

# Profile

## Corporate Principles

### Corporate Objective

Yamaha will continue to create ‘Kando’ and enrich culture with technology and passion born of sound and music, together with people all over the world. ‘Kando’ (is a Japanese word that) signifies an inspired state of mind.

### Brand Slogan

CREATING ‘KANDO’ TOGETHER

### Promise to Stakeholders

#### •To Customers

Yamaha will fully satisfy the customer, by offering high quality products and services, which use new and traditional technologies, as well as creativity and artistry, and continue to be a known, trusted and loved brand.

#### •To Shareholders

Yamaha will increase the satisfaction and understanding of its shareholders by striving for healthy profits and returns, and by achieving productivity, using high quality, transparent management, and practicing disclosure.

#### •To those who work with Yamaha

Yamaha will develop relationships of mutual trust with all of those who work with Yamaha in accordance with fair rules based on social norms, and strive to be an organization in which individuals can demonstrate their abilities fully, have confidence, and have pride.

#### •To Society

Yamaha will give first priority to safety, and will care for the environment. Yamaha will be a good corporate citizen, and observe laws and work ethically, developing the economy, and contributing to local and global culture.

## CONTENTS

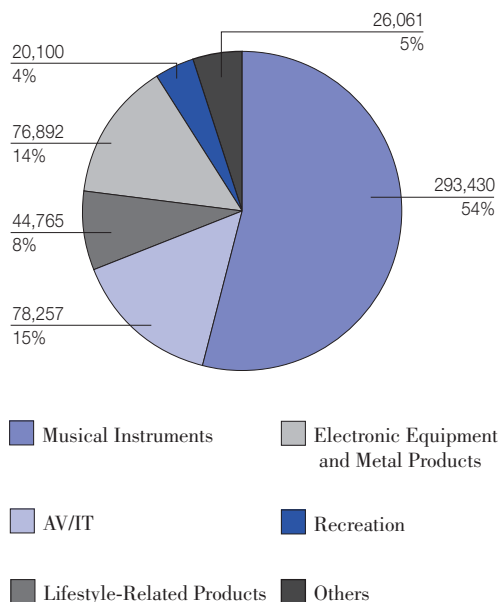
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# Financial Highlights

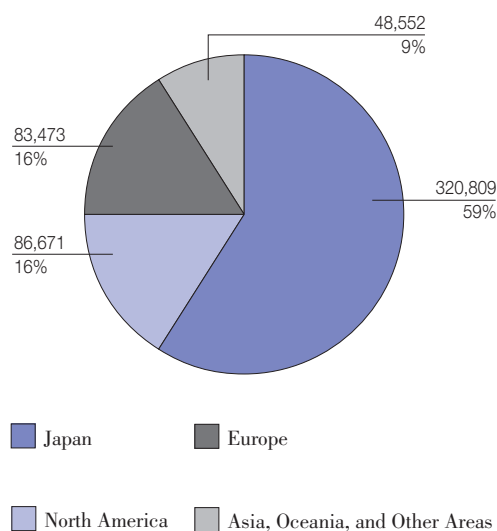
Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	2000/3	2001/3	2002/3	2003/3	2004/3	2004/3
<b>For the year:</b>						
Net sales	527,897	519,104	504,406	524,763	<b>539,506</b>	<b>5,104.61</b>
Operating income	8,082	23,001	11,043	32,043	<b>45,056</b>	<b>426.30</b>
Net income (loss)	(40,777)	13,320	(10,274)	17,947	<b>43,541</b>	<b>411.97</b>
<b>At year-end:</b>						
Total assets	543,088	522,486	509,663	512,716	<b>508,731</b>	<b>4,813.43</b>
Total shareholders' equity	221,750	196,733	201,965	214,471	<b>259,731</b>	<b>2,457.48</b>
Interest-bearing liabilities	88,167	103,304	96,166	90,436	<b>48,871</b>	<b>462.40</b>
<b>Per share (Yen/U.S. Dollars):</b>						
Net income (loss)	(197.45)	64.50	(49.75)	86.65	<b>210.63</b>	<b>1.99</b>
Shareholders' equity	1,073.75	952.62	978.15	1,040.06	<b>1,259.28</b>	<b>11.91</b>
Cash dividends	3	7	8	10	<b>15</b>	<b>0.14</b>
Number of employees [Includes average number of temporary employees]	21,599 [3,432]	22,277 [3,814]	23,020 [4,401]	23,563 [5,016]	<b>23,903</b> <b>[5,061]</b>	

Throughout this factbook, U.S. dollar amounts are translated from yen at the rate of US\$1=¥105.69, the approximate rate prevailing on March 31, 2004.

**Net Sales by Business Segment** (Fiscal Year Ended 2004/3)  
(Millions of Yen)



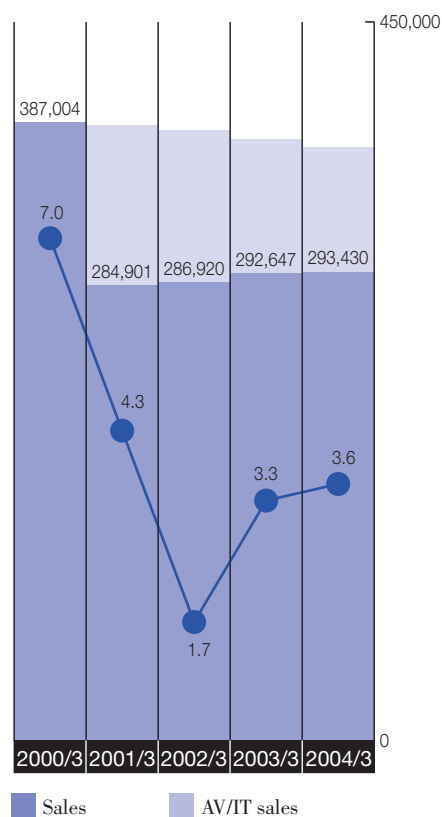
**Net Sales by Geographical Segment** (Fiscal Year Ended 2004/3)  
(Millions of Yen)



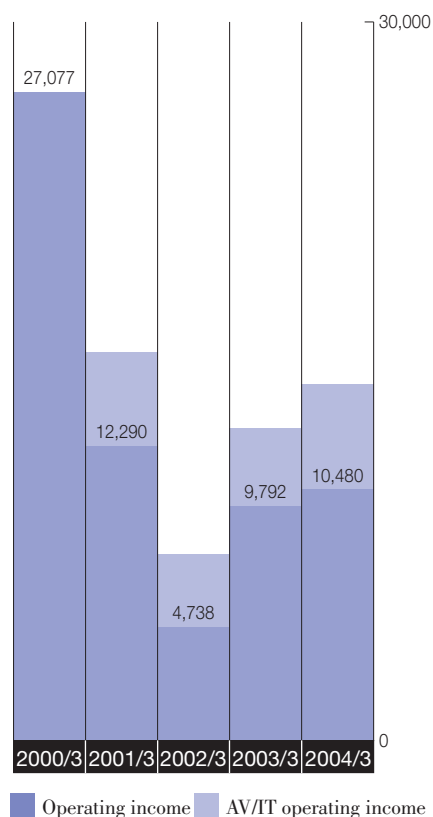
# Segment Information

## Musical Instruments

**Sales/Operating Income to Sales**  
(Millions of Yen/%)



**Operating Income**  
(Millions of Yen)



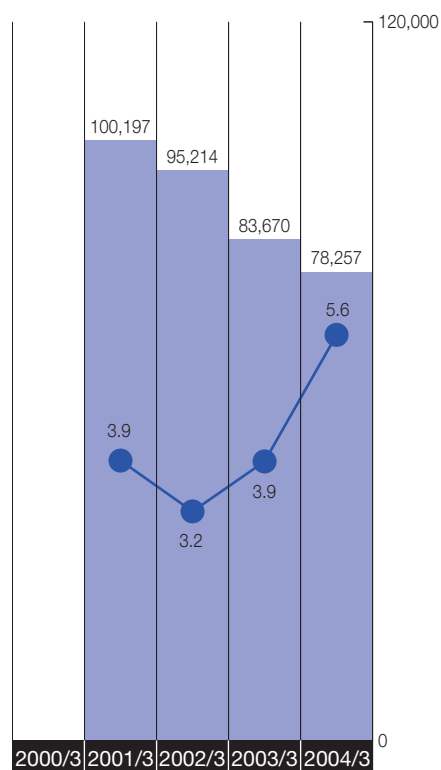
● Operating income to sales

Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	2000/3	2001/3	2002/3	2003/3	2004/3	2004/3
Sales	387,004	284,901	286,920	292,647	<b>293,430</b>	<b>2,776.33</b>
Operating income	27,077	12,290	4,738	9,792	<b>10,480</b>	<b>99.16</b>
Capital investment	7,846	6,117	8,837	9,067	<b>10,099</b>	<b>95.55</b>
Depreciation expenses	9,920	7,224	8,373	8,001	<b>7,447</b>	<b>70.46</b>
R&D expenses	16,133	11,195	11,521	11,834	<b>11,970</b>	<b>113.26</b>

Note: Figures for 2000/3 include AV/IT.

### Sales/Operating Income to Sales

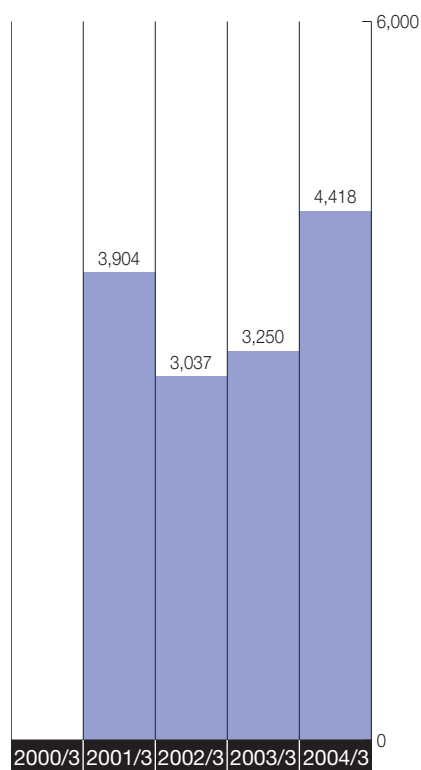
(Millions of Yen/%)



● Operating income to sales

### Operating Income

(Millions of Yen)

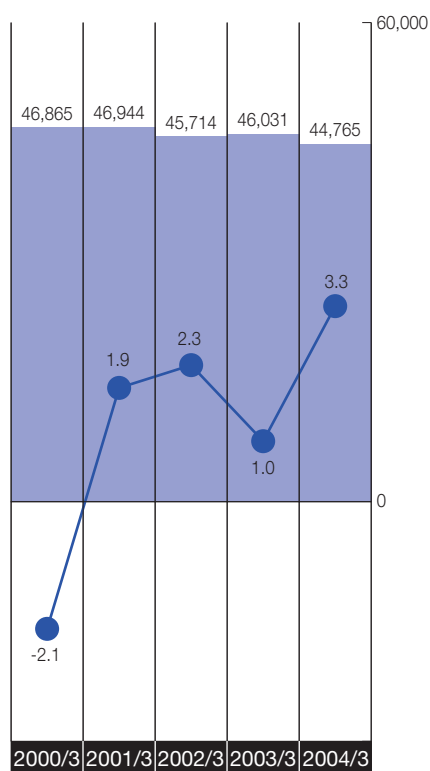


Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	2000/3	2001/3	2002/3	2003/3	2004/3	2004/3
Sales		100,197	95,214	83,670	<b>78,257</b>	<b>740.44</b>
Operating income		3,904	3,037	3,250	<b>4,418</b>	<b>41.80</b>
Capital investment		1,587	2,133	1,503	<b>1,827</b>	<b>17.29</b>
Depreciation expenses		1,783	1,877	1,807	<b>1,694</b>	<b>16.03</b>
R&D expenses		4,970	5,096	5,194	<b>4,934</b>	<b>46.68</b>

