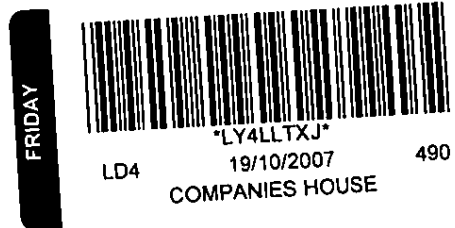


Company Registration No. 1006420

Yamaha Motor (UK) Limited

Report and Financial Statements

31 March 2007



Yamaha Motor (UK) Limited

Report and financial statements 2007

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Yamaha Motor (UK) Limited

Report and financial statements 2007

Officers and professional advisers

Directors

A Imura
I Kobayashi
A R Smith
S Hayakawa
M Yamanaka

Company Secretary

M Yamanaka

Registered Office

Sopwith Drive
Brooklands Industrial Estate
Weybridge
Surrey KT13 0UZ

Banks

Sumitomo Mitsui Banking Corporation Europe Limited
Hong Kong and Shanghai Bank (HSBC)
Bank of Tokyo – Mitsubishi UFJ, Ltd

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Yamaha Motor (UK) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2007

Principal activities and business review

Yamaha Motor (UK) Ltd is owned by the Mitsui & Co Ltd group (75% ownership), a company registered in Japan, and is partially owned by the Yamaha Motor Co group (25%), also registered in Japan (see note 18 on page 24 for full details of related parties)

The principal activities of the company are the marketing and distribution of Yamaha branded motorised products and related spare parts and accessories. There have not been any significant changes in the company's principal activities in the year. The company has joined the European Central Inventory Management (ECIM) system from October 2006 with regard to inventory management for all products.

The results of the company for the year are set out on page 8. The company incurred a loss on ordinary activities before taxation for the year ended 31 March 2007 of £1,167,000 (2006 - £3,300,000).

The balance sheet on page 10 of the financial statements shows that the company's financial position at the year end has improved as a result of the strengthening of the pension fund and as a result of the move to ECIM. Details of amounts owed to group undertakings are shown in note 18 on page 24.

The motorcycle division result, which had a major bearing on the company's overall result, was impacted by continued severe market conditions, which in turn affected the company's performance against forecast.

The company will continue to seek cost and efficiency savings which will not negatively affect unit sales or brand image in the future.

Future prospects

New product introductions within all areas of the business are important to the future success and the company will be introducing several new models across all sales divisions for the coming season. The company sees this as having a positive impact on the gross profit in the short term. The company, in line with the cost and efficiency saving review, has completed its re-organisations and has announced the sale and leaseback of the office including reduced workshop and warehouse space. These events will have a significant impact on returning the company to a profitable trading position. As of the 30 April 2007 the sale of the building and leaseback has been completed.

Principal risks and uncertainties

Competitive pressures in the UK, in particularly the retail industry, are a continuing risk to the company which could result in it losing sales to its key competitors. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with dealers and Yamaha customers.

The company purchases all of its non motorcycle units in Euros or USD, and all spares in Euros. To minimise this risk the company purchases forward exchange contracts.

Yamaha Motor (UK) Limited

Directors' report (continued)

Due to the nature of the company's business and the assets and liabilities contained within the Company's balance sheet, the major area of financial risk is within dealer credit. Credit risk is mitigated by taking out insurance policies, holding charges on property and the holding of registration documents.

Group risks are discussed in the Group's Annual Report which does not form part of this Report.

Environment

The company operates in accordance with group policies, which are described in the group's Annual Report which does not form part of this report.

Employees

Details of the number of UK operational contracted employees and related costs can be found in note 4 to the financial statements on page 15.

The Mitsui UK Retirement Benefits Plan has been formally sectionalised between Mitsui UK, Mitsui Europe and YMUK as of the 21 March 2007. The company has paid into the YMUK pension fund £7.5 million on the 28 March 2007, turning it from a liability to an asset.

Dividends

Due to the company's positive net worth the directors propose a final dividend of 287.625p per share for the year ended 31 March 2007 (2006: £nil).

Charitable donations

A charitable donation was made to BEN of £8,000 (2006: £9,000).

