |
| Trade receivables                                 |  | 820,681                  | 826,714                  |
| Receivables from financial services               |  | 2,098,951                | 1,926,014                |
| Other financial assets                            |  | 92,708                   | 103,035                  |
| Inventories                                       |  | 1,498,312                | 1,313,292                |
| Other current assets                              |  | 313,758                  | 315,115                  |
| Total current assets                              |  | <u>6,296,140</u>         | <u>6,241,626</u>         |
| Non-current assets:                               |  |                          |                          |
| Investments accounted for using the equity method |  | 614,975                  | 593,002                  |
| Receivables from financial services               |  | 3,584,654                | 3,082,054                |
| Other financial assets                            |  | 350,579                  | 335,203                  |
| Equipment on operating leases                     |  | 3,335,367                | 3,678,111                |
| Property, plant and equipment                     |  | 3,189,511                | 3,139,564                |
| Intangible assets                                 |  | 759,535                  | 824,939                  |
| Deferred tax assets                               |  | 138,069                  | 180,828                  |
| Other non-current assets                          |  | 157,007                  | 153,967                  |
| Total non-current assets                          |  | <u>12,129,697</u>        | <u>11,987,668</u>        |
| Total assets                                      |  | <u><u>18,425,837</u></u> | <u><u>18,229,294</u></u> |
| Liabilities and Equity                            |  |                          |                          |
| Current liabilities:                              |  |                          |                          |
| Trade payables                                    |  | 1,157,738                | 1,128,041                |
| Financing liabilities                             |  | 2,833,563                | 2,789,620                |
| Accrued expenses                                  |  | 377,372                  | 384,614                  |
| Other financial liabilities                       |  | 109,715                  | 89,809                   |
| Income taxes payable                              |  | 53,654                   | 45,872                   |
| Provisions  |  | 294,281                  | 513,232                  |
| Other current liabilities                         |  | 474,731                  | 519,163                  |
| Total current liabilities                         |  | <u>5,301,054</u>         | <u>5,470,351</u>         |
| Non-current liabilities:                          |  |                          |                          |
| Financing liabilities                             |  | 3,926,276                | 3,736,628                |
| Other financial liabilities                       |  | 61,147                   | 47,755                   |
| Retirement benefit liabilities                    |  | 592,724                  | 660,279                  |
| Provisions  |  | 182,661                  | 264,978                  |
| Deferred tax liabilities                          |  | 744,410                  | 789,830                  |
| Other non-current liabilities                     |  | 234,744                  | 227,685                  |
| Total non-current liabilities                     |  | <u>5,741,962</u>         | <u>5,727,155</u>         |
| Total liabilities                                 |  | <u>11,043,016</u>        | <u>11,197,506</u>        |
| Equity:   |  |                          |                          |
| Common stock                                      |  | 86,067                   | 86,067                   |
| Capital surplus                                   |  | 171,118                  | 171,118                  |
| Treasury stock                                    |  | (26,165)                 | (26,178)                 |
| Retained earnings                                 |  | 6,083,573                | 6,194,311                |
| Other components of equity                        |  | 794,034                  | 336,115                  |
| Equity attributable to owners of the parent       |  | <u>7,108,627</u>         | <u>6,761,433</u>         |
| Non-controlling interests                         |  | 274,194                  | 270,355                  |
| Total equity                                      |  | <u>7,382,821</u>         | <u>7,031,788</u>         |
| Total liabilities and equity                      |  | <u><u>18,425,837</u></u> | <u><u>18,229,294</u></u> |

## [2] Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### Consolidated Statements of Income

For the three months ended March 31, 2015 and 2016

|  | Yen (millions)                         |  |
|--|--|--|
|  | Three months<br>ended<br>Mar. 31, 2015 | Three months<br>ended<br>Mar. 31, 2016 |
| Sales revenue  | 3,491,515                              | <b>3,657,889</b>                       |
| Operating costs and expenses:  |  |  |
| Cost of sales  | (2,704,575)                            | <b>(2,828,442)</b>                     |
| Selling, general and administrative                                  | (535,509)                              | <b>(698,152)</b>                       |
| Research and development   | (165,333)                              | <b>(195,126)</b>                       |
| Total operating costs and expenses                                   | <u>(3,405,417)</u>                     | <u><b>(3,721,720)</b></u>              |
| Operating profit (loss)  | <u>86,098</u>                          | <u><b>(63,831)</b></u>                 |
| Share of profit of investments accounted for using the equity method | 17,954                                 | <b>8,390</b>                           |
| Finance income and finance costs:                                    |  |  |
| Interest income  | 7,408                                  | <b>7,156</b>                           |
| Interest expense   | (3,530)                                | <b>(4,608)</b>                         |
| Other, net   | (271)                                  | <b>(5,813)</b>                         |
| Total finance income and finance costs                               | <u>3,607</u>                           | <u><b>(3,265)</b></u>                  |
| Profit (loss) before income taxes                                    | 107,659                                | <b>(58,706)</b>                        |
| Income tax expense   | <u>(14,324)</u>                        | <u><b>(20,274)</b></u>                 |
| Profit (loss) for the period   | <u><u>93,335</u></u>                   | <u><u><b>(78,980)</b></u></u>          |
| Profit (loss) for the period attributable to:                        |  |  |
| Owners of the parent   | 81,905                                 | <b>(93,444)</b>                        |
| Non-controlling interests  | 11,430                                 | <b>14,464</b>                          |
|  | <u>Yen</u>                             |  |
| Earnings (loss) per share attributable to owners of the parent       |  |  |
| Basic and diluted  | 45.45                                  | <b>(51.85)</b>                         |

## Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2015 and 2016

|   | Yen (millions)                         |  |
|---|--|--|
|   | Three months<br>ended<br>Mar. 31, 2015 | Three months<br>ended<br>Mar. 31, 2016 |
| Profit (loss) for the period  | 93,335                                 | <b>(78,980)</b>                        |
| Other comprehensive income, net of tax:   |  |  |
| Items that will not be reclassified to profit or loss   |  |  |
| Remeasurements of defined benefit plans   | (95,124)                               | <b>(70,709)</b>                        |
| Net changes in revaluation of financial assets measured at fair value<br>through other comprehensive income | 6,796                                  | <b>(13,494)</b>                        |
| Share of other comprehensive income of investments accounted for<br>using the equity method                 | (568)                                  | <b>(955)</b>                           |
| Items that may be reclassified subsequently to profit or loss   |  |  |
| Exchange differences on translating foreign operations  | (124,482)                              | <b>(244,618)</b>                       |
| Share of other comprehensive income of investments accounted for<br>using the equity method                 | 8,758                                  | <b>(18,139)</b>                        |
| Total other comprehensive income, net of tax  | <u>(204,620)</u>                       | <u><b>(347,915)</b></u>                |
| Comprehensive income for the period   | <u>(111,285)</u>                       | <u><b>(426,895)</b></u>                |
| Comprehensive income for the period attributable to:  |  |  |
| Owners of the parent  | (118,124)                              | <b>(436,212)</b>                       |
| Non-controlling interests   | 6,839                                  | <b>9,317</b>                           |

