

YAMAHA CORPORATION

Interim Flash Report

Consolidated Basis

Results for the FY2004 interim period ended September 30, 2003

November 10, 2003

Company name: YAMAHA CORPORATION
(URL <http://www.yamaha.co.jp/english/ir/report/>)

Code number: 7951

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Date of the interim meeting of the Board of Directors: November 10, 2003

Stock listings: Tokyo Stock Exchange (First Section)

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

1. RESULTS FOR THE FY2004 INTERIM PERIOD (April 1, 2003 to September 30, 2003)

Figures of less than ¥1 million have been omitted.

(1) Consolidated Operating Results

	Net sales		Operating income		Recurring profit	
	Millions of yen	(% change from the previous interim period)	Millions of yen	(% change from the previous interim period)	Millions of yen	(% change from the previous interim period)
FY2004 interim period (Ended September 30, 2003)	¥266,290	4.9	¥26,416	101.6	¥29,756	109.0
FY2003 interim period (Ended September 30, 2002)	253,763	2.0	13,105	69.5	14,238	89.3
FY2003 (Ended March 31, 2003)	524,763		32,043		33,839	

	Net income		Net income per share	Net income per share after full dilution
	Millions of yen	(% change from the previous interim period)	Yen	Yen
FY2004 interim period (Ended September 30, 2003)	¥26,258	160.6	¥127.38	¥117.52
FY2003 interim period (Ended September 30, 2002)	10,075	39.3	48.86	44.24
FY2003 (Ended March 31, 2003)	17,947		86.65	77.32

- Notes: 1. Equity in net income of affiliates:
- | | |
|--|----------------|
| FY2004 interim period ended September 30, 2003 | ¥5,257 million |
| FY2003 interim period ended September 30, 2002 | ¥3,468 million |
| FY2003 ended March 31, 2003 | ¥7,608 million |
2. Average number of outstanding shares during the period (consolidated):
- | | |
|--|--------------------|
| FY2004 interim period ended September 30, 2003 | 206,140,030 shares |
| FY2003 interim period ended September 30, 2002 | 206,199,869 shares |
| FY2003 ended March 31, 2003 | 206,177,687 shares |
3. Changes in method of accounting: NONE

(2) Consolidated Financial Data

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
FY2004 interim period (Ended September 30, 2003)	¥536,376	¥242,558	45.2	¥1,176.57
FY2003 interim period (Ended September 30, 2002)	523,866	206,019	39.3	999.26
FY2003 (Ended March 31, 2003)	¥512,716	¥214,471	41.8	¥1,040.06

Note: Number of outstanding shares at the end of the period (consolidated):

FY2004 interim period as of September 30, 2003	206,157,086 shares
FY2003 interim period as of September 30, 2002	206,171,257 shares
FY2003 as of March 31, 2003	206,132,103 shares

(3) Consolidated Cash Flows

	Cash flows 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
FY2004 interim period (Ended September 30, 2003)	¥10,687	¥ (8,846)	¥ (1,608)	¥42,808
FY2003 interim period (Ended September 30, 2002)	(300)	(11,441)	11,402	39,825
FY2003 (Ended March 31, 2001)	¥33,052	¥ (21,645)	¥ (8,582)	¥42,976

(4) Matters Related to Consolidated Companies and Companies Accounted for Using the Equity Method

Number of consolidated subsidiaries: 90
Number of non-consolidated companies: 0
Number of affiliated companies: 2

(5) Changes in the Status of Consolidated Companies and Companies Accounted for Using the Equity Method

Consolidated companies:

Number of companies newly consolidated: 7
Number of companies removed from consolidation: 1

Equity method:

Number of companies newly accounted for using the equity method: 0
Number of companies removed from the equity method: 0

2. FORECAST OF RESULTS FOR FY2004 (April 1, 2003 to March 31, 2004)

	Net sales	Recurring profit	Net income
	Millions of yen	Millions of yen	Millions of yen
FY2004	¥544,000	¥47,500	¥41,500

Reference: Net income per share for the fiscal year is forecast to be ¥201.30 on a consolidated basis.

Forecast performance is predicted by the Company based on the information available at the time of the forecast. Actual performance may differ from forecasts. For further information, please see "Forecast for Fiscal 2004" under "BUSINESS RESULTS."

(References)

1. THE YAMAHA GROUP

The YAMAHA Group consists of YAMAHA CORPORATION in Japan, 109 subsidiaries and 15 affiliated companies and is involved in a wide range of businesses, including musical instruments, AV/IT products, 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. Furthermore, business divisions are the same as business segments.

Business segment	Major products & services	Major consolidated subsidiaries
Musical instruments	Pianos, Digital musical instruments, Wind instruments, String instruments, Percussion instruments, Educational musical instruments, Professional audio equipment, Soundproof rooms, Music schools, English schools, Content distribution and Piano tuning	Yamaha Music Tokyo Co., Ltd., and 11 other domestic musical instruments sales subsidiaries Yamaha Corporation of America Yamaha Canada Music Ltd. Yamaha Music Holding Europa G.m.b.H. Yamaha Music Central Europa G.m.b.H Yamaha-Kemble Music (U.K.) Ltd. Yamaha Musique France S.A.S. P.T. Yamaha Music Manufacturing Asia Yamaha Music & Electronics (China) Co., Ltd. Tianjin Yamaha Electronic Musical Instruments, Inc.
AV/IT products	Audio products and IT equipment	Yamaha Electronics Corporation, U.S.A. Yamaha Elektronik Europa G.m.b.H Yamaha Electronics Manufacturing (M) Sdn. Bhd. Yamaha Music & Electronics (China) Co., Ltd.
Lifestyle-related products	System kitchens, Bathrooms, Washstands, Furniture and Parts for housing facilities	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 resorts and Sports facilities	Kiroro Development Corporation
Others	Golf products, Automobile interior components, FA products and Metallic molds	Yamaha Fine Technologies Co., Ltd.

Principal consolidated subsidiaries are recorded separately for each area of business in which they are engaged.

