YAMAHA CORPORATION

Flash Report
Consolidated Basis
Results for the Third Quarter of the Fiscal Year Ending March 31, 2009
(April 1, 2008—December 31, 2008)

February 3, 2009

Company name:	YAMAHA CORPORATION (URL http://www.yamaha.com/)
Code number:	7951
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Stock listing:	Tokyo Stock Exchange (First Section)
Scheduled date to submit Securities Report:	February 13, 2009

1. Results for the Third Quarter of FY2009.3 (April 1, 2008—December 31, 2008)

Figures of less than ¥1 million have been omitted.

(1) Consolidated Operating Results (Accumulated)

(Percentage figures are changes from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	% change from the previous year	Millions of yen	% change from the previous year	Millions of yen	% change from the previous year
Through the third quarter of FY2009.3	**369,401**	**—%**	**22,246**	**—%**	**21,016**	**—%**
Through the third quarter of FY2008.3	428,903	3.0%	35,517	32.1%	35,322	(8.2)%

	Net income		Net income per share	Net income per share after full dilution
	Millions of yen	% change from the previous year	Yen	Yen
Through the third quarter of FY2009.3	**9,331**	**—%**	**¥ 46.84**	**¥—**
Through the third quarter of FY2008.3	42,176	41.0%	¥204.45	¥—

(2) Consolidated Financial Data

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Third quarter of FY2009.3	**448,087**	**280,010**	**61.8%**	**¥1,404.12**
FY2008.3	540,347	343,028	62.9%	¥1,646.44

(For reference) Shareholders' equity: Third quarter of FY2009.3 ¥276,947 million FY2008.3 ¥339,644 million

2. Dividends

Base date	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full fiscal year
	Yen	Yen	Yen	Yen	Yen
FY2008.3	¥—	¥25.00	¥—	¥25.00	¥50.00
FY2009.3	—	¥27.50	—	—	—
FY2009.3 (Forecast)	¥—	¥ —	¥—	¥22.50	¥50.00

Note: Whether the dividend forecast under review has been revised: No

Breakdown of dividends for FY2008.3 and FY2009.3:

End of the interim period of FY2008.3	Regular dividend of ¥15.00, Special dividend of ¥10.00
End of the fiscal year of FY2008.3	Regular dividend of ¥15.00, Special dividend of ¥10.00
End of the second quarter of FY2009.3	Regular dividend of ¥17.50, Special dividend of ¥10.00
Forecast for the end of fiscal year of FY2009.3	Regular dividend of ¥12.50, Special dividend of ¥10.00

3. Consolidated Financial Forecasts for FY2009.3 (April 1, 2008—March 31, 2009)

(Percentage figures for the full fiscal year are changes from the previous year.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	% change from the previous year	Millions of yen	% change from the previous year	Millions of yen	% change from the previous year
FY2009.3	465,000	(15.3)%	11,500	(65.0)%	9,500	(70.8)%

	Net income (loss)		Net income (loss) per share
	Millions of yen	% change from the previous year	Yen
FY2009.3	(2,000)	—%	¥(10.06)

Note: Whether the forecasts for consolidated figures under review have been revised: Yes

4. Others

(1) Changes in the state of material subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): None

(2) Whether the Company has adopted simplified accounting methods and/or special accounting treatment for the quarterly consolidated financial statements: Yes

Note: For further details, please refer to the item “4. Others” on page 8 in the section of “Commentary Information and Financial Statements.”

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

(a) Changes accompanying revisions in accounting principles: Yes

(b) Changes other than those in (a) above: Yes

Note: For further details, please refer to the item “4. Others” on page 8 in the section of “Commentary Information and Financial Statements.”

(4) Number of shares issued (common shares)

(a) Number of shares issued at the end of the period (including treasury stock)

Third quarter of FY2009.3 197,255,025 shares
FY2008.3 206,524,626 shares

(b) Number of treasury stock at the end of the period

Third quarter of FY2009.3 16,118 shares
FY2008.3 234,581 shares

(c) Average number of shares issued during the period (third-quarter accumulation (nine months))

Third quarter of FY2009.3 199,201,601 shares
Third quarter of FY2008.3 206,296,603 shares

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

Beginning with the first quarter of the current fiscal year, the “Accounting Standards for Quarterly Financial Statements” (Accounting Standards Board of Japan (ASBJ), ASBJ Statement No. 12, issued March 14, 2007) and the “Implementation Guidance for the Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14, issued by ASBJ on March 14, 2007) have been applied. In addition, the quarterly consolidated financial statements have been prepared following the “Rules for Quarterly Consolidated Financial Statements.”

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

For further information, please refer to the item “3. Commentary Information on Consolidated Financial Forecast” on page 8 in the section of “Commentary Information and Financial Statements.”

Commentary Information and Financial Statements

1. Consolidated Management Performance

During the third quarter of the fiscal year (FY2009.3) (hereinafter referred to as “third quarter (three months)”), the economic environment for Yamaha and its consolidated subsidiaries deteriorated rapidly not only in the United States but also in Europe, Japan, and other regions, as the effects of the financial crisis that began in the United States spread to the real economy. Along with the worldwide deterioration in economic conditions, consumer spending decelerated, and, as a result of the sharp appreciation in the value of the yen, Japan’s exporting companies experienced downward pressure on their profitability, production adjustments led to uncertainty in labor markets, and the overall outlook became uncertain.