## Consolidated Statements of Income

For the years ended March 31, 2015 and 2016

|  | Yen (millions)              |                             |
|--|-----------------------------|-----------------------------|
|  | Year ended<br>Mar. 31, 2015 | Year ended<br>Mar. 31, 2016 |
| Sales revenue  | 13,328,099                  | <b>14,601,151</b>           |
| Operating costs and expenses:  |                             |                             |
| Cost of sales  | (10,330,784)                | <b>(11,332,399)</b>         |
| Selling, general and administrative                                  | (1,720,550)                 | <b>(2,108,874)</b>          |
| Research and development   | (606,162)                   | <b>(656,502)</b>            |
| Total operating costs and expenses                                   | (12,657,496)                | <b>(14,097,775)</b>         |
| Operating profit   | 670,603                     | <b>503,376</b>              |
| Share of profit of investments accounted for using the equity method | 96,097                      | <b>126,001</b>              |
| Finance income and finance costs:                                    |                             |                             |
| Interest income  | 27,037                      | <b>28,468</b>               |
| Interest expense   | (18,194)                    | <b>(18,146)</b>             |
| Other, net   | 30,694                      | <b>(4,249)</b>              |
| Total finance income and finance costs                               | 39,537                      | <b>6,073</b>                |
| Profit before income taxes   | 806,237                     | <b>635,450</b>              |
| Income tax expense   | (245,139)                   | <b>(229,092)</b>            |
| Profit for the year  | 561,098                     | <b>406,358</b>              |
| Profit for the year attributable to:                                 |                             |                             |
| Owners of the parent   | 509,435                     | <b>344,531</b>              |
| Non-controlling interests  | 51,663                      | <b>61,827</b>               |
|  | Yen                         |                             |
| Earnings per share attributable to owners of the parent              |                             |                             |
| Basic and diluted  | 282.66                      | <b>191.16</b>               |

## Consolidated Statements of Comprehensive Income

For the years ended March 31, 2015 and 2016

|  | Yen (millions)              |                             |
|--|-----------------------------|-----------------------------|
|  | Year ended<br>Mar. 31, 2015 | Year ended<br>Mar. 31, 2016 |
| Profit for the year  | 561,098                     | <b>406,358</b>              |
| Other comprehensive income, net of tax:  |                             |                             |
| Items that will not be reclassified to profit or loss  |                             |                             |
| Remeasurements of defined benefit plans  | (101,286)                   | <b>(70,709)</b>             |
| Net changes in revaluation of financial assets measured at fair value through other comprehensive income | 24,007                      | <b>(15,797)</b>             |
| Share of other comprehensive income of investments accounted for using the equity method                 | (714)                       | <b>(1,274)</b>              |
| Items that may be reclassified subsequently to profit or loss  |                             |                             |
| Exchange differences on translating foreign operations   | 465,776                     | <b>(430,152)</b>            |
| Share of other comprehensive income of investments accounted for using the equity method                 | 57,356                      | <b>(36,591)</b>             |
| Total other comprehensive income, net of tax   | <u>445,139</u>              | <u><b>(554,523)</b></u>     |
| Comprehensive income for the year  | <u>1,006,237</u>            | <u><b>(148,165)</b></u>     |
| Comprehensive income for the year attributable to:   |                             |                             |
| Owners of the parent   | 931,709                     | <b>(188,580)</b>            |
| Non-controlling interests  | 74,528                      | <b>40,415</b>               |

### [3] Consolidated Statements of Changes in Equity

|  | Yen (millions)                              |                 |                |                   |                            |           |                           |              |
|--|---|-----------------|----------------|-------------------|----------------------------|-----------|---------------------------|--------------|
|  | Equity attributable to owners of the parent |                 |                |                   |                            | Total     | Non-controlling interests | Total equity |
|  | Common stock                                | Capital surplus | Treasury stock | Retained earnings | Other components of equity |           |                           |              |
| Balance as of April 1, 2014              | 86,067                                      | 171,117         | (26,149)       | 5,831,140         | 273,359                    | 6,335,534 | 223,394                   | 6,558,928    |
| Comprehensive income for the year        |   |                 |                |                   |                            |           |                           |              |
| Profit for the year                      |   |                 |                | 509,435           |                            | 509,435   | 51,663                    | 561,098      |
| Other comprehensive income, net of tax   |   |                 |                |                   | 422,274                    | 422,274   | 22,865                    | 445,139      |
| Total comprehensive income for the year  |   |                 |                | 509,435           | 422,274                    | 931,709   | 74,528                    | 1,006,237    |
| Reclassification to retained earnings    |   |                 |                | (98,401)          | 98,401                     | —         |                           | —            |
| Transactions with owners and other       |   |                 |                |                   |                            |           |                           |              |
| Dividends paid                           |   |                 |                | (158,601)         |                            | (158,601) | (21,566)                  | (180,167)    |
| Purchases of treasury stock              |   |                 | (17)           |                   |                            | (17)      |                           | (17)         |
| Disposal of treasury stock               |   |                 | 1              |                   |                            | 1         |                           | 1            |
| Equity transactions and others           |   | 1               |                |                   |                            | 1         | (2,162)                   | (2,161)      |
| Total transactions with owners and other |   | 1               | (16)           | (158,601)         |                            | (158,616) | (23,728)                  | (182,344)    |
| Balance as of March 31, 2015             | 86,067                                      | 171,118         | (26,165)       | 6,083,573         | 794,034                    | 7,108,627 | 274,194                   | 7,382,821    |
| Comprehensive income for the year        |   |                 |                |                   |                            |           |                           |              |
| Profit for the year                      |   |                 |                | 344,531           |                            | 344,531   | 61,827                    | 406,358      |
| Other comprehensive income, net of tax   |   |                 |                |                   | (533,111)                  | (533,111) | (21,412)                  | (554,523)    |
| Total comprehensive income for the year  |   |                 |                | 344,531           | (533,111)                  | (188,580) | 40,415                    | (148,165)    |
| Reclassification to retained earnings    |   |                 |                | (75,192)          | 75,192                     | —         |                           | —            |
| Transactions with owners and other       |   |                 |                |                   |                            |           |                           |              |
| Dividends paid                           |   |                 |                | (158,601)         |                            | (158,601) | (40,525)                  | (199,126)    |
| Purchases of treasury stock              |   |                 | (14)           |                   |                            | (14)      |                           | (14)         |
| Disposal of treasury stock               |   |                 | 1              |                   |                            | 1         |                           | 1            |
| Equity transactions and others           |   |                 |                |                   |                            |           | (3,729)                   | (3,729)      |
| Total transactions with owners and other |   |                 | (13)           | (158,601)         |                            | (158,614) | (44,254)                  | (202,868)    |
| Balance as of March 31, 2016             | 86,067                                      | 171,118         | (26,178)       | 6,194,311         | 336,115                    | 6,761,433 | 270,355                   | 7,031,788    |

