YAMAHA CORPORATION

Flash Report

Consolidated Basis (Japanese GAAP)

Results for the fiscal year ended March 31, 2012

May 1, 2012

Company name:	YAMAHA CORPORATION (URL http://www.yamaha.com)
Code number:	7951
Stock listing:	Tokyo Stock Exchange (First Section)
Address of headquarters:	10-1, Nakazawa-cho, Naka-ku, Hamamatsu, Shizuoka 430-8650, Japan
Representative director:	Mitsuru Umemura, President and Representative Director
For further information, please contact:	Satoshi Yamahata, General Manager, Accounting and Finance Division
Telephone:	+81-53-460-2158
Scheduled date of Ordinary General Shareholders' Meeting:	June 27, 2012
Scheduled date to submit Securities Report:	June 28, 2012
Scheduled date to begin dividend payments:	June 28, 2012
Supplementary materials to the financial statements have been prepared:	Yes
Presentation will be held to explain the financial statements:	Yes (for securities analysts and institutional investors)

1. Results for FY2012.3 (April 1, 2011–March 31, 2012)

Figures of less than ¥1 million have been omitted.

(1) Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Net income (loss)	
	Millions of yen	% change from the previous fiscal year	Millions of yen	% change from the previous fiscal year	Millions of yen	% change from the previous fiscal year	Millions of yen	% change from the previous fiscal year
FY2012.3 (Ended March 31, 2012)	**¥356,616**	**(4.6)%**	**¥8,110**	**(38.4)%**	**¥7,255**	**(33.9)%**	**¥(29,381)**	**—**
FY2011.3 (Ended March 31, 2011)	¥373,866	(9.9)%	¥13,165	92.8%	¥10,971	123.4%	¥5,078	—

Note: Comprehensive income:

FY2012.3 ¥(35,606) million (—%)

FY2011.3 ¥(2,376) million (—%)

	Net income per share	Net income per share after full dilution	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2012.3 (Ended March 31, 2012)	**¥(151.73)**	**—**	**(13.2)%**	**1.9%**	**2.3%**
FY2011.3 (Ended March 31, 2011)	¥25.90	—	2.1%	2.8%	3.5%

(For reference) Equity in earnings of non-consolidated subsidiaries and affiliates:

FY2012.3 ¥0 million

FY2011.3 ¥(0) million

(2) Consolidated Financial Data

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2012.3 (As of March 31, 2012)	**¥366,610**	**¥206,832**	**55.6%**	**¥1,052.01**
FY2011.3 (As of March 31, 2011)	¥390,852	¥245,002	61.9%	¥1,250.06

(For reference) Shareholders' equity:
FY2012.3 ¥203,713 million
FY2011.3 ¥242,065 million

(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
FY2012.3 (Ended March 31, 2012)	**¥10,880**	**¥(9,004)**	**¥(3,247)**	**¥55,919**
FY2011.3 (Ended March 31, 2011)	¥22,646	¥(9,740)	¥(10,080)	¥58,446

2. Dividends

	Annual dividends					Total dividends (annual)	Dividend propensity (consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full fiscal year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2011.3	—	¥5.00	—	¥5.00	¥10.00	¥1,954	38.6%	0.8%
FY2012.3	**—**	**¥5.00**	**—**	**¥5.00**	**¥10.00**	**¥1,936**	—	**0.9%**
FY2013.3 (Forecast)	—	¥5.00	—	¥5.00	¥10.00		21.5%	

Note: Breakdown of dividends for FY2011.3, FY2012.3, and forecast for FY2013.3:

3. Consolidated Financial Forecasts for FY2013.3 (April 1, 2012–March 31, 2013)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2013.3 First Half	¥182,500	3.3%	¥8,000	26.9%	¥7,000	31.3%	¥5,500	95.2%	¥28.40
FY2013.3	¥378,000	6.0%	¥14,500	78.8%	¥13,000	79.2%	¥9,000	—	¥46.48

Notes:

(1) Changes in the state of material subsidiaries during the period (Changes regarding significant companies accompanying changes in the scope of consolidation): None
(2) Changes in accounting principles, changes in accounting estimates, and changes in presentation due to revisions
(a) Changes in accounting principles accompanying revisions in accounting standards: None
(b) Changes other than those in (a) above: None
(c) Changes in accounting estimates: None
(d) Changes in presentation due to revisions: None

(3) Number of shares issued (common shares)

(a) Number of shares outstanding at the end of the period (including treasury stock)	**FY2012.3**	**197,255,025 shares**	FY2011.3	197,255,025 shares
(b) Number of treasury stock at the end of the period	**FY2012.3**	**3,612,338 shares**	FY2011.3	3,611,429 shares
(c) Average number of outstanding shares during the period	**FY2012.3**	**193,643,089 shares**	FY2011.3	196,062,126 shares

(For Reference) Non-Consolidated Results

1. Non-consolidated results for FY2012.3 (April 1, 2011－March 31, 2012)

(1) Non-consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2012.3 (Ended March 31, 2012)	**¥239,301**	**(3.6)%**	**¥(4,272)**	—	**¥584**	**(92.6)%**	**¥(30,355)**	**—**
FY2011.3 (Ended March 31, 2011)	¥248,299	8.9%	¥86	—	¥7,888	—	¥3,937	—

	Net income (loss) per share	Net income per share after full dilution
	Yen	Yen
FY2012.3 (Ended March 31, 2012)	**¥(156.76)**	**—**
FY2011.3 (Ended March 31, 2011)	¥20.08	—

(2) Non-consolidated financial data

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2012.3 (As of March 31, 2012)	**¥273,302**	**¥152,419**	**55.8%**	**¥787.12**
FY2011.3 (As of March 31, 2011)	¥296,881	¥189,191	63.7%	¥977.01

(For reference) Shareholders' equity:
FY2012.3 ¥152,419 million
FY2011.3 ¥189,191 million

Notes:

Status of Performance of Auditing Procedures

This flash report is exempt from the auditing procedures based on Japan's Financial Instruments and Exchange Law. At the time when this flash report was disclosed, the auditing procedures based on the Financial Instruments and Exchange Law had not been completed.

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

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

For further information regarding consolidated financial forecasts, please refer to page 4.

The materials to be distributed for this earnings presentation and other materials will be posted on the Company's website immediately after the presentation is concluded.

Table of Contents of Supplementary Materials

1. Management Performance

(1) Analysis of Management Performance

1. Review of the Fiscal Year (FY2012.3)
A review of the management environment during the fiscal year ended March 31, 2012, shows that conditions in the industrialized economies continued to be uncertain because of the delay in recovery in the United States, the economic slowdown caused by the growing seriousness of the European debt crisis triggered by southern Europe, and other factors. In addition, the pace of economic expansion in China and certain other emerging economies slowed. In the Japanese economy, although industrial activities and personal consumption, which had decelerated because of the impact of the Great East Japan Earthquake, are showing improvement, conditions continued to be challenging as historically high values of the yen against other currencies persisted and had a major impact on corporate performance.

