YAMAHA CORPORATION

Flash Report

Consolidated Basis

Results for the fiscal year ended March 31, 2009

April 30, 2009

Company name:	YAMAHA CORPORATION (URL http://www.yamaha.com)
Code number:	7951
Stock listing:	Tokyo Stock Exchange (First Section)
Address of headquarters:	10-1, Nakazawa-cho, Naka-ku, Hamamatsu, Shizuoka 430-8650, Japan
Representative director:	Mitsuru Umemura, President and Representative Director
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Scheduled date of Ordinary General Shareholders' Meeting:	June 25, 2009
Scheduled date to submit Securities Report:	June 26, 2009
Scheduled date to begin dividend payments:	June 26, 2009

1. Results for FY2009.3 (April 1, 2008–March 31, 2009)

Figures of less than ¥1 million have been omitted.

(1) Consolidated Operating Results

	Net sales		Operating income		Ordinary income		Net income (loss)	
	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	Millions of yen	% change from the previous fiscal year
FY2009.3 (Ended March 31, 2009)	**¥459,284**	**(16.3)%**	**¥13,845**	**(57.8)%**	**¥11,979**	**(63.2)%**	**¥(20,615)**	—
FY2008.3 (Ended March 31, 2008)	¥548,754	(0.3)%	¥32,845	18.6%	¥32,584	(23.6)%	¥39,558	42.0%

	Net income (loss) per share	Net income (loss) per share after full dilution	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2009.3 (Ended March 31, 2009)	**¥(103.73)**	**—**	**(7.0)%**	**2.5%**	**3.0%**
FY2008.3 (Ended March 31, 2008)	¥191.76	—	11.5%	5.9%	6.0%

(For reference) Equity in earnings (loss) of non-consolidated subsidiaries and affiliates:
FY2009.3 ¥ (7) million
FY2008.3 ¥145 million

(2) Consolidated Financial Data

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2009.3 (As of March 31, 2009)	**¥408,974**	**¥251,841**	**60.9%**	**¥1,262.42**
FY2008.3 (As of March 31, 2008)	¥540,347	¥343,028	62.9%	¥1,646.44

(For reference) Shareholders' equity:
FY2009.3 ¥248,995 million
FY2008.3 ¥339,644 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investment 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
FY2009.3 (Ended March 31, 2009)	**¥(2,235)**	**¥(25,999)**	**¥(31,041)**	**¥41,223**
FY2008.3 (Ended March 31, 2008)	¥37,225	¥41,999	¥(19,314)	¥103,371

2. Dividends

Base date	Dividends per share					Total dividends (annual)	Dividend propensity (consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full fiscal year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2008.3	—	¥25.00	—	¥25.00	¥50.00	¥10,314	26.1%	3.0%
FY2009.3	**—**	**¥27.50**	**—**	**¥15.00**	**¥42.50**	**¥ 8,382**	**—**	**2.9%**
FY2010.3 (Forecast)	—	¥15.00	—	¥15.00	¥30.00		—	

Note: Breakdown of dividends for FY2008.3, 2009.3, and forecast for FY2010.3:

End of the interim period of FY2008.3:	Regular dividend of ¥15.00, special dividend of ¥10.00
End of the fiscal year of FY2008.3:	Regular dividend of ¥15.00, special dividend of ¥10.00
End of the second quarter of FY2009.3:	Regular dividend of ¥17.50, special dividend of ¥10.00
End of the fiscal year of FY2009.3:	Regular dividend of ¥ 5.00, special dividend of ¥10.00
Forecast for the end of the second quarter of FY2010.3:	Regular dividend of ¥ 5.00, special dividend of ¥10.00
Forecast for the end of the fiscal year of FY2010.3:	Regular dividend of ¥ 5.00, special dividend of ¥10.00

3. Consolidated Financial Forecasts for FY2010.3 (April 1, 2009–March 31, 2010)

(Percentage figures for full fiscal year are changes from the previous fiscal year, and those for the first half are changes from the previous same period.)

	Net sales		Operating income		Ordinary income (loss)		Net income (loss)		Net income (loss) per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2010.3 First Half	¥212,500	(15.2)%	¥1,300	(90.2)%	¥ (200)	—	¥(1,900)	—	¥(9.63)
FY2010.3	¥439,000	(4.4)%	¥6,000	(56.7)%	¥3,000	(75.0)%	¥ 0	—	¥ 0.00

4. Others

(1) Changes in the state of material subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): No

(2) Changes in principles, procedures, methods of presentation, etc., related to the consolidated financial statements (Changes in material items that form the basis for the preparation and presentation of the consolidated financial statements)

(a) Changes related to revisions in accounting principles: Yes
(b) Changes other than those in (a) above: No

Note: For further details, please refer to the item "Changes in Accounting Methods" on page 23 in the section "*a) Basis and Method of Evaluation of Significant Assets, 3. Inventories*" and "*(7) Changes in Material Items Which Form the Basis for Preparation of the Consolidated Financial Statements*" on page 25.

(3) Number of shares issued (common shares)

(a) Number of shares at the end of the period (including treasury stock)
FY2009.3 197,255,025 shares FY2008.3 206,524,626 shares
(b) Number of treasury stock
FY2009.3 17,461 shares FY2008.3 234,581 shares

Note: For an explanation of the number of shares used for computing net income per share (consolidated), please refer to "*Per Share Information*" on page 44.

Additional Information: Non-Consolidated Results

1. Non-consolidated results for FY2009.3 (April 1, 2008－March 31, 2009)

(1) Non-consolidated operating results (% changes are increases/decreases from the previous period)

	Net sales		Operating income		Ordinary income		Net income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2009.3 (Ended March 31, 2009)	**¥274,638**	**(13.0)%**	**¥1,240**	**(90.0)%**	**¥4,367**	**(75.7)%**	**¥(18,865)**	**—**
FY2008.3 (Ended March 31, 2008)	¥315,645	(2.3)%	¥12,344	(1.7)%	¥17,941	(9.7)%	¥62,024	448.4%

	Net income (loss) per share	Net income (loss) per share after full dilution
	Yen	Yen
FY2009.3 (Ended March 31, 2009)	¥(94.92)	—
FY2008.3 (Ended March 31, 2008)	¥300.66	—

(2) Non-consolidated financial data

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2009.3 (As of March 31, 2009)	**¥299,090**	**¥200,880**	**67.2%**	**¥1,018.47**
FY2008.3 (As of March 31, 2008)	¥407,739	¥277,894	68.2%	¥1,347.11

(For reference) Shareholders' equity: FY2009.3 ¥200,880 million FY2008.3 ¥277,894 million

Explanation of the appropriate use of performance forecasts and other related items

Forecasts of consolidated performance shown on page 2 were prepared based on information available at the time of the announcement. Actual consolidated performance may differ from forecasts owing to a wide range of factors.

For further information, please refer to page 6.

Commentary Information and Financial Statements

1. Management Performance

(1) Analysis of Management Performance

1. Review of the Fiscal Year (FY2009.3)

During the fiscal year ended March 31, 2009, the economic environment deteriorated suddenly, first in the United States, and then in Europe, Japan, and elsewhere, as the effects of the financial crisis triggered by the subprime loan issue in the United States encroached on the real global economy. In Japan also, the sharp increases in prices of oil and other raw materials in the first half of the year, along with the sudden appreciation of the yen in the second half, put pressure on corporate profitability. Uncertainty mounted as concerns about employment conditions spread along with adjustments in production, and consumer spending weakened substantially, thus bringing severe economic conditions.

Amid this operating environment, the Yamaha Group invested actively in developing high-value-added products and in business domains with growth potential, while expanding its sales in China and working to develop its position in newly emerging markets. In addition, Yamaha implemented initiatives to close and consolidate production bases in Japan and overseas to raise profitability and increase management efficiency through the realignment of its sales subsidiaries in Europe.

To cope with the slowdown in the world economy, which exceeded all previous expectations, Yamaha formed a Management Reform Committee and implemented emergency measures to improve performance, including cutting expenses, reviewing investments and events, and adopting other emergency measures. In parallel with these activities, Yamaha is moving forward with the thoroughgoing review of its businesses to implement structural reforms that would open the way to the future.

Sales for the fiscal year amounted to ¥459.3 billion (a decline of 16.3% from previous fiscal year). This decrease was due to declines in revenues in all business segments, a drop of approximately ¥34.9 billion owing to sales decrease from foreign currency effects, and a decline of about ¥14.3 billion because of the sales of electronic metal products business and a portion of recreation facilities.

Profitwise, operating income for the fiscal year amounted to ¥13.8 billion (a decline of 57.8% from previous fiscal year), and ordinary income was ¥12.0 billion (down 63.2% from the previous fiscal year). The net loss for the fiscal year amounted to ¥20.6 billion. The main cause of this net loss was due to the expenses related to business structural reforms, losses on the impairment of noncurrent assets, loss on valuation of investments in capital of subsidiaries and affiliates, a decline in deferred tax assets, and other factors. (Net income in the previous fiscal year amounted to ¥39.6 billion due to the reporting of extraordinary income from the sale of a portion of Yamaha Corporation's holdings of Yamaha Motor Co., Ltd., shares.)

Results of operation by business segment were as follows:

Musical Instruments

Sales of pianos declined because of weakness in demand in Japan and North America, which more than offset increases in sales in the Chinese market. Sales of electronic musical instruments also decreased, reflecting mainly deterioration in conditions in the North American market. In the wind, string, and percussion instruments business, sales declined. Sales of professional audio equipment, which were expected to show growth, were at about the same level as in the previous fiscal year because of the deterioration in market conditions. Sales in the music entertainment business were favorable, reflecting good performances in the musical entertainment media business, including CDs, as well as the musical publications field. Revenue from educational businesses rose, despite flat revenues from Yamaha music schools, as revenues from English-language schools rose as a result of increases in enrollment in courses for four- and five-year-old children.

As a result of these circumstances, sales of this segment amounted to ¥306.6 billion (a decline of 9.8% from the previous fiscal year), and operating income was ¥19.2 billion (31.3% lower than previous fiscal year).

AV/IT

Sales in the audio business declined because of difficult conditions in the AV receiver and home theater products field in North America and Europe. In addition, sales of routers and commercial karaoke equipment decreased.

As a consequence, sales of this segment were ¥56.7 billion (a decline of 19.9% from the previous fiscal year), and the operating loss amounted to ¥0.4 billion (compared with operating income of ¥1.8 billion in the previous fiscal year).

Electronic Devices

Accompanying the transfer of the electronic metal products business in the previous fiscal year, the name of the former electronic equipment and metal products segment was changed to the electronic devices segment from this fiscal year.

In the semiconductor business, sales of LSI sound chips for mobile phones declined substantially owing to the ongoing shift to sound generation software and deterioration in the domestic market. Sales of LSI sound chips for amusement devices also declined.

As a result, sales of this segment amounted to ¥22.0 billion (a decline of 51.2% from previous fiscal year). Factors accounting for this drop included the transfer of the electronic metal products business, which resulted in a decline of approximately ¥9.2 billion in sales. After excluding the effect of this transfer, real sales were down approximately ¥13.9 billion. The segment reported an operating loss of ¥2.5 billion (compared with operating income of ¥1.9 billion for the previous fiscal year).

Lifestyle-Related Products
In the system kitchen and system bathroom businesses, although there was a surge in demand for new housing starts owing to the favorable tax treatment of housing loans, sales decreased due to the subsequent deterioration in economic conditions.

Therefore, sales of this segment amounted to ¥43.1 billion (a decline of 5.3% from previous fiscal year), and the operating loss was ¥0.3 billion (compared with operating income of ¥0.6 billion for the previous fiscal year).

Others
In the recreation business, Yamaha sold four of its six recreation facilities during the previous fiscal year, and the results of the former recreation segment are included in the others segment from this fiscal year.

In the golf products, sales remained strong mainly in domestic market. In the automobile interior wood components and magnesium molded parts, market conditions continued to be challenging and sales decreased. In addition, sales of the recreation business declined because of the effect of the previously mentioned sale of certain facilities.

As a consequence, sales of this segment amounted to ¥30.8 billion (which represented a decline of 34.9% if the recreation business is included in the total for the previous year). The sale of the four recreation facilities resulted in a decline of approximately ¥5.1 billion, and, if this effect is excluded, sales were down about ¥11.5 billion.

The operating loss for this segment was ¥2.1 billion (compared with operating income of ¥0.6 billion for the previous fiscal year, including the recreation business).

Please note that the Company’s Board of Directors, at its meeting held on March 19, 2009, decided to withdraw from the magnesium molded parts business.

Performance by geographic at segment was as follows:

In Japan, sales amounted to ¥247.6 billion (a decline of 15.6% from the previous fiscal year), and the operating loss was ¥1.6 billion (compared with operating income of ¥14.6 billion for the previous fiscal year). Sales in North America were ¥66.3 billion (a decline of 26.2% from the previous fiscal year), and operating income was ¥1.9 billion (a drop of 61.9% from the prior year). Sales in Europe amounted to ¥86.3 billion (a decline of 15.5% from the previous fiscal year), and operating income was ¥5.2 billion (a decline of 11.1% from the previous fiscal year). In Asia (outside Japan), Oceania, and other area, sales were ¥59.1 billion (a decline of 6.8% from the previous fiscal year), and operating income was ¥7.8 billion (a decline of 2.0% from the previous fiscal year).

Sales by region were as follows:

The percentage of consolidated net sales in overseas markets for the fiscal year was 48.9%, 0.7 percentage point lower than in the previous fiscal year.

Japan
Sales on a consolidated basis in Japan for the fiscal year were ¥234.8 billion (representing a decline of ¥41.8 billion or 15.1% from the previous fiscal year). This decrease was primarily due to lower sales of semiconductors, automobile interior wood components, and magnesium molded parts.

North America
Sales in North America amounted to ¥66.4 billion (representing a decline of ¥23.5 billion, or 26.2%, from the previous fiscal year). Decreases in sales were reported in the pianos, electronic musical instruments, wind instruments, audio products, and certain other businesses as a result of deterioration in market conditions. Sales on a real basis, after exclusion of foreign currency effects, were down about ¥13.7 billion.

