Notes to Consolidated Financial Statements

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31, 2010 and 2011

1. Basis of Presentation

Yamaha Motor Co., Ltd. (The "Company") and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its foreign subsidiaries maintain their books of account in conformity with those of their countries of domicile.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of the International Financial Reporting Standards.

The text in the sections which follow comprise the English version of the securities report.

As permitted by the Financial Instruments and Exchange Act, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily equal the sum of the individual amounts.

2. Scope of Consolidation

Number of consolidated subsidiaries: 107
Number of non-consolidated subsidiaries: 10
Names of principal consolidated subsidiaries:

Yamaha Motorcycle Sales Japan Co., Ltd., Yamaha Motor Powered Products Co., Ltd., Yamaha Motor Corporation, U.S.A., Yamaha Motor Manufacturing Corporation of America, Yamaha Motor Europe N.V., MBK Industrie, PT. Yamaha Indonesia Motor Manufacturing, Yamaha Motor Vietnam Co., Ltd., Thai Yamaha Motor Co., Ltd., Yamaha Motor Taiwan Co., Ltd., and Yamaha Motor do Brasil Ltda.

Effective from the fiscal year ended December 31, 2011, Motor Center BCN S.A., which was a non-consolidated subsidiary accounted for by the equity method of accounting, and PT. Melco Indonesia and Yamaha Motor Electronics do Brasil Ltda., which were non-consolidated subsidiaries, have been included in the scope of consolidation in view of their increased significance. Additionally, Yamaha Motor Espana Marketing, S.L., which was newly established in the fiscal year ended December 31, 2011, has been included in the scope of consolidation.

On the other hand, Besq. Co., Ltd., which was a consolidated subsidiary, was excluded from the scope of consolidation due to an absorption-type merger with Toyo Seiki Co., Ltd.*, which was also a consolidated subsidiary, as the surviving company.

Total assets, net sales, net income or loss, retained earnings and other financial indexes of non-consolidated subsidiaries, including HL Yamaha Motor Research Centre Sdn. Bhd., were not significant in the aggregate to the Company's consolidated financial statements. Therefore, these companies were excluded from the Company's scope of consolidation.

*Toyo Seiki Co., Ltd. changed its name to TOYOBESQ CO., LTD. on January 1, 2011.

3. Scope of Application of Equity Method of Accounting

Number of non-consolidated subsidiaries accounted for by the equity method of accounting: 6

HL Yamaha Motor Research Centre Sdn. Bhd. and 5 other subsidiaries

Number of affiliates accounted for by the equity method of accounting: 25

Chongqing Jianshe Yamaha Motor Co., Ltd. and 24 other affiliates

Effective from the fiscal year ended December 31, 2011, Motor Center BCN S.A., which was a non-consolidated subsidiary accounted for by the equity method of accounting, has been changed to a consolidated subsidiary in view of its increased significance. Additionally, Onahama Marina Co., Ltd., which was an affiliate accounted for by the equity method of accounting, was excluded from the scope of application of the equity method of accounting due to its liquidation.

Four non-consolidated subsidiaries including Yamaha Motor Cambodia Co., Ltd., and an affiliate, Y^2 Marine Manufacturing Co., Ltd., were individually insignificant to the Company's consolidated net income or loss, consolidated retained earnings and other consolidated financial indexes, and were not significant in the aggregate. Therefore, the Company's investments in these companies were stated at cost, instead of being accounted for by the equity method of accounting.

(Changes in accounting policies)
Effective from the fiscal year ended December 31, 2011, the Company has applied the Accounting Standard for Equity Method of Accounting for Investments (Accounting Standards Board of Japan ("ASBJ") Statement No. 16; March 10, 2008) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (ASBJ Practical Issues Task Force No. 24; March 10, 2008), and has made necessary revisions on the consolidated financial statements.

The application of the said accounting standard, etc. has no significant impact on the statement of income.

4. Closing Date for Consolidated Subsidiaries

The final date of the business year for all the Company's consolidated subsidiaries is established in accordance with the Company's annual closing date for its consolidated financial accounting.

5. Accounting Standards

(1) Asset Valuation

1) Securities

Other securities

Marketable securities classified as other securities are carried at fair value, based on market prices as of the balance sheet date.

(Any changes in unrealized holding gain or loss, net of the applicable income taxes, are included directly in net assets. The cost of securities sold is determined by the moving average method.)

Non-marketable securities classified as other securities are carried at cost, determined by the moving-average method.

2) Derivatives

Derivatives are carried at fair value.

3) Inventories

Inventories are stated at cost, determined primarily by the average method. (Values stated in the balance sheets are computed through the write-down of book value due to lower profitability.)

(2) Depreciation and Amortization of Assets

1) Property, plant and equipment (excluding leased assets)

Depreciation of property, plant and equipment is computed primarily by the declining-balance method.

2) Intangible assets (excluding leased assets)

Amortization of intangible assets is computed by the straight-line method.

Amortization of capitalized software for internal use is computed by the straight-line method over the software's estimated useful life (five years).

3) Leased assets

Leased assets involved in finance lease transactions which transfer ownership

Computed using the same depreciation method applicable to self-owned fixed assets.

Leased assets involved in finance lease transactions which do not transfer ownership

Computed based on the assumption that the useful life equals the lease term, and the residual value equals zero.

Those finance lease transactions which do not transfer ownership, where the lease transaction start date was prior to December 31, 2008, are computed based on an accounting method similar to the method for ordinary rental transactions.

(3) Significant Accruals

1) Allowance for doubtful receivables

In order to evaluate accounts receivable–trade, and loans and other equivalents, an allowance for doubtful receivables is provided at an amount determined based on the historical experience of bad debt with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers who are experiencing financial difficulties.

2) Provision for bonuses

Provision for bonuses are stated at an estimated amount of the bonuses to be paid to employees, and to personnel working concurrently as Directors, based on their services for the current fiscal period.

3) Provision for bonuses for Directors

Provision for bonuses for Directors are stated at an estimated amount of the bonuses to be paid to Directors, based on their services for the current fiscal period.

4) Provision for product warranties

Provision for product warranties are provided to cover after-sale service expenses anticipated to be incurred during the warranty periods of products sold, as well as expenses associated with the quality of products sold, at a specifically estimated amount, plus an amount estimated by multiplying sales during the warranty period by a factor (after-sales service expenses/sales of products) based on actual costs in the past years and sales during the warranty period.

5) Provision for retirement benefits

Provision for retirement benefits are provided mainly at an amount, deemed generated on December 31, 2011, calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost.

Prior service cost is being amortized as incurred by the straight-line method over a period, 10 years, which is shorter than the average remaining years of service of the employees.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized, by the straight-line method, over a period, 10 years, which is shorter than the average remaining years of service of the employees.

6) Provision for product liabilities

Provision for product liabilities are provided, at an estimated amount of payments based on the actual results in past years, for liabilities that are not covered by product liability insurance.

(4) Amortization Method and Period for Amortization of Goodwill

The difference between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries ("goodwill") is amortized by the straight-line method over years estimated, based on substantive judgment as incurred.

(5) Range of Funds in the Consolidated Statements of Cash Flows

In the consolidated statements of cash flows, funds (cash and cash equivalents) include cash on hand, deposits that can be withdrawn when needed, and short-term investments with a maturity of less than three months from the date of acquisition that are marketable and subject to minimum fluctuation in value.

(6) Other Items of Significance in Drawing up Consolidated Financial Statements

1) Consumption taxes

Transactions subject to national and/or local consumption tax are recorded at an amount exclusive of the consumption taxes.

2) Application of consolidated tax return system

The Company applies the Consolidated Tax Return System.

6. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made, as a matter of arithmetic computation only, at ¥77.74 = U.S.$1.00, the approximate rate of exchange in effect at December 31, 2011.

The translation should not be construed as a representation that yen have been, could have been, or could be converted into U.S. dollars at this or any other rate.

7. Changes in Accounting Principles and Procedures

(Application of "Accounting Standard for Asset Retirement Obligations")

Effective from the fiscal year ended December 31, 2011, the Company has applied the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18; March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21; March 31, 2008).

The application of the said accounting standard, etc. has no significant impact on the statement of income.

8. Changes in Presentation

Consolidated Statements of Income

Effective from the fiscal year ended December 31, 2011, the Company has applied the Cabinet Office Ordinance of Partial Amendment to Regulation for Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No. 5; March 24, 2009) based on the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22; December 26, 2008). As a result, an account of "Income before minority interests" is presented in the Consolidated Statements of Income.

9. Additional Information

(Application of Accounting Standard for Presentation of Comprehensive Income)

Effective from the fiscal year ended December 31, 2011, the Company has applied the Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, June 30, 2010). However, the amounts of "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" in the previous fiscal year are recorded as the amounts of "Valuation and translation adjustments" and "Total valuation and translation adjustments."

10. Consolidated Balance Sheets

Information regarding consolidated balance sheets at December 31, 2010 and 2011 is as follows.

(1) Accumulated depreciation of property, plant and equipment

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
	¥515,876	¥509,550	$6,554,541

(2) Pledged assets and secured liabilities

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Pledged assets:			
Notes and accounts receivable–trade	¥ 61,144	¥ 56,296	$ 724,157
Merchandise and finished goods	648	1,217	15,655
Work-in-process	783	1,022	13,146
Raw materials and supplies	3,473	2,477	31,863
Current assets—other	9,842	11,888	152,920
Buildings and structures	166	322	4,142
Machinery, equipment and vehicles	9,229	7,943	102,174
Land	44	95	1,222
Construction in progress	295	833	10,715
Property, plant and equipment—other	309	286	3,679
Investment securities	38	50	643
Long-term loans receivable	21,276	21,101	271,430
Investments and other assets—other	2,486	5,730	73,707
Total	¥109,739	¥109,265	$1,405,518
Secured liabilities:			
Short-term loans payable	¥ 10,656	¥ 11,794	$ 151,711
Current portion of long-term loans payable	—	3,256	41,883
Long-term loans payable	26,752	33,558	431,670
Noncurrent liabilities—other	1,233	397	5,107
Total	¥ 38,643	¥ 49,006	$ 630,383

(3) Pursuant to the “Law Concerning the Revaluation of Land” (No. 24, enacted on March 31, 1999), land used for the Company’s business operations was revalued. The income tax effect of the difference between the book value and the revalued amount has been presented under liabilities as “Deferred tax liabilities for land revaluation” and the remaining balance has been presented under net assets as “Revaluation reserve for land” in the accompanying consolidated balance sheets.

a) Date of revaluation March 31, 2000

b) Method of revaluation
Under Item 4 of Article 2 of the Order For Enforcement on Law on Revaluation of Land (No. 119 of the 1998 Cabinet Order, promulgated on March 31, 1998), the land price for the revaluation was determined based on the official notice prices assessed and published by the Chief Officer of the National Tax Administration, as provided by Article 16 of the Law Concerning Public Notification of Land Prices. The appropriate adjustments were made to reflect these official notice prices.

c) Fair value of the land used for business after revaluation
The fair value of the land used for business after revaluation at the end of fiscal 2010 and 2011 was below its book value by ¥6,287 million and ¥6,787 million ($87,304 thousand), respectively.