Amid this operating environment, the Yamaha Corporation Group undertook initiatives to promote the implementation of the key policies of its medium-term management plan, Yamaha Management Plan 125 (YMP125).

First, to accelerate growth in China, Yamaha expanded its sales network from the areas in and around major cities to include medium and small-sized cities. In addition, Yamaha took further measures to develop its business activities in the emerging markets, including the establishment of representative offices in Turkey and Vietnam. Along with these initiatives, Yamaha worked to expand sales by launching products in moderately-priced ranges appropriate for local medium-income households, portable keyboard models for local markets, and other products adapted to the needs of regional markets.

Next, in production, as part of activities to structure optimal manufacturing systems, at its factories in China and Indonesia, Yamaha took steps to move toward in-house production of parts for pianos and increase the ratio of local procurement. In addition, Yamaha endeavored to reduce costs through mutual supply of materials among its three production bases, including Japan. Moreover, to strengthen its competitiveness in the wind instruments business and its profitability, Yamaha proceeded with the shifting of production processes to its China factory and completed the integration of the Saitama factory into the Toyooka Factory.

Regarding sales performance, as a result of the cooling down of domestic consumer spending because of the Great East Japan Earthquake and the loss of sales opportunities due to delays in production because of difficulties in procuring parts for digital musical instruments as well as the decline in sales of semiconductors, Yamaha's net sales amounted to ¥356,616 million (a decrease of 4.6% from the previous fiscal year).

Profitwise, owing also to the effects of the appreciation of the yen, operating income for the fiscal year amounted to ¥8,110 million (a decrease of 38.4% from the previous fiscal year), and ordinary income was ¥7,255 million (a decrease of 33.9% from the previous fiscal year). As a result of an increase in income taxes—deferred due to the reversal of deferred tax assets, Yamaha reported a net loss of ¥29,381 million (compared with net income of ¥5,078 million in the previous fiscal year). The reversal of deferred tax assets was the result of a conservative review of the recoverability of such assets, and Yamaha and its consolidated subsidiaries, which apply consolidated tax accounting, reversed a total of ¥32,057 million in deferred tax assets.

Results of operations by segment were as follows:

Musical Instruments
Sales of pianos expanded in China and other emerging countries. In the digital musical instruments business, sales decreased because of the emergence of production delays due to difficulties in procuring parts following the Great East Japan Earthquake and the loss of sales opportunities for digital pianos, portable keyboards, and other products in Europe and the United States. In the wind, string, and percussion instruments business, sales of electric acoustic guitars and guitar amplifiers held strong. Sales in the professional audio equipment business expanded in China and other emerging countries. In the music software business, sales decreased, and revenues from the music school and English-language school businesses were at approximately the same levels as in the previous fiscal year.

As a result, sales of this segment amounted to ¥265,089 million (a decrease of 2.2% from the previous fiscal year), and operating income was ¥7,713 million (a decrease of 10.5% from the previous fiscal year).

AV/IT
In the audio business, sales of front surround speakers expanded in Japan and overseas, and sales in Europe of desktop audio systems were favorable. However, this was insufficient to cover for the drop in sales in the Japanese and North American markets, and overall sales in this business declined. Sales of routers rose, supported by orders for large-scale systems for use by corporations and public-sector organizations. Sales of conferencing systems also expanded along with the strengthening of collaborative activities with Web conferencing system vendors. Sales of commercial online karaoke equipment decreased because of deterioration in market conditions.

As a result, sales of this segment were ¥53,165 million (a decrease of 6.8% from the previous fiscal year), and operating income was ¥2,872 million (an increase of 12.7% from the previous fiscal year) due to improvement in the gross margin and reductions in costs

Electronic Devices

In the semiconductor business, although sales of Codecs for smartphones expanded, overall sales in this segment decreased as the market for sound generators for mobile phones shrank, sales of graphic controllers used in amusement equipment decreased, and sales of magnetic sensors (electronic compasses) for smartphones declined because of more-intense competition.

As a result, sales of this segment amounted to ¥16,233 million (a decrease of 21.2% from the previous fiscal year), and the operating loss was ¥2,913 million (compared with operating income of ¥510 million in the previous fiscal year).

Others

In automobile interior wood components, sales decreased because of the effects of production adjustments by manufacturing customers for these products. In the factory automation (FA) equipment business, sales of precision machinery held firm. As a result of the continuation of severe operating conditions, sales in the golf products business and recreation business diminished.

As a result, sales of this sector as a whole amounted to ¥22,128 million (a decrease of 11.9% from the previous fiscal year), and operating income was ¥437 million (a decrease of 70.6% from the previous fiscal year).

Sales by region, based on the location of customers, are as follows:

The percentage of consolidated net sales in overseas markets for the fiscal year was 53.1%, 1.1 percentage points higher than in the previous fiscal year.

Japan

Sales on a consolidated basis in Japan for the fiscal year were ¥167,105 million (representing a decline of ¥12,468 million, or 6.9% from the previous fiscal year). This was primarily due to decreases in sales of semiconductors and commercial online karaoke equipment, as well as certain other products.

North America

Sales in North America amounted to ¥49,922 million (representing a decline of ¥4,712 million, or 8.6% from the previous fiscal year). The decline in sales included a drop due to foreign currency factors of approximately ¥4.0 billion. Sales after the exclusion of foreign currency effects decreased about ¥700 million from the previous fiscal year. The decline in sales was mainly due lower sales of digital musical instruments and certain other products.

Europe

Sales in Europe were ¥60,822 million (representing a decline of ¥3,855 million, or 6.0% from the previous fiscal year). The decline in sales included a drop due to foreign currency factors of approximately ¥2.3 billion, and, after the exclusion of foreign currency effects, sales decreased about ¥1.6 billion from the previous fiscal year. The decline in sales was mainly due to lower sales of digital musical instruments and certain other products.

Asia, Oceania, and Other Areas

Sales in Asia (excluding Japan), Oceania, and other areas amounted to ¥78,766 million (representing an increase of ¥3,787 million, or 5.1% from the previous year). Sales in China, principally pianos, maintained expansion at double-digit rates. Sales elsewhere in the regions covered by this geographic segment remained firm. This increase in sales takes account of the adverse impact of foreign currency effects, which amounted to about ¥4.0 billion. Sales after the exclusion of foreign currency effects rose about ¥7.8 billion.

2. Forecast for FY2013.3

The outlook in FY2013.3 is for increases in net sales and operating income. Factors supporting this will include continued growth in China and the other emerging countries and recovery in the North American market. In addition, the outlook is for growth in sales, mainly of digital musical instruments, professional audio equipment, and audio products and a return to normal conditions in production of digital musical instruments, which was adversely affected by the earthquake, and audio products, which was adversely influenced by the floods in Thailand.

