

Business Results for the First Nine Months of the Fiscal Year
Ending December 31, 2016
(January 1, 2016 through September 30, 2016)
(Japan GAAP)

November 2, 2016

This document has been translated from the Japanese original, *Kessan Tanshin* (Flash Report), for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Company name:

Yamaha Motor Co., Ltd.

Stock listing:

Tokyo Stock Exchange the First Section

Code number:

7272

URL:

<http://global.yamaha-motor.com/ir/>

Representative:

Hiroyuki Yanagi, President, Chief Executive Officer, and Representative Director

Contact:

Takahiko Matsushita, General Manager, Finance & Accounting Division
Phone: +81-538-32-1103

Filing of quarterly securities report (scheduled):

November 4, 2016

Beginning of payment of dividends (scheduled):

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Supplementary explanatory documents related to the quarterly consolidated financial results:

Yes

Briefing on the quarterly consolidated financial results:

Yes (for institutional investors and securities analysts)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2016

(January 1, 2016 through September 30, 2016)

(1) Consolidated operating results (cumulative)

*% represents growth results. () represents negative figures.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2016	1,132,785	(7.6)	88,923	(15.3)	77,628	(23.3)	48,233	(1.6)
Nine months ended September 30, 2015	1,226,181	—	104,988	—	101,229	34.1	48,996	(6.6)

Notes: 1. Comprehensive income

Nine months ended September 30, 2016: ¥4,759 million (-84.3%)

Nine months ended September 30, 2015: ¥30,244 million (-53.1%)

2. No year-on-year growth rate has been presented for net sales and operating income for the nine months ended September 30, 2015 since income and expenses related to sales finance were reclassified, as described in “(2) Additional Information, (Changes in Presentation Methods)” under “2. Matters Regarding Summary Information (Notes)” on page 10 of the Attachment.

	Earnings per share – basic	Earnings per share – diluted
	Yen	Yen
Nine months ended September 30, 2016	138.11	138.11
Nine months ended September 30, 2015	140.31	140.30

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	1,157,561	508,108	40.9
As of December 31, 2015	1,305,236	531,700	37.6

Reference: Shareholders' equity

As of September 30, 2016: ¥473,484 million

As of December 31, 2015: ¥490,778 million

2. Dividends

Record date	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2015	—	22.00	—	22.00	44.00
Fiscal year ending December 31, 2016	—	30.00	—		
Fiscal year ending December 31, 2016 (forecast)				30.00	60.00

Note: No revision to the most recently announced dividend forecast for the year ending December 31, 2016 was made.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2016

(January 1, 2016 through December 31, 2016)

*% represents year-on-year rate.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share – basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2016	1,500,000	(8.0)	105,000	(19.4)	95,000	(24.1)	60,000	(0.0)	171.81

Note: No revision to the most recently announced consolidated financial figures forecast for the year ending December 31, 2016 was made.

(*Notes)

- (1) Changes in significant subsidiaries during period (Changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Application of special accounting principles to the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatement for correction of errors
 - 1) Changes in accounting policies arising from revision of accounting standards: Yes
 - 2) Changes in accounting policies arising from other factors: None
 - 3) Changes in accounting estimates: None
 - 4) Restatement for correction of errors: None

Note: For details, please refer to page 10 of the Attachment, “(1) Changes in Accounting Policies, Changes in Accounting Estimates and Restatement for Correction of Errors,” under “2. Matters Regarding Summary Information (Notes).”

(4) Number of shares outstanding (Common stock)

1) Number of shares outstanding at end of period, including treasury shares	Nine months ended September 30, 2016	349,914,284 shares	Fiscal year ended December 31, 2015	349,898,284 shares
2) Number of shares of treasury shares at end of period	Nine months ended September 30, 2016	678,534 shares	Fiscal year ended December 31, 2015	676,621 shares
3) Average number of shares during period	Nine months ended September 30, 2016	349,228,563 shares	Nine months ended September 30, 2015	349,200,837 shares

(*Notice regarding review procedure for the consolidated financial statements)

The quarterly consolidated financial results presented herein are not subject to the quarterly review procedure specified by the Financial Instruments and Exchange Act. The review procedure for quarterly consolidated financial statements specified by the Financial Instruments and Exchange Act has not been completed at the time of the disclosure of these financial results.

(*Notice regarding results forecast)

- (1) The results forecast presented in this document is based on the assumptions and beliefs of Yamaha Motor Co., Ltd. (the “Company”) in light of the information currently available and is not a guarantee of future performance. Actual results may differ significantly from the Company’s forecast, due to various risks, uncertainties and other factors, including changes in business conditions surrounding the Yamaha Motor Group (the “Group”), changing consumer preferences, and currency exchange rate fluctuations.

