

HONDA MOTOR CO LTD
Form 6-K
November 04, 2016
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No.1-7628

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

FOR THE MONTH OF OCTOBER 2016

COMMISSION FILE NUMBER: 1-07628

HONDA GIKEN KOGYO KABUSHIKI KAISHA

(Name of registrant)

HONDA MOTOR CO., LTD.

(Translation of registrant's name into English)

1-1, Minami-Aoyama 2-chome, Minato-ku, Tokyo 107-8556, Japan

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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Exhibit 1:

On October 31, 2016, Honda Motor Co., Ltd. (the Company) announced its consolidated financial results for the fiscal second quarter and the fiscal first half year ended September 30, 2016.

Exhibit 2:

The Company revised its forecast for consolidated financial results for the fiscal year ending March 31, 2017, which was announced on May 13, 2016, and announced forecast for unconsolidated financial results for the fiscal year ending March 31, 2017.

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HONDA GIKEN KOGYO KABUSHIKI KAISHA

(HONDA MOTOR CO., LTD.)

/s/ Shinji Suzuki
Shinji Suzuki
General Manager
Finance Division
Honda Motor Co., Ltd.

Date: November 4, 2016

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October 31, 2016

HONDA MOTOR CO., LTD. REPORTS

CONSOLIDATED FINANCIAL RESULTS

FOR THE FISCAL SECOND QUARTER AND

THE FISCAL FIRST HALF YEAR ENDED SEPTEMBER 30, 2016

Tokyo, October 31, 2016 Honda Motor Co., Ltd. today announced its consolidated financial results for the fiscal second quarter and the fiscal first half year ended September 30, 2016.

Second Quarter Results

Honda's consolidated profit for the period attributable to owners of the parent for the fiscal second quarter ended September 30, 2016 totaled JPY 177.0 billion (USD 1,751 million), an increase of 38.6% from the same period last year. Earnings per share attributable to owners of the parent for the quarter amounted to JPY 98.26 (USD 0.97), an increase of JPY 27.38 (USD 0.27) from JPY 70.88 for the corresponding period last year. One Honda American Depository Share represents one common share.

Consolidated sales revenue for the quarter amounted to JPY 3,262.9 billion (USD 32,268 million), a decrease of 9.9% from the same period last year, due primarily to unfavorable foreign currency translation effects, despite increased revenue in automobile business, financial services business and motorcycle business operations.

Consolidated operating profit for the quarter amounted to JPY 228.0 billion (USD 2,256 million), an increase of 38.4% from the same period last year, due primarily to continuing cost reduction efforts, decreased SG&A expenses, including quality related expenses, and the impact of pension accounting treatment, despite unfavorable foreign currency effects.

Share of profit of investments accounted for using the equity method for the quarter amounted to JPY 39.8 billion (USD 394 million), an increase of 16.6% from the corresponding period last year.

Consolidated profit before income taxes for the quarter totaled JPY 270.5 billion (USD 2,676 million), an increase of 28.3% from the same period last year.

Table of Contents**Business Segment****Motorcycle Business**

For the three months ended September 30, 2015 and 2016

| | Unit (Thousands) | | | | | | | |
|----------------------------|------------------------|---------------|--------------------|--------|------------------------|---------------|--------------------|--------|
| | Honda Group Unit Sales | | | | Consolidated Unit Sale | | | |
| | Three months ended | | Three months ended | | Three months ended | | Three months ended | |
| | Sep. 30, 2015 | Sep. 30, 2016 | Change | % | Sep. 30, 2015 | Sep. 30, 2016 | Change | % |
| Motorcycle business | 4,370 | 4,538 | 168 | 3.8 | 2,740 | 3,042 | 302 | 11.0 |
| Japan | 50 | 33 | - 17 | - 34.0 | 50 | 33 | - 17 | - 34.0 |
| North America | 75 | 71 | - 4 | - 5.3 | 75 | 71 | - 4 | - 5.3 |
| Europe | 48 | 48 | 0 | 0.0 | 48 | 48 | 0 | 0.0 |
| Asia | 3,851 | 4,125 | 274 | 7.1 | 2,221 | 2,629 | 408 | 18.4 |
| Other Regions | 346 | 261 | - 85 | - 24.6 | 346 | 261 | - 85 | - 24.6 |

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 second quarter by business segment, in motorcycle business operations, sales revenue from sales to external customers decreased 9.7%, to JPY 409.3 billion (USD 4,048 million) from the same period last year due mainly to unfavorable foreign currency translation effects, despite increased consolidated unit sales. Operating profit totaled JPY 59.5 billion (USD 589 million), an increase of 21.3% from the same period last year, due primarily to continuing cost reduction efforts, an increase in sales volume and model mix, and the impact of pension accounting treatment, despite unfavorable foreign currency effects.

Automobile Business

For the three months ended September 30, 2015 and 2016

| | Unit (Thousands) | | | | | | | |
|----------------------------|------------------------|---------------|--------------------|-------|-------------------------|---------------|--------------------|-------|
| | Honda Group Unit Sales | | | | Consolidated Unit Sales | | | |
| | Three months ended | | Three months ended | | Three months ended | | Three months ended | |
| | Sep. 30, 2015 | Sep. 30, 2016 | Change | % | Sep. 30, 2015 | Sep. 30, 2016 | Change | % |
| Automobile business | 1,139 | 1,218 | 79 | 6.9 | 889 | 890 | 1 | 0.1 |
| Japan | 168 | 156 | - 12 | - 7.1 | 155 | 143 | - 12 | - 7.7 |
| North America | 473 | 479 | 6 | 1.3 | 473 | 479 | 6 | 1.3 |
| Europe | 42 | 45 | 3 | 7.1 | 42 | 45 | 3 | 7.1 |
| Asia | 395 | 482 | 87 | 22.0 | 158 | 167 | 9 | 5.7 |
| Other Regions | 61 | 56 | - 5 | - 8.2 | 61 | 56 | - 5 | - 8.2 |

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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 decreased 10.7%, to JPY 2,341.6 billion (USD 23,157 million) from the same period last year due mainly to unfavorable foreign currency translation effects. Operating profit totaled JPY 131.8 billion (USD 1,304 million), an increase of 94.5% from the same period last year, due primarily to continuing cost reduction efforts, decreased SG&A expenses, including quality related expenses, and the impact of pension accounting treatment, despite unfavorable foreign currency effects.