Amid this operating environment, to cope with the rapid and severe changes in the operating environment, improve performance, and strengthen its management base, Yamaha formed a Management Reform Committee to shift rapidly to a top-down approach in its short to medium- and long-term decision making and is working to make further substantial cuts in costs and improve the efficiency of its operations.

Net sales during the third quarter (three months) declined ¥29.4 billion (19.8%) from the same period of the previous year, to ¥118.9 billion. Sales of all business segments except lifestyle-related products showed declines as a consequence of stagnation in consumption and other factors, and foreign currency factors alone had a negative impact of about ¥14.6 billion for the period. As a result, net sales showed a substantial decline from the same period of the previous year.

During the third-quarter accumulation of the fiscal year (hereinafter referred to as “third-quarter accumulation (nine months)”), net sales fell ¥59.5 billion (13.9%), compared with the same (nine-month) period of the previous year, to ¥369.4 billion. Foreign currency factors resulted in a decline in sales of approximately ¥23.7 billion compared with the same period of the previous year, and the transfer of the electronic metal products business and a portion of the recreation business were responsible for a decline in sales of about ¥14.3 billion compared with the same period of the previous year.

Profitwise, operating income during the third quarter (three months) declined ¥5.3 billion, compared with the same period of the previous year, to ¥8.9 billion, and income before income taxes and minority interests fell ¥8.6 billion, compared with the same period of the previous year, to ¥7.4 billion. Net income declined ¥6.4 billion, to ¥5.0 billion.

During the third-quarter accumulation (nine months), operating income decreased ¥13.3 billion, compared with the same period of the previous year, to ¥22.2 billion. Income before income taxes and minority interests fell ¥45.5 billion compared with same period of the previous year, to ¥20.3 billion, due in part to the absence of the gain from the sale of a portion of Yamaha’s equity holdings in Yamaha Motor Co., Ltd., that was reported in the first quarter of the previous fiscal year. Net income was down ¥32.8 billion compared with the same period of the previous fiscal year, to ¥9.3 billion, in part owing to an increase in income taxes deferred as certain deferred income tax assets related to the elimination of unrealized gains on inventories could not be recognized.

(1) Performance by Business Segment

Musical Instruments

During the third quarter (three months), sales of musical instruments declined ¥15.3 billion (16.5%) compared with the same period of the previous year, to ¥77.7 billion. Among factors resulting in this decline, foreign currency movements accounted for about ¥11.5 billion. On a real basis, after excluding foreign currency factors, sales in this segment were down approximately ¥3.8 billion compared with the same period of the previous year.

By product, sales of pianos in the Chinese market held firm, but in the North American and Japanese markets sales were substantially below the levels of the same period of the previous year. Sales of electronic musical instruments fell in the North American market but remain firm in the European markets. Sales of wind instruments decreased, principally in the North American markets.

Operating income for this segment declined ¥2.6 billion (23.3%) from the same period of the previous year and amounted to ¥8.5 billion.

Note that third-quarter accumulation (nine months) sales were down ¥19.7 billion (7.5%) from the same period of the previous year, to ¥244.1 billion. Foreign currency factors had a negative impact of about ¥18.6 billion for the period. After excluding the effects of foreign currency movements, sales on a real basis were approximately ¥1.1 billion lower than in the same period of the previous year. Operating income declined ¥6.8 billion (23.3%) from the same period of the previous year, to ¥22.3 billion.

AV/IT

During the third quarter (three months), sales declined ¥6.3 billion (27.4%), compared with the same period of the previous year, to ¥16.6 billion. Foreign currency factors were responsible for about ¥3.1 billion of this decrease, and, after excluding these factors, on a real basis, sales were down ¥3.2 billion.

By product, in the audio business, sales fell mainly in the North American and European markets.

Operating income was down ¥0.8 billion (41.5%) from the same period of the previous year, to ¥1.1 billion.

Note that sales for the third-quarter accumulation (nine months) decreased ¥9.7 billion (17.1%) compared with the same period of the previous year, to ¥46.9 billion. Foreign currency factors accounted for about ¥4.8 billion of the decline in sales, and, after excluding these factors, on a real basis, sales were down about ¥4.9 billion compared with the same period of the previous year. Operating income decreased ¥1.3 billion (49.8%) compared with the same period of the previous year, to ¥1.3 billion.

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

During the third quarter (three months), sales of this segment were down ¥4.2 billion (47.5%) compared with the same period of the previous year, to ¥4.7 billion.

By product, sales of LSI sound chips for mobile phones declined owing to the drop in demand.

The operating loss amounted to ¥0.4 billion, which compares to operating income of ¥0.7 billion reported for the same period of the previous year.

Note that sales in the third-quarter accumulation (nine months) decreased ¥19.0 billion (51.6%) compared with the same period of the previous year, to ¥17.8 billion. The impact of the transfer of the electronic metal products business was a reduction in sales of about ¥9.2 billion. After excluding this factor, on a real basis, sales posted a decline of about ¥9.8 billion from the same period of the previous year. The operating loss for the period amounted to ¥1.0 billion, compared with operating income of ¥2.5 billion in the same period of the previous year.