Taking account of these and other factors, in FY2012.3, Yamaha is forecasting consolidated net sales of ¥378.0 billion (an increase of 6.0%), operating income of ¥14.5 billion (a gain of 78.8%), ordinary income of ¥13.0 billion (an increase of 79.2%), and net income of ¥9.0 billion (compared with a net loss of ¥29.4 billion in the previous fiscal year).

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

(2) Analysis of Financial Position

1. Consolidated Financial Position
1) Assets
Total assets declined ¥24,241 million (a drop of 6.2%) from the end of the previous fiscal year, to ¥366,610 million.
Of this total, current assets decreased ¥5,764 million (a decline of 3.0%), to ¥188,952 million, mainly due to a reversal of deferred tax assets. In addition, noncurrent assets decreased ¥18,476 million (a decline of 9.4%), to ¥177,658 million, primarily as a result of the decline in market prices of available-for-sale securities and the reversal of deferred tax assets.

2) Liabilities
Total liabilities increased ¥13,928 million (up 9.6%), to ¥159,778 million.
Of this total, current liabilities slipped ¥2,006 million (down 2.7%), to ¥72,829 million. In addition, accompanying the reversal of deferred tax assets, deferred tax liabilities, which had been partially offset, increased, and noncurrent liabilities rose ¥15,934 million (up 22.4%), to ¥86,948 million..

3) Net Assets
Net assets decreased ¥38,170 million (down 15.6%), to ¥206,832 million. As a consequence of the net loss reported for the fiscal year, retained earnings decreased. Moreover, accumulated other comprehensive income declined accompanying the decrease in market values of available-for-sale securities.

2. Cash Flows
Cash and cash equivalents (hereinafter, cash) at the end of the fiscal year ended March 31, 2011, showed a net decrease of ¥2,527 million (versus a net decline of ¥788 million in the previous fiscal year), and stood at ¥55,919 million.

Cash Flows from Operating Activities
As a result mainly of the contribution to cash flow of income before income taxes and minority interests, cash flows provided by operating activities amounted to ¥10,880 million (compared with net cash flows provided by operating activities of ¥22,646 million in the previous fiscal year).

Cash Flows from Investing Activities
Net cash used in investing activities amounted to ¥9,004 million (compared with a net cash flow used in investing activities of ¥9,740 million in the previous fiscal year). This net cash outflow was used primarily to purchase property, plant and equipment.

Cash Flows from Financing Activities
Net cash used in financing activities amounted to ¥3,247 million (compared with a net cash flow used in financing activities of ¥10,080 million in the previous fiscal year). This net cash outflow was due mainly to dividend payments.

(For Reference) Trends in Cash-Flow Indicators

	FY2012.3	FY2011.3	FY2010.3	FY2009.3	FY2008.3
Shareholders' equity ratio	**55.6%**	61.9%	62.6%	60.9%	62.9%
Shareholders' equity ratio based on current market price	**45.3%**	46.7%	59.2%	46.2%	72.8%
Ratio of interest-bearing debt to cash flow	**104.3%**	52.5%	37.8%	(883.4)%	58.0%
Interest coverage ratio	**35.1 times**	63.4 times	89.8 times	(3.5) times	34.5 times

(Calculation Methods)
Shareholders' equity ratio (%) = total shareholders' equity ÷ total assets
Shareholders' equity ratio based on current market price (%) = total market value of common stock ÷ total assets
Ratio of interest-bearing debt to cash flow (%) = interest-bearing debt ÷ net cash flows provided by (used in) operating activities
Interest coverage ratio (times) = net cash flows provided by (used in) operating activities ÷ interest payments

Notes: 1. All indicators are calculated based on consolidated financial figures.
2. Interest-bearing debt includes all balance-sheet debt for which interest payments are being made.
3. Figures for net cash flows provided by operating activities and interest payments are those from the cash flows from operating activities and interest paid from consolidated financial statements of cash flows.

3. Forecast for FY2013.3

During FY2013.3, operating cash flows are expected to exceed the levels of FY2012.3 owing to an increase in income before income taxes and minority interests. In addition, Yamaha anticipates that cash flows used in investing activities in FY2013.3 will exceed those of FY2012.3.

(3) Basic Policy for Allocation of Profit and Dividends for FY2012.3 and FY2013.3

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

For the year-end dividend of FY2012.3, despite the substantial consolidated net loss associated with the reversal of deferred tax assets, the Company decided to pay a regular dividend on its common stock of ¥5.0 per share in view of the above-mentioned policy for allocation of profit and dividends, financial position, and other factors. Regarding dividends for FY2013.3, the Company is planning to pay a regular dividend of ¥10.00 per share for the full fiscal year (consisting of an interim dividend of ¥5.00 per share and a year-end dividend of ¥5.00 per share).

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

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

(2) Management Indicators Taken as Objectives
Under the new medium-term management plan, entitled "Yamaha Management Plan 125," which will cover the period from FY2011.3 through FY2013.3 (April 1, 2010 to March 31, 2013), Yamaha set the following goals: Net sales of ¥427 billion, operating income of ¥25 billion, return on equity (ROE) of 7%, and free cash flows over three years of ¥40 billion. However, as a result of the substantial appreciation of the yen, the delay in recovery in the industrialized countries, and the slowing of growth in the emerging countries, unfortunately, results are forecast to be below the planned levels.

The revised targets for the next fiscal year ending March 31, 2013, are outlined and described in the following sections of this report: "3. Consolidated Financial Forecasts for FY2013.3" in the summary information; Page 4: "(1) Analysis of Management Performance: 2. Forecast for FY2013.3;" and Page 6: "(2) Analysis of Financial Position: 3. Forecast for FY2013.3."

(3) The Group's Medium- to Long-Term Management Strategy and (4) Issues to Be Addressed
The Yamaha Group has positioned the term covered by its medium-term management plan "Yamaha Management Plan 125 (hereinafter, YMP125)" as a time for "building up a foundation for future growth" and setting the stage for attaining "What Yamaha Is Aiming For" under its medium- to long-term vision. Under this plan, Yamaha is working to identify the "seeds" for new growth and proceeding with management structural reforms for creating a strong foundation for growth. Yamaha is forecasting that sales and income will be below the targets of the final year of YMP125. Nevertheless, Yamaha is moving steadily toward the full implementation of measures to address the issues discussed below and is firmly committed to continuing to deal with these issues decisively.

In addition, Yamaha is aware that implementing structural reforms in its domestic business is another management issue and is implementing measures to deal with this issue also.

1. The Group's Medium- to Long-Term Management Vision: "What Yamaha Is Aiming For"

(1) Being "a brand that is trusted and admired"
(2) Being a company with "operations centered on sound and music"
(3) Attaining "growth through both products and services"

2. Issues to Be Addressed under YMP125

(1) Accelerating Growth in China and Emerging Markets
Yamaha will focus on developing and launching products suited to these markets and expanding its sales networks. Along with this, to expand the music-playing population, in addition to developing Yamaha Music Schools, Yamaha will create and introduce local programs suited to customer preferences in these markets.