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Table of Contents**Financial Services Business**

Sales revenue from customers in the financial services business operations decreased 4.1%, to JPY 443.2 billion (USD 4,383 million) from the same period last year due mainly to unfavorable foreign currency translation effects, despite an increase in revenue from operating leases and sales of returned lease vehicles. Operating profit decreased 27.2% to JPY 37.7 billion (USD 374 million) from the same period last year due mainly to increased SG&A expenses and unfavorable foreign currency effects.

Power Product and Other Businesses

For the three months ended September 30, 2015 and 2016

| | Unit (Thousands) | | | |
|-------------------------------|---|----------------------------------|--------|--------|
| | Honda Group Unit Sales/ Consolidated Unit Sales | | | |
| | Three months ended Sep. 30, 2015 | Three months ended Sep. 30, 2016 | Change | % |
| Power product business | 1,275 | 1,240 | - 35 | - 2.7 |
| Japan | 115 | 87 | - 28 | - 24.3 |
| North America | 532 | 522 | - 10 | - 1.9 |
| Europe | 174 | 165 | - 9 | - 5.2 |
| Asia | 346 | 376 | 30 | 8.7 |
| Other Regions | 108 | 90 | - 18 | - 16.7 |

Note: Honda Group Unit Sales is the total unit sales of completed power 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 power products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed power 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 September 30, 2015 and 2016, since no affiliates and joint ventures accounted for using the equity method were involved in the sale of Honda power products.

Sales revenue from sales to external customers in power product and other businesses decreased 18.5%, to JPY 68.7 billion (USD 680 million) from the same period last year, due mainly to unfavorable foreign currency translation effects. Honda reported an operating loss of JPY 1.0 billion (USD 10 million), an improvement of JPY 2.8 billion (USD 28 million) from the same period last year, due mainly to decreased SG&A expenses and the impact of pension accounting treatment. Operating loss for aircraft and aircraft engines, included in Power product and other businesses, totaled JPY 10.6 billion (USD 105 million), an improvement of JPY 1.7 billion (USD 18 million) from the same period last year.

Explanatory note:

United States dollar amounts have been translated from yen solely for the convenience of the reader at the rate of JPY 101.12=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 September 30, 2016.

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First Half Year Results

Honda's consolidated profit for the period attributable to owners of the parent for the fiscal first half year ended September 30, 2016 totaled JPY 351.7 billion, an increase of 12.1% from the same period last year. Earnings per share attributable to owners of the parent for the fiscal first half year amounted to JPY 195.19, an increase of JPY 21.08 from JPY 174.11 for the same period last year.

Consolidated sales revenue for the fiscal first half year amounted to JPY 6,734.6 billion, a decrease of 8.1% from the same period last year, due primarily to unfavorable foreign currency translation effects, despite increased revenue in automobile business, financial services business, and motorcycle business operations.

Consolidated operating profit for the fiscal first half year amounted to JPY 494.9 billion, an increase of 22.5% from the same period last year, due primarily to continuing cost reduction efforts, increased sales revenue and model mix, decreased SG&A expenses, including quality related expenses, and the impact of pension accounting treatment, despite the effects of the 2016 Kumamoto Earthquake and unfavorable foreign currency effects.

Share of profit of investments accounted for using the equity method for the fiscal first half year amounted to JPY 67.0 billion, a decrease of 7.5% from the corresponding period last year.

Consolidated profit before income taxes for the fiscal first half year totaled JPY 559.0 billion, an increase of 13.3% from the same period last year.

Table of Contents**Business Segment****Motorcycle Business**

For the six months ended September 30, 2015 and 2016

| | Unit (Thousands) | | | | | | | |
|----------------------------|------------------------|------------------|--------|--------|-------------------------|------------------|--------|--------|
| | Honda Group Unit Sales | | | | Consolidated Unit Sales | | | |
| | Six months ended | Six months ended | Change | % | Six months ended | Six months ended | Change | % |
| | Sep. 30, 2015 | Sep. 30, 2016 | | | Sep. 30, 2015 | Sep. 30, 2016 | | |
| Motorcycle business | 8,475 | 8,890 | 415 | 4.9 | 5,285 | 5,873 | 588 | 11.1 |
| Japan | 97 | 62 | - 35 | - 36.1 | 97 | 62 | - 35 | - 36.1 |
| North America | 150 | 149 | - 1 | - 0.7 | 150 | 149 | - 1 | - 0.7 |
| Europe | 114 | 120 | 6 | 5.3 | 114 | 120 | 6 | 5.3 |
| Asia | 7,422 | 8,010 | 588 | 7.9 | 4,232 | 4,993 | 761 | 18.0 |
| Other Regions | 692 | 549 | - 143 | - 20.7 | 692 | 549 | - 143 | - 20.7 |

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 first half year by business segment, in motorcycle business operations, sales revenue from sales to external customers decreased 9.1%, to JPY 841.7 billion from the same period last year, due mainly to unfavorable foreign currency translation effects, despite increased consolidated unit sales. Operating profit totaled JPY 90.7 billion, a decrease of 13.3% from the same period last year, due primarily to a decrease in profit attributable to decreased sales volume and model mix, including the effects of the 2016 Kumamoto Earthquake and unfavorable foreign currency effects, despite continuing cost reduction effects and the impact of pension accounting treatment.

Automobile Business

For the six months ended September 30, 2015 and 2016

| | Unit (Thousands) | | | | | | | |
|----------------------------|------------------------|------------------|--------|-------|-------------------------|------------------|--------|-------|
| | Honda Group Unit Sales | | | | Consolidated Unit Sales | | | |
| | Six months ended | Six months ended | Change | % | Six months ended | Six months ended | Change | % |
| | Sep. 30, 2015 | Sep. 30, 2016 | | | Sep. 30, 2015 | Sep. 30, 2016 | | |
| Automobile business | 2,286 | 2,431 | 145 | 6.3 | 1,777 | 1,798 | 21 | 1.2 |
| Japan | 315 | 302 | - 13 | - 4.1 | 290 | 275 | - 15 | - 5.2 |
| North America | 970 | 989 | 19 | 2.0 | 970 | 989 | 19 | 2.0 |
| Europe | 74 | 90 | 16 | 21.6 | 74 | 90 | 16 | 21.6 |
| Asia | 800 | 935 | 135 | 16.9 | 316 | 329 | 13 | 4.1 |
| Other Regions | 127 | 115 | - 12 | - 9.4 | 127 | 115 | - 12 | - 9.4 |

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 decreased 8.6%, to JPY 4,840.6 billion from the same period last year due mainly to unfavorable foreign currency translation effects, despite increased consolidated unit sales. Operating profit totaled JPY 316.3 billion, an increase of 59.4% from the same period last year, due primarily to continuing cost reduction efforts, an increase in sales volume and model mix, decreased SG&A expenses, including quality related expenses, and the impact of pension accounting treatment, despite

unfavorable foreign currency effects.

