YAMAHA CORPORATION

Flash Report

Consolidated Basis

Results for the fiscal year ended March 31, 2001

Company name: YAMAHA CORPORATION
Code number: 7951
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Date of the meeting of the Board of Directors: May 18, 2001
Stock listings: Tokyo Stock Exchange (First Section), Osaka Securities Exchange (First Section), Nagoya Stock Exchange (First Section)

The accounting methods used in this report are not consistent with U.S. standard accounting methods.

1. RESULTS FOR THE FISCAL YEAR (April 1, 2000 to March 31, 2001)

Figures less than ¥1 million have been omitted.

(1) Consolidated Operating Results

	Net sales		Operating income		Recurring profit	
	Millions of yen	(% change from the previous fiscal year)	Millions of yen	(% change from the previous fiscal year)	Millions of yen	(% change from the previous fiscal year)
Fiscal year (Ended March 31, 2001)	¥519,104	(1.7)%	¥23,001	184.6%	¥19,238	126.2%
Previous fiscal year (Ended March 31, 2000)	¥527,897	(6.4)%	¥ 8,082	—%	¥ 8,506	—%

	Net income		Net income per share	Net income per share after full dilution	Ratio of net income to shareholders' equity	Ratio of recurring profit to total assets	Ratio of recurring profit to sales
	Millions of yen	(% change from the previous fiscal year)	Yen	Yen	%	%	%
Fiscal year (Ended March 31, 2001)	¥ 13,320	—%	¥ 64.50	¥61.84	6.4	3.6	3.7
Previous fiscal year (Ended March 31, 2000)	¥(40,777)	—%	¥(197.45)	—	(18.7)	1.6	1.6

Notes: 1. Equity in net income of affiliates for the fiscal years ended March 31,
Fiscal year ended March 31, 2001 ¥2,433 million
Previous fiscal year ended March 31, 2000 ¥4,204 million
2. Average yearly number of (consolidated) shares—Fiscal 2001 (ended March 31, 2001) 206,518,383 shares
Fiscal 2000 (ended March 31, 2000) 206,519,774 shares
3. Changes in method of accounting: YES
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(2) Consolidated Financial Data

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year (Ended March 31, 2001)	¥522,486	¥196,733	37.7%	¥ 952.62
Previous fiscal year (Ended March 31, 2000)	¥543,088	¥221,750	40.8%	¥1,073.75

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year (Ended March 31, 2001)	¥ (9,089)	¥ (5,441)	¥12,987	¥32,725
Previous fiscal year (Ended March 31, 2000)	¥10,851	¥12,474	¥(7,522)	¥33,632

(4) Matters Related to Consolidated Companies and Companies Accounted for Using the Equity Method
Number of consolidated subsidiaries: 73
Number of affiliated companies accounted for using the equity method: 3

(5) Changes in the Status of Consolidated Companies and Companies Accounted for Using the Equity Method
Consolidated companies:
Number of companies newly consolidated: 4
Number of companies removed from consolidation: 3
Equity method:
Number of companies newly accounted for using the equity method: 0
Number of companies removed from the equity method: 0

2. FORECASTS FOR RESULTS FOR THE FISCAL YEAR (April 1, 2001 to March 31, 2002)

	Net sales	Recurring profit	Net income
	Millions of yen	Millions of yen	Millions of yen
Interim period	¥270,000	¥10,000	¥ 8,500
Fiscal year	550,000	21,000	15,000

Reference: Net income per share for the fiscal year is forecast to be ¥72.63 on a consolidated basis.

(References)

1. THE YAMAHA GROUP

The YAMAHA Group consists of the YAMAHA CORPORATION in Japan, 107 subsidiaries and 16 affiliated companies and is involved in a wide range of businesses including musical instruments, AV/IT, lifestyle related products, electronic equipment and metal products, recreation and other fields.

Our main products and main subsidiaries and affiliated companies, as well as their positioning are as shown below.

Business segment	Major products & services	Major consolidated subsidiaries
Musical instruments	Pianos, Digital musical instruments, Wind instruments, String instruments, Percussion instruments, Educational musical instruments, Audio equipment, Music schools, English schools, Content distribution, and tuning pianos	Yamaha Music Tokyo Co., Ltd., and 15 other domestic musical instruments sales subsidiaries Yamaha Corporation of America Yamaha Canada Music Ltd. Yamaha Europa G.m.b.H Yamaha-Kemble Music (U.K.) Ltd. Yamaha Musique France S.A. P.T. Yamaha Music Manufacturing Asia Tianjin Yamaha Electoronic Musical Instruments, Inc.
AV, IT	Audio products, and IT equipment	Yamaha Corporation of America Yamaha Europa G.m.b.H Yamaha Electronics Manufacturing (M) Sdn. Bhd.
Lifestyle related products	System kitchen, bathrooms, washstands, furniture, parts for housing facilities, sound equipment for residential use	Yamaha livingtec Corporation
Electronic equipment and metal products	Semiconductors, and specialty metals	Yamaha Kagoshima Semiconductor Inc. Yamaha Metanix Corporation
Recreation	Sightseeing facilities, accommodation facilities, ski resort and sports facilities	Yamaha Resort Corporation Kiroro Development Corporation
Others	Golf and archery gear, Automobile interior components and Industrial robots	Yamaha Fine Technologies Co., Ltd.

In the case of major subsidiaries that carry out various business activities, those activities are mentioned separately.

2. MANAGEMENT PLAN

(1) Basic Management Plan

We at YAMAHA will strive in the 21st century to grow as a company that continues to assist people all over the world as they create moving works rich in cultural significance. To this end, our goals are to speed up management decision-making processes, make use of innovative technologies, increase our ability to adapt in a rapidly changing marketplace, and respond to the needs of our customers by consistently developing and providing high-quality products and services. In addition, we will continue our endeavors to make more effective use of management resources and our business more efficient and effective, with a view to increasing our competitiveness on a global scale. By increasing our IT networking capabilities and working proactively on environmental protection, we will conduct our operations in line with the three mottos outlined in our medium-term management plan, “striving for growth,” “consolidated Group management,” and “enhanced brand image, increased corporate value.”

(2) Basic Plan for Allocation of Profits

Our basic business plan is to strengthen our business base and improve the profit ratio of shareholder capital with regular and stable dividends. As for our internal capital reserves, we make use of these funds to invest in R&D, manufacturing facilities and future expansion of our businesses based on consideration of our business results and financial conditions.

(3) Issues to be Faced and Medium- and Long-term Strategy

In line with our brand slogan, “Creating ***Kando**** together,” we will develop our business in the following ways.

****Kando*** means inspiring hearts and spirits.

1. YAMAHA’s business activities are divided into three divisions:
   Core Business (Musical instruments and AV/IT), Lifestyle Related and Leisure, and Electronic Parts and Materials. Each of these divisions has its own growth strategy.

   (a) The Core Business Division’s goals are to increase efficiency and achieve growth and global expansion through effective investment.
   In the area of musical instruments, we are striving to strengthen our presence in the music production market, continue with our activities in the Chinese marketplace, revolutionize our domestic musical instrument marketing organization, and increase demand in the adult music education market.
   In the area of AV/IT, we will continue with our strategy of expanding our market share in the home theater market, strengthening the product line and marketing power of our CD-R/RW drives. We will also continue to expand our router business and develop integrated AV/IT products. In electronic devices, we will expand our audio chip business, increase our market share in the amusement market, and restructure our audio LSI formats.
   In our media-related businesses, we will achieve growth through digitalization and strategic alliances in our music publishing business and, in our record label business, continue to search for promising new artists. In the digital content area, we will strengthen our mobile content and continue our efforts at globalization.

