

**Business Results for the First Three Months of the Fiscal Year
Ending December 31, 2016
(January 1, 2016 through March 31, 2016)
(Japan GAAP)**

May 11, 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:

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Filing of quarterly securities report (scheduled):

May 12, 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 Three Months Ended March 31, 2016

(January 1, 2016 through March 31, 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	%
Three months ended March 31, 2016	382,900	(1.7)	32,267	(11.8)	28,144	(22.1)	20,749	(19.7)
Three months ended March 31, 2015	389,695	—	36,572	—	36,111	57.4	25,839	75.5

Notes: 1. Comprehensive income

Three months ended March 31, 2016: ¥8,540 million (-54.6%)

Three months ended March 31, 2015: ¥18,806 million (60.1%)

2. No year-on-year growth rate has been presented for net sales and operating income for the three months ended March 31, 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
Three months ended March 31, 2016	59.42	59.41
Three months ended March 31, 2015	74.00	73.99

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2016	1,332,483	526,260	36.8
As of December 31, 2015	1,305,236	531,700	37.6

Reference: Shareholders' equity

As of March 31, 2016: ¥490,341 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	—				
Fiscal year ending December 31, 2016 (forecast)		35.00	—	35.00	70.00

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

The year-end dividend for the fiscal year ending December 31, 2016 is calculated with a targeted payout ratio of 30% based on the forecast of consolidated financial results for the fiscal year ending December 31, 2016, as stated below.

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	1,700,000	5.2	120,000	(0.4)	125,000	(0.2)	80,000	33.3	229.08

Notes: 1. No revision to the most recently announced consolidated financial figures forecast for the year ending December 31, 2016 was made.

2. The above forecast of financial results does not take into account the effect of the reclassification related to sales finance.

(*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 Corrections 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	Three months ended March 31, 2016	349,898,284 shares	Fiscal year ended December 31, 2015	349,898,284 shares
2) Number of shares of treasury shares at end of period	Three months ended March 31, 2016	676,966 shares	Fiscal year ended December 31, 2015	676,621 shares
3) Average number of shares during period	Three months ended March 31, 2016	349,221,481 shares	Three months ended March 31, 2015	349,181,059 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, May 11, 2016:	Briefing on the consolidated financial results for institutional investors and securities analysts
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- (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		
	Three months ended March 31, 2015 (January 1—March 31, 2015)			Three months ended March 31, 2016 (January 1—March 31, 2016)		
	Volume	Amount	%	Volume	Amount	%
Net sales:						
Japan	—	39,974	10.3	—	40,528	10.6
Overseas:						
North America	—	87,924	22.6	—	93,750	24.5
Europe	—	57,577	14.8	—	54,718	14.3
Asia	—	152,640	39.2	—	152,142	39.7
Others	—	51,578	13.1	—	41,760	10.9
Subtotal	—	349,721	89.7	—	342,372	89.4
Total	—	389,695	100.0	—	382,900	100.0
Motorcycles:						
Japan	27	11,100	4.5	27	10,550	4.6
Overseas:						
North America	24	19,117	7.7	19	15,346	6.7
Europe	57	39,156	15.8	54	34,663	15.1
Asia	966	142,201	57.4	1,011	141,949	61.8
Others	122	36,346	14.6	108	27,286	11.8
Subtotal	1,168	236,823	95.5	1,193	219,245	95.4
Total	1,196	247,923	63.6	1,219	229,796	60.0
Marine products:						
Japan	—	6,418	7.8	—	7,001	8.3
Overseas:						
North America	—	48,204	58.8	—	50,283	59.6
Europe	—	11,946	14.6	—	13,057	15.5
Asia	—	3,806	4.6	—	3,926	4.7
Others	—	11,627	14.2	—	10,116	11.9
Subtotal	—	75,584	92.2	—	77,383	91.7
Total	—	82,003	21.0	—	84,385	22.0
Power products:						
Japan	—	2,841	9.0	—	2,811	7.3
Overseas:						
North America	—	20,107	64.0	—	27,495	71.9
Europe	—	4,701	15.0	—	3,766	9.8
Asia	—	1,401	4.5	—	1,274	3.3
Others	—	2,353	7.5	—	2,916	7.7
Subtotal	—	28,564	91.0	—	35,452	92.7
Total	—	31,405	8.1	—	38,264	10.0
Industrial machinery and robots:						
Japan	—	4,200	41.3	—	4,573	41.9
Overseas:						
North America	—	455	4.5	—	528	4.8
Europe	—	759	7.5	—	1,413	13.0
Asia	—	4,590	45.1	—	3,974	36.4
Others	—	172	1.6	—	417	3.9
Subtotal	—	5,978	58.7	—	6,333	58.1
Total	—	10,179	2.6	—	10,907	2.8
Others:						
Japan	—	15,413	84.8	—	15,591	79.8
Overseas:						
North America	—	38	0.2	—	97	0.5
Europe	—	1,013	5.6	—	1,817	9.3
Asia	—	640	3.5	—	1,018	5.2
Others	—	1,077	5.9	—	1,023	5.2
Subtotal	—	2,770	15.2	—	3,956	20.2
Total	—	18,184	4.7	—	19,547	5.2