Table of Contents**Financial Services Business**

Sales revenue from customers in the financial services business operations decreased 3.0%, to JPY 907.8 billion from the same period last year due mainly to unfavorable foreign currency translation effects, despite an increase in revenue from operating leases and sales of returned lease vehicles. Operating profit decreased 15.3% to JPY 88.3 billion from the same period last year due mainly to unfavorable foreign currency effects.

Power Product and Other Businesses

For the six months ended September 30, 2015 and 2016

| | Unit (Thousands) | | | |
|-------------------------------|--|-----------------------------------|--------|--------|
| | Honda Group Unit Sales/Consolidated Unit Sales | | Change | % |
| | Six months ended Sep. 30, 2015 | Six months ended Sep. 30, 2016 | | |
| Power product business | 2,833 | 2,728 | - 105 | - 3.7 |
| Japan | 200 | 146 | - 54 | - 27.0 |
| North America | 1,336 | 1,291 | - 45 | - 3.4 |
| Europe | 405 | 390 | - 15 | - 3.7 |
| Asia | 686 | 736 | 50 | 7.3 |
| Other Regions | 206 | 165 | - 41 | - 19.9 |

Note: Honda Group Unit Sales is the total unit sales of completed power 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 power products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed power 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 six months ended September 30, 2015 and 2016, since no affiliates and joint ventures accounted for using the equity method were involved in the sale of Honda power products.

Sales revenue from sales to external customers in power product and other businesses decreased by 13.4% to JPY 144.3 billion from the same period last year, due mainly to unfavorable foreign currency translation effects. Honda reported an operating loss of JPY 0.5 billion, an improvement of JPY 2.8 billion from the same period last year, due mainly to decreased SG&A expenses and the impact of pension accounting treatment. Operating loss for aircraft and aircraft engines, included in Power product and other businesses, totaled JPY 19.4 billion, an improvement of JPY 5.0 billion from the same period last year.

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Consolidated Statements of Financial Position for the Fiscal First Half Ended September 30, 2016

Total assets decreased by JPY 1,240.8 billion, to JPY 16,988.4 billion from March 31, 2016, mainly due to foreign currency translation effects, despite an increase in Equipment on operating leases. Total liabilities decreased by JPY 1,013.2 billion, to JPY 10,184.2 billion from March 31, 2016, mainly due to a decrease in Retirement benefit liabilities and foreign currency translation effects, despite an increase in Financing liabilities. Total equity decreased by JPY 227.5 billion, to JPY 6,804.2 billion from March 31, 2016 due mainly to foreign currency translation effects, despite increased Retained earnings attributable to increased Profit for the period.

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Consolidated Statements of Cash Flows for the Fiscal First Half Ended September 30, 2016

Consolidated cash and cash equivalents on September 30, 2016 decreased by JPY 77.7 billion from March 31, 2016, to JPY 1,679.7 billion. The reasons for the increases or decreases for each cash flow activity, when compared with the same period of the previous fiscal year, are as follows:

Cash flows from operating activities

Net cash provided by operating activities amounted to JPY 392.1 billion for the fiscal first half year ended September 30, 2016. Cash inflows from operating activities decreased by JPY 313.3 billion compared with the same period of the previous fiscal year due mainly to a decrease in cash received from customers, including unfavorable foreign currency translation effects, despite decreased payments for parts and raw materials.

Cash flows from investing activities

Net cash used in investing activities amounted to JPY 340.6 billion. Cash outflows from investing activities decreased by JPY 87.8 billion compared with the same period of the previous fiscal year, due mainly to a decrease in Payments for additions to property, plant and equipment.

Cash flows from financing activities

Net cash provided by financing activities amounted to JPY 20.9 billion. Cash inflows from financing activities increased by JPY 64.3 billion compared with the same period of the previous fiscal year, due mainly to a decrease in repayments of financing liabilities.

Table of Contents**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

| | Yen (billions) | Changes from FY 2016 |
|--|----------------|----------------------|
| Sales revenue | 13,400.0 | - 8.2% |
| Operating profit | 650.0 | + 29.1% |
| Profit before income taxes | 770.0 | + 21.2% |
| Profit for the year attributable to owners of the parent | 415.0 | + 20.5% |

| | Yen |
|---|--------|
| Earnings per share attributable to owners of the parent | |
| Basic and diluted | 230.26 |

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 103 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.

| | Yen (billions) |
|---|----------------|
| Revenue, model mix, etc. | + 28.6 |
| Cost reduction, the effect of raw material cost fluctuations, etc. | + 161.0 |
| SG&A expenses | + 303.0 |
| R&D expenses | - 60.0 |
| Currency effect | - 370.0 |
| The impact of pension accounting treatment | + 84.0 |
| Operating profit compared with fiscal year ended March 31, 2016 | + 146.6 |
| Share of profit of investments accounted for using the equity method | + 13.9 |
| Finance income and finance costs | - 26.0 |
| Profit before income taxes compared with fiscal year ended March 31, 2016 | + 134.5 |

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Dividend per Share of Common Stock

The Board of Directors of Honda Motor Co., Ltd., at its meeting held on October 31, 2016, resolved to make the quarterly dividend JPY 22 per share of common stock, the record date of which is September 30, 2016. The total expected annual dividend per share of common stock for the fiscal year ending March 31, 2017, is JPY 88 per share.

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.