   (b) The Lifestyle Related and Leisure Division will concentrate on strengthening our business base and improving profitability through selection and consolidation in the current harsh market conditions.
   In our lifestyle-related business, (Yamaha Livingtec Corporation), we will work to strengthen our product lines and marketing power and, in the area of recreation, establish a business base for each of our facilities by continuing with our revolutionary business restructuring program. In the field of golf, we aim to produce products that expand our customer base.

   (c) The Electronic Parts and Materials will make use of technology developed in our core business sectors to achieve as much balanced growth as possible with the Company’s underlying strengths.
   In the area of electronic metals, we will strive to produce high value-added products by directing management resources toward information and telecommunications fields. In the FA and metallic mold business, we will work to expand our customer base and establish external sales through the development of a total solution that makes use of the technological development synergy in our FA and metallic mold parts production. In our automotive interior fittings business, we will increase the competitiveness of our products and cultivate new customers.

2. Regarding new business ventures, we are proactively commercializing our content provision activities and proceeding with our entry into the thermoelectric materials business.

3. In line with our policy of achieving consolidated Group management, we are restructuring our main information systems, pressing forward with our global production strategy, improving our supplier system and quality control systems, adopting a more aggressive patent procurement system which employs IT and digital technology, employing more efficient inter-group financing and business infrastructure operations, establishing an efficient distribution system, and promoting good management practices on a consolidated Group level.

Through implementation of the above measures, our goal is to achieve a 9% return on equity over the medium- and long-term.

3. BUSINESS RESULTS

(1) Yearly Summary

Regarding economic conditions in Japan this year, although an increase in private capital investments acted to bolster the economy, new housing starts and individual consumer spending remained sluggish, and the economy lacked the catalyst necessary to spark a turnaround. Overseas, although the economy in Europe continued to show slow, steady growth, in Asia, economic growth showed signs of slowing in the latter half of the year, and the U.S. economy, which had been experiencing a long-term bull market, experienced a sharp downturn from the beginning of the year.

To improve our consolidated Group performance and brand value under these difficult economic conditions, we have worked to improve the profitability of our musical instrument and AV/IT businesses. We have also concentrated on expanding media businesses through the establishment of record company and a digital musical score publishing company as well as such content provision businesses as our mobile phone ringer melody distribution service.

In addition to our business reforms, reorganization of key systems, promotion of supply chain management, and reform of our personnel system, we have also introduced an executive management system to further increase our management efficiency.

In the area of sales, with our withdrawal from the storage heads business, the sluggish domestic musical instruments market, total sales declined 1.7%, to ¥519,104 million (US$4,719,127 thousand). Domestic sales dipped 0.2%, to ¥308,538 million (US$2,804,890 thousand), and overseas sales fell 4.2%, to ¥210,565 million (US$1,914,227 thousand).

In the area of profits, with our withdrawal from the storage heads business and Companywide efforts to increase operational and management efficiency, recurring profit jumped 126.2%, to ¥19,238 million (US$174,891 thousand), and yearly net profits rose to ¥13,320 million (US$121,090 thousand), from a net loss of ¥40,777 million the previous fiscal year.

Musical Instruments

In the area of musical instruments, due to stagnant market conditions, domestic sales were low. However, sales improved overseas despite the falling euro. Regarding income from music schools, sales from music schools fell slightly, but due to the high interest in English education, sales from English schools have been increasing steadily.

Income from content provision increased greatly due to the expansion of the mobile phone ringer melody distribution service.

Due to these factors, sales for this segment amounted to ¥284,901 million (US$2,590,009 thousand), and operating income was ¥12,290 million (US$111,727 thousand).

AV/IT

In the area of audio products, sales of home theater products increased. Regarding information and telecommunications devices, although the sales volume of CD-R/RW drives increased due to falling prices and the falling euro, sales decreased. Sales of ISDN routers remained healthy.

Due to these factors, sales for this segment were ¥100,197 million (US$910,882 thousand), and operating income was ¥3,904 million (US$35,491 thousand).

Lifestyle Related Products

Under difficult market conditions characterized by a falling number of new housing starts and an intense price war, sales remained low. A large improvement was made in the area of profit and loss due to a reduction in labor costs.

Due to these factors, sales for this segment totaled ¥46,944 million (US$426,764 thousand) (an increase of 0.2% compared to the previous fiscal year), and operating income was ¥892 million (US$8,109 thousand) (previous fiscal year's operating loss was ¥995 million).

Electronic Equipment and Metal Products

In the area of electronic equipment, sales fell with our withdrawal from the storage heads business, but, in the area of semiconductors, sales have increased greatly due not only to the growing popularity of sound source LSIs for mobile phones but also the growing demand for semiconductors for home theater products.

In the area of specialty metals, nickel and copper lead frame materials and sales of parts for mobile phones and information telecommunications devices have grown rapidly.

Due to these factors, sales for this segment amounted to ¥43,221 million (US$392,918 thousand) (a fall of 22.7% compared to the previous fiscal year), and operating income was ¥6,654 million (US$60,491 thousand) (previous fiscal year's operating loss was ¥18,113 million).

Recreation

Amid the overall sluggish environment of the Japanese tourist industry, the eruption of Mt. Usu in Hokkaido, and increasing airfares, the number of customers has been flat, and due to decreasing sales unit price, sales have decreased.

Due to these factors, sales for this segment came to ¥21,771 million (US$197,918 thousand) (a decline of 7.3% compared to the previous fiscal year) and operating loss was ¥1,283 million (US$11,664 thousand) (previous fiscal year's operating loss was ¥781 million).

Others

Golf products did not sell well, but sales of automotive interior components increased steadily. In the field of FA and metallic mold parts, precision machines and external parts sales have increased dramatically.

Due to these factors, sales for this segment totaled ¥22,067 million (US$200,609 thousand) (an increase of 50.5% compared to the previous fiscal year), and operating income was ¥543 million (US$4,936 thousand) (a jump of 166.3% compared to the previous fiscal year).

Results by Geographical Segment

Sales in Japan this term were ¥327,414 million (US$2,976,491 thousand) (a decline of 1.2% compared with previous fiscal year), and operating income was ¥13,404 million (US$121,855 thousand) (previous fiscal year's operating loss was ¥5,110 million). Sales in North America this term were ¥89,546 million (US$814,055 thousand) (a decline of 5.4% compared with previous fiscal year), and operating income was ¥5,755 million (US$52,318 thousand) (a decrease of 3.4%). Sales in Europe this term were ¥72,719 million (US$661,082 thousand) (a decline of 0.5% compared with previous fiscal year), and operating income was ¥1,348 million (US$12,255 thousand) (a decline of 54.2% compared with previous fiscal year). Sales in Asia, Oceania and other areas this term were ¥29,423 million (US$267,482 thousand) (an increase of 2.3% compared with previous fiscal year), and operating income was ¥3,032 million (US$27,564 thousand) (an increase of 72.0% compared with previous fiscal year).