Europe
Sales in Europe were ¥86.8 billion (a decline of ¥17.3 billion, or 16.6%, from the previous fiscal year). Declines in sales were reported in audio products and certain other businesses. Sales on a real basis, after the exclusion of foreign currency effects, decreased about ¥4.1 billion.

Asia, Oceania, and Other Areas
Sales in Asia (excluding Japan), Oceania, and other area amounted to ¥71.2 billion (a decline of ¥6.9 billion, or 8.8%, from the previous fiscal year). Sales remained strong principally in China and Latin America, but sales in South Korea, which had been a driving force in sales in Asia, declined because of the adverse impact of the depreciation of the won. Sales on a real basis, after the exclusion of foreign currency effects, increased about ¥5.0 billion.

2. Forecast for FY2010.3

The forecast for FY2010.3 is as follows:

In the musical instruments segment, the Company expects to report further progress in the realignment of its production bases and in reducing manufacturing costs. The Company also plans to strengthen its sales infrastructure in growth markets and improve the profitability of its sales bases in Japan and overseas. However, these positive factors will be offset by the effects of the appreciation of the yen and the global downturn, and the Company expects decline in sales and profit.

In the AV/IT segment, the Company will work to expand sales in HiFi systems and other products, and implement measures to reduce manufacturing costs. However, a decline in sales is forecast because of the effects of the appreciation of the yen and the global downturn.

In the electronic devices segment, declines are expected to continue in demand of LSI sound chips for mobile phones, but an improvement in profitability is forecast because of the positive effects of structural reforms through the withdrawal from the silicon microphone business and the reporting of impairment losses on noncurrent assets in fiscal year ended March 31, 2009.

The lifestyle-related products segment is forecast to report an increase in profitability as a result of measures to reduce manufacturing costs.

In the others segment, a decline in sales is forecast owing to the withdrawal from the magnesium molded parts business and the decline in demand for automobile interior wood components.

As a consequence, in FY2010.3, the Company is forecasting consolidated net sales of ¥439.0 billion (a decrease of 4.4% from the previous fiscal year), operating income of ¥6.0 billion (a decline of 56.7%), ordinary income of ¥3.0 billion (a decline of 75.0%), and net income of ¥0.0 billion (versus a net loss of ¥20.6 billion in the fiscal year ended March 31, 2009).

(2) Analysis of Financial Position

1. Consolidated Financial Position
1) Assets
Total assets declined ¥131.4 billion (a decline of 24.3%) from the end of the previous fiscal year, to ¥409.0 billion.

Of this total, current assets were down ¥73.7billion (26.7%), to ¥202.1 billion. In addition, noncurrent assets fell ¥57.7 billion (21.8%), to ¥206.9 billion.

The decline in current assets was primarily due to decreases in cash and bank deposits as well as marketable securities (negotiable certificates of deposit) owing to the payment of income taxes and purchase of treasury stock. The drop in noncurrent assets was mainly due to a decline in the value of investment securities owing to low quoted values of available-for-sale securities.

2) Liabilities
Total liabilities decreased ¥40.2 billion (20.4%), to ¥157.1 billion.

Of this total, current liabilities fell ¥30.1 billion (25.1%), to ¥90.1 billion, and noncurrent liabilities were down ¥10.1 billion (13.0%), to ¥67.1 billion.

The decline in current liabilities was mainly due to a drop in income taxes payable. The drop in noncurrent liabilities was mainly the result of a decline in deferred tax liabilities accompanying declines in the quoted value of available-for-sale securities.

3) Net Assets
Net assets decreased ¥91.2 billion (26.6%), to ¥251.8 billion.

Principal factors accounting for this decline were the decline in retained earnings due to the reporting of a net loss for the fiscal year, the purchase and cancellation of treasury stock, and the payment of cash dividends. Another factor contributing to the decline was a drop in the total valuation and translation adjustments account accompanying the decrease in the quoted value of available-for-sale securities.

4) Cash Flows
Cash and cash equivalents (hereinafter, cash) at the end of the fiscal year ended March 31, 2009, showed a net decline of ¥62.9 billion (versus an increase of ¥57.5 billion in the previous fiscal year), and stood at ¥41.2 billion at the end of the period.

Cash Flows from Operating Activities
As a result of income taxes paid of ¥23.6 billion and other factors, net cash used in operating activities amounted to ¥2.2 billion (compared with net cash provided by operating activities of ¥37.2 billion in the previous fiscal year).

Cash Flows from Investment Activities
Net cash used in investment activities amounted to ¥26.0 billion (compared with net cash provided by investing activities of ¥42.0 billion in the previous fiscal year). This net cash outflow was used primarily to purchase noncurrent assets.

Cash Flows from Financing Activities
Net cash used in financing activities amounted to ¥31.0 billion (compared with net cash used in financing activities of ¥19.3 billion in the previous fiscal year). Financial cash outflows included the purchases of treasury stock and the payments of cash dividends.

Please note, that to secure funding for the medium term, Yamaha has arranged for commitment lines from financial institutions for a total of ¥20 billion.

•Trends in Cash-Flow Indicators

	FY2009.3	FY2008.3	FY2007.3	FY2006.3	FY2005.3
Shareholders' equity ratio	**60.9%**	62.9%	62.0%	60.8%	54.4%
Shareholders' equity ratio based on current market price	**46.2%**	72.8%	97.0%	82.5%	63.1%
Ratio of interest-bearing debt to cash flow	**(883.4)%**	58.0%	65.7%	113.9%	121.1%
Interest coverage ratio	**(3.5) times**	34.5 times	40.9 times	23.5 times	38.7 times

(Calculation Methods)
Shareholders' equity ratio (%) = total shareholders' equity ÷ total assets
Shareholders' equity ratio based on current market price (%) = total market value of common stock ÷ total assets
Ratio of interest-bearing debt to cash flow (%) = interest-bearing debt ÷ net cash flows (used in) provided by operating activities
Interest coverage ratio (times) = net cash flows (used in) provided by operating activities ÷ interest payments
Notes: 1. All indicators are calculated based on consolidated financial figures.
2. Interest-bearing debt includes all balance-sheet debt for which interest payments are being made.
3. Figures for net cash flows provided by operating activities and interest payments are those from the cash flows from operating activities and interest paid from consolidated statements of cash flows.

2. Forecast for FY2010.3

Regarding the forecast for FY2010.3, net cash flows from operating activities are expected to increase compared with the FY2009.3, mainly due to a decrease in payments of income taxes. Regarding cash flows from investment activities, the Company is scheduled to reduce its capital investment compared with FY2009.3.

(3) Basic Policy for Allocation of Profit and Dividends for FY2009.3 and FY2010.3

The Company has adopted a basic policy for allocating profit that is linked to the level of consolidated net income in the medium term and provides for increasing the ratio of consolidated net income to shareholders' equity by making additions to retained earnings that are appropriate for strengthening the Company's management position through investments in R&D, sales capabilities, capital equipment and facilities, and other areas, while also providing a dividend to shareholders that reflects consolidated performance. Specifically, the Company will endeavor to sustain stable dividends and sets a goal of 40% for its consolidated dividend payout ratio.

Following this policy, for the year-end dividend of FY2009.3, in view of the worldwide economic downturn and the substantial deterioration in its consolidated performance, the Company regrets that it will pay a regular dividend on its common stock of ¥5 per share (representing a decline of ¥10 per share) and a special dividend of ¥10 per share, thus bringing the year-end dividend for this fiscal year to ¥15 per share.

Regarding dividends for FY2010.3, the Company is planning to decrease its regular dividend of ¥22.5 per share by ¥12.5 to ¥10.0 per share and pay a special dividend of ¥20.0 per share, for a total of ¥30.0 per share for the full fiscal year. (The breakdown of this ¥30.0 per share dividend is ¥15.0 per share for interim period and ¥15.0 per share for fiscal year-end. Special dividend of ¥10.0 per share is included, respectively).

The special dividend will be paid as part of the Company's policy to return a portion of the proceeds from the sale of its holdings of Yamaha Motor Co., Ltd. shares.

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.

(4) Types of Business Risk

Among the matters covered in this Flash Report, items that may have a material impact on the decisions of investors include those listed and described below. In addition, information related to future events as related in the text are based on judgments made by the Yamaha Group at the end of the fiscal year.

1. Economic Conditions
The Yamaha Group is developing its business activities globally and therefore is subject to the influence of economic conditions in Japan and other countries. Recessions in world markets and accompanying declines in demand may have a negative effect on the Group's business results and the development of its business activities.

2. Price Competition
The Yamaha Group confronts severe competition in each of its business segments. For example, in the musical instruments segment, the Company is a comprehensive manufacturer of musical instruments and sells high-quality, high-performance instruments covering a broad price spectrum. However, the Company confronts competitors in each musical instruments field, and, especially in recent years, competition in the lower price segments has become more intense.

Also, in AV/IT segment, as competitors and products manufactured in China gain a stronger presence in the market, depending on reforms in logistics and distribution and trends in new technology, this business may be exposed to further growing price competition, which would have an impact on the Group's current strong position in this area.

3. Development of New Technologies
The Group will focus management resources on "The Sound Company" business domain and will endeavor to create an unassailably strong position as the world's leader in the comprehensive production of musical instruments. The Group has developed the activities of its AV/IT segment, focusing mainly on HiFi AV products, and the activities of its electronic devices business, concentrating on LSI sound chips built on its core operations in the semiconductor business.

Differentiating the Group's technologies in the field of sound, music, and network is indispensable for the Group's further development and growth. If, in its technological development activities, the Group does not continue to forecast future market needs correctly and meet these needs accurately, the value added of its products in the musical instruments segment will decline, and it may have to deal with price competition. The Group will then face the added problem of being unable to stimulate new demand for its products and may find it difficult to continue its AV/IT and electronic devices businesses.

4. Business Investment Risk
The Group makes investments in its businesses to promote their expansion, but, even if in making investment decisions the Group understands investment return and risk qualitatively and quantitatively and makes careful, considered judgments, under certain circumstances, the Group may be unable to recover a portion or the full amount of its investments or may decide to withdraw from the business. In such cases, there is a possibility that the value of assets invested in such businesses may have to be written down.

5. Business Alliances
The Group forms alliances with other companies, makes investments in other companies, forms joint ventures, and conducts other similar activities, and, in recent years, the partnerships with other companies has grown in importance. In some cases, the anticipated beneficial effects of such partnerships may not materialize because of conflicts of interest with the partners, changes in the business strategies of such partners, and for other reasons.

6. Reliance on Customers for Materials and Parts
The Group's manufacturing and sale of its products—including semiconductors, such lifestyle-related products as system kitchens, automobile interior wood components, and materials and parts—are dependent on the performance of its customers for these materials. When the bonds of trust between such customers and Group companies are impaired by delivery, quality, or other issues, this will have a negative impact on future orders. Moreover, there is also a possibility that Group companies may be requested by customers to pay compensation in the event of quality problems or other defects.

7. Expansion of Business Operations into International Markets
The Yamaha Group has established manufacturing and marketing bases in various parts of the world and has developed its operations globally. Of the Group's 88 consolidated subsidiaries, 46 are foreign corporations, and, of this total, 19 companies are manufacturers located overseas, with principal manufacturing bases concentrated in China, Indonesia, and Malaysia and 48.9% of the Group's net sales generated overseas.

As a result, the Group may face certain risks, as listed below, arising from its operations in overseas markets. If such risks should arise, such as the difficulties of having manufacturing facilities concentrated in certain regions, there is a possibility the Group may not be able to continue to provide stable supplies of its products. Such risks include:

(a) Political and economic turmoil, terrorism, and war
(b) The introduction of disadvantageous policies or impositions or changes in regulations
(c) Unexpected changes in laws and regulations
(d) Difficulty in recruiting personnel
(e) Difficulty in procuring raw materials and parts as well as issues related to the level of technology
(f) Distribution problems due to harbor strikes, etc.

8. Increases in Raw Materials Prices, Adequacy of Raw Material Supplies, and Rising Logistics Costs
The Group makes use of raw materials in manufacturing its products, including lumber, metals such as copper, and plastics for parts. Increases in the prices of these materials will bring increases in manufacturing costs. In addition, in the case of certain kinds of material, the Group obtains supplies from certain specified suppliers. Supply conditions for such materials may have an impact on the Group's manufacturing activities.

In addition, if, as a result of the increase in crude oil prices, logistics costs rise, this may be the cause of increases in the ratios of manufacturing costs and cost of sales to net sales.

9. Effects of Trend toward Declining Birthrate
In the Group's core business of musical instruments, the Group is continuing to develop its music school and English-language school businesses, which are primarily attended by children, and one of the channels for sales of musical instruments is through schools. If the ongoing trends, especially in Japan, toward a declining birthrate and having fewer children continue, these trends may lead to a decline in sales of musical instruments and related sales.

10. Recruitment and Training of Personnel
The average age of the Company's workforce is relatively high, with a significant number of workers in the upper age brackets and a great number of employees approaching the set retirement age.

Therefore, some important issues for the Company will be transferring skills for the manufacturing of musical instruments and other products to the next generation, recruiting and training the next group of employees, and dealing with changes in the Company's employment structure. If the Company is unable to respond sufficiently to changes in its employment structure, this may be an obstacle to the future growth of its business activities.

11. Protection and Use of Intellectual Property
The Group has rights to intellectual property, including patents and other rights related to its proprietary technology as well as operating know-how. Some of this intellectual property cannot be fully protected, or only protected marginally, because of the limitations of legal systems in certain regions. Therefore, there may be instances where the Group cannot effectively prevent third parties from misusing its intellectual property. As a result, some products of other companies may appear in the market that are similar to or copies of those of Group companies, thus leading to the impairment of the Group's sales. In addition, there may be cases where third parties point out that the Group's products infringe on their own intellectual property rights. As a result, there is a possibility that sales of Group products that use the intellectual property in question may be delayed or suspended.

There are also instances where the Group is licensed in the intellectual property of third parties to produce key components for its products. Any increases in royalties paid for such intellectual property will result in higher manufacturing costs and may have an effect on price-competitiveness. Moreover, when the Group is unable to receive licenses for certain intellectual property, it may have to suspend manufacturing of the related products.