2. MANAGEMENT POLICY

(1) Basic Management Policy

In the 21st century, YAMAHA CORPORATION will continue to grow as a company that works together with people throughout the world to enrich culture and create *Kando**. To this end, the Company will expedite decision-making processes, improve its responsiveness to technological innovations and rapidly changing markets, and meet customer needs through the provision and development of high-quality products and services. In addition, YAMAHA will make effective use of its management resources, rationalize and improve the efficiency of its business practices, and secure a competitive position in the global marketplace. Furthermore, by adapting to the proliferation of networks and information technology (IT) and working proactively to protect the environment, the Company will conduct its business in line with the three corporate mottoes set forth in its medium-term management plan: “Striving for Growth,” “Consolidated Group Management,” and “Value-Added Business, Sparkling YAMAHA Brand.”

**Kando* is a Japanese word meaning the inspiration of hearts and minds.

(2) Basic Dividend Policy

Under its basic dividend policy, YAMAHA is working hard to strengthen its management base, increase return on equity, and pay regular, stable dividends. Internal capital reserves will be used to fund future business expansion, investment in R&D, and investment in plant and equipment with due consideration given to the Company's business results and financial condition.

(3) Medium-to-Long-Term Management Strategies and Issues to be Faced

In line with the slogan “Creating *Kando* Together,” YAMAHA will develop its businesses in the following ways.

1. YAMAHA’s operations are divided into three main business segments—Core Businesses (musical instruments, AV/IT and semi-conductors), Lifestyle-Related and Leisure, and Electronic Parts and Materials—and for each segment the Company has mapped out specific strategies to improve growth.

- (a) In the Core Businesses group, YAMAHA is raising its operational efficiency and pursuing an effective investment strategy aimed at expanding and developing its operations on a global scale.

In musical instruments, we will work to revitalize the Japanese market and cultivate demand for musical instruments through the market launch of new products, the expansion of music schools for adults and performance space, the development of our musical instrument rental business, and the implementation of other measures. In China, we will focus on the smooth launch of systems for production and marketing. With respect to AV/IT products, YAMAHA will promote its “#1 in home theaters” strategy, and, in China, the Company will move swiftly to launch its businesses, create networks, and accelerate the growth of its solutions business. In the electronics equipment business, we will work to improve the LSI sound chip business and work to develop new products. In the content business, YAMAHA is seeking to enhance the global development of its mobile phone ringing melody distribution service and improve its digital content production capabilities as a part of its comprehensive media strategy development.

- (b) The Lifestyle-Related and Leisure group is facing severe market conditions. As a result, YAMAHA will focus on improving the group’s revenues and bolstering its operating base through a process of selective resource allocation.

In the lifestyle-related products segment, YAMAHA is seeking to construct a high-value-added business model for the home renovation market and to boost revenues through measures to reduce costs. In the recreation segment, the Company is working to expand its customer base and improve profitability through business development that makes use of the unique characteristics of our respective facilities. In the golf business, we are aiming to expand sales through product development and marketing that clarifies target customers.

- (c) In the Electronic Parts and Materials group, YAMAHA will leverage the technologies developed in its core businesses and draw on all its business strengths to achieve balanced growth.

YAMAHA will reform its manufacturing structure to strengthen its operating base in the electronic metals business. Regarding the FA products and metallic molds businesses, the Company will work to secure earnings in its metallic molds business and expand its FA products and robot businesses. In the automobile interior components and fittings business, the Company will work to boost manufacturing efficiency and cultivate new customers.

2. The entire Group will cooperate to rebuild its central information system and promote the implementation of global production strategies, procurement systems, and quality management systems. In addition, the Company is strengthening its patent procurement system and adopting patenting strategies adapted to IT and digitization, establishing an efficient distribution system as well as effective mechanisms for managing its operational infrastructure and the Group's internal funds, and promoting law-abiding management practices, the protection of the global environment, and the thorough management of safety and sanitation.

Through the implementation of the measures outlined above, YAMAHA is aiming for a 9% return on equity over the medium-to-long term.

(4) Corporate Governance Situation

YAMAHA employs an auditing officer system and places the statutory institutions of the Board of Directors and the Board of Auditors hierarchically below the General Meeting of Shareholders. The Company has also established management committee and executive officer committee systems.

YAMAHA instituted its executive officer committee system in February 2001 with the goals of strengthening consolidated Group management capabilities, expediting management decision making by the Board of Directors, and strengthening business execution capabilities. In June 2003, to ensure that directors and executive officers are able to perform their duties with maximum effectiveness, measures have been taken to clarify the respective roles of directors and executive officers. In addition, based on the principle of discrete divisional business execution, the Company has created senior executive officer positions for officers who will be responsible for the execution of relatively important business affairs for individual divisions. This step has entailed an increase in the number of the Company's executive officers.

With regard to corporate officer personnel, YAMAHA has established a corporate officer personnel affairs committee and has stipulated that nominees for the positions of director, auditor, or executive officer be selected with the cooperation of this committee, thereby increasing the transparency and fairness of the corporate officer nomination process. This committee is also considering a personnel development program for future corporate officer candidates as well as moves related to the corporate officer remuneration system.

Furthermore, in January 2003, YAMAHA established a compliance committee with the goal of ensuring rigorous compliance with relevant laws and regulations throughout the YAMAHA Group.

3. BUSINESS RESULTS

(1) Fiscal 2004 Interim Summary

During the interim period under review, the Japanese economy was characterized by increases in capital investments amid improvements in company performance and other bright signs, but consumer spending continued to be lackluster. Overseas, European economies exhibited some weakness, but progress in economic recovery was seen, particularly in the United States and Asia.

Against this backdrop, in the final fiscal year of YAMAHA's medium-term management plan, "Creating *Kando* 21," we have grappled with management issues to establish a foundation for growth and achieve management efficiency.

With regard to sales conditions, sales of musical instruments expanded overseas and, in the area of electronic equipment and electronic metals, LSI sound chips for mobile phones performed well, significantly boosting sales in this business; however, sales in the AV/IT segment slipped.

These factors led net sales to increase 4.9% compared with the first half of the prior fiscal year to ¥266,290 million. Of this, domestic sales increased 6.3% to ¥161,766 million and overseas sales increased 2.9% to ¥104,523 million.

Regarding income, recurring profit totaled ¥29,756 million, up 109.0% from the first half of FY2003, and net income leapt 160.6% to ¥26,258 million.

Results by Region Were as Follows:

MUSICAL INSTRUMENTS

Sales of musical instruments in Japan fell amid the sluggish market, but overseas sales were healthy, leading to an overall increase in sales. By product, piano sales edged up from the first half of FY2003, and digital musical instruments were supported by growth in sales of the Clavinova and portable keyboards. Wind, string, and percussion instrument sales also grew.

