

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	%
Motorcycle business	4,307	4,173	-134	-3.1	2,777	2,633	-144	-5.2
Japan	52	42	-10	-19.2	52	42	-10	-19.2
North America	85	89	4	4.7	85	89	4	4.7
Europe	52	57	5	9.6	52	57	5	9.6
Asia	3,732	3,743	11	0.3	2,202	2,203	1	0.0
Other Regions	386	242	-144	-37.3	386	242	-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	%
Automobile business	1,069	1,229	160	15.0	881	980	99	11.2
Japan	221	202	-19	-8.6	198	184	-14	-7.1
North America	393	493	100	25.4	393	493	100	25.4
Europe	43	55	12	27.9	43	55	12	27.9
Asia	344	420	76	22.1	179	189	10	5.6
Other Regions	68	59	-9	-13.2	68	59	-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 Mar. 31, 2015	Three months ended Mar. 31, 2016	Change	%
Power product business	2,022	1,955	-67	-3.3
Japan	102	101	-1	-1.0
North America	1,009	1,006	-3	-0.3
Europe	462	413	-49	-10.6
Asia	319	319	0	0.0
Other Regions	130	116	-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 Mar. 31, 2015	Year ended Mar. 31, 2016	Change	%	Year ended Mar. 31, 2015	Year ended Mar. 31, 2016	Change	%
	Motorcycle business	17,592	17,055	-537	-3.1	10,725	10,572	-153
Japan	199	180	-19	-9.5	199	180	-19	-9.5
North America	286	308	22	7.7	286	308	22	7.7
Europe	191	204	13	6.8	191	204	13	6.8
Asia	15,345	15,133	-212	-1.4	8,478	8,650	172	2.0
Other Regions	1,571	1,230	-341	-21.7	1,571	1,230	-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 Mar. 31, 2015	Year ended Mar. 31, 2016	Change	%	Year ended Mar. 31, 2015	Year ended Mar. 31, 2016	Change	%
	Automobile business	4,367	4,743	376	8.6	3,513	3,636	123
Japan	761	668	-93	-12.2	696	614	-82	-11.8
North America	1,750	1,929	179	10.2	1,750	1,929	179	10.2
Europe	161	172	11	6.8	161	172	11	6.8
Asia	1,426	1,723	297	20.8	637	670	33	5.2
Other Regions	269	251	-18	-6.7	269	251	-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 Mar. 31, 2015	Year ended Mar. 31, 2016	Change	%
Power product business	5,983	5,965	-18	-0.3
Japan	338	363	25	7.4
North America	2,705	2,811	106	3.9
Europe	1,091	1,008	-83	-7.6
Asia	1,382	1,349	-33	-2.4
Other Regions	467	434	-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 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 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 Year-end	FY2016 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 Mar. 31, 2015	Three months ended Mar. 31, 2016	Year ended Mar. 31, 2015	Year ended Mar. 31, 2016
Sales revenue	3,491,515	3,657,889	13,328,099	14,601,151
Operating profit (loss)	86,098	(63,831)	670,603	503,376
Profit (loss) before income taxes	107,659	(58,706)	806,237	635,450
Profit (loss) for the period attributable to owners of the parent	81,905	(93,444)	509,435	344,531

	Yen			
Earnings (loss) per share attributable to owners of the parent				
Basic and diluted	45.45	(51.85)	282.66	191.16

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

	U.S. Dollar	
Earnings (loss) per share attributable to owners of the parent		
Basic and diluted	(0.46)	1.70

[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><u>11,043,016</u></u>	<u><u>11,197,506</u></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><u>7,382,821</u></u>	<u><u>7,031,788</u></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 ended Mar. 31, 2015	Three months ended Mar. 31, 2016
Sales revenue	3,491,515	3,657,889
Operating costs and expenses:		
Cost of sales	(2,704,575)	(2,828,442)
Selling, general and administrative	(535,509)	(698,152)
Research and development	(165,333)	(195,126)
Total operating costs and expenses	<u>(3,405,417)</u>	<u>(3,721,720)</u>
Operating profit (loss)	<u>86,098</u>	<u>(63,831)</u>
Share of profit of investments accounted for using the equity method	17,954	8,390
Finance income and finance costs:		
Interest income	7,408	7,156
Interest expense	(3,530)	(4,608)
Other, net	(271)	(5,813)
Total finance income and finance costs	<u>3,607</u>	<u>(3,265)</u>
Profit (loss) before income taxes	107,659	(58,706)
Income tax expense	<u>(14,324)</u>	<u>(20,274)</u>
Profit (loss) for the period	<u>93,335</u>	<u>(78,980)</u>
Profit (loss) for the period attributable to:		
Owners of the parent	81,905	(93,444)
Non-controlling interests	11,430	14,464
	<u>Yen</u>	
Earnings (loss) per share attributable to owners of the parent		
Basic and diluted	45.45	(51.85)

