YAMAHA CORPORATION

Interim Flash Report

Consolidated Basis

Results for the fiscal year 2003 interim period ended September 30, 2002

November 15, 2002

Company name: YAMAHA CORPORATION
Code number: 7951
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Date of the interim meeting of the Board of Directors: November 15, 2002
Stock listings: Tokyo Stock Exchange (First Section), Osaka Securities Exchange (First Section), Nagoya Stock Exchange (First Section)

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

1. RESULTS FOR THE FY2003 INTERIM PERIOD (April 1, 2002 to September 30, 2002)

Figures of less than ¥1 million have been omitted.

(1)Consolidated Operating Results

	Net sales		Operating income		Recurring profit	
	Millions of yen	(% change from the previous fiscal year)	Millions of yen	(% change from the previous fiscal year)	Millions of yen	(% change from the previous fiscal year)
FY2003 interim period (Ended Sept. 30, 2002)	¥253,763	2.0%	¥13,105	69.5 %	¥14,238	89.3 %
FY2002 interim period (Ended Sept. 30, 2001)	248,778	(1.0)	7,729	(38.6)	7,520	(46.2)
FY2002 (Ended March 31, 2002)	504,406		11,043		7,680	

	Net income		Net income per share	Net income per share after full dilution
	Millions of yen	(% change from the previous fiscal year)	Yen	Yen
FY2003 interim period (Ended Sept. 30, 2002)	¥10,075	39.3%	¥48.86	¥44.24
FY2002 interim period (Ended Sept. 30, 2001)	7,234	(27.9)	35.03	33.22
FY2002 (Ended March 31, 2002)	(10,274)		(49.75)	—

Notes: 1. Equity in net income of affiliates:

FY2003 interim period ended September 30, 2002	¥3,468 million
FY2002 interim period ended September 30, 2001	¥2,309 million
FY2002 ended March 31, 2002	¥2,993 million

2. Average number of outstanding shares during the year (consolidated):

FY2003 interim period ended September 30, 2002	206,199,869 shares
FY2002 interim period ended September 30, 2001	206,520,824 shares
FY2002 ended March 31, 2002	206,508,465 shares

3. Changes in method of accounting: NONE

(2) Consolidated Financial Data

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
FY2003 interim period (Ended Sept. 30, 2002)	¥523,866	¥206,019	39.3 %	¥999.26
FY2002 interim period (Ended Sept. 30, 2001)	520,848	195,086	37.5	944.63
FY2002 (Ended March 31, 2002)	509,663	201,965	39.6	978.15

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

FY2003 interim period as of September 30, 2002 206,171,257 shares

FY2002 interim period as of September 30, 2001 206,521,043 shares

FY2002 as of March 31, 2002 206,477,225 shares

(3)Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2003 interim period (Ended Sept. 30, 2002)	¥(300)	¥(11,441)	¥11,402	¥39,825
FY2002 interim period (Ended Sept. 30, 2001)	(172)	(8,420)	13,140	37,853
FY2002 (Ended March 31, 2002)	29,016	(10,437)	(12,880)	40,571

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

Number of consolidated subsidiaries: 84

Number of non-consolidated subsidiaries accounted for using the equity method: 0

Number of affiliates accounted for using the equity method: 2

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

Consolidated companies:

Number of companies newly consolidated: 5

Number of companies removed from consolidation: 3

Equity method:

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

Number of companies removed from the equity method: 1

2. FORECASTS OF RESULTS FOR FY2003 (April 1, 2002 – March 31, 2003)

	Net sales	Recurring profit	Net income
	Millions of yen	Millions of yen	Millions of yen
FY2003	¥530,000	¥25,000	¥18,500

Reference: Net income per share for the fiscal year is forecast to be ¥89.73 on a consolidated basis.

Forecast performance is predicted by the Company based on the information available at the time of the forecast. Actual performance may differ from forecasts. For further information, please see "Forecast for Fiscal 2003" under "BUSINESS RESULTS."

(References)

1. THE YAMAHA GROUP

The YAMAHA Group consists of YAMAHA CORPORATION in Japan, 110 subsidiaries and 16 affiliated companies and is involved in a wide range of businesses, including musical instruments, AV/IT products, lifestyle-related products, electronic equipment and metal products, recreation and other fields.

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

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

2. MANAGEMENT POLICY

(1) Basic Management Policy

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

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

(2) Basic Dividend Policy

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

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

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

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

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

In musical instruments, YAMAHA is working to reinvigorate the domestic market through timely investments and the provision of enhanced products. Overseas, the Company aims to achieve substantial growth by establishing a brand image in the China market under a holding company. Furthermore, in line with its comprehensive media strategy, YAMAHA will create new Internet enabled methods for enjoying music to stimulate and expand music-related demand. The Company will also work to strengthen its position in the market for music production equipment and stimulate demand in music for adults.

In AV/IT products, YAMAHA is seeking to maintain profitability and establish a strong brand identity through the promotion of its "#1 in home theaters" strategic approach.

In IT-related equipment, the Company is striving to boost profitability by developing products that are compatible with such new technologies as DVD and broadband.

In the electronic equipment business, YAMAHA is seeking to expand its mobile phone sound chip business and to further cultivate its signal processing and analog hybrid businesses.

In the area of content provision, YAMAHA is working to globalize its ringer melody distribution service and to enhance its digital content production capabilities as a part of its digital media strategy development.

