May 7, 2003
Yamaha Motor Co., Ltd.

Consolidated Financial Results for the Fiscal Year Ended March 31, 2003

Name of registrant:	Yamaha Motor Co., Ltd.
Code No:	7272
Securities traded:	Tokyo Stock Exchange First Section
Headquarters:	Shizuoka, Japan
(URL http://www.yamaha-motor.co.jp/profile/ir/index.html)	
Representative:	Toru Hasegawa, President and Representative Director
Contact:	Yutaka Kume, General Manager, Accounting & Finance Division
Date of the meeting of the Board of Directors for account settlement:	May 7, 2003
Status of US GAAP:	Not adopted

INDEX

Notes:
1. This report is the English translation version of the Japanese consolidated "Kessan Tanshin."
2. Amounts less than ¥1 million are omitted in this report.

Yamaha Motor Co., Ltd.
and Consolidated Subsidiaries

I. Financial Summary

(Year ended March 31)

1) Operating Performance

	Millions of yen		Percent change
	2003	2002	2003/2002
Net sales	**¥1,013,155**	¥946,817	7.0%
Operating income	**67,678**	37,213	81.9
Recurring profit	**67,244**	32,672	105.8
Net income	**25,555**	9,536	168.0
	Yen		
Per share amounts:			
Net income	**¥110.04**	¥41.28	
Net income, diluted	**89.29**	33.59	
	Percent		
Net income to shareholders' equity	**14.9%**	6.1%	
Recurring profit to total assets	**9.6**	4.7	
Recurring profit to net sales	**6.6**	3.5	

Notes:

1. Equity in earnings (losses) of affiliates:

Millions of yen	
2003	*2002*
¥(244)	*¥(1,436)*

2. Average number of shares outstanding during the period:

Shares	
2003	*2002*
231,009,212	*231,021,021*

3. Change in financial accounting method: Applicable item

4. Percentages of net sales, operating income, recurring profit and net income represent annual changes compared to the corresponding previous year.

5. Amounts less than ¥1 million are omitted.

2) Financial Position

	Millions of yen	
	2003	2002
Total assets	**¥699,087**	¥707,865
Shareholders' equity	**180,151**	163,591
	Percent	
Shareholders' equity to total assets	**25.8%**	23.1%
	Yen	
Shareholders' equity per share	**¥779.68**	¥708.17

Note:

Number of shares outstanding at financial year-end:

Shares	
2003	*2002*
230,885,843	*231,006,770*

3) Cash Flows

	Millions of yen	
	2003	2002
Cash provided by operating activities	**¥84,223**	¥78,406
Cash used in investing activities	**(39,430)**	(46,666)
Cash used in financing activities	**(57,611)**	(9,582)
Cash and cash equivalents at end of financial year	**23,839**	36,481

4) Scope of Consolidation

Number of consolidated subsidiaries	**99**
Number of non-consolidated subsidiaries accounted for by the equity method	**11**
Number of affiliates accounted for by the equity method	**26**

5) Change in Consolidation during the Year

Number of newly consolidated subsidiaries	**10**
Number of companies excluded from consolidation	**2**
Number of subsidiaries and affiliates newly accounted for by the equity method	**3**
Number of companies excluded from the equity method	**1**

Forecast for FY 2004
Consolidated Results

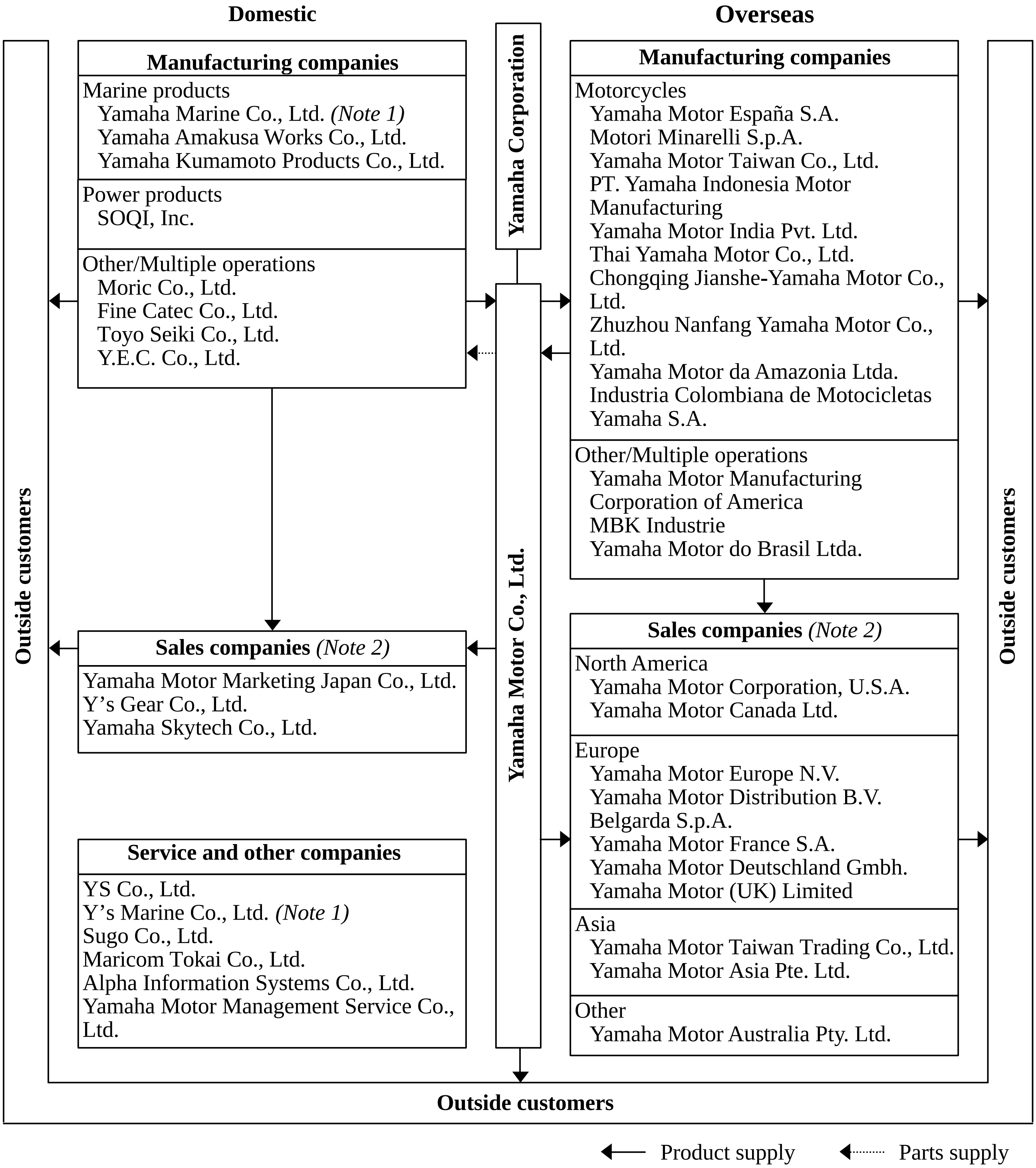
(Year ended March 31)

	Millions of yen	
	First half-year ending September 30, 2003	Fiscal year ending March 31, 2004
Net sales	¥530,000	¥1,030,000
Recurring profit	30,000	68,000
Net income	14,000	32,000
	Yen	
Net income per share	—	¥138.60

**The forecast consolidated results for fiscal 2004, ending March 31, 2004, are based on management's assumptions and beliefs in light of the information currently available, and involve risks and uncertainties. Please be advised that actual results may differ significantly from those discussed in the forward-looking statements. Please refer to the Forecast for FY2004 Consolidated Results on page 11 for further information on forecast performance.*

II. Overview of Group Companies

The Yamaha Motor Group is comprised of Yamaha Motor Co., Ltd. (the Company) and its 157 associated companies (119 subsidiaries, 37 affiliates and one related company, as of March 31, 2003) in Japan and overseas. The Group is mainly engaged in the manufacture and sale of small vehicles, internal-combustion engines, boats, aircraft equipment, other transportation equipment, general machinery, electrical equipment, and related accessories, as well as the management of leisure and recreation facilities. These business operations are divided into four segments — motorcycles, marine products, power products, and other products — based on similarities of product type and target market, among other characteristics. The positioning of the Company and major associated companies within the Group, as well as their respective business segment relationships, are as follows.