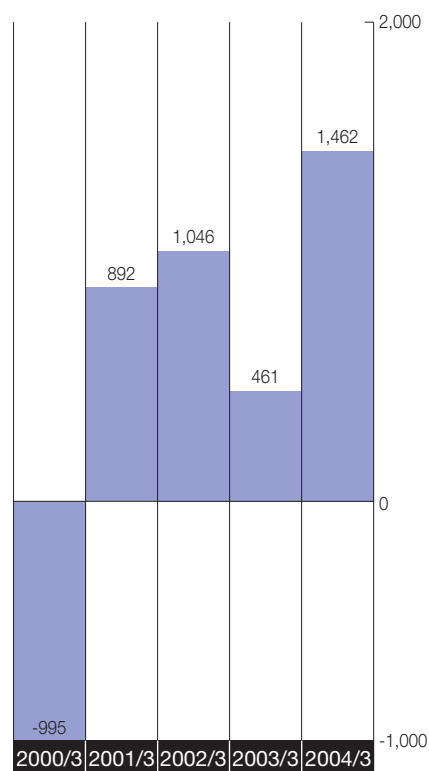
Note: Figures for 2000/3 are included in Musical Instruments.

## Lifestyle-Related Products

**Sales/Operating Income (Loss) to Sales**  
(Millions of Yen/%)



**Operating Income (Loss)**  
(Millions of Yen)

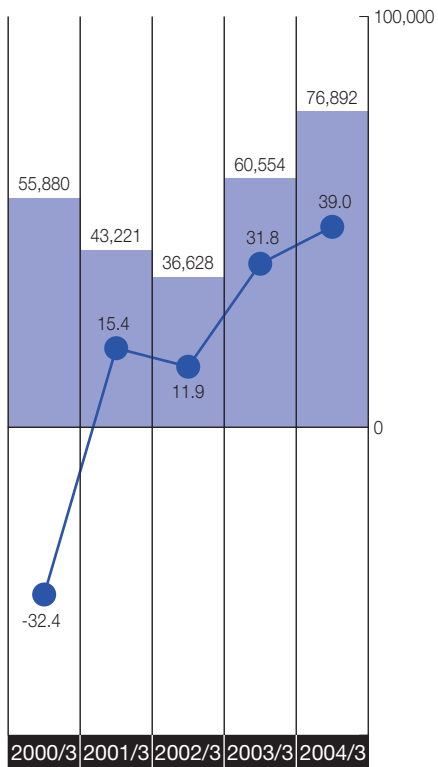


● Operating income (loss) to sales

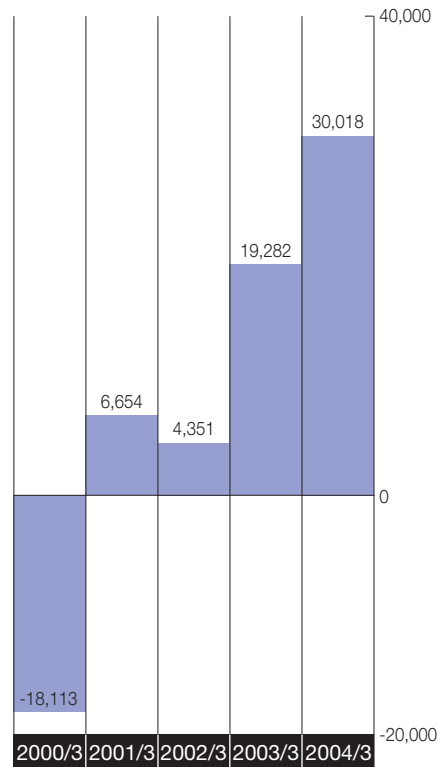
Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	2000/3	2001/3	2002/3	2003/3	<b>2004/3</b>	<b>2004/3</b>
Sales	46,865	46,944	45,714	46,031	<b>44,765</b>	<b>423.55</b>
Operating income (loss)	(995)	892	1,046	461	<b>1,462</b>	<b>13.83</b>
Capital investment	1,683	991	851	911	<b>1,678</b>	<b>15.88</b>
Depreciation expenses	1,518	1,554	1,505	1,002	<b>969</b>	<b>9.17</b>
R&D expenses	1,517	1,364	1,282	1,319	<b>1,348</b>	<b>12.75</b>

## Electronic Equipment and Metal Products

**Sales/Operating Income (Loss) to Sales**  
(Millions of Yen/%)



**Operating Income (Loss)**  
(Millions of Yen)

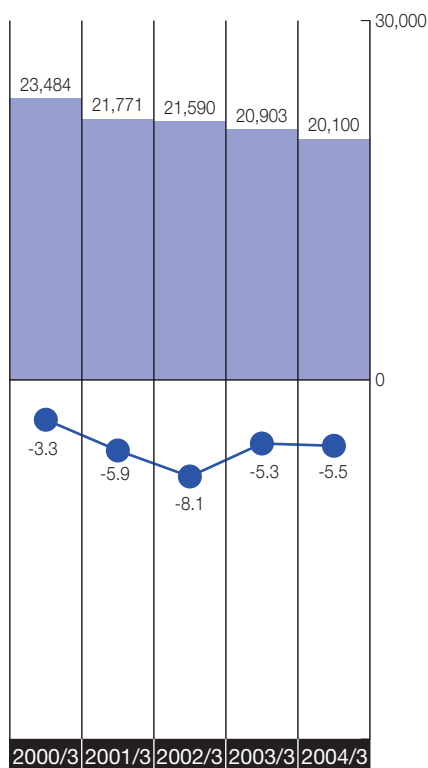


● Operating income (loss) to sales

Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	2000/3	2001/3	2002/3	2003/3	2004/3	2004/3
Sales	55,880	43,221	36,628	60,554	<b>76,892</b>	<b>727.52</b>
Operating income (loss)	(18,113)	6,654	4,351	19,282	<b>30,018</b>	<b>284.02</b>
Capital investment	6,968	2,834	1,921	3,320	<b>4,358</b>	<b>41.23</b>
Depreciation expenses	14,365	2,653	3,068	2,845	<b>3,388</b>	<b>32.06</b>
R&D expenses	4,503	3,135	3,853	3,188	<b>3,370</b>	<b>31.89</b>

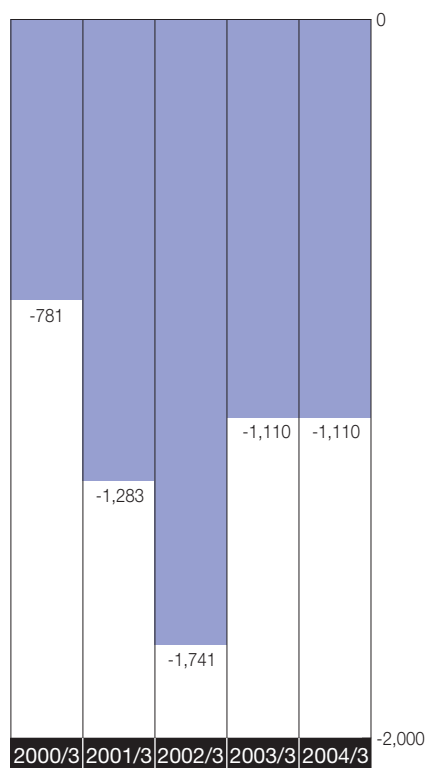
## Recreation

### Sales/Operating Loss to Sales (Millions of Yen/%)



● Operating loss to sales

### Operating Loss (Millions of Yen)

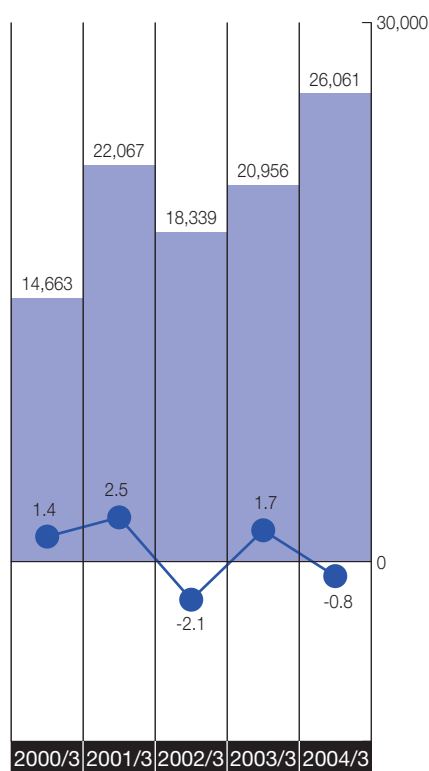


Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	2000/3	2001/3	2002/3	2003/3	2004/3	2004/3
Sales	23,484	21,771	21,590	20,903	<b>20,100</b>	<b>190.18</b>
Operating loss	(781)	(1,283)	(1,741)	(1,110)	<b>(1,110)</b>	<b>(10.50)</b>
Capital investment	1,403	1,392	1,867	728	<b>774</b>	<b>7.32</b>
Depreciation expenses	3,009	2,959	2,893	2,932	<b>2,853</b>	<b>26.99</b>
R&D expenses	0	—	2	—	<b>—</b>	<b>—</b>



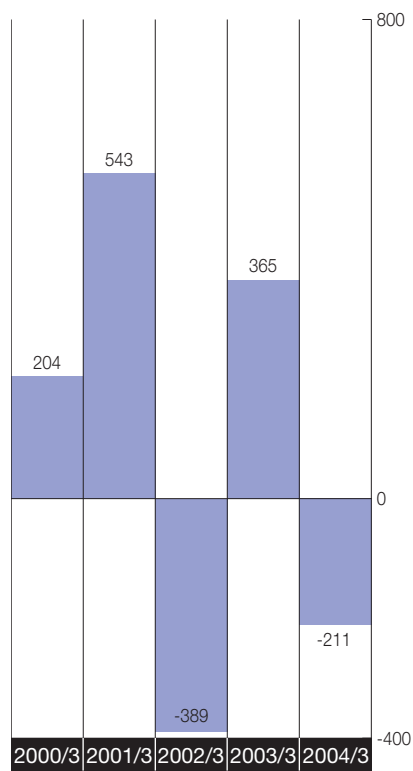
## Others

**Sales/Operating Income (Loss) to Sales**  
(Millions of Yen/%)



● Operating income (loss) to sales

**Operating Income (Loss)**  
(Millions of Yen)

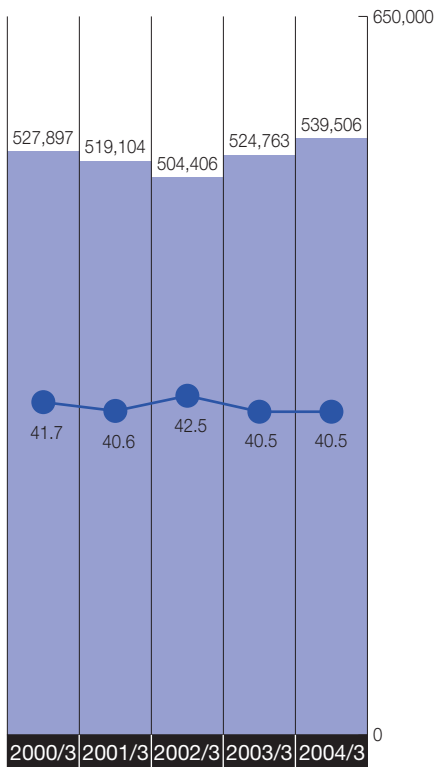


Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	2000/3	2001/3	2002/3	2003/3	2004/3	2004/3
Sales	14,663	22,067	18,339	20,956	<b>26,061</b>	<b>246.58</b>
Operating income (loss)	204	543	(389)	365	<b>(211)</b>	<b>(2.00)</b>
Capital investment	927	1,846	1,015	1,352	<b>2,420</b>	<b>22.90</b>
Depreciation expenses	798	1,135	1,050	996	<b>1,167</b>	<b>11.04</b>
R&D expenses	435	494	785	904	<b>880</b>	<b>8.33</b>