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 19 of the Attachment. Net Sales by Segment for the three months ended March 31, 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 three months ended March 31, 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

Net sales for the first three months (January 1 through March 31, 2016) of the fiscal year ending December 31, 2016, declined ¥6.8 billion, or 1.7%, year on year, to ¥382.9 billion and operating income declined ¥ 4.3 billion, or 11.8%, year on year, to ¥32.3 billion.

In developed markets, the motorcycle business made a profit but saw sales and profit decline due to a decrease in unit sales and the impact of the yen's appreciation. In the marine products business, sales grew as a result of increased sales of large outboard motors in North America, but profit declined mainly due to the impact of the yen's appreciation. In the power products business, sales and profit increased, reflecting an increase in sales of recreational off-highway vehicles (ROVs) in North America.

In the emerging markets that the motorcycle business operates in, sales declined as emerging market currencies weakened, despite growth in unit sales. Operating income absorbed the impact of currency depreciation and so forth as the effect of an increase in sales of higher-priced products and cost reductions in all markets.

Ordinary income was ¥28.1 billion (a decrease of ¥8.0 billion, or 22.1%, year on year), and profit attributable to owners of parent was ¥20.7 billion (a decrease of ¥5.1 billion, or 19.7%, year on year).

Exchange rates for the first three months of the fiscal year ending December 31, 2016 were ¥115 to the U.S. dollar (an appreciation of ¥4, year on year) and ¥127 to the euro (an appreciation of ¥7).

Operating results by segment

[Motorcycles]

Overall net sales of the motorcycle business declined ¥18.1 billion, or 7.3%, year on year, to ¥229.8 billion, and operating income declined ¥4.0 billion, or 34.6%, year on year, to ¥7.6 billion.

In developed markets, unit sales declined in North America and Europe due to the effect of the timing for introducing new products and planned distribution inventory reduction. Unit sales rose in emerging markets including India, Vietnam, and the Philippines, but declines were recorded in Indonesia and Brazil, among other emerging markets.

Net sales declined in both developed markets, due to the decline in unit sales and the yen's appreciation, and emerging markets, due to the impact of local currency depreciation despite an increase in unit sales.

Operating income was recorded in developed markets, although declining year on year with the decline in net sales and the yen's appreciation. In emerging markets, operating income absorbed the depreciation of local currencies and other impacts as the effects of changes in the product mix and cost reductions.

[Marine products]

Overall net sales of the marine products business rose ¥2.4 billion, or 2.9%, year on year, to ¥84.4 billion, and operating income declined ¥1.1 billion, or 5.4%, to ¥20.0 billion.

In North America, net sales increased atop growth in unit sales of large outboard motors and personal watercraft, but operating income declined mainly due to the yen's appreciation.

[Power products]

Overall net sales of the power products business rose ¥6.9 billion, or 21.8%, year on year, to ¥38.3 billion, and operating income rose ¥0.5 billion, or 37.4%, to ¥1.9 billion.

Sales and profit rose, reflecting increased unit sales of ROVs in North America.