Lifestyle-Related Products
Sales in the third quarter (three months) were up ¥0.5 billion (4.2%), compared with the same period of the previous year, to ¥12.6 billion. Sales of system kitchens rose over the same period of the previous fiscal year.

The operating income of this segment increased ¥0.4 billion (372.0%), compared with the same period of the previous year, to ¥0.5 billion.

Note that sales in the third-quarter accumulation (nine months) were down ¥0.7 billion (2.1%) compared with the same period of the previous year, to ¥34.2 billion. The operating loss was ¥16 million, compared with operating income of ¥0.5 billion a year earlier.

Others
Following the sale of four of its six recreation facilities during the previous fiscal year, the results of the former recreation segment are included in the others segment from the first quarter of the current fiscal year.

During the third quarter (three months), sales of this segment, including the recreation business, were down ¥4.1 billion (35.9%) compared with the same period of the previous year, to ¥7.3 billion.

By product, sales of golf products held firm, but sales of automobile interior wood components for luxury cars and magnesium parts declined sharply from the same period of the previous year.

The operating loss of this segment amounted to ¥0.9 billion, compared with operating income of ¥0.4 billion for the same period of the previous year.

Sales in the third-quarter accumulation (nine months) posted a decline of ¥10.4 billion (28.3%), compared with the same period of the previous year, to ¥26.3 billion. Among factors resulting in the decline in sales, the transfer of the four recreation facilities reduced sales about ¥5.1 billion. After excluding this effect, sales were down about ¥5.3 billion compared with the same period of the previous year. The operating loss of this segment amounted to ¥0.4 billion, compared with operating income of ¥0.8 billion for the same period of the previous year.

(2) Performance by Geographical Segment

During the third quarter (three months), sales in Japan amounted to ¥61.6 billion, a 13.6% decline compared with the same period of the previous year, and operating income was ¥1.5 billion, representing a decrease of 72.8% from a year earlier.

Sales in North America for the third quarter (three months) amounted to ¥15.6 billion, 39.5% lower than during the same period of the previous year, and operating income was ¥0.3 billion, 83.0% lower than a year earlier. Sales in Europe were ¥26.8 billion, 19.7% lower than for the same period of the previous year, and operating income amounted to ¥3.1 billion, representing a 0.8% decrease from a year earlier. Sales in Asia, Oceania, and other areas amounted to ¥14.8 billion, a 16.5% decrease over the same period of the previous year, and operating income was ¥1.7 billion, which was 32.2% lower than a year earlier.

Note that during the third-quarter accumulation (nine months) sales in Japan amounted to ¥194.5 billion, 13.9% lower than during the same period of the previous year, and operating income was ¥6.6 billion, 66.7% lower than for a year earlier. In North America, sales were ¥53.2 billion, representing a decline of 24.4% from the same period of the previous year, and operating income amounted to ¥2.3 billion, 46.4% lower than a year earlier. Sales in Europe totaled ¥72.7 billion, which was 11.9% lower than for the same period of the previous year, and operating income stood at ¥5.9 billion, 10.9% lower than for a year earlier. Sales in Asia, Oceania, and other areas posted a decrease of 2.1% over the same period a year earlier, to ¥49.0 billion, and operating income declined 4.3% over the prior year, to ¥7.7 billion.

(3) Sales by Region

The ratio of overseas sales to total sales for the third quarter (three months) decreased 4.4 percentage points, to 51.0%.

For the third-quarter accumulation (nine months), this ratio was 50.3%, the same as in the same period of the previous year.

Japan

Sales in Japan for the third quarter (three months) decreased ¥7.9 billion (12.0%) compared with the same period of the previous year, to ¥58.2 billion. Sales of pianos, semiconductors, automobile interior wood components for luxury cars, magnesium parts, and certain other products declined.

Sales in the third-quarter accumulation (nine months) were down ¥29.8 billion (14.0%) from the same period a year earlier and amounted to ¥183.5 billion.

North America

Sales in North America for the third quarter (three months) decreased ¥10.2 billion (39.3%) from the same period of the previous year, to ¥15.7 billion. This was due to lower sales of pianos, electronic musical instruments, wind instruments, audio products, and certain other products, owing to deterioration in market conditions. After excluding foreign currency factors, on a real basis, sales were down about ¥6.9 billion from the same period of the previous year.

Sales in the third-quarter accumulation (nine months) showed a drop of ¥17.2 billion (24.4%) from a year earlier and amounted to ¥53.2 billion. After excluding foreign currency factors, on a real basis, sales decreased about ¥9.4 billion from a year earlier.

Europe

Sales in Europe for the third quarter (three months) declined ¥7.1 billion (20.8%) from the same period of the previous year, to ¥26.9 billion. Sales of electronic musical instruments held firm, but those of audio products and certain other products declined. After excluding foreign currency factors, on a real basis, sales were down approximately ¥0.5 billion.

Sales in the third-quarter accumulation (nine months) showed a decline of ¥10.4 billion (12.4%) from a year earlier, to ¥73.6 billion. After excluding foreign currency factors, on a real basis, sales were down about ¥2.8 billion.

Asia, Oceania, and Other Areas

Sales in these areas for the third quarter (three months) posted a decrease of ¥4.3 billion (19.1%) from the same period a year earlier and amounted to ¥18.0 billion. Sales in China and Latin America held firm, but sales in Korea, which has been a growth driver of sales in the Asian region, declined due to foreign currency factors as the Korean won weakened. After excluding foreign currency factors, on a real basis, sales in this region rose about ¥0.4 billion.