# Performance Trends

## Net Sales/Overseas Sales Ratio

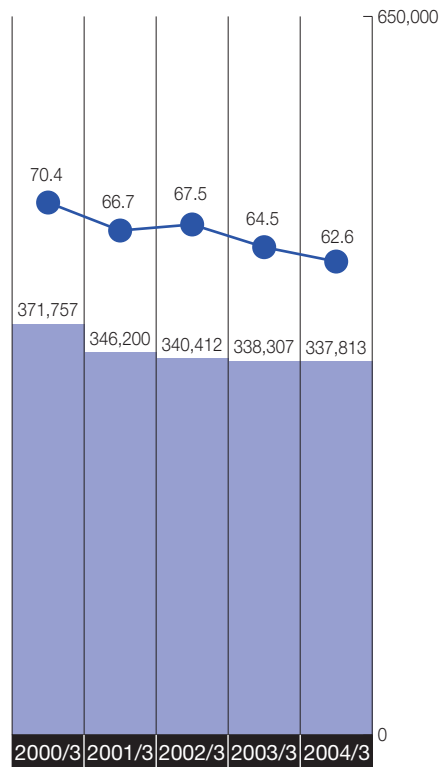
(Millions of Yen/%)



● Overseas sales ratio

## Cost of Sales/Cost of Sales Ratio

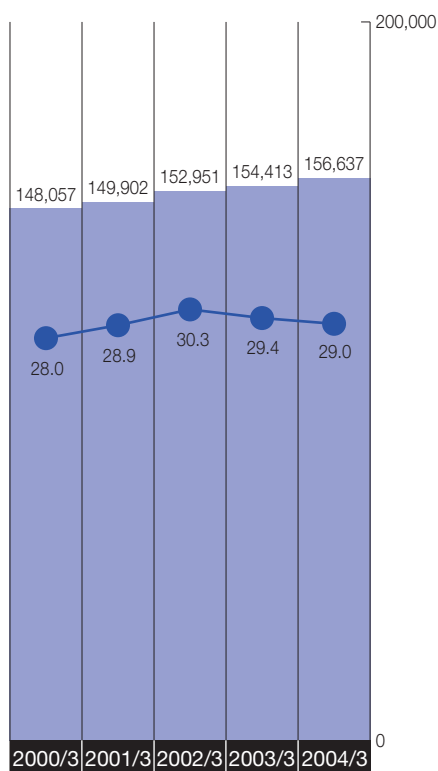
(Millions of Yen/%)



● Cost of sales ratio

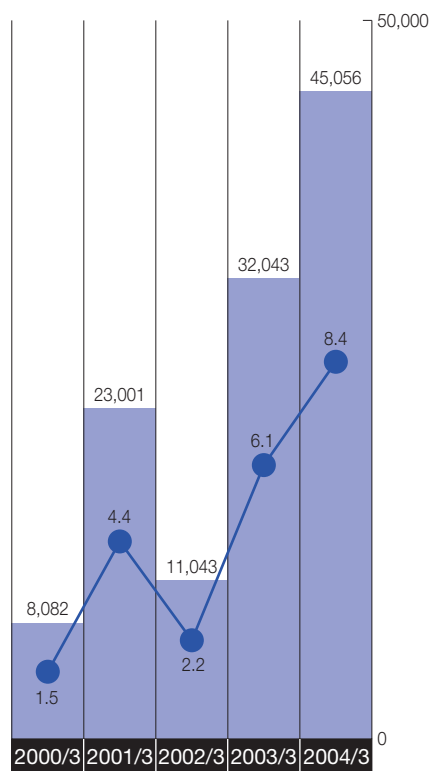
Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	2000/3	2001/3	2002/3	2003/3	2004/3	2004/3
Net sales	527,897	519,104	504,406	524,763	<b>539,506</b>	<b>5,104.61</b>
Japan	308,042	308,539	289,951	312,129	<b>320,809</b>	<b>3,035.38</b>
North America	96,005	91,720	93,524	89,728	<b>86,671</b>	<b>820.05</b>
Europe	73,397	72,957	73,458	77,185	<b>83,473</b>	<b>789.79</b>
Other	50,452	45,886	47,472	45,721	<b>48,552</b>	<b>459.38</b>
Overseas sales ratio (%)	41.7	40.6	42.5	40.5	<b>40.5</b>	
Cost of sales	371,757	346,200	340,412	338,307	<b>337,813</b>	<b>3,196.26</b>
Gross profit	156,140	172,904	163,994	186,456	<b>201,693</b>	<b>1,908.35</b>

**SG&A Expenses/  
SG&A Expenses to Net Sales**  
(Millions of Yen/%)



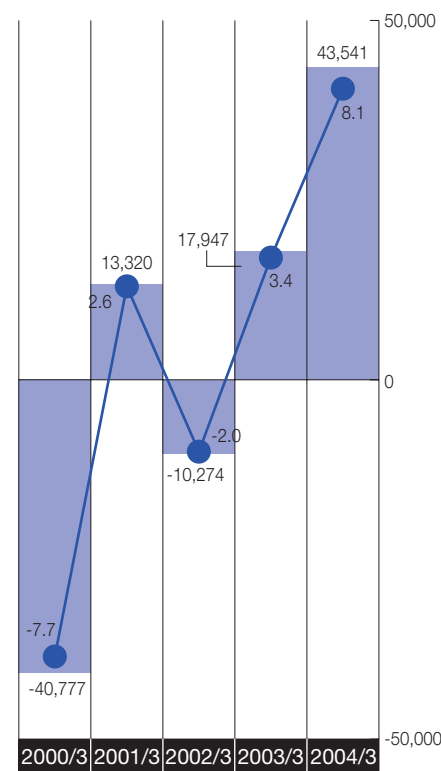
● SG&A expenses to net sales

**Operating Income/  
Operating Income to Net Sales**  
(Millions of Yen/%)



● Operating income to net sales

**Net Income (Loss)/  
Net Income (Loss) to Net Sales**  
(Millions of Yen/%)

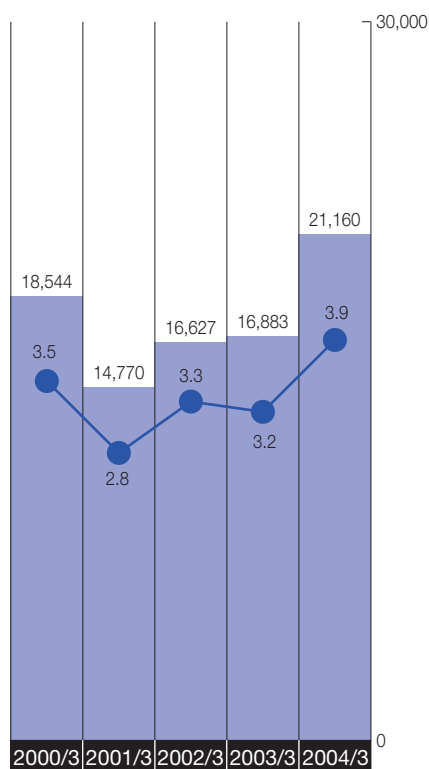


● Net income (loss) to net sales

Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	2000/3	2001/3	2002/3	2003/3	2004/3	2004/3
SG&A expenses	148,057	149,902	152,951	154,413	<b>156,637</b>	<b>1,482.04</b>
Personnel expenses	63,987	62,719	65,439	66,757	<b>71,334</b>	<b>674.94</b>
Advertising & promotion	20,811	22,052	22,455	21,740	<b>22,424</b>	<b>212.17</b>
Operating income	8,082	23,001	11,043	32,043	<b>45,056</b>	<b>426.30</b>
Net income (loss)	(40,777)	13,320	(10,274)	17,947	<b>43,541</b>	<b>411.97</b>

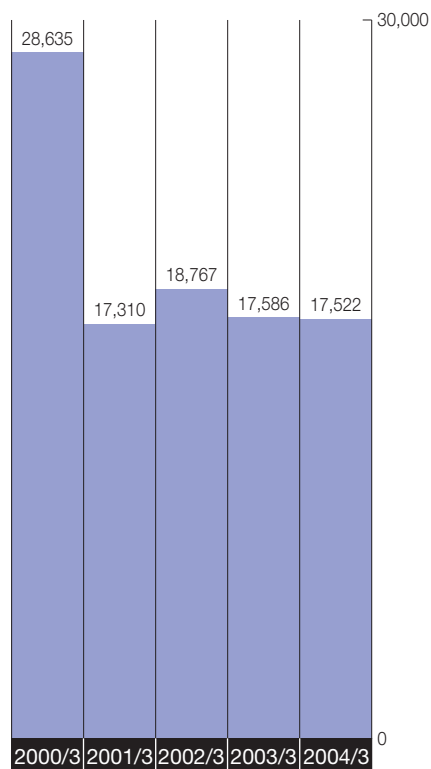
Note: Accounting for miscellaneous salaries, which was included in other in SG&A expenses, is included in personnel expenses from fiscal 2004.