For details on potential risks, uncertainties and other factors affecting the Group’s operations, please see the 81st Securities Report (filed on March 28, 2016).

For the results forecast, please refer to page 9 of the Attachment, “(4) Forward-Looking Statements Including Consolidated Results Forecast,” under “1. Qualitative Information on Consolidated Results During the Period.”

- (2) Briefing on the quarterly consolidated financial results will be held as follows. Supplementary explanatory documents related to the consolidated financial results and so on to be handed at the briefing will be posted on the Company website immediately after the briefing.

Wednesday, November 2, 2016: Briefing on the consolidated financial results for institutional investors and securities analysts

- (3) With regard to amounts stated in ¥100 million units in this document, amounts less than ¥100 million are rounded off.

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Net Sales by Segment

	Amount: millions of yen			Volume: thousand units		
	Nine months ended September 30, 2015 (January 1—September 30, 2015)			Nine months ended September 30, 2016 (January 1—September 30, 2016)		
	Volume	Amount	%	Volume	Amount	%
Net sales:						
Japan	—	123,687	10.1	—	124,386	11.0
Overseas:						
North America	—	275,820	22.5	—	257,105	22.7
Europe	—	164,736	13.4	—	161,973	14.3
Asia	—	503,417	41.1	—	461,600	40.7
Others	—	158,519	12.9	—	127,719	11.3
Subtotal	—	1,102,493	89.9	—	1,008,399	89.0
Total	—	1,226,181	100.0	—	1,132,785	100.0
Motorcycles:						
Japan	84	35,741	4.6	86	36,392	5.2
Overseas:						
North America	68	55,568	7.1	57	43,017	6.2
Europe	170	112,177	14.3	173	107,357	15.4
Asia	3,170	466,285	59.5	3,167	426,128	60.9
Others	394	114,440	14.5	335	86,313	12.3
Subtotal	3,802	748,472	95.4	3,732	662,817	94.8
Total	3,886	784,214	64.0	3,818	699,209	61.7
Marine products:						
Japan	—	20,353	8.6	—	22,441	9.7
Overseas:						
North America	—	137,957	58.1	—	133,527	57.9
Europe	—	33,442	14.1	—	34,257	14.9
Asia	—	14,297	6.0	—	13,340	5.8
Others	—	31,240	13.2	—	26,977	11.7
Subtotal	—	216,937	91.4	—	208,102	90.3
Total	—	237,291	19.4	—	230,544	20.4
Power products:						
Japan	—	10,595	9.1	—	9,863	8.9
Overseas:						
North America	—	80,172	68.8	—	78,315	70.4
Europe	—	12,509	10.7	—	10,807	9.7
Asia	—	4,331	3.7	—	3,820	3.4
Others	—	8,986	7.7	—	8,462	7.6
Subtotal	—	106,000	90.9	—	101,406	91.1
Total	—	116,596	9.5	—	111,269	9.8
Industrial machinery and robots:						
Japan	—	12,776	36.7	—	13,397	39.1
Overseas:						
North America	—	2,035	5.8	—	2,080	6.1
Europe	—	3,299	9.5	—	4,040	11.8
Asia	—	16,188	46.5	—	13,376	39.1
Others	—	536	1.5	—	1,352	3.9
Subtotal	—	22,060	63.3	—	20,849	60.9
Total	—	34,836	2.8	—	34,247	3.0
Others:						
Japan	—	44,219	83.1	—	42,291	73.5
Overseas:						
North America	—	86	0.2	—	165	0.3
Europe	—	3,306	6.2	—	5,510	9.6
Asia	—	2,313	4.3	—	4,933	8.6
Others	—	3,315	6.2	—	4,614	8.0
Subtotal	—	9,022	16.9	—	15,223	26.5
Total	—	53,242	4.3	—	57,515	5.1

Note: The method of presentation has been changed from the first quarter of the fiscal year ending December 31, 2016 as described in “2. Items related to changes in reporting segments, etc., Additional Information, (Changes in Presentation Methods)” under “Segment Information” on page 20 of the Attachment. Net Sales by Segment for the nine months ended September 30, 2015 have been presented based on the method after the change.

1. Qualitative Information on Consolidated Results During the Period

The following information about the Group's operating results, financial position, and cash flows are based on the quarterly consolidated financial statements and consolidated financial statements for the nine months ended September 30, 2015 and the fiscal year ended December 31, 2015 after reclassification as described in "(2) Additional Information, (Changes in Presentation Methods)" under "2. Matters Regarding Summary Information (Notes)" on page 10.