#### [4] Consolidated Statements of Cash Flows

|  | Yen (millions)              |                             |
|--|-----------------------------|-----------------------------|
|  | Year ended<br>Mar. 31, 2015 | Year ended<br>Mar. 31, 2016 |
| Cash flows from operating activities:  |                             |                             |
| Profit before income taxes   | 806,237                     | <b>635,450</b>              |
| Depreciation, amortization and impairment losses excluding equipment on operating leases | 625,229                     | <b>660,714</b>              |
| Share of profit of investments accounted for using the equity method                     | (96,097)                    | <b>(126,001)</b>            |
| Finance income and finance costs, net  | (41,941)                    | <b>(982)</b>                |
| Interest income and interest costs from financial services, net                          | (172,275)                   | <b>(151,374)</b>            |
| Changes in assets and liabilities  |                             |                             |
| Trade receivables  | (45,839)                    | <b>(88,173)</b>             |
| Inventories  | (56,285)                    | <b>66,405</b>               |
| Trade payables   | 22,246                      | <b>105,189</b>              |
| Accrued expenses   | 8,865                       | <b>32,151</b>               |
| Provisions and retirement benefit liabilities  | 107,324                     | <b>329,391</b>              |
| Receivables from financial services  | 316,962                     | <b>354,353</b>              |
| Equipment on operating leases  | (535,165)                   | <b>(558,826)</b>            |
| Other assets and liabilities   | 45,255                      | <b>20,765</b>               |
| Other, net   | (12,931)                    | <b>4,851</b>                |
| Dividends received   | 114,501                     | <b>105,477</b>              |
| Interest received  | 236,344                     | <b>233,873</b>              |
| Interest paid  | (89,804)                    | <b>(92,355)</b>             |
| Income taxes paid, net of refunds  | (212,222)                   | <b>(139,913)</b>            |
| Net cash provided by (used in) operating activities                                      | 1,020,404                   | <b>1,390,995</b>            |
| Cash flows from investing activities:  |                             |                             |
| Payments for additions to property, plant and equipment                                  | (648,205)                   | <b>(635,176)</b>            |
| Payments for additions to and internally developed intangible assets                     | (234,915)                   | <b>(236,783)</b>            |
| Proceeds from sales of property, plant and equipment and intangible assets               | 33,243                      | <b>25,617</b>               |
| Payments for acquisitions of investments accounted for using the equity method           | (1,971)                     | <b>(3,238)</b>              |
| Proceeds from sales of investments accounted for using the equity method                 | —                           | 3,237                       |
| Payments for acquisitions of other financial assets                                      | (108,873)                   | <b>(173,761)</b>            |
| Proceeds from sales and redemptions of other financial assets                            | 119,897                     | <b>145,414</b>              |
| Other, net   | 328                         | <b>(387)</b>                |
| Net cash provided by (used in) investing activities                                      | (840,496)                   | <b>(875,077)</b>            |
| Cash flows from financing activities:  |                             |                             |
| Proceeds from short-term financing liabilities   | 8,731,773                   | <b>8,302,231</b>            |
| Repayments of short-term financing liabilities   | (8,602,054)                 | <b>(8,708,320)</b>          |
| Proceeds from long-term financing liabilities  | 1,505,732                   | <b>1,826,991</b>            |
| Repayments of long-term financing liabilities  | (1,389,121)                 | <b>(1,267,290)</b>          |
| Dividends paid to owners of the parent   | (158,601)                   | <b>(158,601)</b>            |
| Dividends paid to non-controlling interests  | (21,513)                    | <b>(40,331)</b>             |
| Purchases and sales of treasury stock, net   | (16)                        | <b>(13)</b>                 |
| Other, net   | (53,712)                    | <b>(49,966)</b>             |
| Net cash provided by (used in) financing activities                                      | 12,488                      | <b>(95,299)</b>             |
| Effect of exchange rate changes on cash and cash equivalents                             | 85,750                      | <b>(134,893)</b>            |
| Net change in cash and cash equivalents  | 278,146                     | <b>285,726</b>              |
| Cash and cash equivalents at beginning of year   | 1,193,584                   | <b>1,471,730</b>            |
| Cash and cash equivalents at end of year   | <u>1,471,730</u>            | <u><b>1,757,456</b></u>     |

## [5] Assumptions for Going Concern

None

## [6] Significant Accounting Policies:

1. Consolidated subsidiaries  
Number of consolidated subsidiaries: 368  
Corporate names of principal consolidated subsidiaries:  
American Honda Motor Co., Inc., Honda of America Mfg., Inc., Honda Canada Inc.,  
Honda R&D Co., Ltd., American Honda Finance Corporation.
2. Affiliated companies  
Number of affiliated companies: 83  
Corporate names of major affiliated companies accounted for under the equity method:  
Guangqi Honda Automobile Co., Ltd., Dongfeng Honda Automobile Co., Ltd., P.T. Astra Honda Motor
3. Changes of consolidated subsidiaries and affiliated companies  
Consolidated subsidiaries:  
Newly formed consolidated subsidiaries: 10  
Reduced through reorganization: 14  
Affiliated companies:  
Newly formed affiliated companies: 1  
Reduced through reorganization: 3
4. The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS").
5. The average exchange rates for the three months ended March 31, 2016 was JPY 115.48 = USD 1. The average exchange rates for the same period last year was JPY 119.09 = USD 1. The average exchange rates for the fiscal year ended March 31, 2016 was JPY 120.14 = USD 1 as compared with JPY 109.93 = USD 1 for the previous fiscal year.
6. United States dollar amounts have been translated from yen solely for the convenience of the reader at the rate of JPY 112.68 = USD 1, the mean of the telegraphic transfer selling exchange rate and the telegraphic transfer buying exchange rate prevailing on the Tokyo foreign exchange market on March 31, 2016.
7. Honda's common stock-to-ADS exchange ratio is one share of common stock to one ADS.

## [7] Segment Information

Honda has four reportable segments: Motorcycle business, Automobile business, Financial services business and Power product and other businesses, which are based on Honda's organizational structure and characteristics of products and services. Operating segments are defined as the components of Honda for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The accounting policies used for these reportable segments are consistent with the accounting policies used in the Company's consolidated financial statements.