**Capital Investment/Capital Investment to Net Sales**  
(Millions of Yen/%)

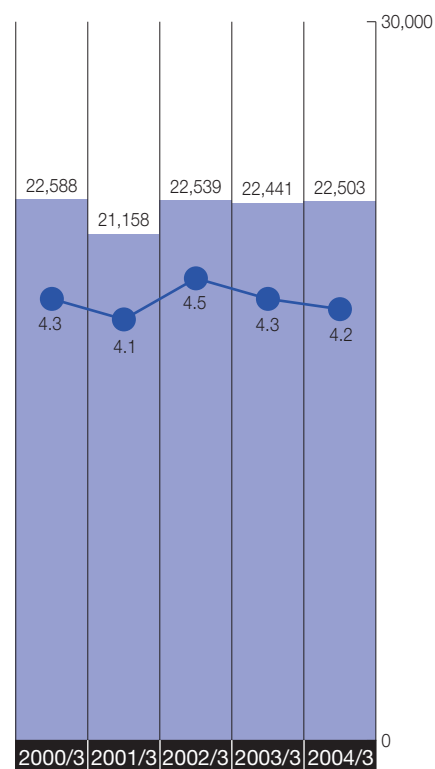


● Capital investment to net sales

**Depreciation Expenses**  
(Millions of Yen)



**R&D Expenses/R&D Expenses to Net Sales**  
(Millions of Yen/%)

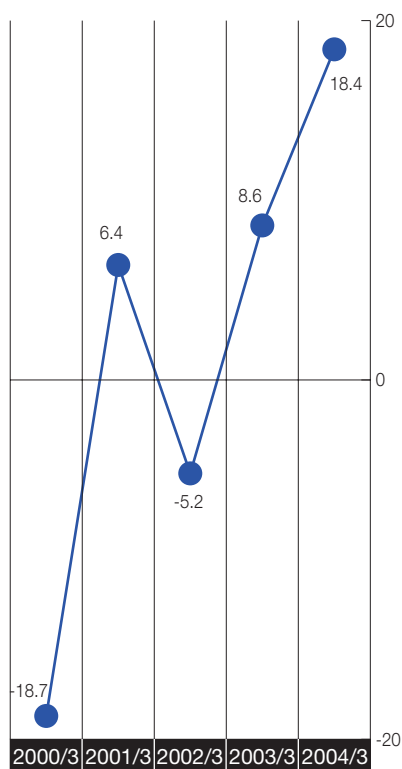


● R&D expenses to net sales

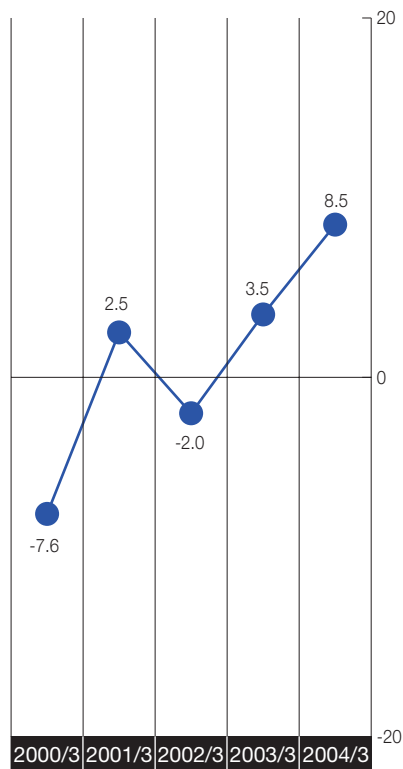
Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	2000/3	2001/3	2002/3	2003/3	2004/3	2004/3
Capital investment	18,544	14,770	16,627	16,883	<b>21,160</b>	<b>200.21</b>
Depreciation expenses	28,635	17,310	18,767	17,586	<b>17,522</b>	<b>165.79</b>
R&D expenses	22,588	21,158	22,539	22,441	<b>22,503</b>	<b>212.92</b>

# Profitability and Growth

Return on Equity (ROE)  
(%)



Return on Assets (ROA)  
(%)

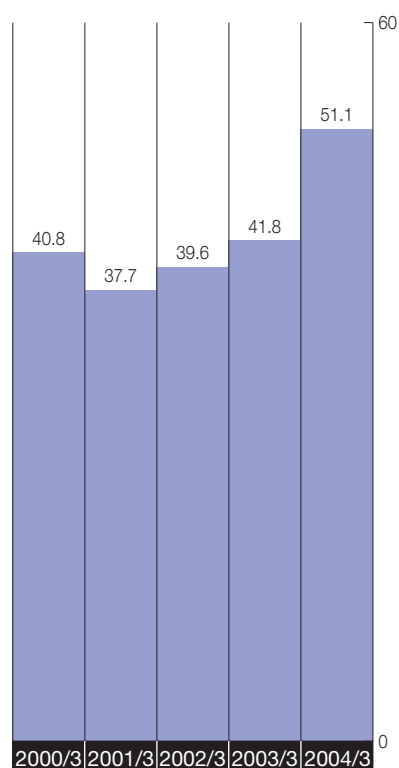


Fiscal Year Ended:	%				
	2000/3	2001/3	2002/3	2003/3	<b>2004/3</b>
Return on equity (ROE)	(18.7)	6.4	(5.2)	8.6	<b>18.4</b>
Return on assets (ROA)	(7.6)	2.5	(2.0)	3.5	<b>8.5</b>

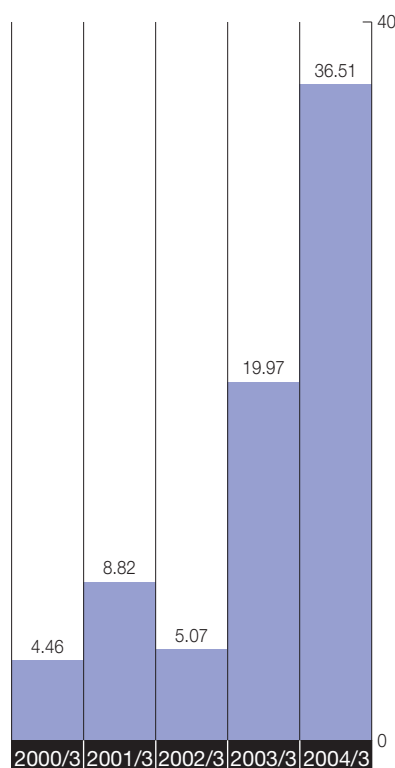
ROE = net income / shareholders' equity (yearly average) x 100  
 ROA = net income / total assets (yearly average) x 100

# Soundness and Stability

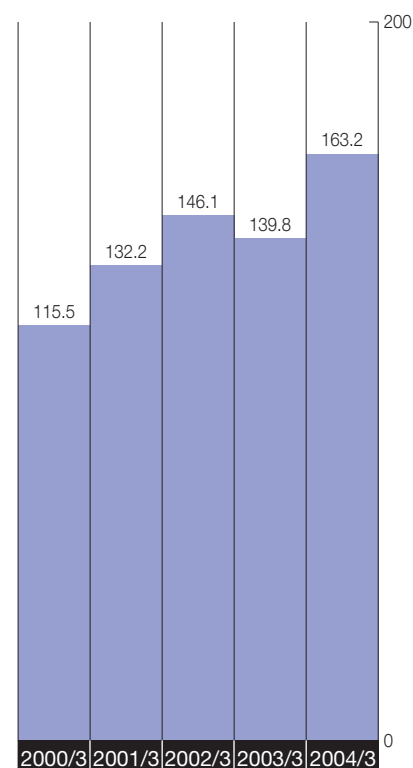
Shareholders' Equity Ratio  
(%)



Interest Coverage  
(Times)



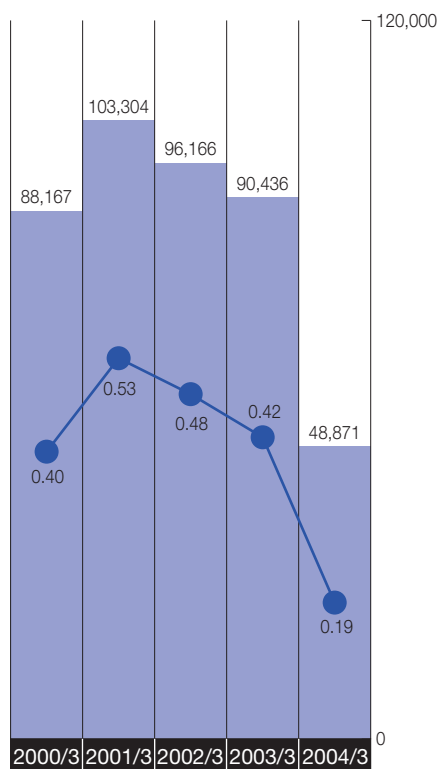
Current Ratio  
(%)



Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	2000/3	2001/3	2002/3	2003/3	2004/3	2004/3
Shareholders' equity ratio (%)	40.8	37.7	39.6	41.8	<b>51.1</b>	
Interest expense	2,968	3,014	2,911	2,015	<b>1,535</b>	<b>14.52</b>
Operating income	8,082	23,001	11,043	32,043	<b>45,056</b>	<b>426.30</b>
Equity in earnings of unconsolidated subsidiaries and affiliates	4,209	2,434	2,993	7,608	<b>10,447</b>	<b>98.85</b>
Interest and dividend income	957	1,137	735	582	<b>538</b>	<b>5.09</b>
Interest coverage (Times)	4.46	8.82	5.07	19.97	<b>36.51</b>	
Total current assets	205,979	231,872	211,140	221,089	<b>201,704</b>	<b>1,908.45</b>
Total current liabilities	178,281	175,371	144,498	158,148	<b>123,596</b>	<b>1,169.42</b>
Current ratio (%)	115.5	132.2	146.1	139.8	<b>163.2</b>	

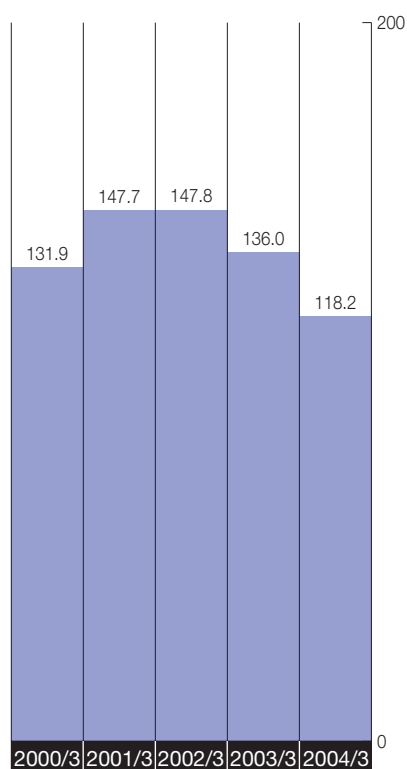
Interest coverage = (operating income + interest and dividends received + equity in earnings of unconsolidated subsidiaries and affiliates) / interest expense

**Interest-Bearing Liabilities/  
Debt to Equity Ratio**  
(Millions of Yen/Times)



● Debt to equity ratio

**Fixed Assets to Capital Ratio**  
(%)



Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	2000/3	2001/3	2002/3	2003/3	2004/3	2004/3
Total shareholders' equity	221,750	196,733	201,965	214,471	<b>259,731</b>	<b>2,457.48</b>
Interest-bearing liabilities	88,167	103,304	96,166	90,436	<b>48,871</b>	<b>462.40</b>
Debt to equity ratio (Times)	0.40	0.53	0.48	0.42	<b>0.19</b>	
Fixed assets	292,460	290,614	298,522	291,627	<b>307,026</b>	<b>2,904.97</b>
Fixed assets to capital ratio (%)	131.9	147.7	147.8	136.0	<b>118.2</b>	

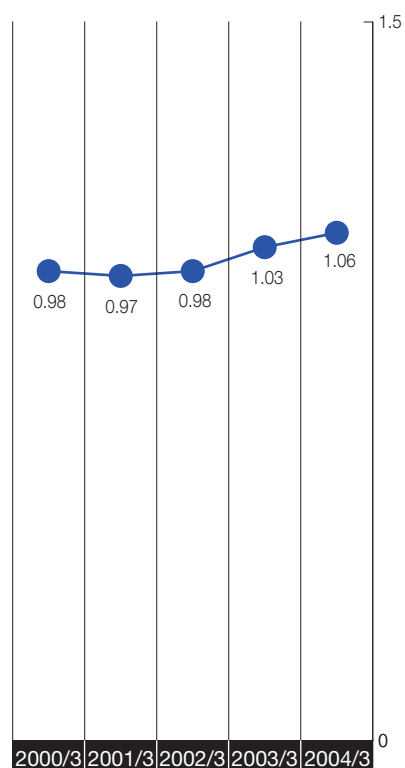
Interest-bearing liabilities = long-term debt + short-term debt + convertible bonds