In the field of education, adult enrollment in music schools increased, but child enrollment shrank as a result of the declining birthrate in Japan, and sales also declined. However, revenues from English-language classrooms increased due to growing student enrollment.

In the ringing melody distribution service, sales receded due to a drop in the subscription fee although the number of subscribers increased.

Due to these factors, segment sales amounted to ¥149,093 million, a 2.0% increase from the first half of FY2003, and operating income totaled ¥9,690 million, up 62.9%.

AV/IT

In audio products, the decline in product prices throughout the market and the slide in the market for home theater systems dampened overall sales. In the information and telecommunications device product category, sales of routers for business use grew, but YAMAHA withdrew from the PC-use CD-R/RW drive business on March 31, 2003, which exerted downward pressure on sales. However, income improved amid the Company's withdrawal from unprofitable businesses.

Due to these factors, segment sales totaled ¥33,996 million, down 11.7% from the first half of FY2003, but operating income grew to ¥1,428 million, a 36.7% increase.

LIFESTYLE-RELATED PRODUCTS

YAMAHA's flagship products in this segment, system baths and kitchens, saw sales weighed down by stiffer competition, but income improved due to cost cutting and other efforts.

As a result, segment sales totaled ¥23,195 million, down 1.6% from the first half of FY2003, while operating income increased 101.5%, to ¥1,105 million.

ELECTRONIC EQUIPMENT AND METAL PRODUCTS

In semiconductors, sales of sound chips for mobile phones experienced robust growth due to rising demand in the Chinese and South Korean markets. Moreover, sales of electronic metal products declined due to the Company's withdrawal from the invar materials business in July 2003; however, income showed a broad improvement.

Due to these factors, segment sales totaled ¥36,388 million, a 46.2% increase from FY2003 interim results, and operating income amounted to ¥14,161 million, a rise of 140.0%.

RECREATION

The number of customer visits at each facility increased overall, but sales were flat due to the closing of Sunza Villa on June 30, 2003. However, income improved due to cost cutting and other measures.

Due to these factors, sales for this segment totaled ¥10,301 million, unchanged from the first half of the prior fiscal year, and the segment recorded an operating loss of ¥464 million, compared with an operating loss of ¥828 million in the first half of FY2003.

OTHERS

In the golf business, the INPRES series continued to sell well, and sales increased. Regarding FA products and metallic molds, demand for magnesium components for mobile phones strongly boosted sales. The automobile interior components and fittings business also saw increased sales on the back of orders for new editions of existing model lines and the introduction of new model lines.

Due to these factors, segment sales amounted to ¥13,313 million, a 28.7% increase from the first half of FY2003, and operating income totaled ¥493 million, up 1.3%.

Results by Region Were as Follows:

In Japan, sales totaled ¥169,178 million, up 6.6% from the first half of FY2003, and operating income climbed 90.9%, to ¥21,518 million. In North America, sales decreased 8.0%, to ¥40,492 million, and operating income decreased 5.3%, to ¥2,023 million. In Europe, sales increased 7.5%, to ¥38,124 million, and operating income totalled ¥2,291 million, up 135.7%. In the Asia, Oceania, and Other regions, sales increased 18.9%, to ¥18,494 million, and operating income grew 84.2%, to ¥2,610 million.

(2) Forecast for Fiscal 2004

Whole-year fiscal performance is projected to remain lackluster due to the stagnant Japanese market and the ongoing strength of the yen against the U.S. dollar. However, due to the improved performance in the first half of the fiscal year, consolidated net sales are forecast to increase 3.7% from FY2003, to ¥544.0 billion, consolidated recurring profit is expected to increase 40.4%, to ¥47.5 billion, and consolidated net income is forecast to increase 131.2%, to ¥41.5 billion.

4. FINANCIAL POSITION

(1) Interim Period Cash Flows

During the fiscal interim period under review, the net decrease in cash and cash equivalents (hereinafter “cash”) was ¥603 million, with cash at the end of the period amounting to ¥42,808 million, compared with a ¥831 million decrease in the first half of the previous fiscal half-year.

CASH FLOWS FROM OPERATING ACTIVITIES

Net income before income taxes and minority interests substantially improved in the interim period, to ¥28,719 million, compared with ¥12,249 million in the corresponding period of FY2003, but due to the increase in inventories and notes and accounts receivable, net cash provided by operating activities totaled only ¥10,687 million, compared with ¥300 million in net cash outflows during the first half of FY2003.

CASH FLOWS FROM INVESTING ACTIVITIES

Due to such factors as the implementation of capital investments, cash used in investing activities totaled ¥8,846 million, compared with outflows of ¥11,441 million in the first half of FY2003.

CASH FLOWS FROM FINANCING ACTIVITIES

Cash used in financing activities amounted to ¥1,608 million, compared with ¥11,402 million provided in the first half of the previous fiscal year, reflecting the Company's dividend payments and other expenses.

Trends in Cash-Flow Indicators

	FY2002 interim period	FY2003 interim period	FY2004 interim period	FY2002	FY2003
Equity ratio	37.5%	39.3%	45.2%	39.6%	41.8%
Equity ratio based on current market prices	34.1%	45.4%	81.3%	36.9%	53.7%
Debt redemption period (years)	—	—	—	3.3 years	2.8 years
Interest coverage ratio	—	—	13.0	9.9	16.0

(Calculation Methods)

Equity ratio = shareholders' equity ÷ total assets

Equity ratio based on current market prices = total market value of common stock ÷ total assets

Debt redemption period (years) = interest-bearing debt ÷ net cash provided by operating activities (Not recorded for the interim period)

Interest coverage ratio = net cash provided by operating activities ÷ interest payments

Notes:

- All indicators are calculated based on consolidated financial figures.
- Interest-bearing debt includes all balance-sheet debt for which interest payments are being made.
- Figures for net cash provided by operating activities and interest payments are those from the consolidated statement of cash flows.
- The interest coverage ratios for the interim periods ending September 30, 2001, and September 30, 2002, are not presented herein because cash flows from operating activities were negative.

(2) Financial Outlook for Fiscal 2004

Cash provided by operating activities is projected to increase due to the rise in income, the collection of notes and accounts receivable, and the drop in inventories. We plan to use these funds to finance investing activities. With regard to cash flows from financing activities, the reimbursement of convertible bonds is planned.