Principal products and services, and functions of each segment are as follows:

| Segment                            | Principal products and services                             | Functions  |
|------------------------------------|---|--|
| Motorcycle Business                | Motorcycles, all-terrain vehicles (ATVs) and relevant parts | Research & Development, Manufacturing, and Sales and related services        |
| Automobile Business                | Automobiles and relevant parts                              | Research & Development, Manufacturing, and Sales and related services        |
| Financial Services Business        | Financial services  | Retail loan and lease related to Honda products, and Others                  |
| Power Product and Other Businesses | Power products and relevant parts, and others               | Research & Development, Manufacturing Sales and related services, and Others |

### 1. Segment information based on products and services

#### For the three months ended March 31, 2015

|                       | Yen (millions)      |                     |                             |                                    |               |                   |              |
|-----------------------|---------------------|---------------------|-----------------------------|------------------------------------|---------------|-------------------|--------------|
|                       | Motorcycle Business | Automobile Business | Financial Services Business | Power Product and Other Businesses | Segment Total | Reconciling Items | Consolidated |
| Sales revenue:        |                     |                     |                             |                                    |               |                   |              |
| External customers    | 514,631             | 2,431,955           | 450,992                     | 93,937                             | 3,491,515     | —                 | 3,491,515    |
| Intersegment          | —                   | 52,979              | 2,491                       | 5,235                              | 60,705        | (60,705)          | —            |
| Total                 | 514,631             | 2,484,934           | 453,483                     | 99,172                             | 3,552,220     | (60,705)          | 3,491,515    |
| Segment profit (loss) | 53,373              | (18,066)            | 54,179                      | (3,388)                            | 86,098        | —                 | 86,098       |

#### For the three months ended March 31, 2016

|                       | Yen (millions)      |                     |                             |                                    |               |                   |              |
|-----------------------|---------------------|---------------------|-----------------------------|------------------------------------|---------------|-------------------|--------------|
|                       | Motorcycle Business | Automobile Business | Financial Services Business | Power Product and Other Businesses | Segment Total | Reconciling Items | Consolidated |
| Sales revenue:        |                     |                     |                             |                                    |               |                   |              |
| External customers    | 437,253             | 2,675,374           | 455,337                     | 89,925                             | 3,657,889     | —                 | 3,657,889    |
| Intersegment          | —                   | 46,129              | 4,495                       | 3,766                              | 54,390        | (54,390)          | —            |
| Total                 | 437,253             | 2,721,503           | 459,832                     | 93,691                             | 3,712,279     | (54,390)          | 3,657,889    |
| Segment profit (loss) | 27,628              | (114,738)           | 43,555                      | (20,276)                           | (63,831)      | —                 | (63,831)     |

## As of and for the year ended March 31, 2015

|                               | Yen (millions)      |                     |                             |                                    |                   |                   | Consolidated      |
|-------------------------------|---------------------|---------------------|-----------------------------|------------------------------------|-------------------|-------------------|-------------------|
|                               | Motorcycle Business | Automobile Business | Financial Services Business | Power Product and Other Businesses | Segment Total     | Reconciling Items |                   |
| Sales revenue:                |                     |                     |                             |                                    |                   |                   |                   |
| External customers            | 1,846,666           | 9,603,335           | 1,555,550                   | 322,548                            | 13,328,099        | —                 | 13,328,099        |
| Intersegment                  | —                   | 154,536             | 12,363                      | 24,362                             | 191,261           | (191,261)         | —                 |
| Total                         | <u>1,846,666</u>    | <u>9,757,871</u>    | <u>1,567,913</u>            | <u>346,910</u>                     | <u>13,519,360</u> | <u>(191,261)</u>  | <u>13,328,099</u> |
| Segment profit (loss)         | <u>192,154</u>      | <u>279,756</u>      | <u>202,574</u>              | <u>(3,881)</u>                     | <u>670,603</u>    | <u>—</u>          | <u>670,603</u>    |
| Segment assets                | 1,489,703           | 7,653,645           | 9,318,545                   | 334,858                            | 18,796,751        | (370,914)         | 18,425,837        |
| Depreciation and amortization | 70,881              | 525,522             | 484,526                     | 12,061                             | 1,092,990         | —                 | 1,092,990         |
| Capital expenditures          | 87,762              | 791,626             | 1,685,245                   | 14,588                             | 2,579,221         | —                 | 2,579,221         |

## As of and for the year ended March 31, 2016

|                               | Yen (millions)          |                          |                             |                                    |                          |                         | Consolidated             |
|-------------------------------|-------------------------|--------------------------|-----------------------------|------------------------------------|--------------------------|-------------------------|--------------------------|
|                               | Motorcycle Business     | Automobile Business      | Financial Services Business | Power Product and Other Businesses | Segment Total            | Reconciling Items       |                          |
| Sales revenue:                |                         |                          |                             |                                    |                          |                         |                          |
| External customers            | <b>1,805,429</b>        | <b>10,625,405</b>        | <b>1,835,605</b>            | <b>334,712</b>                     | <b>14,601,151</b>        | —                       | <b>14,601,151</b>        |
| Intersegment                  | —                       | <b>142,280</b>           | <b>14,095</b>               | <b>17,532</b>                      | <b>173,907</b>           | <b>(173,907)</b>        | —                        |
| Total                         | <u><b>1,805,429</b></u> | <u><b>10,767,685</b></u> | <u><b>1,849,700</b></u>     | <u><b>352,244</b></u>              | <u><b>14,775,058</b></u> | <u><b>(173,907)</b></u> | <u><b>14,601,151</b></u> |
| Segment profit (loss)         | <u><b>181,773</b></u>   | <u><b>153,366</b></u>    | <u><b>199,358</b></u>       | <u><b>(31,121)</b></u>             | <u><b>503,376</b></u>    | <u><b>—</b></u>         | <u><b>503,376</b></u>    |
| Segment assets                | <b>1,412,404</b>        | <b>7,493,086</b>         | <b>9,071,874</b>            | <b>333,586</b>                     | <b>18,310,950</b>        | <b>(81,656)</b>         | <b>18,229,294</b>        |
| Depreciation and amortization | <b>76,267</b>           | <b>564,631</b>           | <b>622,874</b>              | <b>13,770</b>                      | <b>1,277,542</b>         | —                       | <b>1,277,542</b>         |
| Capital expenditures          | <b>73,541</b>           | <b>796,209</b>           | <b>1,972,647</b>            | <b>18,251</b>                      | <b>2,860,648</b>         | —                       | <b>2,860,648</b>         |

### Explanatory notes:

1. Intersegment sales revenues are generally made at values that approximate arm's-length prices.
2. Unallocated corporate assets, included in reconciling items, amounted to JPY 345,266 million as of March 31, 2015 and JPY 451,387 million as of March 31, 2016 respectively, which consist primarily of cash and cash equivalents and financial assets measured at fair value through other comprehensive income.