(2) Expanding Market Share in Advanced Country Markets through Product Strategy
Yamaha will move forward with the development of products that respond to the polarization of customer preferences toward value-oriented spending on the one hand and price-oriented spending on the other. Yamaha will draw on its original technologies and its sensitivities to develop innovative products to satisfy the diversity of values of customers' preferences for value-oriented spending. On the other hand, for customers with price-oriented spending preferences, Yamaha will offer moderately priced products that focus on providing necessary basic functions and enable customers to meet their fundamental objectives.

(3) Structuring Optimal Manufacturing Systems to Meet Market Trends
Yamaha will clarify the roles and functions of its three production bases in Japan, China, and Indonesia, and then move ahead with structural reforms in its manufacturing activities, mainly in the piano and wind instrument businesses.

(4) Structuring a Business Model for Service and Content Businesses
To expand the music-playing population, in addition to continuing to operate the Yamaha Music Schools, Yamaha will offer various opportunities and venues globally to its customers. In addition, in the music entertainment business, Yamaha will expand its Internet-related business activities drawing on the Group's IT capabilities and work to foster new musical artists.

(5) Creating New Businesses in the Sound Domain

In the semiconductor business, Yamaha will work to develop original sound generators and graphics devices to differentiate its products from those of other companies, while also moving ahead with the development of its position in the Chinese market. In addition, Yamaha will take initiatives to further nurture its “sound environment” businesses, including Speech Privacy Systems, and develop its “acoustic space” businesses, including “sound signage” devices, into viable businesses.

3. Dealing with the Aftereffects of Natural Disasters

In view of the impact of the Great East Japan Earthquake, floods in Thailand, and other natural disasters that affected our business activities, the Company will take further measures to improve its crisis management systems and its business continuation plans.

4. Management Issues to be Addressed

To strengthen the earnings power of the Yamaha Corporation Group as a whole, the Company initiated its Domestic Business Structural Reform Project on April 1, 2012 and is undertaking a drastic review of all aspects of its domestic operations, including staff operations, sales, and production.

(5) Other Important Matters

None applicable

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2012.3 (As of Mar. 31, 2012)	FY2011.3 (As of Mar. 31, 2011)
ASSETS		
Current assets:		
Cash and deposits	**¥ 52,103**	¥ 57,210
Notes and accounts receivable—trade	**45,634**	46,486
Short-term investment securities	**4,699**	1,960
Merchandise and finished goods	**51,452**	47,361
Work in process	**13,771**	13,620
Raw materials and supplies	**11,922**	10,678
Deferred tax assets	**1,855**	8,393
Other	**8,678**	10,404
Allowance for doubtful accounts	**(1,165)**	(1,397)
Total current assets	**188,952**	194,717
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	**36,695**	38,106
Machinery, equipment and vehicles, net	**11,475**	11,747
Tools, furniture and fixtures, net	**7,826**	7,904
Land	**48,853**	49,347
Lease assets, net	**250**	272
Construction in progress	**1,757**	888
Total property, plant and equipment	**106,858**	108,267
Intangible assets:		
Goodwill	**54**	202
Other	**2,630**	2,654
Total intangible assets	**2,685**	2,857
Investments and other assets:		
Investment securities	**61,690**	75,477
Long-term loans receivable	**353**	368
Deferred tax assets	**1,045**	3,654
Lease and guarantee deposits	**4,792**	4,732
Other	**971**	1,451
Allowance for doubtful accounts	**(739)**	(675)
Total investments and other assets	**68,114**	85,009
Total noncurrent assets	**177,658**	196,134
Total assets	**¥366,610**	¥390,852

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

(Millions of yen)

	FY2012.3 (As of Mar. 31, 2012)	FY2011.3 (As of Mar. 31, 2011)
LIABILITIES		
Current liabilities:		
Notes and accounts payable—trade	**¥ 22,263**	¥ 24,198
Short-term loans payable	**9,883**	6,597
Current portion of long-term loans payable	**912**	3,863
Accounts payable—other and accrued expenses	**29,407**	28,657
Income taxes payable	**1,931**	2,303
Specific advances received	**234**	617
Deferred tax liabilities	**262**	1
Provision for product warranties	**2,769**	2,850
Provision for sales returns	**127**	191
Provision for loss on construction contracts	**42**	2
Other	**4,995**	5,551
Total current liabilities	**72,829**	74,836
Noncurrent liabilities:		
Long-term loans payable	**499**	1,376
Deferred tax liabilities	**15,348**	199
Deferred tax liabilities for land revaluation	**12,595**	14,486
Provision for retirement benefits	**41,479**	37,599
Long-term deposits received	**15,516**	15,854
Other	**1,508**	1,496
Total noncurrent liabilities	**86,948**	71,013
Total liabilities	**159,778**	145,849
NET ASSETS		
Shareholders' equity:		
Capital stock	**28,534**	28,534
Capital surplus	**40,054**	40,054
Retained earnings	**138,152**	169,894
Treasury stock	**(3,690)**	(3,690)
Total shareholders' equity	**203,050**	234,793
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	**27,337**	33,559
Deferred gains or losses on hedges	**(367)**	(252)
Revaluation reserve for land	**17,304**	15,549
Foreign currency translation adjustment	**(43,611)**	(41,583)
Total accumulated other comprehensive income	**662**	7,272
Minority interests	**3,118**	2,937
Total net assets	**206,832**	245,002
Total liabilities and net assets	**¥366,610**	¥390,852

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

(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income

Consolidated Statements of Operations

(Millions of yen)

	FY2012.3 (Apr. 1, 2011–Mar. 31, 2012)	FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)
Net sales	**¥356,616**	¥373,866
Cost of sales	**231,659**	237,313
Gross profit	**124,957**	136,553
Selling, general and administrative expenses	**116,846**	123,387
Operating income	**8,110**	13,165
Non-operating income:		
Interest income	**456**	334
Dividends income	**1,141**	676
Compensation for transfer	**438**	513
Other	**674**	914
Total non-operating income	**2,710**	2,439
Non-operating expenses:		
Interest expenses	**304**	351
Sales discounts	**2,153**	2,349
Foreign exchange losses	**662**	1,207
Other	**445**	724
Total non-operating expenses	**3,566**	4,633
Ordinary income	**7,255**	10,971
Extraordinary income:		
Gain on sales of noncurrent assets	**190**	231
Gain on sales of investment securities	**1**	264
Reversal of provision for product warranties	**—**	149
Gain on liquidation of subsidiaries and affiliates	**448**	21
Reversal of provision for business structural reform expenses	**—**	321
Total extraordinary income	**640**	988
Extraordinary loss:		
Loss on retirement of noncurrent assets	**298**	438
Loss on sales of investment securities	**6**	125
Loss on valuation of investment securities	**19**	1,563
Loss on liquidation of investment securities	**7**	—
Loss on valuation of stocks of subsidiaries and affiliates	**—**	183
Loss on valuation of investments in capital of subsidiaries and affiliates	**374**	—
Loss on liquidation of subsidiaries and affiliates	**5**	—
Impairment loss	**169**	2,687
Loss on disaster	**44**	79
Loss on adjustment for changes of accounting standard for asset retirement obligations	**—**	79
Total extraordinary loss	**925**	5,157
Income before income taxes and minority interests	**6,971**	6,802
Income taxes—current	**3,959**	4,349
Income taxes—deferred	**32,117**	(2,990)
Total income taxes	**36,077**	1,359
Income (loss) before minority interests	**(29,106)**	5,443
Minority interests in income	**274**	364
Net income (loss)	**¥ (29,381)**	¥ 5,078