(4) Guarantee obligations
Guarantees are given for the following companies’ loans from financial institutions.

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Subsidiaries or affiliates:			
Amagasaki Woodland of Health Co., Ltd.	¥293	¥268	$3,447
Other companies:			
Enrum Marina Muroran Inc.	57	49	630
Marina Kawage Co., Ltd.	15	5	64
Total	¥365	¥323	$4,155

Guarantee obligations described above include ¥308 million and ¥274 million ($3,525 thousand) at the end of fiscal 2010 and 2011 arising from acts resembling guarantees.

(5) Discounts on notes receivable–trade

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
	¥1,765	**¥2,414**	**$31,052**

(6) Investment securities and investment in partnerships with non-consolidated subsidiaries and affiliates are as follows.

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Investment securities (stock)	¥17,825	**¥18,637**	**$239,735**
Investment in partnerships	756	**244**	**3,139**

(7) Notes maturing at the end of the fiscal year were settled on the date of clearing. As the end of fiscal 2010 and 2011 fell on a holiday for financial institutions in Japan, the following notes maturing on the fiscal year-end date are included in the balance as of the fiscal year-end.

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Notes receivable–trade	¥1,025	**¥942**	**$12,117**
Notes payable–trade	260	**250**	**3,216**

11. Consolidated Statements of Income

Information regarding consolidated statements of income for the years ended December 31, 2010 and 2011 is as follows.

(1) Loss on devaluation of inventories after reversal of refund by the lower of cost or market method following write-down of book value due to lower profitability included in cost of sales

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
	¥(4,281)	**¥(1,115)**	**$(14,343)**

(2) Breakdown of major selling, general and administrative expenses

	Millions of yen
	2010
Transportation expenses	¥30,504
Provision for product warranties	15,476
Provision for allowance for doubtful accounts	1,376
Salaries	71,392
Provision for bonuses	2,160
Provision for retirement benefits	4,446

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Transportation expenses	**¥30,278**	**$389,478**
Provision for product warranties	**11,428**	**147,003**
Provision for allowance for doubtful accounts	**1,681**	**21,623**
Salaries	**69,725**	**896,900**
Provision for bonuses	**3,017**	**38,809**
Provision for retirement benefits	**4,940**	**63,545**

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(3) Research and development expenses included in selling, general and administrative expenses and manufacturing costs

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
	¥55,183	**¥65,015**	**$836,313**

(4) Breakdown of gain on sales of noncurrent assets

	Millions of yen
	2010
Buildings and structures	¥ 76
Machinery, equipment and vehicles	434
Other	33
Total	¥544

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Machinery, equipment and vehicles	**¥290**	**$3,730**
Other	**33**	**424**
Total	**¥323**	**$4,155**

(5) Breakdown of loss on sales of noncurrent assets

	Millions of yen
	2010
Machinery, equipment and vehicles	¥156
Other	18
Total	¥175

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Buildings and structures	**¥ 22**	**$ 283**
Machinery, equipment and vehicles	**76**	**978**
Other	**50**	**643**
Total	**¥149**	**$1,917**

(6) Breakdown of loss on disposal of noncurrent assets

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Buildings and structures	¥ 300	**¥281**	**$3,615**
Machinery, equipment and vehicles	328	**256**	**3,293**
Other	408	**196**	**2,521**
Total	¥1,038	**¥735**	**$9,455**

(7) Details concerning impairment loss

Fiscal year ended December 31, 2010

1) Summary of asset groups for which impairment loss has been identified

Use	Location	Impairment loss	
			Millions of yen
		Item	2010
Motorcycles	India, other	Buildings and structures	¥1,369
		Machinery, equipment and vehicles	4,039
		Other	134
		Intangible assets	413
		Total	¥5,957
Idle assets	Kakegawa City (Shizuoka, Japan), other	Buildings and structures	¥ 309
		Machinery, equipment and vehicles	6
		Land	298
		Other	56
		Total	¥ 670

2) Method for grouping assets
An asset group is defined as the minimum unit within a business segment that generates cash flows, generally independent from other asset groups in that segment.

3) Background to the recognition of impairment loss
Since a delay in profitability recovery is forecasted as a result of a review of future business plans conducted in the fiscal year ended December 31, 2010, principally at the consolidated subsidiary in India, impairment loss was recognized in the motorcycle business. Impairment loss was also identified among idle assets not serving business uses. Specifically, losses were recognized for those idle assets whose market prices have significantly declined from their book values.

4) Computation of recoverable values
The recoverable value was computed by the appraisal value or the net sale value reasonably calculated and obtained using the disposal price.

Fiscal year ended December 31, 2011

No related items.

(8) Details concerning loss on disaster

Fiscal year ended December 31, 2010

No related items.

Fiscal year ended December 31, 2011

Loss on disaster accounts for the losses from the earthquake which occurred in March 2011. These losses are principally the expenses for repair of damaged assets, relief support for business partners affected by the earthquake and relief supplies for the stricken areas.

12. Consolidated Statements of Comprehensive Income

Information regarding consolidated statements of comprehensive income for the years ended December 31, 2010 and 2011 is as follows.

Fiscal year ended December 31, 2010

No related items.

Fiscal year ended December 31, 2011

(1) Comprehensive income in the previous fiscal year

	Millions of yen
	2010
Comprehensive income attributable to owners of the parent	¥(12,777)
Comprehensive income attributable to minority interests	6,107
Total	¥ (6,669)

(2) Other comprehensive income in the previous fiscal year

	Millions of yen
	2010
Valuation difference on available-for-sale securities	¥ (1,321)
Foreign currency translation adjustment	(31,289)
Share of other comprehensive income of associates accounted for using equity method	(1,208)
Total	¥(33,819)

13. Consolidated Statements of Changes in Net Assets

Information regarding consolidated statements of changes in net assets for the years ended December 31, 2010 and 2011 is as follows.

Fiscal year ended December 31, 2010

(1) Type and number of outstanding shares

	Shares			
	Number of shares as of December 31, 2009	Increase in the number of shares during the fiscal year under review	Decrease in the number of shares during the fiscal year under review	Number of shares as of December 31, 2010
Capital stock	286,507,784	63,250,000	0	349,757,784

Note The reasons for the increase or decrease in the number of shares are as follows:
- Increase due to issuance of new shares through public offering: 55,000,000 shares
- Increase due to issuance of new shares through third-party allocation: 8,250,000 shares

(2) Type and number of treasury stocks

	Shares			
	Number of shares as of December 31, 2009	Increase in the number of shares during the fiscal year under review	Decrease in the number of shares during the fiscal year under review	Number of shares as of December 31, 2010
Capital stock	658,149	2,776	176	660,749

Note The reasons for the increase or decrease in the number of shares are as follows:
- Increase due to the purchase of less-than-one-unit shares from shareholders: 1,652 shares
- Increase due to the acquisition of subsidiaries and affiliates accounted for by the equity method: 1,124 shares
- Decrease due to requests for additional purchase of less-than-one-unit shares by shareholders: 176 shares

(3) Subscription rights to shares and own subscription rights to shares

Classification	Description of subscription rights to shares	Type of shares to be issued by the exercise of subscription rights to shares	Number of shares issued by the exercise of subscription rights to shares (shares): December 31, 2009	Increase during the fiscal year under review	Decrease during the fiscal year under review	December 31, 2010	Balance as of December 31, 2010: Millions of yen
Yamaha Motor Co., Ltd.	Subscription rights to shares as stock options Note	—	—	—	—	—	¥102
	Total	—	—	—	—	—	¥102

Note The exercise periods of the fifth and sixth subscription rights to shares are June 16, 2011 through June 15, 2015 and June 15, 2012 through June 14, 2016, respectively. Thus, the first day of the exercise periods has not come as of the end of the fiscal year ended December 31, 2010.

(4) Dividends

• Amount of dividends paid

No related items.

• Dividends whose record date falls in fiscal 2010 and whose effective date falls in fiscal 2011.

No related items.

Fiscal year ended December 31, 2011

(1) Type and number of outstanding shares

Shares

	Number of shares as of December 31, 2010	Increase in the number of shares during the fiscal year under review	Decrease in the number of shares during the fiscal year under review	Number of shares as of December 31, 2011
Capital stock	**349,757,784**	**0**	**0**	**349,757,784**

(2) Type and number of treasury stocks

Shares

	Number of shares as of December 31, 2010	Increase in the number of shares during the fiscal year under review	Decrease in the number of shares during the fiscal year under review	Number of shares as of December 31, 2011
Capital stock	**660,749**	**1,918**	**124**	**662,543**

Note The reasons for the increase or decrease in the number of shares are as follows:

- Increase due to the purchase of less-than-one-unit shares from shareholders: 795 shares
- Increase due to the acquisition of subsidiaries and affiliates accounted for by the equity method: 1,123 shares
- Decrease due to requests for additional purchase of less-than-one-unit shares by shareholders: 124 shares

(3) Subscription rights to shares and own subscription rights to shares

Classification	Description of subscription rights to shares	Type of shares to be issued by the exercise of subscription rights to shares	Number of shares issued by the exercise of subscription rights to shares (shares): December 31, 2010	Increase during the fiscal year under review	Decrease during the fiscal year under review	December 31, 2011	Balance as of December 31, 2011: Millions of yen	Balance as of December 31, 2011: Thousands of U.S. dollars
Yamaha Motor Co., Ltd.	Subscription rights to shares as stock options Note	**—**	**—**	**—**	**—**	**—**	**¥109**	**$1,402**
	Total	**—**	**—**	**—**	**—**	**—**	**¥109**	**$1,402**

Note The exercise period of the sixth subscription rights to shares is June 15, 2012 through June 14, 2016. Thus, the first day of the exercise period has not come as of the end of the fiscal year ended December 31, 2011.

(4) Dividends

• Amount of dividends paid

No related items.

• Dividends whose record date falls in fiscal 2011 and whose effective date falls in fiscal 2012

Resolution	Type of share	Total amount of dividends	Resource of dividends	Dividend per share	Record date	Effective date
		Millions of yen		Yen		
Ordinary General Meeting of Shareholders held on March 23, 2012	**Capital stock**	**¥5,411**	**Retained earnings**	**¥15.50**	**December 31, 2011**	**March 26, 2012**

14. Consolidated Statements of Cash Flows

Information regarding consolidated statements of cash flows for the years ended December 31, 2010 and 2011 is as follows.