Directors

The directors who held office during the year except as noted, were as follows:

A. Imura	
I. Kobayashi	
S. Hayakawa	Appointed 1 Jan 2007
A. R. Smith	
M. Yamanaka	
Y. Takahashi	Resigned 1 Jan 2007

None of the directors who held office at the beginning or end of the financial year had any disclosable interest in the shares of the company or any other group company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Information to auditors

Each of the persons who are a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Yamaha Motor (UK) Limited

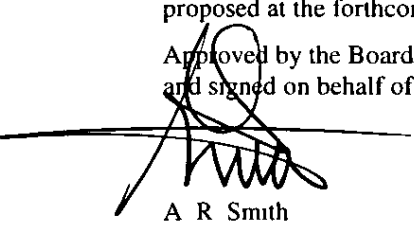
Directors' report (continued)

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Auditors

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



A R Smith
Director

11th Sept - 2007

Yamaha Motor (UK) Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Yamaha Motor (UK) Limited

We have audited the financial statements of Yamaha Motors (UK) Limited for the year ended 31 March 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you, whether in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition, we also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors' report to the members of
(continued)
Yamaha Motor (UK) Limited**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

12 September 2007

Yamaha Motor (UK) Limited

Profit and loss account Year ended 31 March 2007

	Notes	2007 £'000	2006 £'000
Turnover	2	77,285	85,800
Cost of sales		(69,766)	(79,744)
Gross profit		7,519	6,056
Administrative expenses		(7,557)	(8,143)
Operating loss		(38)	(2,087)
Interest receivable and similar income	5	1,002	852
Interest payable and similar charges	6	(2,131)	(2,097)
Other income			32
Loss on ordinary activities before taxation	2	(1,167)	(3,300)
Tax credit on loss on ordinary activity	7	348	978
Loss on ordinary activities after taxation	15	(819)	(2,322)

The results for the periods shown above are derived from continuing operations

The notes on pages 13 to 24 form part of these financial statements

Yamaha Motor (UK) Limited

Statement of total recognised gains and losses Year ended 31 March 2007

	Notes	2007 £'000	2006 £'000
Net loss for the year		(819)	(2,322)
Other recognised gains and losses			
Deferred tax on pension asset	12	(841)	-
Deferred tax credit on spread pension payments	7	1,646	-
Corporation tax credit on pension payment	7	668	
Pension actuarial valuation gain	17	996	2,119
Total recognised (gain)/ loss		<u>1,650</u>	<u>(203)</u>

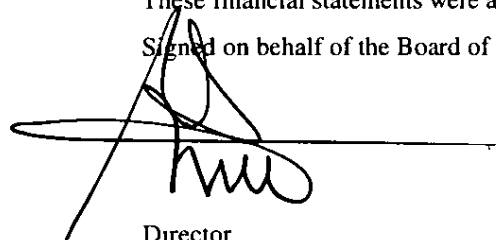
Yamaha Motor (UK) Limited

Balance sheet 31 March 2007

	Notes	2007 £'000	£'000	2006 £'000	£'000
Fixed assets					
Tangible assets	8		7,887		8,583
Current assets					
Stock	9	5,082		26,668	
Debtors					
- due within one year	10	31,294		32,851	
- due after one year	10	1,096		-	
Cash at bank and in hand		47		961	
		<u>37,519</u>		<u>60,480</u>	
Creditors: amounts falling due within one year	11	<u>(36,640)</u>		<u>(54,068)</u>	
Net current assets			<u>879</u>		<u>6,412</u>
Total assets less current liabilities			<u>8,766</u>		<u>14,995</u>
Pension asset / (liability)	12		<u>1,961</u>		<u>(5,918)</u>
Net Assets including pension asset			<u><u>10,727</u></u>		<u><u>9,077</u></u>
Capital and reserves					
Called up share capital	14		2,400		2,400
Profit and loss account	15		<u>8,327</u>		<u>6,677</u>
Total equity shareholders' funds			<u><u>10,727</u></u>		<u><u>9,077</u></u>

These financial statements were approved by the Board of Directors on 11th July - 2007