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

In the lifestyle-related products segment, YAMAHA is endeavoring to establish a high-value added business model for the refurbishing market and to boost revenues by reducing costs through the integration of design, manufacture, construction, and distribution. In the recreation segment, the Company is making an effort to increase the profits generated by each management subsidiary through its respective resort and to ensure the thoroughness of cash flow management.

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

YAMAHA will reform its manufacturing structure to strengthen its operating base in the electronic metals business, reinforce the superiority of its magnesium parts technologies and manufacturing expertise in the FA and metallic molds business, and boost manufacturing efficiency and product quality in the interior automotive components and fittings business. At the same time, the Company will endeavor to increase revenues in each of these business areas.

2. To strengthen the Group's consolidated management, YAMAHA is working to rebuild its central information system and promote the implementation of global production strategies, procurement systems, and quality management systems. In addition, the Company is strengthening its patent procurement system and adopting patenting strategies adapted to IT and digitization, establishing an efficient distribution system and effective mechanisms for managing its operational infrastructure and the Group's internal funds, and promoting law-abiding management practices across the entire Group.

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

3. BUSINESS RESULTS

(1) Fiscal 2002 Summary

During the interim period under review, the Japanese economy remained flat despite strong consumer spending in certain areas, and housing investment and private-sector capital investment continued to decline. Although there was moderate recovery in overseas economies, uncertainty over the future heightened.

Against this backdrop, YAMAHA has moved forward with and is entering the second year of its medium term management plan "Creating *Kando* 21." Working toward corporate growth, the Company is aggressively promoting technological development, launching new products, and actively investing in growth markets by enhancing its distribution network and establishing a holding company in China. Furthermore, in the media-related business, YAMAHA is endeavoring to expand the potential of its Internet business in such areas as customer-oriented product and service development.

During the term under review, overall sales of musical instruments increased as strong sales overseas compensated for the drop in sales in Japan, and, in the electronic equipment and electronic metal products segment, sales of semiconductor and lead frame materials grew. However, sales in the AV/IT segment fell. As a result, net sales amounted to ¥253,763 million, up 2.0% year on year. Of this, domestic sales amounted to ¥152,209 million, up 2.6% year on year, and overseas sales increased 1.1%, to ¥101,553 million.

Regarding income, recurring profit totaled ¥14,238 million, up 89.3% year on year, and net income for the interim period under review amounted to ¥10,075 million, up 39.3% year on year.

(2) Performance by Segment

Musical Instruments

In Japan, efforts promoting new, competitively priced products were thwarted by protracted market stagnation, and sales of musical instruments fell. Overseas, brisk sales in the United States and Europe led to stronger overall sales. Piano sales continued to decline in Japan, but rose in the United States and Europe, thanks to the success of mid- and low-end models that included pianos made in Indonesia. Sales of electronic instruments grew due to such factors as strong sales of Clavinova and portable keyboards, the launch of the DM2000 digital mixer, and increased sales of synthesizers such as MOTIF series. In addition, sales of wind, string, percussion, and other instruments picked up.

In the field of education, despite an increase in the number of adult student enrollments, music school sales fell as the shrinking population of children in Japan led to a decline in the number of children enrolled in courses. Revenues from English-language instruction schools grew as student enrollment in popular children's courses continued to climb.

Income from the ringer melody distribution service rose as the number of subscribers increased in line with the growing popularity of mobile phones that offer Internet connectivity.

Due to these factors, segment sales amounted to ¥146,175 million, a 1.1% increase year on year, and operating income totaled ¥5,950 million, up 54.7% year on year.

AV/IT

There was ongoing growth in sales of audio products related to home theaters, and YAMAHA's DSP-AX630 was especially well received in Japan as well as abroad. In addition, the Company established Yamaha Electronics (Suzhou) Co., Ltd., to bolster its efforts in the Chinese market.

In the information and telecommunications device product category, price competition in the CDR-RW market intensified, resulting in substantially decreased sales.

Due to these factors, segment sales totaled ¥38,482 million, a 7.4% decrease year on year, and operating income fell to ¥1,045 million, a 12.8% decrease.

Lifestyle-Related Products

Amid the persistent downturn in the new housing market, YAMAHA hammered out a plan focusing on developing business in the renovation market, however, sales fell.

Segment sales totaled ¥23,574 million, down 0.9% year on year, and operating income totaled ¥548 million, down 45.5%.

Electronic Equipment and Metal Products

In semiconductors, the excellent reviews garnered by YAMAHA's LSI 40-note polyphony sound chip for mobile phones coupled with climbing demand in the China and South Korea markets led to a marked rise in sales. Electronic metals product segment sales grew due to market recovery.

Due to these factors, segment sales totaled ¥24,885 million, a 35.5% increase year on year, and operating income amounted to ¥5,901 million, a 125.6% increase.

Recreation

In the midst of a slump in the Japanese tourism industry, although the guest numbers at YAMAHA's *Katsuragi Kitanomaru* Resort—where the Japan team stayed during the 2002 World Cup—*Nemu no Sato* resort, and *Kiroro* resort increased, returns per customer fell, resulting in reduced sales. In addition, to provide optimal, resort-specific management that takes into account regional characteristics, YAMAHA commenced operations under the new management subsidiary framework.

Due to these factors, segment sales totaled ¥10,301 million, a 4.2% decrease year on year, and an operating loss of ¥828 million was recorded, compared with an operating loss of ¥843 million for the same period of the previous year.