Debt to equity ratio = interest-bearing liabilities / shareholders' equity

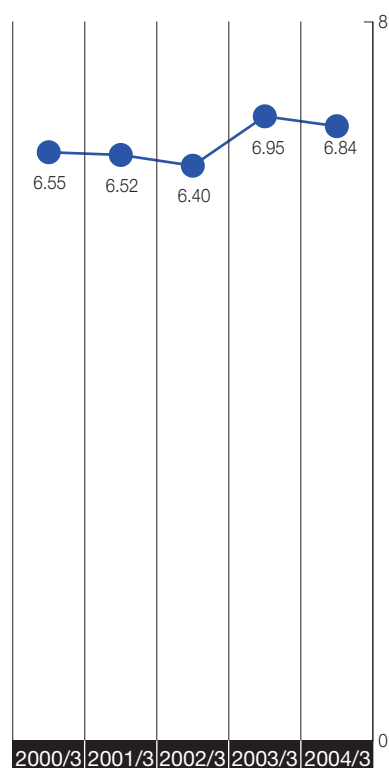
Fixed assets to capital ratio = fixed assets / shareholders' equity x 100

# Efficiency

**Total Asset Turnover**  
(Times)



**Trade Receivable Turnover**  
(Times)



Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	2001/3	2002/3	2003/3	2004/3	2004/3	
Net sales	527,897	519,104	504,406	524,763	<b>539,506</b>	<b>5,104.61</b>
Total assets	543,088	522,486	509,663	512,716	<b>508,731</b>	<b>4,813.43</b>
Total asset turnover (Times)	0.98	0.97	0.98	1.03	<b>1.06</b>	
Trade receivables	73,482	85,678	71,844	79,130	<b>78,725</b>	<b>744.87</b>
Trade receivable turnover (Times)	6.55	6.52	6.40	6.95	<b>6.84</b>	

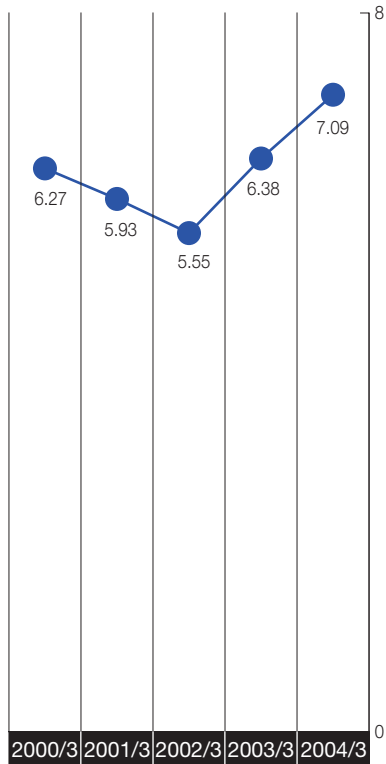
Trade receivables = notes and accounts receivable - allowance for doubtful accounts

Total asset turnover = net sales / total assets (yearly average)

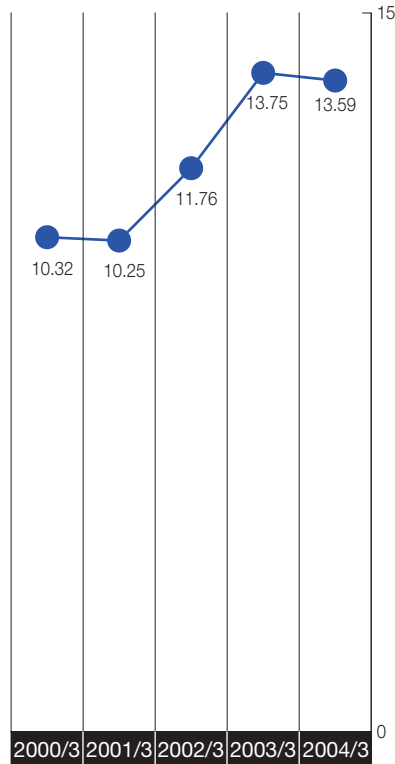
Trade receivable turnover = net sales / trade receivables (yearly average)



**Inventory Turnover**  
(Times)



**Trade Payable Turnover**  
(Times)



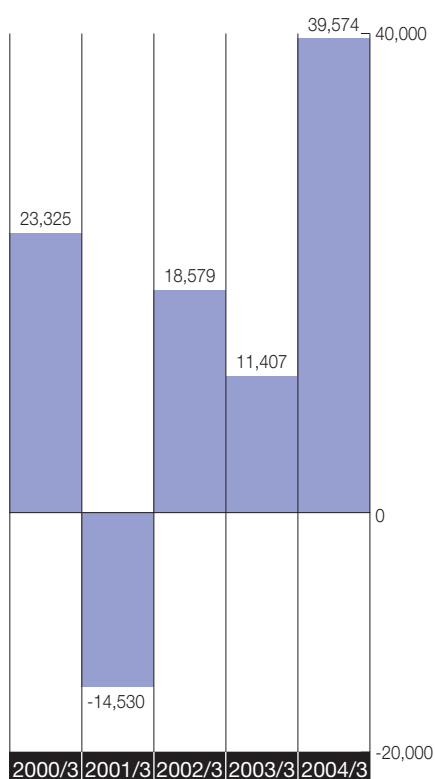
Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	2000/3	2001/3	2002/3	2003/3	2004/3	2004/3
Inventories	77,416	97,664	84,264	80,144	<b>72,146</b>	<b>682.62</b>
Finished products	50,136	63,893	54,775	51,116	<b>46,592</b>	<b>440.84</b>
Raw materials & work in process	27,280	33,771	29,489	29,028	<b>25,554</b>	<b>241.78</b>
Inventory turnover (Times)	6.27	5.93	5.55	6.38	<b>7.09</b>	
Trade payables	52,335	48,924	36,880	39,462	<b>39,947</b>	<b>377.96</b>
Trade payable turnover (Times)	10.32	10.25	11.76	13.75	<b>13.59</b>	

Inventory turnover = net sales / inventories (yearly average)  
Trade payable turnover = net sales / trade payables (yearly average)

# Cash Flows

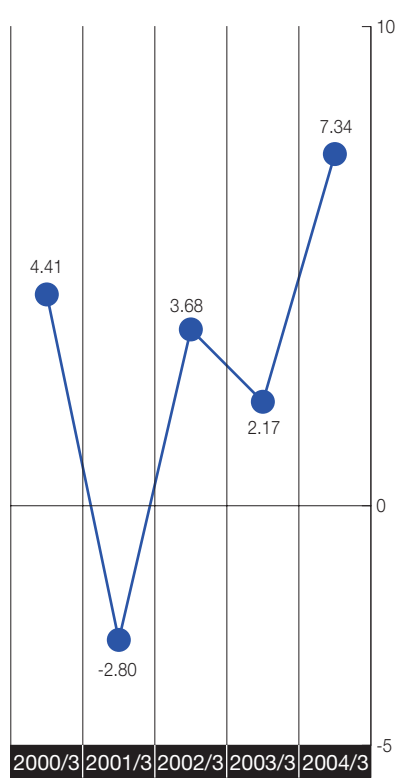
## Free Cash Flow

(Millions of Yen)



## Free Cash Flow Margin

(%)

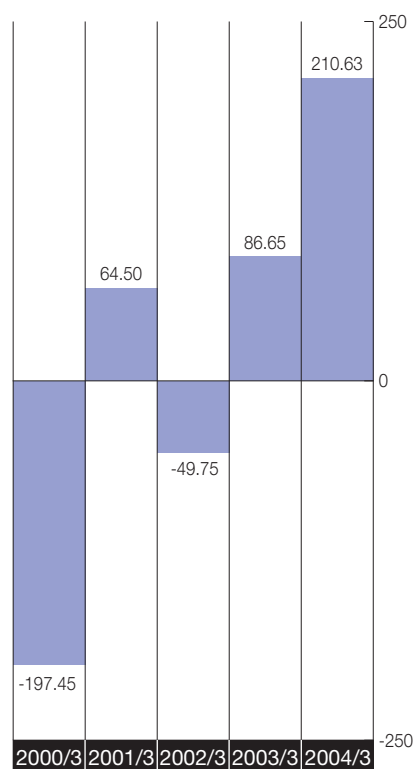


Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	2000/3	2001/3	2002/3	2003/3	2004/3	2004/3
Cash flows from operating activities	10,851	(9,089)	29,016	33,052	<b>58,349</b>	<b>552.08</b>
Cash flows from investing activities	12,474	(5,441)	(10,437)	(21,645)	<b>(18,775)</b>	<b>(177.64)</b>
Free cash flow	23,325	(14,530)	18,579	11,407	<b>39,574</b>	<b>374.43</b>
Cash flows from financing activities	(7,522)	12,987	(12,880)	(8,582)	<b>(50,141)</b>	<b>(474.42)</b>
Net sales	527,897	519,104	504,406	524,763	<b>539,506</b>	<b>5,104.61</b>
Free cash flow margin (%)	4.41	(2.80)	3.68	2.17	<b>7.34</b>	

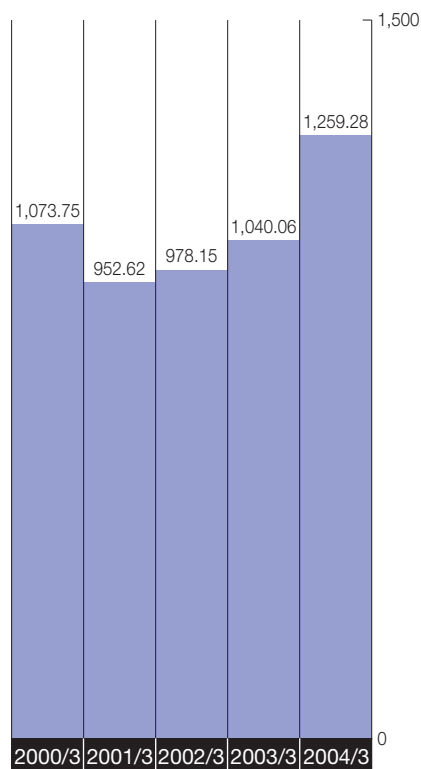
Free cash flow margin = free cash flow / net sales x 100

# Per Share Data

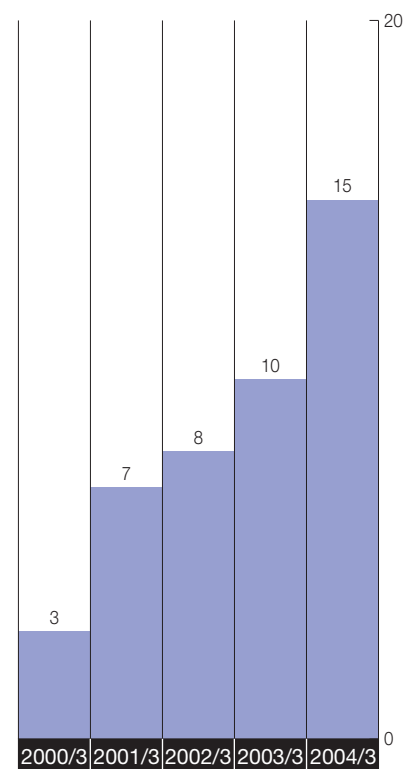
**Net Income (Loss) per Share**  
(Yen)