Table of Contents**Consolidated Financial Summary**

For the three months and six months ended September 30, 2015 and 2016

Financial Highlights

| | Yen (millions) | | | |
|--|---|---|--------------------------------------|--------------------------------------|
| | Three months ended Sep. 30, 2015 | Three months ended Sep. 30, 2016 | Six months ended Sep. 30, 2015 | Six months ended Sep. 30, 2016 |
| Sales revenue | 3,621,277 | 3,262,968 | 7,326,039 | 6,734,698 |
| Operating profit | 164,842 | 228,081 | 404,128 | 494,924 |
| Profit before income taxes | 210,939 | 270,566 | 493,266 | 559,058 |
| Profit for the period attributable to owners of the parent | 127,751 | 177,096 | 313,788 | 351,795 |
| | Yen | | | |
| Earnings per share attributable to owners of the parent | | | | |
| Basic and diluted | 70.88 | 98.26 | 174.11 | 195.19 |
| | U.S. Dollar (millions) | | | |
| | | Three months ended Sep. 30, 2016 | | Six months ended Sep. 30, 2016 |
| Sales revenue | | 32,268 | | 66,601 |
| Operating profit | | 2,256 | | 4,894 |
| Profit before income taxes | | 2,676 | | 5,529 |
| Profit for the period attributable to owners of the parent | | 1,751 | | 3,479 |
| | U.S. Dollar | | | |
| Earnings per share attributable to owners of the parent | | | | |
| Basic and diluted | | 0.97 | | 1.93 |

Table of Contents**[1] Condensed Consolidated Statements of Financial Position**

| | Yen (millions) | |
|---|-------------------|-------------------|
| | Mar. 31, 2016 | Sep. 30, 2016 |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | 1,757,456 | 1,679,709 |
| Trade receivables | 826,714 | 691,742 |
| Receivables from financial services | 1,926,014 | 1,683,563 |
| Other financial assets | 103,035 | 83,595 |
| Inventories | 1,313,292 | 1,241,950 |
| Other current assets | 315,115 | 287,479 |
| Total current assets | 6,241,626 | 5,668,038 |
| Non-current assets: | | |
| Investments accounted for using the equity method | 593,002 | 585,680 |
| Receivables from financial services | 3,082,054 | 2,796,866 |
| Other financial assets | 335,203 | 328,229 |
| Equipment on operating leases | 3,678,111 | 3,619,530 |
| Property, plant and equipment | 3,139,564 | 2,906,854 |
| Intangible assets | 824,939 | 800,446 |
| Deferred tax assets | 180,828 | 143,411 |
| Other non-current assets | 153,967 | 139,392 |
| Total non-current assets | 11,987,668 | 11,320,408 |
| Total assets | 18,229,294 | 16,988,446 |
| Liabilities and Equity | | |
| Current liabilities: | | |
| Trade payables | 1,128,041 | 984,853 |
| Financing liabilities | 2,789,620 | 2,575,905 |
| Accrued expenses | 384,614 | 331,887 |
| Other financial liabilities | 89,809 | 74,250 |
| Income taxes payable | 45,872 | 44,013 |
| Provisions | 513,232 | 433,163 |
| Other current liabilities | 519,163 | 487,205 |
| Total current liabilities | 5,470,351 | 4,931,276 |
| Non-current liabilities: | | |
| Financing liabilities | 3,736,628 | 3,491,870 |
| Other financial liabilities | 47,755 | 44,718 |
| Retirement benefit liabilities | 660,279 | 522,364 |
| Provisions | 264,978 | 209,407 |
| Deferred tax liabilities | 789,830 | 772,233 |
| Other non-current liabilities | 227,685 | 212,349 |
| Total non-current liabilities | 5,727,155 | 5,252,941 |
| Total liabilities | 11,197,506 | 10,184,217 |
| Equity: | | |

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| | | |
|---|------------|-------------------|
| Common stock | 86,067 | 86,067 |
| Capital surplus | 171,118 | 171,118 |
| Treasury stock | (26,178) | (26,182) |
| Retained earnings | 6,194,311 | 6,483,674 |
| Other components of equity | 336,115 | (150,141) |
| Equity attributable to owners of the parent | 6,761,433 | 6,564,536 |
| Non-controlling interests | 270,355 | 239,693 |
| Total equity | 7,031,788 | 6,804,229 |
| Total liabilities and equity | 18,229,294 | 16,988,446 |

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Table of Contents**[2] Condensed Consolidated Statements of Income and Condensed Consolidated Statements of Comprehensive Income****Condensed Consolidated Statements of Income**

For the three months ended September 30, 2015 and 2016

| | Yen (millions) | |
|--|--|--|
| | Three months ended Sep. 30, 2015 | Three months ended Sep. 30, 2016 |
| Sales revenue | 3,621,277 | 3,262,968 |
| Operating costs and expenses: | | |
| Cost of sales | (2,828,705) | (2,522,871) |
| Selling, general and administrative | (479,067) | (384,621) |
| Research and development | (148,663) | (127,395) |
| Total operating costs and expenses | (3,456,435) | (3,034,887) |
| Operating profit | 164,842 | 228,081 |
| Share of profit of investments accounted for using the equity method | 34,199 | 39,861 |
| Finance income and finance costs: | | |
| Interest income | 6,302 | 7,368 |
| Interest expense | (4,307) | (3,099) |
| Other, net | 9,903 | (1,645) |
| Total finance income and finance costs | 11,898 | 2,624 |
| Profit before income taxes | 210,939 | 270,566 |
| Income tax expense | (68,598) | (78,828) |
| Profit for the period | 142,341 | 191,738 |
| Profit for the period attributable to: | | |
| Owners of the parent | 127,751 | 177,096 |
| Non-controlling interests | 14,590 | 14,642 |
| | Yen | |
| Earnings per share attributable to owners of the parent | | |
| Basic and diluted | 70.88 | 98.26 |

Table of Contents**Condensed Consolidated Statements of Comprehensive Income**

For the three months ended September 30, 2015 and 2016

| | Yen (millions) | |
|--|--|--|
| | Three months ended Sep. 30, 2015 | Three months ended Sep. 30, 2016 |
| Profit for the period | 142,341 | 191,738 |
| Other comprehensive income, net of tax: | | |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of defined benefit plans | | 11,561 |
| Net changes in revaluation of financial assets measured at fair value through other comprehensive income | (15,206) | 11,828 |
| Share of other comprehensive income of investments accounted for using the equity method | (2,557) | 1,285 |
| Items that may be reclassified subsequently to profit or loss | | |
| Exchange differences on translating foreign operations | (278,654) | (76,918) |
| Share of other comprehensive income of investments accounted for using the equity method | (16,120) | (21,421) |
| Total other comprehensive income, net of tax | (312,537) | (73,665) |
| Comprehensive income for the period | (170,196) | 118,073 |
| Comprehensive income for the period attributable to: | | |
| Owners of the parent | (165,942) | 107,204 |
| Non-controlling interests | (4,254) | 10,869 |