(1) Operating Results

Consolidated net sales for the first nine months under review declined ¥93.4 billion, or 7.6%, year on year, to ¥1,132.8 billion, and operating income decreased ¥16.1 billion, or 15.3%, to ¥88.9 billion.

The Company's businesses in developed markets saw sales and profits decline year on year due to the impact of the yen's appreciation. Meanwhile, the motorcycle business in emerging markets saw a sales decrease due to a decline in unit sales in Indonesia and Brazil. However, operating income rose year on year, due to the effects of cost reductions stemming from the promotion of platforms processing, etc. and improvements in the product mix.

Ordinary income declined ¥23.6 billion, or 23.3%, to ¥77.6 billion, and profit attributable to owners of parent decreased ¥0.8 billion, or 1.6%, to ¥48.2 billion.

Exchange rates for the first nine months of the fiscal year ending December 31, 2016 were ¥109 to the U.S. dollar (an appreciation of ¥12, year on year) and ¥121 to the euro (an appreciation of ¥14).

Operating results by segment

[Motorcycles]

Overall net sales of the motorcycle business declined ¥85.0 billion, or 10.8%, year on year, to ¥699.2 billion, and operating income declined ¥4.8 billion, or 14.3%, year on year, to ¥28.6 billion.

In developed markets, unit sales increased in Japan and Europe, but declined in North America due to the effect of a planned inventory reduction, resulting in overall roughly flat sales year on year.

In emerging markets, unit sales increased in India, Vietnam, and the Philippines, but declined in Indonesia and Brazil due to the impact of the market slump, among other factors. As a result of the above, overall net sales of the motorcycle business declined.

Operating income rose in emerging markets due to the effects of cost reductions stemming from the promotion of platforms processing, etc. and improvements in the product mix, but fell in developed markets due to the impact of yen appreciation. Consequently, overall profits declined.

[Marine products]

Overall net sales of the marine products business declined ¥6.7 billion, or 2.8%, year on year, to ¥230.5 billion, and operating income declined ¥6.6 billion, or 12.6%, to ¥45.9 billion.

Unit sales of outboard motors expanded in North America, where sales are centered on large models, but declined in Europe, chiefly Russia. Although sales and profits declined due to the impact of the yen's appreciation, the operating income ratio remained at 20%.

[Power products]

Overall net sales of the power products business declined ¥5.3 billion, or 4.6%, year on year, to ¥111.3 billion, and operating income declined ¥5.6 billion, or 52.9%, to ¥5.0 billion.

Sales and profit decreased, due to the impact of yen appreciation and lower unit sales of snowmobiles.

[Industrial machinery and robots]

Overall net sales of the industrial machinery and robots business declined ¥0.6 billion, or 1.7%, year on year, to ¥34.2 billion, and operating income declined ¥0.5 billion, or 7.8%, to ¥5.6 billion.

The unit sales decrease in surface mounters in Japan and Asia, coupled with other factors, led sales and profits to decline.

[Others]

Overall net sales of the other products business rose ¥4.3 billion, or 8.0%, year on year, to ¥57.5 billion, and operating income increased ¥1.4 billion, or 60.1%, to ¥3.8 billion.

In electrically power assisted bicycles, exports of the E-kit (drive unit for electrically power assisted bicycles) to Europe rose. As a result, sales and profit grew for the other products business overall.

Major products in each business segment are as follows.

Segment	Main products
Motorcycles	Motorcycles, intermediate parts for products and knockdown parts for overseas production
Marine products	Outboard motors, personal watercraft, boats, FRP pools, fishing boats and utility boats
Power products	All-terrain vehicles, recreational off-highway vehicles, golf cars, snowmobiles, generators, small-sized snow throwers and multi-purpose engines
Industrial machinery and robots	Surface mounters and industrial robots
Others	Electrically power assisted bicycles, automobile engines, automobile components, industrial-use unmanned helicopters and electrically powered wheelchairs

(Reference Information)

Geographical segment information (Net sales includes intersegment sales among areas.)

[Japan]

Net sales in Japan decreased ¥44.6 billion, or 8.2%, year on year, to ¥495.9 billion, and operating income decreased ¥20.7 billion, or 54.1%, to ¥17.6 billion.

Unit sales of motorcycles, outboard motors and other items increased, but motorcycle shipments to North America and unit sales of surface mounters and other items decreased.

[North America]

Net sales in North America decreased ¥24.6 billion, or 8.2%, year on year, to ¥275.6 billion, and operating income decreased ¥8.7 billion, or 34.2%, year on year, to ¥16.8 billion.

Unit sales rose, mainly from large outboard motors and ROVs; however, unit sales of motorcycles decreased due to the effect of planned distribution inventory reduction.