(2) Forecast for the Next Fiscal Year

Regarding the forecast for fiscal 2002, the year ending March 31, 2002, the market in Japan for musical instruments will change from a decline to holding steady. Additionally, sales abroad will increase, and our content provision businesses will grow, producing an overall projected increase in sales. However, in the area of P&L, only a slight increase is predicted. In the area of AV/IT, such audio products as home theater products and information telecommunications devices as CD-R/RW drives are expected to show an increase in sales due to increased overseas sales as a result of the falling yen. However, profit is expected to slightly improve. In our lifestyle-related business, sales will increase slightly, and profit is expected to further improve due to our efforts at improving operation efficiency. In the area of recreation, sales are expected to increase slightly, but due to the increase in expenses accompanying business reorganization measures taken to decrease overall expenses, P&L is expected to improve slightly. In the area of Electronic Parts and Materials, despite the mass production of invar materials and starting production of thermoelectric materials, due to the worsening market for semiconductors, a decrease in sales is forecast, resulting in higher sales but lower profits.

Due to these factors, for the fiscal year ending March 31, 2002, sales are expected to increase 6%, to ¥550 billion, recurring profit to rise 9.2%, to ¥21 billion, and net profit to grow 12.6%, to ¥15 billion.

Cautionary Statement with Regard to Forecast for the Current Fiscal Year Statements

Certain statements made in this flash report are for the current fiscal year and involve certain risks and uncertainties which could cause actual results to differ materially from those projected.

Note: The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥110=US$1.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	Millions of yen		
	Fiscal year as of March 31, 2001	Previous fiscal year as of March 31, 2000	Increase (decrease)
ASSETS			
Current assets:	**¥231,872**	¥205,979	¥25,893
Cash and bank deposits	**32,885**	33,796	(911)
Notes and accounts receivable	**88,466**	76,334	12,132
Investment securities	**1,349**	2,805	(1,456)
Inventories	**97,664**	77,416	20,248
Deferred income taxes	**9,201**	12,354	(3,153)
Other current assets	**5,094**	6,124	(1,030)
Allowance for doubtful debts	**(2,788)**	(2,852)	64
Fixed assets:	**290,614**	292,460	(1,846)
Tangible assets	**163,117**	168,121	(5,004)
Building and structures	**77,617**	81,478	(3,861)
Machinery and equipment	**23,664**	23,851	(187)
Tools, furniture and fixtures	**10,852**	11,148	(296)
Land	**48,619**	48,970	(351)
Buildings under construction	**2,363**	2,672	(309)
Intangible assets	**1,047**	1,030	17
Consolidated adjustment account	**333**	366	(33)
Other intangible assets	**714**	663	51
Investment and other assets	**126,449**	123,308	3,141
Investment securities	**84,980**	78,474	6,506
Long-term loans	**3,274**	3,949	(675)
Guarantee deposits for leased real estate	**5,185**	5,134	51
Deferred tax assets	**28,876**	32,123	(3,247)
Other investment assets	**5,218**	6,661	(1,443)
Allowance for doubtful accounts	**(1,086)**	(1,009)	(77)
Valuation reserve for investment securities and investments in unconsolidated subsidiaries and affiliates	**—**	(2,024)	2,024
Translation adjustment	**—**	44,649	(44,649)
Total assets	**¥522,486**	¥543,088	¥(20,602)

Note: Figures less than ¥1 million have been omitted.

	Millions of yen		
	Fiscal year as of March 31, 2001	Previous fiscal year as of March 31, 2000	Increase (decrease)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:	**¥175,371**	¥178,281	¥ (2,910)
Notes and accounts payable	**48,924**	52,335	(3,411)
Short-term loans	**58,349**	42,638	15,711
Current portion of long-term debt	**10,160**	11,527	(1,367)
Accrued expenses	**40,888**	48,580	(7,692)
Income taxes payable	**1,858**	1,803	55
Earmarked trade advances	**4,417**	4,745	(328)
Deferred income taxes	**34**	122	(88)
Reserve allowance for follow-up service costs	**155**	195	(40)
Reserve allowance for product guarantees	**3,013**	2,537	476
Reserve allowance for product return adjustment	**65**	62	3
Employee deposits	**—**	8,381	(8,381)
Unrealized profit on deferred payments	**879**	1,098	(219)
Other current liabilities	**6,624**	4,253	2,371
Fixed liabilities:	**146,662**	139,716	6,946
Convertible bonds	**24,317**	24,317	—
Long-term loans	**10,478**	9,685	793
Long-term accounts payable	**—**	42,448	(42,448)
Deferred income taxes	**257**	132	125
Deferred income taxes on land revaluation	**1,632**	1,632	—
Retirement benefits	**—**	18,635	(18,635)
Reserve for retirement allowance	**67,250**	—	67,250
Reserve allowance for retirement bonuses for executives	**792**	—	792
Long-term deposits	**40,592**	41,448	(856)
Other fixed liabilities	**1,341**	1,416	(75)
Total liabilities	**322,034**	317,998	4,036
Minority interest	**3,718**	3,340	378
Common stock	**28,533**	28,533	—
Additional paid-in capital	**26,924**	26,924	—
Reserve for land revaluation	**8,269**	8,331	(62)
Retained earnings	**170,496**	157,962	12,534
Revaluation of other investment securities	**308**	—	308
Translation adjustment	**(37,794)**	—	(37,794)
Total	**196,739**	221,752	(25,013)
Treasury stock, at cost	**(5)**	(2)	(3)
Total shareholders' equity	**196,733**	221,750	(25,017)
Total liabilities and shareholders' equity	**¥522,486**	¥543,088	¥(20,602)

Note: Figures less than ¥1 million have been omitted.

(2) Consolidated Statement of Operations

	Fiscal year as of March 31, 2001		Previous fiscal year as of March 31, 2000		Increase (decrease)
	Millions of yen	%	Millions of yen	%	
Net sales	**¥519,104**	**100.0**	¥527,897	100.0	¥ (8,793)
Cost of sales	**346,419**	**66.7**	371,922	70.5	(25,503)
Gross profit	**172,684**	**33.3**	155,975	29.5	16,709
Unrealized profit	**219**		164		55
Total gross profit	**172,904**	**33.3**	156,140	29.5	16,764
Selling, general and administrative expenses	**149,902**	**28.9**	148,057	28.0	1,845
Operating income	**23,001**	**4.4**	8,082	1.5	14,919
Non-operating income	**5,333**	**1.0**	11,192	2.1	(5,859)
Interest received	**579**		540		39
Dividends received	**558**		417		141
Proceeds from sale of investment securities	**—**		3,173		(3,173)
Investment profit by equity method	**2,434**		4,209		(1,775)
Other	**1,761**		2,851		(1,090)
Non-operating expenses	**9,097**	**1.7**	10,768	2.0	(1,671)
Interest paid	**3,014**		2,968		46
Cash discount	**4,391**		4,188		203
Other	**1,691**		3,611		(1,920)
Recurring profit	**19,238**	**3.7**	8,506	1.6	10,732
Other profit	**9,329**	**1.8**	13,640	2.6	(4,311)
Gain on sale of fixed assets	**5,795**		2,971		2,824
Reversal of allowances	**381**		1,577		(1,196)
Gain on sale of investment securities	**3,152**		9,091		(5,939)
Other loss	**5,075**	**1.0**	69,748	13.2	(64,673)
Loss on removal of fixed assets	**1,709**		1,151		558
Difference resulting from change in accounting standards for retirement benefit	**2,820**		—		2,820
Loss from revaluation on investment securities	**513**		—		513
Loss from revaluation on golf club membership	**32**		—		32
Loss on sale of investment securities	**—**		17		(17)
Special retirement benefits	**—**		21,281		(21,281)
Cumulative effect of accounting change with respect to prior service cost of the pension plan	**—**		29,507		(29,507)
Additional loss on retirement allowance	**—**		422		(422)
Loss on disposal of discontinued operations	**—**		17,368		(17,368)
Income (Loss) before income taxes and minority interests	**23,491**	**4.5**	(47,601)	(9.0)	71,092
Current income taxes (benefit)	**2,900**	**0.5**	2,947	0.5	(47)
Deferred income (loss) taxes (benefit)	**6,826**	**1.3**	(10,167)	(1.9)	16,933
Minority interests	**444**	**0.1**	395	0.1	49
Net income (loss)	**13,320**	**2.6**	(40,777)	(7.7)	54,097

Note: Figures less than ¥1 million have been omitted.