Table of Contents**Condensed Consolidated Statements of Income**

For the six months ended September 30, 2015 and 2016

| | Yen (millions) | |
|--|--------------------------------|--------------------------------|
| | Six months ended Sep. 30, 2015 | Six months ended Sep. 30, 2016 |
| Sales revenue | 7,326,039 | 6,734,698 |
| Operating costs and expenses: | | |
| Cost of sales | (5,714,351) | (5,200,531) |
| Selling, general and administrative | (913,555) | (746,284) |
| Research and development | (294,005) | (292,959) |
| Total operating costs and expenses | (6,921,911) | (6,239,774) |
| Operating profit | 404,128 | 494,924 |
| Share of profit of investments accounted for using the equity method | 72,514 | 67,083 |
| Finance income and finance costs: | | |
| Interest income | 14,094 | 14,808 |
| Interest expense | (9,132) | (6,191) |
| Other, net | 11,662 | (11,566) |
| Total finance income and finance costs | 16,624 | (2,949) |
| Profit before income taxes | 493,266 | 559,058 |
| Income tax expense | (147,049) | (177,454) |
| Profit for the period | 346,217 | 381,604 |
| Profit for the period attributable to: | | |
| Owners of the parent | 313,788 | 351,795 |
| Non-controlling interests | 32,429 | 29,809 |
| | | Yen |
| Earnings per share attributable to owners of the parent | | |
| Basic and diluted | 174.11 | 195.19 |

Table of Contents**Condensed Consolidated Statements of Comprehensive Income**

For the six months ended September 30, 2015 and 2016

| | Yen (millions) | |
|--|--------------------------------------|--------------------------------------|
| | Six months ended Sep. 30, 2015 | Six months ended Sep. 30, 2016 |
| Profit for the period | 346,217 | 381,604 |
| Other comprehensive income, net of tax: | | |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of defined benefit plans | | 11,561 |
| Net changes in revaluation of financial assets measured at fair value through other comprehensive income | (12,628) | 907 |
| Share of other comprehensive income of investments accounted for using the equity method | (2,193) | (799) |
| Items that may be reclassified subsequently to profit or loss | | |
| Exchange differences on translating foreign operations | (199,042) | (453,298) |
| Share of other comprehensive income of investments accounted for using the equity method | (8,404) | (57,685) |
| Total other comprehensive income, net of tax | (222,267) | (499,314) |
| Comprehensive income for the period | 123,950 | (117,710) |
| Comprehensive income for the period attributable to: | | |
| Owners of the parent | 110,091 | (117,593) |
| Non-controlling interests | 13,859 | (117) |

Table of Contents**[3] Condensed Consolidated Statements of Changes in Equity**

As of and for the six months ended September 30, 2015

| | Yen (millions) | | | | | Total | Non-controlling interests | Total equity |
|---|---|-----------------|----------------|-------------------|----------------------------|-----------|---------------------------|--------------|
| | Equity attributable to owners of the parent | | | | | | | |
| | Common stock | Capital surplus | Treasury stock | Retained earnings | Other components of equity | | | |
| Balance as of April 1, 2015 | 86,067 | 171,118 | (26,165) | 6,083,573 | 794,034 | 7,108,627 | 274,194 | 7,382,821 |
| Comprehensive income for the period | | | | | | | | |
| Profit for the period | | | | 313,788 | | 313,788 | 32,429 | 346,217 |
| Other comprehensive income, net of tax | | | | | (203,697) | (203,697) | (18,570) | (222,267) |
| Total comprehensive income for the period | | | | 313,788 | (203,697) | 110,091 | 13,859 | 123,950 |
| Reclassification to retained earnings | | | | (252) | 252 | | | |
| Transactions with owners and other | | | | | | | | |
| Dividends paid | | | | (79,300) | | (79,300) | (30,739) | (110,039) |
| Purchases of treasury stock | | | (7) | | | (7) | | (7) |
| Equity transactions and others | | | | | | | (2,600) | (2,600) |
| Total transactions with owners and other | | | (7) | (79,300) | | (79,307) | (33,339) | (112,646) |
| Balance as of September 30, 2015 | 86,067 | 171,118 | (26,172) | 6,317,809 | 590,589 | 7,139,411 | 254,714 | 7,394,125 |

As of and for the six months ended September 30, 2016

| | Yen (millions) | | | | | Total | Non-controlling interests | Total equity |
|---|---|-----------------|----------------|-------------------|----------------------------|-----------|---------------------------|--------------|
| | Equity attributable to owners of the parent | | | | | | | |
| | Common stock | Capital surplus | Treasury stock | Retained earnings | Other components of equity | | | |
| Balance as of April 1, 2016 | 86,067 | 171,118 | (26,178) | 6,194,311 | 336,115 | 6,761,433 | 270,355 | 7,031,788 |
| Comprehensive income for the period | | | | | | | | |
| Profit for the period | | | | 351,795 | | 351,795 | 29,809 | 381,604 |
| Other comprehensive income, net of tax | | | | | (469,388) | (469,388) | (29,926) | (499,314) |
| Total comprehensive income for the period | | | | 351,795 | (469,388) | (117,593) | (117) | (117,710) |
| Reclassification to retained earnings | | | | 16,868 | (16,868) | | | |
| Transactions with owners and other | | | | | | | | |
| Dividends paid | | | | (79,300) | | (79,300) | (30,545) | (109,845) |
| Purchases of treasury stock | | | (4) | | | (4) | | (4) |

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Equity transactions and others

| | | | | | | | | |
|--|--------|---------|----------|-----------|-----------|-----------|----------|-----------|
| Total transactions with owners and other | | | (4) | (79,300) | | (79,304) | (30,545) | (109,849) |
| Balance as of September 30, 2016 | 86,067 | 171,118 | (26,182) | 6,483,674 | (150,141) | 6,564,536 | 239,693 | 6,804,229 |