12. Defects in Products and Services
The Yamaha Group supervises the quality of its products in accordance with its corporate rules for quality assurance. However, there is no guarantee that all products will be free of defects. The Group takes out insurance against product liability claims, but there is no guarantee that this insurance will be sufficient to cover payment of damages. If issues related to product liability arise, then it is likely that insurance rates will increase. In addition, if costs related to the recovery of products, exchange and repair, and making changes in design increase, the reputation of the Group in society will be damaged, which may result in a loss of sales; and the performance and financial position of the Group may deteriorate.

Also, although the Group pays careful attention to safety and sanitation at the retail shops, music schools, recreation establishments, and other facilities that it operates, in the event of the occurrence of an accident, this may require a temporary cessation of operations at the stores, music schools, or facilities as well as cause damage to the Group's reputation; this, in turn, may lead to a decline in sales.

13. Legal Regulations
All the Group's business operations around the world are subject to the laws and regulations of the countries where they are located. Examples of such regulations include laws that cover foreign investment, restrictions on exports and imports that may have an effect on national security, commercial activity, anti-trust issues, consumer protection regulations, tax systems, and environmental protection. In addition, the Group must handle personal information about its customers safely and confidentially. The Yamaha Group takes special care to ensure that its activities are in compliance with legal regulations, but in the event that it unexpectedly fails to comply with certain laws, there is a possibility that the Group's activities may be restricted and costs may increase as a result.

14. Environmental Regulations
There is a trend toward making environmental regulations governing business activities more stringent, and corporations are being requested to fulfill their corporate social responsibilities through the implementation of voluntary environmental programs. The Yamaha Group works to implement policies that exceed the requirements of environmental regulations as regards products, packaging materials, energy conservation, and the processing of industrial waste. However, there is no guarantee that the Group can completely prevent or reduce the occurrence of accidents in which restricted substances are released into the environment at levels exceeding established regulations. Moreover, in cases where soil pollution has occurred on the land formerly occupied by industrial plants, it may be necessary to spend substantial amounts of money for soil remediation when it is sold in the future, or it may be impossible to sell the land. There is also a possibility that the soil on land that has already been sold to third parties may release substances that are restricted, thus resulting in pollution of the air or underground water and requiring expenditures for cleaning and remediation.

15. Information Leakage
The Group has important information regarding management and business matters as well as personal information related to a wide range of individuals. To manage this important information properly, the Group has prepared policies and rules and put into place systems for guarding the security of this information. In the event that this information is mistakenly leaked outside the Group, this may have a major impact on the Group's business activities or result in a decline in the confidence society and the general public place in the Group.

16. Fluctuations in Foreign Currency Exchange Rates
The Yamaha Group conducts manufacturing and sales activities in many parts of the world, and Group company transactions that are denominated in foreign currencies may be affected by fluctuations in currency rates. The Group makes use of forward currency hedge transactions to minimize the impact of foreign exchange rate fluctuations in the short term. However, there may be instances where the Group cannot implement its initial business plans due to exchange rate fluctuations. Especially in the case of the yen and euro exchange rate, a ¥1 change will have an impact on profitability of about ¥400 million.

17. Effects of Earthquakes and Other Natural Disasters
In the event of earthquakes and other natural disasters, the production plants of the Yamaha Group may be damaged. In particular, the Company's Head Office, domestic plants, and major subsidiaries are concentrated in Shizuoka Prefecture, which is located in the Tokai region of Japan, where a major earthquake has been forecast for some years. In addition, the Group's overseas manufacturing plants are concentrated in China, Indonesia, and Malaysia, where there is concern about the occurrence of unexpected natural disasters.

In the event of such natural disasters, the Yamaha Group may suffer damage to its facilities and may also be obliged to suspend or postpone operation as well as incur major costs for returning these facilities to operating condition.

18. Items Related to Changes in Financial Position

a. Valuation of Investment Securities
The companies of the Yamaha Group hold stock and other securities issued by their corporate customers and other companies that have quoted market values. (Representing acquisition costs of ¥17.1 billion and recorded on the consolidated balance sheets as ¥49.9 billion as of March 31, 2009.) Since other securities with quoted market values are revalued at each balance sheet date based on the mark-to-market valuation method, there is a possibility that the value of such securities may fluctuate from period to period. As a result, this may have an impact on the Company's net assets. In addition, in cases where the market value of these securities falls markedly in comparison to their acquisition cost, there is a possibility that the value of such securities will have to be written down.

b. Unrecognized Losses on Land Valuation
At the end of FY2009.3, the market value of the Group's land, revalued in accordance with relevant legal regulations, including the Law concerning Reevaluation of Land, was ¥12.1 billion below the carrying value of such land on the Group's balance sheets. In the event of the sale, or other disposal, of such land, this unrealized loss will be recognized and this may negatively affect the Yamaha Group's business results and/or financial position.

c. Retirement and Severance Liabilities and Related Expenses
The Yamaha Group computes its liabilities and expenses for retirement and severance based on its retirement and severance systems, a discount rate, and an expected rate of return on pension plan assets. In certain cases, the retirement and severance systems may be changed and the estimate of such liabilities may change every accounting period. As a result, there is a possibility that retirement benefit liabilities and related costs may increase.

Especially in the event that expected returns on management of such assets cannot be realized because of declines in stock prices and other factors, unrealized actuarial losses may arise, and there is a possibility that expenses for retirement and severance purposes may increase.

2. The Yamaha Group

The Yamaha Group consists of Yamaha Corporation in Japan, 106 subsidiaries, and 12 affiliates and is involved in a wide range of businesses, including the musical instruments, AV/IT, electronic devices, lifestyle-related products, and others segments.

Our major products and services and major consolidated subsidiaries, 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-language schools, Music entertainment software, and Piano tuning	Yamaha Music Tokyo Co., Ltd., and 9 other domestic musical instruments sales subsidiaries Yamaha Music Entertainment Holdings, Inc. and five other companies Yamaha Corporation of America Yamaha Canada Music Ltd.* Yamaha Music Europe GmbH* Yamaha Music UK Ltd. * Yamaha Musique France* PT. Yamaha Music Manufacturing Asia Yamaha Music & Electronics (China) Co., Ltd. * Tianjin Yamaha Electronic Musical Instruments, Inc. Hangzhou Yamaha Musical Instruments Co., Ltd.
AV/IT	Audio products and IT equipment	Yamaha Electronics Marketing Corporation Yamaha Electronics Corporation USA Yamaha Canada Music Ltd. * Yamaha Music Europe GmbH* Yamaha Music UK Ltd. * Yamaha Musique France* Yamaha Electronics Manufacturing (M) Sdn Bhd Yamaha Music & Electronics (China) Co., Ltd. *
Electronic devices	Semiconductors	Yamaha Kagoshima Semiconductor Inc.
Lifestyle-related products	System kitchens, System bathrooms, and Washstands	Yamaha Livingtec Corporation
Others	Golf products, Automobile interior wood components, FA equipment, Metallic molds and components, Accommodation facilities, and Sports facilities	Yamaha Fine Technologies Co., Ltd.

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

3. Management Policies

(1) Basic Management Policy

The Yamaha Group aims to sustain its growth as a company that draws on its accumulated technologies and know-how in its core field of sound and music as it works together with people throughout the world to enrich culture and create *kando**. To this end, the Company will expedite decision-making processes, work to create technological innovation, strengthen its capabilities for responding to rapidly changing markets, and meet customer needs through the constant development and provision of superior-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 strong competitive position in the global marketplace. Furthermore, the Company is seeking to increase the transparency of its management, make certain that it can realize solid business performance, and accumulate and distribute earnings appropriately to ensure that it can meet the expectations of shareholders and investors. At the same time, the Company strives to act in accordance with the responsibilities as an exemplary corporate citizen by giving due consideration to safety and environmental protection and promoting its own rigorous compliance with relevant laws and regulations.

****Kando*** is a Japanese word that signifies an inspired state of mind.

(2) Management Indicators Taken as Objectives

FY2010.3 will be the concluding year of the Company's current medium-term management plan "YGP2010 (Yamaha Growth Plan 2010), covering the period from FY2008.3 to FY2010.3." However, to respond to the sudden changes in the operating environment and restructure the Company's management foundation, Yamaha has positioned FY2010.3 as a time for setting the directions for its next medium-term plan. Going forward, the Company will determine and assess market and business conditions and then move forward with preparation of the Company's future management vision and management indicators aimed at realizing this plan.

Regarding consolidated performance in the next fiscal year ending March 31, 2010, including financial position, and other matters, the Company will work to improve its performance and strengthen its business and financial positions as outlined and described in the following sections of this report: Page 2: "Consolidated Financial Forecasts for FY2010.3;" Page 6: "Analysis of Management Performance: 2. Forecast for FY2010.3;" and Page 8: "Analysis of Financial Position: 2. Forecast for FY2010.3."

(3) The Group's Medium- to Long-Term Management Strategy and Issues to Be Addressed

Yamaha believes that the operating environment surrounding its business activities will continue to present severe challenges because the adverse effects of the global financial crisis have encroached on the real economy, and the yen has experienced sudden appreciation. Based on this understanding, during FY2010.3, which will be the final year under the Company's medium-term management plan YGP2010, Yamaha is actively working to address the issues discussed below to respond swiftly to changes in the operating environment and structure a strong management base.

1. Principal Initiatives by Business Segment

•***Musical Instruments***
Currently, the Group is implementing thoroughgoing measures to reduce fixed costs through the realignment of its production bases and the reform of its business processes; develop products from the customers' perspective; expand sales of high-value-added products; and further expand its business activities in China and other emerging markets. Regarding NEXO S.A., a company Yamaha purchased in the previous year, the Company will succeed to and continue the NEXO brand and use that company's know-how to substantially strengthen its development and proposal capabilities in the commercial audio equipment business domain. In the music entertainment business, under Yamaha Music Entertainment Holdings, Inc., the Group will work to discover and nurture new artists as well as actively develop other related activities with the objective of expanding sales of related products and continuing to strengthen its business base in this area.

•***AV/IT***
The Group will endeavor to expand sales in this segment by strengthening its lineup of products, including AV receivers, front-surround systems, and HiFi systems as well as its capabilities for presenting proposals for commercial information-related equipment, including routers.

•***Electronic Devices***
In this segment, the Group will strive to secure profitability in the LSI sound chips for mobile phone business by increasing the value added of its product offerings as well as expand the scope of its business beyond LSI sound chips to include digital amplifiers, mobile codecs, and other products.

•***Lifestyle-Related Products***
In this segment, the Group will work to increase profitability by strengthening its lineup of products, centering around system kitchens, and lower manufacturing costs as it also implements measures to strengthen its marketing capabilities through the development of new sales channels and the use of showrooms.

•***Others***
In the golf products business, the Group will continue its growth strategy and strive to substantially increase the awareness of the "inpres" brand. In the factory automation (FA) business, the Group will move forward with the development of equipment for IT

products and the automobile industry that helps to achieve environment-friendly objectives as it expands sales channels for these products. In the automobile interior wood components business, the Group will aim to improve profitability by enhancing its ability to respond swiftly to fluctuations in production, including manufacturer model changes, and create appropriate business systems.

In the recreation business, the Group is working to improve the profitability of its Tsumagoi and Katsuragi facilities and increase the contribution of these facilities to building the Yamaha brand.

2. Address Companywide Themes to Promote the Group's Growth Strategy

The Company and Yamaha Motor Co., Ltd., are promoting initiatives to increase the value of the Yamaha brand through their Joint Brand Committee. In addition, the Group is endeavoring to strengthen and make use of its human resources to respond to the changes in the management environment, and revitalizing its R&D activities.

3. Enhance Corporate Governance to Bolster Comprehensive Group Strengths

The organized redevelopment of internal control systems on a Groupwide basis is continuing. Moreover, regarding corporate social responsibility (CSR) activities, the Group is engaged in activities to contribute to society, including providing support for concerts, and is undertaking a wide range of environmentally conscious activities, including reducing the burden of its activities on the natural environment and the recycling of resources. In addition, to prepare for disasters and other contingencies, the Group has prepared a basic business continuation policy (BCP) and is proceeding with activities to improve its capabilities for responding swiftly in times of emergencies.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2009.3 (As of Mar. 31, 2009)	FY2008.3 (As of Mar. 31, 2008)
ASSETS		
Current assets:		
Cash and deposits	**¥ 41,373**	¥ 73,619
Notes and accounts receivable—trade	**51,938**	68,680
Short-term investment securities	**1,280**	31,200
Inventories	—	76,304
Merchandise and finished goods	**56,580**	—
Work in process	**13,526**	—
Raw materials and supplies	**10,588**	—
Deferred tax assets	**10,905**	17,642
Other	**17,307**	11,861
Allowance for doubtful accounts	**(1,401)**	(3,554)
Total current assets	**202,097**	275,754
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	**38,885**	42,602
Machinery, equipment and vehicles, net	**13,271**	18,594
Tools, furniture and fixtures, net	**9,925**	13,115
Land	**56,690**	61,134
Lease assets, net	**521**	—
Construction in progress	**8,318**	4,129
Total property, plant and equipment	**127,613**	139,575
Intangible assets:		
Goodwill	**306**	1,304
Other	**3,290**	1,166
Total intangible assets	**3,596**	2,471
Investments and other assets:		
Investment securities	**57,131**	109,943
Long-term loans receivable	**436**	265
Deferred tax assets	**9,566**	2,065
Lease and guarantee deposits	**6,234**	6,264
Other	**3,452**	4,910
Allowance for doubtful accounts	**(1,155)**	(904)
Total investments and other assets	**75,667**	122,544
Total noncurrent assets	**206,876**	264,592
Total assets	**¥408,974**	¥540,347