Note:

1. *Sanshin Industries Co., Ltd. changed its name to Yamaha Marine Co., Ltd. Y's Marine Co., Ltd. changed its name to Yamaha Boating System Co., Ltd. as of April 1, 2003.*

2. *Sales companies are engaged in the marketing of products related to more than one business segment.*

3. *No consolidated subsidiary in the Group is listed on any domestic stock exchange.*

III. Management Policies

1) Basic management polices

Based on the corporate mission, "We Create *Kando* — Touching Your Heart," the Company works together with other Group companies around the world to conduct a diversity of business activities. The Yamaha Motor Group is committed to helping people realize their dreams by maximizing ingenuity and enthusiasm, and to bringing a higher level of satisfaction and enrichment to customers' lives. Thus, Yamaha Motor aims to become a company of value that people can always expect to bring *kando* to the next stage.

To achieve its corporate mission, the Company is committed to three management principles: (1) surpassing customer expectations; (2) establishing a corporate environment that fosters self-esteem; and (3) fulfilling social responsibilities globally.

The Company has also launched a corporate branding strategy in order to achieve corporate objectives, help implement structural reform and promote growth. As the strategy's slogan — "Touching Your Heart" — indicates, the Company aims to differentiate itself from the competition by delivering a unique and exciting style of fun to its customers.

2) Basic policies regarding profit-sharing

The Company considers shareholder profit one of its most important management priorities, and pursues its global operations with an eye toward enhancing corporate value.

The Company places top priority on the steady payment of cash dividends, striving to continuously provide high dividends to shareholders, while examining consolidated business performance trends from a medium- and long-term perspective.

Company policy calls for utilizing internal reserves to solidify its financial foundation, and to invest in equipment, facilities, and medium- and long-term research and development activities, in order to enhance future business performance.

The Company plans to pay cash dividends of ¥10 per share for fiscal 2003, up ¥2 from the previous year, which includes an interim dividend of ¥4 paid in December 2002, and a year-end dividend of ¥6.

3) Basic corporate governance policies and measures to enhance corporate governance

Basic corporate governance policies

The Company aims to maximize the group's management performance in its business operations, and enhance auditing capability to monitor and supervise the management. To this end, the Company has established a corporate governance system designed to promote greater transparency, soundness and objectivity in management, and is committed to taking all necessary measures to realize these governance objectives under the system.

Measures to enhance corporate governance

1. Independent corporate auditor system adopted

2. Appointment of outside directors

The Company currently appoints one of 13 directors and two of four auditors from outside the Company. In the new management structure to be established after the annual meeting of shareholders, the Company will appoint one of 11 directors and two of four auditors from outside the Company.

3. Overview advisory committee

Since 2001, the Company has established a Personnel Committee for Directors, which has functioned as an advisory body for the Board of Directors. Its responsibilities include improving transparency and objectivity in evaluating directors' performance and determining their compensation, as well as appointing director and corporate executive officer candidates in consultation with outside experts.

4. Appointment of full-time support staff for outside directors

An Auditor's Office has been created to provide complete support to both internal and external auditors.

5. Performance monitoring system

In 2001, the Company launched a corporate executive officer system, in order to speed up decision-making concerning management issues, and to enhance individual accountability.

A Risk Management Committee has also been established to unify corporate risk management and increase companywide response capability. In addition, a Compliance Committee has been set up to ensure that corporate ethics are observed, and to help business operate more smoothly by enhancing corporate credibility. The Company has enacted an ethical code of conduct to encourage employees to respect and obey laws and ordinances, and has also institutionalized a compliance hotline.

6. Status of lawyers, accounting auditors and other specialists

The Company receives advice from corporate lawyers when required. The Company also solicits specialists, including lawyers, to provide instruction at an internal seminar conducted to increase directors' understanding of revisions in the law and to raise their consciousness in respect to observing laws and regulations.

The President of Yamaha Corporation, which holds 27.9 percent of Yamaha Motor stocks, is the outside director. Yamaha Motor has had business transactions, including sales of products and merchandise, with Yamaha Corporation.

4) Key priorities the Company must address

Regarding future business conditions, the Japanese economy is predicted to remain in the doldrums, and there are concerns about a possible recession in the U.S. and the impact that would have on the global economy.
In fiscal 2004, the second year of the new medium-term management plan “NEXT 50,” the Company will focus on the five issues listed below in order to remain profitable, regardless of any difficulty it may face. In particular, to respond to the projected impact from the slowdown and possible recession of the U.S. economy, the Company will strive to increase sales and profits in businesses and regions outside the United States, depending less on the United States for its sales and profits. With this strategy, the Company intends to secure overall profit for the group. From the long-term perspective, the Company aims to achieve further growth in the next half century after the 50th anniversary by enhancing the financial structure and promoting a growth strategy, both of which are considered key groupwide measures.

1. More aggressively addressing new medium-term management issues
The Company will expedite cost reduction, along with its measures to solidify the motorcycle business foundation in Asia and restructure low profitability businesses, in order to establish a stable profit-generating corporate structure.

2. Furthering the growth strategy
The Company will work harder to strengthen its core technologies, and thereby its product development competencies, while aggressively taking on the challenge of establishing new business models.

3. Accelerating the group consolidated management system
In a dramatically changing management environment, the Company aims to hone its competitive edge in the global market by implementing agile management with more autonomous business divisions and regional operations.

4. Vigorously implementing Yamaha Value 21 and increasing its acceptance
To make sure that a sense of values honoring both a profit-oriented business approach and compliance with the law is shared by all Yamaha Motor personnel, the Company will aggressively promote the Yamaha Value 21 program.

5. Developing human resources with market value to carry Yamaha Motor into the future
In order to develop increasingly valuable human resources, capable of playing a leading role in the future of Yamaha Motor, the Company will implement a personnel program designed to give all its employees the opportunity to meet challenges.

5) Perspectives on lowering the minimum volume of share trading

Yamaha Motor understands that lowering the minimum volume of share trading is an effective measure to promote the participation of individual investors in the stock market. However, it also entails significant cost. Since enhancing its own financial standing is a key management priority, the Company will monitor stock market trends and factor business performance and stock price into its consideration of lowering the minimum volume of share trading.