Others

Sales of golf products climbed, owing to the popularity of new SECRET01 series products and sales of FA products and metallic molds were given a substantial boost by demand for magnesium molds for mobile phones. The automobile industry was between model changes during the period under review, resulting in reduced sales of interior automotive components.

Due to these factors, segment sales amounted to ¥10,343 million, a 7.4% increase year on year, and operating income totaled ¥487 million, compared with an operating loss of ¥94 million for the same period of the previous year.

(3) Results by Region

In Japan, sales totaled ¥158,727 million, up 1.5% year on year, and operating income rose 58.2%, to ¥11,272 million. In North America, sales increased 4.3%, to ¥44,018 million, and operating income rose 58.3%, to ¥2,137 million. In Europe, sales increased 5.0%, to ¥35,465 million, and operating income totaled ¥972 million, compared with a ¥260 million operating loss for the same period of the previous fiscal year. In the Asia, Oceania, and Other regions, sales fell 5.2%, to ¥15,552 million, and operating income decreased 24.8%, to ¥1,417 million.

(4) Forecast for the Entire Fiscal Year

YAMAHA anticipates harsh operating conditions in the latter half of the fiscal year, owing to factors that include the sluggish domestic market and heightened uncertainty over the future of the North American market. However, in semiconductors, overseas sales of sound chips for mobile phones are expected to grow. Thus, for the fiscal year ending March 31, 2003, YAMAHA projects consolidated net sales of ¥530.0 billion, a 5.1% increase from fiscal 2002, consolidated recurring profits of ¥25.0 billion, a 225.5% increase, and consolidated net income of ¥18.5 billion, compared with a net loss of ¥10.2 billion for fiscal 2002.

(5) Dividends

At a board meeting held on November 15, 2002, it was decided that interim dividends would be raised ¥1 per share, to ¥5 per share in line with improved business performance. In addition, initial year-end dividend forecasts were revised upward ¥1, from ¥4 per share, to ¥5 per share.

4. FINANCIAL POSITION

(1) Interim Period Cash Flows

During the term under review, cash and cash equivalents (hereinafter "cash") decreased ¥831 million from the previous term, to ¥39,825 million, compared with a ¥4,103 million increase in the previous interim period.

CASH FLOWS FROM OPERATING ACTIVITIES

Income before income taxes and minority interests amounted to ¥12,249 million, compared with income of ¥8,214 million in the previous interim period. Net cash used in operating activities grew to ¥300 million, compared with ¥172 million used during the previous interim period, mainly owing to an increase in accounts receivable.

CASH FLOWS FROM INVESTING ACTIVITIES

Cash used in investing activities totaled ¥11,441 million, compared with ¥8,420 million in the previous interim period, due to higher capital investment and the purchase of investment securities.

CASH FLOWS FROM FINANCING ACTIVITIES

Cash provided by financing activities amounted to ¥11,402, compared with ¥13,140 million in the previous interim period, owing mainly to a cutback in financing in the form of short-term loans.

(2) Financial Outlook for the Entire Fiscal Year

YAMAHA forecasts improved cash flows from operating activities due to earnings growth, a recovery in accounts receivable, and inventory reductions. Thus, the Company intends to use cash flows from investing activities to proceed with the repayment of debt.

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

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	Millions of yen		
	FY2003 interim period (as of Sept. 30, 2002)	FY2002 interim period (as of Sept. 30, 2001)	FY2002 (as of Mar. 31, 2002)
ASSETS			
Current assets:			
Cash and bank deposits	¥40,314	¥ 38,181	¥ 41,074
Notes and accounts receivable	84,276	82,307	74,519
Marketable securities	791	1,134	356
Inventories	90,691	104,485	84,264
Deferred income taxes	10,270	10,071	9,332
Other current assets	4,250	4,597	4,267
Allowance for doubtful accounts	(2,856)	(2,713)	(2,675)
Total current assets	227,737	238,062	211,140
Fixed assets:			
Tangible assets:			
Buildings and structures	69,417	78,496	70,745
Machinery and equipment	20,963	23,611	22,401
Tools, furniture and fixtures	12,736	13,487	13,039
Land	77,458	49,034	78,069
Construction in progress	1,016	2,124	1,003
Total tangible assets	181,592	166,754	185,261
Intangible assets	879	1,244	1,202
Investments and other assets:			
Investment securities	79,085	76,758	76,307
Deferred income taxes	24,500	28,107	26,384
Other assets	11,225	10,974	10,314
Allowance for doubtful accounts	(1,153)	(1,054)	(947)
Total investments and other assets	113,657	114,786	112,058
Total fixed assets	296,128	282,785	298,522
Total assets	¥523,866	¥520,848	¥509,663