[Europe]

Net sales in Europe decreased ¥5.4 billion, or 3.3%, year on year, to ¥157.5 billion, and operating income decreased ¥0.9 billion, or 7.0%, year on year, to ¥11.8 billion.

Unit sales increased in motorcycles and all-terrain vehicles, but decreased in snowmobiles, among others.

[Asia]

Net sales in Asia (excluding Japan) decreased ¥62.3 billion, or 10.9%, year on year, to ¥509.7 billion, while operating income increased ¥10.8 billion, or 41.5%, year on year, to ¥36.7 billion.

Unit sales of motorcycles grew in India, Vietnam, and the Philippines, but declined in Indonesia and China.

[Others]

Net sales in other areas decreased ¥27.6 billion, or 22.6%, year on year, to ¥94.7 billion, and operating income decreased ¥2.6 billion, or 46.1%, year on year, to ¥3.0 billion.

Unit sales of motorcycles decreased in Brazil and other markets.

(2) Financial Position

Total assets as of September 30, 2016, decreased ¥147.7 billion, from December 31, 2015, to ¥1,157.6 billion. Current assets fell ¥114.9 billion, due to decreases in short-term sales finance receivables, inventories and the impact of exchange rates. Non-current assets decreased ¥32.7 billion as a result of factors including the impact of exchange rates.

Total liabilities decreased ¥124.1 billion, to ¥649.5 billion, mainly from the repayment of loans payable and the impact of exchange rates.

Total net assets decreased ¥23.6 billion, to ¥508.1 billion, which included the recording of ¥48.2 billion of profit attributable to owners of parent, ¥18.2 billion of cash dividends paid and a ¥48.3 billion decrease in foreign currency translation adjustments.

As a result, the shareholders' equity ratio as of September 30, 2016 was 40.9%, compared with 37.6% at the end of the previous year. The net debt-equity ratio was 0.4 times, compared with 0.6 times at the end of the previous year.

(3) Cash Flows

[Cash flows from operating activities]

Net cash provided by operating activities during the first nine months (January 1 through September 30, 2016) was ¥123.2 billion (¥59.1 billion in net cash provided during the same period of the previous year). This mainly reflected ¥76.3 billion in profit before income taxes (¥100.3 billion), ¥31.5 billion in depreciation (¥33.0 billion) and a decline in working capital of ¥26.2 billion (¥36.1 billion increase) due mainly to decreases in short-term sales finance receivables and inventories.

[Cash flows from investing activities]

Net cash used in investing activities during the first nine months (January 1 through September 30, 2016) was ¥33.8 billion (¥48.4 billion in net cash used during the same period of the previous year), primarily reflecting ¥35.5 billion used for purchase of property, plant and equipment and intangible assets (¥49.2 billion).

[Cash flows from financing activities]

Net cash used in financing activities during the first nine months (January 1 through September 30, 2016) was ¥90.9 billion (¥37.4 billion in net cash used during the same period of the previous year), primarily for the repayment of loans payable and for cash dividends paid.

As a result of the activities discussed above, free cash flow for the first nine months (January 1 through September 30, 2016) was positive ¥89.4 billion (positive ¥10.7 billion during the same period of the previous year), and cash and cash equivalents totaled ¥103.6 billion (a decrease of ¥4.0 billion from the end of the previous year). Interest-bearing debt at the end of the third quarter under review was ¥308.9 billion (a decrease of ¥101.2 billion from the end of the previous year). Interest-bearing debt includes ¥174.9 billion in borrowings for sales finance (a decrease of ¥27.6 billion from the end of the previous year).

(4) Forward-Looking Statements Including Consolidated Results Forecast

The Company has not changed the forecast for full-year consolidated financial results for the fiscal year ending December 31, 2016, announced on August 4, 2016 at the time of the announcement of the financial results for the first six months of the fiscal year ending December 31, 2016 (net sales of ¥1,500.0 billion, operating income of ¥105.0 billion, ordinary income of ¥95.0 billion, and profit attributable to owners of parent of ¥60.0 billion).

The Company's full-year exchange rate assumptions are ¥106 to the U.S. dollar (an appreciation of ¥15 from the previous year) and ¥117 to the euro (an appreciation of ¥17).

Exchange rate assumptions for the fourth quarter ending December 31, 2016, are ¥100 to the U.S. dollar (no change from the previous forecast and an appreciation of ¥21 from the same period of the previous year), ¥110 to the euro (no change from the previous forecast and an appreciation of ¥23 from the same period of the previous year).

2. Matters Regarding Summary Information (Notes)

(1) Changes in Accounting Policies, Changes in Accounting Estimates and Restatement for Correction of Errors

(Application of Accounting Standard for Business Combinations, etc.)