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

	FY2009.3 (As of Mar. 31, 2009)	FY2008.3 (As of Mar. 31, 2008)
		(Millions of yen)
LIABILITIES		
Current liabilities:		
Notes and accounts payable—trade	**¥ 25,625**	¥ 35,017
Short-term loans payable	**14,216**	14,419
Current portion of long-term loans payable	**1,483**	4,472
Accounts payable-other and accrued expenses	**34,012**	41,443
Income taxes payable	**2,090**	14,916
Specific advances received	**1,385**	1,840
Deferred tax liabilities	**64**	7
Provision for directors' bonuses	—	120
Provision for product warranties	**3,380**	3,755
Provision for sales returns	**159**	98
Provision for business structural reform expenses	**3,161**	—
Deferred unrealized profit	—	6
Other	**4,469**	4,077
Total current liabilities	**90,050**	120,174
Noncurrent liabilities:		
Long-term loans payable	**3,491**	2,145
Deferred tax liabilities	**126**	13,999
Deferred tax liabilities for land revaluation	**16,776**	16,811
Provision for retirement benefits	**27,628**	25,311
Long-term deposits received	**16,723**	17,040
Other	**2,336**	1,836
Total noncurrent liabilities	**67,083**	77,144
Total liabilities	**157,133**	197,318
NET ASSETS		
Shareholders' equity:		
Capital stock	**28,534**	28,534
Capital surplus	**40,054**	40,054
Retained earnings	**176,739**	229,307
Treasury stock	**(29)**	(326)
Total shareholders' equity	**245,298**	297,570
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	**19,817**	48,945
Deferred gains or losses on hedges	**(394)**	207
Revaluation reserve for land	**18,769**	14,861
Foreign currency translation adjustment	**(34,495)**	(21,940)
Total valuation and translation adjustments	**3,697**	42,074
Minority interests	**2,845**	3,383
Total net assets	**251,841**	343,028
Total liabilities and net assets	**¥408,974**	¥540,347

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

(2) Consolidated Statements of Operations

(Millions of yen)

	FY2009.3 (Apr. 1, 2008–Mar. 31, 2009)	FY2008.3 (Apr. 1, 2007–Mar. 31, 2008)
Net sales	**¥459,284**	¥548,754
Cost of sales	**290,381**	343,686
Gross profit	**168,902**	205,067
Deferred unrealized profit	—	(1)
Total gross profit	**168,902**	205,066
Selling, general and administrative expenses	**155,057**	172,220
Operating income	**13,845**	32,845
Non-operating income:		
Interest income	**737**	1,203
Dividends income	**1,864**	2,721
Equity in earnings of affiliates	—	145
Other	**1,254**	2,120
Total non-operating income	**3,856**	6,192
Non-operating expenses:		
Interest expenses	**615**	1,068
Sales discounts	**3,416**	4,105
Other	**1,690**	1,278
Total non-operating expenses	**5,722**	6,453
Ordinary income	**11,979**	32,584
Extraordinary income:		
Gain on sales of noncurrent assets	**284**	1,656
Reversal of provision for product warranties	**272**	288
Gain on sales of investment securities	**5**	763
Gain on liquidation of subsidiaries	**231**	—
Gain on sales of stocks of subsidiaries' and affiliates' stocks	—	29,756
Reversal of provision for business structural reform expenses	—	260
Total extraordinary income	**793**	32,725
Extraordinary loss:		
Loss on retirement of noncurrent assets	**906**	870
Loss on valuation of investment securities	**277**	263
Loss on valuation of stocks of subsidiaries and affiliates	**163**	63
Loss on valuation of investment in capital of subsidiaries and affiliates	**3,301**	66
Special retirement expenses	**96**	814
Impairment loss	**15,323**	—
Business structural reform expenses	**4,863**	—
Loss on sales of stocks of subsidiaries and affiliates	—	699
Loss on sales of investments in capital of subsidiaries and affiliates	—	21
Total extraordinary loss	**24,932**	2,799
Income (loss) before income taxes and minority interests	**(12,159)**	62,510
Income taxes—current	**3,790**	17,552
Income taxes—deferred	**4,924**	4,710
Total income taxes	**8,714**	22,263
Minority interests in income (loss)	**(258)**	689
Net income (loss)	**¥ (20,615)**	¥ 39,558

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

Consolidated Statements of Changes in Shareholders’ Equity

(Millions of yen)

	FY2009.3 (Apr. 1, 2008–Mar. 31, 2009)	FY2008.3 (Apr. 1, 2007–Mar. 31, 2008)
Shareholders’ equity		
Capital stock		
Balance at the end of previous period	**¥28,534**	¥28,534
Changes of items during the period		
Total changes of items during the period	**—**	—
Balance at the end of current period	**28,534**	28,534
Capital surplus		
Balance at the end of previous period	**40,054**	40,054
Changes of items during the period		
Total changes of items during the period	**—**	—
Balance at the end of current period	**40,054**	40,054
Retained earnings		
Balance at the end of previous period	**229,307**	260,555
Changes of items during the period		
Dividends from surplus	**(10,581)**	(7,736)
Net income (loss)	**(20,615)**	39,558
Change of scope of consolidation	**981**	(656)
Retirement of treasury stock	**(18,328)**	—
Change of scope of equity method	**—**	(60,275)
Reversal of revaluation reserve for land	**(3,907)**	(2,137)
Other	**(115)**	—
Total changes of items during the period	**(52,567)**	(31,247)
Balance at the end of current period	**176,739**	229,307
Treasury stock		
Balance at the end of previous period	**(326)**	(339)
Changes of items during the period		
Change of scope of equity method	**—**	43
Purchase of treasury stock	**(18,032)**	(29)
Retirement of treasury stock	**18,328**	—
Total changes of items during the period	**296**	13
Balance at the end of current period	**(29)**	(326)
Total shareholders' equity		
Balance at the end of previous period	**297,570**	328,804
Changes of items during the period		
Dividends from surplus	**(10,581)**	(7,736)
Net income (loss)	**(20,615)**	39,558
Change of scope of consolidation	**981**	(656)
Change of scope of equity method	**—**	(60,232)
Reversal of revaluation reserve for land	**(3,907)**	(2,137)
Purchase of treasury stock	**(18,032)**	(29)
Other	**(115)**	—
Total changes of items during the period	**(52,271)**	(31,234)
Balance at the end of current period	**¥245,298**	¥297,570

(Millions of yen)

	FY2009.3 (Apr. 1, 2008–Mar. 31, 2009)	FY2008.3 (Apr. 1, 2007–Mar. 31, 2008)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	**¥48,945**	¥13,718
Changes of items during the period		
Net changes of items other than shareholders' equity	**(29,128)**	35,227
Total changes of items during the period	**(29,128)**	35,227
Balance at the end of current period	**19,817**	48,945
Deferred gains or losses on hedges		
Balance at the end of previous period	**207**	(406)
Changes of items during the period		
Net changes of items other than shareholders' equity	**(601)**	614
Total changes of items during the period	**(601)**	614
Balance at the end of current period	**(394)**	207
Revaluation reserve for land		
Balance at the end of previous period	**14,861**	18,116
Changes of items during the period		
Net changes of items other than shareholders' equity	**3,907**	(3,254)
Total changes of items during the period	**3,907**	(3,254)
Balance at the end of current period	**18,769**	14,861
Foreign currency translation adjustment		
Balance at the end of previous period	**(21,940)**	(13,765)
Changes of items during the period		
Net changes of items other than shareholders' equity	**(12,555)**	(8,175)
Total changes of items during the period	**(12,555)**	(8,175)
Balance at the end of current period	**(34,495)**	(21,940)
Total valuation and translation adjustments		
Balance at the end of previous period	**42,074**	17,662
Changes of items during the period		
Net changes of items other than shareholders' equity	**(38,377)**	24,411
Total changes of items during the period	**(38,377)**	24,411
Balance at the end of current period	**3,697**	42,074
Minority interests		
Balance at the end of previous period	**3,383**	4,931
Changes of items during the period		
Net changes of items other than shareholders' equity	**(538)**	(1,547)
Total changes of items during the period	**(538)**	(1,547)
Balance at the end of current period	**2,845**	3,383
Total net assets		
Balance at the end of previous period	**343,028**	351,398
Changes of items during the period		
Dividends from surplus	**(10,581)**	(7,736)
Net income (loss)	**(20,615)**	39,558
Change of scope of consolidation	**981**	(656)
Change of scope of equity method	—	(60,232)
Reversal of revaluation reserve for land	**(3,907)**	(2,137)
Purchase of treasury stock	**(18,032)**	(29)
Other	**(115)**	—
Net changes of items other than shareholders' equity	**(38,916)**	22,864
Total changes of items during the period	**(91,187)**	(8,369)
Balance at the end of current period	**¥251,841**	¥343,028

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

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2009.3 (Apr. 1, 2008–Mar. 31, 2009)	FY2008.3 (Apr. 1, 2007–Mar. 31, 2008)
Net cash provided by (used in) operating activities:		
Income (loss) before income taxes and minority interests	**¥(12,159)**	¥ 62,510
Depreciation and amortization	**17,912**	20,289
Impairment loss	**15,323**	—
Amortization of goodwill	**1,422**	539
Increase (decrease) in allowance for doubtful accounts	**(116)**	(366)
Loss on sales of subsidiaries and affiliates' stock	—	699
Loss (gain) on sales of investments in capital of subsidiaries and affiliates	—	21
Loss on valuation of stocks of subsidiaries and affiliates	**163**	63
Loss on valuation of investments in capital of subsidiaries and affiliates	**3,301**	66
Loss (gain) on valuation of investment securities	**277**	263
Increase (decrease) in provision for retirement benefits	**2,456**	(1,276)
Interest and dividends income	**(2,601)**	(3,925)
Interest expenses	**615**	1,068
Foreign exchange losses (gains)	**(144)**	393
Equity in (earnings) losses of affiliates	**7**	(145)
Loss (gain) on sales of investment securities	**(4)**	(763)
Gain on sales of subsidiaries and affiliates' stock	—	(29,756)
Loss (gain) on sales of noncurrent assets	**(284)**	(1,656)
Loss on retirement of noncurrent assets	**906**	870
Business structural reform expenses	**4,863**	—
Extra retirement payment	**96**	814
Gain on liquidation of subsidiaries	**(231)**	—
Decrease (increase) in notes and accounts receivable-trade	**13,432**	3,093
Decrease (increase) in inventories	**(8,859)**	(3,844)
Increase (decrease) in notes and accounts payable-trade	**(9,540)**	(1,800)
Other, net	**(7,433)**	(4,040)
Subtotal	**19,399**	43,118
Interest and dividends income received	**2,649**	3,912
Interest expenses paid	**(638)**	(1,079)
Income taxes paid	**(23,646)**	(8,725)
Net cash provided by (used in) operating activities	**(2,235)**	37,225
Net cash provided by (used in) investing activities:		
Net decrease (increase) in time deposits	**423**	(298)
Purchase of property, plant and equipment	**(20,522)**	(25,364)
Proceeds from sales of property, plant and equipment	**1,397**	6,316
Purchase of investments in subsidiaries resulting in change in scope of consolidation	**(8,073)**	—
Purchase of investment securities	**(99)**	(84)
Proceeds from sales and redemption of investment securities	**3,015**	811
Purchase of stocks of subsidiaries and affiliates	**(630)**	(2,268)
Proceeds from sales of stocks of subsidiaries and affiliates	**60**	67,778
Payments for investments in capital of subsidiaries and affiliates	**(869)**	(3,020)
Decline due to exclusion from consolidation accompanying sale of equity investments in affiliates	—	(3)
Payments for investments in capital	**(0)**	(0)
Payments of loans receivable	**(893)**	(2,314)
Collection of loans receivable	**228**	445
Other, net	**(36)**	2
Net cash provided by (used in) investing activities	**(25,999)**	41,999
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	**176**	190
Proceeds from long-term loans payable	**2,756**	2,212
Repayment of long-term loans payable	**(4,622)**	(4,256)
Proceeds from deposits received from membership	**17**	13
Repayments for deposits received from membership	**(485)**	(9,483)
Purchase of treasury stock	**(18,032)**	(29)
Cash dividends paid	**(10,581)**	(7,736)
Cash dividends paid to minority shareholders	**(228)**	(224)
Other, net	**(41)**	—
Net cash provided by (used in) financing activities	**¥(31,041)**	¥(19,314)

(Millions of yen)

	FY2009.3 (Apr. 1, 2008–Mar. 31, 2009)	FY2008.3 (Apr. 1, 2007–Mar. 31, 2008)
Effect of exchange rate change on cash and cash equivalents	**¥ (3,668)**	¥ (2,398)
Net increase (decrease) in cash and cash equivalents	**(62,943)**	57,512
Cash and cash equivalents at beginning of period	**103,371**	45,926
Increase in cash and cash equivalents from newly consolidated subsidiary	**1,107**	41
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	**(311)**	(108)
Cash and cash equivalents at end of period	**¥ 41,223**	¥103,371

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

(5) Notes Regarding Assumptions as a Going Concern

None

(6) Basic Items for the Preparation of the Consolidated Financial Statements

1. Scope of Consolidation

Consolidated subsidiaries: 88 companies

Beginning with this fiscal year, three domestic and four overseas subsidiaries were newly included in the consolidated Group. In addition, six overseas subsidiaries were removed from the consolidated Group.

Names of major consolidated subsidiaries:

The names of major consolidated subsidiaries are listed in the section of this report entitled “2. The Yamaha Group” on page 12 and therefore are not shown here.

The name of the major non-consolidated subsidiary that is not included in the consolidated Group and the reasons for its exclusion are as follows:

YAMAHA AI WORKS CO., LTD.

The effect of the assets, net sales, net income/loss, and retained earnings of this non-consolidated subsidiary on the consolidated financial statements was not material in total.

2. Application of Equity Method

Non-consolidated subsidiaries accounted for by the equity method: two companies

Beginning with this fiscal year, one company accounted for by the equity method is newly included.

Major non-consolidated subsidiary to which the equity method has not been applied:

YAMAHA AI WORKS CO., LTD.

Reasons why the equity method has not been applied:

The effect of net income/loss and retained earnings of this non-consolidated subsidiary on the consolidated financial statements, considered individually and in total, was not material.

3. Fiscal Year of Consolidated Subsidiaries

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

Yamaha de México, S.A. de C.V.
Yamaha Musical do Brasil Ltda.
Tianjin Yamaha Electronic Musical Instruments, Inc.
Yamaha Trading (Shanghai) Co., Ltd.
Xiaoshan Yamaha Musical Instrument Co., Ltd.
Yamaha Music & Electronics (China) Co., Ltd.
Yamaha Electronics (Suzhou) Co., Ltd.
Hangzhou Yamaha Musical Instruments Co., Ltd.
Yamaha Music Technical (Shanghai) Co., Ltd.