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

	Millions of yen		
	FY2003 interim period (as of Sept. 30, 2002)	FY2002 interim period (as of Sept. 30, 2001)	FY2002 (as of Mar. 31, 2002)
LIABILITIES			
Current liabilities:			
Notes and accounts payable	¥42,521	¥42,129	¥36,880
Short-term loans	63,038	71,997	47,871
Current portion of long-term debt	9,129	9,127	4,363
Accrued expenses	38,723	37,029	41,987
Various reserves	3,120	3,537	3,237
Other current liabilities	9,587	10,351	10,158
Total current liabilities	166,120	174,173	144,498
Long-term liabilities:			
Convertible bonds	24,317	24,317	24,317
Long-term debt	13,311	14,242	19,615
Deferred income taxes on land revaluation	14,207	—	14,638
Accrued employees' retirement benefits	55,476	65,163	59,074
Directors' retirement benefits	888	780	859
Long-term deposits received	37,201	39,858	38,472
Other fixed liabilities	1,952	3,160	1,508
Total long-term liabilities	147,355	147,522	158,486
Total liabilities	313,476	321,696	302,984
MINORITY INTERESTS	4,371	4,065	4,712
SHAREHOLDERS' EQUITY			
Common stock	28,533	—	—
Capital surplus	26,924	—	—
Earned surplus	168,398	—	—
Reserve for land revaluation	15,870	—	—
Net unrealized holding gains on other securities	1,615	—	—
Translation adjustments	(35,130)	—	—
Treasury stock, at cost	(193)	—	—
Total shareholders' equity	206,019	—	—
Common stock	—	28,533	28,533
Additional paid-in capital	—	26,924	26,924
Reserve for land revaluation	—	8,118	16,482
Retained earnings	—	175,974	157,589
Net unrealized holding gains/losses on other securities	—	(6,802)	766
Translation adjustments	—	(37,659)	(28,280)
Treasury stock, at cost	—	(2)	(49)
Total shareholders' equity	—	195,086	201,965
Total liabilities, minority interests and shareholders' equity	¥523,866	¥520,848	¥509,663

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

(2) Consolidated Statements of Operations

	FY2003 interim period (Apr. 1, 2002 – Sept. 30, 2002)		FY2002 interim period (Apr. 1, 2001 – Sept. 30, 2001)		FY2002 (Apr. 1, 2001 – Mar. 31, 2002)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net sales	¥253,763	100.0	¥248,778	100.0	¥504,406	100.0
Cost of sales:	164,805	64.9	166,170	66.8	340,646	67.5
Gross profit	88,957	35.1	82,608	33.2	163,759	32.5
Unrealized profit	25		117		235	
Total gross profit	88,983	35.1	82,725	33.2	163,994	32.5
Selling, general and administrative expenses:						
Sales commissions	1,271		1,258		2,640	
Transport expense	5,700		5,951		12,095	
Advertising and sales promotion expenses	10,273		10,875		22,455	
Various reserves	4,827		3,538		6,782	
Personnel expenses	29,255		30,270		60,483	
Rent	2,039		2,503		4,853	
Depreciation and amortization	2,607		2,816		5,470	
Other	19,903		17,781		38,171	
Total selling, general and administrative expenses	75,878	29.9	74,995	30.1	152,951	30.3
Operating income	13,105	5.2	7,729	3.1	11,043	2.2
Non-operating income:						
Interest received	166		267		477	
Dividends received	174		213		258	
Equity in earnings of unconsolidated subsidiaries and affiliates	3,468		2,309		2,993	
Other	975		848		1,410	
Total non-operating income	4,785	1.8	3,638	1.4	5,140	1.0
Non-operating expenses:						
Interest paid	1,021		1,493		2,911	
Cash discounts	2,019		2,043		4,477	
Other	610		310		1,115	
Total non-operating expenses	3,652	1.4	3,847	1.5	8,503	1.7
Recurring profit	14,238	5.6	7,520	3.0	7,680	1.5
Other profit:						
Gain on sale of fixed assets	60		22		99	
Reversal of allowances	154		100		741	
Gain on sale of investment securities	—		1,479		3,694	
Total other profit	215	0.1	1,602	0.6	4,536	0.9
Other loss:						
Loss on removal of fixed assets	578		448		1,771	
Loss on revaluation of investment securities	1,139		249		14,857	
Loss on sale of stocks in subsidiaries	222		—		—	
Loss on revaluation of capital in subsidiaries	265		—		—	
Loss on sale of investment securities	—		—		27	
Loss on revaluation of stocks in subsidiaries	—		211		283	
Special retirement benefits	—		—		1,061	
Total other loss	2,205	0.9	908	0.3	18,001	3.5
Income before income taxes and minority interests	12,249	4.8	8,214	3.3	(5,784)	(1.1)
Current income taxes (benefit)	2,118	0.8	560	0.2	1,507	0.3
Deferred income taxes (benefit)	(188)	(0.1)	259	0.1	2,429	0.5
Minority interest	243	0.1	160	0.1	551	0.1
Net income	¥10,075	4.0	¥ 7,234	2.9	¥(10,274)	(2.0)