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

The forward-looking statements in this flash report contain inherent risks and uncertainties insofar as they are based on future projections and plans that may differ materially from the actual results achieved.

5. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	Millions of yen		
	FY2004 interim period (as of Sept. 30, 2003)	FY2003 interim period (as of Sept. 30, 2002)	FY2003 (as of Mar. 31, 2003)
ASSETS			
Current assets:			
Cash and bank deposits	¥ 44,248	¥ 40,314	¥ 44,485
Notes and accounts receivable	91,034	84,276	81,755
Marketable securities	850	791	1,370
Inventories	86,493	90,691	80,144
Deferred income taxes	11,061	10,270	10,489
Other current assets	5,549	4,250	5,469
Allowance for doubtful accounts	(2,421)	(2,856)	(2,625)
Total current assets	236,815	227,737	221,089
Fixed assets:			
Tangible assets			
Buildings and structures	66,371	69,417	67,166
Machinery and equipment	21,015	20,963	21,334
Tools, furniture and fixtures	12,093	12,736	12,305
Land	76,776	77,458	76,835
Construction in progress	2,317	1,016	1,082
Total tangible assets	178,574	181,592	178,724
Intangible assets	1,081	879	813
Investments and other assets			
Investment securities	91,173	79,085	77,622
Deferred income taxes	21,029	24,500	24,663
Other assets	8,991	11,225	11,137
Allowance for doubtful accounts	(1,290)	(1,153)	(1,334)
Total investments and other assets	119,904	113,657	112,089
Total fixed assets	299,560	296,128	291,627
Total assets	¥536,376	¥523,866	¥512,716

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

	Millions of yen		
	FY2004 interim period (as of Sept. 30, 2003)	FY2003 interim period (as of Sept. 30, 2002)	FY2003 (as of Mar. 31, 2003)
LIABILITIES			
Current liabilities:			
Notes and accounts payable	¥ 42,524	¥ 42,521	¥ 39,462
Short-term loans	34,150	63,038	27,078
Convertible bonds scheduled for redemption within one year	24,317	—	24,317
Current portion of long-term debt	4,333	9,129	10,090
Accrued expenses	37,379	38,723	42,501
Various reserves	3,026	3,120	3,097
Other current liabilities	11,352	9,587	11,600
Total current liabilities	157,083	166,120	158,148
Long-term liabilities:			
Convertible bonds	—	24,317	—
Long-term debt	28,134	13,311	28,951
Deferred income taxes on land revaluation	13,568	14,207	13,577
Accrued employees' retirement benefits	52,456	55,476	53,988
Directors' retirement benefits	877	888	965
Long-term deposits received	36,137	37,201	36,848
Other long-term liabilities	1,812	1,952	1,839
Total long-term liabilities	132,987	147,355	136,171
Total liabilities	290,071	313,476	294,319
MINORITY INTERESTS	3,746	4,371	3,925
SHAREHOLDERS' EQUITY			
Common stock	28,533	28,533	28,533
Capital surplus	40,052	26,924	40,052
Earned surplus	187,983	168,398	162,344
Reserve for land revaluation	15,417	15,870	16,152
Net unrealized holding gains on other securities	5,473	1,615	378
Translation adjustments	(34,660)	(35,130)	(32,753)
Treasury stock, at cost	(242)	(193)	(236)
Total shareholders' equity	242,558	206,019	214,471
Total liabilities and minority interests and shareholders' equity	¥536,376	¥523,866	¥512,716

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

(2) Consolidated Statement of Operations

	FY2004 interim period (April 1, 2003– Sept. 30, 2003)		FY2003 interim period (April 1, 2002– Sept. 30, 2002)		FY2003 (April 1, 2002– Mar. 31, 2003)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net sales	¥266,290	100.0	¥253,763	100.0	¥524,763	100.0
Cost of sales:	164,416	61.7	164,805	64.9	338,440	64.5
Gross profit	101,873	38.3	88,957	35.1	186,323	35.5
Unrealized profit	95		25		133	
Total gross profit	101,969	38.3	88,983	35.1	186,456	35.5
Selling, general and administrative expenses:						
Sales commissions	1,188		1,271		2,588	
Transport expense	6,510		5,700		12,099	
Advertising and sales promotion expenses	10,222		10,273		21,740	
Various reserves	5,123		4,827		9,572	
Personnel expenses	31,005		29,255		59,206	
Rent	1,746		2,039		3,884	
Depreciation and amortisation	2,398		2,607		5,233	
Other	17,355		19,903		40,087	
Total selling, general and administrative expenses	75,552	28.4	75,878	29.9	154,413	29.4
Operating income	26,416	9.9	13,105	5.2	32,043	6.1
Non-operating income:						
Interest received	150		166		360	
Dividends received	212		174		222	
Equity in earnings of unconsolidated subsidiaries and affiliates	5,257		3,468		7,608	
Other	936		975		1,802	
Total non-operating income	6,557	2.5	4,785	1.8	9,994	1.9
Non-operating expenses:						
Interest paid	783		1,021		2,015	
Cash discounts	2,096		2,019		4,347	
Other	338		610		1,834	
Total non-operating expenses	3,217	1.2	3,652	1.4	8,197	1.6
Recurring profit	29,756	11.2	14,238	5.6	33,839	6.4
Other profit:						
Gain on sale of fixed assets	78		60		231	
Reversal of allowances	94		154		229	
Gain on sale of investment securities	20		—		—	
Total other profit	193	0.1	215	0.1	460	0.1
Other loss:						
Loss on removal of fixed assets	549		578		1,205	
Loss from revaluation on investment securities	19		1,139		7,746	
Loss on revaluation of stock in subsidiaries	67		—		—	
Structural reform expenses	252		—		2,271	
Fines and penalties	341		—		—	
Loss on sale of stocks in subsidiaries	—		222		222	
Loss on revaluation of stock in subsidiaries	—		265		242	
Total other loss	1,230	0.5	2,205	0.9	11,687	2.2
Income before income taxes and minority interests	28,719	10.8	12,249	4.8	22,612	4.3
Current income taxes (benefit)	2,321	0.9	2,118	0.8	3,962	0.8
Deferred income taxes (benefit)	(164)	(0.1)	(188)	(0.1)	65	0.0
Minority interests	303	0.1	243	0.1	636	0.1
Net income	¥ 26,258	9.9	¥ 10,075	4.0	¥ 17,947	3.4