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

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2012.3 (Apr. 1, 2011–Mar. 31, 2012)	FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)
Income (loss) before minority interests	**¥(29,106)**	¥5,443
Other comprehensive income		
Valuation difference on available-for-sale securities	**(6,221)**	(441)
Deferred gains or losses on hedges	**(114)**	(86)
Revaluation reserve for land	**1,802**	—
Foreign currency translation adjustments	**(1,966)**	(7,292)
Share of other comprehensive income of associates accounted for using equity method	**(0)**	0
Total other comprehensive income	**(6,500)**	(7,820)
Comprehensive income	**(35,606)**	(2,376)
(Composition)		
Comprehensive income attributable to owners of the parent	**(35,941)**	(2,566)
Comprehensive income attributable to minority shareholders	**¥ 334**	¥ 189

(3) Consolidated Statements of Changes in Shareholders' Equity

(Millions of yen)

	FY2012.3 (Apr. 1, 2011–Mar. 31, 2012)	FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)
Shareholders' equity		
Capital stock		
Balance at beginning of period	**¥ 28,534**	¥ 28,534
Changes of items during the period		
Total changes of items during the period	**—**	—
Balance at the end of period	**28,534**	28,534
Capital surplus		
Balance at beginning of period	**40,054**	40,054
Changes of items during the period		
Total changes of items during the period	**—**	—
Balance at the end of period	**40,054**	40,054
Retained earnings		
Balance at beginning of period	**169,894**	167,614
Changes of items during the period		
Dividends from surplus	**(1,936)**	(3,451)
Net income (loss)	**(29,381)**	5,078
Change of scope of consolidation	**(454)**	—
Change resulting from merger with unconsolidated subsidiaries	**(17)**	—
Reversal of revaluation reserve for land	**47**	652
Total changes of items during the period	**(31,741)**	2,279
Balance at the end of period	**138,152**	169,894
Treasury stock		
Balance at beginning of period	**(3,690)**	(34)
Changes of items during the period		
Purchase of treasury stock	**(0)**	(3,655)
Total changes of items during the period	**(0)**	(3,655)
Balance at the end of period	**(3,690)**	(3,690)
Total shareholders' equity		
Balance at beginning of period	**234,793**	236,169
Changes of items during the period		
Dividends from surplus	**(1,936)**	(3,451)
Net income (loss)	**(29,381)**	5,078
Change of scope of consolidation	**(454)**	—
Change resulting from merger with unconsolidated subsidiaries	**(17)**	—
Reversal of revaluation reserve for land	**47**	652
Purchase of treasury stock	**(0)**	(3,655)
Total changes of items during the period	**(31,742)**	(1,375)
Balance at the end of period	**¥203,050**	¥234,793

(Millions of yen)

	FY2012.3 (Apr. 1, 2011–Mar. 31, 2012)	FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at beginning of period	**¥ 33,559**	¥ 34,000
Changes of items during the period		
Net changes of items other than shareholders' equity	**(6,221)**	(441)
Total changes of items during the period	**(6,221)**	(441)
Balance at the end of period	**27,337**	33,559
Deferred gains or losses on hedges		
Balance at beginning of period	**(252)**	(166)
Changes of items during the period		
Net changes of items other than shareholders' equity	**(114)**	(86)
Total changes of items during the period	**(114)**	(86)
Balance at the end of period	**(367)**	(252)
Revaluation reserve for land		
Balance at beginning of period	**15,549**	16,201
Changes of items during the period		
Net changes of items other than shareholders' equity	**1,754**	(652)
Total changes of items during the period	**1,754**	(652)
Balance at the end of period	**17,304**	15,549
Foreign currency translation adjustment		
Balance at beginning of period	**(41,583)**	(34,466)
Changes of items during the period		
Net changes of items other than shareholders' equity	**(2,028)**	(7,117)
Total changes of items during the period	**(2,028)**	(7,117)
Balance at the end of period	**(43,611)**	(41,583)
Total accumulated other comprehensive income		
Balance at beginning of period	**7,272**	15,569
Changes of items during the period		
Net changes of items other than shareholders' equity	**(6,609)**	(8,297)
Total changes of items during the period	**(6,609)**	(8,297)
Balance at the end of period	**662**	7,272
Minority interests		
Balance at beginning of period	**2,937**	2,852
Changes of items during the period		
Net changes of items other than shareholders' equity	**181**	84
Total changes of items during the period	**181**	84
Balance at the end of period	**3,118**	2,937
Total net assets		
Balance at beginning of period	**245,002**	254,591
Changes of items during the period		
Dividends from surplus	**(1,936)**	(3,451)
Net income (loss)	**(29,381)**	5,078
Change of scope of consolidation	**(454)**	—
Change resulting from merger with unconsolidated subsidiaries	**(17)**	—
Reversal of revaluation reserve for land	**47**	652
Purchase of treasury stock	**(0)**	(3,655)
Net changes of items other than shareholders' equity	**(6,428)**	(8,212)
Total changes of items during the period	**(38,170)**	(9,588)
Balance at the end of period	**¥206,832**	¥245,002