Sales in the third-quarter accumulation (nine months) recorded a decrease of ¥2.2 billion (3.5%) over the same quarter of the previous year, to ¥59.1 billion. After excluding foreign currency factors, on a real basis, sales posted an increase of about ¥6.1 billion.

2. Consolidated Financial Position

(1) Assets

Total assets declined ¥92.3 billion (17.1%) from the end of the previous fiscal year, to ¥448.1 billion.

Of this total, current assets fell ¥51.2 billion (18.6%), to ¥224.6 billion, and noncurrent assets decreased ¥41.1 billion (15.5%), to ¥223.5 billion.

The decline in current assets was primarily due to lower cash and bank deposits and short-term investment securities (negotiable certificates of deposit), portions of which were used to pay corporate income taxes, purchase treasury stock, and for other purposes. The decrease in noncurrent assets was mainly because of a decline in the investment securities account accompanying the decline in market value of marketable securities.

(2) Liabilities

Liabilities decreased ¥29.2 billion (14.8%) from the end of the previous fiscal year, to ¥168.1 billion.

Of this total, current liabilities fell ¥18.7 billion (15.5%), to ¥101.5 billion, and noncurrent liabilities dropped ¥10.6 billion (13.7%), to ¥66.6 billion.

The decline in current liabilities was mainly due to a decrease in income taxes payable, and the drop in noncurrent liabilities, a portion of which was primarily the result of a decline in deferred income tax liabilities accompanying the decline in market value of marketable securities.

(3) Net Assets

Net assets decreased ¥63.0 billion (18.4%) from the end of the previous fiscal year, to ¥280.0 billion. Although the Company reported net income for the quarter, retained earnings decreased owing to the purchase and cancellation of treasury stock, payment of cash dividends, and the total valuation and translation adjustments account decline accompanying the decline in market value of marketable securities.

(4) Cash Flows

During the third quarter (three months), cash and cash equivalents (hereinafter, cash) declined ¥17.2 billion (compared with an increase of ¥6.1 billion during the same quarter of the previous year), to a balance of ¥43.7 billion.

During the third-quarter accumulation (nine months), cash declined ¥60.5 billion (compared with an increase of ¥55.2 billion during the same period of the previous year).

Net Cash Provided by (Used in) Operating Activities

During the third quarter (three months) cash used in operating activities was ¥2.7 billion, compared with cash provided by operating activities of ¥14.1 billion in the same period of the previous year. This was due to the decline in income before income taxes and minority interests reported for the quarter and other factors.

Note that during the third-quarter accumulation (nine months) cash used in operating activities was ¥17.5 billion, compared with cash provided by operating activities of ¥14.3 billion in the same period of the previous year.

Net Cash Provided by (Used in) Investment Activities

Net cash used in investment activities for the third quarter (three months) amounted to ¥3.5 billion, compared with cash provided by investment activities of ¥2.1 billion in the same period of the previous year. In the previous year, the increase was due to sales of stocks of affiliated companies and other reasons.

Note that during the third-quarter accumulation (nine months) cash used in investment activities was ¥18.7 billion. In the previous year, cash provided by investment activities was ¥51.0 billion due to the proceeds from sales of stocks of affiliated companies and other reasons.

Net Cash Provided by (Used in) Financing Activities

Net cash used in financing activities in the third-quarter (three months) was ¥6.4 billion, which was ¥3.9 billion lower than for the same period of the previous year.

Note that during the third-quarter accumulation (nine months) cash used in financing activities amounted to ¥20.2 billion, which was ¥9.6 billion higher than for the same period of the previous year. This increase was due to expenditures for purchasing treasury stocks and the payment of cash dividends.

*The comparisons with the same period of the previous year in the above commentary on consolidated management performance and cash flows are based on the “Flash Report, Consolidated Basis, Results for the Third Quarter of the Fiscal Year Ending March 31, 2008,” which was submitted on February 6, 2008, and such figures are presented for reference.

3. Commentary Information on Consolidated Financial Forecast

Regarding the forecast for performance on a consolidated basis for FY2009.3, the Company is predicting a decline in net sales and income compared with the previous forecast.

Declines from the previous forecast in sales and income are forecast for the musical instruments segment and declines in sales are forecast for the AV/IT segment owing to the worldwide slowdown in consumer spending, the sharp appreciation in the value of the yen, and other factors. Declines from the previous forecast are predicted in sales and income for the electronic devices and others segment, reflecting the decrease in production volume among customers caused by the drop in demand, and other factors.

Principally as a result of the downward revisions mentioned, the Company is forecast to report a net loss of ¥2.0 billion for FY2009.3.

Forecast for FY2009.3

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

	Net sales	Operating income	Ordinary income	Net income (loss)	Net income (loss) per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previously announced forecast (A)	¥488,000	¥14,500	¥13,000	¥1,500	¥ 7.55
Revised forecast (B)	465,000	11,500	9,500	(2,000)	(10.06)
Change (B–A)	(23,000)	(3,000)	(3,500)	(3,500)	—
% change	(4.7)	(20.7)	(26.9)	—	—
Results from the previous term (FY2008.3)	¥548,754	¥32,845	¥32,584	¥39,558	¥191.76

Some portions of the content of this document are forward-looking statements that are based on forecasts and plans regarding future developments. Accordingly, actual results and performance may differ from the forecast presented here, depending on risks and uncertainty factors.