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Table of Contents**[4] Consolidated Statements of Cash Flows**

| | Yen (millions) | |
|--|--------------------------------------|--------------------------------------|
| | Six months ended Sep. 30, 2015 | Six months ended Sep. 30, 2016 |
| Cash flows from operating activities: | | |
| Profit before income taxes | 493,266 | 559,058 |
| Depreciation, amortization and impairment losses excluding equipment on operating leases | 326,092 | 328,087 |
| Share of profit of investments accounted for using the equity method | (72,514) | (67,083) |
| Finance income and finance costs, net | 2,707 | (17,878) |
| Interest income and interest costs from financial services, net | (80,846) | (59,724) |
| Changes in assets and liabilities | | |
| Trade receivables | 36,657 | 80,136 |
| Inventories | 78,041 | (54,326) |
| Trade payables | (35,541) | (39,652) |
| Accrued expenses | (25,100) | (15,743) |
| Provisions and retirement benefit liabilities | 66,212 | (169,889) |
| Receivables from financial services | 200,799 | 63,491 |
| Equipment on operating leases | (320,178) | (281,527) |
| Other assets and liabilities | (11,828) | 6,375 |
| Other, net | (3,164) | (5,051) |
| Dividends received | 53,091 | 52,353 |
| Interest received | 120,247 | 106,089 |
| Interest paid | (45,943) | (48,710) |
| Income taxes paid, net of refunds | (76,484) | (43,861) |
| Net cash provided by operating activities | 705,514 | 392,145 |
| Cash flows from investing activities: | | |
| Payments for additions to property, plant and equipment | (314,887) | (220,278) |
| Payments for additions to and internally developed intangible assets | (115,462) | (79,141) |
| Proceeds from sales of property, plant and equipment and intangible assets | 14,406 | 10,223 |
| Payments for acquisitions of subsidiaries, net of cash and cash equivalents acquired | | (2,835) |
| Payments for acquisitions of other financial assets | (74,024) | (114,612) |
| Proceeds from sales and redemptions of other financial assets | 63,100 | 66,194 |
| Other, net | (1,656) | (200) |
| Net cash used in investing activities | (428,523) | (340,649) |
| Cash flows from financing activities: | | |
| Proceeds from short-term financing liabilities | 4,239,202 | 4,243,184 |
| Repayments of short-term financing liabilities | (4,541,807) | (4,211,031) |
| Proceeds from long-term financing liabilities | 1,056,529 | 845,193 |
| Repayments of long-term financing liabilities | (662,588) | (723,464) |
| Dividends paid to owners of the parent | (79,300) | (79,300) |
| Dividends paid to non-controlling interests | (30,722) | (29,395) |
| Purchases and sales of treasury stock, net | (7) | (4) |
| Other, net | (24,677) | (24,251) |
| Net cash provided by financing activities | (43,370) | 20,932 |
| Effect of exchange rate changes on cash and cash equivalents | (61,724) | (150,175) |
| Net change in cash and cash equivalents | 171,897 | (77,747) |
| Cash and cash equivalents at beginning of year | 1,471,730 | 1,757,456 |

Cash and cash equivalents at end of period

1,643,627

1,679,709

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[5] Assumptions for Going Concern

None

Table of Contents**[6] 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 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 Company's condensed 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 September 30, 2015

| | Yen (millions) | | | | | | Consolidated |
|-----------------------|---------------------|---------------------|-----------------------------|------------------------------------|---------------|-------------------|--------------|
| | Motorcycle Business | Automobile Business | Financial Services Business | Power Product and Other Businesses | Segment Total | Reconciling Items | |
| Sales revenue: | | | | | | | |
| External customers | 453,291 | 2,621,653 | 462,006 | 84,327 | 3,621,277 | | 3,621,277 |
| Intersegment | | 33,899 | 3,179 | 3,971 | 41,049 | (41,049) | |
| Total | 453,291 | 2,655,552 | 465,185 | 88,298 | 3,662,326 | (41,049) | 3,621,277 |
| Segment profit (loss) | 49,068 | 67,773 | 51,867 | (3,866) | 164,842 | | 164,842 |

For the three months ended September 30, 2016

| | Yen (millions) | | | | | | Consolidated |
|--------------------|---------------------|---------------------|-----------------------------|------------------------------------|---------------|-------------------|--------------|
| | Motorcycle Business | Automobile Business | Financial Services Business | Power Product and Other Businesses | Segment Total | Reconciling Items | |
| Sales revenue: | | | | | | | |
| External customers | 409,376 | 2,341,660 | 443,201 | 68,731 | 3,262,968 | | 3,262,968 |
| Intersegment | | 35,740 | 3,173 | 4,843 | 43,756 | (43,756) | |
| Total | 409,376 | 2,377,400 | 446,374 | 73,574 | 3,306,724 | (43,756) | 3,262,968 |

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| | | | | | | |
|-----------------------|---------------|----------------|---------------|----------------|----------------|----------------|
| Segment profit (loss) | 59,510 | 131,830 | 37,778 | (1,037) | 228,081 | 228,081 |
|-----------------------|---------------|----------------|---------------|----------------|----------------|----------------|

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Table of ContentsAs of and for the six months ended September 30, 2015

| | Motorcycle Business | Automobile Business | Financial Services Business | Yen (millions) Power Product and Other Businesses | Segment Total | Reconciling Items | Consolidated |
|-------------------------------|------------------------|------------------------|-----------------------------------|--|------------------|----------------------|--------------|
| Sales revenue: | | | | | | | |
| External customers | 925,994 | 5,297,540 | 935,678 | 166,827 | 7,326,039 | | 7,326,039 |
| Intersegment | | 64,086 | 6,368 | 9,669 | 80,123 | (80,123) | |
| Total | 925,994 | 5,361,626 | 942,046 | 176,496 | 7,406,162 | (80,123) | 7,326,039 |
| Segment profit (loss) | 104,638 | 198,527 | 104,309 | (3,346) | 404,128 | | 404,128 |
| Segment assets | 1,356,427 | 7,478,846 | 9,377,731 | 343,048 | 18,556,052 | (233,783) | 18,322,269 |
| Depreciation and amortization | 36,356 | 281,526 | 301,048 | 6,575 | 625,505 | | 625,505 |
| Capital expenditures | 32,976 | 360,776 | 1,030,924 | 6,356 | 1,431,032 | | 1,431,032 |