IV. Operating Performance and Financial Position

1) Operating Performance

Amount: millions of yen   Volume: thousand units

	2003			2002			2003/2002		
	Volume	Amount	%	Volume	Amount	%	Volume	Amount	%
Net sales:									
Japan	—	**¥ 161,996**	**16.0%**	—	¥159,559	16.9%	—	¥ 2,437	1.5%
Overseas:									
North America	—	**380,427**	**37.5**	—	353,192	37.3	—	27,235	7.7
Europe	—	**210,484**	**20.8**	—	214,912	22.7	—	(4,428)	(2.1)
Asia	—	**174,028**	**17.2**	—	135,541	14.3	—	38,486	28.4
Other areas	—	**86,218**	**8.5**	—	83,611	8.8	—	2,606	3.1
Sub-total	—	**851,159**	**84.0**	—	787,258	83.1	—	63,900	8.1
Total	—	**¥1,013,155**	**100.0%**	—	¥946,817	100.0%	—	¥66,337	7.0%
Motorcycles:									
Japan	**203**	**¥ 63,373**	**12.0%**	211	¥ 60,021	12.1%	(8)	¥ 3,352	5.6%
Overseas:									
North America	**199**	**111,422**	**21.0**	186	110,000	22.2	13	1,421	1.3
Europe	**383**	**155,288**	**29.3**	453	163,566	33.0	(70)	(8,277)	(5.1)
Asia	**1,332**	**150,801**	**28.5**	1,007	113,355	22.9	325	37,446	33.0
Other areas	**218**	**49,015**	**9.2**	184	49,132	9.8	34	(117)	(0.2)
Sub-total	**2,133**	**466,527**	**88.0**	1,830	436,055	87.9	303	30,472	7.0
Total	**2,335**	**¥ 529,901**	**52.3%**	2,041	¥496,076	52.4%	294	¥33,824	6.8%
Marine products:									
Japan	—	**¥ 31,744**	**15.0%**	—	¥ 35,058	18.6%	—	¥ (3,313)	(9.5)%
Overseas:									
North America	—	**119,501**	**56.5**	—	99,030	52.6	—	20,471	20.7
Europe	—	**26,407**	**12.5**	—	23,886	12.7	—	2,521	10.6
Asia	—	**7,133**	**3.4**	—	6,313	3.4	—	820	13.0
Other areas	—	**26,748**	**12.6**	—	24,038	12.7	—	2,710	11.3
Sub-total	—	**179,791**	**85.0**	—	153,268	81.4	—	26,522	17.3
Total	—	**¥ 211,536**	**20.9%**	—	¥188,326	19.9%	—	¥23,209	12.3%
Power products:									
Japan	—	**¥ 13,752**	**7.2%**	—	¥ 14,884	8.1%	—	¥ (1,131)	(7.6)%
Overseas:									
North America	—	**147,344**	**77.3**	—	142,363	77.8	—	4,980	3.5
Europe	—	**17,464**	**9.2**	—	13,906	7.6	—	3,557	25.6
Asia	—	**3,171**	**1.7**	—	3,046	1.7	—	125	4.1
Other areas	—	**8,897**	**4.6**	—	8,816	4.8	—	81	0.9
Sub-total	—	**176,877**	**92.8**	—	168,132	91.9	—	8,744	5.2
Total	—	**¥190,629**	**18.8%**	—	¥183,016	19.3%	—	¥ 7,613	4.2%
Other products:									
Japan	—	**¥ 53,125**	**65.5%**	—	¥ 49,595	62.5%	—	¥ 3,529	7.1%
Overseas:									
North America	—	**2,159**	**2.7**	—	1,797	2.3	—	362	20.2
Europe	—	**11,323**	**14.0**	—	13,553	17.1	—	(2,229)	(16.5)
Asia	—	**12,921**	**15.9**	—	12,826	16.2	—	95	0.7
Other areas	—	**1,557**	**1.9**	—	1,624	1.9	—	(67)	(4.1)
Sub-total	—	**27,962**	**34.5**	—	29,801	37.5	—	(1,838)	(6.2)
Total	—	**¥ 81,088**	**8.0%**	—	¥ 79,397	8.4%	—	¥ 1,690	2.1%

Note: Amounts less than ¥1 million are omitted.

1) Production and Sales

(1) Production and Sales

During the fiscal year under review, sales in Japan rose 1.5 percent from the previous year, due to sales growth for motorcycles and surface mounters, which more than offset decreased sales for marine products, golf cars and other products.

Overseas, sales of outboard motors and all-terrain vehicles (ATVs) in North America remained favorable, while motorcycle sales in Europe dropped. Sales in Asia rose, reflecting a significant motorcycle sales expansion, centered in Indonesia, Thailand and India. As a result, the Company’s net sales for fiscal 2003 increased 7.0 percent from the previous year, to ¥1,013.2 billion, exceeding 1 trillion yen for the first time in the Company’s history.

In terms of manufacturing, the production unit figure for motorcycles rose, due to substantial increases at Indonesian and other Asian subsidiaries. Meanwhile, the production unit figure for outboard motors in domestic manufacturing subsidiaries also expanded, driven by continuing favorable sales in North America.

Operating performance by segment

(1) Business segment

[Motorcycles]

In Japan, sales of big scooters significantly expanded, although sales of 50cc scooters remained sluggish. Overseas, sales rose in the United States. Asia also experienced substantial growth, centered in Indonesia, India and Thailand. However, sales in Europe dropped.

Driven by the gains in the Asia and the United States, total motorcycle sales during the fiscal year climbed 6.8 percent from the previous year, to ¥529.9 billion. Operating income also rose substantially — by 98.8 percent — to ¥20.1 billion.

[Marine products]

Robust sales growth for outboard motors in North America more than offset a continuing decline in sales of marine products in Japan. Accordingly, total sales increased 12.3 percent, to ¥211.5 billion, and operating income climbed substantially, to ¥15.3 billion.

[Power products]

Due to expanded sales of ATVs in North America and other factors, total sales in this segment rose 4.2 percent, to ¥190.6 billion, while operating income increased 26.6 percent, to ¥25.8 billion.

[Other products]

Sales of PAS electro-hybrid bicycles dropped; however, surface mounter sales recovered. This, coupled with other positive factors, pushed up total sales in this segment by 2.1 percent from the previous year, to ¥81.1 billion, and raised operating income by 54.9 percent, to ¥6.5 billion.

(2) Geographical segment

[Japan]

Sales rose 1.1 percent from the previous year, to ¥256.2 billion. This increase was principally attributable to sales gains for motorcycles and surface mounters, and came about in spite of sales drops in pleasure boats, golf cars and other products. Operating income also climbed, by 92.5 percent, to ¥31.8 billion, due mainly to an improved gross profit ratio.

[North America]
Sales climbed 5.6 percent, to ¥365.6 billion, and operating income expanded 71.9 percent, to ¥23.2 billion, reflecting a slight sales increase in motorcycles and favorable sales growth in outboard motors and ATVs.

[Europe]
Sales of mainstay motorcycles declined, while demand for marine and power products was robust. This, combined with the weaker yen against the euro, pushed up sales in Europe by 2.4 percent, to ¥213.2 billion. However, operating income declined slightly, by 3.7 percent, to ¥5.8 billion.

[Asia]
Sales and operating income in this segment expanded by 41.4 percent, to ¥128.0 billion, and by 362.5 percent, to ¥7.0 billion, respectively, led by motorcycle sales growth in Indonesia, India, Thailand and other nations.

[Other areas]
Motorcycle sales in Brazil rose, and sales in Australia remained almost the same as the previous year. Due to this and other positive factors, sales in this segment increased 4.1 percent, to ¥50.2 billion. However, operating income dropped 46.1 percent, to ¥0.5 billion, affected by deteriorating profitability resulting from the weaker Brazilian currency, the real.

The operating income figures discussed above do not include the amount of “eliminations.” Transactions are recorded exclusive of consumption taxes. Accordingly, sales figures do not include consumption and other similar taxes.

(2) Income and Expenses

Gross profit rose due to sales expansion, mainly in Asia and North America, as well as an improved gross profit ratio resulting from a decrease in cost of sales and other factors, and gains from exchange rate fluctuation, including the higher euro against the yen. The increase in gross profit more than offset a rise in selling, general and administrative expenses. Accordingly, operating income, recurring profit and net income for fiscal 2003 grew by 81.9 percent to ¥67.7 billion, by 105.8 percent to ¥67.2 billion, and by 168.0 percent to ¥25.6 billion, respectively. All of these profits registered record highs.

(3) Forecast for FY 2004 Consolidated Results

In fiscal 2004, demand for the Company’s products is forecast to remain slow in Japan, resulting from the prolonged recession, thus decreasing domestic sales slightly compared with those in the previous fiscal year.
Overseas, there is growing concern over a possible recession in the U.S. and the impact that would have on the global economy. Sales in North America are predicted to decline, reflecting decelerating sales for motorcycles and all-terrain vehicles, due to the diminishing demand for these products. However, motorcycle demand in Asia is expected to continue expanding. Accordingly, overseas sales are projected to increase from the previous fiscal year.