Effective from the first quarter of the fiscal year ending December 31, 2016, the Company has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013; hereinafter the “Business Combinations Accounting Standard”), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013; hereinafter the “Consolidated Accounting Standard”), and the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013; hereinafter the “Business Divestiture Accounting Standard”), etc. Accordingly, the method of recording the amount of difference caused by changes in the Company’s ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the first quarter of the fiscal year ending December 31, 2016, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the provisional accounting treatment is reflected in the quarterly consolidated financial statements for the quarterly period to which the date of business combination belongs. In addition, the presentation method for “Net income” and other related items was changed, and the presentation of “Minority interests” was changed to “Non-controlling interests.” To reflect these changes, the Company has reclassified its quarterly and full-year consolidated financial statements for the nine months ended September 30, 2015 and the previous year.

Application of the Business Combinations Accounting Standard, etc. is in line with the transitional measures stipulated under paragraph 58-2 (4) of the Business Combinations Accounting Standard, paragraph 44-5 (4) of the Consolidated Accounting Standard, and paragraph 57-4 (4) of the Business Divestiture Accounting Standard. The Company is applying the said standard, etc. prospectively from the beginning of the first quarter of the fiscal year ending December 31, 2016.

The impact on the quarterly consolidated financial statements for the nine months ended September 30, 2016 was minimal.

(2) Additional Information

(Changes in Presentation Methods)

From the first quarter of the fiscal year ending December 31, 2016, the presentation of sales finance-related income and expenses has changed from recording under “Selling, general and administrative expenses,” “Non-operating income,” and “Non-operating expenses” to recording under “Net sales,” “Cost of sales,” and “Selling, general and administrative expenses.”

This change has been made to present the results of the Company’s sales activities more appropriately in light of the increasing importance of the finance business within the Group, such as the start of full-scale initiatives in the finance business in the U.S. and Canada with the establishment of local finance subsidiaries, and so forth, and the Company’s policy of expanding the finance business to support existing businesses.

To reflect this change in presentation method, the quarterly consolidated financial statements and consolidated financial statements for the nine months ended September 30, 2015 and the fiscal year ended December 31, 2015 have been reclassified.

(Consolidated Balance Sheets)

In the consolidated balance sheets for the previous year, sales finance-related receivables were stated as ¥137,005 million under “Notes and accounts receivable-trade” and ¥30,172 million under “Other” in the current assets section, and ¥36,888 million under “Long-term loans receivable” and ¥12,635 million under “Other” in the investment and other assets section. These receivables have been reclassified as ¥166,265 million under “Short-term sales finance receivables” in the current assets section and as ¥50,436 million under “long-term sales finance receivables” in the non-current assets section.

(Consolidated Statements of Income)

In the consolidated statements of income for the nine months ended September 30, 2015, sales finance-related income and expenses were stated as ¥1,268 million under “Selling, general and administrative expenses,” in

non-operating income as ¥3,910 million under “Interest income” and ¥5,206 million under “Other,” and in non-operating expenses as ¥1,121 million under “Interest expenses” and ¥3,008 million under “Other.” As a result of the reclassification, “Net sales” has increased by ¥11,972 million and “Cost of sales” has increased by ¥5,961 million, while “Selling, general and administrative expenses” has increased by ¥1,023 million.

Furthermore, some sales finance-related transactions have been changed from net amount presentation to gross amount presentation; however, the impact is minimal.

(Consolidated Statements of Cash Flows)

In the consolidated statements of cash flows for the nine months ended September 30, 2015, increases and decreases in sales finance receivables were included in cash flows from operating activities as negative ¥6,551 million under “Decrease (increase) in notes and accounts receivable-trade” and negative ¥879 million under “Other, net,” and in cash flows from investing activities as ¥4,216 million under “Other, net.” These amounts have been reclassified in cash flows from operating activities as negative ¥3,214 million under “Decrease (increase) in sales finance receivables.”

In addition, “Interest and dividend income,” “Interest expenses,” “Interest and dividend income received” and “Interest expenses paid” were included in cash flows from operating activities as negative ¥3,910 million, ¥1,121 million, ¥3,910 million and negative ¥1,136 million, respectively. These amounts have been reclassified as negative ¥15 million under “Other.”

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of December 31, 2015 and September 30, 2016

() represents negative figures.