As of and for the six months ended September 30, 2016

| | Motorcycle Business | Automobile Business | Financial Services Business | Yen (millions) Power Product and Other Businesses | Segment Total | Reconciling Items | Consolidated |
|-------------------------------|------------------------|------------------------|-----------------------------------|--|------------------|----------------------|--------------|
| Sales revenue: | | | | | | | |
| External customers | 841,780 | 4,840,645 | 907,875 | 144,398 | 6,734,698 | | 6,734,698 |
| Intersegment | | 72,866 | 6,469 | 10,088 | 89,423 | (89,423) | |
| Total | 841,780 | 4,913,511 | 914,344 | 154,486 | 6,824,121 | (89,423) | 6,734,698 |
| Segment profit (loss) | 90,708 | 316,363 | 88,355 | (502) | 494,924 | | 494,924 |
| Segment assets | 1,259,390 | 7,047,423 | 8,440,387 | 308,276 | 17,055,476 | (67,030) | 16,988,446 |
| Depreciation and amortization | 37,883 | 282,085 | 311,383 | 6,620 | 637,971 | | 637,971 |
| Capital expenditures | 22,721 | 246,643 | 990,383 | 5,406 | 1,265,153 | | 1,265,153 |
| 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 430,679 million as of September 30, 2015 and JPY 341,711 million as of September 30, 2016 respectively, which consist primarily of cash and cash equivalents and financial assets measured at fair value through other comprehensive income.

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In addition to the disclosure required by IFRS, Honda provides the following supplemental information for the financial statements users:

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

For the three months ended September 30, 2015

| | Yen (millions) | | | | | | | |
|-------------------------|----------------|---------------|---------|---------|---------------|-----------|-------------------|--------------|
| | Japan | North America | Europe | Asia | Other Regions | Total | Reconciling Items | Consolidated |
| Sales revenue: | | | | | | | | |
| External customers | 525,761 | 2,000,518 | 166,132 | 719,479 | 209,387 | 3,621,277 | | 3,621,277 |
| Inter-geographic areas | 456,234 | 95,634 | 22,807 | 161,977 | 1,196 | 737,848 | (737,848) | |
| Total | 981,995 | 2,096,152 | 188,939 | 881,456 | 210,583 | 4,359,125 | (737,848) | 3,621,277 |
| Operating profit (loss) | 26,161 | 37,466 | 3,135 | 86,003 | 7,213 | 159,978 | 4,864 | 164,842 |

For the three months ended September 30, 2016

| | Yen (millions) | | | | | | | |
|-------------------------|----------------|---------------|---------|---------|---------------|-----------|-------------------|--------------|
| | Japan | North America | Europe | Asia | Other Regions | Total | Reconciling Items | Consolidated |
| Sales revenue: | | | | | | | | |
| External customers | 513,380 | 1,738,587 | 139,244 | 698,886 | 172,871 | 3,262,968 | | 3,262,968 |
| Inter-geographic areas | 464,171 | 100,658 | 21,852 | 132,390 | 795 | 719,866 | (719,866) | |
| Total | 977,551 | 1,839,245 | 161,096 | 831,276 | 173,666 | 3,982,834 | (719,866) | 3,262,968 |
| Operating profit (loss) | 85,843 | 38,112 | 105 | 91,282 | 13,426 | 228,768 | (687) | 228,081 |

Table of Contents**As of and for the six months ended September 30, 2015**

| | Yen (millions) | | | | | | Reconciling Items | Consolidated |
|---|----------------|------------------|---------|-----------|------------------|------------|----------------------|--------------|
| | Japan | North America | Europe | Asia | Other Regions | Total | | |
| Sales revenue: | | | | | | | | |
| External customers | 988,830 | 4,105,050 | 318,139 | 1,464,644 | 449,376 | 7,326,039 | | 7,326,039 |
| Inter-geographic areas | 909,724 | 182,718 | 41,611 | 315,743 | 1,810 | 1,451,606 | (1,451,606) | |
| Total | 1,898,554 | 4,287,768 | 359,750 | 1,780,387 | 451,186 | 8,777,645 | (1,451,606) | 7,326,039 |
| Operating profit (loss) | 53,971 | 146,489 | 2,179 | 181,573 | 11,717 | 395,929 | 8,199 | 404,128 |
| Assets | | | | | | | | |
| Non-current assets other than financial instruments and deferred tax assets | 4,127,849 | 10,564,347 | 639,202 | 2,431,728 | 584,145 | 18,347,271 | (25,002) | 18,322,269 |
| | 2,329,318 | 4,369,043 | 112,638 | 723,554 | 167,293 | 7,701,846 | | 7,701,846 |

As of and for the six months ended September 30, 2016

| | Yen (millions) | | | | | | Reconciling Items | Consolidated |
|---|----------------|------------------|---------|-----------|------------------|------------|----------------------|--------------|
| | Japan | North America | Europe | Asia | Other Regions | Total | | |
| Sales revenue: | | | | | | | | |
| External customers | 977,558 | 3,709,230 | 312,139 | 1,390,663 | 345,108 | 6,734,698 | | 6,734,698 |
| Inter-geographic areas | 905,680 | 198,818 | 31,952 | 271,911 | 1,409 | 1,409,770 | (1,409,770) | |
| Total | 1,883,238 | 3,908,048 | 344,091 | 1,662,574 | 346,517 | 8,144,468 | (1,409,770) | 6,734,698 |
| Operating profit (loss) | 66,066 | 209,383 | 1,351 | 181,603 | 27,752 | 486,155 | 8,769 | 494,924 |
| Assets | | | | | | | | |
| Non-current assets other than financial instruments and deferred tax assets | 4,130,606 | 9,447,227 | 572,484 | 2,334,452 | 595,104 | 17,079,873 | (91,427) | 16,988,446 |
| | 2,428,393 | 4,144,241 | 102,429 | 624,160 | 166,999 | 7,466,222 | | 7,466,222 |
| Explanatory notes: | | | | | | | | |

1. Major countries or regions in each geographic area:

| | |
|---------------|--|
| North America | United States, Canada, Mexico |
| Europe | United Kingdom, Germany, France, Belgium, Turkey |
| Asia | Thailand, Indonesia, China, India, Vietnam |
| Other Regions | Brazil, Australia |

2. Sales revenues between geographic areas are generally made at values that approximate arm's-length prices.

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3. Unallocated corporate assets, included in reconciling items, amounted to JPY 430,679 million as of September 30, 2015 and JPY 341,711 million as of September 30, 2016 respectively, which consist primarily of cash and cash equivalents and financial assets measured at fair value through other comprehensive income.