[Industrial machinery and robots]

Overall net sales of the industrial machinery and robots business rose ¥0.7 billion, or 7.2%, year on year, to ¥10.9 billion, and operating income declined ¥0.2 billion, or 11.6%, to ¥1.6 billion.

Unit sales of surface mounters grew in Europe, but declined in Asia. Unit sales of robots increased. Operating income declined due to the impact of the change in the composition of sales of surface mounters and robots.

[Others]

Overall net sales of the other products business rose ¥1.4 billion, or 7.5%, year on year, to ¥19.5 billion, and operating income increased ¥0.5 billion, or 79.9%, to ¥1.2 billion.

In electrically power assisted bicycles, exports of the E-kit (drive unit for electrically power assisted bicycles) to Europe grew, and the other products business overall recorded growth in sales and profits.

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	Automobile engines, automobile components, electrically power assisted bicycles, 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 ¥15.1 billion, or 7.8%, year on year, to ¥178.5 billion, and operating income decreased ¥9.4 billion, or 52.5%, to ¥8.5 billion.

Unit sales of motorcycles for Europe and North America declined and those of large outboard motors for North America rose.

[North America]

Net sales in North America increased ¥6.1 billion, or 6.3%, year on year, to ¥103.4 billion, and operating income increased ¥0.9 billion, or 11.4%, year on year, to ¥9.2 billion.

Unit sales of large outboard motors and ROVs rose.

[Europe]

Net sales in Europe decreased ¥4.4 billion, or 7.6%, year on year, to ¥53.1 billion, and operating income decreased ¥1.1 billion, or 21.9%, year on year, to ¥3.9 billion.

Unit sales of motorcycles and outboard motors declined.

[Asia]

Net sales in Asia (excluding Japan) decreased ¥4.2 billion, or 2.4%, year on year, to ¥172.5 billion, while operating income increased ¥7.9 billion, or 185.6%, year on year, to ¥12.1 billion.

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

[Others]

Net sales in other areas decreased ¥10.8 billion, or 27.0%, year on year, to ¥29.3 billion, and operating loss recorded ¥0.6 billion, compared with a ¥2.3 billion operating income in the previous year.

Unit sales of motorcycles and outboard motors decreased in Central and South America.

(2) Financial Position

Total assets as of March 31, 2016, increased ¥27.2 billion, from December 31, 2015, to ¥1,332.5 billion. Current assets increased ¥36.4 billion on increases in accounts receivable-trade and inventories, and non-current assets decreased ¥9.2 billion due to the negative impact of exchange rates.

Total liabilities increased ¥32.7 billion, to ¥806.2 billion, mainly from an increase in loans payable.

Total net assets decreased ¥5.4 billion, to ¥526.3 billion, which included the recording of ¥20.7 billion of profit attributable to owners of parent, ¥7.7 billion of cash dividends paid and a ¥15.0 billion change in foreign currency translation adjustments. As a result, the shareholders' equity ratio as of March 31, 2016 was 36.8%, compared with 37.6% at the end of the previous year. The net debt-equity ratio was 0.6 times, compared with 0.6 times at the end of the previous year.

(3) Cash flows

[Cash flows from operating activities]

Net cash used in operating activities during the first three months (January 1 through March 31, 2016) was ¥5.3 billion (¥38.6 billion in net cash used during the same period of the previous year). This mainly reflected a ¥40.3 billion combined increase in notes and accounts receivable-trade and short-term sales finance receivables (a ¥51.0 billion increase) from product shipments ahead of the sales season in North America and Europe and a ¥17.3 billion increase in inventories (a ¥28.4 billion increase), despite recording ¥27.9 billion of profit before income taxes (¥36.0 billion) and a ¥8.8 billion increase in notes and accounts payable-trade (a ¥6.7 billion increase).

[Cash flows from investing activities]

Net cash used in investing activities during the first three months (January 1 through March 31, 2016) was ¥11.7 billion (¥16.1 billion in net cash used during the same period of the previous year), mainly reflecting ¥11.4 billion used for purchase of property, plant and equipment and intangible assets (¥17.2 billion).