(3) Retained Earnings

	Millions of yen	
	Fiscal year as of March 31, 2001	Previous fiscal year as of March 31, 2000
Balance at beginning of year	**¥157,962**	¥159,441
Cumulative effect of initial adoption of tax-effect accounting	**—**	39,411
Add:		
Effect of change in scope of consolidation	**957**	—
Revaluation reserve due to changes in equity	**—**	1,157
Effect of change in revaluation	**62**	—
Deduct:		
Decrease in consolidated subsidiaries	**23**	945
Decrease due to changes in equity	**542**	116
Cash dividends paid	**1,239**	206
Bonuses to directors and statutory auditors	**1**	2
Net income	**13,320**	(40,777)
Balance at end of year	**¥170,496**	¥157,962

(4) Consolidated Statement of Cash Flows

	Millions of yen	
	Fiscal year as of March 31, 2001	Previous fiscal year as of March 31, 2000
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	**¥ 23,491**	¥(47,601)
Depreciation and amortization	**17,310**	28,635
Consolidated adjustment account refund	**138**	241
Change in allowance for doubtful debts	**(126)**	(1,010)
Appraisal loss on investment securities	**513**	—
Appraisal loss on golf club membership fees	**32**	—
Appraisal loss on allowance reserve for retirement benefits (bonuses)	**(957)**	(19,322)
Increase in long-term accounts payable	**—**	42,448
Investment profit by equity method	**(2,433)**	(4,209)
Gain on sale of investment securities	**(3,152)**	(9,091)
Interest and dividend income	**(1,137)**	(958)
Interest expenses	**3,014**	2,968
Exchange loss	**879**	280
Income from sale of fixed assets	**(5,795)**	(2,971)
Loss on scrap of fixed assets	**1,709**	1,151
Increase (Decrease) in accounts and notes receivable—trade	**(8,058)**	11,511
Increase (Decrease) in inventories	**(14,863)**	9,811
Increase (Decrease) in accounts and notes payable	**(5,669)**	3,087
Others	**(9,066)**	(2,470)
Subtotal	**(4,170)**	12,501
Interest and dividends receivable	**1,113**	959
Interest paid	**(2,938)**	(2,968)
Refundable income taxes, net of payment	**(3,094)**	358
Net cash provided by operating activities	**(9,089)**	10,851
Cash flows from investing activities:		
Proceeds from sale of marketable securities	**—**	3,733
Purchases of fixed assets	**(15,082)**	(20,175)
Proceeds from sale of fixed assets	**9,137**	17,137
Purchases of investment securities	**(3,546)**	(34,321)
Proceeds from sale of investment securities	**3,381**	45,290
Disbursement of loans	**(255)**	(34)
Income from collection of loans	**905**	1,265
Other, net	**18**	(420)
Net cash provided by investing activities	**(5,441)**	12,474
Cash flows from financing activities:		
Decrease in short-term loans	**13,534**	(4,666)
Proceeds from long-term loans	**8,112**	2,382
Repayments of long-term debt	**(7,197)**	(5,033)
Dividend payments	**(1,239)**	(206)
Dividend payments to minority shareholders	**(242)**	—
Income from issuance of shares to minority shareholders	**22**	—
Other	**(3)**	0
Net cash used in financing activities	**12,987**	(7,522)
Effect of exchange rate changes on cash and cash equivalents	**887**	(1,467)
Net increase (decrease) in cash and cash equivalents	**(656)**	14,335
Cash and cash equivalents at beginning of year	**33,632**	17,923
Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation	**351**	1,373
Cash and cash equivalents arising from exclusion of subsidiaries in consolidation	**(602)**	—
Cash and cash equivalents at end of year	**32,725**	33,632

(5) Basic Items for the Preparation of the Consolidated Financial Statement

1. Scope of Consolidation

Consolidated subsidiaries: 73 corporations

This consolidated accounting year, we brought a total of four subsidiaries, (two overseas subsidiaries and two Japanese subsidiaries), into the consolidated group. In addition, two Japanese subsidiaries and one overseas subsidiary were removed from the consolidated group.

The names of major consolidated subsidiaries are abbreviated here as they are included in the section titled, "1. The YAMAHA Group."

When taking into consideration the assets, sales, current term net profit/loss and surplus of non-consolidated subsidiaries, even viewed as a whole, Yamaha Life Service Co., Ltd., and other non-consolidated subsidiaries do not have a major impact on the consolidated financial statement.

2. Adherence to the Equity Method

Of Yamaha Life Service Co., Ltd., and other non-consolidated subsidiaries, investments in the main affiliated corporations, Yamaha Motor Co., Ltd. as well as 2 other corporations are accounted for using the equity method.

Yamaha Life Service Co., Ltd., and other non-consolidated subsidiaries, Yamaha–Olin Metal Corporation, and other affiliates not accounted for using the equity method individually have a very small effect on the consolidated net profit/loss and the consolidated surplus and they have no major effect when viewed as a whole.

3. Fiscal Year of Consolidated Subsidiaries

Settlement days for consolidated subsidiaries with the exception of the following 18 companies, are all the same as the companies included in consolidated financial statement submissions.

P.T. Yamaha Indonesia
P.T. Yamaha Music Manufacturing Indonesia
P.T. Yamaha Music Indonesia (Distributor)
P.T. Yamaha Music Manufacturing Asia
P.T. Yamaha Musical Products Indonesia
Yamaha de Mexico, S. A. de C. V.
Yamaha Electronics Manufacturing (M) Sdn, Bhd.
Tianjin Yamaha Electronic Musical Instruments, Inc.
Yamaha Music (Asia) PTE. LTD. (and 9 other corporations)

The settlement day for the above 18 corporations is December 31. They currently use the financial statement for this settlement day. However, as for major transactions taking place from January 1, 2001 to the consolidated settlement day, March 31, 2001, necessary adjustments for consolidation are made.

4. Accounting Standards

a) Valuation Standards and Valuation Methods for Major Assets

Marketable securities

Securities to be held until maturity............. At amortized cost (straight-line method)

Other marketable securities

With current price .... At cost, determined by the average method
With no current price .... At cost, determined by the average method

Inventory

Subsidiaries which file consolidated financial statements and domestic consolidated subsidiaries mainly conduct lowest cost accounting, using the last-in, first-out method, and foreign consolidated subsidiaries conduct lowest cost accounting using the moving average method.

Derivatives... Current price method

b) Depreciation method of main depreciated assets

Tangible fixed assets........................ Mainly conducted using the fixed rate method, however, a portion of the consolidated subsidiaries employ the fixed amount method.

c) Appropriation Standards for Major Reserves

Allowance for doubtful debts

To evaluate the loans for business correctly, calculation for regular securities is as per the loan loss ratio method and calculation for doubtful account securities and bankruptcy revision securities is as per the property valuation method

Reserve for retirement allowance

In order to provide retirement benefits to our employees, we have appropriated a sum that has been recognized as being available as of the final day of this consolidated accounting term based on retirement benefit liabilities as of the end of the fiscal year covered in this consolidated accounting report and estimated future pension fund assets.