Against this backdrop, the Company forecasts its consolidated and non-consolidated business results for the fiscal year ending March 31, 2004 as follows:

	Consolidated		Non-consolidated	
	Millions of yen	Percent change	Millions of yen	Percent change
	FY2004	FY2004/FY2003	FY2004	FY2004/FY2003
Net sales	¥1,030,000	+1.7%	¥585,000	-3.8%
Operating income	68,000	+0.5	15,000	-38.8
Recurring profit	68,000	+1.1	15,000	-39.1
Net income	32,000	+25.2	8,000	-0.3

The forecast for the fiscal year ending March 31, 2004 is based on the assumption that one U.S. dollar and one euro will equal ¥118 and ¥126, respectively.

**The forecast consolidated results for the fiscal year ending March 31, 2004 are based on management's assumptions and beliefs in light of the information currently available, and involve risks and uncertainties. Please be advised that actual results may differ significantly from those discussed in these forward-looking statements. Potential risks and uncertainties include, but are not limited to, general economic conditions in Yamaha Motor's major markets, changing consumer preferences, and currency exchange rate fluctuations.*

2) Financial Position

Cash Flows

Cash provided by operating activities during the fiscal year under review increased by ¥5.8 billion from the previous year, to ¥84.2 billion. This was mainly attributable to a significant rise in net income before taxes, and a gain in trade notes and accounts payable, which more than offset increases in trade notes and accounts receivable and inventories resulting from sales expansion.

Cash used in investing activities totaled ¥39.4 billion, principally reflecting the purchase of fixed assets and the additional purchase of securities for consolidated subsidiaries.

Consequent to these operating and investing activities, free cash flows rose by ¥13.1 billion from the previous year, to ¥44.8 billion.

In terms of cash used in financing activities, the Company accelerated repayments of borrowings during the period by allocating increased free cash flows and reducing cash on hand.

As a result of the cash flow activities discussed above, interest-bearing debt amounted to ¥199.4 billion at the end of the fiscal year, while cash and cash equivalents decreased by ¥12.6 billion from the end of the previous year, to ¥23.8 billion.

3) Trend of cash flow index

	FY2000	FY2001	FY2002	FY2003
Shareholders' equity ratio (%)	21.90	22.01	23.11	25.77
Shareholders' equity ratio at market value (%)	29.86	30.04	26.14	28.24
Debt redemption period (year)	3.68	9.53	3.28	2.37
Interest coverage ratio (times)	6.08	2.16	6.91	8.57

Notes: The formulas for the indexes above are as follows:

- *Shareholders' equity ratio: Shareholders' equity/total assets*
- *Shareholders' equity ratio at market value: Aggregate market value of corporate stock/total assets*
- *Debt redemption period: Interest-bearing debt/cash provided by operating activities*
- *Interest coverage ratio: Cash provided by operating activities/interest expenses*

* Each index is calculated with consolidated financial values.

* The aggregate value of corporate stock is calculated by multiplying the closing price of stock at the end of each fiscal year by the number of shares outstanding at the end of each fiscal year.

* Cash provided by operating activities refers to the Consolidated Statements of Cash Flows. Interest-bearing debt refers to all the debts in the consolidated balance sheet which involve interest payment. Interest expenses refer to the amount of interest paid on the Consolidated Statements of Cash Flows.

V. Consolidated Financial Statements

Consolidated Statements of Income

Year ended March 31

	Millions of yen		Percent change
	2003	2002	2003/2002
Net sales	**¥1,013,155**	¥946,817	+7.0%
Cost of sales	**726,759**	701,167	+3.6
Gross profit	**286,395**	245,650	+16.6
Selling, general and administrative expenses	**218,717**	208,436	+4.9
Operating income	**67,678**	37,213	+81.9
Non-operating income	**18,483**	19,428	-4.9
Non-operating expenses	**18,917**	23,969	-21.1
Recurring profit	**67,244**	32,672	+105.8
Extraordinary income	**418**	1,472	-71.6
Extraordinary loss	**12,103**	12,234	-1.1
Amortization of goodwill	**9,460**	0	
Amortization of net transition difference for employees' retirement benefits	**0**	8,124	
Loss on liquidation of an affiliate	**0**	1,230	
Other extraordinary loss	**2,642**	2,879	
Income before income taxes	**55,559**	21,911	+153.6
Corporation, inhabitant and enterprise taxes	**33,663**	18,210	
Deferred income taxes	**(4,022)**	(4,431)	
Minority interest	**362**	(1,404)	+125.8
Net income	**¥ 25,555**	¥ 9,536	+168.0%

Notes:

Total amounts of research and development costs included in general administrative expenses and production costs:

Millions of yen	
2003	*2002*
¥56,002	*¥48,931*

Consolidated Statements of Surplus

Year ended March 31

	Millions of yen		Change
	2003	2002	2003/2002
(Capital surplus)			
Capital surplus at beginning of the financial year	**¥ 34,365**	¥ 34,365	¥ 0
Increase in capital surplus	**53**	0	53
Conversion of convertible bonds	**53**	0	53
Capital surplus at end of the financial year	**34,419**	34,365	53
(Retained earnings)			
Retained earnings at beginning of the financial year	**118,948**	114,456	4,492
Increases in retained earnings	**25,819**	6,606	19,212
Increase (decrease) due to companies becoming consolidated subsidiaries	**3**	(3,225)	3,229
Increase (decrease) due to companies becoming consolidated subsidiaries and affiliates accounted for by the equity method	**(55)**	0	(55)
Gain from revaluation	**316**	296	19
Net income	**25,555**	9,536	16,019
Decreases in retained earnings	**1,920**	2,114	(194)
Dividends	**1,848**	1,848	—
Bonuses to directors and corporate auditors	**114**	117	(3)
Decrease (increase) due to companies ceasing to be consolidated subsidiaries	**(42)**	22	(64)
Decrease (increase) due to companies ceasing to be consolidated subsidiaries and affiliates accounted for by the equity method	**0**	126	(126)
Retained earnings at end of the financial year	**¥142,847**	¥118,948	¥23,899

Consolidated Balance Sheets

March 31

	Millions of yen		
	2003	2002	Change 2003/2002
ASSETS			
Current assets:			
Cash	**¥ 25,475**	¥ 39,876	¥(14,401)
Trade notes and accounts receivable	**135,012**	118,384	16,627
Inventories	**160,232**	156,164	4,068
Deferred income tax assets	**29,266**	25,306	3,960
Other current assets	**19,189**	17,736	1,452
Allowance for doubtful receivables	**(4,731)**	(5,593)	861
Total current assets	**364,444**	351,875	12,569
Fixed assets			
Tangible fixed assets:			
Buildings and structures	**83,475**	79,754	3,720
Machinery and transportation equipment	**79,119**	76,700	2,419
Land	**93,141**	94,463	(1,321)
Construction in progress	**7,990**	12,481	(4,491)
Other tangible fixed assets	**17,224**	17,445	(221)
Total tangible fixed assets	**280,950**	280,844	105
Intangible fixed assets			
Goodwill	**0**	9,460	(9,460)
Other intangible fixed assets	**4,303**	5,100	(797)
Total intangible fixed assets	**4,303**	14,560	(10,257)
Investments and other assets:			
Investment securities	**22,686**	34,128	(11,441)
Deferred income tax assets	**22,389**	21,066	1,323
Other investments	**7,512**	8,352	(839)
Allowance for doubtful receivables	**(3,200)**	(2,962)	(238)
Total investments and other assets	**49,388**	60,584	(11,195)
Total fixed assets	**334,642**	355,990	(21,347)
Total assets	**¥699,087**	¥707,865	¥ (8,778)