Signed on behalf of the Board of Directors



Director

Yamaha Motor (UK) Limited

Cash flow statement Year ended 31 March 2007

	2007 £'000	2006 £'000
Reconciliation of operating profit to net cash flow from operating activities		
Operating loss	(38)	(2,087)
Depreciation charge	1,155	1,223
Loss/ (profit) on sales of fixed assets	9	(26)
Decrease in stock	21,783	6,251
Decrease/ (increase) in debtors	3,121	(1,292)
(Decrease) in creditors	(20,568)	(4,737)
Net cash inflow/(outflow) from operating activities	5,462	(668)
Return on investment and servicing of finance		
Interest received	1,002	1,066
Interest paid	(2,194)	(2,080)
	(1,192)	(1,014)
Capital Expenditure and financial investment		
Purchase of tangible fixed assets	(817)	(1,443)
Sale of tangible fixed assets	153	193
	(664)	(1,250)
Financing		
(Decrease)/ increase in debt	(4,520)	3,915
(Decrease)/ increase in cash and cash equivalents during the year	(914)	983

Yamaha Motor (UK) Limited

Reconciliation of net cash flow to movement in net debt Year ended 31 March 2007

	2007 £'000	2006 £'000
(Decrease)/ increase in cash during the year	(914)	983
Cash outflow/ (inflow) from increase in debt and lease financing	4,520	(3,915)
Movement in net debt in the year	3,606	(2,932)
Net debt at the start of the year	(25,464)	(22,532)
Net debt at the end of the year	(21,858)	(25,464)

Analysis of net debt

	At beginning of year £'000	Cash flow £'000	At end of year £'000
Cash in hand and at bank	961	(914)	47
Bank loans due within one year	(26,425)	4,520	(21,905)
Net debt	(25,464)	3,606	(21,858)

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 March 2007

1. The principal accounting policy are summarised below. They have all been applied consistently throughout the year and the preceding year

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. The financial statements are prepared under the historical cost convention.

Fixed assets and depreciation

Fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided to write-off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful lives as follows:

Buildings	–	2% per annum
Motor vehicles and plant and machinery	–	25% per annum
Office equipment	–	25% per annum
Leased assets	–	20% per annum

No depreciation is provided on freehold land.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the terms of the lease, whichever is shorter. Further instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight-line basis over the life of the lease.

Pensions

The company operates a pension scheme providing benefits on final pensionable pay (defined benefit scheme). A new scheme was introduced for new employees entering the company which is a defined contribution scheme.

The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

Contributions to the defined contribution scheme are charged to the profit and loss account in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Stocks

Stocks are stated at the lower of cost and net realisable value. The price includes duty and charges payable. Net realisable value is based on estimated selling price, less future costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 March 2007

1. Accounting policies (continued)

Taxation

The charge for taxation is based on the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that results in an obligation to pay more tax in the future or a right to pay less tax in future have occurred at the balance sheet date. Timing difference are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessment in periods different from those in which they are recognised in the financial statements

A deferred tax asset has been recognised for incurred losses as the company can crystallise these losses under a group relief arrangement within the UK

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period, and are recognised on delivery of goods to customers

Included in turnover is the operating lease income from the lease golf car fleet. This is recognised evenly over the lease term with the costs reflected in the same way

Cash

Cash, for the purpose of cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

2. Turnover and loss on ordinary activities before taxation

(a) Turnover

Turnover is attributable to the principal activity of the company (see Directors' report) and has arisen wholly from sales to the UK market

(b) Loss on ordinary activities before taxation

	2007 £'000	2006 £'000
Loss on ordinary activities before taxation is stated:		
after charging:		
Auditors' remuneration		
Audit	64	55
Other services – fees paid in respect of Sarbanes Oxley compliance work for group reporting	57	-
Depreciation and other amounts written off tangible fixed assets		
Owned	1,141	1,196
Leased	14	27
Rent Payable under operating leases	79	41
Loss on disposal of tangible fixed assets	9	-
after crediting:		
Other rentals receivable under operating leases	1,365	1,297
Profit on disposal of tangible fixed assets	-	26
Gain on account of fluctuation in foreign exchange	12	23

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 March 2007

3. Remuneration of directors

	2007 £'000	2006 £'000
Directors' remuneration		
Remuneration as executives	306	328
Company contributions to defined benefit pension schemes	18	32
	<u>324</u>	<u>360</u>

The emoluments of the highest paid director were £173,864 (2006 – £173,210). He is not a member of the defined benefit pension scheme.