In addition to the disclosure required by IFRS, Honda provides the following supplemental information in order to provide financial statements users with useful information:

## 2. Supplemental geographical information based on the location of the Company and its subsidiaries

### For the three months ended March 31, 2015

|                         | Yen (millions) |               |          |         |               |           |                   | Consolidated |
|-------------------------|----------------|---------------|----------|---------|---------------|-----------|-------------------|--------------|
|                         | Japan          | North America | Europe   | Asia    | Other Regions | Total     | Reconciling Items |              |
| Sales revenue:          |                |               |          |         |               |           |                   |              |
| External customers      | 580,614        | 1,769,153     | 167,644  | 744,749 | 229,355       | 3,491,515 | —                 | 3,491,515    |
| Inter-geographic areas  | 434,166        | 75,078        | 13,016   | 171,720 | 470           | 694,450   | (694,450)         | —            |
| Total                   | 1,014,780      | 1,844,231     | 180,660  | 916,469 | 229,825       | 4,185,965 | (694,450)         | 3,491,515    |
| Operating profit (loss) | 8,585          | (7,649)       | (16,137) | 71,674  | 7,790         | 64,263    | 21,835            | 86,098       |

### For the three months ended March 31, 2016

|                         | Yen (millions) |               |         |         |               |           |                   | Consolidated |
|-------------------------|----------------|---------------|---------|---------|---------------|-----------|-------------------|--------------|
|                         | Japan          | North America | Europe  | Asia    | Other Regions | Total     | Reconciling Items |              |
| Sales revenue:          |                |               |         |         |               |           |                   |              |
| External customers      | 559,558        | 1,990,033     | 213,880 | 731,388 | 163,030       | 3,657,889 | —                 | 3,657,889    |
| Inter-geographic areas  | 437,672        | 112,576       | 15,914  | 109,735 | 450           | 676,347   | (676,347)         | —            |
| Total                   | 997,230        | 2,102,609     | 229,794 | 841,123 | 163,480       | 4,334,236 | (676,347)         | 3,657,889    |
| Operating profit (loss) | (180,480)      | 26,468        | 21,874  | 65,701  | (19,736)      | (86,173)  | 22,342            | (63,831)     |

## As of and for the year ended March 31, 2015

|   | Yen (millions) |               |          |           |               |            |                   |              |
|---|----------------|---------------|----------|-----------|---------------|------------|-------------------|--------------|
|   | Japan          | North America | Europe   | Asia      | Other Regions | Total      | Reconciling Items | Consolidated |
| Sales revenue:  |                |               |          |           |               |            |                   |              |
| External customers  | 2,137,844      | 6,870,388     | 656,195  | 2,716,529 | 947,143       | 13,328,099 | —                 | 13,328,099   |
| Inter-geographic areas  | 1,793,123      | 330,475       | 67,729   | 612,015   | 3,199         | 2,806,541  | (2,806,541)       | —            |
| Total   | 3,930,967      | 7,200,863     | 723,924  | 3,328,544 | 950,342       | 16,134,640 | (2,806,541)       | 13,328,099   |
| Operating profit (loss)   | 210,171        | 181,525       | (22,615) | 278,855   | 40,167        | 688,103    | (17,500)          | 670,603      |
| Assets  | 4,231,472      | 10,454,542    | 667,945  | 2,526,914 | 677,831       | 18,558,704 | (132,867)         | 18,425,837   |
| Non-current assets other than financial instruments and deferred tax assets | 2,279,156      | 4,084,678     | 120,217  | 760,642   | 196,727       | 7,441,420  | —                 | 7,441,420    |

## As of and for the year ended March 31, 2016

|   | Yen (millions) |               |         |           |               |            |                   |              |
|---|----------------|---------------|---------|-----------|---------------|------------|-------------------|--------------|
|   | Japan          | North America | Europe  | Asia      | Other Regions | Total      | Reconciling Items | Consolidated |
| Sales revenue:  |                |               |         |           |               |            |                   |              |
| External customers  | 2,022,931      | 8,123,655     | 693,255 | 2,955,690 | 805,620       | 14,601,151 | —                 | 14,601,151   |
| Inter-geographic areas  | 1,905,654      | 413,427       | 82,782  | 579,683   | 3,032         | 2,984,578  | (2,984,578)       | —            |
| Total   | 3,928,585      | 8,537,082     | 776,037 | 3,535,373 | 808,652       | 17,585,729 | (2,984,578)       | 14,601,151   |
| Operating profit (loss)   | (98,714)       | 210,862       | 18,747  | 335,508   | (8,322)       | 458,081    | 45,295            | 503,376      |
| Assets  | 4,258,071      | 10,240,942    | 719,561 | 2,467,481 | 603,754       | 18,289,809 | (60,515)          | 18,229,294   |
| Non-current assets other than financial instruments and deferred tax assets | 2,426,439      | 4,364,808     | 118,992 | 713,968   | 172,374       | 7,796,581  | —                 | 7,796,581    |

### Explanatory notes:

- Major countries or regions in each geographic area:
 

|               |  |
|---------------|--|
| North America | United States, Canada, Mexico                    |
| Europe        | United Kingdom, Germany, France, Belgium, Russia |
| Asia          | Thailand, Indonesia, China, India, Vietnam       |
| Other Regions | Brazil, Australia                                |
- Sales revenues between geographic areas are generally made at values that approximate arm's-length prices.
- Unallocated corporate assets, included in reconciling items, amounted to JPY 345,266 million as of March 31, 2015 and JPY 451,387 million as of March 31, 2016 respectively, which consist primarily of cash and cash equivalents and financial assets measured at fair value through other comprehensive income.

## [8] Information about per common share

Equity per share attributable to owners of the parent as of March 31, 2015 and 2016 are calculated based on the following information.

|   | 2015          | 2016          |
|---|---------------|---------------|
| Equity attributable to owners of the parent (millions of yen)                                 | 7,108,627     | 6,761,433     |
| The number of shares outstanding at the end of the period (excluding treasury stock) (shares) | 1,802,286,926 | 1,802,283,519 |
| Equity per share attributable to owners of the parent (yen)                                   | 3,944.23      | 3,751.59      |

Earnings per share attributable to owners of the parent for the years ended March 31, 2015 and 2016 are calculated based on the following information. There were no potentially dilutive common shares outstanding for the years ended March 31, 2015 and 2016.

|  | 2015          | 2016          |
|--|---------------|---------------|
| Profit for the year attributable to owners of the parent (millions of yen) | 509,435       | 344,531       |
| Weighted average number of common shares outstanding, basic (shares)       | 1,802,289,321 | 1,802,285,138 |
| Basic earnings per share attributable to owners of the parent (yen)        | 282.66        | 191.16        |

## **[9] Other**

### **1. Loss related to airbag inflators**

The Company and its consolidated subsidiaries have been conducting market-based measures in relation to airbag inflators. Honda recognizes a provision for specific warranty costs when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. There is a possibility that Honda will need to recognize additional provisions when new evidence related to product recalls arise, however, it is not possible for Honda to reasonably estimate the amount and timing of potential future losses as of the date of this report.