[Cash flows from financing activities]

Net cash provided by financing activities during the first three months (January 1 through March 31, 2016) was ¥20.5 billion (¥36.2 billion in net cash provided during the same period of the previous year), reflecting financing via short-term loans associated with an increase in working capital.

As a result of the activities discussed above, free cash flow for the first three months (January 1 through March 31, 2016) was negative ¥17.0 billion (negative ¥54.8 billion during the same period of the previous year), and cash and cash equivalents totaled ¥111.0 billion (an increase of ¥3.4 billion from the end of the previous year). Interest-bearing debt at the end of the first quarter under review was ¥428.4 billion (an increase of ¥18.2 billion from the end of the previous year). Interest-bearing debt includes ¥225.2 billion in borrowings for sales finance (an increase of ¥22.7 billion from the end of the previous year).

(4) Forward-Looking Statements Including Consolidated Results Forecast

At the present time, the Company has not changed the forecast for full-year consolidated financial results for the fiscal year ending December 31, 2016, announced at the time of the announcement of the financial results for the previous year on February 9, 2016 (net sales of ¥1,700.0 billion, operating income of ¥120.0 billion, ordinary income of ¥125.0 billion, and profit attributable to owners of parent of ¥80.0 billion).

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 three months ended March 31, 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 three months ended March 31, 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 three months ended March 31, 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 three months ended March 31, 2015, sales finance-related income and expenses were stated as ¥390 million under “Selling, general and administrative expenses,” in non-operating

income as ¥1,267 million under “Interest income” and ¥1,389 million under “Other,” and in non-operating expenses as ¥360 million under “Interest expenses” and ¥581 million under “Other.” As a result of the reclassification, “Net sales” has increased by ¥3,532 million and “Cost of sales” has increased by ¥2,065 million, while “Selling, general and administrative expenses” has decreased by ¥247 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 three months ended March 31, 2015, increases and decreases in sales finance receivables were included in cash flows from operating activities as negative ¥31,281 million under “Decrease (increase) in notes and accounts receivable-trade” and negative ¥697 million under “Other, net,” and in cash flows from investing activities as ¥3,672 million under “Other, net.” These amounts have been reclassified in cash flows from operating activities as negative ¥28,307 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 ¥1,267 million, ¥360 million, ¥1,267 million and negative ¥332 million, respectively. These amounts have been reclassified as ¥28 million under “Other.”

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of December 31, 2015 and March 31, 2016

() represents negative figures.

	Millions of yen	
	As of December 31, 2015	As of March 31, 2016
ASSETS		
Current assets:		
Cash and deposits	107,617	110,713
Notes and accounts receivable-trade	153,892	170,773
Short-term sales finance receivables	166,265	174,809
Merchandise and finished goods	202,066	215,526
Work in process	54,075	50,928
Raw materials and supplies	54,627	52,037
Other	73,432	74,295
Allowance for doubtful accounts	(11,482)	(12,181)
Total current assets	800,494	836,901
Non-current assets:		
Property, plant and equipment	341,075	332,817
Intangible assets	7,518	8,169
Investments and other assets:		
long-term sales finance receivables	50,436	50,379
Other	107,045	104,579
Allowance for doubtful accounts	(1,334)	(364)
Total investments and other assets	156,148	154,595
Total non-current assets	504,741	495,581
Total assets	1,305,236	1,332,483
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	113,107	116,724
Electronically recorded obligations-operating	31,980	34,405
Short-term loans payable	220,692	243,890
Current portion of long-term loans payable	39,160	45,458
Provision for bonuses	11,542	17,821
Provision for product warranties	20,440	20,934
Other provision	1,426	1,379
Other	102,269	105,628
Total current liabilities	540,620	586,242
Non-current liabilities:		
Long-term loans payable	150,295	139,039
Net defined benefit liability	55,215	54,195
Other provision	434	580
Other	26,969	26,165
Total non-current liabilities	232,915	219,981
Total liabilities	773,535	806,223

() represents negative figures.