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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2012.3 **(Apr. 1, 2011–Mar. 31, 2012)**	FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	**¥ 6,971**	¥ 6,802
Depreciation and amortization	**11,973**	12,814
Impairment loss	**169**	2,687
Amortization of goodwill	**145**	145
Increase (decrease) in allowance for doubtful accounts	**(136)**	(158)
Loss on valuation of stocks of subsidiaries and affiliates	**—**	183
Loss on valuation of investments in capital of subsidiaries and affiliates	**374**	—
Loss (gain) on liquidation of subsidiaries and affiliates	**(443)**	(21)
Loss (loss) on valuation of investment securities	**19**	1,563
Loss (gain) on sales of investment securities	**5**	(138)
Loss (gain) on liquidation of investment securities	**7**	—
Increase (decrease) in provision for retirement benefits	**3,884**	4,030
Interest and dividends income	**(1,598)**	(1,010)
Interest expenses	**304**	351
Foreign exchange losses (gains)	**48**	678
Equity in (earnings) losses of affiliates	**(0)**	0
Loss (gain) on sales of noncurrent assets	**(190)**	(231)
Loss on retirement of noncurrent assets	**298**	438
Gain on reversal of provision for business structural reform expenses	**—**	(321)
Loss on disaster	**44**	79
Loss on adjustment for changes of accounting standard for asset retirement obligations	**—**	79
Decrease (increase) in notes and accounts receivable—trade	**(13)**	406
Decrease (increase) in inventories	**(6,451)**	(5,072)
Increase (decrease) in notes and accounts payable—trade	**(1,578)**	3,549
Other, net	**471**	(644)
Subtotal	**14,305**	26,212
Interest and dividends income received	**1,583**	986
Interest expenses paid	**(310)**	(357)
Income taxes (paid) refunded	**(4,698)**	(4,194)
Net cash provided by (used in) operating activities	**¥10,880**	¥22,646

(Millions of yen)

	FY2012.3 (Apr. 1, 2011–Mar. 31, 2012)	FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)
Net cash provided by (used in) investing activities:		
Net decrease (increase) in time deposits	**¥ (397)**	¥ (107)
Purchase of property, plant and equipment	**(9,696)**	(13,316)
Proceeds from sales of property, plant and equipment	**931**	1,223
Purchase of investment securities	**(394)**	—
Proceeds from sales and redemption of investment securities	**6**	1,371
Proceeds from liquidation of investment securities	**42**	—
Purchase of stocks of subsidiaries and affiliates	**(26)**	(35)
Proceeds from liquidation of subsidiaries and affiliates	**576**	910
Payments of loans receivable	**(307)**	(499)
Collection of loans receivable	**330**	738
Other, net	**(67)**	(24)
Net cash provided by (used in) investing activities	**(9,004)**	(9,740)
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	**3,060**	(2,010)
Proceeds from long-term loans payable	**—**	450
Repayment of long-term loans payable	**(3,857)**	(972)
Proceeds from deposits received from membership	**3**	2
Repayments for deposits received from membership	**(369)**	(300)
Purchase of treasury stock	**(0)**	(3,655)
Cash dividends paid	**(1,936)**	(3,451)
Cash dividends paid to minority shareholders	**(124)**	(104)
Other, net	**(22)**	(37)
Net cash provided by (used in) financing activities	**(3,247)**	(10,080)
Effect of exchange rate change on cash and cash equivalents	**(724)**	(3,615)
Net increase (decrease) in cash and cash equivalents	**(2,096)**	(788)
Cash and cash equivalents at beginning of period	**58,446**	59,235
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	**53**	—
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	**(484)**	—
Cash and cash equivalents at end of period	**¥ 55,919**	¥ 58,446

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

(5) Notes Regarding Assumptions as a Going Concern

None applicable

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

Changes in Accounting Methods

FY2012.3 (Apr. 1, 2011–Mar. 31, 2012)
None applicable

FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)

Accounting Standards for Asset Retirement Obligations

Beginning with the first quarter of the fiscal year ended March 31, 2011, "Accounting Standards for Asset Retirement Obligations" (Accounting Standards Board of Japan (ASBJ) Statement No. 18, issued by ASBJ on March 31, 2008) and "Guidance on Accounting Standards for Asset Retirement Obligations" (ASBJ Guidance No. 21, issued by ASBJ on March 31, 2008) have been applied.

As a result, the effect of this change on consolidated profit and loss for the current fiscal year ended March 31, 2011 was not material.

Accounting Standards for Measurement of Inventories

Beginning with the first quarter of the fiscal year ended March 31, 2011, accompanying the application of "Accounting Standards for Measurement of Inventories" (ASBJ Statement No. 9, revised by ASBJ on September 26, 2008), the Company and certain of its consolidated subsidiaries in Japan have changed the method of measurement of inventories from the cost method using the last-in, first-out method to the periodic average method.

As a result, operating income, ordinary income, and income before income taxes and minority interests for the current fiscal year ended March 31, 2011 were each ¥956 million higher than they would have been without this change.

Accounting Standards for Business Combinations and Related Matters

Beginning with the first quarter of the fiscal year ended March 31, 2011, the Company has applied the following accounting standards. All of these accounting standards, partial amendments to existing accounting standards, and guidance were issued by ASBJ on December 26, 2008.

- "Accounting Standard for Business Combinations" (ASBJ Statement No.21)
- "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22)
- "Partial Amendments to the Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23)
- "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7)
- "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16)
- "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10)

As a result, these changes had no effect on consolidated profit and loss for the current fiscal year ended March 31, 2011.

Changes in Methods of Presentation

FY2012.3 (Apr. 1, 2011–Mar. 31, 2012)
None applicable

FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)

Consolidated Statements of Operations

1. Accompanying the application of revisions in certain rules for the presentation of financial statements, as contained in a cabinet order (Cabinet Office Ordinance No. 5, issued on March 24, 2009), which are based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, issued on December 26, 2008), the Company has included the item “Income before minority interests” in the consolidated financial statements of the fiscal year ending March 31, 2011.

2. In the previous fiscal year (FY2010.3), “Compensation for transfer” (which amounted to ¥189 million) was included in the “Other” item under “Non-operating income”, and “Foreign exchange losses” (which amounted to ¥340 million) was included in the “Other” item under “Non-operating expenses.” However, in the fiscal year ended March 31, 2011, the importance of these items has increased, and they have been presented as separate items.

Supplementary Information

FY2012.3 (Apr. 1, 2011–Mar. 31, 2012)

Accounting Standard for Accounting Changes and Error Corrections, etc.

For the accounting changes and corrections in errors, etc. made on and after the beginning of the fiscal year commencing on April 1, 2011, the Company has applied the following accounting standard and guidance: the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, issued by the ASBJ on December 4, 2009) and the "Guidance on the Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, issued by the ASBJ on December 4, 2009).

Consolidated Taxation System

Beginning with the fiscal year ended March 31, 2012, the Company and certain of its subsidiaries have applied the consolidated taxation system.

Changes in the Statutory Tax Rates

On December 2, 2011, the Japanese government issued "Partial Revision of Income Tax Law, etc. in Response to the Changing Economic Structure" (2011 Law No. 114) and "Special Measures to Secure the Funds to Realize the Restoration of the Damages Following the Great East Japan Earthquake" (2011 Law No. 117). Under these newly promulgated laws, the corporate income tax rates applicable for consolidated accounting years beginning on or after April 1, 2012, will be changed. In addition, for consolidated accounting years beginning April 1, 2012, through March 31, 2015, a special corporate income surtax for recovery will be levied. Accompanying these changes, the effective statutory tax rate applicable to the calculation of deferred tax assets and deferred tax liabilities will be changed as follows according to the time of full amortization of temporary differences:

From the fiscal year beginning April 1, 2012 through the year ending March 31, 2015: 36.99%
From the fiscal year beginning April 1, 2015 and in subsequent years: 34.61%

As a result of these changes, the following changes were made: Deferred tax assets among noncurrent assets, deferred tax liabilities among noncurrent liabilities, and deferred tax liabilities for land revaluation decreased by ¥24 million, ¥2,153 million, and ¥1,794 million, respectively; revaluation reserve for land and valuation difference of available-for-sale securities increased ¥1,794 million and ¥2,025 million, respectively. Also, income taxes—deferred decreased ¥102 million.

FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)

Accounting Standard for Presentation of Comprehensive Income

Beginning with the fiscal year ended March 31, 2011, the "Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, issued by ASBJ on June 30, 2010) was applied. However, the consolidated amounts for "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" for the previous fiscal year have been presented in "Valuation and translation adjustments" and "Total valuation and translation adjustments."

Consolidated Taxation System

The Company and certain of its subsidiaries have received approval from the Commissioner of the National Tax Agency regarding the application of the consolidated taxation system from the fiscal year ending March 31, 2012. Therefore, beginning with the fiscal year ended March 31, 2011, related accounting procedures have been based on the "Practical Solution on Tentative Treatment of Tax-Effect Accounting under the Consolidated Taxation System (Part 1)" (Practical Issues Task Force (PITF) No. 5) and the "Practical Solution on Tentative Treatment of Tax-Effect Accounting under the Consolidated Taxation System (Part 2)" (PITF No. 7).

Accounting Standard for Disclosures about Segments of an Enterprise and Related Information

Beginning with the fiscal year ended March 31, 2011, "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, issued by ASBJ on March 27, 2009) and the "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued by ASBJ on March 21, 2008) have been applied.

(7) Notes to the Consolidated Financial Statements

Consolidated Statements of Operations

FY2012.3 (Apr. 1, 2011–Mar. 31, 2012)

Impairment Losses

Since the amounts are not material, this information has been omitted.

FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)

Impairment Losses

Outline of asset groups where impairment losses were recognized

(Millions of yen)

Use	Location	Impairment losses	
		Type of asset	Amount
Assets of the musical instruments business	Chuo-ku, Tokyo, etc.	Buildings and structures	¥ 968
		Tools, furniture and fixtures	133
		Total	1,102
Idle assets, etc.	Fujimino-shi, Saitama Prefecture, etc.	Buildings and structures	394
		Machinery, equipment and vehicles	55
		Tools, furniture and fixtures	3
		Land	1,132
		Total	1,585
Total		Buildings and structures	1,363
		Machinery, equipment and vehicles	55
		Tools, furniture and fixtures	136
		Land	1,132
		Total	¥2,687

Method for Grouping of Assets

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

Background Leading to the Recognition of Impairment Losses

In the case of assets in the musical instruments business, the Company recognizes impairment losses for those asset groups where the businesses are running losses in their operating activities on a continuing basis and when the outlook is for running losses.

In the case of idle assets, impairment losses are recognized on those assets which are not expected to be put to use in the future, assets that are expected to become idle assets, and those assets for which disposal is expected.

Calculation of the Recovery Value

The recoverable value of assets in the musical instruments business is calculated using estimates of the value of the assets in use, and future cash flows from these assets are discounted to the present using a discount rate of 5.4%.

The recoverable value of idle assets, etc. is calculated using estimates of the net sale value; the price indicators are the expected sale value, the appraised value, and the assessed value for tax purposes of noncurrent assets.

Segment Information

1. Summary of Reporting Segments

Business segments are composed of business units that provide separate financial information, are regularly reviewed by the Board of Directors of the Company for the purpose of business performance evaluation and management resource allocation decisions, and that have been grouped to consolidate products and services with similar economic characteristics and contents.

Yamaha has established business divisions by product and service in its head office and formulates comprehensive strategies for implementation in Japan and overseas in its respective business domains.

Therefore, the Company's business segments, based on its business domains, comprise its three principal reporting segments, which are musical instruments, AV/IT, and electronic devices. Other businesses have been grouped together in the "Others" segment.

The musical instruments business segment includes the manufacture and sales of pianos; digital musical instruments; wind, string, and percussion instruments; and professional audio equipment as well as other music-related activities. The AV/IT business segment includes the manufacture and sales of audio products, information and telecommunication equipment, and certain other products. The electronic devices business segment includes the manufacture and sales of semiconductor products. The "Others" segment includes automobile interior wood components, factory automation (FA) equipment, golf products, recreation, and certain other lines of business.

2. Method for Calculating the Sales, Income (Loss), Assets, Liabilities, and Other Items for Reporting Segments

The accounting treatment for reporting business segments is carried out through principles and procedures set forth in "Material Items Which Form the Basis for Preparation of the Consolidated Financial Statements."

Figures for income in reporting segments are on an operating income basis.

Intersegment sales and transfers are based on prevailing market prices.

3. Information on the Amounts of Sales, Income (Loss), Assets, Liabilities, and Other Items for Reporting Segments

FY2012.3 (April 1, 2011－March 31, 2012) (Millions of yen)

	Musical instruments	AV/IT	Electronic devices	Others	Total	Adjustments	Consolidated
Sales to external customers	**265,089**	**53,165**	**16,233**	**22,128**	**356,616**		**356,616**
Intersegment sales or transfers			**768**		**768**	**(768)**	
Total	**265,089**	**53,165**	**17,001**	**22,128**	**357,385**	**(768)**	**356,616**
Segment income (loss)	**7,713**	**2,872**	**(2,913)**	**437**	**8,110**		**8,110**
Segment assets	**247,968**	**33,734**	**13,843**	**71,064**	**366,610**		**366,610**
Other items							
Depreciation and amortization	**9,065**	**1,248**	**976**	**684**	**11,973**		**11,973**
Impairment loss				**169**	**169**		**169**
Increase in property, plant and equipment and intangible assets	**8,480**	**1,072**	**736**	**1,290**	**11,579**		**11,579**

Notes: 1. The item “Adjustments” contains the following:
The sales adjustment item of ¥(768) million, which comprises eliminations of transactions among the Company’s business segments.
2. “Segment income (loss)” means the operating income (loss) of the segment as presented in the Consolidated Statements of Operations.
3. Among the assets of the Others segment, the amount of investment securities related to Yamaha Motor Co., Ltd. (the market value reported on the Consolidated Balance Sheets) is as follows:
Previous fiscal year: ¥61,917 million
Current fiscal year: ¥47,290 million

FY2011.3 (April 1, 2010－March 31, 2011) (Millions of yen)