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

(3) Consolidated Statements of Retained Earnings

	Millions of yen					
	FY2003 interim period (Apr. 1, 2002 – Sept. 30, 2002)		FY2002 interim period (Apr. 1, 2001 – Sept. 30, 2001)		FY2002 (Apr. 1, 2001 – Mar. 31, 2002)	
CAPITAL SURPLUS						
Balance at beginning of period:						
Additional paid-in capital	¥26,924	¥26,924	¥—	¥—	¥—	¥—
Balance at end of period		¥26,924		¥—		¥—
EARNED SURPLUS						
Balance at beginning of period:						
Retained earnings	157,589	157,589	—	—	—	—
Additional earned surplus:						
Net income	10,075		—		—	
Effect of change in scope of consolidation	849		—		—	
Effect of change in interests in subsidiaries	69		—		—	
Reversal of reserve for land revaluation	623		—		—	
Reversal of reserve for land revaluation resulting from interest change in subsidiaries	17	11,635	—	—	—	—
Deduction from earned surplus:						
Cash dividends paid	825		—		—	
Bonuses to directors and statutory auditors	0	826	—		—	
Balance at end of period		¥168,398		¥—		¥—
RETAINED EARNINGS						
Balance at beginning of period		¥—		¥170,496		¥170,496
Additional retained earnings:						
Effect of change in scope of consolidation	¥—		¥ 474		¥ 474	
Effect of change in interests in subsidiaries	—		—		15	
Reversal of reserve for land revaluation	—		151		0	
Reversal of reserve for land revaluation resulting from interest change in subsidiaries	—	—	—	625	82	573
Deduction from retained earnings:						
Effect of change in scope of consolidation	—		607		607	
Effect of change in interests in subsidiaries	—		946		945	
Cash dividends paid	—		826		1,652	
Bonuses to directors and statutory auditors	—	—	1	2,381	1	3,206
Net income (loss)		—		7,234		(10,274)
Balance at end of period		¥—		¥175,974		¥157,589

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

(4) Consolidated Statements of Cash Flows

	Millions of yen		
	FY2003 interim period (Apr. 1, 2002 – Sept. 30, 2002)	FY2002 interim period (Apr. 1, 2001 – Sept. 30, 2001)	FY2002 (Apr. 1, 2001 – Mar. 31, 2002)
Cash flows from operating activities:			
Income before income taxes and minority interests	¥12,249	¥8,214	¥ (5,784)
Depreciation and amortization	9,083	9,517	18,767
Amortization of consolidated goodwill	22	70	152
Allowance for doubtful accounts	454	(236)	(507)
Loss on revaluation of investment securities	1,139	249	14,857
Loss on revaluation of capital in subsidiaries	265	—	—
Loss on revaluation of stocks in subsidiaries	—	211	283
(Decrease) increase in employees' retirement benefits, net of payments	(3,661)	(2,070)	(8,210)
Interest and dividend income	(341)	(480)	(736)
Interest expenses	1,021	1,493	2,911
Loss on foreign exchange	260	6	63
Equity in earnings of unconsolidated subsidiaries and affiliates	(3,468)	(2,309)	(2,993)
Loss on sale of stocks in affiliates	222		
Gain on sale of investment securities	—	(1,479)	(3,694)
Loss on sale of investment securities	—	—	27
Gain on sale of fixed assets	(60)	(22)	(99)
Loss on disposal of fixed assets	578	448	1,771
(Increase) decrease in accounts and notes receivable—trade	(11,142)	7,801	18,794
(Increase) decrease in inventories	(7,893)	(5,659)	18,532
Increase (decrease) in accounts and notes payable	6,278	(9,514)	(15,715)
Other, net	(3,590)	(3,821)	(5,058)
Subtotal	1,415	2,419	33,360
Interest and dividends receivable	379	524	746
Interest paid	(1,014)	(1,461)	(2,918)
Income taxes paid and refunded	(1,080)	(1,654)	(2,171)
Net cash (used in) provided by operating activities	(300)	(172)	29,016
Cash flows from investing activities:			
Proceeds from sale of securities	49	—	—
Purchases of fixed assets	(8,101)	(9,362)	(14,876)
Proceeds from sale of fixed assets	1,518	208	888
Purchases of investment securities	(3,348)	(818)	(858)
Proceeds from sale of investment securities	149	1,549	4,074
Payments for capital investments	(1,895)	—	—
Payment for loans receivable	(94)	(637)	(714)
Collection of loans receivable	338	636	1,292
Other, net	(58)	1	(242)
Net cash used in investing activities	(11,441)	(8,420)	(10,437)
Cash flows from financing activities:			
Decrease (increase) in short-term loans	14,952	12,222	(13,241)
Proceeds from long-term debt	1,070	6,688	8,178
Repayments of long-term debt	(2,677)	(4,471)	(5,665)
Proceeds from resort member deposits	16	—	—
Repayments of resort member deposits	(774)	—	—
Purchases of treasury stock	(89)	—	—
Cash dividends paid	(825)	(826)	(1,652)
Cash dividends paid to minority shareholders	(268)	(463)	(468)
Other, net	—	(8)	(31)
Net cash provided by (used in) financing activities	11,402	13,140	(12,880)
Effect of exchange rate changes on cash and cash equivalents	(492)	(444)	1,122
Net (decrease) increase in cash and cash equivalents	(831)	4,103	6,821
Cash and cash equivalents at beginning of period	40,571	32,725	32,725
Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation	85	1,025	1,025
Cash and cash equivalents at end of period	¥39,825	¥37,853	¥ 40,571

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

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

1. Scope of Consolidation

Consolidated subsidiaries: 84 corporations

During the fiscal 2003 interim period, a total of five subsidiaries, (two overseas subsidiaries and three Japanese subsidiaries) were brought into the consolidated group. In addition, three overseas subsidiaries were removed from the consolidated group.

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

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

2. Application of Equity Method

Of Yamaha Life Service Co., Ltd., and other non-consolidated subsidiaries, Yamaha Motor Co., Ltd. and one other affiliate are accounted for by the equity method. During the interim period under review, one overseas affiliate was removed from the equity method.