	Millions of yen		
	2003	2002	Change 2003/2002
LIABILITIES			
Current liabilities:			
Trade notes and accounts payable	**¥112,934**	¥96,127	¥16,806
Short-term loans	**48,073**	87,178	(39,104)
Current portion of long-term debt	**20,823**	25,044	(4,220)
Current portion of convertible bonds	**24,326**	0	24,326
Commercial paper	**21,376**	18,807	2,569
Accrued expenses	**35,819**	31,459	4,359
Accrued income taxes	**15,251**	8,326	6,925
Reserve for bonuses	**14,061**	13,706	354
Reserve for warranty costs	**15,723**	14,012	1,710
Other current liabilities	**45,394**	45,958	(563)
Total current liabilities	**353,784**	340,620	13,163
Long-term liabilities:			
Bonds	**44,893**	69,326	(24,433)
Long-term debt	**39,935**	57,056	(17,120)
Deferred income tax liabilities on revaluation	**13,860**	14,569	(709)
Employees' retirement benefits	**41,303**	41,584	(280)
Retirement benefits for directors and corporate auditors	**1,273**	1,244	29
Reserve for product liabilities	**4,046**	2,771	1,275
Other long-term liabilities	**7,638**	6,652	985
Total long-term liabilities	**152,951**	193,204	(40,252)
Total liabilities	**506,735**	533,825	(27,089)
Minority interest	**12,199**	10,449	1,750
SHAREHOLDERS' EQUITY			
Common stock, par value ¥50	**23,251**	23,197	53
Capital surplus	**34,419**	34,365	53
Retained earnings	**142,847**	118,948	23,899
Gain from revaluation	**21,052**	20,879	172
Net unrealized gain (loss) on securities	**252**	(316)	569
Foreign currency translation adjustment	**(41,413)**	(33,465)	(7,947)
Treasury stock, at cost	**(257)**	(17)	(239)
Total shareholders' equity	**180,151**	163,591	16,560
Total liabilities and shareholders' equity	**¥699,087**	¥707,865	¥ (8,778)

Consolidated Statements of Cash Flows

Year ended March 31

	Millions of yen	
	2003	2002
Cash flows from operating activities:		
Net income before taxes	**¥ 55,559**	¥21,911
Depreciation	**36,490**	34,147
Amortization of goodwill	**12,266**	2,442
Interest and dividends received	**(5,547)**	(7,345)
Interest paid	**9,083**	11,176
Equity in earnings of affiliates	**244**	1,436
(Increase) decrease in trade notes and accounts receivable	**(13,369)**	24,171
(Increase) decrease in inventories	**(4,068)**	23,656
Increase (decrease) in trade notes and accounts payable	**20,091**	(18,872)
Bonuses to directors and corporate auditors	**(114)**	(117)
Other, net	**4,265**	4,003
Sub-total	**114,901**	96,609
Interest and dividends received	**5,788**	6,757
Interest paid	**(9,832)**	(11,347)
Income taxes paid	**(26,634)**	(13,613)
Cash provided by operating activities	**84,223**	78,406
Cash flows from investing activities:		
(Increase) decrease in fixed deposits	**1,276**	(1,556)
Purchase of fixed assets	**(35,806)**	(37,697)
Purchase of marketable securities	**(1,266)**	(6,274)
Decrease in loans receivable	**106**	6,420
Additional purchase of subsidiaries' securities	**(4,243)**	(9,280)
Other gains (losses)	**502**	1,722
Cash used in investing activities	**(39,430)**	(46,666)
Cash flows from financing activities:		
Repayments of short-term loans	**(33,622)**	(14,691)
Borrowings of long-term loans	**7,733**	9,082
Repayments of long-term loans	**(29,635)**	(32,109)
Proceeds from issuance of bonds	**0**	30,000
Payments of dividends	**(1,848)**	(1,848)
Purchase and/or sales of treasury stock	**(239)**	(15)
Cash used in financing activities	**(57,611)**	(9,582)
Foreign currency translation adjustments	**(1,008)**	460
Net increase (decrease) in cash and cash equivalents	**(13,827)**	22,618
Cash and cash equivalents at beginning of the financial year	**36,481**	13,292
Increase of cash and cash equivalents by newly consolidated subsidiaries	**1,326**	570
Decrease in cash and cash equivalents due to exclusion of consolidated subsidiaries	**(140)**	0
Cash and cash equivalents at end of the financial year	**¥ 23,839**	¥36,481

Notes to Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries 99

Major subsidiaries: *Yamaha Motor Marketing Japan Co. Ltd.; Yamaha Motor Corporation U.S.A.; and Yamaha Motor Europe N.V.*

(Number of newly added subsidiaries) 10

Motori Minarelli S.p.A.; PT. Moric Indonesia; Yamaha Motor Asian Center Co., Ltd.; Yamaha Motor (Shanghai) Trading Co., Ltd.; and Yamaha Motor (Suzhou) Co., Ltd.; YM-INFORTECH Pvt. Ltd.; Moric Vietnam Co., Ltd.; PT. Toyo Besq Precision Parts Indonesia; Yamaha Motor Finance Australia Pty. Ltd.; Yamaha Motor Finance New Zealand Pty. Ltd.

(Number of excluded subsidiaries) 2

Yamaha Gamagori Works Co., Ltd.; and Yamaha Motor Argentina S.A. (categorized as a consolidated subsidiary accounted for by the equity method)

Number of non-consolidated subsidiaries 20

Total assets, net sales, net income and retained earnings of non-consolidated subsidiaries are not significant in the aggregate, in relation to the comparable figures in the consolidated financial statements. 11 non-consolidated subsidiaries are accounted for by the equity method.

2. Scope of application of equity method

Number of non-consolidated subsidiaries and affiliates accounted for by the equity method 37

Major non-consolidated subsidiaries and affiliates:

Chongqing Jianshe-Yamaha Motor Co., Ltd.; Zhuzhou Nanfang Yamaha Motor Co., Ltd.; Yamaha Motor Deutschland GmbH; and Yamaha Motor (UK) Limited.

(Number of newly added companies) 3

AD'EMS Co., Ltd.; Yamaha Motor Argentina S.A.; Dawood Yamaha Ltd.

(Number of excluded companies) 1

Motori Minarelli S.p.A. (categorized as a consolidated subsidiary)

Nine non-consolidated subsidiaries and 11 affiliates, which are not accounted for by the equity method, are insignificant in the consolidated statements of income and the consolidated statements of retained earnings and are not significant in the aggregate. As such, the Company's investments in these subsidiaries and affiliates are stated at cost, instead of being accounted for by the equity method.

3. Change in accounting method

(Amortization of goodwill)

Goodwill had been amortized within 20 years using straight-line method, in view of the actual conditions of individual investments. However, effective from the fiscal year ended March 31, 2003, the Company has changed the accounting method to register the amortization of goodwill as a loss when it is incurred. The change is due to a review of the amortization method for goodwill on the occasion of initiating the new three-year medium-term management plan (running from April 2002 through March 2005), which focuses on management issues including “improving the profitability of existing businesses” and “solidifying the foundation of businesses in Asia.”

This change is intended to ensure a proper response to changes in the market, such as intensified global competition to the Yamaha Motor Group’s motorcycle and other business operations, and fluctuations in investment risk generated by changes in the investment environment. Thus, the new accounting method serves to further improve the Company’s financial condition.

Applying the revised method, the Company classified the balance of goodwill at the beginning of the fiscal year, amounting to ¥9,460 million, in the extraordinary loss column under “amortization of goodwill” in the consolidated statements of income. Accordingly, operating income and recurring profit each increased by ¥1,047 million, while income before income taxes for fiscal 2003 decreased by ¥8,413 million from the previous year.