	Musical instruments	AV/IT	Electronic devices	Others	Total	Adjustments	Consolidated
Sales to external customers	271,124	57,023	20,610	25,108	373,866		373,866
Intersegment sales or transfers			1,080		1,080	(1,080)	
Total	271,124	57,023	21,690	25,108	374,946	(1,080)	373,866
Segment income	8,616	2,547	510	1,490	13,165		13,165
Segment assets	253,036	36,617	14,983	86,215	390,852		390,852
Other items							
Depreciation and amortization	9,678	1,361	900	873	12,814		12,814
Impairment loss	2,575			112	2,687		2,687
Increase in property, plant and equipment and intangible assets	8,224	1,044	921	464	10,655		10,655

Notes: 1. The item “Adjustments” contains the following:
The sales adjustment item of ¥(1,080) million, which comprises eliminations of transactions among the Company’s business segments.
2. “Segment income” means the operating income of the segment as presented in the Consolidated Statements of Operations.
3. Among the assets of the Others segment, the amount of investment securities related to Yamaha Motor Co., Ltd. (the market value reported on the Consolidated Balance Sheets) is as follows:
Previous fiscal year: ¥59,742 million
Current fiscal year: ¥61,917 million

Related Information

1. Information by product and service

Since the Company discloses the same information in its segment information section, it has been omitted.

2. Information by geographical segment

(1) Sales and Property, plant and equipment

Sales information based on the geographical location of the customers

FY2012.3 (April 1, 2011－March 31, 2012) (Millions of yen)

	Japan	Overseas				Consolidated
		North America	Europe	Asia, Oceania, and other areas	Total	
Net sales	**¥167,105**	**¥49,922**	**¥60,822**	**¥78,766**	**¥189,511**	**¥356,616**
% of net sales	**46.9%**	**14.0%**	**17.0%**	**22.1%**	**53.1%**	**100.0%**

Notes: 1. Sales information is based on the geographical location of customers, and it is classified by country or region.
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

FY2011.3 (April 1, 2010－March 31, 2011) (Millions of yen)

	Japan	Overseas				Consolidated
		North America	Europe	Asia, Oceania, and other areas	Total	
Net sales	¥179,574	¥54,635	¥64,678	¥74,978	¥194,292	¥373,866
% of net sales	48.0%	14.6%	17.3%	20.1%	52.0%	100.0%

Notes: 1. Sales information is based on the geographical location of customers, and it is classified by country or region.
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

Sales information based on Group locations where sales take place

FY2012.3 (April 1, 2011－March 31, 2012) (Millions of yen)

	Japan	North America	Europe	Asia, Oceania, and other areas	Total	Adjustments	Consolidated
Sales to external customers	**178,404**	**49,580**	**60,817**	**67,814**	**356,616**		**356,616**
Intersegment sales or transfers	**122,042**	**724**	**1,311**	**64,102**	**188,181**	**(188,181)**	
Total	**300,447**	**50,305**	**62,128**	**131,917**	**544,798**	**(188,181)**	**356,616**
Segment income (loss)	**(3,478)**	**1,874**	**2,288**	**7,876**	**8,560**	**(449)**	**8,110**
Segment assets	**251,549**	**23,728**	**30,708**	**78,508**	**384,495**	**(17,884)**	**366,610**
Property, plant and equipment	**85,725**	**1,094**	**3,249**	**16,788**	**106,858**		**106,858**

Notes: 1. Sales information is based on Group locations where sales take place and it is classified by country or region.
2. Main country and regional divisions other than Japan:
This classification is the same as the one for "Sales information based on the geographical location of the customers."
3. The item "Adjustments" contains the following:
The sales adjustment item of ¥(188,181) million, which comprises eliminations of transactions among the Company's business segments.
4. "Segment income (loss)" means the operating income (loss) of the segment as presented in the Consolidated Statements of Operations.

FY2011.3 (April 1, 2010－March 31, 2011) (Millions of yen)

	Japan	North America	Europe	Asia, Oceania, and other areas	Total	Adjustments	Consolidated
Sales to external customers	190,915	54,084	64,863	64,003	373,866		373,866
Intersegment sales or transfers	123,943	874	1,453	60,221	186,492	(186,492)	
Total	314,858	54,958	66,316	124,225	560,359	(186,492)	373,866
Segment income	1,688	1,449	1,668	8,372	13,178	(12)	13,165
Segment assets	277,595	23,820	33,469	74,694	409,580	(18,727)	390,852
Property, plant and equipment	87,515	1,335	3,582	15,834	108,267		108,267

Notes: 1. Sales information is based on Group locations where sales take place and it is classified by country or region.
2. Main country and regional divisions other than Japan:
This classification is the same as the one for "Sales information based on the geographical location of the customers."
3. The item "Adjustments" contains the following:
The sales adjustment item of ¥(186,492) million, which comprises eliminations of transactions among the Company's business segments.
4. "Segment income" means the operating income of the segment as presented in the Consolidated Statements of Operations.

3. Information by principal customer

None applicable

Information on impairment losses on noncurrent assets by reporting segment
FY2012.3 (April 1, 2011－March 31, 2012)
Since the Company discloses the same information in its segment information section, it has been omitted.

FY2011.3 (April 1, 2010－March 31, 2011)
Since the Company discloses the same information in its segment information section, it has been omitted.

Information related to the amount of amortization of goodwill and the unamortized amount of goodwill by reporting segment
FY2012.3 (April 1, 2011－March 31, 2012)
Since the amounts are not material, this information has been omitted.

FY2011.3 (April 1, 2010－March 31, 2011)
Since the amounts are not material, this information has been omitted.

Information on profit arising from negative goodwill by reporting segment
FY2012.3 (April 1, 2011－March 31, 2012)
Since the amounts are not material, this information has been omitted.

FY2011.3 (April 1, 2010－March 31, 2011)
None applicable

Per Share Information

(Yen)

FY2012.3 (Apr. 1, 2011–Mar. 31, 2012)	FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)
Net assets per share **¥1,052.01**	Net assets per share ¥1,250.06
Net loss per share **¥(151.73)**	Net income per share ¥25.90
There are no latent shares, and, since the Company reported a net loss, no figures for earnings per share after adjustment for latent shares have been disclosed.	There are no latent shares, and no figures for earnings per share after adjustment for latent shares have been disclosed.

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

	FY2012.3 (Apr. 1, 2011–Mar. 31, 2012)	FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)
Net income (loss) per share:		
Net income (loss)	**¥(29,381) million**	¥5,078 million
Value not attributed to common stock	**— million**	— million
Net income (loss) attributed to common stock	**¥(29,381) million**	¥5,078 million
Average number of outstanding shares during the period	**193,643 thousand shares**	196,062 thousand shares
Net income per share after adjustment for latent stock:		
Net income adjustment value	**¥— million**	¥— million
Increase in number of outstanding common stock	—	—
Latent shares not included in calculations of net income per share after adjustment for latent shares due to lack of dilution effect	—	—

Important Subsequent Events

None applicable

4. Other

(1) Management Appointment and Resignations

See appendix.