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

[Change in Accounting Method]

At Yamaha Motors Co., Ltd., an affiliate accounted for by the equity method, the excess of costs over the net assets of acquired subsidiaries has been amortized within 20 years using the straight-line method, based on a review of the collectibility of individual investments. However, effective the interim period ended September 30, 2002, the Company has decided to amortize such costs fully when acquired. This change is due to Yamaha Motors’ implementation of a new three-year medium-term management plan (April 2002 – March 2005), focusing on such management issues as “Improving the profitability of existing businesses” and “Solidifying the foundation of businesses in Asian countries.”

This move was made to correspond to such changes in market structure as intensifying global competitiveness in the motorcycle business and other businesses, and to avoid collectibility risk arising from future fluctuations in the investment market, especially in strategically targeted areas. Thus, Yamaha Motor aims to further strengthen its financial soundness.

As a result of this change in accounting method, equity in earnings of unconsolidated subsidiaries and affiliates, income before income taxes and net income each decreased ¥2,507 million compared with what would have been recorded under the previous method.

3. Fiscal Year of Consolidated Subsidiaries

Settlement days for consolidated subsidiaries, with the exception of the following 19 companies, are all the same as that for the Company.

P.T. Yamaha Indonesia

P.T. Yamaha Music Indonesia (Distributor)

P.T. Yamaha Music Manufacturing Indonesia

P.T. Yamaha Music Manufacturing Asia

P.T. Yamaha Musical Products Indonesia

P.T. Yamaha Electronics Manufacturing Indonesia

Yamaha de Mexico, S. A. de C. V.

Yamaha Electronics Manufacturing (M) Sdn, Bhd.

Tianjin Yamaha Electronic Musical Instruments, Inc.

Guanzhou Yamaha–Pearl River Piano Inc.

Xiaoshan Yamaha Musical Instrument Co., Ltd.

Yamaha Music & Electronics (China) Co., Ltd.

Yamaha Music (Asia) PTE. LTD. (and 6 other corporations)

The financial statements of the above 19 companies, all of whose interim year-end is June 30, are included in the consolidated financial statements on the basis of their fiscal year after making appropriate adjustments for significant transactions during the period from July 1, 2002 to the date of the Company's interim year-end, September 30, 2002.

4. Accounting Standards

a) Basis and Method of Evaluation of Significant Assets

Marketable securities

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

Other marketable securities

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

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

Derivatives

All fair value

Inventories

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

b) Method of Depreciation

Tangible fixed assets

Mainly calculated by the declining-balance method except that certain consolidated subsidiaries employ the straight-line method at rates based on the estimated useful lives of the respective assets.

Useful lives of tangible fixed assets are as follows:

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

Structures: 10-30 years

Machinery and Equipment: 4-11 years

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

c) Accounting for Reserves and Benefits

Allowance for doubtful accounts

The amount of allowance for normal accounts is determined based on past write-off experience, and the amount of allowance for doubtful accounts is determined based on a review of the collectibility of individual receivables.

Accrued employees' retirement benefits

Accrued employees' retirement benefits are provided on an accrual basis based on the projected retirement benefit obligation and the pension fund assets calculated using various actuarial assumptions as of the end of the interim period.

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

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

Directors' retirement benefits

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

d) Foreign Currency Transactions

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

e) Accounting for Lease Transactions

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

f) Hedge Accounting

1. Method of Hedge Accounting

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

2. Hedged Items and Hedging Instruments

Hedged items	Forward foreign exchange contracts, purchased options with foreign currency-denominated put and yen-denominated call
Hedging instruments	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 is clear; therefore, there is no need to evaluate such effectiveness.

g) Accounting for Consumption Tax

Income and expenses are recorded net of consumption tax.

5. Scope of Cash Equivalents in Consolidated Statements of Cash Flows

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

(6) Change in Presentation

Consolidated Balance Sheets

Effective the interim period ended September 30, 2002, the Company separately presented “Deferred income taxes on land revaluation”, which had been included in “Other fixed liabilities” in the long-term liabilities for the interim period ended September 30, 2001.

Consolidated Statement of Cash Flows

Effective the interim period ended September 30, 2002, the Company transferred “Proceeds from resort member deposits” and “Repayments of resort member deposits” to cash flows from financing activities, which had been included in “Other” in cash flows from operating activities for the interim period ended September 30, 2001.

(7) Additional Information

Accounting for Treasury Stock and the Reversal of Legal Reserve, etc.

Effective the interim period ended September 30, 2002, the Company adopted applied the Accounting Standard for the Treasury Stock and the Reversal of Legal Reserve, etc. (Corporate Accounting Standard, sub-paragraph 1). The effect of this change to the profits and losses for this interim period is immaterial.

In accordance with the revision of the Regulation for the presentation of Interim Financial Statements, “Shareholders’ equity” in the Consolidated Balance Sheets and the Consolidated Statements of Retained Earnings for the interim period were presented under the revised regulation.