The fiscal periods of all of the above-listed nine companies ended December 31, and the determination of these accounts was based on rational procedures in accordance with procedures for regular accounts.

4. Accounting Standards

a) Basis and Method of Evaluation of Significant Assets

1. Marketable Securities

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

Available-for-sale Securities

With market value:	Stated at fair market value as of the balance sheet date (changes in fair value are accounted for under the direct addition to the net assets method, and the periodic average method is used to calculate the sale value.)
Without market value:	At cost, determined by the periodic average method

2. Derivatives

At fair value

3. Inventories
Inventories of the Company and its domestic consolidated subsidiaries are stated principally at the cost method (method of reducing book value when the contribution of inventories to profitability declines). 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.

Changes in Accounting Methods
Beginning with the fiscal year, accompanying the application of "Accounting Standards for Measurement of Inventories" (ASBJ Statement No. 9, issued by ASBJ on July 5, 2006), the method of measurement of inventories was changed from the lower of cost or market method to the cost method (method of reducing book value when the contribution of inventories to profitability declines). This change had no effect on profit and loss for current fiscal year.

b) Depreciation Methods for Material Depreciable Assets

1. Property, plant and equipment (Excluding Lease Assets)
Mainly calculated by the declining-balance method except certain consolidated subsidiaries that employ the straight-line method.

Useful lives of property, plant and equipment are as follows:

Buildings:	31-50 years (attachment facilities are mainly 15 years)
Structures:	10-30 years
Machinery and equipment:	4-9 years
Tools, furniture and fixtures:	5-6 years (metallic molds are mainly 2 years)

In addition, for those depreciable assets purchased prior to March 31, 2007, the residual amounts are depreciated in equal installments over the five years beginning with the year following the year when they are depreciated to the allowable depreciation limit.

Supplementary Information
Beginning with this fiscal year, accompanying revisions in Japan's income tax law in fiscal 2008, the Company and its domestic consolidated subsidiaries have reviewed the useful lives of their property, plant and equipment. As a result, the useful lives of machinery and equipment included among property, plant and equipment have been changed from the previous 4- to 11-year range to the 4- to 9-year range.

The effect of this change on profit and loss for current fiscal year was not material.

2. Lease Assets
Lease assets regarding finance leases, other than those for which the ownership transfers to the lessee

The method employed is to take the useful life of the asset as the term of the lease and depreciate the residual value to zero.

Please note that, for finance leases for which ownership is not transferred to the lessee and which commenced prior to the application of these accounting standards, the Company adopts accounting standards normally applicable to ordinary rental transactions.

c) Accounting for Reserves and Allowances

1. Allowance for Doubtful Accounts
To properly evaluate accounts receivable and make provisions for possible losses on doubtful accounts, provisions for normal accounts in good standing are calculated using historical default ratios based on debt loss experience. Provisions for specific doubtful accounts are calculated by examining the probability of recovery for individual accounts and setting aside an amount equivalent to the portion deemed to be unrecoverable.

2. Provision for Directors' Bonuses
To provide for the payment of bonuses to Directors, the projected amount of such bonuses is set aside as a reserve.

3. Provision for Product Warranties
To provide for the expense of repairing products after their sale, the amount of provision for product warranties is determined using ratios of expense to net sales and unit sales based on past experience or using expense estimates for individual product categories.

4. Provision for Business Structural Reform Expenses
To provide for expenses that will arise in the course of realignments of the Company's businesses, etc., the estimated amount of such expenses is provisioned to this reserve.

5. Provision for Retirement Benefits
Employees' retirement benefits are provided on an accrual basis based on the projected retirement benefit obligation and the pension fund assets calculated as of the end of the period.

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

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

d) Foreign Currency Transactions and Translation
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 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. Foreign currency translation adjustments are included in the translation adjustments and minority interests item under net assets.

e) 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. Hedging Instruments and Hedged Items

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

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 of 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 are clear; therefore, there is no need to evaluate such effectiveness.

f) Other Material Items for Preparing the Consolidated Financial Statements

1. Accounting for Consumption Tax
Income and expenses are recorded net of consumption tax.

2. Criteria for Presentation of Finance Lease (as Lessor)
In the case of finance leases where the Company is the lessor in the transaction, other than those for which the ownership transfers to the lessee, the leased assets are entered under lease investment assets, and, regarding the accounting criteria for income related to finance lease transactions, sales and cost of sales are recognized at the time the lease fees are received.

5. Valuation of Assets and Liabilities of Consolidated Subsidiaries
Assets and liabilities of subsidiaries are valued using the full fair value method.

6. Amortization of Goodwill
The excess of costs over the net assets of acquired subsidiaries is amortized over a period of five years on a straight-line basis.

7. Scope of Cash Equivalents in Consolidated Statements of Cash Flows
Currency on hand, bank deposits, and 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.

(7) Changes in Material Items Which Form the Basis for Preparation of the Consolidated Financial Statements

Changes in Accounting Methods

1. Accounting Standards for Lease Transactions

Beginning with this fiscal year, accompanying the application of the "Accounting Standards for Lease Transactions" (ASBJ Statement No. 13, originally issued by ASBJ on June 17, 1993, and the final revision issued on March 30, 2007) and "Implementation Guidance on Accounting Standards for Lease Transactions (ASBJ Guidance No. 16, originally issued by ASBJ on January 18, 1994, and the final revision issued on March 30, 2007), the accounting treatment for finance leases for which ownership is not transferred to the lessee has been changed from methods applicable to ordinary rental transactions to methods applicable to ordinary buying and selling transactions.

Please note that, for finance leases for which ownership is not transferred to the lessee and which commenced prior to the application of these accounting standards, the Company adopts accounting standards normally applicable to ordinary rental transactions.

The effect of this change on profit and loss for current fiscal year was not material.

2. Application of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Beginning with this fiscal year, accompanying the application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force, No. 18, issued by ASBJ on May 17, 2006), necessary revisions have been made in consolidated financial statements.

As a result, the effect on profit and loss for current fiscal year and retained earnings at the end of the fiscal year was not material.

The rights to the use of land at a certain overseas subsidiary were included and presented in the item "land" until the end of the previous fiscal year. Such rights are now included in the "other" item under intangible assets and amounted to ¥1,503 million as of the end of current fiscal year.

Changes in Methods of Presentation

1. Consolidated Balance Sheet

Accompanying the application of revisions of certain of the rules for financial statements, as contained in a cabinet order (Cabinet Order No. 50, issued on August 7, 2008), certain items previously presented in "inventories" through the end of prior fiscal year are now presented in "merchandise and finished goods," "work in process," and "raw materials and supplies" in this fiscal year. Please note that the values of items previously included in "inventories," but now included in "merchandise and finished goods," "work in process," and "raw materials and supplies" were, respectively, ¥50,699 million, ¥16,150 million, and ¥9,453 million for the fiscal year ended March 31, 2008.

(8) Notes to the Consolidated Financial Statements

Notes to the Consolidated Balance Sheets

1. Accumulated Depreciation of Property, Plant and Equipment

(Millions of yen)

	FY2009.3 (As of March 31, 2009)	FY2008.3 (As of March 31, 2008)
Accumulated depreciation of property, plant and equipment	**¥216,107**	¥215,202

2. Mortgaged Assets

(Millions of yen)

	FY2009.3 *1 (As of March 31, 2009)	FY2008.3 *2 (As of March 31, 2008)
Of marketable securities	**¥ 695**	¥ 600
Of property, plant and equipment	**204**	207
Of investment securities	**370**	695
Total	**¥1,270**	¥1,503

*1: The above assets were pledged as collateral for short-term loans of ¥59 million and specific advances received of ¥1,385 million.

*2: The above assets were pledged as collateral for short-term loans of ¥20 million and specific advances received of ¥1,840 million.

3. Investments in Non-Consolidated Subsidiaries and Affiliates

(Millions of yen)

	FY2009.3 (As of March 31, 2009)	FY2008.3 (As of March 31, 2008)
Investment securities	**¥2,269**	¥2,573
Other assets of investments and other assets (capital investments)	**2,061**	3,245

4. Contingent Liabilities

(Millions of yen)

	FY20093 (As of March 31, 2009)	FY2008.3 (As of March 31, 2008)
Contingent liabilities	The Company is acting as guarantor for the borrowings from financial institutions of the following company: Hamamatsu Cable Television Co., Ltd.	Guarantees, etc., of operating liabilities
	¥592 (The actual amount guaranteed by the Company is ¥46 million.)	¥823

5. Discount on Export Bills Receivable

(Millions of yen)

	FY2009.3 (As of March 31, 2009)	FY2008.3 (As of March 31, 2008)
Discount on export bills receivable	**¥354**	¥1,040

6. Revaluation of Land

The Company and a consolidated subsidiary have carried out the revaluation of landholdings in accordance with the Law Regarding the Partial Revision to the Land Revaluation Law (Law No. 34, published on March 31, 1998).

(1) Date of Revaluation

One consolidated subsidiary: March 31, 2000

The Company: March 31, 2002

(2) Revaluation Method

As provided for in Article 2-3 of the Enforcement Order for the Land Revaluation Law (Cabinet Order No. 119, issued on March 31, 1998), land values were determined based on the “land prices registered in the land tax list specified in Article No. 341, No. 10, of the Local Tax Law or the supplementary land tax list specified in No. 11 of the same Article No. 341.”

(3) Difference between Current Market Value at Year-End and Book Value after Revaluation

(Millions of yen)

	FY2009.3 (As of March 31, 2009)	FY2008.3 (As of March 31, 2008)
Difference in land revaluation	**¥(12,129)**	¥(13,246)

Notes to the Consolidated Statements of Operations

1. Principal Items of Selling, General and Administrative Expenses

(Millions of yen)

	FY2009.3 (Ended March 31, 2009)	FY2008.3 (Ended March 31, 2008)
Sales commissions	**¥ 1,616**	¥ 2,368
Transport expenses	**16,083**	17,359
Advertising expenses and sales promotion expenses	**22,855**	29,033
Allowance for doubtful accounts	**20**	177
Provision for product warranties	**1,798**	1,499
Provision for directors' bonuses	—	120
Provision for retirement benefits	**4,924**	4,218
Salaries and benefits	**63,145**	67,487
Rent	**4,653**	4,638
Depreciation and amortization	**3,858**	4,470

2. R&D Expenses

(Millions of yen)

	FY2009.3 (Ended March 31, 2009)	FY2008.3 (Ended March 31, 2008)
Included in general and administrative expenses and current manufacturing expenses	**¥ 23,218**	¥24,865

3. Gains on Sale of Noncurrent Assets

During the fiscal year, gains were principally related to sales of buildings and structures and land.

4. Loss on Retirement of Noncurrent Assets

Principal items disposed of during the fiscal year were machinery, equipment and vehicles, and buildings and structures.

5. Special Retirement Expenses

Additional retirement expenses were recognized due to the implementation of a special early retirement system.

6. Business Structural Reform Expenses

These expenses include costs accompanying the decision to dissolve overseas manufacturing subsidiaries Taiwan Yamaha Musical Instruments Manufacturing Co., Ltd., and Kemble & Company Ltd.; expenditures incurred for the realignment of the distribution centers in Europe; expenses in connection with the withdrawal from the magnesium molded parts business; expenditures related to the cancellation of activities in the silicon microphone business; and expenses incurred in connection with the withdrawal from the water heater business.

7. Impairment Losses

Outline of asset groups where impairment losses were recognized

(Millions of yen)

Use	Location	Impairment losses	
		Type of asset	Amount
Semiconductor business assets	Aira-gun, Kagoshima Prefecture Iwata-shi, Shizuoka Prefecture	Buildings and structures	¥ 2,070
		Machinery, equipment and vehicles	2,956
		Tools, furniture and fixtures	308
		Land	222
		Total	5,559
Recreation business assets	Katsuragi recreation facility Fukuroi-shi, Shizuoka Prefecture	Buildings and structures	1,132
		Land	2,785
		Total	3,918
Goodwill	Goodwill related to subsidiaries NEXO and Steinberg	Goodwill	5,665
		Total	5,665
Idle assets	Hamamatsu-shi, Shizuoka Prefecture	Buildings and structures	0
		Machinery, equipment and vehicles	166
		Tools, furniture and fixtures	13
		Total	180
Total		Buildings and structures	3,203
		Machinery, equipment and vehicles	3,123
		Tools, furniture and fixtures	322
		Land	3,008
		Goodwill	5,665
		Total	¥15,323

Method for Grouping of Assets

Within its segment classification, the Yamaha Group groups the smallest asset units that generate cash flow together.

Background Leading to the Recognition of Impairment Losses

Regarding the valuation of assets related to the semiconductor business and the recreation business as well as goodwill, the Company recognizes impairment losses on the assets in those businesses that report continuing losses in their operations or are forecast to report losses.

In addition, the Company recognized impairment losses on idle assets that it does not expect to employ.

Calculation of the Recovery Price

The recovery prices of the semiconductor and recreation businesses are estimated using the price-in-use approach, and calculations are made using a 10.0% and 7.5% discount rate, respectively, for computing the present value of future cash flows.

The recoverable value of goodwill related to NEXO S.A. and Steinberg Media Technologies GmbH is measured based on the latest business plan for groups of assets of the related goodwill. The present values of future cash flows are calculated using a discount rate of 11.9% and 11.8% respectively.

The recoverable amount of idle assets is measured by determining the net sale value of such assets, based on estimates prepared by specialists.

Notes to Consolidated Statement of Changes in Shareholders' Equity

FY2009.3 (April 1, 2008－March 31, 2009)

1. Number of Shares Issued

Type of shares	End of previous fiscal year	Increase	Decrease	End of fiscal year
Common shares (Number of shares)	206,524,626	—	9,269,601	197,255,025

Outline of reasons for the changes:
The breakdown of the decrease in common shares:
Decrease owing to cancellation of treasury stocks based on the resolution of the Board of Directors: 9,269,601 shares

2. Treasury Stock

Type of shares	End of previous fiscal year	Increase	Decrease	End of fiscal year
Common shares (Number of shares)	234,581	9,052,481	9,269,601	17,461

Outline of reasons for the changes:
The breakdown of the increase in treasury stock:
Increase owing to purchase of treasury stocks based on the resolution of the Board of Directors: 9,033,800 shares
Increase owing to purchase of outstanding shares less than one trading unit: 18,681 shares

The breakdown of the decrease in treasury stock:
Decrease owing to cancellation of treasury stocks based on the resolution of the Board of Directors: 9,269,601 shares

3. Bonds with Rights to Purchase New Shares

None issued.