The variance due to adoption of new accounting procedures ¥2,820 million will be processed as a lump sum this fiscal year.

Reserve allowance retirement bonuses for directors

In order to provide retirement bonuses to our directors, we have appropriated a sum at the end of this term based on internal regulations for retirement bonuses for directors.

d) Standards for Assets in Foreign Currencies and Translation of Liabilities into Yen

Debt in foreign currency is translated into yen at the spot exchange rate in effect at the settlement date. The exchange balance is processed as profit and loss. Assets and liabilities of subsidiaries located in foreign countries are translated into yen at the spot exchange rate in effect at the settlement date. Income and expenses are translated into yen at the average spot exchange rate for the term. The exchange balance is included under capital as exchange adjustment.

Accounting changes

Amount for income and expenses among the various items on the financial statements of overseas consolidated subsidiaries and others were previously converted into yen based on prevailing exchange rates on the settlement date. However, the systemization of the Company's consolidated financial statements from the period beginning April 1, 2000 has been accompanied by a notable divergence between the exchange rate applied for the period and the exchange rate applied for the entire fiscal year. From the current consolidated period, to maintain conformity between profit and loss figures for the interim period and the entire fiscal period, the calculation method for converting yen has been changed to the use of an average exchange rate.

As a result of this change, operating income is ¥967 million, recurring profit is ¥503 million, and net income is ¥540 million lower than with the previous method.

e) Processing Methods for Lease Transactions

Finance leases other than those wherein the lease agreements stipulate the transfer of ownership rights of the leased assets to the lessee are accounted for as per the normal method of lease transactions.

f) Hedging Methods

1. Methods for Hedging Accounting

Among foreign currency-denominated money credits and obligations, handling has been applied to those items with forward contracts. Deferred hedge accounting is used for hedges for exchange rate risk for the planned amount of a foreign currency-denominated transaction.

2. Hedging measures and Targets

Hedging measures	Derivatives (forward exchange contracts)
Hedging targets	Items which carry a potential loss due to rate fluctuation, etc. and whose valuation does not reflect rate fluctuation, etc. and whose cash flow is fixed and not subject to these changes.

3. Hedging Policy

In accordance with the internal regulations of each company, to reduce the risks associated with normal fluctuations in the exchange rate accompanying export activities, we enter exchange contracts and conduct currency option trading in accordance with actual demand.

4. Methods for Evaluation of Effectiveness of Hedging

Evaluation of effectiveness has been omitted because it is clear whether there is a continuing correlative relationship between hedging measures and cash flow fixing/prevention of fluctuation.

g) Accounting Procedures for Consumption Tax

Accounting procedures are conducted as per the tax-exclusion method.

5. Appraisal of Assets and Liabilities of Consolidated Subsidiaries
Appraisal of assets and liabilities of consolidated subsidiaries is conducted across the board using the fair market value appraisal method.

6. Consolidated Adjustment Account Refund
According to the five-year account average.

7. Handling of Appropriation of Profit Items
Derived based on amount determined during the consolidated business year.

8. Range of Assets on the Consolidated Cash Flow Statement
Assets on the consolidated cash flow statement include deposits on hand, on-demand deposits, and short-term investments which are easily convertible into cash, carry little value variation risk, and have a redemption period of less than three months from the redemption date.

(6) Additional Information

1. Retirement Benefits
The accounting standards for retirement benefits from this term consolidated accounting term ("Statement on Establishment of Accounting Standards for Retirement Benefits" Business Accounting Council, June, 16, 1998) were applied. With this revision, compared to the former calculation method, operating income fell by ¥1,920 million and net profit before tax and other adjustments fell by ¥4,741 million. In addition, for the consolidated accounting fiscal year, accrued expenses payable and accounts payable/long-term accounts payable are included in the allowance reserve for retirement bonuses.

2. Financial Products
For the consolidated accounting fiscal year, accounting methods for investment securities and accounting standards for allowance for doubtful debts have been revised in accordance with accounting standards for financial products ("Opinion Paper on the Standardization of Accounting Standards for Financial Products" Business Accounting Council, January 22, 1999). With these changes in calculation, compared to calculation using the previous method, recurring profit fell ¥2,095 million and pretax term net profit rose ¥3,485 million.

In addition, the purpose of holding of the marketable securities held at the end of the term was considered and of those marketable securities held for the purpose of sale and other marketable securities, marketable securities with a date of maturation within one year were shown as current assets and all others were shown as investment securities.

Also, the previously allocated allowance for share valuation calculated at the end of the term was abrogated due to a change in the accounting method to direct abatement of the shares in question and amount invested.

As a result of the above, investment securities fell ¥1,591 million and other investment assets fell ¥433 million.

3. Accounting Standards for Foreign Currency Transactions
The accounting standards for foreign currency transactions from this consolidated accounting term until after the revision were applied. With these changes in calculation, compared to calculation using the previous method, recurring profit and pretax term net profit are minor recession.

In addition, in the previous consolidated accounting term, exchange adjustment calculated as assets, due to a revision of the term consolidated financial statement, were calculated as shareholders' equity as well as minority shareholders' interests.

(7) Other Notes

(Notes to Balance Sheets)

	At March 31, 2001	At March 31, 2000
1. Accumulated Depreciation	¥210,744 million	¥226,825 million
2. Mortgaged Assets		
Of cash and bank deposits	¥30 million	¥52 million
Of investment securities	¥1,149 million	¥1,349 million
Of tangible fixed assets	¥16,316 million	¥16,544 million
Of investments and other assets	¥1,449 million	¥12,730 million
Total	¥18,945 million	¥30,676 million
3. Investment in Non-Consolidated Subsidiaries and Affiliates		
Investment securities	¥46,138 million	¥43,065 million
Investments and other assets (amount invested)	¥3,154 million	¥3,615 million
4. Contingent Liabilities	¥229 million	¥212 million
5. Discount on Export Bills Receivable	¥1,404 million	¥1,821 million

6. Processing of Bills Due by the End of the Consolidated Accounting Year

Bills due by the end of the consolidated accounting year are processed and settled as per their conversion date. Because the final day of this consolidated accounting year fell on a holiday, the bills due on the final day of this consolidated accounting year were as follows.

Notes receivable	¥2,328 million
Notes payable	¥1,187 million

7. Reassessment of Land Value

Due to the revision of a portion of the laws regarding the reassessment of land value, (Law No. 24, promulgated March 31, 1999), reassessment of the value of land for business use was conducted for one consolidated subsidy and one equity method subsidy.

1) Date of revaluation: March 31, 2000
2) Reassessment method
   One consolidated subsidy conducted reassessment as per the method specified in Article 2, Section 3 of the legal code regarding reassessment of land value (Law No. 119, promulgated March 31, 1998), and one equity method subsidy conducted reassessment as per the method specified in Article 2, Section 4 of the same law.
3) The difference between the value of the land which was reassessed on the final day of the year and the book value after reassessment was (¥1,441) million.

8. Current Price Valuation of Other Investment Securities

During this consolidated accounting year, regarding other investment securities with current prices, current price valuation was not conducted. As per the Ministry of Finance Auxiliary Regulation 11, Paragraph 3 of 2000, the calculated consolidated balance sheet amounts for other investment securities are as follows.

