

YAMAHA CORPORATION

Overview of Consolidated Performance in the Third Quarter of the Fiscal Year Ending March 31, 2008 (April 1, 2007, to December 31, 2007)

February 6, 2008

Company name: YAMAHA CORPORATION
(URL <http://www.global.yamaha.com/ir/report/>)

Code number: 7951

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Stock listing: Tokyo Stock Exchange (First Section)

1. Overview of Consolidated Performance in the Third Quarter of FY2008.3 (April 1, 2007, to December 31, 2007)

Figures of less than ¥1 million have been omitted.

(1) Consolidated Operating Results

	Net sales		Operating income		Recurring profit	
	Millions of yen	Change from the previous year	Millions of yen	Change from the previous year	Millions of yen	Change from the previous year
Third quarter of FY2008.3	¥428,903	3.0%	¥35,517	32.1%	¥35,322	(8.2)%
Third quarter of FY2007.3	¥416,501	2.5%	¥26,877	4.0%	¥38,462	8.3 %
(Reference) FY2007.3	¥550,361	—	¥27,685	—	¥42,626	—

	Net income		Net income per share	Net income per share after full dilution
	Millions of yen	Change from the previous year	Yen	Yen
Third quarter of FY2008.3	¥42,176	41.0%	¥204.45	¥ —
Third quarter of FY2007.3	¥29,922	9.0%	¥145.17	¥145.10
(Reference) FY2007.3	¥27,866	—	¥135.19	¥135.11

(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 FY2008.3	¥605,763	¥380,462	62.2%	¥1,826.69
Third quarter of FY2007.3	¥561,251	¥352,187	61.9%	¥1,684.30
(Reference) FY2007.3	¥559,031	¥351,398	62.0%	¥1,680.91

Note: Shareholders' equity ratio=(Net assets – Minority interests)/Total assets

(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
Third quarter of FY2008.3	¥ 14,289	¥ 51,035	¥(10,622)	¥101,092
Third quarter of FY2007.3	¥13,320	¥(17,064)	¥ 1,227	¥ 34,136
(Reference) FY2007.3	¥39,732	¥(22,427)	¥ (8,246)	¥ 45,926

2. Consolidated Financial Forecast for FY2008.3 (April 1, 2007, to March 31, 2008) (Reference)

	Net sales		Operating income		Recurring profit	
	Millions of yen	Change from the previous year	Millions of yen	Change from the previous year	Millions of yen	Change from the previous year
FY2008.3	¥554,000	0.7%	¥33,500	21.0%	¥33,000	(22.6)%

	Net income		Net income per share
	Millions of yen	Change from the previous year	Yen
FY2008.3	¥39,000	40.0%	¥189.05

3. Others

- (1) Changes in the state of material subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): No
- (2) Whether the Company has adopted simplified accounting methods: Yes
- (3) Differences from the previous fiscal year in consolidated accounting policies: Yes

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

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

Forecasts of consolidated performance shown on this page 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 page 4.

4. Qualitative Information and Financial Statements

(1) Qualitative Information Regarding Consolidated Business Performance

During the first three quarters of the fiscal year (April 1, 2007, to December 31, 2007), consolidated net sales rose 3.0% from the same period of previous fiscal year to ¥428.9 billion, reflecting the decline in the value of the yen and robust performance in the musical instruments and the others segments. Sales in Japan declined 2.7%, to ¥213.3 billion, but overseas sales expanded 9.2%, to ¥215.6 billion.

Regarding product categories by segment, within the musical instruments segment, sales of pianos, wind instruments, electronic musical instruments such as digital pianos, and commercial audio equipment increased, while revenues from music schools also increased.

In the AV/IT segment, foreign exchange factors had a positive impact on overall sales but sales of mainstay home theater related products were weak, and sales of commercial online karaoke equipment declined.

In the electronic equipment and metal products segment, sales of semiconductors decreased. Please note that on November 30, 2007, Yamaha sold 90% of the shares it held in Yamaha Metanix Corporation, which was a consolidated subsidiary engaged in the electronic metals business, to DOWA Metaltech Co., Ltd. As a result, Yamaha Metanix was excluded from the scope of consolidation.

Sales of the lifestyle-related products segment declined, but sales of the others segment continued to rise.

In the recreation segment, Yamaha sold the operating assets of four of its facilities operating recreation businesses (Kiroro, Toba Hotel International, Nemunosato, and Haimurubushi) to Mitsui Fudosan Resort Co., Ltd., on October 1, 2007. As a result of the sale of all of Yamaha's shares in these respective operating companies, they were excluded from the scope of consolidation.

Profitwise, as a result of the depreciation of the yen and major increases in revenues and profits of the musical instruments segment and the others segment, operating income climbed 32.1%, to ¥35.5 billion. Recurring profit, however, decreased 8.2%, to ¥35.3 billion, because of the sale of a portion of Yamaha's equity interest in Yamaha Motor Co., Ltd., which led to the exclusion of the latter company from the scope of consolidation under the equity method and a consequent decline in equity in earnings of unconsolidated subsidiaries and affiliates. However, net income for the quarter rose a sharp 41.0%, to ¥42.2 billion, because of the recognition of an extraordinary gain on sales of stocks of the above mentioned Yamaha Motor Co., Ltd.