4. Cash Dividends

(1) Amount of dividend payments

Date of decision	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Base date	Effective date
June 25, 2008 (General Meeting of Shareholders)	Common shares	¥5,157	¥25.00	Mar. 31, 2008	June 26, 2008
Oct. 31, 2008 (Board of Directors)	Common shares	¥5,424	¥27.50	Sept. 30, 2008	Dec. 10, 2008

(2) Dividends for which the base date falls in the fiscal year, but the effective date of dividends is in the following fiscal year

Date of decision	Type of shares	Source of dividends	Total dividends (Millions of yen)	Dividends per share (Yen)	Base date	Effective date
June 25, 2009 (General Meeting of Shareholders)	Common stock	Retained earnings	¥2,958	¥15.00	Mar. 31, 2009	June 26, 2009

FY2008.3 (April 1, 2007－March 31, 2008)

1. Number of Shares Issued

Type of shares	End of previous fiscal year	Increase	Decrease	End of fiscal year
Common shares (Number of shares)	206,524,626	—	—	206,524,626

2. Treasury Stock

Type of shares	End of previous fiscal year	Increase	Decrease	End of fiscal year
Common shares (Number of shares)	406,347	11,697	183,463	234,581

Outline of reasons for the changes:
The breakdown of the increase in treasury stock:
Increase owing to purchase of outstanding shares less than one trading unit: 11,697 shares

The breakdown of the decrease in treasury stock:
Decrease owing to exclusion of affiliated companies accounted for under the equity method: 183,463 shares

3. Bonds with Rights to Purchase New Shares

None issued.

4. Cash Dividends

(1) Amount of dividend payments

Date of decision	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Base date	Effective date
June 26, 2007 (General Meeting of Shareholders)	Common shares	¥2,578	¥12.50	Mar. 31, 2007	June 27, 2007
Oct. 31, 2007 (Board of Directors)	Common shares	¥5,157	¥25.00	Sept. 30, 2007	Dec. 10, 2007

(2) Dividends for which the base date falls in the fiscal year, but the effective date of dividends is in the following fiscal year

Date of decision	Type of shares	Source of dividends	Total dividends (Millions of yen)	Dividends per share (Yen)	Base date	Effective date
June 25, 2008 (General Meeting of Shareholders)	Common stock	Retained earnings	¥5,157	¥25.00	Mar. 31, 2008	June 26, 2008

Notes to the Consolidated Statements of Cash Flows

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

(Millions of yen)

	FY2009.3 (Ended March 31, 2009)	FY2008.3 (Ended March 31, 2008)
Cash and bank deposits	**¥41,373**	¥ 73,619
Time deposits with maturity of more than three months	**(149)**	(648)
Short-term (securities) investments that are due for redemption in three months or less from the date of purchase	—	30,400
Cash and cash equivalents at end of period	**¥41,223**	¥103,371

2. Breakdown of Principal Assets and Liabilities of a Company Included in Consolidation because of the Purchase of Its Shares Held by the Company

FY2009.3 (April 1, 2008－March 31, 2009)

NEXO S.A. (As of July 1, 2008) (Millions of yen)

Current assets	¥ 1,974
Noncurrent assets	1,491
Goodwill	4,537
Current liabilities	(1,036)
Noncurrent liabilities	(46)
Subtotal	6,920
Shares held prior to acquisition of a controlling interest and others	(888)
Expenditures for acquisition of NEXO S.A. shares	¥(6,032)

Please note that expenditures for the acquisition of additional shares after the consolidation of the company have amounted to ¥2,041 million.

Segment Information

1. Business Segments

FY2009.3 (April 1, 2008－March 31, 2009) (Millions of yen)

	Musical instruments	AV/IT	Electronic devices	Lifestyle-related products	Others	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	**¥ 306,630**	**¥ 56,722**	**¥ 21,975**	**¥ 43,121**	**¥ 30,833**	**¥ 459,284**	**¥ —**	**¥ 459,284**
Intersegment sales or transfers	**—**	**—**	**1,036**	**—**	**—**	**1,036**	**(1,036)**	**—**
Total sales	**306,630**	**56,722**	**23,012**	**43,121**	**30,833**	**460,321**	**(1,036)**	**459,284**
Operating expenses	**287,432**	**57,132**	**25,548**	**43,426**	**32,934**	**446,476**	**(1,036)**	**445,439**
Operating income (loss)	**¥ 19,198**	**¥ (410)**	**¥ (2,536)**	**¥ (305)**	**¥ (2,100)**	**¥ 13,845**	**¥ —**	**¥ 13,845**
Assets	**¥ 271,159**	**¥ 31,589**	**¥ 18,227**	**¥ 18,207**	**¥ 69,791**	**¥ 408,974**	**¥ —**	**¥ 408,974**
Depreciation and amortization	**¥ 10,042**	**¥ 1,631**	**¥ 3,326**	**¥ 1,021**	**¥ 1,889**	**¥ 17,912**	**¥ —**	**¥ 17,912**
Impairment loss	**¥ 5,665**	**¥ —**	**¥ 5,559**	**¥ —**	**¥ 4,099**	**¥ 15,323**	**¥ —**	**¥ 15,323**
Capital expenditures	**¥ 14,793**	**¥ 1,451**	**¥ 3,247**	**¥ 1,006**	**¥ 2,082**	**¥ 22,581**	**¥ —**	**¥ 22,581**

FY2008.3 (April 1, 2007－March 31, 2008) (Millions of yen)

	Musical instruments	AV/IT	Electronic equipment and metal products	Lifestyle-related products	Recreation	Others	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥340,021	¥70,814	¥45,000	¥45,520	¥11,353	¥ 36,044	¥548,754	¥ —	¥548,754
Intersegment sales or transfers	—	—	1,316	—	—	—	1,316	(1,316)	—
Total sales	340,021	70,814	46,316	45,520	11,353	36,044	550,070	(1,316)	548,754
Operating expenses	312,096	68,974	44,452	44,931	12,456	34,313	517,225	(1,316)	515,908
Operating income (loss)	¥ 27,924	¥ 1,839	¥ 1,863	¥ 588	¥ (1,103)	¥ 1,731	¥ 32,845	¥ —	¥ 32,845
Assets	¥311,642	¥43,861	¥33,086	¥21,585	¥ 8,062	¥122,109	¥540,347	¥ —	¥540,347
Depreciation and amortization	¥ 10,156	¥ 1,794	¥ 4,618	¥ 1,063	¥ 926	¥ 1,730	¥ 20,289	¥ —	¥ 20,289
Capital expenditures	¥ 16,472	¥ 2,009	¥ 2,435	¥ 647	¥ 600	¥ 2,228	¥ 24,394	¥ —	¥ 24,394

Notes: 1. Business sectors: Divided into the categories of musical instruments, AV/IT, electronic devices, lifestyle-related products, and others based on consideration of similarities of product type, characteristics and market, etc.

2. Major products and services of each business segment are shown in “2. The Yamaha Group” on page 12.

3. Changes in segment names:
During the previous fiscal year, the Company sold its electronic metal products business, and beginning with the fiscal year, the name of the former electronic equipment and metal products segment has been changed to the electronic devices segment.

4. Supplementary information (changes in business segment classification):
During the previous fiscal year, the Company sold four of its six recreation facilities, and, in view of the decline in materiality of the recreation business for the Company’s consolidated accounts, beginning with this fiscal year, changes have been made to include the recreation business in the others segment. As a result, the figures for the others segment include ¥6,104 million in sales, ¥310 million in operating loss, ¥4,231 million in assets, ¥363 million in depreciation, ¥3,918 million of impairment loss, and ¥182 million of capital expenditure related to the recreation business that were applicable to the fiscal year.

5. Among the assets of the others segment, the amount of investment securities related to Yamaha Motor Co., Ltd. (the market value reported on the consolidated balance sheets) is as follows:
Previous fiscal year: ¥78,206 million
Current fiscal year: ¥37,312 million

2. Geographical Segments

FY2009.3 (April 1, 2008－March 31, 2009) (Millions of yen)

	Japan	North America	Europe	Asia, Oceania, and other areas	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	**¥247,583**	**¥66,295**	**¥86,316**	**¥ 59,088**	**¥459,284**	**¥ —**	**¥459,284**
Intersegment sales or transfers	**144,913**	**1,449**	**1,473**	**66,631**	**214,468**	**(214,468)**	**—**
Total sales	**392,497**	**67,745**	**87,790**	**125,720**	**673,752**	**(214,468)**	**459,284**
Operating expenses	**394,144**	**65,881**	**82,629**	**117,923**	**660,579**	**(215,140)**	**445,439**
Operating income (loss)	**¥ (1,647)**	**¥ 1,863**	**¥ 5,160**	**¥ 7,796**	**¥ 13,173**	**¥ 672**	**¥ 13,845**
Assets	**¥296,737**	**¥30,126**	**¥37,589**	**¥ 63,364**	**¥427,818**	**¥ (18,843)**	**¥408,974**

FY2008.3 (April 1, 2007－March 31, 2008) (Millions of yen)

	Japan	North America	Europe	Asia, Oceania, and other areas	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥293,384	¥89,828	¥102,156	¥ 63,384	¥548,754	¥ —	¥548,754
Intersegment sales or transfers	165,336	1,729	1,134	75,318	243,519	(243,519)	—
Total sales	458,721	91,558	103,290	138,702	792,273	(243,519)	548,754
Operating expenses	444,150	86,664	97,484	130,743	759,042	(243,134)	515,908
Operating income (loss)	¥ 14,571	¥ 4,893	¥ 5,806	¥ 7,959	¥ 33,230	¥ (385)	¥ 32,845
Assets	¥421,207	¥31,368	¥ 44,801	¥ 62,638	¥560,015	¥ (19,668)	¥540,347

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, France, U.K.
Asia, Oceania, and other areas: People's Republic of China, Republic of Korea, Australia

3. Overseas Sales

FY2009.3 (April 1, 2008－March 31, 2009) (Millions of yen)

	North America	Europe	Asia, Oceania, and other areas	Total
Overseas sales	**¥66,392**	**¥86,810**	**¥71,237**	**¥224,440**
Net sales				**¥459,284**
% of net sales	**14.5%**	**18.9%**	**15.5%**	**48.9%**

FY2008.3 (April 1, 2007－March 31, 2008) (Millions of yen)

	North America	Europe	Asia, Oceania, and other areas	Total
Overseas sales	¥89,903	¥104,114	¥78,121	¥272,139
Net sales				¥548,754
% of net sales	16.4%	19.0%	14.2%	49.6%

Note: The classification of countries and regions and the countries and regions that are included in such classification are the same as for information by geographical segment.

Lease Transactions

FY2009.3 (April 1, 2008－March 31, 2009)

[Leasing-In Transactions]

1. Operating Lease Transactions

(1) Future Minimum Lease Payments on Uncancellable Leases

(Millions of yen)

	FY2009.3 (Year ended March 31, 2009)
Due within one year	¥ 660
Due over one year	2,315
Total	¥2,975

2. Finance Leases Transactions for Which Ownership are not Transferred to the Lessee That Commenced prior to the application of "Accounting Standards for Lease Transactions"

(1) Amounts Corresponding to the Acquisition Cost, Accumulated Depreciation, and Balance at the End of the Fiscal Year of Leased Assets

(Millions of yen)

	FY2009.3 (Year ended March 31, 2009)			
	Buildings and structures	Tools, furniture, and fixtures	Others	Total
Acquisition cost	¥2,917	¥709	¥50	¥3,677
Accumulated depreciation	969	394	28	1,391
Net balance at end of year	¥1,948	¥315	¥22	¥2,285

Amounts corresponding to the acquisition cost include interest expense since the balance of future minimum lease payments accounts for only a small percentage of property, plant, and equipment as of the balance sheet date.

(2) Amounts Corresponding to the Future Minimum Lease Payments

(Millions of yen)

	FY2009.3 (Year ended March 31, 2009)
Due within one year	¥ 348
Due over one year	1,936
Total	¥2,285

Amounts corresponding to the future minimum lease payments include interest expense since the balance of future minimum lease payments accounts for only a small percentage of property, plant and equipment as of the balance sheet date.

(3) Amounts Corresponding to the Lease Payments and Depreciation

(Millions of yen)

	FY2009.3 (Year ended March 31, 2009)
Lease payments	¥375
Depreciation	375

(4) Amounts Corresponding to the Depreciation of Leased Assets

Assuming that the residual values are nil, depreciation of leased assets is calculated over the relevant lease periods using the straight-line method.

[Leasing-Out Transactions]

1. Operating Lease Transactions

Future Minimum Lease Payments on Uncancellable Leases

(Millions of yen)

	FY2009.3 (Year ended March 31, 2009)
Due within one year	¥444
Due over one year	429
Total	¥873

FY2008.3 (April 1, 2007－March 31, 2008)

[Leasing-In Transactions]

1. Finance Lease Transactions Other than Those Which Transfer Ownership of the Leased Assets to the Lessee

(1) Amounts Corresponding to the Acquisition Cost, Accumulated Depreciation, and Balance at the End of the Fiscal Year of Leased Assets

(Millions of yen)

	FY2008.3 (Year ended March 31, 2008)		
	Tools, furniture, and fixtures	Others	Total
Acquisition cost	¥1,558	¥144	¥1,703
Accumulated depreciation	854	81	935
Net balance at end of year	¥ 704	¥ 63	¥ 767

Amounts corresponding to the acquisition cost include interest expense since the balance of future minimum lease payments accounts for only a small percentage of property, plant and equipment as of the balance sheet date.

(2) Amounts Corresponding to the Future Minimum Lease Payments

(Millions of yen)

	FY2008.3 (Year ended March 31, 2008)
Due within one year	¥371
Due over one year	396
Total	¥767

Amount corresponding to the future minimum lease payments include interest expense since the balance of future minimum lease payments accounts for only a small percentage of property, plant and equipment as of the balance sheet date.