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

(3) Retained Earnings

	Millions of yen					
	FY2004 interim period (April 1, 2003– Sept. 30, 2003)		FY2003 interim period (April 1, 2002– Sept. 30, 2002)		FY2003 (April 1, 2002– Mar. 31, 2003)	
CAPITAL SURPLUS						
Balance at beginning of period:						
Capital reserve		¥ 40,052	¥ 26,924	¥ 26,924	¥ 26,924	¥ 26,924
Increase in capital surplus						
Capital surplus arising from merger(s)	—	—	—	—	13,127	13,127
Balance at end of period		40,052		26,924		40,052
EARNED SURPLUS						
Balance at beginning of period:						
Retained earnings		162,344	157,589	157,589	157,589	157,589
Additional earned surplus:						
Net income	26,258		10,075		17,947	
Effect of change in scope of consolidation	545		849		849	
Effect of change in interests in subsidiaries	109		69		—	
Reversal of reserve for land revaluation	—		623		869	
Reversal of reserve for land revaluation resulting from interest change in subsidiaries	—		17		88	
Increase from accounting period changes of consolidated subsidiaries	64	26,977	—	11,635	—	19,754
Deduction from earned surplus:						
Cash dividends paid	1,031		825		1,857	
Bonuses to directors and statutory auditors	82		0		0	
Effect of change in scope of consolidation	116		—		—	
Effect of change in interests in subsidiaries	—		—		13	
Reversal of reserve for land revaluation	106		—		—	
Reversal of reserve for land revaluation resulting from interest change in subsidiaries	0		—		—	
Decrease due to merger(s)	—	1,337	—	826	13,127	14,999
Balance at end of period		¥187,983		¥168,398		¥162,344

(4) Consolidated Statement of Cash Flows

	FY2004 interim period (April 1, 2003– Sept. 30, 2003)	FY2003 interim period (April 1, 2002– Sept. 30, 2002)	FY2003 (April 1, 2002– Mar. 31, 2003)
Cash flows from operating activities:			
Income before income taxes and minority interests	¥28,719	¥12,249	¥22,612
Depreciation and amortization	8,702	9,083	17,586
Amortization of consolidated goodwill	63	22	113
Allowance for doubtful accounts	(197)	454	395
Loss from revaluation of investment securities	19	1,139	7,746
Loss on revaluation of stock in subsidiaries	67	—	—
Loss on revaluation of capital in subsidiaries	—	265	242
Decrease in employees' retirement benefits, net of payments	(1,579)	(3,661)	(5,150)
Interest and dividend income	(363)	(341)	(583)
Interest expenses	783	1,021	2,015
Loss on foreign exchange	154	260	242
Equity in earnings of unconsolidated subsidiaries and affiliates	(5,257)	(3,468)	(7,608)
Loss on sale of stocks in affiliates	—	222	222
Gain on sale of investment securities	(20)	—	—
Gains on sale of fixed assets	(78)	(60)	(231)
Loss on disposal of fixed assets	549	578	1,205
Structural reform expenses	252	—	1,509
Fines and penalties	341	—	—
Increase in accounts and notes receivable—trade	(10,284)	(11,142)	(8,509)
Decrease (increase) in inventories	(7,421)	(7,893)	3,233
Increase in accounts and notes payable	3,668	6,278	2,894
Other, net	(4,230)	(3,590)	(1,877)
Subtotal	13,888	1,415	36,061
Interest and dividends receivable	786	379	1,181
Interest paid	(824)	(1,014)	(2,067)
Fines and penalties paid	(341)	—	—
Income taxes paid and refunded	(2,821)	(1,080)	(2,123)
Net cash (used in) provided by operating activities	10,687	(300)	33,052
Cash flows from investing activities:			
Proceeds from sale of marketable securities	—	49	—
Net increase in time deposits	101	—	(1,125)
Purchases of fixed assets	(9,106)	(8,101)	(15,730)
Proceeds from sale of fixed assets	275	1,518	2,674
Purchases of investment securities	(164)	(3,348)	(6,541)
Proceeds from sale of investment securities	140	149	187
Payments for capital investments	(550)	(1,895)	(1,782)
Payment for loans receivable	(20)	(94)	(133)
Collection of loans receivable	478	338	722
Other, net	0	(58)	83
Net cash used in investing activities	(8,846)	(11,441)	(21,645)
Cash flows from financing activities:			
Decrease (increase) in short-term loans	6,612	14,952	(20,887)
Proceeds from long-term debt	300	1,070	18,908
Repayments of long-term debt	(6,390)	(2,677)	(3,065)
Proceeds from resort member deposits	—	16	19
Repayments of resort member deposits	(710)	(774)	(1,297)
Purchases of treasury stock	(12)	(89)	(133)
Cash dividends paid	(1,031)	(825)	(1,857)
Cash dividends paid to minority shareholders	(375)	(268)	(268)
Net cash provided by (used in) financing activities	(1,608)	11,402	(8,582)
Effect of exchange rate changes on cash and cash equivalents	(836)	(492)	(504)
Net increase (decrease) in cash and cash equivalents	(603)	(831)	2,319
Cash and cash equivalents at beginning of period	42,976	40,571	40,571
Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation at beginning of period	1,150	85	85
Decrease in cash and cash equivalents arising from exclusion of subsidiaries in consolidation at beginning of period	(127)	—	—
Increase/decrease in cash and cash equivalents accompanying changes to the accounting periods of consolidated subsidiaries	(587)	—	—
Cash and cash equivalents at end of period	¥42,808	¥39,825	¥42,976

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

1. SCOPE OF CONSOLIDATION

Consolidated subsidiaries: 90 corporations

During the fiscal 2004 interim period, a total of seven subsidiaries (two overseas subsidiaries and five Japanese subsidiaries) were brought into the consolidated group. In addition, one overseas subsidiary was removed from the consolidated group.

The names of major consolidated subsidiaries are listed in “1. The YAMAHA Group.”

The effect of the assets, net sales, net income/loss and retained earnings of Yamaha Life Service Co., Ltd., and other non-consolidated subsidiaries on the consolidated financial results was immaterial.

2. APPLICATION OF EQUITY METHOD

Of Yamaha Life Service Co., Ltd., and other non-consolidated subsidiaries, Yamaha Motor Co., Ltd. and one other affiliate are accounted for by the equity method.