	2007 No.	2006 No.
Retirement benefits are accruing to the following director under:		
Defined benefit schemes	<u>1</u>	<u>1</u>

4. Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2007 No.	2006 No.
Sales and distribution	54	68
Administration	18	25
	<u>72</u>	<u>93</u>

The aggregate payroll costs of these persons were as follows:

	2007 £'000	2006 £'000
Wages and salaries	3,087	2,966
Social security costs	203	209
Pension costs	331	540
	<u>3,621</u>	<u>3,715</u>

5. Interest receivable and similar income

	2007 £'000	2006 £'000
Interest on pension assets	939	796
Bank interest receivable	63	56
	<u>1,002</u>	<u>852</u>

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 March 2007

6. Interest payable and similar charges

	2007 £'000	2006 £'000
On bank overdrafts wholly repayable within five years	1,099	1,035
Interest on pension liabilities	1,032	1,062
	<u>2,131</u>	<u>2,097</u>

Included in cost of sales is interest of £nil (2006 – £216,000) payable to group undertakings

7. Taxation

Analysis of credit for the year

	2007		2006	
	£'000	£'000	£'000	£'000
Profit and Loss Account:				
Current tax				
UK corporation tax	(287)		-	
Adjustment in respect of prior year – UK corporation tax	(1,541)		-	
	<u></u>		<u></u>	
Total current tax charge		(1,828)		-
Deferred tax (note 13)				
Current year	-		(999)	
Adjustments in respect of prior years	1,480		21	
	<u></u>		<u></u>	
		1,480		(978)
		<u></u>		<u></u>
Tax credit on loss on ordinary activities		(348)		(978)
		<u></u>		<u></u>
Statement of total recognised gains and losses:				
Current tax				
UK corporation tax credit on pension payments		(668)		-
Deferred tax (note 13)				
Deferral tax credit on pension payments		(1,646)		-
		<u></u>		<u></u>
		(2,314)		-
		<u></u>		<u></u>
Total tax credit for the year		(2,662)		(978)
		<u></u>		<u></u>

Factors affecting the tax credit for the current year

The current tax credit for the year differs from the standard rate of corporation tax in the UK of 30% (2006 – 30%) The reconciling differences are explained overleaf

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 March 2007

7. Taxation (continued)

	2007 £'000	2006 £'000
Current tax reconciliation		
Loss on ordinary activities before tax	(1,167)	(3,300)
Current tax credit at 30% (2006 – 30%)	(350)	(990)
<i>Effects of</i>		
Income not subject to tax	-	(10)
Expenses not deductible for tax purposes	40	27
Other Fixed Assets differences	-	42
Depreciation for period in excess of capital allowances	23	1
Other timing differences – pension credit	(668)	-
Adjustment in respect of prior year – UK corporation tax	(1,541)	930
Total current tax credit	(2,496)	-

8. Tangible fixed assets

	Freehold land and buildings £'000	Motor vehicles, plant and machinery £'000	Office equipment and leased assets £'000	Total £'000
Cost				
At 1 April 2006	6,197	1,539	5,085	12,821
Transfer from stock	-	-	208	208
Additions	-	38	779	817
Transfers to stock	-	-	(837)	(837)
Disposals	-	(207)	(541)	(748)
At 31 March 2007	6,197	1,370	4,694	12,261
Accumulated depreciation				
At 1 April 2006	899	953	2,386	4,238
Transfer from stock	-	-	117	117
Charge for the year	64	231	860	1,155
Transfers to stock	-	-	(550)	(550)
Disposals	-	(147)	(439)	(586)
At 31 March 2007	963	1,037	2,374	4,374
Net book value				
At 31 March 2007	5,234	333	2,320	7,887
At 31 March 2006	5,298	586	2,699	8,583

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 March 2007

8. Tangible fixed assets (continued)

The gross value of freehold land and buildings includes £3,197,000 (2006 – £3,197,000) of depreciable assets

Included in the total net book value of office equipment and leases assets is £39,000 (2006 – £54,000) in respect of assets held under finance leases. Depreciation charge for the year on these assets was £14,000 (2006 – £3,000)

The amount of assets held for use in operating leases to third parties is as follows