(1) Reconciliation of "cash and cash equivalents" as of December 31, 2010 and 2011 to amounts in the various accounts appearing in the accompanying consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Cash and deposits	¥205,362	**¥133,707**	**$1,719,925**
Time deposits with maturity in excess of three months	(2,016)	**(354)**	**(4,554)**
Other current assets	532	**240**	**3,087**
Cash and cash equivalents	¥203,878	**¥133,593**	**$1,718,459**

(2) Income taxes (paid) refund includes a ¥13,835 million refund on transactions in fiscal 2010 at consolidated subsidiary Yamaha Motor Corporation, U.S.A.

15. Lease Information

Information regarding leases for the years ended December 31, 2010 and 2011 is as follows.

Fiscal year ended December 31, 2010

(1) Finance lease transactions (as a lessee)
Finance lease transactions which do not transfer ownership
1) Subject leased assets
Property, plant and equipment
Mainly vehicles

2) Depreciation method of leased assets
As described in sub-section (2), "Depreciation and Amortization of Assets," of section (5) "Accounting Standards."

Those finance lease transactions which do not transfer ownership, where the transaction start date was prior to December 31, 2008, are computed based on an accounting method similar to the method for ordinary rental transactions, described below.

a) Amounts equivalent to acquisition cost, accumulated depreciation and the net book value of leased property at December 31, 2010

	Millions of yen		
	Acquisition cost	Accumulated depreciation	Net book value
Other (tools, furniture and fixtures)	¥5,351	¥5,019	¥332

Acquisition costs of leased property were computed based on the inclusion of their interest portion, due to the lower ratio of the balance for future minimum lease payments to the balance for property, plant and equipment at the end of the fiscal year.

b) Amounts equivalent to future minimum lease payments at December 31, 2010

	Millions of yen
Payable within one year	¥178
Payable after one year	153
Total	¥332

Future minimum lease payments of leased property were computed based on the inclusion of their interest portion, due to the lower ratio of the balance for future minimum lease payments to the balance for property, plant and equipment at the end of the fiscal year.

c) Amounts equivalent to lease payments and depreciation

	Millions of yen
Lease payments	¥427
Depreciation	427

d) Computation of amounts equivalent to depreciation
The computation of amounts equivalent to depreciation is made by the straight-line method, assuming that useful life equals to the lease term and the residual value equals to zero.

(2) Operating lease transactions
Future minimum lease payments for noncancellable operating lease transactions

	Millions of yen
Payable within one year	¥1,019
Payable after one year	2,779
Total	¥3,799

Fiscal year ended December 31, 2011

(1) Finance lease transactions (as a lessee)
Finance lease transactions which do not transfer ownership
1) Subject leased assets
Property, plant and equipment
Mainly machinery, equipment and vehicles

2) Depreciation method of leased assets
As described in sub-section (2), "Depreciation and Amortization of Assets," of section (5) "Accounting Standards."

Those finance lease transactions which do not transfer ownership, where the transaction start date was prior to December 31, 2008, are computed based on an accounting method similar to the method for ordinary rental transactions, described below.

a) Amounts equivalent to acquisition cost, accumulated depreciation and the net book value of leased property at December 31, 2011

	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥4,018	¥3,898	¥119	$51,685	$50,141	$1,531
Other	830	797	32	10,677	10,252	412
Total	¥4,848	¥4,696	¥152	$62,362	$60,406	$1,955

Acquisition costs of leased property were computed based on the inclusion of their interest portion, due to the lower ratio of the balance for future minimum lease payments to the balance for property, plant and equipment at the end of the fiscal year.

b) Amounts equivalent to future minimum lease payments at December 31, 2011

	Millions of yen	Thousands of U.S. dollars
Payable within one year	¥ 89	$1,145
Payable after one year	62	798
Total	¥152	$1,955

Future minimum lease payments of leased property were computed based on the inclusion of their interest portion, due to the lower ratio of the balance for future minimum lease payments to the balance for property, plant and equipment at the end of the fiscal year.

c) Amounts equivalent to lease payments and depreciation

	Millions of yen	Thousands of U.S. dollars
Lease payments	¥142	$1,827
Depreciation	142	1,827

d) Computation of amounts equivalent to depreciation
The computation of amounts equivalent to depreciation is made by the straight-line method, assuming that useful life equals to the lease term and the residual value equals to zero.

(2) Operating lease transactions
Future minimum lease payments for noncancellable operating lease transactions

	Millions of yen	Thousands of U.S. dollars
Payable within one year	¥ 857	$11,024
Payable after one year	2,284	29,380
Total	¥3,141	$40,404

16. Financial Instruments and Related Disclosure

Information regarding financial instruments and related disclosure for the years ended December 31, 2010 and 2011 is as follows.

Fiscal year ended December 31, 2010

1. Status of financial instruments held by the group

1) Policies on financial instruments

The Group restricts its asset management to short-term deposits, etc. in principle and raises funds mainly through bank borrowings. Derivative transactions are used to mitigate the risks described below and the Group has no intention to engage in speculative trading.

2) Details of financial instruments and related risks

Notes and accounts receivable–trade, which are operating receivables, are exposed to credit risk of customers. Foreign currency-denominated operating receivables resulting from the Group conducting business globally are exposed to risk of foreign currency exchange fluctuations, which is mitigated in principle by securing foreign exchange forward contracts on the net position of foreign currency-denominated operating receivables and payables.

Investment securities, mainly stocks of companies with which the Group has business relationships, are exposed to risk of market price fluctuations.

Notes and accounts payable–trade, which are operating payables, are mostly due within one year. Some of them are denominated in foreign currency, reflecting imports of raw materials, etc., and exposed to risk of foreign currency exchange fluctuations. However, they are continuously below the balance of accounts receivable denominated in the same foreign currency.

Short-term loans payable and long-term loans payable are intended for working capital, and some of them with variable interest rates are exposed to risk of interest rate fluctuations.

Derivative transactions used by the Company are mainly foreign exchange forward contracts to mitigate risk of foreign currency exchange fluctuations in connection with foreign currency-denominated operating receivables and payables, and interest rate swap transactions to mitigate risk of fluctuations in interest paid on the Company's borrowings.

3) Risk management system for financial instruments

(a) Management of credit risk (risks associated with the defaults of customers)

The Company and its consolidated subsidiaries have their administrative sections in individual business divisions periodically monitor main business partners with regard to operating receivables and keep track of the due date and the balance for each business partner, while trying to identify doubtful receivables due to worsened financial conditions of the business partners at an early stage and seek to reduce their consequences.

In engaging in derivative transactions, the Company enters into transactions only with financial institutions with a high credit rating in order to mitigate counterparty risk.

(b) Management of market risk (foreign currency exchange and interest rate fluctuation risks)

The Company and some of its consolidated subsidiaries use foreign exchange forward contracts, etc. to mitigate foreign currency exchange fluctuation risk of foreign currency-denominated operating receivables and payables, which is identified for different currencies on a monthly basis. Foreign exchange forward contracts, etc. are also used for foreign currency-denominated operating receivables, which are certain to be generated as a result of scheduled export transactions. Additionally, the Company and some of its consolidated subsidiaries use interest rate swap transactions to reduce risk of fluctuations in interest paid on their borrowings.

The Company periodically monitors the market prices of investment securities and the financial conditions of the issuers (business partners) and reviews its holding of investment securities on an ongoing basis, taking relationships with the business partners into account.

The Company's finance & accounting division carries out derivative transactions based on the internal rules prescribing transaction authority, the upper limit and others, keeps records and cross-checks the balance with financial institutions. Transactions of foreign exchange forward contracts, etc. are reported to Executive Officers in the position of Senior Executive Officer or higher, Standing Corporate Auditors, and heads of the finance & accounting division and the division responsible for managing positions at least twice a month. The Company also monitors consolidated subsidiaries in accordance with the internal rules.

(c) Management of liquidity risk related to financing (risks in which the Company being unable to repay within the due date)

The Company and each of its consolidated subsidiaries control liquidity risk by formulating and revising a cash position plan as needed, while maintaining liquidity on hand at an appropriate level.

4) Supplementary explanation concerning fair values, etc. of financial instruments

Fair values of financial instruments comprise values determined based on market prices and values determined reasonably when there is no market price. Since variable factors are incorporated in computing the relevant fair values, such fair values may vary depending on the different assumptions.

2. Fair values of financial instruments

Carrying amount, fair value and differences of the financial instruments as of December 31, 2010 are as follows. Financial instruments whose fair values are not readily determinable are excluded from the following table: (See Note 2.)

	Millions of yen		
	Carrying amount	Fair value	Differences
(1) Cash and deposits	¥205,362	¥205,362	¥ —
(2) Notes and accounts receivable–trade	183,711		
Allowance for doubtful receivables *1	(5,860)		
	177,850	177,816	(34)
(3) Investment securities	16,469	16,469	—
(4) Long-term loans receivable	37,034		
Allowance for doubtful receivables *1	(1,419)		
	35,615	40,233	4,618
Total assets	¥435,297	¥439,881	¥4,583
(5) Notes and accounts payable–trade	125,809	125,809	—
(6) Short-term loans payable	35,455	35,455	—
(7) Current portion of long-term loans payable	57,576	57,576	—
(8) Long-term loans payable	229,410	233,762	4,351
Total liabilities	¥448,252	¥452,604	¥4,351
Derivative transactions *2	344	344	—

*1 Allowance for doubtful receivables are deducted from notes and accounts receivable–trade and long-term loans receivable.
*2 Receivables and payables, which were derived from derivative transactions, are presented in net amount.

Notes 1 Calculation method of fair values of financial instruments and matters concerning marketable securities and derivative transactions

Assets:

(1) Cash and deposits
These assets are recorded using book values as the fair values are almost equal to the book values because of their short-term maturities.

(2) Notes and accounts receivable–trade
The fair values of these assets are measured at the present values of their future cash flows from which an allowance for doubtful receivables equivalent to credit risk are deducted. In order to compute the present values of the future cash flows of these assets, the assets are categorized by specified time period, and future cash flows in each category are discounted at a rate in accordance with appropriate indices such as government bond yields.

(3) Investment securities
Investment securities are determined using the quoted price at the stock exchange.

(4) Long-term loans receivable
For long-term loans receivable with variable rates, fair value is calculated based on book values, as they reflect market interest rates in the short run.
For long-term loans receivable with fixed rates, the fair values are measured at their present values from which an allowance for doubtful receivables equivalent to credit risk are deducted. The present values of these assets are computed by discounting for each collection period at a rate in accordance with appropriate indices such as government bond yields.

Liabilities:

(5) Notes and accounts payable–trade, (6) Short-term loans payable, (7) Current portion of long-term loans payable
These liabilities are recorded using book values as the fair values are almost equal to the book values because of their short-term maturities.

(8) Long-term loans payable
For long-term loans payable with variable rates, fair value is calculated based on book values, as they reflect market interest rates in the short run.
For long-term loans payable with fixed rates, the fair values are determined by computing the present values, discounted for each collection period at a projected interest rate if a similar borrowing is taken out.