Calculated consolidated balance sheet amount	¥34,854 million
Current price	¥37,255 million
Paid-up value of the variance of the estimate	¥1,420 billion
Paid-up value of deferred tax liabilities	¥981 million

The evaluated difference in value of other investment securities for two equity method subsidiaries was processed as per the total capital direct infusion method, wherein the evaluated difference in value is directly entered as capital.

(Notes to Statements of Cash Flows)

1. Reconciliation between Cash and Cash Equivalents and Accounts Stated in the Balance Sheets

	At March 31, 2001	At March 31, 2000
Cash and deposits	¥32,885 million	¥33,796 million
Time deposit for over 3 months	¥(160) million	¥(163) million
Cash and cash equivalents	¥32,725 million	¥33,632 million

6. SEGMENT INFORMATION

(1) Business Segments (Fiscal year from April 1, 2000 to March 31, 2001)

(Millions of yen)

	Musical instruments	AV, IT	Lifestyle related products	Electronic equipment and metal product	Recreation	Other	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥284,901	¥100,197	¥46,944	¥43,221	¥21,771	¥22,067	¥519,104	¥ —	¥519,104
Intersegment sales or transfers	—	—	1,661	3,803	—	—	5,464	(5,464)	
Total sales	¥284,901	¥100,197	¥48,605	¥47,025	¥21,771	¥22,067	¥524,569	¥(5,464)	¥519,104
Operating expenses	272,610	96,293	47,712	40,371	23,055	21,524	501,567	(5,464)	496,102
Operating income (loss)	12,290	3,904	892	6,654	(1,283)	543	23,001		23,001
Assets, depreciation and capital expenditure									
Assets	¥248,057	¥58,509	¥21,529	¥44,289	¥74,990	¥75,110	¥522,486		¥522,486
Depreciation	7,224	1,783	1,554	2,653	2,959	1,135	17,310		17,310
Capital expenditure	6,117	1,587	991	2,834	1,932	1,846	14,770		14,770

Notes: 1. Business Sectors

Divided into the categories of musical instruments, AV/IT, lifestyle related products, electronic equipment and metal products, recreation and others based on consideration of similarities of product type, characteristics and market, etc.

2. In order to more accurately reflect actual business conditions, starting this consolidated accounting term, we have divided the previous segment of musical instruments and audio products into the two segments of musical instruments and AV/IT.
3. As recorded in "Basic items for the consolidated financial statement," the method of translating into yen for purposes of calculation of income and expenses of overseas consolidated subsidiaries for this consolidated fiscal year was changed from using the exchange rate on the closing day to using the average exchange rate for the fiscal year. As a result, compared to the former calculation method, sales to outside customers in musical instruments fell ¥13,040 million, sales to outside customers in AV/IT fell ¥193 million, operating income in musical instruments fell ¥774 million and ¥193 million in AV/IT.

(Previous fiscal year from April 1, 1999 to March 31, 2000)

(Millions of yen)

	Musical instruments	Lifestyle related products	Electronic equipment and metal product	Recreation	Other	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥387,004	¥46,865	¥ 55,880	¥23,484	¥14,663	¥527,897	¥ —	¥527,897
Intersegment sales or transfers		1,243	4,966		3,735	9,944	(9,944)	
Total sales	¥387,004	¥48,108	¥ 60,846	¥23,484	¥18,398	¥537,842	¥ (9,944)	¥527,897
Operating expenses	¥359,926	¥49,104	¥ 78,960	¥24,266	¥18,194	¥530,451	¥(10,636)	¥519,814
Operating income (loss)	¥ 27,077	¥ (995)	¥(18,113)	¥ (781)	¥ 204	¥ 7,390	¥ 692	¥ 8,082
Assets, depreciation and capital expenditure								
Assets	¥275,407	¥22,395	¥61,723	¥77,703	¥61,209	¥498,439	¥ 44,649	¥543,088
Depreciation	9,920	1,518	14,365	3,009	798	29,612	(977)	28,635
Capital expenditure	7,846	1,683	6,968	1,403	927	18,829	(285)	18,544

Notes: 1. Business Sectors

Divided into the categories of musical instruments, AV/IT, lifestyle related products, electronic equipment and metal products, recreation and others based on consideration of similarities of product type, characteristics and market, etc.

2. Assets of all companies included under the item “Eliminations or Unallocated Amounts” under “Assets” is the equity adjustment for foreign currency translation and the amount thereof is ¥44.649 billion.
3. We have conducted tax effect accounting (using the asset liability method) in line with the revisions in regulations regarding consolidated financial statements. Compared with the former method, assets increased by ¥ 30,846 million for musical instruments, by ¥ 238 million for lifestyle related, by ¥ 11,538 million for electronic equipment and metal products, by ¥ 25 million for recreation, and by ¥ 1,776 million for others.

(2) Geographical Segments (Fiscal year from April 1, 2000 to March 31, 2001)

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania and other areas	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥327,414	¥89,546	¥72,719	¥29,423	¥519,104	¥ —	¥519,104
Intersegment sales or transfers	150,541	1,630	603	65,043	217,819	(217,819)	
Total sales	¥477,956	¥91,177	¥73,323	¥94,466	¥736,924	¥(217,819)	¥519,104
Operating expenses	¥464,552	¥85,421	¥71,795	¥91,434	¥713,384	¥(217,281)	¥496,102
Operating income (loss)	¥ 13,404	5,755	¥ 1,348	¥ 3,032	23,539	(538)	23,001
Total assets	¥422,228	¥44,902	¥31,847	¥45,364	¥544,343	¥ (21,857)	¥522,486

Notes: 1. Division by country or region is based on geographical proximity.
2. Main country and regional divisions other than Japan
North America: U.S.A., Canada
Europe: Germany, U.K.
Asia, Oceania and other: Singapore, Australia
3. As recorded in "Basic items for the consolidated financial statement," the method of translating into yen for purposes of calculation of income and expenses of overseas consolidated subsidiaries for this consolidated fiscal year was changed from using the exchange rate on the closing day to using the average exchange rate for the fiscal year. As a result, compared to the former calculation method, sales in North America fell ¥10,470 million, European sales fell ¥6,177 million and sales in Asia, Oceania and other areas fell ¥ 5,111 million, and Operating income in North Amrica fell ¥633 million, European Opearting income fell ¥115 million, Opearting income in Asia, Oceania and other areas fell ¥172 million.

(Previous fiscal year from April 1, 1999 to March 31, 2000)

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania and other areas	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥331,323	¥ 94,703	¥73,096	¥28,773	¥527,897	¥ —	¥527,897
Intersegment sales or transfers	163,616	6,228	510	47,722	218,078	(218,078)	
Total sales	¥494,940	¥100,932	¥73,607	¥76,496	¥745,976	¥(218,078)	¥527,897
Operating expenses	¥500,051	¥ 94,973	¥70,666	¥74,733	¥740,425	¥(220,610)	¥519,814
Operating income (loss)	¥ (5,110)	¥ 5,958	¥ 2,940	¥ 1,763	¥ 5,551	¥ 2,531	¥ 8,082
Total assets	¥418,823	¥ 35,152	¥26,406	¥34,296	¥514,679	¥ 28,409	¥543,088

Notes: 1. Division by country or region is based on geographical proximity.
2. Main country and regional divisions other than Japan
North America: U.S.A., Canada
Europe: Germany, U.K.
Asia, Oceania and other: Singapore, Australia
3. As recorded in "Additional information," we applied the tax effect accounting (Asset and Liability Approach) due to the change of consolidated financial statements. As a result, compared to the former calculation method, assets in Japan rose ¥42,253 million, ¥1,904 million in North America, and ¥213 million in Asia, and Australia and other areas.
4. An equity adjustment from foreign currency translation is applied to unallocated amounts of assets included under the item "Eliminations or Unallocated Amounts" and the amount thereof is ¥ 44,649 million.