In North America, various class actions related to the above mentioned product recalls and SIC have been filed against Honda since October 2014. The plaintiffs have claimed for properly functioning airbag inflators, compensation of economic losses including for incurred costs and the decline in the value of vehicles, as well as punitive damages. Most of the cases in the United States were transferred to the United States District Court for the Southern District of Florida and consolidated into a multi-district litigation.

Regarding the above matter, Honda did not recognize a provision for loss contingencies because the conditions for a provision have not been met as of the date of this report. Also, it is not possible for Honda to reasonably estimate the amount and timing of potential future losses as of the date of this report because there is uncertainty regarding the period when these lawsuits will be concluded.

### **2. Transfer pricing tax refund**

In May 2015, the lawsuit related to transfer pricing involving the Company's foreign transactions with certain consolidated subsidiaries in Brazil was concluded, and it was ruled that the Company shall receive a tax refund plus interest in Japan. As a result, income tax expense decreased by JPY 19,145 million for the year ended March 31, 2016.

### **3. Impairment loss on investments accounted for using the equity method**

The Company recognized impairment losses on certain investments accounted for using the equity method because there is objective evidence of impairment from declines in quoted market values. The amount of the impairment losses is a JPY 22,244 million for the fiscal year ended March 31, 2015 and a JPY 28,887 million for the fiscal year ended March 31, 2016, respectively. The impairment losses are included in share of profit of investments accounted for using the equity method in the consolidated statement of income.

### **4. Income taxes**

On March 29, 2016, the National Diet of Japan approved amendments to existing income tax laws. Upon the change in the laws, the statutory income tax rate in Japan was changed to approximately 30% for fiscal years beginning on or after April 1, 2016. Thus, the Company and its Japanese subsidiaries re-measured deferred tax assets and liabilities as of the enactment date based on the new tax rates to be applied in the fiscal years in which temporary differences are expected to be recovered or settled. The impact for the year ended March 31, 2016 is not material.

## **[10] Significant Subsequent Events**

None

## [1] Unconsolidated Balance Sheets

|   | Yen (millions) |               |
|---|----------------|---------------|
|   | Mar. 31, 2015  | Mar. 31, 2016 |
| Assets  |                |               |
| Current assets  |                |               |
| Cash and bank deposits                                | 54,297         | 89,569        |
| Accounts receivable                                   | 479,309        | 475,026       |
| Securities  | 160,000        | 258,900       |
| Finished goods  | 138,923        | 83,108        |
| Work in process                                       | 40,270         | 36,679        |
| Raw materials and supplies                            | 31,207         | 32,061        |
| Prepaid expenses                                      | 11,996         | 13,484        |
| Deferred income taxes                                 | 84,026         | 98,448        |
| Others  | 154,861        | 150,536       |
| Allowance for doubtful accounts                       | (859)          | (4,302)       |
| Total current assets                                  | 1,154,033      | 1,233,512     |
| Fixed assets  |                |               |
| Tangible fixed assets                                 |                |               |
| Buildings   | 276,009        | 269,080       |
| Structures  | 38,859         | 43,997        |
| Machinery and equipment                               | 138,711        | 143,806       |
| Vehicles  | 5,598          | 6,424         |
| Tools, furniture and fixtures                         | 24,776         | 20,433        |
| Land  | 347,082        | 351,581       |
| Lease assets  | 2,432          | 3,032         |
| Construction in progress                              | 15,929         | 13,914        |
| Total tangible fixed assets                           | 849,399        | 852,271       |
| Intangible assets                                     |                |               |
| Software  | 72,053         | 75,034        |
| Lease assets  | 11             | 7             |
| Others  | 2,501          | 2,459         |
| Total intangible assets                               | 74,566         | 77,502        |
| Investments and other assets                          |                |               |
| Investment securities                                 | 125,565        | 98,920        |
| Investment securities—subsidiaries and affiliates     | 389,081        | 388,837       |
| Investments in capital of subsidiaries and affiliates | 93,476         | 93,475        |
| Long-term loans receivable                            | 2,441          | 1,632         |
| Deferred income taxes                                 | 59,062         | 66,104        |
| Others  | 21,340         | 17,410        |
| Allowance for doubtful accounts                       | (1,513)        | (1,390)       |
| Total investments and other assets                    | 689,454        | 664,989       |
| Total fixed assets                                    | 1,613,421      | 1,594,763     |
| Total assets  | 2,767,455      | 2,828,275     |

**[1] Unconsolidated Balance Sheets – continued**

|   | Yen (millions)   |                  |
|---|------------------|------------------|
|   | Mar. 31, 2015    | Mar. 31, 2016    |
| Liabilities   |                  |                  |
| Current liabilities                                       |                  |                  |
| Notes payable–trade                                       | 357              | 99               |
| Electronically recorded obligations–operating             | 14,012           | 34,055           |
| Accounts payable  | 234,550          | 232,860          |
| Short-term loans payable                                  | 30,718           | 24,832           |
| Lease debt  | 950              | 1,171            |
| Other payables  | 105,241          | 139,368          |
| Accrued expenses  | 75,002           | 82,642           |
| Income taxes payable                                      | 3,086            | 123              |
| Advances received   | 6,290            | 5,876            |
| Deposits received   | 3,451            | 3,674            |
| Deferred revenue  | 61               | 53               |
| Current portion of accrued product warranty               | 65,467           | 205,699          |
| Accrued employees’ bonuses                                | 29,416           | 28,263           |
| Accrued directors’ bonuses                                | 278              | 313              |
| Accrued operating officers’ bonuses                       | 421              | 404              |
| Others  | 2,333            | 4,645            |
| Total current liabilities                                 | <u>571,639</u>   | <u>764,085</u>   |
| Non-current liabilities                                   |                  |                  |
| Long-term loans payable                                   | 80               | 57               |
| Lease debt  | 1,694            | 2,145            |
| Accrued product warranty                                  | 30,499           | 58,902           |
| Accrued employees’ retirement benefits                    | 169,206          | 133,644          |
| Others  | 9,813            | 7,793            |
| Total non-current liabilities                             | <u>211,294</u>   | <u>202,543</u>   |
| Total liabilities   | <u>782,933</u>   | <u>966,628</u>   |
| Total net assets  |                  |                  |
| Stockholders’ equity                                      |                  |                  |
| Common stock  | 86,067           | 86,067           |
| Capital surplus   |                  |                  |
| Capital reserve   | 170,313          | 170,313          |
| Other capital surplus                                     | 0                | 1                |
| Total capital surplus                                     | <u>170,314</u>   | <u>170,314</u>   |
| Retained earnings   |                  |                  |
| Legal reserves  | 21,516           | 21,516           |
| Other retained earnings                                   |                  |                  |
| General reserve   | 1,322,300        | 1,428,300        |
| Reserve for special depreciation                          | 1,077            | 802              |
| Reserve for reduction of acquisition cost of fixed assets | 16,715           | 17,037           |
| Earnings to be carried forward                            | 331,232          | 118,496          |
| Total retained earnings                                   | <u>1,692,842</u> | <u>1,586,153</u> |
| Treasury stock  | <u>(26,263)</u>  | <u>(26,276)</u>  |
| Total stockholders’ equity                                | <u>1,922,960</u> | <u>1,816,258</u> |
| Difference of appreciation and conversion                 |                  |                  |
| Net unrealized gains on securities                        | 61,560           | 45,389           |
| Total difference of appreciation and conversion           | <u>61,560</u>    | <u>45,389</u>    |
| Total net assets  | <u>1,984,521</u> | <u>1,861,647</u> |
| Total liabilities and net assets                          | <u>2,767,455</u> | <u>2,828,275</u> |