	Millions of yen	
	As of December 31, 2015	As of September 30, 2016
ASSETS		
Current assets:		
Cash and deposits	107,617	103,618
Notes and accounts receivable-trade	153,892	132,174
Short-term sales finance receivables	166,265	123,720
Merchandise and finished goods	202,066	167,539
Work in process	54,075	52,466
Raw materials and supplies	54,627	49,167
Other	73,432	66,371
Allowance for doubtful accounts	(11,482)	(9,494)
Total current assets	800,494	685,563
Non-current assets:		
Property, plant and equipment	341,075	316,673
Intangible assets	7,518	7,484
Investments and other assets:		
Long-term sales finance receivables	50,436	51,132
Other	107,045	98,383
Allowance for doubtful accounts	(1,334)	(1,676)
Total investments and other assets	156,148	147,840
Total non-current assets	504,741	471,998
Total assets	1,305,236	1,157,561
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	113,107	107,056
Electronically recorded obligations-operating	31,980	31,401
Short-term loans payable	220,692	88,581
Current portion of long-term loans payable	39,160	50,932
Income taxes payable	8,571	7,015
Provision for bonuses	11,542	19,151
Provision for product warranties	20,440	19,383
Other provision	1,426	1,292
Other	93,697	77,502
Total current liabilities	540,620	402,317
Non-current liabilities:		
Long-term loans payable	150,295	169,413
Net defined benefit liability	55,215	52,250
Other provision	434	574
Other	26,969	24,896
Total non-current liabilities	232,915	247,135
Total liabilities	773,535	649,453

() represents negative figures.

	Millions of yen	
	As of December 31, 2015	As of September 30, 2016
NET ASSETS		
Shareholders' equity:		
Capital stock	85,782	85,797
Capital surplus	74,698	74,712
Retained earnings	390,559	420,165
Treasury shares	(709)	(712)
Total shareholders' equity	<u>550,331</u>	<u>579,962</u>
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	23,948	23,402
Revaluation reserve for land	11,490	11,770
Foreign currency translation adjustment	(85,971)	(134,269)
Remeasurements of defined benefit plans	(9,019)	(7,381)
Total accumulated other comprehensive income	<u>(59,552)</u>	<u>(106,478)</u>
Subscription rights to shares	11	–
Non-controlling interests	40,910	34,623
Total net assets	<u>531,700</u>	<u>508,108</u>
Total liabilities and net assets	<u>1,305,236</u>	<u>1,157,561</u>

**(2) Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income**
Nine months ended September 30, 2015 and 2016
Consolidated Statements of Income

() represents negative figures.

	Millions of yen	
	Nine months ended September 30, 2015 (January 1— September 30, 2015)	Nine months ended September 30, 2016 (January 1— September 30, 2016)
Net sales	1,226,181	1,132,785
Cost of sales	900,146	831,743
Gross profit	326,034	301,042
Selling, general and administrative expenses	221,046	212,118
Operating income	104,988	88,923
Non-operating income:		
Interest income	3,453	3,105
Other	6,398	4,151
Total non-operating income	9,852	7,256
Non-operating expenses:		
Interest expenses	4,180	3,900
Foreign exchange losses	6,630	11,626
Other	2,798	3,024
Total non-operating expenses	13,610	18,551
Ordinary income	101,229	77,628
Extraordinary income:		
Gain on sales of non-current assets	348	232
Gain on reversal of subscription rights to shares	1	4
Other	35	—
Total extraordinary income	386	236
Extraordinary losses:		
Loss on sales of non-current assets	189	169
Loss on disposal of non-current assets	692	653
Impairment loss	—	709
Loss on revision of retirement benefit plan	*1362	—
Other	65	—
Total extraordinary losses	1,309	1,532

() represents negative figures.

	Millions of yen	
	Nine months ended September 30, 2015 (January 1— September 30, 2015)	Nine months ended September 30, 2016 (January 1— September 30, 2016)
Profit before income taxes	100,306	76,331
Income taxes – current	27,158	21,178
Income taxes for prior periods	*236,093	–
Income taxes – deferred	(17,835)	(1,653)
Total income taxes	45,416	19,525
Profit	54,889	56,806
Profit attributable to non-controlling interests	5,892	8,572
Profit attributable to owners of parent	48,996	48,233

Consolidated Statements of Comprehensive Income

() represents negative figures.

	Millions of yen	
	Nine months ended September 30, 2015 (January 1— September 30, 2015)	Nine months ended September 30, 2016 (January 1— September 30, 2016)
Profit	54,889	56,806
Other comprehensive income:		
Valuation difference on available-for-sale securities	4,923	(538)
Revaluation reserve for land	559	279
Foreign currency translation adjustment	(32,802)	(50,086)
Remeasurements of defined benefit plans, net of tax	4,006	1,639
Share of other comprehensive income of entities accounted for using equity method	(1,330)	(3,340)
Total other comprehensive income	(24,644)	(52,046)
Comprehensive income:	30,244	4,759
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	28,209	1,162
Comprehensive income attributable to non-controlling interests	2,035	3,597

(3) Consolidated Statements of Cash Flows

Nine months ended September 30, 2015 and 2016

() represents negative figures.