(3) Overseas Sales (Fiscal year from April 1, 2000 to March 31, 2001)

(Millions of yen)

	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales	¥91,720	¥72,957	¥45,886	¥210,565
Net sales				516,104
% of net sales	17.7%	14.1%	8.8%	40.6%

Notes: 1. Division by country or region is based on geographical proximity.
2. Main country and regional divisions other than Japan
North America: U.S.A., Canada
Europe: Germany, U.K.
Asia, Oceania and other: Singapore, Australia
3. As recorded in "Basic items for the consolidated financial statement," the method of translating into yen for purposes of calculation of income and expenses of overseas consolidated subsidiaries for this consolidated fiscal year was changed from using the exchange rate on the closing day to using the average exchange rate for the fiscal year. As a result, compared to the former calculation method, overseas sales fell ¥10,770 million, European sales fell ¥6,177 million and sales in Asia, and Australia and other areas fell ¥5,111 million.

(Previous fiscal year from April 1, 1999 to March 31, 2000)

(Millions of yen)

	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales	¥96,005	¥73,397	¥50,452	¥219,855
Net sales				527,897
% of net sales	18.2%	13.9%	9.5%	41.6%

Notes: 1. Division by country or region is based on geographical proximity.
2. Main country and regional divisions
North America: U.S.A., Canada
Europe: Germany, U.K.
Asia, Oceania and others: Singapore, Australia

(Retirement Bonuses)

1. Summary of retirement bonus system
   YAMAHA and its domestic consolidated subsidiaries mainly use the Employees' Pension Fund System, Approved Retirement Pension Plan System, and/or the Retirement Lump Sum Grant System as fixed bonus systems.
   In addition, in some cases employees are paid an additional retirement bonus upon retirement.

2. Items related to retirement bonus debts
   Allowance reserve for retirement bonuses.. ¥67,250 million

3. Items related to retirement bonus costs
   Retirement bonus costs .... ¥8,116 million

4. Items related to fundamental calculations of retirement bonus debts, etc.

1) Periodic distribution method for projected retirement bonuses... Based on length of service
2) Discount rate.. 3.5%
3) Projected operating income rate... 4.0%
4) Period of administration of prior service debt .... 10 years
5) Period of administration of calculated differential .... 10 years
6) Period of administration of differential at time of revision to accounting standards............ Lump sum processing

YAMAHA CORPORATION

Flash Report

Non-Consolidated Basis

Results for the year ended March 31, 2001

Company name: YAMAHA CORPORATION
Code number: 7951
Address of headquarters: 10-1, Nakazawa-cho, Hamamatsu, Shizuoka 430-8650, Japan
For further information, please contact: Tokihisa Makino
Telephone: +81 53 460 2141
Date of the meeting of the Board of Directors: May 18, 2001
Interim dividend: Yes No
Stock listings: Tokyo Stock Exchange (First Section), Osaka Securities Exchange (First Section), Nagoya Stock Exchange (First Section)

1. RESULTS FOR THE FISCAL YEAR (April 1, 2000 to March 31, 2001)

Figures less than ¥1 million have been omitted.

(1) Non-Consolidated Operating Results

	Net sales		Operating income		Recurring profit	
	Millions of yen	(% change from the previous fiscal year)	Millions of yen	(% change from the previous fiscal year)	Millions of yen	(% change from the previous fiscal year)
Fiscal year (Ended March 31, 2001)	¥346,175	(6.2)%	¥ 11,194	—%	¥13,338	—%
Previous fiscal year (Ended March 31, 2000)	369,129	(5.8)%	(5,663)	—%	(7,388)	—%

	Net income		Net income per share	Net income per share after full dilution	Ratio of net income to shareholders' equity	Ratio of recurring profit to total assets	Ratio of recurring profit to sales
	Millions of yen	(% change from the previous fiscal year)	Yen	Yen	%	%	%
Fiscal year (Ended March 31, 2001)	¥ 9,685	—%	¥ 46.90	¥45.77	6.6	4.4	3.9
Previous fiscal year (Ended March 31, 2000)	(36,798)	—%	(178.18)	—	(25.3)	(2.4)	(2.0)

Notes: 1. Average number of shares outstanding:
Fiscal year: 206,523,263
Previous fiscal year: 206,523,263
2. Changes in method of accounting: NO

(2) Dividends

	Dividend per share	Interim	Year-end	Dividend paid for the year	Dividend paid-out ratio	Ratio of dividends to shareholders' equity
	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year (Ended March 31, 2001)	¥7.00	¥3.00	¥4.00	¥1,445	14.9%	1.0%
Previous fiscal year (Ended March 31, 2000)	3.00	0.00	3.00	619	—	0.4

(3) Non-Consolidated Financial Data

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year (Ended March 31, 2001)	¥298,578	¥150,836	50.5%	¥ 730.36
Previous fiscal year (Ended March 31, 2000)	307,476	142,389	46.3%	689.46

2. FORECASTS FOR RESULTS FOR THE FISCAL YEAR (April 1, 2001 to March 31, 2002)

	Net sales	Recurring profit	Net income	Interim dividend per share	Year-end dividend per share	Dividend per share for the year
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen	Yen
6 months ending September 30 2001	¥177,000	¥ 6,500	¥6,000	¥4.00	¥ —	¥ —
Year ending March 31, 2002	342,000	10,000	7,500	—	4.00	8.00

Reference: Net income per share for the fiscal year is forecast to be ¥36.32 on a non-consolidated basis.

(References)

(1) Non-Consolidated Balance Sheets

	Millions of yen		
	Fiscal year as of March 31, 2001	Previous fiscal year as of March 31, 2000	Increase (Decrease)
ASSETS			
Current assets:			
Cash and bank deposits	**¥ 16,308**	¥ 14,222	¥ 2,086
Notes and bills receivable	**9,093**	5,274	3,819
Account receivable	**34,303**	36,057	(1,754)
Marketable securities	**—**	1,454	(1,454)
Treasury stock	**5**	2	3
Product and goods	**20,803**	20,601	202
Raw material	**3,203**	2,324	879
Product in progress	**9,542**	9,364	178
Advances	**12**	6	6
Deferred tax assets	**6,662**	10,361	(3,699)
Other current assets	**2,714**	4,465	(1,751)
Allowance for doubtful accounts	**(1,368)**	(1,348)	(20)
Total current assets	**101,279**	102,786	(1,507)
Fixed assets:			
Tangible assets			
Building	**13,754**	15,548	(1,794)
Structure	**1,074**	1,206	(132)
Machinery and equipment	**8,647**	10,200	(1,553)
Vehicles	**52**	56	(4)
Furniture and fixture	**5,314**	5,380	(66)
Land	**21,515**	22,331	(816)
Construction in progress	**441**	968	(527)
Total tangible assets	**50,799**	55,693	(4,894)
Intangible assets			
Rights on leasehold land	**100**	100	—
Right to use facilities	**91**	96	(5)
Investments			
Investment securities	**35,623**	32,738	2,885
Shares of affiliated companies	**69,238**	93,611	(24,373)
Affiliated company investments	**7,993**	8,426	(433)
Long-term loans	**2,257**	2,773	(516)
Long-term employee loans	**0**	2	(2)
Long-term affiliated company loans	**822**	974	(152)
Bankrupt, rehabilitating securities	**131**	94	37
Deferred tax assets	**27,086**	30,614	(3,528)
Guarantee deposits for leased real estate	**2,417**	2,569	(152)
Other investment	**1,713**	1,904	(191)
Allowance for doubtful accounts	**(978)**	(892)	(86)
Allowance for investment securities and shares of affiliated companies	**—**	(24,019)	24,019
Total investments	**146,307**	148,798	(2,491)
Total assets	**¥298,578**	¥307,476	¥ (8,898)

Note: Figures less than ¥1 million have been omitted.