## [2] Unconsolidated Statements of Income

|  | Yen (millions)              |                             |
|--|-----------------------------|-----------------------------|
|  | Year ended<br>Mar. 31, 2015 | Year ended<br>Mar. 31, 2016 |
| Net sales  | 3,331,187                   | 3,303,606                   |
| Cost of sales  | 2,154,246                   | 2,195,729                   |
| Gross profit   | 1,176,940                   | 1,107,876                   |
| Selling, general and administrative expenses                             | 1,080,597                   | 1,299,297                   |
| Operating income (loss)  | 96,343                      | (191,421)                   |
| Non-operating income   |                             |                             |
| Interest and dividend income   | 217,933                     | 243,055                     |
| Foreign exchange profit  | 20,579                      | —                           |
| Others   | 30,727                      | 30,083                      |
| Total non-operating income   | 269,240                     | 273,138                     |
| Non-operating expenses   |                             |                             |
| Interest expense   | 76                          | 75                          |
| Depreciation   | 10,319                      | 10,807                      |
| Expenses for rental assets   | 4,664                       | 4,397                       |
| Foreign exchange loss  | —                           | 2,245                       |
| Others   | 2,890                       | 3,369                       |
| Total non-operating expenses   | 17,951                      | 20,895                      |
| Ordinary income  | 347,632                     | 60,822                      |
| Extraordinary income   |                             |                             |
| Gain on sales of non-current assets                                      | 474                         | 583                         |
| Gain on sales of investment securities                                   | 4,138                       | 1,453                       |
| Gain on liquidation of subsidiaries and affiliates                       | 2,885                       | —                           |
| Settlement received  | 8,233                       | 896                         |
| Interest on refund of income taxes and other                             | —                           | 5,836                       |
| Others   | 1,147                       | 377                         |
| Total extraordinary income   | 16,879                      | 9,147                       |
| Extraordinary losses   |                             |                             |
| Loss on disposal of fixed assets   | 3,077                       | 5,519                       |
| Loss on devaluation of investment securities—subsidiaries and affiliates | 29,771                      | 135                         |
| Others   | 164                         | 604                         |
| Total extraordinary losses   | 33,013                      | 6,259                       |
| Income before income taxes   | 331,498                     | 63,710                      |
| Income taxes-current   | 40,038                      | 37,635                      |
| Income taxes for prior periods   | —                           | (13,308)                    |
| Income taxes-deferred  | 26,772                      | (12,529)                    |
| Total income tax   | 66,811                      | 11,798                      |
| Net income   | 264,686                     | 51,912                      |

[3] Unconsolidated Statement of Changes in Net Assets

Yen (millions)

|  | Stockholders' equity |                       |                       |                       |                |                         |                                  |                             |
|--|----------------------|-----------------------|-----------------------|-----------------------|----------------|-------------------------|----------------------------------|-----------------------------|
|  | Common stock         | Capital surplus       |                       |                       | Legal reserves | Retained earnings       |                                  |                             |
|  |                      | Legal capital surplus | Other capital surplus | Total capital surplus |                | Other retained earnings |                                  |                             |
|  |                      |                       |                       |                       |                | General reserve         | Reserve for special depreciation | Reserve for reduction entry |
| Balance at March 31, 2014                            | 86,067               | 170,313               | 0                     | 170,314               | 21,516         | 1,256,300               | 985                              | 16,025                      |
| Cumulative effects of changes in accounting policies |                      |                       |                       |                       |                |                         |                                  |                             |
| Restated balance                                     | 86,067               | 170,313               | 0                     | 170,314               | 21,516         | 1,256,300               | 985                              | 16,025                      |
| Changes of items during the period                   |                      |                       |                       |                       |                |                         |                                  |                             |
| Provision of general reserve                         |                      |                       |                       |                       |                | 66,000                  |                                  |                             |
| Provision of reserve for special depreciation        |                      |                       |                       |                       |                |                         | 760                              |                             |
| Reversal of reserve for special depreciation         |                      |                       |                       |                       |                |                         | (668)                            |                             |
| Provision of reserve for reduction entry             |                      |                       |                       |                       |                |                         |                                  | 921                         |
| Reversal of reserve for reduction entry              |                      |                       |                       |                       |                |                         |                                  | (231)                       |
| Dividends from surplus                               |                      |                       |                       |                       |                |                         |                                  |                             |
| Net income   |                      |                       |                       |                       |                |                         |                                  |                             |
| Purchase of treasury stock                           |                      |                       |                       |                       |                |                         |                                  |                             |
| Disposal of treasury stock                           |                      |                       | 0                     | 0                     |                |                         |                                  |                             |
| Net changes of items other than shareholders' equity |                      |                       |                       |                       |                |                         |                                  |                             |
| Total changes of items during the period             | —                    | —                     | 0                     | 0                     | —              | 66,000                  | 92                               | 689                         |
| Balance at March 31, 2015                            | 86,067               | 170,313               | 0                     | 170,314               | 21,516         | 1,322,300               | 1,077                            | 16,715                      |