Derivative transactions

Their fair values are calculated based on the quoted price obtained from the financial institutions.

2 Financial instruments whose fair values are not readily determinable

	Millions of yen
Category	Carrying amount
Unlisted equity securities	¥18,847

The foregoing items are not included in "(3) Investment securities," because there is no market price, and it is deemed difficult to measure the fair values.

3 Redemption schedule for monetary claims and held-to-maturity securities with maturity dates subsequent to the fiscal year-end

	Millions of yen			
	1 year or less	1 to 5 years	5 to 10 years	More than 10 years
Cash and deposits	¥205,362	¥ —	¥—	¥ —
Notes and accounts receivable–trade	183,157	554	—	—
Long-term loans receivable	—	36,844	70	119
Total	¥388,520	¥37,399	¥70	¥119

4 Redemption schedule for long-term loans payable subsequent to the fiscal year-end
See "Fund Procurement Conditions."

(Additional Information)
Effective from the fiscal year ended December 31, 2010, the Company has adopted "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, March 10, 2008) and "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 Guidance, March 10, 2008).

Fiscal year ended December 31, 2011

1. Status of financial instruments held by the group

1) Policies on financial instruments

The Group restricts its asset management to short-term deposits, etc. in principle and raises funds mainly through bank borrowings. Derivative transactions are used to mitigate the risks described below and the Group has no intention to engage in speculative trading.

2) Details of financial instruments and related risks

Notes and accounts receivable–trade, which are operating receivables, are exposed to credit risk of customers. Foreign currency-denominated operating receivables resulting from the Group conducting business globally are exposed to risk of foreign currency exchange fluctuations, which is mitigated in principle by securing foreign exchange forward contracts on the net position of foreign currency-denominated operating receivables and payables.

Investment securities, mainly stocks of companies with which the Group has business relationships, are exposed to risk of market price fluctuations.

Notes and accounts payable–trade, which are operating payables, are mostly due within one year. Some of them are denominated in foreign currency, reflecting imports of raw materials, etc., and exposed to risk of foreign currency exchange fluctuations. However, they are continuously below the balance of accounts receivable denominated in the same foreign currency.

Short-term loans payable and long-term loans payable are intended for working capital, and some of them with variable interest rates are exposed to risk of interest rate fluctuations.

Derivative transactions used by the Company are mainly foreign exchange forward contracts to mitigate risk of foreign currency exchange fluctuations in connection with foreign currency-denominated operating receivables and payables, and interest rate swap transactions to mitigate risk of fluctuations in interest paid on the Company's borrowings.

3) Risk management system for financial instruments

(a) Management of credit risk (risks associated with the defaults of customers)
The Company and its consolidated subsidiaries have their administrative sections in individual business divisions periodically monitor main business partners with regard to operating receivables and keep track of the due date and the balance for each business partner, while trying to identify doubtful receivables due to worsened financial conditions of the business partners at an early stage and seek to reduce their consequences.

In engaging in derivative transactions, the Company enters into transactions only with financial institutions with a high credit rating in order to mitigate counterparty risk.

(b) Management of market risk (foreign currency exchange and interest rate fluctuation risks)
The Company and some of its consolidated subsidiaries use foreign exchange forward contracts, etc. to mitigate foreign currency exchange fluctuation risk of foreign currency-denominated operating receivables and payables, which is identified for different currencies on a monthly basis. Foreign exchange forward contracts, etc. are also used for foreign currency-denominated operating receivables, which are certain to be generated as a result of scheduled export transactions. Additionally, the Company and some of its consolidated subsidiaries use interest rate swap transactions to reduce risk of fluctuations in interest paid on their borrowings.

The Company periodically monitors the market prices of investment securities and the financial conditions of the issuers (business partners) and reviews its holding of investment securities on an ongoing basis, taking relationships with the business partners into account.

The Company's finance & accounting division carries out derivative transactions based on the internal rules prescribing transaction authority, the upper limit and others, keeps records and cross-checks the balance with financial institutions. Transactions of foreign exchange forward contracts, etc. are reported to Executive Officers in the position of Senior Executive Officer or higher, Standing Corporate Auditors, and heads of the finance & accounting division and the division responsible for managing positions at least twice a month. The Company also monitors consolidated subsidiaries in accordance with the internal rules.

(c) Management of liquidity risk related to financing (risks in which the Company being unable to repay within the due date)
The Company and each of its consolidated subsidiaries control liquidity risk by formulating and revising a cash position plan as needed, while maintaining liquidity on hand at an appropriate level.

4) Supplementary explanation concerning fair values, etc. of financial instruments
Fair values of financial instruments comprise values determined based on market prices and values determined reasonably when there is no market price. Since variable factors are incorporated in computing the relevant fair values, such fair values may vary depending on the different assumptions.

2. Fair values of financial instruments

Carrying amount, fair value and differences of the financial instruments as of December 31, 2011 are as follows. Financial instruments whose fair values are not readily determinable are excluded from the following table: (See Note 2.)

	Millions of yen			Thousands of U.S. dollars		
	Carrying amount	Fair value	Differences	Carrying amount	Fair value	Differences
(1) Cash and deposits	¥133,707	¥133,707	¥ —	$1,719,925	$1,719,925	$ —
(2) Notes and accounts receivable–trade	166,531			2,142,153		
Allowance for doubtful receivables *1	(5,114)			(65,783)		
	161,416	161,387	(28)	2,076,357	2,075,984	(360)
(3) Investment securities	15,483	15,483	—	199,164	199,164	—
(4) Long-term loans receivable	36,017			463,301		
Allowance for doubtful receivables *1	(1,565)			(20,131)		
	34,452	40,927	6,474	443,170	526,460	83,278
Total assets	¥345,060	¥351,506	¥6,445	$4,438,642	$4,521,559	$82,905
(5) Notes and accounts payable–trade	121,974	121,974	—	1,568,999	1,568,999	—
(6) Short-term loans payable	42,919	42,919	—	552,084	552,084	—
(7) Current portion of long-term loans payable	69,398	69,398	—	892,694	892,694	—
(8) Long-term loans payable	162,403	165,022	2,619	2,089,053	2,122,742	33,689
Total liabilities	¥396,695	¥399,314	¥2,619	$5,102,843	$5,136,532	$33,689
Derivative transactions *2	(1,069)	(1,069)	—	(13,751)	(13,751)	—

*1 Allowance for doubtful receivables are deducted from notes and accounts receivable–trade and long-term loans receivable.
*2 Receivables and payables, which were derived from derivative transactions, are represented in net amount. The figures in parentheses indicate net payables.

Notes 1 Calculation method of fair values of financial instruments and matters concerning marketable securities and derivative transactions

Assets:

(1) Cash and deposits
These assets are recorded using book values as the fair values are almost equal to the book values because of their short-term maturities.

(2) Notes and accounts receivable–trade
The fair values of these assets are measured at the present values of their future cash flows from which an allowance for doubtful receivables equivalent to credit risk are deducted. In order to compute the present values of the future cash flows of these assets, the assets are categorized by specified time period, and future cash flows in each category are discounted at a rate in accordance with appropriate indices such as government bond yields.

(3) Investment securities
Investment securities are determined using the quoted price at the stock exchange.

(4) Long-term loans receivable
For long-term loans receivable with variable rates, fair value is calculated based on book values, as they reflect market interest rates in the short run.
For long-term loans receivable with fixed rates, the fair values are measured at their present values from which an allowance for doubtful receivables equivalent to credit risk are deducted. The present values of these assets are computed by discounting for each collection period at a rate in accordance with appropriate indices such as government bond yields.

Liabilities:

(5) Notes and accounts payable–trade, (6) Short-term loans payable, (7) Current portion of long-term loans payable
These liabilities are recorded using book values as the fair values are almost equal to the book values because of their short-term maturities.

(8) Long-term loans payable
For long-term loans payable with variable rates, fair value is calculated based on book values, as they reflect market interest rates in the short run.
For long-term loans payable with fixed rates, the fair values are determined by computing the present values, discounted for each repayment period at a projected interest rate if a similar borrowing is taken out.

Derivative transactions

Their fair values are calculated based on the quoted price obtained from the financial institutions.

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2 Financial instruments whose fair values are not readily determinable

	Millions of yen	Thousands of U.S. dollars
Category	Carrying amount	Carrying amount
Unlisted equity securities	¥20,065	$258,104

The foregoing items are not included in "(3) Investment securities," because there is no market price, and it is deemed difficult to measure the fair values.

3 Redemption schedule for monetary claims and held-to-maturity securities with maturity dates subsequent to the fiscal year-end

	Millions of yen				Thousands of U.S. dollars			
	1 year or less	1 to 5 years	5 to 10 years	More than 10 years	1 year or less	1 to 5 years	5 to 10 years	More than 10 years
Cash and deposits	¥133,707	¥ —	¥—	¥ —	$1,719,925	$ —	$ —	$ —
Notes and accounts receivable–trade	166,118	407	4	—	2,136,841	5,235	51	—
Long-term loans receivable	—	35,834	71	111	—	460,947	913	1,428
Total	¥299,826	¥36,241	¥76	¥111	$3,856,779	$466,182	$978	$1,428

4 Redemption schedule for long-term loans payable subsequent to the fiscal year-end
See "Fund Procurement Conditions."

17. Marketable Securities

Information regarding marketable securities for the years ended December 31, 2010 and 2011 is as follows.

Fiscal year ended December 31, 2010

(1) Other marketable securities with fair value (as of December 31, 2010)

		Millions of yen		
	Type	Carrying amount	Acquisition cost	Unrealized gain or loss
Securities whose carrying amount exceeds their acquisition cost	(1) Equity securities	¥14,253	¥10,160	¥4,092
	(2) Bonds:			
	1) National and local government bonds	—	—	—
	2) Corporate bonds	—	—	—
	3) Other bonds	—	—	—
	(3) Other	—	—	—
	Sub-total	14,253	10,160	4,092
Securities whose acquisition cost exceeds their carrying amount	(1) Equity securities	¥ 2,215	¥ 3,081	¥ (865)
	(2) Bonds:			
	1) National and local government bonds	—	—	—
	2) Corporate bonds	—	—	—
	3) Other bonds	—	—	—
	(3) Other	—	—	—
	Sub-total	2,215	3,081	(865)
	Total	¥16,469	¥13,241	¥3,227

Note Unlisted stocks (¥1,022 million booked on the consolidated balance sheet) have no market price and the effort to pinpoint fair value is deemed extremely difficult so they are excluded from "Other marketable securities" in the preceding table.