	Millions of yen	
	As of December 31, 2015	As of March 31, 2016
NET ASSETS		
Shareholders' equity:		
Capital stock	85,782	85,782
Capital surplus	74,698	74,697
Retained earnings	390,559	403,160
Treasury shares	(709)	(709)
Total shareholders' equity	550,331	562,930
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	23,948	25,021
Revaluation reserve for land	11,490	11,770
Foreign currency translation adjustment	(85,971)	(101,006)
Remeasurements of defined benefit plans	(9,019)	(8,375)
Total accumulated other comprehensive income	(59,552)	(72,589)
Subscription rights to shares	11	11
Non-controlling interests	40,910	35,906
Total net assets	531,700	526,260
Total liabilities and net assets	1,305,236	1,332,483

**(2) Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income**

Three months ended March 31, 2015 and 2016

Consolidated Statements of Income

() represents negative figures.

	Millions of yen	
	Three months ended March 31, 2015 (January 1— March 31, 2015)	Three months ended March 31, 2016 (January 1— March 31, 2016)
Net sales	389,695	382,900
Cost of sales	283,880	278,785
Gross profit	105,815	104,114
Selling, general and administrative expenses	69,242	71,846
Operating income	36,572	32,267
Non-operating income:		
Interest income	1,235	926
Other	1,516	1,444
Total non-operating income	2,752	2,370
Non-operating expenses:		
Interest expenses	1,529	1,387
Foreign exchange losses	184	4,527
Other	1,499	579
Total non-operating expenses	3,212	6,494
Ordinary income	36,111	28,144
Extraordinary income:		
Gain on sales of non-current assets	40	53
Total extraordinary income	40	53
Extraordinary losses:		
Loss on sales of non-current assets	18	3
Loss on disposal of non-current assets	127	144
Impairment loss	—	102
Total extraordinary losses	146	250
Profit before income taxes	36,005	27,946
Income taxes – current	10,599	9,105
Income taxes – deferred	(998)	(4,706)
Total income taxes	9,600	4,399
Profit	26,404	23,547
Profit attributable to non-controlling interests	565	2,798
Profit attributable to owners of parent	25,839	20,749

Consolidated Statements of Comprehensive Income

() represents negative figures.

	Millions of yen	
	Three months ended March 31, 2015 (January 1— March 31, 2015)	Three months ended March 31, 2016 (January 1— March 31, 2016)
Profit	26,404	23,547
Other comprehensive income:		
Valuation difference on available-for-sale securities	2,651	1,080
Revaluation reserve for land	559	279
Foreign currency translation adjustment	(11,600)	(16,213)
Remeasurements of defined benefit plans, net of tax	885	608
Share of other comprehensive income of entities accounted for using equity method	(94)	(762)
Total other comprehensive income	(7,597)	(15,006)
Comprehensive income:	18,806	8,540
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,975	7,567
Comprehensive income attributable to non-controlling interests	(168)	973

(3) Consolidated Statements of Cash Flows

Three months ended March 31, 2015 and 2016

() represents negative figures.

	Millions of yen	
	Three months ended March 31, 2015 (January 1— March 31, 2015)	Three months ended March 31, 2016 (January 1— March 31, 2016)
Cash flows from operating activities:		
Profit before income taxes	36,005	27,946
Depreciation	10,625	10,845
Impairment loss	—	102
Increase (decrease) in net defined benefit liability	493	508
Interest and dividend income	(1,235)	(926)
Interest expenses	1,529	1,387
Loss (gain) on sales of property, plant and equipment and intangible assets	(21)	(49)
Loss (gain) on disposal of property, plant and equipment and intangible assets	127	144
Decrease (increase) in notes and accounts receivable-trade	(22,655)	(20,819)
Decrease (increase) in sales finance receivables	(28,307)	(19,431)
Decrease (increase) in inventories	(28,406)	(17,306)
Increase (decrease) in notes and accounts payable-trade	6,660	8,828
Other, net	(3,560)	10,604
Subtotal	(28,744)	1,836
Interest and dividend income received	1,982	1,751
Interest expenses paid	(1,555)	(1,458)
Income taxes paid	(10,309)	(7,468)
Net cash provided by (used in) operating activities	(38,626)	(5,339)

() represents negative figures.