(Application of the accounting standard for treasury stock and reversal of legal reserve)

Effective from April 1, 2002, the Company has applied the “Accounting Standard for Treasury Stock and Reversal of Legal Reserve” (Financial Accounting Standard No.1). This application had an insignificant impact on the financial results for the period.

Due to an amendment to the “Ordinance Concerning the Terminology, Forms and Preparation Method of Financial Statements,” the statements of shareholders’ equity in the consolidated balance sheet and the consolidated statement of surplus in fiscal 2003 have been prepared in accordance with the amended “Ordinance Concerning the Terminology, Forms and Preparation Method of Financial Statements.” The figures at the end of the previous fiscal year are also indicated in the revised classification.

(Application of the accounting standard to per share data)

Effective from April 1, 2002, the Company has applied the “Accounting Standard for Earnings Per Share” (Financial Accounting Standard No.2) and “Implementation Guidance for the Accounting Standard for Earnings Per Share” (Financial Accounting Standards Implementation Guidance No. 4).

If this accounting standard were applied to the previous fiscal year, net income per share would be valued at ¥40.77; net income per share, diluted, at ¥33.18; and shareholders’ equity per share at ¥707.66, respectively.

4. Accounting standards

(1) Asset valuation

1) Securities

Other securities

Securities with fair market value are stated using the mark to market method, determined by the market value at the end of the fiscal year, and other factors. All evaluation differential amounts are incorporated into shareholders’ equity, using the full capital inclusion method. The cost of securities sold is determined by the moving average method.

Securities with no fair market value are stated at cost, determined by the moving average method.

2) Derivatives

Derivative financial instruments are stated using the mark to market method.

3) Inventories

Inventories are principally stated at the lower of the cost or market, using the average cost method.

(2) Depreciation of assets

1) Tangible fixed assets

Depreciation of tangible fixed assets is principally determined by the declining-balance method. Capitalized software for internal use is depreciated using the straight-line method over its estimated useful life (five years) at the Company and its consolidated subsidiaries.

2) Intangible fixed assets

Depreciation of intangible fixed assets is principally determined by the straight-line method.

(3) Provision for significant reserves

1) Allowance for doubtful receivables

In order to evaluate accounts receivable, loans and their equivalents, the allowance for doubtful receivables is provided in amounts sufficient to cover possible losses from bad loans. For general receivables, the Company determines the allowance for doubtful receivables based on historical default rates. For specific receivables such as delinquent receivables, the Company determines the allowance for doubtful receivables based on the potential for irrecoverability.

2) Reserve for bonuses

The reserve for bonuses to be paid to employees and personnel working concurrently as directors is provided as the estimated payment amount in the balance at the end of the financial year.

3) Reserve for product warranty

The reserve for product warranty is provided as appropriation for the costs of after-sale services of sold products during the warranty period, and to cope with the quality problems of sold products.

Where potential costs for product warranty are individually estimable, the Company provides the amount of such costs. In other cases, the Company provides the estimated amount computed by multiplying net sales during the financial year with a factor based on actual results in past years.

4) Reserve for employees' retirement benefits

To cover the projected employees' retirement benefits, the Company provides the estimated amount of benefit obligations and pension plan assets at the end of the financial year.

Employees' past service costs are being amortized by the straight-line method, based on certain years within the average remaining service length — principally, 10 years — when employees' past service costs are incurred.

From the following consolidated financial year, the actuarial differences in the computation are being amortized by the straight-line method, based on certain years within the average remaining service length — principally, 10 years — when such differences are incurred.

(Additional information)

Regarding the substitute portion of the Yamaha Motor Employee Pension Fund into which the Company and certain of its consolidated subsidiaries in Japan are entered, in accordance with enforcement provisions of the Defined Benefit Enterprise Pension Plan Law, the Company received approval for exemption from future payment obligations from the Minister of Health, Labor and Welfare on April 23, 2002.

The Company and certain of its consolidated subsidiaries in Japan do not apply any of the interim measures prescribed in paragraph 47-2 of the Practical Guidelines of Accounting for Retirement Benefits (Interim Report: the Japanese Institute of Certified Public Accountants, Accounting Committee Report No.13).

If a case should arise where the Company and certain of its consolidated subsidiaries in Japan do apply the interim measures prescribed in paragraph 47-2 of the Practical Guidelines, described above, the amount to be posted to extraordinary income shall be estimated at ¥10,883 million.

5) Reserve for retirement benefits for directors and corporate auditors

The Company provides the amounts required under internal rules to pay retirement benefits for directors and corporate auditors.

6) Reserve for product liabilities

The reserve for product liabilities is provided at an estimated amount based on the actual results in past years for liabilities which are not covered by product liability insurance.

(4) Lease transactions

Finance leases for which ownership does not transfer to lessees are principally accounted for as ordinary rental transactions.

(5) Hedge accounting

The Company adopts the deferred hedge accounting method. For forward foreign exchange contracts, the Company hedges by assigning transactions that meet the assignment requirement, while for interest rate swaps that meet certain conditions, the Company hedges by special accounting treatment.

(6) Consumption taxes

Transactions are recorded exclusive of consumption taxes.

5. Evaluation of assets and liabilities of consolidated subsidiaries

All assets and liabilities of consolidated subsidiaries are stated using the mark to market method, determined by the market value at the end of the financial year.

6. Amortization of goodwill

Amortization of goodwill is registered as a loss when it is incurred.

7. Appropriation of retained earnings

The consolidated statements of surplus are made based on the appropriation of earnings or losses of consolidated subsidiaries finalized during the financial year.

8. Range of funds in the consolidated statements of cash flows

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

9. Notes

(Consolidated Balance Sheets)

	Millions of yen	
	FY2003	FY2002
(1) Accumulated depreciation of tangible fixed assets	**¥383,987**	¥376,103
(2) Pledged assets	**5,148**	5,059
(3) Contingent liabilities	**1,146**	1,072
(4) Discounts on trade notes	**2,181**	1,708

(5) In accordance with the Law Concerning Revaluation of Land (No. 24, enacted on March 31, 1999), the land used for business owned by the Company was revalued. The unrealized gain on the revaluation of land, net of deferred income taxes, was reclassified and listed under "Gain from revaluation" in SHAREHOLDERS' EQUITY, and the relevant deferred income taxes on the unrealized gain were included in LIABILITIES as "Deferred income tax liabilities."

1) Date of revaluation March 31, 2000

2) Method of revaluation

Under Article 2-4 of the Ordinance Implementing the Law Concerning Land Revaluation (Article 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.

3) Market value of the land used for business after revaluation

The market value of the land used for business after revaluation at the end of fiscal 2003 was below its book value by ¥9,757 million.