	2007 £'000	2006 £'000
Cost	4,221	4,614
Accumulated depreciation	(1,920)	(1,961)
	<u>2,301</u>	<u>2,653</u>

The aggregate rentals receivable during the period in respect of operating leases was £1,365,000 (2006 – £1,297,000)

9. Stock

	2007 £'000	2006 £'000
Finished goods and goods for resale	4,579	23,690
Goods in transit	503	2,978
	<u>5,082</u>	<u>26,668</u>

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 March 2007

10. Debtors

	2007 £'000	2006 £'000
Amount falling due within one year:		
Trade debtors	26,231	30,608
Amounts owed by parent undertakings (note 18)	1,213	77
Amounts owed by other group undertakings (note 18)	569	-
Amounts owed by associated undertakings	-	52
Net deferred tax asset (note 13)	719	1,649
Other debtors	2,380	401
Prepayments and accrued income	182	64
	<u>31,294</u>	<u>32,851</u>
Amount falling due after one year:		
Net deferred tax asset (note 13)	1,096	-
	<u>1,096</u>	<u>-</u>

11. Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Bank loans and overdrafts	21,905	26,425
Trade creditors	387	624
Amounts owed to parent undertakings (note 18)	5,546	17,788
Amounts owed to fellow subsidiary (note 18)	10	26
Accruals and deferred income	8,792	9,205
	<u>36,640</u>	<u>54,068</u>

Note Bank Loans and overdraft are payable on demand and the average rate of interest on the same was 5.8% p a

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 March 2007

12. Pension asset/ (liability)

	2007	2006
	£'000	£'000
Opening balance	(5,918)	(7,968)
Current service cost	(322)	(540)
Employer contributions paid	8,139	737
Expected return on pension scheme assets	939	796
Interest on pension scheme liabilities	(1,032)	(1,062)
Actuarial valuation gain	996	2,119
At end of year (note 17)	2,802	(5,918)
Deferred tax liability	(841)	-
Pension asset/ (liability) net	<u>1,961</u>	<u>(5,918)</u>

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 March 2007

13. Deferred tax

The elements of deferred taxation are as follows

	2007 £'000	2006 £'000
Opening Balance	1,649	671
Originated in the year	1,646	978
Reversal the opening balance	(1,480)	-
	<u>1,815</u>	<u>1,649</u>
Deferred tax is provided as follows:		
Differences between accumulated depreciation and amortisation and capital allowances	142	117
Other timing differences	27	28
Pension Contribution	1,646	-
Unutilised tax losses carried forward	-	1,504
	<u>1,815</u>	<u>1,649</u>
Deferred tax asset (note 10)		

14. Called up share capital

	2007 £'000	2006 £'000
Authorised		
5,000,000 ordinary shares of £1 each	5,000	5,000
Allotted, called up and fully paid		
2,400,000 ordinary shares of £1 each	2,400	2,400

15. Reconciliation of movements in profit and loss account

	2007 £'000	2006 £'000
Opening balance	6,677	6,880
Net loss for the year	(819)	(2,322)
Other recognised gains and losses	2,469	2,119
	<u>8,327</u>	<u>6,677</u>
Closing profit and loss account balance		

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Notes to the accounts Year ended 31 March 2007

16. Commitments

	2007 £'000	2006 £'000
Operating leases which expire		
Within one year	-	-
In the second to fifth years inclusive	104	95
	<u>104</u>	<u>95</u>

17. Pension schemes

Employees of the company are eligible for membership of the Mitsui UK Retirement Benefits Plan ('the Plan') which consists of a defined benefit scheme, and starting 27 May 2005 a defined contribution scheme for employees newly entering the company

The assets of the defined benefit Plan are held in a separate trustee administered fund. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 30 September 2005.

Calculations were carried out as at 31 March 2007 to determine the pension cost for accounting purposes. The pension cost for the period charged to the profit and loss account was £322,000 (2006 – £540,000).

The most recent actuarial review, at 31 March 2007, showed that the market value of the company's share of the Plan's assets was £23,406,000 (2006- £14,621,000) and a present value of liabilities of £20,604,000 (2006- £20,539,000). This means coverage of 114% (2006- 71%).