(2) Other marketable securities sold during the fiscal year (January 1, 2010 through December 31, 2010)

	Millions of yen		
Type	Amount sold	Total gains	Total losses
(1) Equity securities	¥51	¥34	¥3
(2) Bonds:			
1) National and local government bonds	—	—	—
2) Corporate bonds	—	—	—
3) Other bonds	—	—	—
(3) Other	—	—	—
Total	¥51	¥34	¥3

(3) Impaired marketable securities
For the fiscal year ended December 31, 2010, the Company recorded an impairment loss of ¥511 million on investment securities (¥477 million on listed stock under other marketable securities and ¥31 million on unlisted stocks and ¥1 million on equity in affiliates).

The Company generally posts the entire amount of impairment loss on all securities whose fair value at the end of the fiscal year is less than 50% of the acquisition cost. For securities whose fair value at the end of the fiscal year decreases by 30 to 50% from their acquisition cost, the Company posts an impairment loss when it is judged necessary, by examining the importance and recoverability of the amount in question.

Fiscal year ended December 31, 2011

(1) Other marketable securities with fair value (as of December 31, 2011)

		Millions of yen			Thousands of U.S. dollars		
	Type	Carrying amount	Acquisition cost	Unrealized gain or loss	Carrying amount	Acquisition cost	Unrealized gain or loss
Securities whose carrying amount exceeds their acquisition cost	(1) Equity securities	¥ 3,215	¥ 1,619	¥ 1,596	$ 41,356	$ 20,826	$ 20,530
	(2) Bonds:						
	1) National and local government bonds	—	—	—	—	—	—
	2) Corporate bonds	—	—	—	—	—	—
	3) Other bonds	—	—	—	—	—	—
	(3) Other	—	—	—	—	—	—
	Sub-total	3,215	1,619	1,596	41,356	20,826	20,530
Securities whose acquisition cost exceeds their carrying amount	(1) Equity securities	¥12,267	¥15,247	¥(2,980)	$157,795	$196,128	$(38,333)
	(2) Bonds:						
	1) National and local government bonds	—	—	—	—	—	—
	2) Corporate bonds	—	—	—	—	—	—
	3) Other bonds	—	—	—	—	—	—
	(3) Other	—	—	—	—	—	—
	Sub-total	12,267	15,247	(2,980)	157,795	196,128	(38,333)
	Total	¥15,483	¥16,867	¥(1,383)	$199,164	$216,967	$(17,790)

Note Unlisted stocks (¥905 million ($11,641 thousand) booked on the consolidated balance sheet) have no market price and the effort to pinpoint fair value is deemed extremely difficult so they are excluded from "Other marketable securities" in the preceding table.

(2) Other marketable securities sold during the fiscal year (January 1, 2011 through December 31, 2011)

	Millions of yen			Thousands of U.S. dollars		
Type	Amount sold	Total gains	Total losses	Amount sold	Total gains	Total losses
(1) Equity securities	¥12	¥—	¥81	$154	$—	$1,042
(2) Bonds:						
1) National and local government bonds	—	—	—	—	—	—
2) Corporate bonds	—	—	—	—	—	—
3) Other bonds	—	—	—	—	—	—
(3) Other	—	—	—	—	—	—
Total	¥12	¥—	¥81	$154	$—	$1,042

(3) Impaired marketable securities
For the fiscal year ended December 31, 2011, the Company recorded an impairment loss of ¥18 million ($232 thousand) on investment securities (¥7 million ($90 thousand) on listed stock under other marketable securities and ¥10 million ($129 thousand) on unlisted stocks).

The Company generally posts the entire amount of impairment loss on all securities whose fair value at the end of the fiscal year is less than 50% of the acquisition cost. For securities whose fair value at the end of the fiscal year decreases by 30 to 50% from their acquisition cost, the Company posts an impairment loss when it is judged necessary, by examining the importance and recoverability of the amount in question.

18. Derivative Transactions

Fiscal year ended December 31, 2010

1. Derivative financial instruments for which hedge accounting is not applied

(1) Currency related

		Millions of yen			
Classification	Transaction	Contractual value	Contractual value over 1 year	Market value	Unrealized gain or loss
Non-market transactions	Forward exchange contract				
	Sell:				
	USD	¥51,201	¥—	¥ 942	¥ 942
	EUR	12,579	—	219	219
	CAD	2,531	—	4	4
	PLN	1,597	—	(6)	(6)
	JPY	1,257	—	(8)	(8)
	HUF	463	—	(2)	(2)
	SGD	374	—	(3)	(3)
	GBP	360	—	1	1
	Buy:				
	USD	10,870	—	100	100
	EUR	7,504	—	(119)	(119)
	JPY	1,111	—	36	36
	SEK	240	—	0	0
	Total	¥50,640	¥—	¥1,164	¥1,164

Note Market values are computed based on forward rates at the end of the fiscal year.

(2) Interest-rate related

		Millions of yen			
Classification	Transaction	Contractual value	Contractual value over 1 year	Market value	Unrealized gain or loss
Non-market transactions	Interest-rate swap contract				
	Receipts fixed, payments floating	¥ 35,738	¥32,876	¥ (109)	¥ (109)
	Receipts floating, payments fixed	92,881	31,186	(1,101)	(1,101)
	Total	¥128,620	¥64,042	¥(1,211)	¥(1,211)

Note Market values are computed based on quotes from financial institutions, among other sources.

(3) Other

		Millions of yen			
Classification	Transaction	Contractual value	Contractual value over 1 year	Market value	Unrealized gain or loss
Non-market transactions	Other	¥134,760	¥41,411	¥391	¥391
	Total	¥134,760	¥41,411	¥391	¥391

Notes 1 Derivative transactions related to sales finance.
2 Market values are generally computed by estimating the future cash flow, and discounting it with an appropriate market interest rate.

2. Derivative financial instruments for which hedge accounting is applied

No related items.

Fiscal year ended December 31, 2011

1. Derivative financial instruments for which hedge accounting is not applied

(1) Currency related

		Millions of yen			
Classification	Transaction	Contractual value	Contractual value over 1 year	Market value	Unrealized gain or loss
Non-market transactions	Forward exchange contract				
	Sell:				
	USD	¥60,126	¥—	¥(395)	¥(395)
	EUR	12,996	—	484	484
	CAD	2,151	—	(13)	(13)
	JPY	1,228	—	10	10
	Buy:				
	USD	3,236	—	(0)	(0)
	JPY	718	—	26	26
	SEK	336	—	3	3
	THB	79	—	(1)	(1)
	SGD	73	—	(2)	(2)
	Total	¥72,059	¥—	¥ 111	¥ 111

		Thousands of U.S. dollars			
Classification	Transaction	Contractual value	Contractual value over 1 year	Market value	Unrealized gain or loss
Non-market transactions	Forward exchange contract				
	Sell:				
	USD	$773,424	$—	$(5,081)	$(5,081)
	EUR	167,173	—	6,226	6,226
	CAD	27,669	—	(167)	(167)
	JPY	15,796	—	129	129
	Buy:				
	USD	41,626	—	(0)	(0)
	JPY	9,236	—	334	334
	SEK	4,322	—	39	39
	THB	1,016	—	(13)	(13)
	SGD	939	—	(26)	(26)
	Total	$926,923	$—	$ 1,428	$ 1,428

Note Market values are computed based on forward rates at the end of the fiscal year.

(2) Interest-rate related

		Millions of yen			
Classification	Transaction	Contractual value	Contractual value over 1 year	Market value	Unrealized gain or loss
Non-market transactions	Interest-rate swap contract				
	Receipts fixed, payments floating	¥ 31,405	¥30,052	¥ (801)	¥ (801)
	Receipts floating, payments fixed	74,565	55,130	(1,038)	(1,038)
	Total	¥105,971	¥85,183	¥(1,839)	¥(1,839)

		Thousands of U.S. dollars			
Classification	Transaction	Contractual value	Contractual value over 1 year	Market value	Unrealized gain or loss
Non-market transactions	Interest-rate swap contract				
	Receipts fixed, payments floating	$ 403,975	$ 386,571	$(10,304)	$(10,304)
	Receipts floating, payments fixed	959,159	709,159	(13,352)	(13,352)
	Total	$1,363,146	$1,095,742	$(23,656)	$(23,656)

Note Market values are computed based on quotes from financial institutions, among other sources.

(3) Other

		Millions of yen			
Classification	Transaction	Contractual value	Contractual value over 1 year	Market value	Unrealized gain or loss
Non-market transactions	Other	¥107,078	¥50,806	¥658	¥658
	Total	¥107,078	¥50,806	¥658	¥658

		Thousands of U.S. dollars			
Classification	Transaction	Contractual value	Contractual value over 1 year	Market value	Unrealized gain or loss
Non-market transactions	Other	$1,377,386	$653,537	$8,464	$8,464
	Total	$1,377,386	$653,537	$8,464	$8,464

Notes 1 Derivative transactions related to sales finance.
2 Market values are generally computed by estimating the future cash flow, and discounting it with an appropriate market interest rate.

2. Derivative financial instruments for which hedge accounting is applied
No related items.

19. Retirement Benefit Plans

Information regarding retirement benefit plans for the years ended December 31, 2010 and 2011 is as follows.

Fiscal year ended December 31, 2010

(1) Outline of retirement benefit plans
The Company and certain of its domestic consolidated subsidiaries have cash balance pension plans and lump-sum payment plans. Certain of its other domestic consolidated subsidiaries have defined-benefit plans, i.e., welfare pension funds, tax-qualified pension plans and lump-sum payment plans.
Certain overseas consolidated subsidiaries have defined contribution pension plans, in addition to defined-benefit plans.

(2) Retirement benefit obligation and related items (As of December 31, 2010)

	Millions of yen
	2010
(1) Retirement benefit obligation	¥(150,126)
(2) Plan assets at fair value	97,130
(3) Unfunded retirement benefit obligation (1) + (2)	(52,996)
(4) Unrecognized actuarial gain or loss	18,301
(5) Unrecognized prior service cost	(510)
(6) Net retirement benefit obligation (3) + (4) + (5)	(35,204)
(7) Prepaid pension cost	218
(8) Provision for retirement benefits (6) – (7)	¥ (35,423)

Note Certain of the Company's subsidiaries adopt the simplified method to compute their retirement benefit obligation.

(3) Retirement benefit expenses and related items (Fiscal year ended December 31, 2010)

	Millions of yen
	2010
(1) Service cost	¥ 6,552
(2) Interest cost	3,558
(3) Expected return on plan assets	(2,964)
(4) Amortization of actuarial gain or loss	4,084
(5) Amortization of prior service cost	278
(6) Total (1) + (2) + (3) + (4) + (5)	¥11,508

Notes 1 In addition to the aforementioned retirement benefit expenses, in fiscal 2010, the Company recorded ¥11 million for special incentives and other payments related to the voluntary early retirement program offer presented to employees in 2010 and ¥551 million in contributions to defined contribution pension plans.
2 Retirement benefit expenses of the Company's consolidated subsidiaries, which were accounted for by the simplified method, were registered under the classification "(1) Service cost" in the above table.