|  | Stockholders' equity              |                         |                |                            | Valuation and translation adjustments               |   | Total net assets |
|--|-----------------------------------|-------------------------|----------------|----------------------------|---|---|------------------|
|  | Retained earnings                 |                         | Treasury stock | Total stockholders' equity | Valuation difference on available-for-sale security | Total valuation and translation adjustments |                  |
|  | Other retained earnings           | Total retained earnings |                |                            |   |   |                  |
|  | Retained earnings brought forward |                         |                |                            |   |   |                  |
| Balance at March 31, 2014                            | 325,301                           | 1,620,128               | (26,247)       | 1,850,263                  | 44,945  | 44,945                                      | 1,895,208        |
| Cumulative effects of changes in accounting policies | (33,372)                          | (33,372)                |                | (33,372)                   |   |   | (33,372)         |
| Restated balance                                     | 291,929                           | 1,586,756               | (26,247)       | 1,816,891                  | 44,945  | 44,945                                      | 1,861,836        |
| Changes of items during the period                   |                                   |                         |                |                            |   |   |                  |
| Provision of general reserve                         | (66,000)                          | —                       |                | —                          |   |   | —                |
| Provision of reserve for special depreciation        | (760)                             | —                       |                | —                          |   |   | —                |
| Reversal of reserve for special depreciation         | 668                               | —                       |                | —                          |   |   | —                |
| Provision of reserve for reduction entry             | (921)                             | —                       |                | —                          |   |   | —                |
| Reversal of reserve for reduction entry              | 231                               | —                       |                | —                          |   |   | —                |
| Dividends from surplus                               | (158,601)                         | (158,601)               |                | (158,601)                  |   |   | (158,601)        |
| Net income   | 264,686                           | 264,686                 |                | 264,686                    |   |   | 264,686          |
| Purchase of treasury stock                           |                                   |                         | (16)           | (16)                       |   |   | (16)             |
| Disposal of treasury stock                           | —                                 | —                       | 0              | 1                          |   |   | 1                |
| Net changes of items other than shareholders' equity |                                   |                         |                |                            | 16,615  | 16,615                                      | 16,615           |
| Total changes of items during the period             | 39,303                            | 106,085                 | (15)           | 106,069                    | 16,615  | 16,615                                      | 122,684          |
| Balance at March 31, 2015                            | 331,232                           | 1,692,842               | (26,263)       | 1,922,960                  | 61,560  | 61,560                                      | 1,984,521        |

Yen (millions)

|  | Stockholders' equity |                       |                       |                       |                   |                         |                                  |                             |
|--|----------------------|-----------------------|-----------------------|-----------------------|-------------------|-------------------------|----------------------------------|-----------------------------|
|  | Common stock         | Capital surplus       |                       |                       | Retained earnings |                         |                                  |                             |
|  |                      | Legal capital surplus | Other capital surplus | Total capital surplus | Legal reserves    | Other retained earnings |                                  |                             |
|  |                      |                       |                       |                       |                   | General reserve         | Reserve for special depreciation | Reserve for reduction entry |
| Balance at March 31, 2015                            | 86,067               | 170,313               | 0                     | 170,314               | 21,516            | 1,322,300               | 1,077                            | 16,715                      |
| Cumulative effects of changes in accounting policies |                      |                       |                       |                       |                   |                         |                                  |                             |
| Restated balance                                     | 86,067               | 170,313               | 0                     | 170,314               | 21,516            | 1,322,300               | 1,077                            | 16,715                      |
| Changes of items during the period                   |                      |                       |                       |                       |                   |                         |                                  |                             |
| Provision of general reserve                         |                      |                       |                       |                       |                   | 106,000                 |                                  |                             |
| Provision of reserve for special depreciation        |                      |                       |                       |                       |                   |                         | 29                               |                             |
| Reversal of reserve for special depreciation         |                      |                       |                       |                       |                   |                         | (304)                            |                             |
| Provision of reserve for reduction entry             |                      |                       |                       |                       |                   |                         |                                  | 549                         |
| Reversal of reserve for reduction entry              |                      |                       |                       |                       |                   |                         |                                  | (227)                       |
| Dividends from surplus                               |                      |                       |                       |                       |                   |                         |                                  |                             |
| Net income   |                      |                       |                       |                       |                   |                         |                                  |                             |
| Purchase of treasury stock                           |                      |                       |                       |                       |                   |                         |                                  |                             |
| Disposal of treasury stock                           |                      |                       | 0                     | 0                     |                   |                         |                                  |                             |
| Net changes of items other than shareholder's equity |                      |                       |                       |                       |                   |                         |                                  |                             |
| Total changes of items during the period             | —                    | —                     | 0                     | 0                     | —                 | 106,000                 | (274)                            | 322                         |
| Balance at March 31, 2016                            | 86,067               | 170,313               | 1                     | 170,314               | 21,516            | 1,428,300               | 802                              | 17,037                      |

|  | Stockholders' equity              |                         |                |                             | Valuation and translation adjustments               |   | Total net assets |
|--|-----------------------------------|-------------------------|----------------|-----------------------------|---|---|------------------|
|  | Retained earnings                 |                         | Treasury stock | Total stock-holders' equity | Valuation difference on available-for-sale security | Total valuation and translation adjustments |                  |
|  | Other retained earnings           | Total retained earnings |                |                             |   |   |                  |
|  | Retained earnings brought forward |                         |                |                             |   |   |                  |
| Balance at March 31, 2015                            | 331,232                           | 1,692,842               | (26,263)       | 1,922,960                   | 61,560  | 61,560                                      | 1,984,521        |
| Cumulative effects of changes in accounting policies |                                   |                         |                |                             |   |   |                  |
| Restated balance                                     | 331,232                           | 1,692,842               | (26,263)       | 1,922,960                   | 61,560  | 61,560                                      | 1,984,521        |
| Changes of items during the period                   |                                   |                         |                |                             |   |   |                  |
| Provision of general reserve                         | (106,000)                         | —                       |                | —                           |   |   | —                |
| Provision of reserve for special depreciation        | (29)                              | —                       |                | —                           |   |   | —                |
| Reversal of reserve for special depreciation         | 304                               | —                       |                | —                           |   |   | —                |
| Provision of reserve for reduction entry             | (549)                             | —                       |                | —                           |   |   | —                |
| Reversal of reserve for reduction entry              | 227                               | —                       |                | —                           |   |   | —                |
| Dividends from surplus                               | (158,601)                         | (158,601)               |                | (158,601)                   |   |   | (158,601)        |
| Net income   | 51,912                            | 51,912                  |                | 51,912                      |   |   | 51,912           |
| Purchase of treasury stock                           |                                   |                         | (14)           | (14)                        |   |   | (14)             |
| Disposal of treasury stock                           | —                                 | —                       | 0              | 1                           |   |   | 1                |
| Net changes of items other than shareholders' equity |                                   |                         |                |                             | (16,171)  | (16,171)                                    | (16,171)         |
| Total changes of items during the period             | (212,736)                         | (106,688)               | (13)           | (106,702)                   | (16,171)  | (16,171)                                    | (122,873)        |
| Balance at March 31, 2016                            | 118,496                           | 1,586,153               | (26,276)       | 1,816,258                   | 45,389  | 45,389                                      | 1,861,647        |

#### [4] Going Concern

None