	Millions of yen	
	Three months ended March 31, 2015 (January 1— March 31, 2015)	Three months ended March 31, 2016 (January 1— March 31, 2016)
Cash flows from investing activities:		
Payments into time deposits	(43)	(1)
Proceeds from withdrawal of time deposits	30	58
Purchase of property, plant and equipment and intangible assets	(17,191)	(11,406)
Proceeds from sales of property, plant and equipment and intangible assets	1,251	1,159
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,280)
Other, net	(179)	(195)
Net cash provided by (used in) investing activities	(16,133)	(11,665)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable	67,270	29,655
Proceeds from long-term loans payable	6,036	3,259
Repayment of long-term loans payable	(28,119)	(3,870)
Decrease (increase) in treasury shares	(1)	(0)
Cash dividends paid	(8,905)	(7,683)
Dividends paid to non-controlling interests	(76)	(52)
Proceeds from exercise of share options	21	—
Other, net	(63)	(820)
Net cash provided by (used in) financing activities	36,161	20,486
Effect of exchange rate change on cash and cash equivalents	312	(334)
Net increase (decrease) in cash and cash equivalents	(18,286)	3,146
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	121,204	111,029

(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 March 31, 2016	
PT. Bussan Auto Finance	11,584	PT. Bussan Auto Finance	9,835
KYB Motorcycle Suspension India Pvt. Ltd.	275	KYB Motorcycle Suspension India Pvt. Ltd.	257
Amagasaki Woodland of Health Co., Ltd.	175	Amagasaki Woodland of Health Co., Ltd.	175
Total		Total	
	12,035		10,268

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

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

None

Segment Information

Segment information

Three months ended March 31, 2015 (January 1, 2015 through March 31, 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	247,923	82,003	31,405	10,179	371,511	18,184	389,695	—	389,695
Intersegment	—	—	—	—	—	8,227	8,227	(8,227)	—
Total	247,923	82,003	31,405	10,179	371,511	26,411	397,922	(8,227)	389,695
Segment income (Note 2)	11,594	21,131	1,388	1,794	35,908	664	36,572	0	36,572

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.

Three months ended March 31, 2016 (January 1, 2016 through March 31, 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	229,796	84,385	38,264	10,907	363,352	19,547	382,900	—	382,900
Intersegment	—	—	—	—	—	7,791	7,791	(7,791)	—
Total	229,796	84,385	38,264	10,907	363,352	27,339	390,692	(7,791)	382,900
Segment income (Note 2)	7,579	19,999	1,906	1,586	31,072	1,195	32,267	0	32,267

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 three months ended March 31, 2015 has been presented based on the method after the change.

Reference Information

The geographical segment information for the three months ended March 31, 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 the previous page.

Geographical segment information

Three months ended March 31, 2015 (January 1, 2015 through March 31, 2015)

	Millions of yen							
	Japan	North America	Europe	Asia	Others	Total	Eliminations	Consolidated
Net sales:								
Outside customers	62,801	87,725	55,826	143,903	39,438	389,695	—	389,695
Intersegment	130,740	9,550	1,646	32,745	757	175,439	(175,439)	—
Total	193,541	97,276	57,473	176,648	40,195	565,135	(175,439)	389,695
Operating income	17,929	8,236	5,003	4,246	2,297	37,713	(1,140)	36,572

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 German
 - Asia: Indonesia, Taiwan, China, Vietnam, Singapore, India and Thailand
 - Others: Brazil, Australia, Colombia and Argentina

Three months ended March 31, 2016 (January 1, 2016 through March 31, 2016)

	Millions of yen							
	Japan	North America	Europe	Asia	Others	Total	Eliminations	Consolidated
Net sales:								
Outside customers	63,927	93,270	52,117	144,371	29,214	382,900	—	382,900
Intersegment	114,545	10,130	975	28,119	133	153,905	(153,905)	—
Total	178,473	103,401	53,092	172,490	29,347	536,805	(153,905)	382,900
Operating income	8,512	9,175	3,908	12,127	(584)	33,140	(872)	32,267

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, German and Spain
 - Asia: Indonesia, Taiwan, Vietnam, China, Singapore, India and Thailand
 - Others: Brazil, Australia, Colombia and Argentina