	Millions of yen	
	Nine months ended September 30, 2015 (January 1— September 30, 2015)	Nine months ended September 30, 2016 (January 1— September 30, 2016)
Cash flows from operating activities:		
Profit before income taxes	100,306	76,331
Depreciation	33,043	31,497
Impairment loss	—	709
Increase (decrease) in net defined benefit liability	1,305	1,351
Interest and dividend income	(4,033)	(3,654)
Interest expenses	4,180	3,900
Loss (gain) on sales of property, plant and equipment and intangible assets	(159)	(62)
Loss (gain) on disposal of property, plant and equipment and intangible assets	692	653
Decrease (increase) in sales finance receivables	(3,214)	10,763
Decrease (increase) in notes and accounts receivable—trade	(6,524)	3,761
Decrease (increase) in inventories	(22,017)	8,986
Increase (decrease) in notes and accounts payable—trade	(4,324)	2,692
Other, net	(8,128)	5,911
Subtotal	91,125	142,843
Interest and dividend income received	5,688	5,487
Interest expenses paid	(4,183)	(3,799)
Income taxes paid	(33,509)	(21,334)
Net cash provided by (used in) operating activities	59,121	123,197

() represents negative figures.

	Millions of yen	
	Nine months ended September 30, 2015 (January 1— September 30, 2015)	Nine months ended September 30, 2016 (January 1— September 30, 2016)
Cash flows from investing activities:		
Payments into time deposits	(269)	(57)
Proceeds from withdrawal of time deposits	159	95
Purchase of property, plant and equipment and intangible assets	(49,202)	(35,451)
Proceeds from sales of property, plant and equipment and intangible assets	3,282	3,349
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,280)
Other, net	(2,386)	(412)
Net cash provided by (used in) investing activities	(48,415)	(33,756)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable	38,368	(109,272)
Proceeds from long-term loans payable	17,224	83,596
Repayment of long-term loans payable	(68,409)	(35,486)
Net decrease (increase) in treasury shares	(8)	(3)
Cash dividends paid	(16,588)	(18,162)
Dividends paid to non-controlling interests	(7,718)	(8,263)
Proceeds from exercise of share options	62	22
Other, net	(356)	(3,333)
Net cash provided by (used in) financing activities	(37,425)	(90,902)
Effect of exchange rate change on cash and cash equivalents	28	(2,844)
Net increase (decrease) in cash and cash equivalents	(26,691)	(4,306)
Cash and cash equivalents at beginning of period	137,294	107,622
Increase in cash and cash equivalents from newly consolidated subsidiary	2,196	259
Cash and cash equivalents at end of period	112,799	103,575

(4) Notes to Quarterly Consolidated Financial Statements

Notes Regarding Going-concern Assumptions

None

Notes Regarding Quarterly Consolidated Balance Sheets

Guarantee obligations

Guarantee obligations are guarantees for the following companies' loans from financial institutions.

Millions of yen			
As of December 31, 2015		As of September 30, 2016	
PT. Bussan Auto Finance	11,584	PT. Bussan Auto Finance	7,983
KYB Motorcycle Suspension India Pvt. Ltd.	275	KYB Motorcycle Suspension India Pvt. Ltd.	230
Amagasaki Woodland of Health Co., Ltd.	175	Amagasaki Woodland of Health Co., Ltd.	163
Total		8,377	

The above amounts include amounts arising from acts resembling guarantees of ¥175 million for the fiscal year ended December 31, 2015 and ¥163 million for the third quarter of the fiscal year ending December 31, 2016.

Notes Regarding Quarterly Consolidated Statements of Income

*¹ Loss associated with the Company's partial shift from a defined benefit pension plan to a defined contribution pension plan.

*² Amount recorded as an additional expense for income taxes related to transactions in previous fiscal years.

Notes in the Event of Material Changes in the Amount of Shareholders' Equity

None

Segment Information

Segment information

Nine months ended September 30, 2015 (January 1, 2015 through September 30, 2015)

Information concerning net sales, income or loss, by reporting segment

	Millions of yen								
	Reporting segment					Others (Note 1)	Total	Adjustments	Amounts on consolidated statements of income
	Motorcycles	Marine products	Power products	Industrial machinery and robots	Total				
Net sales:									
Outside customers	784,214	237,291	116,596	34,836	1,172,938	53,242	1,226,181	—	1,226,181
Intersegment	—	—	—	—	—	24,358	24,358	(24,358)	—
Total	784,214	237,291	116,596	34,836	1,172,938	77,601	1,250,540	(24,358)	1,226,181
Segment income (Note 2)	33,376	52,582	10,600	6,079	102,638	2,349	104,988	0	104,988

Notes:

1. "Others" is a business segment not included in the reporting segments. It includes businesses involving the business of electrically power assisted bicycles, automobile engines, automobile components, industrial-use unmanned helicopters and electrically powered wheelchairs.
2. Total of segment income corresponds to operating income in the Consolidated Statements of Income.