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[7] Other

1. Loss related to airbag inflators

Honda has 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 the 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 the United States and Canada, various class action lawsuits and civil lawsuits related to the above mentioned market-based measures have been filed against Honda. The plaintiffs have claimed for properly functioning airbag inflators, compensation of economic losses including incurred costs and the decline in the value of vehicles, as well as punitive damages. Most of the class action lawsuits in the United States were transferred to the United States District Court for the Southern District of Florida and consolidated into a multidistrict litigation.

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. Therefore, it is not possible for Honda to reasonably estimate the amount and timing of potential future losses, if any, as of the date of this report because there is uncertainty.

2. Transfer pricing tax refund

In May 2015, the lawsuit related to transfer pricing involving the Company's transactions with certain consolidated subsidiaries in Brazil was concluded, and it was ruled that the Company shall receive a tax refund with corresponding interest in Japan. As a result, income tax expense decreased by JPY 19,145 million for the six months ended September 30, 2015.

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

For the six months ended September 30, 2016, the Company recognized impairment losses of JPY 12,871 million on certain investments accounted for using the equity method because there is objective evidence of impairment from declines in quoted market values. The impairment losses are included in share of profit of investments accounted for using the equity method in the condensed consolidated statement of income.

4. Impact of the pension plan amendment on the Company's consolidated financial position and results of operations

In August 2016, the Company and its certain subsidiaries in Japan decided, effective April 1, 2017, to extend mandatory retirement age from 60 to 65 years old and introduce a flexible retirement scheme that enables employees to choose retirement age between 60 years old and 65 years old, along with amendments to their defined benefit pension plans to align with the postponement of the retirement age, to fulfill diversifying needs of individual employees. The plan amendments include the revision of the benefit curve, to make the lump-sum benefit payment at the retirement age (between 60 and 65) under the new plan consistent with that at the mandatory retirement age (60) under the existing plan. In addition, one of the defined benefit pension plans will be replaced by a defined contribution plan.

Upon the decision of this plan amendment, Honda recognized past service cost (credit) through profit or loss. Honda recognized JPY 84,024 million of past service cost (credit), of which JPY 37,197 million is presented in cost of sales, JPY 21,385 million is presented in selling, general and administrative and JPY 25,442 million is presented in research and development in the consolidated statements of income for the six months ended September 30, 2016. The defined benefit obligation and plan asset were remeasured.

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[Translation]

October 31, 2016

To: Shareholders of Honda Motor Co., Ltd.
 From: Honda Motor Co., Ltd.
 1-1, Minami-Aoyama 2-chome,
 Minato-ku, Tokyo, 107-8556
 Takahiro Hachigo
 President and Representative Director

**Notice Concerning Revision of Forecast for Consolidated Financial Results for the Fiscal Year Ending March 31, 2017 and
 Announcement of Forecast for Unconsolidated Financial Results for the same period**

Honda Motor Co., Ltd. (the Company) revises its forecast for consolidated financial results for the fiscal year ending March 31, 2017 which was announced on May 13, 2016, and announces forecast for unconsolidated financial results for the fiscal year ending March 31, 2017.

ParticularsRevision of Forecast for Consolidated Financial Results for the Fiscal Year Ending March 31, 2017

| | Sales revenue | Operating profit | Profit before income taxes | Profit for the year attributable to owners of the parent | Basic earnings per share attributable to owners of the parent |
|---|---------------|------------------|-------------------------------|---|---|
| | (Million Yen) | (Million Yen) | (Million Yen) | (Million Yen) | (Yen) |
| Forecast previously announced on May 13, 2016 (A) | 13,750,000 | 600,000 | 705,000 | 390,000 | 216.39 |
| Forecast revision as of October 31, 2016 (B) | 13,400,000 | 650,000 | 770,000 | 415,000 | 230.26 |
| Change (B-A) | - 350,000 | 50,000 | 65,000 | 25,000 | |
| Percentage change (%) (Reference) | - 2.5 | 8.3 | 9.2 | 6.4 | |
| Results of the fiscal year ended March 31, 2016 | 14,601,151 | 503,376 | 635,450 | 344,531 | 191.16 |

Table of Contents**Announcement of Forecast for Unconsolidated Financial Results for the Fiscal Year Ending March 31, 2017**

| | Net sales | Operating income | Ordinary income | Net income | Net income per common share |
|---|---------------|------------------|-----------------|---------------|-----------------------------|
| | (Million Yen) | (Million Yen) | (Million Yen) | (Million Yen) | (Yen) |
| Results of the fiscal year ended March 31, 2016 (A) | 3,303,606 | - 191,421 | 60,822 | 51,912 | 28.80 |
| Forecast as of October 31, 2016 (B) | 3,400,000 | 5,000 | 260,000 | 160,000 | 88.78 |
| Change (B-A) | 96,393 | 196,421 | 199,177 | 108,087 | |
| Percentage change (%) | 2.9 | | 327.5 | 208.2 | |

Reason for Revision of Forecast for Consolidated Financial Results for the Fiscal Year Ending March 31, 2017

Due mainly to unfavorable foreign currency translation effects, the Company downwardly revises its forecast for sales revenue of the fiscal year ending March 31, 2017 which was announced on May 13, 2016. Due mainly to continuing cost reduction efforts, the impact of pension accounting treatment, despite unfavorable foreign currency effects, the Company upwardly revises its forecast for operating profit, profit before income taxes, and profit for the year attributable to owners of the parent for the fiscal year ending March 31, 2017 which were announced on May 13, 2016.

Announcement of Forecast for Unconsolidated Financial Results for the Fiscal Year Ending March 31, 2017

The Company has not previously announced a forecast for the unconsolidated financial results for the fiscal year ending March 31, 2017 mainly due to the effects of the 2016 Kumamoto Earthquake. The Company hereby announces its forecast for the unconsolidated financial results for the fiscal year ending March 31, 2017, as shown above.

- * Basic earnings per share attributable to owners of the parent is calculated based on profit for the year attributable to owners of the parent.
- * These forecasts for consolidated and unconsolidated financial results of the Company 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.
- * For more details, please refer to the Company's investor relations website (URL <http://world.honda.com/investors/>).