(8) Other Notes

Notes to the Consolidated Balance Sheets

	At September 30, 2002	At September 30, 2001	At March 31, 2002
1. Accumulated Depreciation	¥219,106 million	¥221,095 million	¥226,483 million
2. Mortgaged Assets			
Of cash and bank deposits	¥30 million	¥30 million	¥30 million
Of marketable securities	682 million	739 million	60 million
Of tangible fixed assets	13,292 million	16,662 million	13,651 million
Of investments and other assets	1,764 million	1,807 million	2,423 million
Total	¥15,769 million	¥19,239 million	¥16,165 million
3. Contingent Liabilities	¥107 million	¥50 million	¥129 million
4. Discount on Export Bills Receivable	¥1,335 million	¥1,270 million	¥1,386 million
5. Deferred Hedge Gains(Losses)			
Deferred hedge gains	¥21 million	¥126 million	¥1 million
Deferred hedge losses	298 million	79 million	100 million
Net deferred hedge gains(losses)	¥(276) million	¥47 million	¥(99) million

Notes to the Statements of Income

	FY2003 interim period ended Sept. 30, 2002	FY2002 interim period ended Sept. 30, 2001	FY2002 ended March 31, 2002
Significant components of reversal of allowances:			
Allowance for doubtful accounts	¥525 million	¥44 million	¥— million
Accrued employees' retirement benefits	3,492 million	2,261 million	4,755 million
Directors' retirement benefits	94 million	74 million	201 million

Notes to the Statements of Cash Flows

	FY2003 interim period ended Sept. 30, 2002	FY2002 interim period ended Sept. 30, 2001	FY2002 ended March 31, 2002
Reconciliation between Cash and Cash Equivalents and Cash and Bank Deposits in the Consolidated Balance Sheets:			
Cash and bank deposits	¥40,314 million	¥38,181 million	¥41,074 million
Time deposits with a maturity of more than three months	(488) million	(327) million	(502) million
Cash and cash equivalents	¥39,825 million	¥37,853 million	¥40,571 million

Segment Information

1. Business Segments (FY2003 interim period ended September 30, 2002)

(Millions of yen)

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

Notes: 1. Business Sectors:
Divided into the categories of musical instruments, AV/IT products, lifestyle-related products, electronic equipment and metal products, recreation and other based on consideration of similarities of product type, characteristics and market, etc.
2. Major products and services of each business segment are shown in "1. The Yamaha Group" on page 3.

(FY2002 interim period ended September 30, 2001)

(Millions of yen)

	Musical instruments	AV/IT products	Lifestyle-related products	Electronic equipment and metal products	Recreation	Other	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥144,650	¥41,573	¥23,795	¥18,370	¥10,756	¥9,631	¥248,778	¥—	¥248,778
Intersegment sales or transfers	—	—	—	1,421	—	—	1,421	(1,421)	—
Total sales	144,650	41,573	23,795	19,792	10,756	9,631	250,200	(1,421)	248,778
Operating expenses	140,804	40,374	22,788	17,176	11,600	9,726	242,470	(1,421)	241,048
Operating income (loss)	¥3,845	¥1,198	¥1,007	¥2,615	¥(843)	¥(94)	¥7,729	¥—	¥7,729

(FY2002 ended March 31, 2002)

(Millions of yen)

	Musical instruments	AV/IT products	Lifestyle-related products	Electronic equipment and metal products	Recreation	Other	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥286,920	¥95,214	¥45,714	¥36,628	¥21,590	¥18,339	¥504,406	¥—	¥504,406
Intersegment sales or transfers	—	—	—	2,471	—	—	2,471	(2,471)	—
Total sales	286,920	95,214	45,714	39,099	21,590	18,339	506,878	(2,471)	504,406
Operating expenses	282,182	92,176	44,667	34,748	23,331	18,728	495,834	(2,471)	493,362
Operating income (loss)	¥4,738	¥3,037	¥1,046	¥4,351	¥(1,741)	¥(389)	¥11,043	¥—	¥11,043

2. Geographical Segments (FY2003 interim period ended September 30, 2002)

(Millions of yen)

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

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

(FY2002 interim period ended September 30, 2001)

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania and other areas	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥156,372	¥42,222	¥33,774	¥16,408	¥248,778	¥—	¥248,778
Intersegment sales or transfers	79,185	562	267	34,867	114,883	(114,883)	—
Total sales	235,558	42,784	34,042	51,275	363,662	(114,883)	248,778
Operating expenses	228,432	41,434	34,303	49,390	353,561	(112,512)	241,048
Operating income (loss)	¥7,126	¥1,349	¥(260)	¥1,885	¥10,100	¥(2,370)	¥7,729

(FY2002 ended March 31, 2002)

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania and other areas	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥304,945	¥92,246	¥73,260	¥33,954	¥504,406	¥—	¥504,406
Intersegment sales or transfers	136,211	2,135	493	68,063	206,902	(206,902)	—
Total sales	441,156	94,381	73,753	102,017	711,309	(206,902)	504,406
Operating expenses	437,937	90,897	73,103	98,283	700,222	(206,859)	493,362
Operating income (loss)	¥3,219	¥3,484	¥649	¥3,733	¥11,087	¥(43)	¥11,043

3. Overseas Sales (FY2003 interim period ended September 30, 2002)

(Millions of yen)

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

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

(FY2002 interim period ended September 30, 2001)

(Millions of yen)

	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales	¥43,019	¥33,872	¥23,514	¥100,406
Net sales				248,778
% of net sales	17.3%	13.6%	9.5%	40.4%

(FY2002 ended March 31, 2002)

(Millions of yen)

	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales	¥93,524	¥73,458	¥47,472	¥214,455
Net sales				504,406
% of net sales	18.5%	14.6%	9.4%	42.5%

Lease Transactions

[Lessee]

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

a) Acquisition costs, accumulated depreciation and net book value

(Millions of yen)