(3) Amounts Corresponding to the Lease Payments and Depreciation

(Millions of yen)

	FY2008.3 (Year ended March 31, 2008)
Lease payments	¥498
Depreciation	498

(4) Amounts Corresponding to the Depreciation of Leased Assets

Assuming that the residual values are nil, depreciation of leased assets is calculated over the relevant lease periods using the straight-line method.

2. Operating Lease Transactions

Future Minimum Lease Payments

(Millions of yen)

	FY2008.3 (Year ended March 31, 2008)
Due within one year	¥ 425
Due over one year	707
Total	¥1,132

[Leasing-Out Transactions]

1. Finance Lease Transactions Other than Those Which Transfer Ownership of the Leased Assets to the Lessee

(1) Acquisition Costs, Accumulated Depreciation, and Net Balance at Year-End

(Millions of yen)

	FY2008.3 (Year ended March 31, 2008)
	Tools, furniture and fixtures
Acquisition cost	¥5,060
Accumulated depreciation	3,673
Net balance at end of year	¥1,386

(2) Future Minimum Lease Payment Receipts

(Millions of yen)

	FY2008.3 (Year ended March 31, 2008)
Due within one year	¥ 714
Due over one year	1,370
Total	¥2,084

Future minimum lease payments include interest expense since the balance of future minimum lease payments and estimated residual value accounts for only a small percentage of receivable assets as of the balance sheet date.

(3) Lease Payment Receipts and Depreciation

(Millions of yen)

	FY2008.3 (Year ended March 31, 2008)
Lease payment receipts	¥874
Depreciation	552

2. Operating Lease Transactions

Future Minimum Lease Payment Receipts

(Millions of yen)

	FY2008.3 (Year ended March 31, 2008)
Due within one year	¥ 608
Due over one year	487
Total	¥1,096

Information on Transactions with Related Parties

FY2009.3 (April 1, 2008－March 31, 2009)
None

Supplementary information
Beginning with this fiscal year, the “Accounting Standard for Related Party Disclosures” (ASBJ Statement No. 11, issued by ASBJ on October 17, 2006) and “Guidance on Accounting Standard for Related Party Disclosures” (ASBJ Guidance No. 13, issued by ASBJ on October 17, 2006) have been applied.

Please note that there were no material transactions to be disclosed under this accounting standard in this fiscal year.

FY2008.3 (April 1, 2007－March 31, 2008)
1. Directors and Major Individual Shareholders, Etc.

(Millions of yen)

Relationship	Name	Lines of business or occupation	Ownership of voting rights (owned)	Nature of transactions	Amount	Item	Outstanding at end of period
Director	Shuji Ito	Chairman and Director of Yamaha; President of Yamaha Music Foundation	Owned directly: 0.0%	Transactions with Yamaha Music Foundation: Product sales*1 Music school tuition*1 Piano tuning/adjustment income*1 House rent income*1 Business service income*1 Teachers’ expenses*2	 ¥ 46 2 11 222 13 25,681	Notes and accounts receivable Notes and accounts payable	¥ 5 2,209
Director	Tsuneo Kuroe	Director of Yamaha; President of Yamaha Mutual Assistance Foundation	Owned directly: 0.0%	Contribution to membership fee to Yamaha Welfare Foundation*3	61		
		Director of Yamaha; President of Yamaha Health Insurance Union	Owned directly: 0.0%	House rent income from Yamaha Health Insurance Union*1 Health insurance premiums to Yamaha Health Insurance Union*4	6 2,109	Other current assets Accrued expenses and accrued payables	0 109
		Director of Yamaha; President of Yamaha Corporate Pension Fund	Owned directly: 0.0%	House rent income from Yamaha Corporate Pension Fund*1 Contribution to Yamaha Corporation Pension Fund*5	0 2,080		

Notes: 1. The above transactions were conducted on behalf of third parties.
2. The transaction conditions and method of decision making related to the transactions are as follows:
*1. Decisions are made in the same way as for regular transactions.
*2. Decisions are made on a mutual, basic relationship and based on roles in the operation of musical education systems.
*3. Contributions are the same as for members based on the mutual assistance contract.
*4. The Company pays standard monthly insurance premiums, based on the Yamaha Health Insurance Union.
*5. The Company pays premiums as determined by the Yamaha Corporate Pension Fund.

Tax-Effect Accounting

1. Principal Deferred Tax Assets and Tax Liabilities

(Millions of yen)

	FY2009.3 (As of March 31, 2009)	FY2008.3 (As of March 31, 2008)
Deferred tax assets:		
Revaluation loss on inventories	**¥ 2,693**	¥ 1,868
Unrealized gain	**567**	4,007
Allowance for doubtful accounts	**677**	1,495
Depreciation, excess	**10,241**	9,492
Impairment loss	**12,123**	8,479
Revaluation loss on investment securities	**4,595**	3,113
Unpaid bonuses	**2,993**	3,655
Provision for product warranties	**1,170**	1,186
Provision for retirement benefits	**10,837**	9,571
Net operating loss carried forward	**6,527**	1,540
Other	**6,553**	8,779
Subtotal	**58,981**	53,191
Valuation allowance	**(23,228)**	(12,858)
Total deferred tax assets	**35,753**	40,332
Deferred tax liabilities:		
Reserve for advanced depreciation	**(1,543)**	(1,640)
Reserve for special depreciation	**(131)**	(217)
Valuation difference on available-for-sale securities	**(12,971)**	(32,031)
Other	**(826)**	(742)
Total deferred tax liabilities	**(15,471)**	(34,631)
Net deferred tax assets	**¥ 20,281**	¥ 5,701

2. Principal Items Accounting for the Difference between the Statutory Tax Rate and the Effective Tax Rate after Application of Tax-Effect Accounting

	FY2009.3 (As of March 31, 2009)	FY2008.3 (As of March 31, 2008)
Legal effective tax rate	Since the Company showed a net loss on a consolidated basis for the year, this data has been omitted.	39.5 %
Adjustments:		
Non-temporary differences not deductible for tax purposes		(0.5)%
Per capita inhabitants' taxes		0.3 %
Deduction for R&D costs		(2.0)%
Allowances for changes in valuation		(21.2)%
Recognition of equity in earnings of affiliated companies		20.0 %
Adjustment due to changes in tax rates of overseas consolidated subsidiaries		(0.5)%
Corporate tax rate after adjustments for tax-effect accounting		35.6 %

Marketable Securities

1. Marketable Securities to Be Held to Maturity at Market Value (Millions of yen)

	FY2009.3 (As of March 31, 2009)			**FY2008.3 (As of March 31, 2008)**		
	Carrying value	Estimated fair value	Unrealized gain (loss)	Carrying value	Estimated fair value	Unrealized gain (loss)
Securities whose fair value exceeds their carrying value:						
Government bonds	**¥ 670**	**¥ 672**	**¥ 2**	¥ 300	¥ 300	¥ 0
Corporate bonds	**199**	**200**	**0**	—	—	—
Others	**399**	**400**	**0**	299	300	0
Subtotal	**1,269**	**1,272**	**2**	600	601	1
Securities whose carrying value exceeds their fair value:						
Government bonds	**99**	**99**	**(0)**	399	398	(1)
Corporate bonds	**200**	**199**	**(0)**	399	398	(1)
Others	**99**	**99**	**(0)**	699	698	(1)
Subtotal	**400**	**399**	**(0)**	1,499	1,496	(3)
Total	**¥1,669**	**¥1,671**	**¥ 1**	¥2,099	¥2,097	¥(2)

2. Available-for-sale Securities at Market Value (Millions of yen)

	FY2009.3 (As of March 31, 2009)			FY2008.3 (As of March 31, 2008)		
	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:						
Stocks	**¥15,927**	**¥48,960**	**¥33,032**	¥16,491	¥97,568	¥81,076
Others	**—**	**—**	**—**	—	—	—
Subtotal	**15,927**	**48,960**	**33,032**	16,491	97,568	81,076
Securities whose acquisition cost exceeds their carrying value:						
Stocks	**843**	**631**	**(212)**	689	628	(61)
Others	**348**	**319**	**(28)**	68	57	(10)
Subtotal	**1,192**	**950**	**(241)**	757	685	(72)
Total	**¥17,119**	**¥49,911**	**¥32,791**	¥17,248	¥98,253	¥81,004

3. Available-for-sale Securities Sold during the Fiscal Year (Millions of yen)

	FY2009.3 (Year ended March 31, 2009)	FY2008.3 (Year ended March 31, 2008)
Sales value	**¥15**	¥805
Profit on sales	**5**	763
Loss on sales	**0**	—

4. Book Value of Securities without Market Value (Millions of yen)

	FY2009.3 (As of March 31, 2009)	FY2008.3 (As of March 31, 2008)
Other securities:		
Unlisted securities	**¥4,499**	¥ 7,600
Negotiable deposits	**—**	30,400

5. Scheduled Redemption Value of Available-for-sale Securities with Maturity Dates and to Be Held to Maturity Securities

(Millions of yen)

	FY2009.3 (As of March 31, 2009)				FY2008.3 (As of March 31, 2008)			
	Within one year	Between one and five years	Between five and ten years	Over ten years	Within one year	Between one and five years	Between five and ten years	Over ten years
Bonds:								
Government bonds	**¥299**	**¥470**	**¥—**	**¥—**	¥300	¥ 399	¥—	¥—
Corporate bonds	**299**	**99**	**—**	**—**	—	399	—	—
Others	**399**	**99**	**—**	**—**	499	499	—	—
Total	**¥999**	**¥670**	**¥—**	**¥—**	¥800	¥1,299	¥—	¥—

Note: During the fiscal year, the value of stocks of available-for-sale securities at market value in the "Others" category was reduced ¥98 million due to impairment. 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 trends in market value and consideration of the issuer's financial condition.

Derivatives Transactions

1. Items Related to the Status of Derivative Transactions

(1) Description of Financial Derivatives and Objectives in Their Usage

The Company makes use of forward foreign exchange contracts (including package transactions) and currency options (foreign currency put and yen currency call options) to reduce risks related to currency exchange fluctuations that may be incurred by the Yamaha Group in its export and import transactions. Please note that the Company makes use of such derivative transactions and has adopted hedge accounting principles.

(a) 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.

(b) Hedging Instruments and Hedged Items

Hedging instruments: Forward foreign exchange contracts, purchased foreign currency-denominated put and yen-dominated call option contracts

Hedged items: Receivables and payables denominated in foreign currencies and anticipated transactions denominated in foreign currencies

(c) 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 of foreign exchange rates with respect to export and import transactions in accordance with the internal management rules of each company.

(d) 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 are clear; therefore, there is no need to evaluate such effectiveness.

(2) Policy for Derivative Transactions

The Company policy regarding derivatives related to foreign exchange transactions is to limit usage to those derivative transactions that are needed for the Company's business purposes and not to engage in such transactions for speculative or trading purposes.

(3) Risk Inherent in Derivative Transactions

Foreign exchange forward contracts used in foreign exchange transactions have inherent risk due to fluctuations in foreign exchange rates. Foreign currency option transactions are limited to "foreign currency put options and yen call options" and, aside from the cost of such options, there is no risk from fluctuations in foreign exchange rates.

(4) Risk Management System for Derivative Transactions

In conducting derivative transactions based on the policy stated in 2) above, Yamaha Corporation and its subsidiaries hold discussions, establish internal rules and regulations for the management of derivatives, and then conduct and manage such transactions based on the established rules and regulations.

Derivative transactions of the Yamaha Corporation and its subsidiaries are concentrated in the respective accounting and finance departments of these companies. Internal rules and regulations stipulate the roles of the respective accounting and finance departments, reports to be submitted to top management, and communications to be sent to related departments (including position limits, etc.).

Reports are submitted to top management each time a derivative transaction is conducted and on a monthly basis to inform management about the balance of derivative transactions and provide quantitative information on trends in foreign exchange and other related matters.

2. Market Value of Derivatives

Because hedge accounting is appropriately applied to all derivative transactions except those allocated to foreign currency denominated assets and liabilities, the market value of derivatives is not shown.

Accounting for Retirement Allowances

1. Overview of Retirement Benefits

The Company and its domestic consolidated subsidiaries have defined benefit plans, such as welfare pension plans and lump-sum payment plans.

In certain cases, the Company pays employees who are retiring, etc., additional retirement benefits that are not considered to be retirement benefit obligations as calculated under actuarial methods according to retirement benefit accounting principles.

Certain consolidated subsidiaries overseas have either defined benefit plans or defined contribution plans.

2. Retirement Benefit Liabilities (Millions of yen)

	FY2009.3 (As of March 31, 2009)	FY2008.3 (As of March 31, 2008)
1. Retirement benefit liabilities	**¥(150,109)**	¥(150,685)
2. Pension plan assets	**82,281**	102,705
3. Unfunded retirement benefit liabilities (1)+(2)	**(67,828)**	(47,980)
4. Unrecognized actuarial differences	**42,784**	25,783
5. Unrecognized liabilities for past service (increase in liabilities)	**(2,444)**	(2,601)
6. Net amount on consolidated balance sheets (3)+(4)+(5)	**(27,488)**	(24,798)
7. Prepaid pension expenses	**139**	512
8. Provision for retirement benefits (6)–(7)	**¥ (27,628)**	¥ (25,311)

3. Retirement Benefits (Millions of yen)

	FY2009.3 (Ended March 31, 2009)	FY2008.3 (Ended March 31, 2008)
Service cost	**¥ 4,907**	¥ 5,318
Interest cost	**2,935**	2,997
Expected return on plan assets	**(4,060)**	(4,696)
Amortization of past service cost	**(157)**	(157)
Amortization of actuarial gain/loss	**4,849**	3,218
Additional retirement benefit expenses	**1,545**	1,407
Total	**¥10,020**	¥ 8,089

4. Assumptions and Policies Adopted in the Calculation of Retirement Benefit Obligations

	FY2009.3 (As of March 31, 2009)	FY2008.3 (As of March 31, 2008)
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**4.0%**	4.0%
Attribution method of retirement benefits to the period	**Straight-line method for years of service**	Straight-line method for years of service
Amortization of past service costs	**10 years (straight-line method)**	10 years (straight-line method)
Amortization of actuarial gain/loss	**10 years (straight-line method)**	10 years (straight-line method)
Amortization of net retirement obligation at transition	**Fully recognized as other expense when incurred**	Fully recognized as other expense when incurred

Per Share Information

(Yen)

	FY2009.3 (Ended March 31, 2009)	FY2008.3 (Ended March 31, 2008)
Net assets per share	**¥1,262.42**	¥1,646.44
Net income (loss) per share	**(103.73)**	191.76
Net income (loss) per share after adjustment for latent stock	**—**	—

Notes: 1. Net income (loss) per share adjusted for latent shares has not been presented because there were no such shares at the end of the consolidated accounting periods.