(4) Assumptions and policies adopted in the calculation of retirement benefit obligation (As of December 31, 2010)

	2010
(1) Attribution method for retirement benefits in the period	Straight-line method
(2) Discount rate	Mainly 2.0%
(3) Expected rate of return on plan assets	Mainly 3.0%
(4) Amortization years of actuarial gain or loss	Mainly 10 years Amortized in the year following the year in which the gain or loss is recognized, primarily by the straight-line method, over a period which is shorter than the average remaining years of service of the employees.
(5) Amortization years of prior service cost	Mainly 10 years Amortized as incurred, by the straight-line method over a period which is shorter than the average remaining years of service of the employees.

Fiscal year ended December 31, 2011

(1) Outline of retirement benefit plans

The Company and certain of its domestic consolidated subsidiaries have cash balance pension plans and lump-sum payment plans. Certain of its other domestic consolidated subsidiaries have defined-benefit plans, i.e., welfare pension funds and lump-sum payment plans.

Certain overseas consolidated subsidiaries have defined contribution pension plans, in addition to defined-benefit plans.

(2) Retirement benefit obligation and related items (As of December 31, 2011)

	Millions of yen	Thousands of U.S. dollars
	2011	2011
(1) Retirement benefit obligation	¥(153,467)	$(1,974,106)
(2) Plan assets at fair value	95,223	1,224,891
(3) Unfunded retirement benefit obligation (1) + (2)	(58,243)	(749,202)
(4) Unrecognized actuarial gain or loss	19,214	247,157
(5) Unrecognized prior service cost	(249)	(3,203)
(6) Net retirement benefit obligation (3) + (4) + (5)	(39,278)	(505,248)
(7) Prepaid pension cost	333	4,284
(8) Provision for retirement benefits (6) – (7)	¥ (39,611)	$ (509,532)

Note Certain of the Company's subsidiaries adopt the simplified method to compute their retirement benefit obligation.

(3) Retirement benefit expenses and related items (Fiscal year ended December 31, 2011)

	Millions of yen	Thousands of U.S. dollars
	2011	2011
(1) Service cost	¥ 6,541	$ 84,139
(2) Interest cost	3,821	49,151
(3) Expected return on plan assets	(2,413)	(31,039)
(4) Amortization of actuarial gain or loss	4,135	53,190
(5) Amortization of prior service cost	(146)	(1,878)
(6) Total (1) + (2) + (3) + (4) + (5)	¥11,939	$153,576

Notes 1 In addition to the aforementioned retirement benefit expenses, in fiscal 2011, the Company recorded ¥572 million ($7,358 thousand) in contributions to defined contribution pension plans.

2 Retirement benefit expenses of the Company's consolidated subsidiaries, which were accounted for by the simplified method, were registered under the classification "(1) Service cost" in the above table.

(4) Assumptions and policies adopted in the calculation of retirement benefit obligation (As of December 31, 2011)

	2011
(1) Attribution method for retirement benefits in the period	**Straight-line method**
(2) Discount rate	**Mainly 2.0%**
(3) Expected rate of return on plan assets	**Mainly 2.5%**
(4) Amortization years of actuarial gain or loss	**Mainly 10 years** **Amortized in the year following the year in which the gain or loss is recognized, primarily by the straight-line method, over a period which is shorter than the average remaining years of service of the employees.**
(5) Amortization years of prior service cost	**Mainly 10 years** **Amortized as incurred, by the straight-line method over a period which is shorter than the average remaining years of service of the employees.**

20. Stock Options

Information regarding stock options for the years ended December 31, 2010 and 2011 is as follows.

Fiscal year ended December 31, 2010

1. Expenses associated with stock options during fiscal 2010 and the category in which they were classified:
   Selling, general and administrative expenses: ¥30 million.

2. Outline of stock options and changes

(1) Outline of stock options

		2008 Stock options		2009 Stock options		2010 Stock options	
Title and number of grantees	(Persons)	Directors of Yamaha Motor Co., Ltd.:	9	Directors of Yamaha Motor Co., Ltd.:	7	Directors of Yamaha Motor Co., Ltd.:	7
		Executive Officers of Yamaha Motor Co., Ltd.:	15	Executive Officers of Yamaha Motor Co., Ltd.:	18	Executive Officers of Yamaha Motor Co., Ltd.:	17
Number of stock options Note 1	(Shares)	Capital shares 75,500		Capital shares 112,000		Capital shares 56,500	
Grant date		June 13, 2008		June 16, 2009		June 15, 2010	
Condition for vesting Note 2		Persons who have received allocations of capital stock must serve a full term that includes the grant date (June 13, 2008).		Persons who have received allocations of capital stock must serve a full term that includes the grant date (June 16, 2009).		Persons who have received allocations of capital stock must serve a full term that includes the grant date (June 15, 2010).	
Requisite service period		Same period as listed under condition for vesting		Same period as listed under condition for vesting		Same period as listed under condition for vesting	
Exercise period		June 13, 2010 to June 12, 2014		June 16, 2011 to June 15, 2015		June 15, 2012 to June 14, 2016	

Notes 1 Stock options are converted into a number of shares.
2 Conditions for the exercise of stock options
(1) Persons who have received allocations of subscription rights to shares may not exercise the rights when they lose their status as Director or Executive Officer of Yamaha Motor Co., Ltd., for any reason stipulated in the "Agreement on Allocation of Subscription Rights to Shares" concluded between the Company and the grantee.
(2) Subscription rights to shares may not be inherited.
(3) Other conditions governing the exercise of stock option rights are based on the provisions of the "Agreement on Allocation of Subscription Rights to Shares" concluded between the Company and the grantee.

(2) Stock options granted and changes
Stock options outstanding in fiscal 2010 are counted and converted into a number of shares.

a) Number of stock options

	Shares		
	2008 Stock options	2009 Stock options	2010 Stock options
Before vesting:			
Previous fiscal year-end	—	112,000	—
Granted	—	—	56,500
Forfeited	—	—	—
Vested	—	112,000	—
Outstanding	—	—	56,500
After vesting:			
Previous fiscal year-end	75,500	—	—
Vested	—	112,000	—
Exercised	—	—	—
Forfeited	—	—	—
Exercisable	75,500	112,000	—

b) Price information

	Yen		
	2008 Stock options	2009 Stock options	2010 Stock options
Exercise price	¥2,205	¥1,207	¥1,396
Average exercise price	—	—	—
Fair value at the grant date	535	380	465

3. Technique used for valuating the fair value of stock options
Stock options granted in the fiscal year were valuated using the following technique.
a) Valuation technique: Black-Scholes option-pricing model
b) Principal parameters used in the option-pricing model

	2010 Stock options
Expected volatility Note 1	48.41%
Average expected life Note 2	4 years
Expected dividends Note 3	¥0 per share
Risk-free interest rate Note 4	0.31%

Notes 1 Calculated based on the actual stock prices during the four years ending on the stock option grant date (June 15, 2010).
2 The average expected life could not be reasonably estimated due to insufficient data. Therefore, it was estimated assuming that the options were exercised at the mid-point of the exercise period.
3 The actual dividends on capital stock for the fiscal year ended December 31, 2009.
4 Japanese government bond yield corresponding to the average expected life.

4. Method of estimating number of stock options vested
Only the actual number of forfeited stock options is reflected because it is difficult to reasonably estimate the number of stock options that will be forfeited in the future.

Fiscal year ended December 31, 2011

1. Expenses associated with stock options during fiscal 2011 and the category in which they were classified:
   Selling, general and administrative expenses: ¥6 million ($77 thousand).

2. Outline of stock options and changes

(1) Outline of stock options

		2008 Stock options		2009 Stock options		2010 Stock options	
Title and number of grantees	(Persons)	Directors of Yamaha Motor Co., Ltd.:	9	Directors of Yamaha Motor Co., Ltd.:	7	Directors of Yamaha Motor Co., Ltd.:	7
		Executive Officers of Yamaha Motor Co., Ltd.:	15	Executive Officers of Yamaha Motor Co., Ltd.:	18	Executive Officers of Yamaha Motor Co., Ltd.:	17
Number of stock options Note 1	(Shares)	Capital shares 75,500		Capital shares 112,000		Capital shares 56,500	
Grant date		June 13, 2008		June 16, 2009		June 15, 2010	
Condition for vesting Note 2		Persons who have received allocations of capital stock must serve a full term that includes the grant date (June 13, 2008).		Persons who have received allocations of capital stock must serve a full term that includes the grant date (June 16, 2009).		Persons who have received allocations of capital stock must serve a full term that includes the grant date (June 15, 2010).	
Requisite service period		Same period as listed under condition for vesting		Same period as listed under condition for vesting		Same period as listed under condition for vesting	
Exercise period		June 13, 2010 to June 12, 2014		June 16, 2011 to June 15, 2015		June 15, 2012 to June 14, 2016	

Notes 1 Stock options are converted into a number of shares.
2 Conditions for the exercise of stock options
(1) Persons who have received allocations of subscription rights to shares may not exercise the rights when they lose their status as Director or Executive Officer of Yamaha Motor Co., Ltd., for any reason stipulated in the "Agreement on Allocation of Subscription Rights to Shares" concluded between the Company and the grantee.
(2) Subscription rights to shares may not be inherited.
(3) Other conditions governing the exercise of stock option rights are based on the provisions of the "Agreement on Allocation of Subscription Rights to Shares" concluded between the Company and the grantee.

(2) Stock options granted and changes
Stock options outstanding in fiscal 2011 are counted and converted into a number of shares.

a) Number of stock options

	Shares		
	2008 Stock options	2009 Stock options	2010 Stock options
Before vesting:			
Previous fiscal year-end	—	—	**56,500**
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	**56,500**
Outstanding	—	—	—
After vesting:			
Previous fiscal year-end	**75,500**	**112,000**	—
Vested	—	—	**56,500**
Exercised	—	—	—
Forfeited	—	—	—
Exercisable	**75,500**	**112,000**	**56,500**

b) Price information

	Yen			U.S. dollars		
	2008 Stock options	2009 Stock options	2010 Stock options	2008 Stock options	2009 Stock options	2010 Stock options
Exercise price	¥2,205	¥1,207	¥1,396	$28.36	$15.53	$17.96
Average exercise price	—	—	—	—	—	—
Fair value at the grant date	535	380	465	6.88	4.89	5.98

3. Method of estimating number of stock options vested
Only the actual number of forfeited stock options is reflected because it is difficult to reasonably estimate the number of stock options that will be forfeited in the future.

21. Deferred Tax Accounting

Information regarding deferred tax accounting at December 31, 2010 and 2011 is as follows.