As for Yamaha Life Service Co., Ltd., and other non-consolidated subsidiaries and Yamaha–Olin Metal Corporation, and other affiliates to which the equity method has not been applied, the effect of their net income/loss and retained earnings on the consolidated financial results was immaterial.

3. FISCAL YEAR OF CONSOLIDATED SUBSIDIARIES

Settlement days for consolidated subsidiaries, with the exception of the following 20 companies, are all the same as that for the Company.

P.T. Yamaha Indonesia
 P.T. Yamaha Music Indonesia (Distributor)
 P.T. Yamaha Music Manufacturing Indonesia
 P.T. Yamaha Music Manufacturing Asia
 P.T. Yamaha Musical Products Indonesia
 P.T. Yamaha Electronics Manufacturing Indonesia
 Yamaha de Mexico, S. A. de C. V.
 Yamaha Electronics Manufacturing (M) Sdn, Bhd.
 Yamaha Music (Malaysia) Sdn, Bhd. (and 3 other corporations)
 Tianjin Yamaha Electronic Musical Instruments, Inc.
 Guanzhou Yamaha–Pearl River Piano Inc.
 Xiaoshan Yamaha Musical Instrument Co., Ltd.
 Yamaha Music & Electronics (China) Co., Ltd.
 Yamaha Electronics (Suzhou) Co., Ltd.
 Yamaha Music (Asia) Pte., Ltd. (and 2 other corporations)

Although the interim periods of all of the above listed 20 companies ended June 30, the financial statements comply with the commonly used date for the close of the interim period, namely September 30. The determination of these accounts was based on rational procedures in accordance with procedures for regular accounts and used as the closing date that was used for the Company's consolidated interim accounts for the consolidated fiscal accounting period under review.

4. ACCOUNTING STANDARDS

a) Basis and Method of Evaluation of Significant Assets

Marketable securities

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

Other marketable securities

With market value: At fair value as of the balance-sheet date (changes in fair value are recorded in a separate component of shareholders' equity in an amount net of tax, and the periodic average method is used to calculate the original cost)

Without market value: At cost, determined by the periodic average method

Derivatives

At fair value

Inventories

Inventories of the Company and its domestic consolidated subsidiaries are stated principally at the lower of cost or market, cost being determined by the last-in, first-out method. Inventories of the Company's foreign consolidated subsidiaries are stated principally at the lower of cost or market, cost being determined by the moving average method.

b) Method of Depreciation

Tangible fixed assets

Mainly calculated by the declining-balance method except facilities connected to our recreation business and certain consolidated subsidiaries employ the straight-line method at rates based on the estimated useful lives of the respective assets.

Useful lives of tangible fixed assets are as follows:

Buildings: 31-50 years (attachment facilities are mainly 15 years)

Structures: 10-30 years

Machinery and Equipment: 4-11 years

Tools, furniture and fixtures: 5-6 years (metallic molds are mainly two years)

c) Accounting for Reserves and Benefits

Allowance for doubtful accounts

To provide for losses on doubtful accounts, provisions are made equal to projected losses as calculated based on the following methods.

Normal accounts: loan loss experience ratio method

Doubtful accounts: financial composition evaluation method

Accrued employees' retirement benefits

In the determination of the amount of employee retirement benefits, the amount that is recognized as having been incurred at the end of the interim consolidated accounting period is calculated primarily based on the projected retirement benefit obligations and the pension fund assets.

Prior service cost is being amortized as incurred by the straight-line method over periods (principally 10 years) which are shorter than the average remaining years of service of the employees.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods (principally 10 years) which are shorter than the average remaining years of service of the employees.

Directors' retirement benefits

Directors' retirement benefits are provided at 100% of the amount that would be required as of the balance sheet date based on the Company's internal rules.

d) Foreign Currency Transactions

Monetary assets and liabilities of the Company and its domestic subsidiaries denominated in foreign currencies are translated at the current exchange rates in effect at each balance sheet date. The resulting foreign exchange gains or losses are recognized as other income or expenses. Assets and liabilities of the foreign consolidated subsidiaries are translated at the current exchange rates in effect at each balance sheet date and revenue and expense accounts are translated at the average rate of exchange in effect during the year. Translation adjustments are presented as a component of shareholders' equity and minority interests.

e) Accounting for Lease Transactions

Lease agreements are generally accounted for as operating leases, except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

f) Hedge Accounting

1. Method of Hedge Accounting

Translation differences arising from forward foreign exchange contracts with respect to receivables and payables denominated in foreign currencies are accounted for using the allocation method. Anticipated transactions denominated in foreign currencies designated as hedging instruments are accounted for using deferral hedge accounting.

2. Hedged Items and Hedging Instruments

Hedged items	Forward foreign exchange contracts, purchased options with foreign currency-denominated put and yen-denominated calls
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Hedging instruments	Receivables and payables denominated in foreign currencies and anticipated transactions denominated in foreign currencies
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3. Hedging Policy

The Company and consolidated subsidiaries enter into forward foreign exchange contracts and currency options as hedging instruments within the limit of actual foreign transactions to reduce risk arising from future fluctuations in foreign exchange rates with respect to export and import transactions in accordance with the internal management rules of each company.

4. Assessment of Effectiveness for Hedging Activities

The Company and its consolidated subsidiaries do not make an assessment of effectiveness for hedging activities because the anticipated cash flows fixed by hedging activities and avoidance of market risk is clear; therefore, there is no need to evaluate such effectiveness.

g) Accounting for Consumption Tax

Income and expenses are recorded net of consumption tax.

5. SCOPE OF CASH EQUIVALENTS IN CONSOLIDATED STATEMENTS OF CASH FLOWS

All highly liquid investments with a maturity of three months or less when purchased and which are readily convertible into cash and are exposed to insignificant risk of changes in value are considered cash equivalents.

(6) Change in Presentation

CONSOLIDATED INTERIM STATEMENT OF OPERATIONS

Up to the previous consolidated interim accounting period, miscellaneous salaries (¥1,326 million in the previous consolidated interim accounting period) were included in other of selling, general and administrative expenses and are now shown as a part of personnel expenses.