2. Basis for Calculations of Net Income (Loss) per Share and Net Income (Loss) per Share after Adjustment for Latent Stock

	FY2009.3 (Ended March 31, 2009)	FY2008.3 (Ended March 31, 2008)
Net income (loss) per share:		
Net income (loss)	**¥ (20,615) million**	¥ 39,558 million
Value not attributed to common stock	**— million**	— million
Net income (loss) attributed to common stock	**(20,615) million**	39,558 million
Average number of outstanding shares during the period	**198,748 thousand shares**	206,295 thousand shares
Net income (loss) per share after adjustment for latent stock:		
Net income (loss) adjustment value	**¥— million**	¥— million
Increase in number of outstanding common stock	**— thousand shares**	— thousand shares
Latent shares not included in calculations of net income (loss) per share after adjustment for latent shares due to lack of dilution effect	**—**	—

Important Subsequent Events

None

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of yen)

	FY2009.3 (As of Mar. 31, 2009)	FY2008.3 (As of Mar. 31, 2008)
ASSETS		
Current assets:		
Cash and deposits	**¥ 11,661**	¥ 38,754
Notes receivable－trade	**1,959**	3,242
Accounts receivable－trade	**22,429**	26,244
Short-term investment securities	—	30,400
Merchandise and finished goods	**18,584**	15,320
Work in process	**6,490**	6,578
Raw materials	**2,574**	2,249
Advance payments-trade	**218**	166
Deferred tax assets	**8,006**	11,490
Short-term loans receivable	**3,648**	5,928
Income taxes receivable	**6,856**	—
Other	**3,407**	3,115
Allowance for doubtful accounts	**(501)**	(2,457)
Total current assets	**85,335**	141,034
Noncurrent assets:		
Property, plant and equipment:		
Buildings, net	**18,557**	18,949
Structures, net	**1,939**	2,460
Machinery and equipment, net	**5,112**	5,877
Vehicles, net	**29**	37
Tools, furniture and fixtures, net	**2,706**	3,307
Land	**48,942**	51,280
Lease assets, net	**51**	—
Construction in progress	**5,391**	3,119
Total property, plant and equipment:	**82,730**	85,033
Intangible assets:		
Leasehold right	**72**	75
Total intangible assets	**72**	75
Investments and other assets:		
Investment securities	**53,601**	105,083
Stocks of subsidiaries and affiliates	**49,105**	51,668
Investments in capital	**0**	0
Investments in capital of subsidiaries and affiliates	**20,087**	22,504
Long-term loans receivable	**374**	207
Long-term loans receivable from subsidiaries and affiliates	**30**	36
Claims provable in bankruptcy, claims provable in rehabilitation and other	**313**	258
Deferred tax assets	**5,873**	—
Lease and guarantee deposits	**2,363**	2,291
Other	**256**	487
Allowance for doubtful accounts	**(806)**	(855)
Allowance for investment loss	**(250)**	(86)
Total investments and other assets	**130,951**	181,596
Total noncurrent assets	**213,754**	266,704
Total assets	**¥299,090**	¥407,739

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

(Millions of yen)

	FY2009.3 (As of Mar. 31, 2009)	FY2008.3 (As of Mar. 31, 2008)
LIABILITIES		
Current liabilities:		
Accounts payable－trade	**¥ 14,021**	¥ 18,215
Short-term loans payable	**6,214**	5,214
Lease obligations	**16**	—
Accounts payable－other	**3,972**	4,403
Accrued expenses	**14,009**	18,041
Income taxes payable	**665**	12,484
Advances received	**159**	170
Deposit received	**485**	745
Provision for directors' bonuses	**—**	120
Provision for product warranties	**1,541**	1,713
Provision for subsidiary support	**103**	104
Other	**669**	—
Total current liabilities	**41,857**	61,212
Noncurrent liabilities:		
Lease obligations	**37**	—
Deferred tax liabilities	**—**	14,117
Deferred tax liabilities for land revaluation	**15,166**	15,200
Provision for retirement benefits	**23,279**	21,071
Long-term deposits received	**16,776**	17,098
Other	**1,092**	1,144
Total noncurrent liabilities	**56,351**	68,631
Total liabilities	**98,209**	129,844
NET ASSETS		
Shareholders' equity:		
Capital stock	**28,534**	28,534
Capital surplus		
Legal capital surplus	**40,054**	40,054
Total capital surpluses	**40,054**	40,054
Retained earnings		
Legal retained earnings	**4,159**	4,159
Other earned surplus:		
Reserve for special depreciation	**5**	7
Reserve for reduction entry	**2,434**	2,582
General reserve	**101,710**	79,710
Retained earnings brought forward	**(11,625)**	61,908
Total earned surplus	**96,683**	148,367
Treasury stock	**(29)**	(326)
Total shareholders' equity	**165,243**	216,630
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	**19,655**	48,583
Deferred gains or losses on hedges	**(404)**	201
Revaluation reserve for land	**16,387**	12,479
Total valuation and translation adjustments	**35,637**	61,264
Total net assets	**200,880**	277,894
Total liabilities and net assets	**¥299,090**	¥407,739

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

(2) Non-Consolidated Statements of Operations

(Millions of yen)

	FY2009.3 (Apr. 1, 2008–Mar. 31, 2009)	FY2008.3 (Apr. 1, 2007–Mar. 31, 2008)
Net sales:		
Net sales of merchandise and finished goods	**¥235,507**	¥274,904
Other business revenue	**39,130**	40,741
Total net sales	**274,638**	315,645
Cost of sales:		
Merchandise and product cost of sales:		
Beginning merchandise and finished products	**15,320**	16,517
Reversal of valuation loss on raw materials and work in progress brought forward	**114**	224
Reversal of valuation loss on raw materials and work in progress brought forward adjustment	**(114)**	—
Cost of products manufactured	**181,774**	200,681
Cost of purchased goods	**3,404**	4,791
Decline due to company split-off	—	538
Valuation loss on raw materials and work in progress	—	114
Ending merchandise and finished goods	**18,584**	15,320
Cost of merchandise and finished goods sold	**181,914**	206,021
Other business cost	**30,704**	31,355
Total cost of sales	**212,619**	237,376
Gross profit	**62,018**	78,269
Selling, general and administrative expenses	**60,778**	65,924
Operating income	**1,240**	12,344
Non-operating income:		
Interest income	**281**	412
Dividends received	**3,094**	5,107
Foreign exchange gains	**106**	524
Other	**238**	230
Total non-operating income	**3,720**	6,275
Non-operating expenses:		
Interest expenses	**35**	34
Sales discounts	**17**	18
Other	**540**	626
Total non-operating expenses	**593**	679
Ordinary income	**¥ 4,367**	¥ 17,941

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

(2) Non-Consolidated Statements of Operations (Continued from the previous page)

(Millions of yen)

	FY2009.3 **(Apr. 1, 2008–Mar. 31, 2009)**	FY2008.3 (Apr. 1, 2007–Mar. 31, 2008)
Extraordinary income:		
Gain on sale of noncurrent assets	**¥ 55**	¥ 1,566
Reversal of provision for product warranties	**237**	147
Reversal of allowance for doubtful accounts	**215**	183
Gain on sales of investment securities	**5**	758
Gain on liquidation of subsidiaries	**231**	—
Gain on sales of subsidiaries and affiliates' stocks	—	61,066
Gain on sales of investments in capital of subsidiaries and affiliates	—	18
Reversal of provision for subsidiary support	—	8
Total extraordinary income	**745**	63,749
Extraordinary loss:		
Loss on retirement of noncurrent assets	**427**	353
Loss on valuation of investment securities	**169**	263
Loss on valuation of stocks of subsidiaries and affiliates	**12,623**	454
Loss on valuation of investments in capital of subsidiaries and affiliates	**3,301**	66
Provision of allowance for investment loss	**136**	86
Impairment loss	**4,414**	—
Business structural reform expenses	**31**	—
Special retirement expenses	—	595
Total extraordinary loss	**21,104**	1,820
Income (loss) before income taxes	**(15,992)**	¥79,870
Income taxes-current	**100**	13,115
Income taxes-deferred	**2,773**	4,730
Total income tax	**2,873**	17,845
Net income (loss)	**¥(18,865)**	¥62,024

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

(3) Non-Consolidated Statements of Changes in Shareholders' Equity

(Millions of yen)

	FY2009.3 (Apr. 1, 2008–Mar. 31, 2009)	FY2008.3 (Apr. 1, 2007–Mar. 31, 2008)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	**¥ 28,534**	¥28,534
Changes of items during the period		
Total changes of items during the period	**—**	—
Balance at the end of current period	**28,534**	28,534
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	**40,054**	40,054
Changes of items during the period		
Total changes of items during the period	**—**	—
Balance at the end of current period	**40,054**	40,054
Total capital surplus		
Balance at the end of previous period	**40,054**	40,054
Changes of items during the period		
Total changes of items during the period	**—**	—
Balance at the end of current period	**40,054**	40,054
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	**4,159**	4,159
Changes of items during the period		
Total changes of items during the period	**—**	—
Balance at the end of current period	**4,159**	4,159
Other retained earnings		
Reserve for special depreciation		
Balance at the end of previous period	**7**	9
Changes of items during the period		
Reversal of reserve for special depreciation	**(1)**	(1)
Total changes of items during the period	**(1)**	(1)
Balance at the end of current period	**5**	7
Reserve for reduction entry		
Balance at the end of previous period	**2,582**	2,862
Changes of items during the period		
Provision of reserve for reduction entry	**18**	13
Reversal of reserve for reduction entry	**(166)**	(293)
Total changes of items during the period	**(147)**	(280)
Balance at the end of current period	**2,434**	2,582
General reserve		
Balance at the end of previous period	**79,710**	74,710
Changes of items during the period		
Provision of general reserve	**22,000**	5,000
Total changes of items during the period	**22,000**	5,000
Balance at the end of current period	**101,710**	79,710
Retained earnings brought forward		
Balance at the end of previous period	**61,908**	14,475
Changes of items during the period		
Dividends from surplus	**(10,581)**	(7,736)
Net income (loss)	**(18,864)**	62,024
Reversal of revaluation reserve for land	**(3,907)**	(2,137)
Reversal of reserve for special depreciation	**1**	1
Provision of reserve for reduction entry	**(18)**	(13)
Reversal of reserve for reduction entry	**166**	293
Provision of general reserve	**(22,000)**	(5,000)
Retirement of treasury stock	**(18,328)**	—
Total changes of items during the period	**(73,534)**	47,432
Balance at the end of current period	**¥(11,625)**	¥61,908

(Millions of yen)

	FY2009.3 (Apr. 1, 2008–Mar. 31, 2009)	FY2008.3 (Apr. 1, 2007–Mar. 31, 2008)
Total retained earnings		
Balance at the end of previous period	**¥148,367**	¥ 96,216
Changes of items during the period		
Dividends from surplus	**(10,581)**	(7,736)
Net income (loss)	**(18,865)**	62,024
Reversal of revaluation reserve for land	**(3,907)**	(2,137)
Retirement of treasury stock	**(18,328)**	—
Total changes of items during the period	**(51,683)**	52,150
Balance at the end of current period	**96,683**	148,367
Treasury stock		
Balance at the end of previous period	**(326)**	(296)
Changes of items during the period		
Purchase of treasury stock	**(18,032)**	(29)
Retirement of treasury stock	**18,328**	—
Total changes of items during the period	**296**	(29)
Balance at the end of current period	**(29)**	(326)
Total shareholders' equity		
Balance at the end of previous period	**216,630**	164,509
Changes of items during the period		
Dividends from surplus	**(10,581)**	(7,736)
Net income (loss)	**(18,865)**	62,024
Reversal of revaluation reserve for land	**(3,907)**	(2,137)
Purchase of treasury stock	**(18,032)**	(29)
Total changes of items during the period	**(51,387)**	52,120
Balance at the end of current period	**165,243**	216,630
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	**48,583**	12,427
Changes of items during the period		
Net changes of items other than shareholders' equity	**(28,927)**	36,155
Total changes of items during the period	**(28,927)**	36,155
Balance at the end of current period	**19,655**	48,583
Deferred gains or losses on hedges		
Balance at the end of previous period	**201**	(12)
Changes of items during the period		
Net changes of items other than shareholders' equity	**(606)**	214
Total changes of items during the period	**(606)**	214
Balance at the end of current period	**(404)**	201
Revaluation reserve for land		
Balance at the end of previous period	**12,479**	10,341
Changes of items during the period		
Net changes of items other than shareholders' equity	**3,907**	2,137
Total changes of items during the period	**3,907**	2,137
Balance at the end of current period	**16,387**	12,479
Total valuation and translation adjustments		
Balance at the end of previous period	**61,264**	22,756
Changes of items during the period		
Net changes of items other than shareholders' equity	**(25,626)**	38,507
Total changes of items during the period	**(25,626)**	38,507
Balance at the end of current period	**¥ 35,637**	¥ 61,264

(Millions of yen)

	FY2009.3 (Apr. 1, 2008–Mar. 31, 2009)	FY2008.3 (Apr. 1, 2007–Mar. 31, 2008)
Total net assets		
Balance at the end of previous period	**¥277,894**	¥187,266
Changes of items during the period		
Dividends from surplus	**(10,581)**	(7,736)
Net income (loss)	**(18,865)**	62,024
Reversal of revaluation reserve for land	**(3,907)**	(2,137)
Purchase of treasury stock	**(18,032)**	(29)
Net changes of items other than shareholders' equity	**(25,626)**	38,507
Total changes of items during the period	**(77,013)**	90,628
Balance at the end of current period	**¥200,880**	¥277,894

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

(4) Notes Regarding Assumptions as a Going Concern

None

6. Other

(1) Management Appointment and Resignations

See attachment.