**Shareholders' Equity per Share**  
(Yen)



**Dividends per Share**  
(Yen)



Fiscal Year Ended:	Yen					U.S. Dollars
	2000/3	2001/3	2002/3	2003/3	2004/3	2004/3
Net income (loss) per share	(197.45)	64.50	(49.75)	86.65	<b>210.63</b>	<b>1.99</b>
Shareholders' equity per share	1,073.75	952.62	978.15	1,040.06	<b>1,259.28</b>	<b>11.91</b>
Dividends per share	3	7	8	10	<b>15</b>	<b>0.14</b>
Dividends paid (Millions of Yen/ Millions of U.S. Dollars)	619	1,445	1,651	2,063	<b>3,095</b>	<b>29.28</b>
Dividend payout ratio (%)	—	14.9	—	27.1	<b>12.2</b>	

Payout ratio = dividends paid / net income (non-consolidated) x 100

# Balance Sheets

Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	2000/3	2001/3	2002/3	2003/3	2004/3	2004/3
<b>ASSETS</b>						
Current assets:						
Cash and bank deposits	33,796	32,885	41,074	44,485	32,053	303.27
Marketable securities	2,805	1,349	356	1,370	1,150	10.88
Notes and accounts receivable	76,334	88,466	74,519	81,755	81,114	767.47
Allowance for doubtful accounts	(2,852)	(2,788)	(2,675)	(2,625)	(2,389)	(22.60)
Inventories	77,416	97,664	84,264	80,144	72,146	682.62
Deferred income taxes	12,354	9,201	9,332	10,489	12,291	116.29
Prepaid expenses and other current assets	6,124	5,094	4,267	5,469	5,337	50.50
<b>Total current assets</b>	<b>205,979</b>	<b>231,872</b>	<b>211,140</b>	<b>221,089</b>	<b>201,704</b>	<b>1,908.45</b>
Property, plant and equipment, net of accumulated depreciation:						
Land	48,970	48,619	78,069	76,835	75,362	713.05
Buildings and structures	81,478	77,617	70,745	67,166	66,524	629.43
Machinery and equipment	34,999	34,516	35,440	33,639	33,802	319.82
Construction in progress	2,672	2,363	1,003	1,082	2,978	28.18
<b>Total property, plant and equipment, net of accumulated depreciation</b>	<b>168,121</b>	<b>163,117</b>	<b>185,261</b>	<b>178,724</b>	<b>178,667</b>	<b>1,690.48</b>
Investments and other assets:						
Investment securities	78,474	84,980	76,307	77,622	101,017	955.79
Long-term loans receivable	2,940	2,188	1,733	694	193	1.83
Lease deposits	5,134	5,185	5,087	5,013	5,146	48.69
Deferred income taxes	32,123	28,876	26,384	24,663	17,379	164.43
Excess of cost over net assets acquired	366	333	173	107	234	2.21
Other assets	5,300	5,932	3,573	4,800	4,388	41.52
<b>Total investments and other assets</b>	<b>124,338</b>	<b>127,496</b>	<b>113,260</b>	<b>112,902</b>	<b>128,359</b>	<b>1,214.49</b>
Translation adjustments	44,649	—	—	—	—	—
<b>Total Assets</b>	<b>543,088</b>	<b>522,486</b>	<b>509,663</b>	<b>512,716</b>	<b>508,731</b>	<b>4,813.43</b>

Fiscal Year Ended:	Millions of Yen					Millions of
	2000/3	2001/3	2002/3	2003/3	2004/3	U.S. Dollars
<b>LIABILITIES</b>						
Current liabilities:						
Short-term loans	42,638	58,349	47,871	27,078	<b>16,711</b>	<b>158.11</b>
Current portion of convertible bonds	—	—	—	24,317	—	—
Current portion of long-term debt	11,527	10,160	4,363	10,090	<b>7,388</b>	<b>69.90</b>
Trade payables	52,335	48,924	36,880	39,462	<b>39,947</b>	<b>377.96</b>
Accrued expenses	48,580	40,888	41,987	42,501	<b>45,888</b>	<b>434.18</b>
Income taxes payable	1,803	1,858	1,224	3,101	<b>2,492</b>	<b>23.58</b>
Advances received	4,745	4,417	3,742	3,428	<b>3,333</b>	<b>31.54</b>
Deferred income taxes	122	34	65	92	<b>94</b>	<b>0.89</b>
Other current liabilities	16,526	10,736	8,360	8,074	<b>7,737</b>	<b>73.20</b>
<b>Total current liabilities</b>	<b>178,281</b>	<b>175,371</b>	<b>144,498</b>	<b>158,148</b>	<b>123,596</b>	<b>1,169.42</b>
Long-term liabilities:						
Convertible bonds	24,317	24,317	24,317	—	—	—
Long-term debt	9,685	10,478	19,615	28,951	<b>24,772</b>	<b>234.38</b>
Long-term accounts payable	42,448	—	—	—	—	—
Deferred income taxes	132	257	316	266	<b>198</b>	<b>1.87</b>
Deferred income taxes on land revaluation	1,632	1,632	14,638	13,577	<b>13,569</b>	<b>128.38</b>
Accrued employees' retirement benefits	18,635	67,250	59,074	53,988	<b>50,012</b>	<b>473.20</b>
Directors' retirement benefits	—	792	859	965	<b>939</b>	<b>8.88</b>
Long-term deposits received	41,448	40,592	38,472	36,848	<b>30,799</b>	<b>291.41</b>
Other long-term liabilities	1,416	1,341	1,191	1,572	<b>1,600</b>	<b>15.14</b>
<b>Total long-term liabilities</b>	<b>139,716</b>	<b>146,662</b>	<b>158,486</b>	<b>136,171</b>	<b>121,891</b>	<b>1,153.29</b>
<b>MINORITY INTERESTS</b>	<b>3,340</b>	<b>3,718</b>	<b>4,712</b>	<b>3,925</b>	<b>3,511</b>	<b>33.22</b>
<b>SHAREHOLDERS' EQUITY</b>						
Common stock	28,533	28,533	28,533	28,533	<b>28,534</b>	<b>269.98</b>
Additional paid-in capital	26,924	26,924	26,924	—	—	—
Reserve for land revaluation	8,331	8,269	16,482	—	—	—
Retained earnings	157,962	170,496	157,589	—	—	—
Capital surplus	—	—	—	40,052	<b>40,054</b>	<b>378.98</b>
Earned surplus	—	—	—	162,344	<b>203,485</b>	<b>1,925.30</b>
Reserve for land revaluation	—	—	—	16,152	<b>15,866</b>	<b>150.12</b>
Net unrealized holding gains/losses on other securities	—	308	766	378	<b>10,979</b>	<b>103.88</b>
Translation adjustments	—	(37,794)	(28,280)	(32,753)	<b>(38,937)</b>	<b>(368.41)</b>
<b>Shareholders' equity (before treasury stock adjustment)</b>	<b>221,752</b>	<b>196,739</b>	<b>202,014</b>	<b>214,707</b>	<b>259,983</b>	<b>2,459.86</b>
<b>Treasury stock, at cost</b>	<b>(2)</b>	<b>(5)</b>	<b>(49)</b>	<b>(236)</b>	<b>(252)</b>	<b>(2.38)</b>
<b>Total shareholders' equity</b>	<b>221,750</b>	<b>196,733</b>	<b>201,965</b>	<b>214,471</b>	<b>259,731</b>	<b>2,457.48</b>
<b>Total Liabilities, Minority Interests and Shareholders' Equity</b>	<b>543,088</b>	<b>522,486</b>	<b>509,663</b>	<b>512,716</b>	<b>508,731</b>	<b>4,813.43</b>

# Statements of Operations

Fiscal Year Ended:	Millions of Yen					Millions of
	2000/3	2001/3	2002/3	2003/3	2004/3	U.S. Dollars
Net sales	527,897	519,104	504,406	524,763	<b>539,506</b>	<b>5,104.61</b>
Cost of sales	371,758	346,200	340,412	338,307	<b>337,813</b>	<b>3,196.26</b>
<b>Gross profit</b>	156,140	172,904	163,994	186,456	<b>201,693</b>	<b>1,908.35</b>
Selling, general and administrative expenses	148,057	149,902	152,951	154,413	<b>156,637</b>	<b>1,482.04</b>
<b>Operating income</b>	8,082	23,001	11,043	32,043	<b>45,056</b>	<b>426.30</b>
Other income (expenses):						
Interest and dividend income	957	1,137	735	582	<b>538</b>	<b>5.09</b>
Interest expense	(2,968)	(3,014)	(2,911)	(2,015)	<b>(1,535)</b>	<b>(14.52)</b>
Sales rebates	(4,188)	(4,391)	(4,477)	(4,347)	<b>(4,378)</b>	<b>(41.42)</b>
Loss on foreign exchange	(280)	(879)	(352)	(1,015)	—	—
Gain on sale of marketable and investment securities	9,091	3,152	3,694	—	<b>5</b>	<b>0.05</b>
Loss from revaluation of investment securities	—	(513)	(14,857)	(7,746)	<b>(110)</b>	<b>(1.04)</b>
Loss (gain) on sale or disposal of properties, net	1,820	4,086	(1,672)	(974)	<b>(2,297)</b>	<b>(21.73)</b>
Equity in earnings of unconsolidated subsidiaries and affiliates	4,205	2,434	2,993	7,608	<b>10,447</b>	<b>98.85</b>
Special retirement benefits	(21,281)	—	(1,061)	—	—	—
Cumulative effect of accounting change with respect to prior service cost of the pension plan	(29,507)	—	—	—	—	—
Structural reform expenses	(17,368)	—	—	(2,271)	<b>(6)</b>	<b>(0.06)</b>
Other, net	3,836	(1,521)	1,079	749	<b>(266)</b>	<b>(2.52)</b>
<b>Total other income (expenses)</b>	<b>(55,684)</b>	<b>491</b>	<b>(16,829)</b>	<b>(9,429)</b>	<b>2,400</b>	<b>22.71</b>
<b>Income (loss) before income taxes and minority interests</b>	<b>(47,601)</b>	<b>23,491</b>	<b>(5,784)</b>	<b>22,612</b>	<b>47,456</b>	<b>449.01</b>
Income taxes:						
Current	2,947	2,900	1,507	3,962	<b>4,769</b>	<b>45.12</b>
Deferred	(10,167)	6,826	2,429	65	<b>(1,387)</b>	<b>(13.12)</b>
<b>Total income taxes</b>	<b>(7,220)</b>	<b>9,726</b>	<b>3,936</b>	<b>4,027</b>	<b>3,382</b>	<b>32.00</b>
<b>Income (loss) before minority interests</b>	<b>(40,382)</b>	<b>13,765</b>	<b>(9,723)</b>	<b>18,583</b>	<b>44,073</b>	<b>417.00</b>
<b>Minority interests</b>	<b>395</b>	<b>444</b>	<b>551</b>	<b>636</b>	<b>532</b>	<b>5.03</b>
<b>Net Income (Loss)</b>	<b>(40,777)</b>	<b>13,320</b>	<b>(10,274)</b>	<b>17,947</b>	<b>43,541</b>	<b>411.97</b>