4. Others

(a) Changes in the state of material subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): None

(b) The adoption of simplified accounting methods and/or special accounting treatment for the quarterly consolidated financial statements:

Simplified accounting methods:

1. Method for evaluating inventories
In calculating the value of inventories on a consolidated basis at the end of the third quarter, the Company has omitted on-site inventory inspections and used methods deemed to be reasonable that are based on the value of inventories determined through on-site inspection at the end of the second quarter. In addition, for those inventories whose contribution to revenues and income has clearly diminished, the Company has adopted the method of estimating the net sale value of such inventories and reduced their book value to their net sale value.

2. Method for allocation of cost variances
As a result of the use of scheduled standard prices, etc., cost variances may arise. In the case that cost variances arise, the allocation of such cost variances to inventories and cost of sales is determined by major product using a simplified method compared with year-end annual closing work.

3. Method for calculating depreciation of fixed assets
Based on a budget that takes account of the acquisition, sale, and removal of fixed assets during the fiscal year, the Company allocated the scheduled amount of depreciation on a consolidated basis for the fiscal year proportionately to the third quarter and added this to the actual accumulated amount of depreciation through the second quarter.

4. Method for calculating income taxes
The amount of corporate income tax, etc., to be paid is calculated by limiting the items to be added and subtracted, and items to be deducted from the tax amount to material items.

Special accounting treatment used in the preparation of the quarterly consolidated financial statements: None

(c) Changes in principles, procedures, and methods of presentation, etc., in the preparation of the quarterly consolidated financial statements:

1. Beginning with the first quarter of the current fiscal year, the "Accounting Standards for Quarterly Financial Statements" (ASBJ Statement No. 12, issued by ASBJ on March 14, 2007) and the "Implementation Guidance for the Accounting Standards for Quarterly Financial Statements" (ASBJ Guidance No. 14, issued by ASBJ on March 14, 2007) have been applied. In addition, the quarterly consolidated financial statements have been prepared following the "Rules for Quarterly Consolidated Financial Statements."

2. Application of Accounting Standards for Measurement of Inventories:
Beginning with the first quarter of the current fiscal year, accompanying the application of "Accounting Standards for Measurement of Inventories" (ASBJ Statement No. 9, issued by ASBJ on July 5, 2006), the method of measurement of inventories was changed from the lower of cost or market method to the cost method (method of reducing book value when the contribution of inventories to profitability declines). As a result, there was no effect on profit and loss for the third-quarter accumulation (nine months).

3. Application of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements:
Beginning with the first quarter of the current fiscal year, accompanying the application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force No. 18, issued by ASBJ on May 17, 2006), necessary revisions have been made in consolidated financial statements. As a result, the effect on profit and loss for the third-quarter accumulation (nine months) and retained earnings at the end of the third quarter was not material.

Please note that rights to the use of land at a certain overseas subsidiary were included and presented in the item "land" until the end of the previous fiscal year. Such rights are now included in intangible fixed assets, and, as of the end of the third quarter of the fiscal year, these amounted to ¥1,239 million, and are included in the "other" item under intangible fixed assets.

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

In the case of finance leases where the Company is the lessee in the transaction, other than those for which the ownership transfers to the lessee, the assets are entered on the balance sheets, and depreciation for such assets is calculated by depreciating the purchase value of such assets to zero over the applicable lease term of such assets. Please note that for finance leases for which ownership was not transferred to the lessee and the lease transaction which began prior to the first year of the application of "Accounting Standards for Lease Transactions," the account treatment follows the method applicable to ordinary rental transactions.

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

The effect of this change on profit and loss for the third-quarter accumulation (nine months) was not material.

Supplementary Information

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

The effect of this change on profit and loss for the third-quarter accumulation (nine months) was not material.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Third quarter of FY2009.3 (as of December 31, 2008)	FY2008.3 (as of March 31, 2008)
ASSETS		
Current assets		
Cash and deposits	**¥ 40,794**	¥ 73,619
Notes and accounts receivable—trade	**67,692**	68,680
Short-term investment securities	**3,950**	31,200
Merchandise and finished goods	**57,891**	50,699
Work in process	**15,687**	16,150
Raw materials and supplies	**10,336**	9,453
Other	**29,911**	29,504
Allowance for doubtful accounts	**(1,681)**	(3,554)
Total current assets	**224,582**	275,754
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	**40,798**	42,602
Machinery, equipment and vehicles, net	**16,603**	18,594
Tools, furniture and fixtures, net	**10,254**	13,115
Land	**59,624**	61,134
Lease assets, net	**533**	—
Construction in progress	**7,484**	4,129
Total property, plant and equipment	**135,300**	139,575
Intangible assets		
Goodwill	**6,715**	1,304
Other	**2,653**	1,166
Total intangible assets	**9,368**	2,471
Investments and other assets		
Investment securities	**62,264**	109,943
Other	**17,456**	13,505
Allowance for doubtful accounts	**(885)**	(904)
Total investments and other assets	**78,835**	122,544
Total noncurrent assets	**223,504**	264,592
Total assets	**¥448,087**	¥540,347