The asset of £2,802,000 (2006 – £5,918,000 liability) in the balance sheet represents the difference between the market value of the company's share of the Plan's assets and the present value of the Plan's liabilities. The amount charged in the profit and loss account represents the current service cost and finance income and expenditure on the pension scheme assets and liabilities. Actuarial gains and losses are included in the statement of total recognised gains and losses (STRGL).

The major assumptions used in the actuarial valuation were

	2007	2006	2005
Rate of increase in salaries	4.6%	4.2%	4.4%
Rate of increase in pensions in payment and deferred pensions	3.1%	2.7%	2.9%
Discount rate applied to scheme liabilities	5.4%	5.0%	5.4%
Inflation assumption	3.1%	2.7%	2.9%

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject

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17. Pension schemes (continued)

to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	2007 £'000	2006 £'000	2005 £'000
Equities	13,412	10,477	8,040
Bonds	9,924	3,890	3,463
Other – property	70	254	79
Total market value of assets	23,406	14,621	11,582
Present value of scheme liabilities	(20,604)	(20,539)	(19,550)
Asset/(liabilities) in the scheme (note 12)	2,802	(5,918)	(7,968)

	Long-term rate of return 2007	Long-term rate of return 2006	Long-term rate of return 2005
Equities	7.75%	7.30%	7.70%
Bonds	4.55%	4.15%	4.60%
Other – property	4.75%	4.00%	4.25%

Analysis of amount recognised in statement of total recognised gains and losses

	2007 £'000	2006 £'000	2005 £'000
Difference between the expected and actual return on scheme assets			
Amount	267	1,833	979
Percentage of year end scheme assets	1.1%	12.5%	8.5%
Experience gains and losses on schemes liabilities			
Amount	(112)	1,210	(1,314)
Percentage of year end present value of scheme liabilities	0.5%	6.1%	(6.7)%
Changes in assumptions underlying the present value of scheme liabilities			
Amount	841	(924)	(413)
Percentage of year end present value of scheme liabilities	4.8%	(4.5)%	(2.1)%
Total amount recognised in statement of total recognised gains and losses			
Amount	996	2,119	(748)
Percentage of year end present value of scheme liabilities	5.7%	10.3%	(3.8)%

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Notes to the accounts Year ended 31 March 2007

18. Transactions with related parties

At the balance sheet date the parties related to Yamaha Motor (UK) Limited were

	Ordinary shareholding in Yamaha Motor (UK) Limited %
Equity shareholders of Yamaha Motor (UK) Limited:	
Mitsui Automotive Europe BV, Holland	75
Yamaha Motor Company Limited, Japan	15
Yamaha Motor Europe NV, Holland	10

Fellow subsidiary undertakings traded with in the year

Datatag ID Ltd

The following material transactions were made during the year by Yamaha Motor (UK) Ltd

	Group Relief		Purchases		Sales	
	2007	2006	2007	2006	2007	2006
	£'000	£'000	£'000	£'000	£'000	£'000
Mitsui & Co UK plc	313	-	-	-	5	6
Yamaha Motor Europe NV	-	-	35,608	36,913	680	1,210
Datatag ID Limited	-	-	216	160	100	110
Mitsui Bussan Commodities Ltd	256	-	-	-	-	-

For purchases made from Yamaha Motor Europe NV during the year, payments were made to Mitsui Automotive Europe amounting to £47,157,377 (2006 - £38,319,000)

Amounts due from/to the above parties at the year end were

		Creditors		Debtors	
		2007	2006	2007	2006
		£'000	£'000	£'000	£'000
Mitsui & Co UK plc	Indirect Parent undertaking	-	-	313	-
Yamaha Motor Europe NV	Direct Parent undertaking	5,546	17,788	1,213	77
Datatag ID Limited	Fellow Subsidiary	10	26	-	-
Mitsui Bussan Commodities Ltd	Fellow Subsidiary	-	-	256	-

There were no amounts written off during the year in respect of debts to or from the related parties

19. Ultimate parent company and parent undertaking of larger group of which the Company is a member

The company is a subsidiary undertaking of the ultimate parent company, Mitsui Co Ltd, which is incorporated in Japan

The smallest and largest group in which the results of the Company are consolidated is that headed by Mitsui & Co Ltd. The consolidated accounts of Mitsui & Co Ltd are available from 2-1 Ohtemachi 1-Chome Chiyoda-KU, Tokyo, Japan