	Millions of yen		
	Fiscal year as of March 31, 2001	Previous fiscal year as of March 31, 2000	Increase (Decrease)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Notes payable	**¥ 1,599**	¥ 3,232	¥ (1,633)
Accounts payable	**27,260**	34,866	(7,606)
Short-term loans	**920**	1,039	(119)
Current portion of long-term debt	**—**	6,220	(6,220)
Account payable	**3,480**	11,330	(7,850)
Corporate taxes payable	**100**	—	100
Accrued expenses	**20,292**	19,237	1,055
Advance received	**474**	482	(8)
Money entrusted	**1,145**	699	446
Allowance for after-sale service	**84**	89	(5)
Allowance for product warranty	**1,245**	1,157	88
Employee deposit	**—**	7,662	(7,662)
Deferred unrealized profit	**879**	1,098	(219)
Other current liabilities	**382**	—	382
Total current liabilities	**57,864**	87,116	(29,252)
Fixed liabilities:			
Convertible bonds	**24,317**	24,317	—
Long-term loans	**6,220**	—	6,220
Long-term accrued amount payable	**—**	38,688	(38,688)
Allowance for retirement benefit	**57,712**	—	57,712
Retirement allowance for employees	**—**	13,891	(13,891)
Retirement benefit for directors	**576**	—	576
Guaranty deposit	**1,053**	1,072	(19)
Total fixed liabilities	**89,878**	77,970	11,908
Total liabilities	**147,742**	165,087	(17,345)
Capital stock	**28,533**	28,533	—
Capital reserve	**26,924**	26,924	—
Revenue reserve	**4,076**	3,952	124
Surplus			
Voluntary earned surplus			
Reserve for loss from overseas investment	**—**	248	(248)
Reserve for extraordinary depreciation	**38**	47	(9)
Reserve for advanced depreciation	**2,348**	2,828	(480)
General reserve	**76,810**	81,010	(4,200)
Total voluntary earned surplus	**79,197**	84,134	(4,937)
Total unappropriated reserve	**12,104**	(1,155)	13,259
Retained earnings	**91,301**	82,978	8,323
Total shareholders' equity	**150,836**	142,389	8,447
Total liabilities and shareholders' equity	**¥298,578**	¥307,476	¥ (8,898)

(2) Non-Consolidated Statement of Operations

	Fiscal year as of March 31, 2001		Previous fiscal year as of March 31, 2000		Increase (Decrease)
	Millions of yen	%	Millions of yen	%	Millions of yen
Net sales	**¥346,175**	**100.0%**	¥369,129	100.0%	¥(22,954)
Cost of sales	**270,486**	**78.1**	312,557	84.7	(42,071)
Gross profit	**75,688**	**21.9**	56,571	15.3	19,117
Unrealized profit	**219**		164		55
Total gross profit	**75,907**	**21.9**	56,736	15.4	19,171
Selling, general and administrative expenses	**64,713**	**18.7**	62,400	16.9	2,313
Operating income	**11,194**	**3.2**	(5,663)	(1.5)	16,857
Non-operating income	**3,455**	**1.0**	5,446	1.5	(1,991)
Interest received	**122**		136		(14)
Dividends received	**2,875**		1,603		1,272
Gain on sale of investment securities	**—**		3,173		(3,173)
Others	**456**		532		(76)
Non-operating expenses	**1,311**	**0.4**	7,171	2.0	(5,860)
Interest payable and discount expenses	**142**		379		(237)
Interest on corporate securities	**462**		462		—
Cash discounts	**53**		47		6
Reserve for investment securities and shares of affiliated companies	**—**		3,451		(3,451)
Loss from revaluation on marketable securities	**—**		215		(215)
Exchange loss	**487**		556		(69)
Others	**165**		2,057		(1,892)
Recurring profit	**13,338**	**3.8**	(7,388)	(2.0)	20,726
Total extraordinary profit	**9,050**	**2.6**	21,014	5.7	(11,964)
Gain on sale of fixed assets	**5,573**		2,513		3,060
Reimbursement of doubtful allowance	**—**		354		(354)
Reimbursement of reserve allowance for product guarantees	**311**		982		(671)
Reimbursement of reserve allowance for after-sale service	**13**		37		(24)
Gain on sale of investment securities	**3,152**		17,121		(13,969)
Gains on sale of subsidiaries' stock	**—**		5		(5)
Total extraordinary loss	**5,376**	**1.5**	60,741	16.5	(55,365)
Loss on removal of fixed assets	**422**		1,653		(1,231)
Cumulative effect of accounting change with respect to prior service cost of the pension plan	**1,977**		—		1,977
Loss from revaluation of investment securities	**316**		—		316
Loss from revaluation of subsidiaries stock	**2,627**		—		2,627
Loss from revaluation of golf club membership	**32**		—		32
Special allowance for retirement	**—**		16,571		(16,571)
Pension cost for past severance indemnities	**—**		25,147		(25,147)
Loss on disposal of discontinued operations	**—**		17,368		(17,368)
Income (loss) before income taxes and minority interests	**17,012**	**4.9**	(47,115)	(12.8)	64,127
Current income taxes (benefit)	**100**	**0.0**	100	0.0	—
Deferred income taxes (benefit)	**7,226**	**2.1**	(10,416)	(2.8)	17,642
Net income (loss)	**9,685**	**2.8**	(36,798)	(10.0)	46,483
Retained earnings carried forward from the previous period	**3,100**		3,126		(26)
Adjustment for tax-effect from the previous period	**—**		30,559		(30,559)
Reversal of reserves for overseas investment due to the application of tax-effect accounting	**—**		11		(11)
Reversal of reserves for extraordinary depreciation due to the application of tax-effect accounting	**—**		27		(27)
Reversal of reserves for advanced depreciation due to the application of tax-effect accounting	**—**		1,917		(1,917)
Dividends (interim)	**619**		—		619
Transfer to legal reserve (interim)	**61**		—		61
Unappropriated profits	**¥12,104**		¥ (1,155)		¥13,259

Note: Figures less than ¥1 million have been omitted.

(3) Profit Appropriation

	Millions of yen	
	Fiscal year as of March 31, 2001	Previous fiscal year as of March 31, 2000
Yearly unappropriated profit	**¥12,104**	¥(1,155)
Disposed overseas investment reserve	**—**	248
Disposed extraordinary depreciation reserve	**9**	9
Disposed reduced advanced depreciation reserve	**527**	480
Disposed additional reserve	**—**	4,200
Total	**12,640**	3,781
Appropriated as follows:		
Appropriated profit		
Profit reserve	**83**	62
Profit dividends	**826** **(¥4 per share)**	619 (¥3 per share)
Reduced advanced depreciation reserve	**363**	—
Disposed special account reserve for replacement asset acquisition	**858**	—
General reserve	**5,700**	—
Total appropriated profit	**7,830**	681
Profit carried forward to next fiscal year	**¥ 4,810**	¥3,100