(Millions of yen)

	Third quarter of FY2009.3 (as of December 31, 2008)	FY2008.3 (as of March 31, 2008)
LIABILITIES		
Current liabilities		
Notes and accounts payable—trade	**¥ 30,869**	¥ 35,017
Short-term loans payable	**23,066**	14,419
Current portion of long-term loans payable	**1,445**	4,472
Account payables—other and accrued expenses	**32,016**	41,443
Income taxes payable	**2,747**	14,916
Provision	**3,742**	3,973
Other	**7,621**	5,931
Total current liabilities	**101,507**	120,174
Noncurrent liabilities		
Long-term loans payable	**3,362**	2,145
Provision for retirement benefits	**27,095**	25,311
Other	**36,111**	49,687
Total noncurrent liabilities	**66,569**	77,144
Total liabilities	**168,076**	197,318
NET ASSETS		
Shareholders' equity		
Capital stock	**28,534**	28,534
Capital surplus	**40,054**	40,054
Retained earnings	**210,442**	229,307
Treasury stock	**(28)**	(326)
Total shareholders' equity	**279,003**	297,570
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	**22,428**	48,945
Deferred gains or losses on hedges	**121**	207
Revaluation reserve for land	**15,012**	14,861
Foreign currency translation adjustments	**(39,617)**	(21,940)
Total valuation and translation adjustments	**(2,055)**	42,074
Minority interests	**3,062**	3,383
Total net assets	**280,010**	343,028
Total liabilities and net assets	**¥448,087**	¥540,347

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

(2) Consolidated Statements of Operations

Accumulated Consolidated Results through the Third Quarter of FY2009.3

(Millions of yen)

	Accumulated through the third quarter of FY2009.3 (April 1, 2008–December 31, 2008)
Net sales	¥369,401
Cost of sales	226,315
Gross profit	143,086
Selling, general and administrative expenses	120,839
Operating income	22,246
Non-operating income	
Interest income	721
Dividends income	1,651
Other	850
Total non-operating income	3,222
Non-operating expenses	
Sales discounts	2,732
Other	1,719
Total non-operating expenses	4,452
Ordinary income	21,016
Extraordinary income	
Gain on sales of noncurrent assets	135
Reversal of provision for product warranties	146
Other	5
Total extraordinary income	286
Extraordinary loss	
Loss on retirement of noncurrent assets	525
Business structure improvement expenses	170
Loss on valuation of stocks of subsidiaries and affiliates	154
Other	179
Total extraordinary losses	1,028
Income before income taxes and minority interests	20,274
Income taxes—current	3,794
Income taxes—deferred	6,925
Total income taxes	10,719
Minority interests in income	223
Net income	¥ 9,331

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

Consolidated Results for the Third Quarter of FY2009.3

(Millions of yen)

	Third quarter of FY2009.3 (October 1, 2008– December 31, 2008)
Net sales	¥118,857
Cost of sales	70,859
Gross profit	47,998
Selling, general and administrative expenses	39,101
Operating income	8,896
Non-operating income	
Interest income	174
Dividends income	227
Other	33
Total non-operating income	434
Non-operating expenses	
Sales discounts	936
Other	680
Total non-operating expenses	1,617
Ordinary income	7,713
Extraordinary income	
Gain on sale of noncurrent assets	82
Reversal of provision for product warranties	10
Other	35
Total extraordinary income	127
Extraordinary loss	
Loss on retirement of noncurrent assets	156
Business structure improvement expenses	170
Loss on valuation of stocks of subsidiaries and affiliates	154
Other	6
Total extraordinary losses	486
Income before income taxes and minority interests	7,354
Income taxes—current	(89)
Income taxes—deferred	2,398
Total income taxes	2,309
Minority interests in income	88
Net income	¥ 4,957

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

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Accumulated through the third quarter of FY2009.3 (April 1, 2008–December 31, 2008)
Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	¥ 20,274
Depreciation and amortization	13,565
Decrease (increase) in notes and accounts receivable—trade	(6,275)
Decrease (increase) in inventories	(15,595)
Increase (decrease) in notes and accounts payable—trade	(3,102)
Income taxes paid	(22,245)
Other, net	(4,108)
Net cash provided by (used in) operating activities	(17,487)
Net cash provided by (used in) investment activities	
Purchases of property, plant and equipment	(13,861)
Proceeds from sales of property, plant and equipment	1,031
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(8,073)
Purchase of stocks of subsidiaries and affiliates	(630)
Purchases of investment securities	(59)
Proceeds from sales and redemption of investment securities	3,015
Other, net	(89)
Net cash provided by (used in) investment activities	(18,667)
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	10,750
Proceeds from long-term loans payable	1,742
Repayment of long-term loans payable	(3,442)
Purchases of treasury stocks	(18,031)
Cash dividends paid	(10,581)
Other, net	(614)
Net cash provided by (used in) financing activities	(20,176)
Effect of exchange rate change on cash and cash equivalents	(4,174)
Net increase (decrease) in cash and cash equivalents	(60,506)
Cash and cash equivalents at beginning of period	103,371
Increase in cash and cash equivalents from newly consolidated subsidiaries	1,107
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(311)
Cash and cash equivalents at end of period	¥ 43,661

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

Beginning with the current fiscal year, the “Accounting Standards for Quarterly Financial Statements” (Accounting Standards Board of Japan (ASBJ), ASBJ Statement No. 12, issued on March 14, 2007) and the “Implementation Guidance for the Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14, issued on March 14, 2007) have been applied. In addition, the quarterly consolidated financial statements have been prepared following the “Rules for Quarterly Consolidated Financial Statements.”