(Consolidated Statements of Cash Flows)

(1) Reconciliation of cash and deposits to cash, and cash equivalents

	Millions of yen	
	FY2003	FY2002
Cash and deposits	**¥25,475**	¥39,876
Deposits saved more than three months	**(2,110)**	(3,700)
Other current assets	**474**	304
Cash and cash equivalents	**¥23,839**	¥36,481

(2) Significant non-cash transactions

	Millions of yen
	FY2003
Increase in common stock due to conversion of convertible bonds	**¥ 53**
Increase in capital surplus due to conversion of convertible bonds	**53**
Decrease in convertible bonds due to conversion	**¥107**

VI. Segment Information

(1) Business segment information

Year ended March 31

	Millions of yen	
	2003	2002
Net sales:		
Motorcycles	**¥529,901**	¥496,076
Marine products	**211,536**	188,326
Power products	**190,629**	183,016
Other products	**81,088**	79,397
Total	**¥1,013,155**	¥946,817
Operating expenses:		
Motorcycles	**¥509,815**	¥485,973
Marine products	**196,195**	185,754
Power products	**164,861**	162,663
Other products	**74,604**	75,212
Total	**¥945,477**	¥909,603
Operating income:		
Motorcycles	**¥20,085**	¥10,103
Marine products	**15,340**	2,572
Power products	**25,768**	20,352
Other products	**6,484**	4,185
Total	**¥67,678**	¥37,213
Assets:		
Motorcycles	**¥422,429**	¥414,302
Marine products	**145,019**	154,644
Power products	**81,184**	88,247
Other products	**50,453**	50,671
Total	**¥699,087**	¥707,865
Depreciation:		
Motorcycles	**¥22,121**	¥19,873
Marine products	**8,936**	8,072
Power products	**2,994**	3,121
Other products	**2,438**	3,080
Total	**¥36,490**	¥34,147
Capital expenditures:		
Motorcycles	**¥24,285**	¥21,804
Marine products	**10,485**	9,736
Power products	**3,830**	5,506
Other products	**1,826**	2,193
Total	**¥40,427**	¥39,240

Notes:

1. Business segments correspond to categories of activity classified primarily by products and market.

2. Major products in each business segment:

Business segment	*Major products*
Motorcycles	*Motorcycles and knockdown parts for overseas production*
Marine products	*Boats, sail boats, fishing boats, utility boats, FRP pools, outboard motors and personal watercraft*
Power products	*All-terrain vehicles, snowmobiles, golf cars and generators*
Other products	*DOHC automobile engines, industrial robots and bicycles*

3. All cost of sales is assigned to individual segments, and there was no cost of sales that could not be distributed to segments.

4. As described in Section 3, "Change in accounting method" in the "Notes to Consolidated Financial Statements," effective from the fiscal year ended March 31, 2003, the Company has changed the accounting method to register the amortization of goodwill as a loss when it is incurred. Accordingly, operating expenses in the "Motorcycles" segment for the fiscal year ended March 31, 2003 decreased by ¥1,070 million, and those in the "Marine products" segment increased by ¥23 million, while operating income in the "Motorcycles" segment increased by ¥1,070 million, and those in the "Marine products" segment decreased by ¥23 million, and assets in the "Motorcycles" segment decreased by ¥8,413 million compared with the figures that would have been derived if the Company had applied the conventional accounting method,. This change in accounting method had no influence on the results for the fiscal year ended March 31, 2003 to assets in the "Marine products" segments, and to operating income and assets in the "Power products" and "Other products" segments.

(2) Geographic segment information

Year ended March 31

	Millions of yen	
	2003	2002
Net sales:		
Japan		
Outside customers	**¥ 256,168**	¥ 253,428
Intersegment	**414,864**	356,839
North America		
Outside customers	**365,639**	346,404
Intersegment	**14,943**	9,474
Europe		
Outside customers	**213,210**	208,295
Intersegment	**2,960**	2,293
Asia		
Outside customers	**127,980**	90,517
Intersegment	**17,639**	14,326
Other areas		
Outside customers	**50,154**	48,171
Intersegment	**1,443**	1,419
Sub-total	**1,465,006**	1,331,172
Eliminations	**(451,851)**	(384,354)
Consolidated	**¥1,013,155**	¥ 946,817
Operating expenses:		
Japan	**¥ 639,252**	¥ 593,759
North America	**357,432**	342,409
Europe	**210,347**	204,539
Asia	**138,656**	103,338
Other areas	**51,048**	48,571
Sub-total	**1,396,737**	1,292,618
Eliminations	**(451,260)**	(383,014)
Consolidated	**¥ 945,477**	¥ 909,603
Operating income:		
Japan	**¥ 31,780**	¥ 16,509
North America	**23,150**	13,470
Europe	**5,823**	6,048
Asia	**6,963**	1,505
Other areas	**549**	1,019
Sub-total	**68,268**	38,553
Eliminations	**(590)**	(1,339)
Consolidated	**¥ 67,678**	¥ 37,213
Assets:		
Japan	**¥ 493,122**	¥ 532,416
North America	**148,218**	133,176
Europe	**108,818**	103,265
Asia	**89,433**	82,230
Other areas	**29,575**	27,923
Sub-total	**869,167**	879,013
Eliminations	**(170,080)**	(171,147)
Consolidated	**¥ 699,087**	¥ 707,865

Notes:

1. Geographic segments correspond to categories of geographical similarity, classified primarily by nations and regions.

2. Segments outside Japan are composed of the following nations and regions:

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

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

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

(4) Other areas: Australia, Mexico, Brazil and Colombia

3. All cost of sales is assigned to individual segments, and there was no cost of sales that could not be distributed to segments.

4. As described in Section 3, "Change in accounting method" in the "Notes to Consolidated Financial Statements," effective from the fiscal year ended March 31, 2003, the Company has changed the accounting method to register the amortization of goodwill as a loss when it is incurred. Accordingly, operating expenses in the "Japan" segment for the fiscal year ended March 31, 2003 decreased by ¥1,047 million, while operating income increased by ¥1,047 million, and assets decreased by ¥8,413 million compared with the figures that would have been derived if the Company had applied the conventional accounting method.

(3) Overseas sales

Year ended March 31

	2003		2002	
	Sales	Percentage	Sales	Percentage
	Millions of yen	Overseas sales to net sales	Millions of yen	Overseas sales to net sales
North America	**¥ 380,427**	**37.5%**	¥353,192	37.3%
Europe	**210,484**	**20.8**	214,912	22.7
Asia	**174,028**	**17.2**	135,541	14.3
Other areas	**86,218**	**8.5**	83,611	8.8
Overseas sales total	**851,159**	**84.0**	787,258	83.1
Consolidated	**¥1,013,155**	**100.0%**	¥946,817	100.0%

Notes:

1. Overseas segments correspond to categories of geographical similarity, classified primarily by nations and regions.

2. Segments outside Japan are composed of the following nations and regions:

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

(2) Europe: Germany, France and Italy

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

(4) Other areas: Australia, Brazil and South Africa

VII. Lease Transactions

(1) Finance leases for which ownership does not transfer to lessees:

1) Amounts equivalent to the acquisition cost, accumulated depreciation and the book value of leased assets at the end of the financial year

	Millions of yen	
	2003	2002
Tools, equipment, fittings, etc.		
Acquisition cost	**¥12,538**	¥12,682
Accumulated depreciation	**6,622**	6,593
Book value	**5,916**	6,089

(The amount of acquisition costs includes imputed interest expense.)

2) Amounts equivalent to lease payment commitments at the end of the financial year

	Millions of yen	
	2003	2002
Payable within one year	**¥2,115**	¥2,004
Payable after one year	**3,801**	4,084
Total	**¥5,916**	¥6,089

(The amount of lease payment commitments includes imputed interest expense.)

3) Amounts equivalent to lease payment and depreciation

	Millions of yen	
	2003	2002
Lease payments	**¥2,434**	¥2,212
Depreciation	**2,434**	2,212

4) Computation of the amount equivalent to depreciation

The computation of the amount equivalent to depreciation is made by the straight-line method, assuming the residual value as zero.

(2) Operating lease transactions

	Millions of yen	
	2003	2002
Amounts equivalent to lease payment commitments		
Payable within one year	**¥1,134**	¥1,588
Payable after one year	**1,156**	1,997
Total	**¥2,290**	¥3,586

VIII. Related Party Transactions

No applicable item.

IX. Accounting for Income Taxes

Material to be disclosed regarding Accounting for Income Taxes was still under review at press time. The Company will publish the information at a later date, as soon the precise content is determined.