	FY2003 interim period (as of September 30, 2002)			FY2002 interim period (as of September 30, 2001)			FY2002 (as of March 31, 2002)		
	Tools and equipment	Other	Total	Tools and equipment	Other	Total	Tools and equipment	Other	Total
Acquisition costs	**¥2,803**	**¥1,319**	**¥4,123**	¥4,202	¥1,032	¥5,234	¥4,195	¥1,159	¥5,355
Accumulated depreciation	**1,453**	**829**	**2,282**	2,630	699	3,330	2,620	776	3,397
Net book value	**1,350**	**489**	**1,840**	1,571	333	1,904	1,574	382	1,957

Note: Acquisition costs include interest expenses since the balance of future minimum lease payments accounts for only a small percentage of tangible fixed assets as of the balance sheet date.

b) Future minimum lease payments

(Millions of yen)

	FY2003 interim period (as of September 30, 2002)	FY2002 interim period (as of September 30, 2001)	FY2002 (as of March 31, 2002)
Due within one year	**¥735**	¥941	¥875
Due over one year	**1,105**	963	1,082
Total	**1,840**	1,904	1,957

Note: Future minimum lease payments include interest expenses since the balance of future minimum lease payments accounts for only a small percentage of tangible fixed assets as of the balance sheet date.

c) Lease payments and depreciation

(Millions of yen)

	FY2003 interim period (ended September 30, 2002)	FY2002 interim period (ended September 30, 2001)	FY2002 (ended March 31, 2002)
Lease payments	**¥536**	¥555	¥1,124
Depreciation	**536**	555	1,124

d) 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

a) Future minimum lease payments

(Millions of yen)

	FY2003 interim period (as of September 30, 2002)	FY2002 interim period (as of September 30, 2001)	FY2002 (as of March 31, 2002)
Due within one year	**¥384**	¥314	¥458
Due over one year	**466**	386	587
Total	**850**	700	1,045

[Lessor]

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

a) Acquisition costs, accumulated depreciation and net book value

(Millions of yen)

	FY2003 interim period (as of September 30, 2002)	FY2002 interim period (as of September 30, 2001)	FY2002 (as of March 31, 2002)
Acquisition costs	**¥5,157**	¥5,009	¥5,127
Accumulated depreciation	**3,433**	3,326	3,469
Net book value	**1,724**	1,682	1,657

b) Future minimum lease receivables

(Millions of yen)

	FY2003 interim period (as of September 30, 2002)	FY2002 interim period (as of September 30, 2001)	FY2002 (as of March 31, 2002)
Due within one year	**¥963**	¥1,005	¥962
Due over one year	**1,902**	1,941	1,831
Total	**2,865**	2,947	2,793

Note: Future minimum lease receivables includes interest income since the balance of future minimum lease receivables and estimated residual values accounts for only a small percentage of trade receivables as of the balance sheet date.

c) Lease receivables and depreciation

(Millions of yen)

	FY2003 interim period (ended September 30, 2002)	FY2002 interim period (ended September 30, 2001)	FY2002 (ended March 31, 2002)
Lease receivables	**¥575**	¥579	¥1,173
Depreciation	**298**	387	606

Marketable Securities

1. Held-to-Maturity Securities at Market Value

(Millions of yen)

	FY2003 interim period (as of September 30, 2002)			FY2002 interim period (as of September 30, 2001)			FY2002 (as of March 31, 2002)		
	Carrying value	Estimated fair value	Unrealized gain	Carrying value	Estimated fair value	Unrealized gain	Carrying value	Estimated fair value	Unrealized gain
Government bonds	**¥270**	**¥274**	**¥4**	¥69	¥71	¥1	¥270	¥272	¥2
Corporate bonds	**1,642**	**1,652**	**9**	2,032	2,055	23	1,931	1,945	14
Others	**1,750**	**1,781**	**30**	1,850	1,883	32	1,449	1,467	18
Total	**3,662**	**3,707**	**44**	3,952	4,010	57	3,652	3,686	33

2. Available-for-Sales Securities at Market Value

(Millions of yen)

	FY2003 interim period (as of September 30, 2002)			FY2002 interim period (as of September 30, 2001)			FY2002 (as of March 31, 2002)		
	Acquisition cost	Carrying value	Unrealized gain	Acquisition cost	Carrying value	Unrealized gain	Acquisition cost	Carrying value	Unrealized gain
Stocks	**¥18,542**	**¥21,318**	**¥2,775**	¥34,541	¥27,822	¥(6,718)	¥19,609	¥21,067	¥1,458
Bonds Corporate bonds	**43**	**50**	**6**	43	51	7	43	50	7
Others	**51**	**42**	**(8)**	49	45	(4)	49	45	(3)
Total	**18,636**	**21,411**	**2,774**	34,634	27,918	(6,715)	19,702	21,164	1,462

3. Book Value of Securities without Market Value

(Millions of yen)

	FY2003 interim period (as of September 30, 2002)	FY2002 interim period (as of September 30, 2001)	FY2002 (as of March 31, 2002)
Other securities Unlisted securities (except for over-the-counter traded securities)	**¥3,853**	¥795	¥808

Note: The Company recorded an impairment loss of ¥1,066 million in "Available-for-sales securities at market value" during the interim period ended September 30, 2002.
The impairment loss in such securities is recognized when market value at the period end declines 30% or more of the carrying cost, except when it is anticipated that the market value is recoverable.

Derivative Transactions

Derivative transactions, other than receivables and payables denominated in foreign currencies, were removed from the scope or disclosure because they apply to hedge accounting.