# Statements of Cash Flows

Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	2000/3	2001/3	2002/3	2003/3	2004/3	2004/3
<b>Cash flows from operating activities:</b>						
Income (loss) before income taxes and minority interests	(47,601)	23,491	(5,784)	22,612	<b>47,456</b>	<b>449.01</b>
Depreciation and amortization	28,876	17,448	18,919	17,699	<b>17,695</b>	<b>167.42</b>
Increase (decrease) in allowance for doubtful accounts	(1,010)	(126)	(507)	395	<b>(407)</b>	<b>(3.85)</b>
Loss from revaluation of investment securities	—	513	14,857	7,746	<b>110</b>	<b>1.04</b>
Decrease in employees' retirement benefits, net of payments	(19,322)	(957)	(8,210)	(5,150)	<b>(3,983)</b>	<b>(37.69)</b>
Increase in long-term accounts payable	42,448	—	—	—	<b>—</b>	<b>—</b>
Interest and dividend income	(957)	(1,137)	(735)	(582)	<b>(538)</b>	<b>(5.09)</b>
Interest expense	2,968	3,014	2,911	2,015	<b>1,535</b>	<b>14.52</b>
Equity in earnings of unconsolidated subsidiaries and affiliates	(4,209)	(2,433)	(2,993)	(7,608)	<b>(10,447)</b>	<b>(98.85)</b>
Gain on sale of investment securities	(9,091)	(3,152)	(3,667)	—	<b>(5)</b>	<b>(0.05)</b>
Loss (gain) on sale or disposal of properties, net	(1,820)	(4,086)	1,672	974	<b>2,297</b>	<b>21.73</b>
Net loss on foreign exchange	280	879	63	242	<b>217</b>	<b>2.05</b>
Structural reform expenses	17,368	—	—	2,271	<b>6</b>	<b>0.06</b>
Decrease (increase) in accounts and notes receivable—trade	11,511	(8,058)	18,794	(8,509)	<b>(698)</b>	<b>(6.60)</b>
Decrease (increase) in inventories	9,811	(14,863)	18,532	3,233	<b>6,346</b>	<b>60.04</b>
Increase (decrease) in accounts and notes payable—trade	3,087	(5,669)	(15,715)	2,894	<b>1,283</b>	<b>12.14</b>
Other, net	(2,470)	(9,034)	(4,775)	(1,413)	<b>3,383</b>	<b>32.01</b>
<b>Subtotal</b>	<b>12,501</b>	<b>(4,170)</b>	<b>33,360</b>	<b>36,061</b>	<b>64,248</b>	<b>607.89</b>
Interest and dividends received	959	1,113	746	1,181	<b>1,301</b>	<b>12.31</b>
Interest paid	(2,968)	(2,938)	(2,918)	(2,067)	<b>(1,582)</b>	<b>(14.97)</b>
Fines and penalties paid	—	—	—	—	<b>(339)</b>	<b>(3.21)</b>
Income taxes paid, net of payment	358	(3,094)	(2,171)	(2,123)	<b>(5,278)</b>	<b>(49.94)</b>
<b>Net cash provided by (used in) operating activities</b>	<b>10,851</b>	<b>(9,089)</b>	<b>29,016</b>	<b>33,052</b>	<b>58,349</b>	<b>552.08</b>

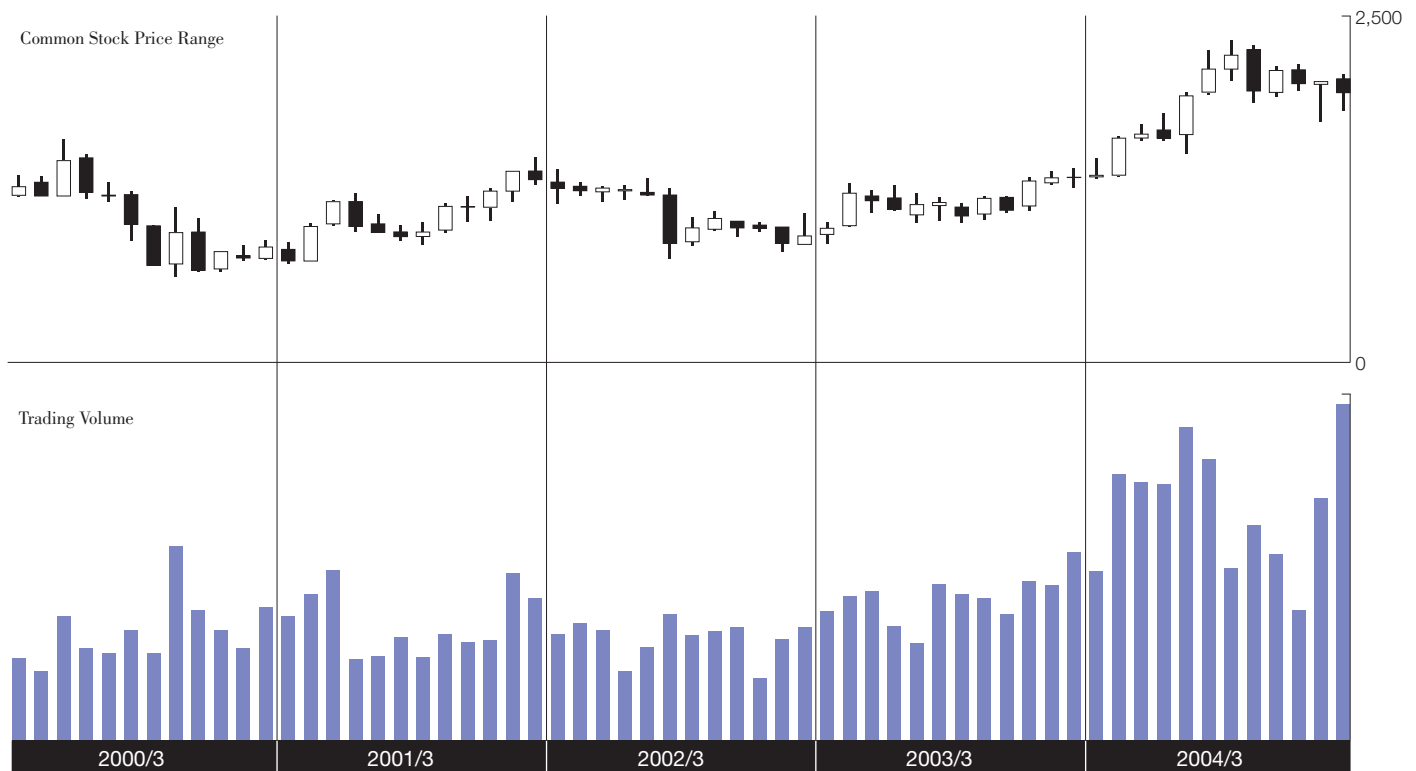
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Fiscal Year Ended:	Millions of Yen					Millions of
	2000/3	2001/3	2002/3	2003/3	2004/3	U.S. Dollars
<b>Cash flows from investing activities:</b>						
Purchases of properties	(20,175)	(15,082)	(14,876)	(15,730)	(18,721)	(177.13)
Proceeds from sale of properties	17,137	9,137	888	2,674	552	5.22
Purchases of investment securities	(34,321)	(3,546)	(858)	(6,541)	(266)	(2.52)
Proceeds from sale of investment securities	45,290	3,381	4,074	187	371	3.51
Other, net	811	668	336	(2,235)	(711)	(6.73)
<b>Net cash (used in) provided by investing activities</b>	<b>12,474</b>	<b>(5,441)</b>	<b>(10,437)</b>	<b>(21,645)</b>	<b>(18,775)</b>	<b>(177.64)</b>
<b>Cash flows from financing activities:</b>						
Decrease in short-term loans	(4,666)	13,534	(13,241)	(20,887)	(11,179)	(105.77)
Proceeds from long-term debt	2,382	8,112	8,178	18,908	2,651	25.08
Repayments of long-term debt	(5,033)	(7,197)	(5,665)	(3,065)	(8,778)	(83.05)
Redemption of convertible bonds	—	—	—	—	(24,314)	(230.05)
Cash dividends paid	(206)	(1,239)	(1,652)	(1,857)	(2,063)	(19.52)
Cash dividends paid to minority shareholders	—	(242)	(468)	(268)	(384)	(3.63)
Proceeds from stock issued to minority shareholders	—	22	—	—	—	—
Repayments of resort member deposits	—	—	—	(1,297)	(6,049)	(57.23)
Purchases of treasury stock	—	—	—	(133)	(23)	(0.22)
Other, net	0	(3)	(31)	19	0	0
<b>Net cash (used in) provided by financing activities</b>	<b>(7,522)</b>	<b>12,987</b>	<b>(12,880)</b>	<b>(8,582)</b>	<b>(50,141)</b>	<b>(474.42)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(1,467)</b>	<b>887</b>	<b>1,122</b>	<b>(504)</b>	<b>(1,599)</b>	<b>(15.13)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>14,335</b>	<b>(656)</b>	<b>6,821</b>	<b>2,319</b>	<b>(12,167)</b>	<b>(115.12)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>17,923</b>	<b>33,632</b>	<b>32,725</b>	<b>40,571</b>	<b>42,976</b>	<b>406.62</b>
<b>Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation</b>	<b>1,373</b>	<b>351</b>	<b>1,025</b>	<b>85</b>	<b>1,150</b>	<b>10.88</b>
<b>Decrease in cash and cash equivalents arising from exclusion of subsidiaries in consolidation</b>	<b>—</b>	<b>(602)</b>	<b>—</b>	<b>—</b>	<b>(127)</b>	<b>(1.20)</b>
<b>Decrease in cash and cash equivalents accompanying changes to the accounting periods of consolidated subsidiaries</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(587)</b>	<b>(5.55)</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>33,632</b>	<b>32,725</b>	<b>40,571</b>	<b>42,976</b>	<b>31,245</b>	<b>295.63</b>