Fiscal year ended December 31, 2010

(1) Principal deferred tax assets and liabilities

	Millions of yen
	2010
Deferred tax assets:	
Losses carried forward for tax purposes	¥ 63,275
Excess of depreciation for noncurrent assets	23,247
Provision for retirement benefits	12,030
Provision for product warranties	10,280
Other payables and provision for expenses	9,838
Provision for product liabilities	8,842
Loss on devaluation of inventory	3,441
Provision for bonuses	2,236
Allowance for doubtful receivables	1,711
Loss on valuation of securities	1,410
Other	5,285
Gross deferred tax assets	141,598
Valuation allowance	(131,463)
Total deferred tax assets	10,134
Deferred tax liabilities:	
Valuation difference on available-for-sale securities	(436)
Reserve for advanced depreciation	(422)
Other	(6,383)
Total deferred tax liabilities	(7,242)
Net deferred tax assets	7,467
Net deferred tax liabilities	¥ (4,575)

(2) Principal reasons for the difference between the statutory tax rate and the rate of income taxes after application of deferred tax accounting

	2010
Statutory tax rate	39.7%
Effect of:	
Net losses at consolidated subsidiaries	15.4
Foreign taxes and other taxes	11.2
Tax rate difference of overseas consolidated subsidiaries, etc.	(13.5)
Valuation allowance, revaluation loss on securities and impairment loss on fixed assets	(0.6)
Other, net	1.8
Effective tax rate	53.9%

Fiscal year ended December 31, 2011

(1) Principal deferred tax assets and liabilities

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Deferred tax assets:		
Losses carried forward for tax purposes	¥ 69,959	$ 899,910
Excess of depreciation for noncurrent assets	16,254	209,082
Provision for retirement benefits	13,133	168,935
Provision for product warranties	8,798	113,172
Other payables and provision for expenses	7,974	102,573
Loss on devaluation of inventory	2,827	36,365
Provision for bonuses	2,657	34,178
Provision for product liabilities	2,382	30,641
Allowance for doubtful receivables	1,666	21,430
Loss on valuation of securities	1,290	16,594
Other	6,302	81,065
Gross deferred tax assets	133,246	1,713,995
Valuation allowance	(123,237)	(1,585,246)
Total deferred tax assets	10,009	128,750
Deferred tax liabilities:		
Depreciation and amortization	(987)	(12,696)
Reserve for advanced depreciation	(362)	(4,657)
Other	(6,094)	(78,390)
Total deferred tax liabilities	(7,444)	(95,755)
Net deferred tax assets	6,603	84,937
Net deferred tax liabilities	¥ (4,039)	$ (51,955)

(2) Principal reasons for the difference between the statutory tax rate and the rate of income taxes after application of deferred tax accounting

	2011
Statutory tax rate	39.7%
Effect of:	
Foreign taxes and other taxes	8.7
Net losses at consolidated subsidiaries	8.3
Valuation allowance, revaluation loss on securities and impairment loss on fixed assets	2.9
Tax rate difference of overseas consolidated subsidiaries, etc.	(15.5)
Other, net	(0.2)
Effective tax rate	43.9%

(3) Adjustment of deferred tax assets and liabilities pursuant to the change in the corporate tax rates

Following the promulgation on December 2, 2011, of the "Act for Partial Revision of the Income Tax Act, etc., for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117 of 2011), effective from fiscal years beginning on and after April 1, 2012, corporate tax rates will be reduced and a special temporary recovery tax will be imposed. In accordance with this reform, the effective statutory tax rate, used to measure deferred tax assets and deferred tax liabilities, will be reduced to 37.2% from 39.7% for temporary differences that are expected to be realized during the period from the fiscal year beginning on January 1, 2013, to the fiscal year beginning on January 1, 2015, and to 34.8% from 39.7% for temporary differences that are expected to be realized during and after the fiscal year beginning on January 1, 2016.

The changes in the effective statutory tax rates above had a minor impact on deferred tax assets and liabilities and other account items.

22. Segment Information

Information regarding business segments at December 31, 2010 and 2011 is as follows.

Fiscal year ended December 31, 2010

(1) Business segment information

	Millions of yen						
	Motorcycles	Marine products	Power products	Other products	Total	Eliminations	Consolidated
Net sales:							
Outside customers	¥905,977	¥167,141	¥102,968	¥118,043	¥1,294,131	¥ —	¥1,294,131
Intersegment	—	—	—	81,795	81,795	(81,795)	—
Total	905,977	167,141	102,968	199,838	1,375,926	(81,795)	1,294,131
Operating expenses	863,237	166,393	114,221	180,765	1,324,617	(81,795)	1,242,822
Operating income (loss)	¥ 42,740	¥ 748	¥ (11,252)	¥ 19,073	¥ 51,308	¥ 0	¥ 51,308
Assets	¥609,948	¥162,026	¥103,934	¥102,433	¥ 978,343	¥ —	¥ 978,343
Depreciation	24,158	5,917	1,789	4,728	36,594	—	36,594
Impairment loss	6,063	196	146	220	6,628	—	6,628
Capital expenditures	23,784	3,635	2,460	4,058	33,939	—	33,939

Notes 1 Business segments correspond to categories classified by similarities of product type and target market.

2 Major products in each business segment:

Business segment	Major products
Motorcycles	Motorcycles and knockdown parts for overseas production
Marine products	Outboard motors, personal watercrafts, boats, FRP pools, fishing boats, utility boats and diesel engines
Power products	All-terrain vehicles, side-by-side vehicles, snowmobiles, golf cars, generators, small-sized snow throwers and multi-purpose engines
Other products	Surface mounters, industrial robots, automobile engines, automobile components, electrically power assisted bicycles, industrial-use unmanned helicopters, electrically powered wheelchairs and the intermediate parts for products in all business segments

3 All operating expenses are assigned to individual segments, and there was no operating expense that could not be assigned.

4 Impairment loss on idle assets is included in the business to which the respective idle assets belong.

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries

Years ended December 31, 2010 and 2011

(2) Geographical segment information

	Millions of yen							
	Japan	North America	Europe	Asia	Others	Total	Eliminations	Consolidated
Net sales:								
Outside customers	¥216,353	¥155,336	¥165,602	¥613,350	¥143,488	¥1,294,131	¥ —	¥1,294,131
Intersegment	310,881	16,043	3,088	44,843	1,108	375,966	(375,966)	—
Total	527,235	171,379	168,691	658,194	144,597	1,670,098	(375,966)	1,294,131
Operating expenses	529,754	186,102	166,722	602,945	134,337	1,619,862	(377,039)	1,242,822
Operating income (loss)	¥ (2,519)	¥ (14,722)	¥ 1,968	¥ 55,248	¥ 10,259	¥ 50,235	¥ 1,073	¥ 51,308
Assets	¥560,568	¥136,031	¥105,725	¥277,110	¥131,918	¥1,211,353	¥(233,010)	¥ 978,343

Notes **1** Geographical segments are groupings of nations and regions, primarily based on geographical proximity.

2 Nations and regions included in segments outside Japan:

(1) North America: U.S.A. and Canada

(2) Europe: The Netherlands, France, Italy, Spain and Russia

(3) Asia: Indonesia, Vietnam, Thailand, Taiwan, China, Singapore and India

(4) Others: Brazil, Australia, Colombia and Mexico

3 All operating expenses are assigned to individual segments, and there was no operating expense that could not be assigned.

(3) Overseas sales

	Millions of yen				
	North America	Europe	Asia	Others	Total
Overseas sales	¥156,676	¥170,371	¥644,881	¥179,824	¥1,151,752
Consolidated sales					1,294,131
Overseas sales ratio	12.1%	13.2%	49.8%	13.9%	89.0%

Notes **1** Overseas segments are groupings of nations and regions, primarily based on geographical proximity.

2 Nations and regions included in segments outside Japan:

(1) North America: U.S.A. and Canada

(2) Europe: France, Italy, Germany, U.K. and Russia

(3) Asia: Indonesia, Vietnam, Thailand, China, Taiwan and India

(4) Others: Brazil, Australia and South Africa

3 Overseas sales consist of export sales of the Company and its domestic consolidated subsidiaries, and sales (other than exports to Japan) of its foreign consolidated subsidiaries.

Fiscal year ended December 31, 2011

(Additional information)
Effective from the fiscal year ended December 31, 2011, the Company has applied “Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008).

In addition, accompanying the increase in its quantitative importance, “Industrial machinery and robots,” which was previously included in the “Others” segment, is being reported in a separate reporting segment in the fiscal year ended December 31, 2011.

1. Overview of reporting segments

The Company's reporting segments are regularly reviewed by the Board of Directors, etc., using the segregated financial information available within each segment of the Company to determine the allocation of management resources and evaluate business results.

Four businesses, namely "Motorcycles," "Marine products," "Power products" and "Industrial machinery and robots" constitute the Company's reporting segments based on similarities of product type and target market.

Major products in each reporting segment are as follows.

Reporting segment	Major products
Motorcycles	Motorcycles, knockdown parts for overseas production and intermediate parts for products
Marine products	Outboard motors, personal watercrafts, boats, FRP pools, fishing boats, utility boats and diesel engines
Power products	All-terrain vehicles, side-by-side vehicles, snowmobiles, golf cars, generators, small-sized snow throwers and multi-purpose engines
Industrial machinery and robots	Surface mounters, industrial robots and electrically powered wheelchairs

2. Basis for calculating net sales, income or loss, assets, liabilities, and other items by reporting segment

The accounting policies for the reporting segments are the same as those described in "Notes to Consolidated Financial Statements."

Segment income corresponds to operating income in the Consolidated Statements of Income.

Amounts for intersegment transactions or transfers are calculated based on market prices.

3. Information concerning net sales, income or loss, assets, liabilities, and other items by reporting segment

Fiscal year ended December 31, 2010

Millions of yen

	Reporting segment								
	Motorcycles	Marine products	Power products	Industrial machinery and robots	Total	Others Note 1	Total	Adjustments Note 2	Amounts on consolidated statements of income
Net sales:									
Outside customers	¥914,211	¥167,141	¥102,968	¥34,758	¥1,219,079	¥ 75,051	¥1,294,131	¥ —	¥1,294,131
Intersegment	—	—	—	—	—	28,370	28,370	(28,370)	—
Total	914,211	167,141	102,968	34,758	1,219,079	103,422	1,322,502	(28,370)	1,294,131
Segment income (loss) Note 3	¥ 48,544	¥ 748	¥ (11,252)	¥ 6,949	¥ 44,989	¥ 6,319	¥ 51,308	¥ 0	¥ 51,308
Segment assets	¥638,524	¥162,026	¥103,934	¥18,692	¥ 923,178	¥ 55,164	¥ 978,343	¥ —	¥ 978,343
Other items									
Depreciation and amortization Note 4	26,524	5,893	1,782	491	34,691	1,757	36,449	—	36,449
Investments in subsidiaries and affiliates accounted for by the equity method	11,118	1,923	546	—	13,588	3,660	17,249	—	17,249
Increase in property, plant and equipment, and intangible assets	25,784	3,635	2,460	327	32,208	1,731	33,939	—	33,939

Notes **1** "Others" is a business segment not included in the reporting segments. It includes businesses involving the manufacture and sale of automobile engines, automobile components, electrically power assisted bicycles and industrial-use unmanned helicopters.