(4) Notes Regarding Assumptions as a Going Concern

None

(5) Segment Information

(a) Business Segments

Third quarter of FY2009.3 (October 1, 2008—December 31, 2008) (Millions of yen)

	Musical instruments	AV/IT	Electronic devices	Lifestyle-related products	Others	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥77,670	¥16,605	¥4,694	¥12,610	¥7,275	¥118,857		¥118,857
Intersegment sales or transfers			194			194	¥(194)	
Total sales	¥77,670	¥16,605	¥4,889	¥12,610	¥7,275	¥119,052	¥(194)	¥118,857
Operating income (loss)	¥ 8,498	¥ 1,128	¥ (388)	¥ 510	¥ (852)	¥ 8,896		¥ 8,896

Accumulated through the third quarter of FY2009.3 (April 1, 2008—December 31, 2008) (Millions of yen)

	Musical instruments	AV/IT	Electronic devices	Lifestyle-related products	Others	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥244,092	¥46,916	¥17,812	¥34,245	¥26,334	¥369,401		¥369,401
Intersegment sales or transfers			839			839	¥(839)	
Total sales	¥244,092	¥46,916	¥18,652	¥34,245	¥26,334	¥370,241	¥(839)	¥369,401
Operating income (loss)	¥ 22,334	¥ 1,346	¥ (989)	¥ (16)	¥ (429)	¥ 22,246		¥ 22,246

Notes: 1. Business segments:

Segments are divided into the categories of musical instruments, AV/IT, electronic devices, lifestyle-related products, and others based on consideration of similarities of product type, characteristics, and market, etc.

2. Major products in each business segment:

Business Segment	Major Products and Services
Musical Instruments	Pianos, Digital musical instruments, Wind, string, and percussion instruments, Educational musical instruments, Professional audio equipment, Soundproof rooms, Music schools, English-language schools, Musical entertainment software, and Piano tuning
AV/IT	Audio products, Information and telecommunication equipment
Electronic Devices	Semiconductors
Lifestyle-Related Products	System kitchens, System bathrooms, Washstands
Others	Golf products, Automobile interior wood components, Factory automation equipment, Metallic molds and components, Accommodation and sports facilities

3. Changes in segment names:

During the previous fiscal year, the Company sold its electronic metal products business, and beginning with the first quarter of the current fiscal year, the name of the former electronic equipment and metal products segment has been changed to the electronic devices segment.

4. Supplementary information (changes in business segment classification):

During the previous fiscal year, the Company sold four of its six recreation facilities, and, in view of the decline in materiality of the recreation business for the Company’s consolidated accounts, beginning with the first quarter of the current fiscal year, changes have been made to include the recreation business in the others segment. As a result, the figures for the others segment include ¥5,056 million in sales and ¥62 million in operating income of the recreation business in the period of the third-quarter accumulation (nine months).

(b) Geographical Segments

Third quarter of FY2009.3 (October 1, 2008—December 31, 2008) (Millions of yen)

	Japan	North America	Europe	Asia, Oceania and other areas	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥61,583	¥15,616	¥26,846	¥14,810	¥118,857		¥118,857
Intersegment sales or transfers	37,261	346	387	17,636	55,632	¥(55,632)	
Total sales	¥98,844	¥15,963	¥27,234	¥32,447	174,489	¥(55,632)	¥118,857
Operating income	¥ 1,460	¥ 270	¥ 3,051	¥ 1,653	¥ 6,436	¥ 2,460	¥ 8,896

Accumulated through the third quarter of FY2009.3 (April 1, 2008—December 31, 2008) (Millions of yen)

	Japan	North America	Europe	Asia, Oceania and other areas	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥194,497	¥53,215	¥72,659	¥ 49,028	¥369,401		¥369,401
Intersegment sales or transfers	123,718	1,134	1,034	57,692	183,579	¥(183,579)	
Total sales	¥318,216	¥54,350	¥73,693	¥106,721	¥552,981	¥(183,579)	¥369,401
Operating income	¥ 6,605	¥ 2,255	¥ 5,857	¥ 7,706	¥ 22,424	¥ (177)	¥ 22,246

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

(c) Overseas Sales

Third quarter of FY2009.3 (October 1, 2008—December 31, 2008) (Millions of yen)

	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales	¥15,670	¥26,949	¥18,033	¥ 60,654
Net sales				118,857
% of overseas sales	13.2%	22.7%	15.2%	51.0%

Accumulated through the third quarter of FY2009.3 (April 1, 2008—December 31, 2008) (Millions of yen)

	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales	¥53,207	¥73,558	¥59,121	¥185,887
Net sales				369,401
% of overseas sales	14.4%	19.9%	16.0%	50.3%

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

(6) Notes Regarding Any Major Change in the Amount of Consolidated Shareholders' Equity

Accumulated through the third quarter of FY2009.3 (April 1, 2008—December 31, 2008) (Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2008	¥28,534	¥40,054	¥229,307	¥ (326)	¥297,570
Changes through the third quarter of the current fiscal year					
Dividends from surplus			**(10,581)**		**(10,581)**
Net income for the period			**9,331**		**9,331**
Purchase of treasury stock[1]				**(18,031)**	**(18,031)**
Cancellation of treasury stock[2]			**(18,328)**	**18,328**	—
Other			**714**		**714**
Total changes through the third quarter of the current fiscal year	**—**	**—**	**(18,864)**	**297**	**(18,567)**
Balance at the end of the third quarter of the current fiscal year (December 31, 2008)	**¥28,534**	**¥40,054**	**¥210,442**	**¥ (28)**	**¥279,003**

Notes: 1. Based on a decision by the Company's Board of Directors on April 30, 2008, the Company purchased treasury stock from the market in May and June 2008 amounting to ¥17,999 million.