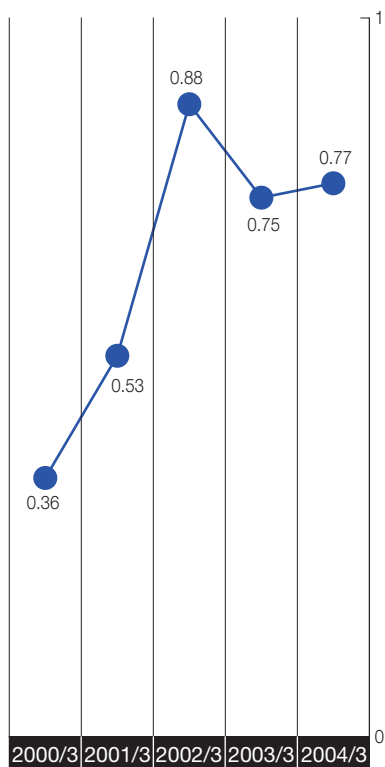
# Shareholder Information

## Common Stock Price Range and Trading Volume (Yen/Shares)

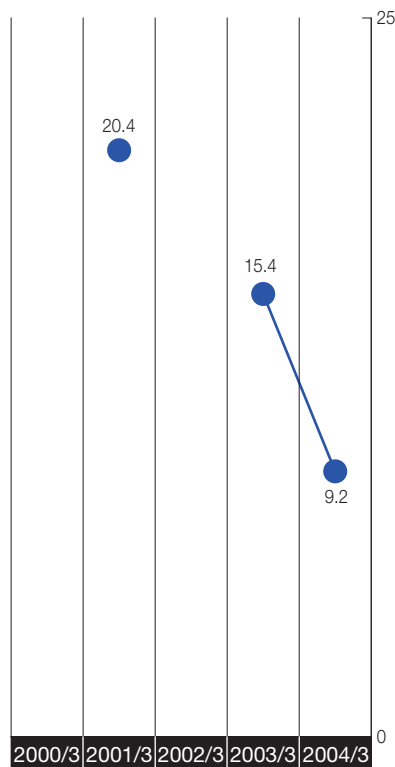


Fiscal Year Ended:	Yen				
	2000/3	2001/3	2002/3	2003/3	2004/3
Share price at the end of fiscal year	832	1,318	912	1,335	<b>1,945</b>
Share price—high	1,609	1,475	1,390	1,399	<b>2,320</b>
Share price—low	620	710	745	857	<b>1,323</b>
Trading volume (Million Shares)	114	122	107	148	<b>278</b>

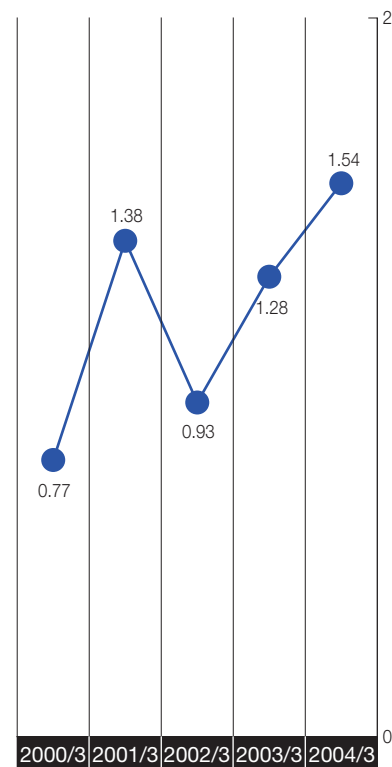
**Dividend Yield**  
(%)



**Price to Earnings Ratio**  
(Times)



**Price to Book Value Ratio**  
(Times)



Fiscal Year Ended:	2000/3	2001/3	2002/3	2003/3	2004/3
Dividend yield (%)	0.36	0.53	0.88	0.75	<b>0.77</b>
Price to earnings ratio (Times)	—	20.4	—	15.4	<b>9.2</b>
Price to book value ratio (Times)	0.77	1.38	0.93	1.28	<b>1.54</b>
Number of shares issued (Thousand Shares)	206,523	206,523	206,523	206,523	<b>206,525</b>
Market capitalization at the end of fiscal year (Millions of Yen)	171,827	272,198	188,349	275,709	<b>401,690</b>
Percentage of shares owned by foreign investors (%)	18.9	22.5	25.2	20.5	<b>26.2</b>

# Main Products/Services

## Musical Instruments

- Pianos
- Electronic and digital musical instruments (electronic pianos, Electones™, portable keyboards, synthesizers, etc.)
- Wind instruments (trumpets, flutes, saxophones, etc.)
- String instruments (guitars, violins, etc.)
- Percussion instruments (drums, vibraphones, etc.)
- Educational musical instruments (recorders, Pianicas™, etc.)
- Professional audio equipment (digital mixers, power amplifiers, etc)
- Soundproof rooms (AVITECS™)
- Music schools, English schools
- Content distribution service

## AV/IT

- Audio products (AV amplifiers and receivers, speaker systems, etc.)
- Visual products (digital cinema projectors, etc.)
- Online karaoke
- Routers

## Lifestyle-Related Products

- System bathrooms
- System kitchens
- Washstands
- Furniture
- Parts for housing facilities

## Electronic Equipment and Metal products

- Semiconductors
- Specialty metals

## Recreation

- Comprehensive recreation facilities (Kiroro™, Tsumagoi™, Katsuragi-Kitanomaru™, Toba Hotel International™, Nemunosato™, Haimurubushi™)
- Ski resort (Kiroro™)
- Golf courses (Katsuragi Golf Club™, Nemunosato Golf Club™)

## Others

- Golf products
- Automobile interior wood components
- Industrial robots
- Metallic molds and components

## Main Domestic Group Companies

### Musical Instruments

Yamaha Music Tokyo Co., Ltd.  
Yamaha Music Nishi-Tokyo Co., Ltd.  
Yamaha Music Yokohama Co., Ltd.  
Yamaha Music Kanto Co., Ltd.  
Yamaha Music Osaka Co., Ltd.  
Yamaha Music Kobe Co., Ltd.  
Yamaha Music Setouchi Co., Ltd.  
Yamaha Music Tokai Co., Ltd.  
Yamaha Music Kyushu Co., Ltd.  
Yamaha Music Hokkaido Co., Ltd.  
Yamaha Music Tohoku Co., Ltd.  
Yamaha Music Trading Corporation  
Yamaha Music Media Corporation  
Yamaha Music Craft Corporation  
Yamaha Sound Technologies Inc.  
Yamaha Music Communications Co., Ltd.  
Music Lease Corporation  
Yamanashi Kogei Co., Ltd.  
Sakuraba Mokuzai Co., Ltd.  
YP Winds Corporation  
Yamaha Hall Co., Ltd.  
Yamaha Piano Service Co., Ltd.\*

### AV/IT

Yamaha Electronics Marketing Corporation  
D.S. Corporation

### Lifestyle-Related Products

Yamaha Livingtec Corporation  
Yamaha Living Products Corporation  
Joywell Home Corporation\*

### Electronic Equipment and Metal Products

Yamaha Kagoshima Semiconductor Inc.  
Yamaha Hi-Tech Design Corporation  
Yamaha Metanix Corporation

### Recreation

Kiroro Associates Co., Ltd.  
Tsumagoi Co., Ltd.  
Katsuragi Co., Ltd.  
Toba Hotel International Co., Ltd.  
Nemunosato Co., Ltd.  
Haimurubushi Co., Ltd.

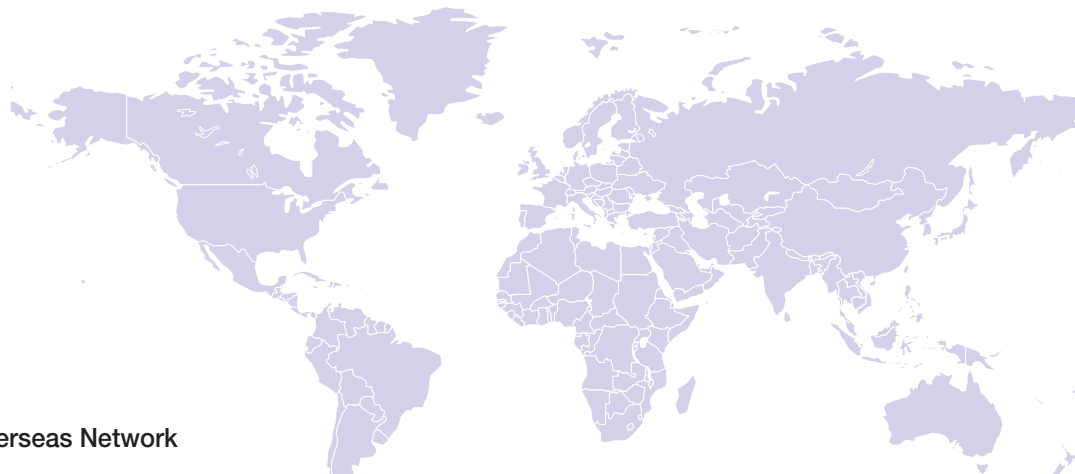
### Others

Yamaha Credit Corporation  
Yamaha Insurance Service Co., Ltd.  
Yamaha Fine Technologies Co., Ltd.  
YP Engineering Corporation  
Yamaha Travel Service Co., Ltd.  
Nihon Jimu Center Co., Ltd.  
YP Video Corporation  
Yamaha Business Support Corporation\*

### Companies Accounted for Using the Equity Method

Yamaha Motor Co., Ltd.  
KORG Inc.

\*Non-consolidated subsidiary or affiliate



## YAMAHA's Overseas Network

### The Americas

Yamaha Corporation of America  
 Yamaha Electronics Corporation, U.S.A.  
 Yamaha Music Manufacturing, Inc.  
 Yamaha Exporting, Inc.  
 Yamaha Musical Products, Inc.  
 Yamaha Music InterActive Inc.\*  
 Yamaha Canada Music Ltd.  
 Yamaha de México, S.A. de C.V.  
 Yamaha Music Latin America, S.A.  
 Yamaha Musical do Brasil Ltda.\*

### Europe

Yamaha Music Holding Europe G.m.b.H.  
 Yamaha Music Central Europe G.m.b.H.  
 Yamaha Elektronik Europa G.m.b.H.  
 Yamaha Scandinavia AB  
 Yamaha Musique France S.A.S.  
 Yamaha Electronique France S.A.S.  
 Yamaha-Kemble Music (U.K.) Ltd.  
 Kemble & Company Ltd.  
 Yamaha Electronics (U.K.) Ltd.  
 Yamaha-Hazen Música S.A.  
 Yamaha Musica Italia S.p.A.  
 Kemble Music Ltd.\*

### Asia and Oceania

Taiwan Yamaha Musical Inst. Mfg. Co., Ltd.  
 Kaohsiung Yamaha Co., Ltd.  
 Yamaha KHS Music Co., Ltd.  
 Yamaha Music & Electronics (China) Co., Ltd.  
 Tianjin Yamaha Electronic Musical Instruments, Inc.  
 Guangzhou Yamaha-Pearl River Piano Inc.  
 Xiaoshan Yamaha Musical Instruments Co., Ltd.  
 Yamaha Electronics (Suzhou) Co., Ltd.  
 Hangzhou Yamaha Musical Instruments Co., Ltd.\*  
 Yamaha Trading (Shanghai) Co., Ltd.\*  
 Yamaha Electronics Trading (Shanghai) Co., Ltd.\*  
 PT. Yamaha Indonesia  
 PT. Yamaha Music Manufacturing Indonesia  
 PT. Yamaha Music Indonesia (Distributor)  
 PT. Yamaha Music Manufacturing Asia  
 PT. Yamaha Musical Products Indonesia  
 PT. Yamaha Electronics Manufacturing Indonesia  
 Yamaha Music (Asia) Pte., Ltd.  
 Yamaha Electronics Asia Pte., Ltd.  
 Yamaha Music (Malaysia) Sdn. Bhd.  
 Audio-Visual Land (Malaysia) Sdn. Bhd.  
 Consolidated Music Sdn. Bhd.  
 S.P. Music Centre Sdn. Bhd.  
 Yamaha Electronics Manufacturing Malaysia Sdn. Bhd.  
 Yamaha Music Korea Ltd.  
 Yamaha Music Australia Pty., Ltd.  
 Yamaha Music Gulf FZE  
 Siam Music Yamaha Co., Ltd.\*

\*Non-consolidated subsidiary or affiliate



YAMAHA CORPORATION  
Public Relations Division

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