X. Marketable Securities

March 31, 2003

1) Other securities with market value (as of March 31, 2003)

	Type	Millions of yen		
		Historical cost	Book value	Difference
Securities whose book value exceeds historical cost	(1) Equity securities	¥1,249	¥2,936	¥1,686
	(2) Bonds			
	1) National and local government bonds	0	0	0
	2) Corporate bonds	81	87	5
	3) Other	0	0	0
	(3) Other	0	0	0
	Sub-total	1,331	3,023	1,691
Securities whose book value does not exceed historical cost	(1) Equity securities	3,472	2,206	(1,265)
	(2) Bonds			
	1) National and local government bonds	0	0	0
	2) Corporate bonds	0	0	0
	3) Other	0	0	0
	(3) Other	0	0	0
	Sub-total	3,472	2,206	(1,265)
Total		¥4,803	¥5,230	¥ 426

Note:

The Company posted evaluation losses totaling ¥755 million for marketable securities (¥560 million for other securities with market value, ¥63 million for other securities without market value, and ¥131 million for securities of subsidiaries and affiliates) in the fiscal year ended March 31, 2003.

The Company principally posts evaluation losses on securities whose market value at the end of the fiscal year is less than 50 percent of the historical cost. For securities whose market value at the end of the fiscal year decreases by 30 to 50 percent from the historical cost, the Company posts losses when it is judged necessary, by examining the importance and recoverability of the applicable amount.

2) Other marketable securities sold during the fiscal year (April 1, 2002 through March 31, 2003)

Millions of yen		
Amount sold	Total gains	Total losses
¥61	¥30	—

3) Securities without market value (as of March 31, 2003)

	Millions of yen
	Market value at the consolidated balance sheet date
Other securities	
Unlisted equity securities (excluding over-the-counter securities)	¥2,243
Other	474

4) *Redemption schedule of other securities with maturity and held-to-maturity debt securities (as of March 31, 2003)*

	Millions of yen			
	1 year or less	1 to 5 years	5 to 10 years	10 years
(1) Bonds				
1) National and local government bonds	¥ 0	¥ 0	¥0	¥0
2) Corporate bonds	44	42	0	0
3) Other	0	0	0	0
(3) Other	474	0	0	0
Total	¥518	¥42	¥0	¥0

March 31, 2002

1) *Other securities with market value (as of March 31, 2002)*

		Millions of yen		
	Type	Historical cost	Book value	Difference
Securities whose book value exceeds historical cost	(1) Equity securities	¥1,412	¥2,651	¥1,238
	(2) Bonds			
	1) National and local government bonds	0	0	0
	2) Corporate bonds	81	89	7
	3) Other	0	0	0
	(3) Other	0	0	0
	Sub-total	1,493	2,740	1,246
Securities whose book value does not exceed historical cost	(1) Equity securities	3,894	3,080	(814)
	(2) Bonds			
	1) National and local government bonds	0	0	0
	2) Corporate bonds	0	0	0
	3) Other	0	0	0
	(3) Other	0	0	0
	Sub-total	3,894	3,080	(814)
Total		¥5,388	¥5,820	¥ 431

Note:

The Company posted evaluation losses totaling ¥1,035 million for marketable securities (¥832 million for other securities with market value, ¥58 million for other securities without market value, and ¥144 million for securities of subsidiaries and affiliates) in the fiscal year ended March 31, 2002.
The Company principally posts evaluation losses on securities whose market value at the end of the fiscal year is less than 50 percent of the historical cost. For securities whose market value at the end of the fiscal year decreases by 30 to 50 percent from the historical cost, the Company posts losses when it is judged necessary, by examining the importance and recoverability of the applicable amount.

2) *Other marketable securities sold during the fiscal year (April 1, 2001 through March 31, 2002)*

Millions of yen		
Amount sold	Total gains	Total losses
¥28	¥ 8	¥ 0

3) Securities without market value (as of March 31, 2002)

	Millions of yen
	Market value at the consolidated balance sheet date
Other securities	
Unlisted equity securities (excluding over-the-counter securities)	¥615
Other	304

4) Redemption schedule of other securities with maturity and held-to-maturity debt securities (as of March 31, 2002)

	Millions of yen			
	1 year or less	1 to 5 years	5 to 10 years	10 years
(1) Bonds				
1) National and local government bonds	¥ 0	¥ 0	¥0	¥0
2) Corporate bonds	0	89	0	0
3) Other	0	0	0	0
(3) Other	304	0	0	0
Total	¥304	¥89	¥0	¥0

XI. Contract Amounts, Market Values, and Unrealized Gains/Losses on Derivative Transactions

March 31, 2003

Classification	Transaction	Millions of yen			
		Contractual value	Over 1 year	Market value	Unrealized gain or loss
Transactions for non-trading purposes	Interest-rate swaps				
	Receipts fixed, payments floating	¥11,000	¥3,000	¥647	¥647
	Receipts floating, payments fixed	11,000	3,000	(273)	(273)
	Total	¥22,000	¥6,000	¥373	¥373

Notes:

1. Market values are calculated based on quotes from financial institutions.

2. Derivative instruments applied for hedge accounting are excluded from the above amounts.

March 31, 2001

Classification	Transaction	Millions of yen			
		Contractual value	Over 1 year	Market value	Unrealized gain or loss
Transactions for non-trading purposes	Interest-rate swaps				
	Receipts fixed, payments floating	¥11,000	¥11,000	¥1,006	¥1,006
	Receipts floating, payments fixed	11,000	11,000	(389)	(389)
	Total	¥22,000	¥22,000	¥ 617	¥ 617

XII. Employees' Retirement Benefits

(1) Outline

The Company and its domestic consolidated subsidiaries have defined-benefit pension plans comprised of employee pension plans, tax-qualified pension plans and lump-sum severance payment plans. Certain overseas consolidated subsidiaries have defined-contribution pension plans, in addition to defined-benefit pension plans.

(2) Basis of the computation of employees' retirement benefit obligations

(1) Estimation method for determining retirement benefits

Estimation based on service period

(2) Discount rate

Principally 2.5%

(3) Expected operating interest rate

Principally 3.0%

(4) Number of years for past service costs

Principally 10 years

(Employees' past service costs are being amortized by the straight-line method, based on certain years within the average remaining service length ― principally, 10 years ― when the employees' past service costs are incurred.)

(5) Number of years for the amortization of net transition difference

Principally 10 years

(From the following consolidated financial year, the actuarial differences in the computation are being amortized by the straight-line method based on certain years within the average remaining service length ― principally, 10 years ― when such differences are incurred.)

XIII. Going Concern Assumption

No applicable item.

XIII. Change of the Board of Directors

(1) Slate of candidates for election to the Board of Directors:

Kunihiko Nakajima, currently Corporate Executive Officer, Assistant Senior General Manager of Motorcycle Operations and General Manager of the Technical Management Group of Motorcycle Operations.

(2) Slate of candidates for election as auditors:

Haruhiko Wakuda, currently Director of Yamaha Motor Co., Ltd.

Masayoshi Furuhata, former Executive Vice President and Representative Director of Mitsui & Co., Ltd.

Naomoto Ohta, currently Standing Corporate Auditor of Yamaha Corporation

(3) Retiring Directors:

Takehiko Hasegawa will resign the post of Chairman and Director and take office as adviser of Yamaha Motor Co., Ltd.

Takashi Kanamori will resign the post of Director and take office as Senior Managing Director of Y.E.C. Co., Ltd.

Haruhiko Wakuda will resign the post of Director and take office as Standing Corporate Auditor of Yamaha Motor Co., Ltd.

(4) Retiring Auditors:

Toshio Souzumi, currently Standing Corporate Auditor

Suguru Suzuki, currently Corporate Auditor (outside auditor)

Shigebumi Suzuki, currently Corporate Auditor (outside auditor)

(5) Directors to be promoted:

Ryuichi Yamashita, currently Executive Vice President and Representative Director, will take office as Chairman and Director.

Takashi Kajikawa, currently Managing Director, will take office as Senior Managing Director and Representative Director.

Tsuneji Togami, currently Director, will take office as Senior Managing Director and Representative Director.

Hiroshi Ukon, currently Director, will take office as Managing Director.