2. Based on a decision by the Company's Board of Directors on June 19, 2008, the treasury stock was cancelled on June 30, 2008.

(Supplementary Information)

(1) Summary of Consolidated Statements of Operations

（Millions of yen）

	FY2008.3 third quarter (April 1, 2007–December 31, 2007)
Net sales	¥428,903
Cost of sales	265,377
Deferred unrealized profit	(0)
Total gross profit	163,525
Selling, general and administrative expenses	128,008
Operating income	35,517
Non-operating income	4,587
Non-operating expenses	4,782
Recurring profit	35,322
Extraordinary income:	
Gain on sales of stocks of affiliated companies	29,756
Other	2,723
Total extraordinary income	32,480
Extraordinary loss	2,023
Income before income taxes and minority interests	65,780
Current income taxes	19,177
Deferred income taxes (benefit)	3,773
Minority interests	652
Net income	¥ 42,176

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

(2) Summary of Consolidated Statements of Cash Flows

(Millions of yen)

	FY2008.3 third quarter (April 1, 2007–December 31, 2007)
Cash flows from operating activities:	
Income before income taxes and minority interests	¥ 65,780
Depreciation and amortization	15,520
Gain on sales of stocks of affiliated companies	(29,756)
Increase in accounts and notes receivable—trade	(13,502)
(Increase) decrease in inventories	(7,021)
Increase in accounts and notes receivable—trade	(54)
Income tax paid	(7,245)
Other, net	(9,430)
Net cash provided by operating activities	14,289
Cash flows from investing activities:	
Purchases of tangible fixed assets	(19,846)
Proceeds from sales of tangible fixed assets	5,728
Proceeds from sales of stocks of affiliated companies	67,778
Other, net	(2,625)
Net cash provided by (used in) investing activities	51,035
Cash flows from financing activities:	
Net increase (decrease) in short-term debt	8,538
Net increase (decrease) in long-term debt	(2,041)
Cash dividends paid	(7,736)
Other, net	(9,383)
Net cash (provided by) used in financing activities	(10,622)
Effect of exchange rate changes on cash and cash equivalents	531
Net increase (decrease) in cash and cash equivalents	55,233
Cash and cash equivalents at beginning of period	45,926
Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation at beginning of period	41
Decrease in cash and cash equivalents arising from exclusion of subsidiaries from consolidation at beginning of period	(108)
Cash and cash equivalents at end of period	¥101,092

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

(3) Segment Information

(a) Business Segments

(April 1, 2007—December 31, 2007) (Millions of yen)

	Musical instruments	AV/IT	Electronic equipment and metal products	Lifestyle-related products	Recreation	Others	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥263,793	¥56,594	¥36,822	¥34,967	¥10,168	¥26,557	¥428,903	¥ —	¥428,903
Intersegment sales or transfers	—	—	1,048	—	—	—	1,048	(1,048)	—
Total sales	263,793	56,594	37,870	34,967	10,168	26,557	429,951	(1,048)	428,903
Operating expenses	234,671	53,912	35,383	34,515	10,907	25,043	394,434	(1,048)	393,385
Operating income (loss)	¥ 29,121	¥ 2,681	¥ 2,486	¥ 451	¥ (738)	¥ 1,514	¥ 35,517	¥ —	¥ 35,517

Note: Business segments: Segments are divided into the categories of musical instruments, AV/IT, electronic equipment and metal products, lifestyle-related products, recreation, and others based on consideration of similarities of product type, characteristics, and market, etc.

(b) Geographical Segments

(April 1, 2007—December 31, 2007) (Millions of yen)

	Japan	North America	Europe	Asia, Oceania and other areas	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥226,019	¥70,355	¥82,434	¥ 50,093	¥428,903	¥ —	¥428,903
Intersegment sales or transfers	136,757	991	943	62,605	201,297	(201,297)	—
Total sales	362,777	71,346	83,378	112,698	630,201	(201,297)	428,903
Operating expenses	342,944	67,140	76,807	104,642	591,534	(198,148)	393,385
Operating income	¥ 19,832	¥ 4,205	¥ 6,570	¥ 8,056	¥ 38,666	¥ (3,148)	¥ 35,517

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

(c) Overseas Sales

(April 1, 2007—December 31, 2007) (Millions of yen)

	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales	¥70,407	¥83,947	¥61,276	¥215,631
Net sales	—	—	—	428,903
% of overseas sales	16.4%	19.6%	14.3%	50.3%

Note: The classification of countries and regions and the principal countries and regions in each classification are the same as for information by geographical segment.