2 Adjustments represent intersegment transaction eliminations.

3 Segment income (loss) corresponds to operating income in the Consolidated Statements of Income.

4 Depreciation and amortization does not include amortization of goodwill.

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries

Years ended December 31, 2010 and 2011

Fiscal year ended December 31, 2011

Millions of yen

	Reporting segment								
	Motorcycles	Marine products	Power products	Industrial machinery and robots	Total	Others Note 1	Total	Adjustments Note 2	Amounts on consolidated statements of income
Net sales:									
Outside customers	¥887,556	¥178,929	¥100,257	¥34,326	¥1,201,070	¥ 75,089	¥1,276,159	¥ —	¥1,276,159
Intersegment	—	—	—	—	—	27,738	27,738	(27,738)	—
Total	887,556	178,929	100,257	34,326	1,201,070	102,828	1,303,898	(27,738)	1,276,159
Segment income Note 3	¥ 27,573	¥ 7,076	¥ 7,473	¥ 6,263	¥ 48,387	¥ 5,018	¥ 53,405	¥ 0	¥ 53,405
Segment assets	¥575,631	¥154,214	¥ 96,230	¥19,969	¥ 846,046	¥ 54,374	¥ 900,420	¥ —	¥ 900,420
Other items									
Depreciation and amortization Note 4	24,928	4,643	1,800	449	31,821	1,629	33,451	—	33,451
Investments in subsidiaries and affiliates accounted for by the equity method	11,808	1,816	452	—	14,078	3,941	18,019	—	18,019
Increase in property, plant and equipment, and intangible assets	32,937	5,374	2,612	1,294	42,219	2,830	45,049	—	45,049

Thousands of U.S. dollars

	Reporting segment								
	Motorcycles	Marine products	Power products	Industrial machinery and robots	Total	Others Note 1	Total	Adjustments Note 2	Amounts on consolidated statements of income
Net sales:									
Outside customers	$11,416,980	$2,301,634	$1,289,645	$441,549	$15,449,833	$ 965,899	$16,415,732	$ —	$16,415,732
Intersegment	—	—	—	—	—	356,805	356,805	(356,805)	—
Total	11,416,980	2,301,634	1,289,645	441,549	15,449,833	1,322,717	16,772,550	(356,805)	16,415,732
Segment income Note 3	$ 354,682	$ 91,021	$ 96,128	$ 80,563	$ 622,421	$ 64,548	$ 686,969	$ 0	$ 686,969
Segment assets	$ 7,404,567	$1,983,715	$1,237,844	$256,869	$10,883,020	$ 699,434	$11,582,454	$ —	$11,582,454
Other items									
Depreciation and amortization Note 4	320,659	59,725	23,154	5,776	409,326	20,954	430,293	—	430,293
Investments in subsidiaries and affiliates accounted for by the equity method	151,891	23,360	5,814	—	181,091	50,695	231,785	—	231,785
Increase in property, plant and equipment, and intangible assets	423,682	69,128	33,599	16,645	543,079	36,403	579,483	—	579,483

Notes **1** "Others" is a business segment not included in the reporting segments. It includes businesses involving the manufacture and sale of automobile engines, automobile components, electrically power assisted bicycles and industrial-use unmanned helicopters.

2 Adjustments represent intersegment transaction eliminations.

3 Segment income corresponds to operating income in the Consolidated Statements of Income.

4 Depreciation and amortization does not include amortization of goodwill.

4. Related Information

Fiscal year ended December 31, 2011

(1) Information by product/service

The disclosure of relevant information is omitted as the segmentation of products and services is the same as that for the reporting segments.

(2) Information by region

1) Net sales

Millions of yen							
	North America			Asia			
Japan		U.S.A.	Europe		Indonesia	Others	Total
¥146,503	**¥161,359**	**¥140,003**	**¥150,747**	**¥628,221**	**¥313,487**	**¥189,328**	**¥1,276,159**

Thousands of U.S. dollars							
	North America			Asia			
Japan		U.S.A.	Europe		Indonesia	Others	Total
$1,884,525	**$2,075,624**	**$1,800,913**	**$1,939,118**	**$8,081,052**	**$4,032,506**	**$2,435,400**	**$16,415,732**

Note Net sales are based on categories of the locations of major customers of the group companies, classified primarily by nations and regions.

2) Property, plant and equipment

Millions of yen						
			Asia			
Japan	North America	Europe		Indonesia	Others	Total
¥111,209	**¥15,193**	**¥11,229**	**¥92,890**	**¥50,185**	**¥17,906**	**¥248,430**

Thousands of U.S. dollars						
			Asia			
Japan	North America	Europe		Indonesia	Others	Total
$1,430,525	**$195,433**	**$144,443**	**$1,194,880**	**$645,549**	**$230,332**	**$3,195,652**

(3) Information by major customer

As net sales to any specific customer within net sales to outside customers do not account for more than 10% of total net sales in the consolidated statements of income, the disclosure of relevant information is omitted.

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5. Information on Impairment Loss on Noncurrent Assets by Reporting Segment

Fiscal year ended December 31, 2011

	Millions of yen							
	Reporting segment							
	Motorcycles	Marine products	Power products	Industrial machinery and robots	Total	Others	Corporate or eliminations	Total
Impairment loss	¥730	¥27	¥13	¥—	¥772	¥3	¥—	¥776

	Thousands of U.S. dollars							
	Reporting segment							
	Motorcycles	Marine products	Power products	Industrial machinery and robots	Total	Others	Corporate or eliminations	Total
Impairment loss	$9,390	$347	$167	$—	$9,931	$39	$—	$9,982

6. Information on Amortization of Goodwill and Unamortized Balance by Reporting Segment

Fiscal year ended December 31, 2011

	Millions of yen							
	Reporting segment							
	Motorcycles	Marine products	Power products	Industrial machinery and robots	Total	Others	Corporate or eliminations	Total
Amortization in fiscal 2011	¥81	¥27	¥8	¥—	¥118	¥ 9	¥—	¥127
Unamortized balance as of December 31, 2011	¥64	¥22	¥9	¥—	¥96	¥23	¥—	¥119

	Thousands of U.S. dollars							
	Reporting segment							
	Motorcycles	Marine products	Power products	Industrial machinery and robots	Total	Others	Corporate or eliminations	Total
Amortization in fiscal 2011	$1,042	$347	$103	$—	$1,518	$116	$—	$1,634
Unamortized balance as of December 31, 2011	$ 823	$283	$116	$—	$1,235	$296	$—	$1,531

7. Information on Gain on Negative Goodwill by Reporting Segment

Fiscal year ended December 31, 2011

No related items.

8. Related Party Information

Fiscal year ended December 31, 2010

No related items.

Fiscal year ended December 31, 2011

No related items.

23. Per Share Information

Information regarding per share amounts for the years ended December 31, 2010 and 2011 is as follows.

	Yen		U.S. dollars
	2010	2011	2011
Net assets per share Note 1	¥785.61	**¥804.26**	**$10.35**
Net income per share—basic Note 2	55.50	**77.23**	**0.99**
Net income per share—diluted Note 2	55.50	**77.23**	**0.99**

Note 1 Net assets per share are calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Total net assets	¥310,809	**¥309,914**	**$3,986,545**
Amount excluded from total net assets	36,557	**29,151**	**374,981**
Subscription rights to shares	102	**109**	**1,402**
Minority interests	36,454	**29,042**	**373,579**
Net assets attributable to capital stock at the end of the period	274,252	**280,763**	**3,611,564**

	Thousand shares	
Number of capital stock outstanding at the end of the period calculated under "Net assets per share"	349,097	**349,095**

Note 2 Net income per share—basic and net income per share—diluted are calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Net income per share—basic:			
Net income	¥18,300	**¥26,960**	**$346,797**
Amount not attributable to common stockholders	—	**—**	**—**
Net income attributable to capital stock	18,300	**26,960**	**346,797**

	Thousand shares	
Average number outstanding during the period	329,735	**349,096**

	Millions of yen	
Net income per share—diluted:		
Adjustment for net income	—	**—**

	Shares	
Increase in the number of capital stock	3,766	**7,611**
Subscription rights to shares	3,766	**7,611**
Dilutive securities not calculated under "Net income per share—diluted" because they do not have dilutive effect:	Resolution of Board of Directors' Meeting held on May 29, 2008: Stock options (Total number of shares: 75,500) Resolution of Board of Directors' Meeting held on May 28, 2010: Stock options (Total number of shares: 56,500)	**Resolution of Board of Directors' Meeting held on May 29, 2008: Stock options (Total number of shares: 75,500)** **Resolution of Board of Directors' Meeting held on May 28, 2010: Stock options (Total number of shares: 56,500)**

24. Significant Subsequent Events

Information regarding significant subsequent events for the years ended December 31, 2010 and 2011 is as follows.

Fiscal year ended December 31, 2010

Reduction of the Amounts of Capital Reserve and Legal Reserve and Appropriation of Surplus
A proposal to reduce the Company's capital and legal reserves and appropriate surplus, as described below, was approved by shareholders at the 76th Ordinary General Meeting of Shareholders on March 24, 2011, and put into effect the same day.

1. Purpose
   Management's goal was to promote flexible implementation of capital policies and facilitate payment of future dividends to shareholders by reducing capital and legal reserves and appropriating the surplus to cover the deficit in retained earnings brought forward.

2. Method
   (1) The Company has reduced capital reserves and transferred these funds to other capital surplus, and decreased the total amount of legal reserves and transferred these funds to retained earnings brought forward, in accordance with Paragraph 1 of Article 448 of the Corporation Law.

   i) Items regarding decreasing reserves and their amounts

Capital reserve	¥23,814,148,434
Legal reserve	¥ 3,775,736,564

   ii) Items regarding increasing surplus and their amounts

Other capital reserve	¥23,814,148,434
Retained earnings brought forward	¥ 3,775,736,564

   iii) Items regarding decreased reserves and their amounts

Capital reserve	¥73,941,967,288
Legal reserve	¥ 0

   (2) Following the transfers of capital reserves outlined above, the Company appropriated other capital surplus to retained earnings brought forward to cover the deficit, in accordance with the provisions of Article 452 of the Corporation Law.

   i) Items regarding decreasing surplus and its amounts

Other capital reserve	¥23,565,474,829

   ii) Items regarding increasing surplus and its amounts

Retained earnings brought forward	¥23,565,474,829

3. Effective date
   March 24, 2011

Fiscal year ended December 31, 2011
No related items.