Nine months ended September 30, 2016 (January 1, 2016 through September 30, 2016)

1. Information concerning net sales, income or loss, by reporting segment

	Millions of yen								
	Reporting segment					Others (Note 1)	Total	Adjustments	Amounts on consolidated statements of income
	Motorcycles	Marine products	Power products	Industrial machinery and robots	Total				
Net sales:									
Outside customers	699,209	230,544	111,269	34,247	1,075,270	57,515	1,132,785	—	1,132,785
Intersegment	—	—	—	—	—	22,767	22,767	(22,767)	—
Total	699,209	230,544	111,269	34,247	1,075,270	80,282	1,155,552	(22,767)	1,132,785
Segment income (Note 2)	28,616	45,948	4,989	5,607	85,162	3,761	88,923	0	88,923

Notes:

1. "Others" is a business segment not included in the reporting segments. It includes businesses involving the business of electrically power assisted bicycles, automobile engines, automobile components, industrial-use unmanned helicopters and electrically powered wheelchairs.
2. Total of segment income corresponds to operating income in the Consolidated Statements of Income.

2. Items related to changes in reporting segments, etc.

Additional information

(Changes in Presentation Methods)

From the first quarter of the fiscal year ending December 31, 2016, the presentation of sales finance-related income and expenses has changed from recording under "Selling, general and administrative expenses," "Non-operating income," and "Non-operating expenses" to recording under "Net sales," "Cost of sales," and "Selling, general and administrative expenses."

This change has been made to present the results of the Company's sales activities more appropriately in light of the increasing importance of the finance business within the Group, such as the start of full-scale initiatives in the finance business in the U.S. and Canada with the establishment of local finance subsidiaries, and so forth, and the Company's policy of expanding the finance business to support existing businesses.

In accordance with this change, from the first quarter of the fiscal year ending December 31, 2016, sales finance-related income and expenses recorded under "Net sales," "Cost of sales," and "Selling, general and administrative expenses" have been recorded directly for each reporting segment.

The segment information for the nine months ended September 30, 2015 has been presented based on the method after the change.

Reference Information

The geographical segment information for the nine months ended September 30, 2015 has been presented based on the method after the change as described in “2. Items related to changes in reporting segments, etc., Additional Information, (Changes in Presentation Methods)” under “Segment Information” on page 20.

Geographical segment information

Nine months ended September 30, 2015 (January 1, 2015 through September 30, 2015)

	Millions of yen							
	Japan	North America	Europe	Asia	Others	Total	Eliminations	Consolidated
Net sales:								
Outside customers	196,914	274,017	159,521	474,437	121,290	1,226,181	—	1,226,181
Intersegment	343,585	26,134	3,398	97,637	1,044	471,800	(471,800)	—
Total	540,500	300,152	162,919	572,074	122,334	1,697,982	(471,800)	1,226,181
Operating income	38,236	25,549	12,658	25,969	5,569	107,983	(2,995)	104,988

Notes:

- Geographical segments are groupings of nations and regions, primarily based on geographical proximity.
- Nations and regions included in segments outside Japan:
 - North America: U.S.A. and Canada
 - Europe: The Netherlands, France, Italy, Russia and Germany
 - Asia: Indonesia, Taiwan, China, Vietnam, Singapore, India and Thailand
 - Others: Brazil, Australia, Colombia and Argentina

Nine months ended September 30, 2016 (January 1, 2016 through September 30, 2016)

	Millions of yen							
	Japan	North America	Europe	Asia	Others	Total	Eliminations	Consolidated
Net sales:								
Outside customers	195,716	254,283	154,378	434,841	93,565	1,132,785	—	1,132,785
Intersegment	300,230	21,281	3,158	74,887	1,150	400,708	(400,708)	—
Total	495,946	275,565	157,537	509,729	94,716	1,533,494	(400,708)	1,132,785
Operating income	17,569	16,808	11,775	36,742	3,003	85,899	3,024	88,923

Notes:

- Geographical segments are groupings of nations and regions, primarily based on geographical proximity.
- Nations and regions included in segments outside Japan:
 - North America: U.S.A. and Canada
 - Europe: The Netherlands, France, Italy, Germany and Spain
 - Asia: Indonesia, Taiwan, Vietnam, China, Singapore, India and Thailand
 - Others: Brazil, Australia, Colombia and Argentina