(7) Other Notes

NOTES TO THE CONSOLIDATED BALANCE SHEETS

	At September 30, 2003	At September 30, 2002	At March 31, 2003
1. Accumulated Depreciation	¥225,042 million	¥219,106 million	¥221,380 million
2. Mortgaged Assets			
Cash and bank deposits	¥ 30 million	¥ 30 million	¥ 30 million
Marketable securities	250	682	1,112
Tangible fixed assets	2,599	13,292	2,440
Investments and other assets	1,780	1,764	1,315
Total	¥ 4,660 million	¥ 15,769 million	¥ 4,898 million
	At September 30, 2003	At September 30, 2002	At March 31, 2003
3. Contingent Liabilities	¥107 million	¥107 million	¥131 million
4. Discount on Export Bills Receivable	¥1,266 million	¥1,335 million	¥1,483 million
	At September 30, 2003	At September 30, 2002	At March 31, 2003
5. Deferred Hedge Gains			
Deferred hedge gains	¥597 million	¥ 21 million	¥ 16 million
Deferred hedge losses	9	298	649
Deferred hedge gains (net)	¥588 million	¥(276) million	¥(632) million

NOTES TO THE STATEMENTS OF INCOME

	FY2004 interim period ended September 30, 2003	FY2003 interim period ended September 30, 2002	FY2003 ended March 31, 2003
1. Significant Components of Reversal of Allowances:			
Allowance for doubtful accounts	¥ 190 million	¥ 525 million	¥ 531 million
Accrued employees' retirement benefits	4,042	3,492	7,362
Directors' retirement benefits	73	94	189
2. Structural reform expenses (During the interim period under review)			
Expenses related to the Company's decision to close the overseas AV equipment production subsidiary Yamaha Electronique Alsace S.A.			
3. Fines and penalties			
The European Commission (EC) fined four of YAMAHA's European musical instrument marketing subsidiaries for alleged breaches of European competition law.			

NOTES TO THE STATEMENTS OF CASH FLOWS

Reconciliation between Cash and Cash Equivalents and Cash and Bank Deposits in the Consolidated Balance Sheets

	FY2004 interim period ended September 30, 2003	FY2003 interim period ended September 30, 2002	FY2003 ended March 31, 2003
Cash and bank deposits	¥44,248 million	¥40,314 million	¥44,485 million
Time deposits with a maturity of more than three months	(1,439)	(488)	(1,509)
Cash and cash equivalents	¥42,808 million	¥39,825 million	¥42,976 million

6. SEGMENT INFORMATION

(1) Business Segments (FY2004 interim period ended September 30, 2003)

(Millions of yen)

	Musical instruments	AV/IT products	Lifestyle- related products	Electronic equipment and metal products	Recreation	Other	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥149,093	¥33,996	¥23,195	¥36,388	¥10,301	¥13,313	¥266,290	¥ —	¥266,290
Intersegment sales or transfers	—	—	—	1,209	—	—	1,209	(1,209)	—
Total sales	149,093	33,996	23,195	37,598	10,301	13,313	267,500	(1,209)	266,290
Operating expenses	139,402	32,567	22,090	23,436	10,766	12,819	241,083	(1,209)	239,873
Operating income (loss)	¥ 9,690	¥ 1,428	¥ 1,105	¥14,161	¥ (464)	¥ 493	¥ 26,416	¥ —	¥ 26,416

Notes: 1. Business Sectors:

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

2. Major products and services of each business segment are shown in "1. The Yamaha Group" on page 3.

(FY2003 interim period ended September 30, 2002)

(Millions of yen)

	Musical instruments	AV/IT products	Lifestyle- related products	Electronic equipment and metal products	Recreation	Other	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥146,175	¥38,482	¥23,574	¥24,885	¥10,301	¥10,343	¥253,763	¥ —	¥253,763
Intersegment sales or transfers	—	—	—	1,732	—	—	1,732	(1,732)	—
Total sales	146,175	38,482	23,574	26,618	10,301	10,343	255,495	(1,732)	253,763
Operating expenses	140,225	37,436	23,025	20,716	11,130	9,855	242,390	(1,732)	240,657
Operating income (loss)	¥ 5,950	¥ 1,045	¥ 548	¥ 5,901	¥ (828)	¥ 487	¥ 13,105	¥ —	¥ 13,105

(FY2003 ended March 31, 2003)

(Millions of yen)

	Musical instruments	AV/IT products	Lifestyle- related products	Electronic equipment and metal products	Recreation	Other	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥292,647	¥83,670	¥46,031	¥60,554	¥20,903	¥20,956	¥524,763	¥ —	¥524,763
Intersegment sales or transfers	—	—	—	2,599	—	—	2,599	(2,599)	—
Total sales	292,647	83,670	46,031	63,153	20,903	20,956	527,363	(2,599)	524,763
Operating expenses	282,854	80,419	45,569	43,870	22,013	20,591	495,320	(2,599)	492,720
Operating income (loss)	¥ 9,792	¥3,250	¥ 461	¥19,282	¥ (1,110)	¥ 365	¥ 32,043	¥ —	¥ 32,043

(2) Geographical Segments (FY2004 interim period ended September 30, 2003)

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania and other areas	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥169,178	¥40,492	¥38,124	¥18,494	¥266,290	¥ —	¥266,290
Intersegment sales or transfers	76,700	758	214	33,259	110,932	(110,932)	—
Total sales	245,879	41,250	38,339	51,754	377,223	(110,932)	266,290
Operating expenses	224,360	39,227	36,047	49,143	348,778	(108,905)	239,873
Operating income (loss)	¥ 21,518	¥ 2,023	¥ 2,291	¥ 2,610	¥ 28,444	¥ (2,027)	¥ 26,416

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 areas: Singapore, Australia

(FY2003 interim period ended September 30, 2002)

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania and other areas	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥158,727	¥44,018	¥35,465	¥15,552	¥253,763	¥ —	¥253,763
Intersegment sales or transfers	80,077	868	386	29,162	110,495	(110,495)	—
Total sales	238,805	44,886	35,852	44,714	364,258	(110,495)	253,763
Operating expenses	227,532	42,749	34,879	43,297	348,458	(107,801)	240,657
Operating income (loss)	¥ 11,272	¥ 2,137	¥ 972	¥ 1,417	¥ 15,799	¥ (2,693)	¥ 13,105

(FY2003 ended March 31, 2003)