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2015 and 2016

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

Consolidated Statements of Income

For the years ended March 31, 2015 and 2016

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

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2015 and 2016

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

[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 Mar. 31, 2015	Year ended Mar. 31, 2016
Cash flows from operating activities:		
Profit before income taxes	806,237	635,450
Depreciation, amortization and impairment losses excluding equipment on operating leases	625,229	660,714
Share of profit of investments accounted for using the equity method	(96,097)	(126,001)
Finance income and finance costs, net	(41,941)	(982)
Interest income and interest costs from financial services, net	(172,275)	(151,374)
Changes in assets and liabilities		
Trade receivables	(45,839)	(88,173)
Inventories	(56,285)	66,405
Trade payables	22,246	105,189
Accrued expenses	8,865	32,151
Provisions and retirement benefit liabilities	107,324	329,391
Receivables from financial services	316,962	354,353
Equipment on operating leases	(535,165)	(558,826)
Other assets and liabilities	45,255	20,765
Other, net	(12,931)	4,851
Dividends received	114,501	105,477
Interest received	236,344	233,873
Interest paid	(89,804)	(92,355)
Income taxes paid, net of refunds	(212,222)	(139,913)
Net cash provided by (used in) operating activities	1,020,404	1,390,995
Cash flows from investing activities:		
Payments for additions to property, plant and equipment	(648,205)	(635,176)
Payments for additions to and internally developed intangible assets	(234,915)	(236,783)
Proceeds from sales of property, plant and equipment and intangible assets	33,243	25,617
Payments for acquisitions of investments accounted for using the equity method	(1,971)	(3,238)
Proceeds from sales of investments accounted for using the equity method	—	3,237
Payments for acquisitions of other financial assets	(108,873)	(173,761)
Proceeds from sales and redemptions of other financial assets	119,897	145,414
Other, net	328	(387)
Net cash provided by (used in) investing activities	(840,496)	(875,077)
Cash flows from financing activities:		
Proceeds from short-term financing liabilities	8,731,773	8,302,231
Repayments of short-term financing liabilities	(8,602,054)	(8,708,320)
Proceeds from long-term financing liabilities	1,505,732	1,826,991
Repayments of long-term financing liabilities	(1,389,121)	(1,267,290)
Dividends paid to owners of the parent	(158,601)	(158,601)
Dividends paid to non-controlling interests	(21,513)	(40,331)
Purchases and sales of treasury stock, net	(16)	(13)
Other, net	(53,712)	(49,966)
Net cash provided by (used in) financing activities	12,488	(95,299)
Effect of exchange rate changes on cash and cash equivalents	85,750	(134,893)
Net change in cash and cash equivalents	278,146	285,726
Cash and cash equivalents at beginning of year	1,193,584	1,471,730
Cash and cash equivalents at end of year	<u>1,471,730</u>	<u>1,757,456</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)						
	Motorcycle Business	Automobile Business	Financial Services Business	Power Product and Other Businesses	Segment Total	Reconciling Items	Consolidated
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)						
	Motorcycle Business	Automobile Business	Financial Services Business	Power Product and Other Businesses	Segment Total	Reconciling Items	Consolidated
Sales revenue:							
External customers	1,805,429	10,625,405	1,835,605	334,712	14,601,151	—	14,601,151
Intersegment	—	142,280	14,095	17,532	173,907	(173,907)	—
Total	<u>1,805,429</u>	<u>10,767,685</u>	<u>1,849,700</u>	<u>352,244</u>	<u>14,775,058</u>	<u>(173,907)</u>	<u>14,601,151</u>
Segment profit (loss)	<u>181,773</u>	<u>153,366</u>	<u>199,358</u>	<u>(31,121)</u>	<u>503,376</u>	<u>—</u>	<u>503,376</u>
Segment assets	1,412,404	7,493,086	9,071,874	333,586	18,310,950	(81,656)	18,229,294
Depreciation and amortization	76,267	564,631	622,874	13,770	1,277,542	—	1,277,542
Capital expenditures	73,541	796,209	1,972,647	18,251	2,860,648	—	2,860,648

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)							Reconciling Items	Consolidated
	Japan	North America	Europe	Asia	Other Regions	Total			
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)							Reconciling Items	Consolidated
	Japan	North America	Europe	Asia	Other Regions	Total			
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 Mar. 31, 2015	Year ended 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			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, 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