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania and other areas	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥326,769	¥88,512	¥76,620	¥32,861	¥524,763	¥ —	¥524,763
Intersegment sales or transfers	137,734	1,675	610	69,090	209,110	(209,110)	—
Total sales	464,503	90,188	77,230	101,951	733,874	(209,110)	524,763
Operating expenses	441,129	86,892	74,801	98,542	701,365	(208,645)	492,720
Operating income (loss)	¥ 23,374	¥ 3,295	¥ 2,429	¥ 3,409	¥ 32,508	¥ (465)	¥ 32,043

(3) Overseas Sales (FY2004 interim period ended September 30, 2003)

(Millions of yen)

	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales	¥41,067	¥38,989	¥24,466	¥104,523
Net sales	—	—	—	266,290
% of net sales	15.4%	14.6%	9.2%	39.2%

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 areas: Singapore, Australia

(FY2003 interim period ended September 30, 2002)

(Millions of yen)

	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales	¥44,633	¥35,576	¥21,344	¥101,553
Net sales	—	—	—	253,763
% of net sales	17.6%	14.0%	8.4%	40.0%

(FY2003 ended March 31, 2003)

(Millions of yen)

	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales	¥89,728	¥77,185	¥45,721	¥212,634
Net sales	—	—	—	524,763
% of net sales	17.1%	14.7%	8.7%	40.5%

7. MARKETABLE SECURITIES**(1) Held-to-Maturity Securities at Market Value**

(Millions of yen)

	FY2004 interim period (as of September 30, 2003)			FY2003 interim period (as of September 30, 2002)			FY2003 (as of March 31, 2003)		
	Carrying value	Estimated fair value	Unrealized gain	Carrying value	Estimated fair value	Unrealized gain	Carrying value	Estimated fair value	Unrealized gain
Government bonds	¥ 260	¥ 262	¥ 1	¥ 270	¥ 274	¥ 4	¥ 270	¥ 274	¥ 4
Corporate bonds	920	924	4	1,642	1,652	9	1,640	1,649	8
Others	2,250	2,264	14	1,750	1,781	30	1,750	1,778	28
Total	¥3,430	¥3,452	¥21	¥3,662	¥3,707	¥44	¥3,661	¥3,702	¥41

(2) Available-for-Sales Securities at Market Value

(Millions of yen)

	FY2004 interim period (as of September 30, 2003)			FY2003 interim period (as of September 30, 2002)			FY2003 (as of March 31, 2003)		
	Acquisition cost	Carrying value	Unrealized gain	Acquisition cost	Carrying value	Unrealized gain	Acquisition cost	Carrying value	Unrealized gain
Stocks	¥11,937	¥20,702	¥8,764	¥18,542	¥21,318	¥2,775	¥11,937	¥12,769	¥832
Bonds									
Corporate bonds	—	—	—	43	50	6	—	—	—
Others	51	45	(5)	51	42	(8)	51	37	(13)
Total	¥11,988	¥20,747	¥8,759	¥18,636	¥21,411	¥2,774	¥11,988	¥12,806	¥818

(3) Book Value of Securities without Market Value

(Millions of yen)

	FY2004 interim period (as of September 30, 2003)	FY2003 interim period (as of September 30, 2002)	FY2003 (as of March 31, 2003)
Other securities			
Unlisted securities (except for over-the-counter traded securities)	¥6,982	¥3,853	¥6,929

Note: During the interim consolidated accounting period, stocks with market values included under other marketable securities are not subject to impairment loss.

The impairment loss in such securities is recognized when market value at the period end declines 30% or more from the carrying (acquisition) cost, except when it is anticipated that the market value is recoverable (based on consideration of such factors as trends in market prices and the financial condition of issuers).

(Amounts Per Share)

(Yen)

	FY2004 interim period (Apr. 1, 2003–Sept. 30, 2003)	FY2003 interim period (Apr. 1, 2002–Sept. 30, 2002)	FY2003 (Apr. 1, 2002–Mar. 31, 2003)
Net assets per share	¥1,176.57	¥999.26	¥1,040.06
Net income per share	127.38	48.86	86.65
Net income per share after adjustment for latent stock	117.52	44.24	77.32

Note: Basis for calculations of net income per share and net income per share after adjustment for latent stock

	FY2004 interim period (Apr. 1, 2003–Sept. 30, 2003)	FY2003 interim period (Apr. 1, 2002–Sept. 30, 2002)	FY2003 (Apr. 1, 2002–Mar. 31, 2003)
Net assets per share			
Net income	¥26,258 million	¥10,075 million	¥17,947 million
Value not attributed to common stock	—	—	82
Portion distributed as directors' bonuses	—	—	82
Value attributed to common stock	26,258	10,075	17,864
Average number of outstanding shares during the fiscal year (thousand shares)	206,140	206,199	206,177
Net income per share after adjustment for latent stock			
Net income adjustment value	(734) million	(464) million	(1,069) million
Portion of interest on corporate bonds (after excluding value corresponding to tax)	136	136	273
Portion of interest on investments accounted for by equity method	(870)	(601)	(1,342)
Increase in number of outstanding shares	11,053 thousand shares	11,053 thousand shares	11,053 thousand shares
Portion due to conversion of convertible bonds	11,053 thousand shares	11,053 thousand shares	11,053 thousand shares
Per share value after adjustment for latent shares, due to lack of dilution effect (Latent shares not included in calculations of net income per share)	—	—	—

(Important Events Subsequent to the Balance Sheet Date)

1. Employees' Pension Fund, Substitutional Portion

The Company and certain consolidated Japanese subsidiaries received approval for exemption from obligations for future expenditures from the Minister of Health, Labour and Welfare on November 1, 2003, with regard to the substitutional portion of the Employees' Pension Fund in line with the Law on the Defined Benefit Pension Plan taking effect.

Yamaha and certain consolidated Japanese subsidiaries plan not to apply the transitional provision established in Chapter 47, Paragraph 2, of the Japanese Institute of Certified Public Accountants (JICPA) Accounting Committee Report No. 13 "Practical Guidelines of Accounting for Retirement Benefits (Interim Report)" and instead plan to recognize the difference between the accrued employee retirement benefits related to the substitutional portion on the day that the substitutional portion of the Employees' Pension Fund was returned and a sum equivalent to the value of returned pension assets as income or loss.

The Company estimates that the application of the aforementioned transitional provision would have created consolidated extraordinary gains of approximately ¥15.2 billion. However, due to fluctuations in the market value of pension assets and the fact that the value of the substitutional portion cannot be determined until the return date, actual extraordinary gains would differ from these projections.