(2) Qualitative Information Regarding Consolidated Financial Condition

Regarding cash from operations, during the first three quarters of the fiscal year (April 1, 2007, to December 31, 2007), income before income taxes and minority interests amounted to ¥65.8 billion, but this included a gain on sales of stocks of affiliated companies (amounting to ¥29.8 billion) and an increase in notes and accounts receivable—trade and other factors, thus resulting in cash provided by operating activities during the period amounting to ¥14.3 billion.

Cash provided by investing activities amounted to ¥51.0 billion and included a cash inflow resulting from the sales of stocks in subsidiaries.

Cash used in financing activities amounted to ¥10.6 billion and reflected the payment of dividends and other factors.

As a result of these movements in cash flows, cash and cash equivalents at the end of the period amounted to ¥101.1 billion, representing an increase of ¥55.2 billion year on year.

(3) Qualitative Information Regarding the Consolidated Financial Forecast

The revised financial forecast on a consolidated basis for the fiscal year ending March 31, 2008, calls for lower net sales than the forecast issued previously, owing to deterioration in the market environment for the AV/IT, electronic equipment and metal products, and lifestyle-related products segments and other factors.

Profitwise, although income in the electronic equipment and metal products segment and lifestyle-related products segment is forecast to decline, the forecast for operating income as a whole remains unchanged from the previous forecast because of increases in operating income in the musical instruments and AV/IT segments. Recurring profit and net income are now forecast to be higher than in the previous forecast.

Consolidated Forecast for FY2008.3 (April 1, 2007, to March 31, 2008)

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

(Millions of yen)

	Net sales	Operating income	Recurring profit	Net income
Previously announced forecast (A)	¥558,000	¥33,500	¥32,000	¥38,000
Revised forecast (B)	554,000	33,500	33,000	39,000
Change (B-A)	(4,000)	—	1,000	1,000
% change	(0.7)	—	3.1	2.6
Results from the previous term (FY2007.3)	¥550,361	¥27,685	¥42,626	¥27,866

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 risk 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): No
- (b) The adoption of simplified accounting methods:
 - (i) Depreciation expenses represent the portion of total planned annual depreciation as of the end of the quarter.
 - (ii) A simplified method is used to calculate tax expenses.
- (c) Differences from the previous fiscal year in consolidated accounting policies:
 - Method for accounting for the depreciation of tangible fixed assets

Changes in Accounting Methods

Accompanying revisions in Japan's Corporate Tax Law that became effective in fiscal 2007, the Company and its domestic consolidated subsidiaries have adopted the declining-balance method for calculating depreciation for tangible fixed assets acquired on or after April 1, 2007, using a rate that is 2.5 times the rate that would have been used for the straight-line method.

As a result of this accounting change, operating income, recurring profit, and income before income taxes and minority interests were all ¥218 million lower and net income was ¥137 million lower on an accumulated basis through the third quarter than they would have been under the previous method of accounting.

Note that the effect of this change by segment is shown in the relevant segment information.

Supplementary Information

Accompanying revisions in Japan's Corporate Tax Law that became effective in fiscal 2007, the Company and its domestic consolidated subsidiaries have adopted the following method for the treatment of tangible fixed assets that were purchased on or before March 31, 2007, and have been fully depreciated to the limits prescribed in previous corporate tax provisions. The remaining value of such assets will be depreciated in equal amounts over a five-year period.

As a result of this accounting change, operating income, recurring profit, and income before income taxes and minority interests were all ¥684 million lower and net income was ¥434 million lower on an accumulated basis through the third quarter than they would have been under the previous method of accounting.

Note that the effect of this change by segment is shown in the relevant segment information.

5. Consolidated Financial Statements

(1) Summary of Consolidated Balance Sheets

	Third quarter of FY2008.3 (as of Dec. 31, 2007)	Third quarter of FY2007.3 (as of Dec. 31, 2006)	Increase (decrease)		FY2007.3 (as of March 31, 2007)
	Millions of yen	Millions of yen	Millions of yen	%	Millions of yen
ASSETS					
Current assets					
Cash and bank deposits	¥ 70,466	¥ 34,908	¥35,558	101.9	¥ 46,702
Notes and accounts receivable—trade	89,090	92,134	(3,044)	(3.3)	78,669
Inventories	84,202	86,256	(2,054)	(2.4)	82,214
Other current assets	57,806	24,294	33,512	137.9	23,447
Total current assets	301,565	237,593	63,972	26.9	231,033
Fixed assets					
Tangible assets	139,627	151,422	(11,795)	(7.8)	149,872
Intangible assets	2,702	3,090	(388)	(12.6)	2,951
Investments and other assets	161,867	169,143	(7,276)	(4.3)	175,174
Total fixed assets	304,197	323,657	(19,460)	(6.0)	327,998
Total assets	¥605,763	¥561,251	¥44,512	7.9	¥559,031
LIABILITIES					
Current liabilities					
Notes and accounts payable—trade	¥ 38,322	¥ 42,496	¥(4,174)	(9.8)	¥ 43,165
Short-term debt	23,417	24,552	(1,135)	(4.6)	15,118
Current portion of long-term debt	2,709	5,352	(2,643)	(49.4)	4,301
Accrued expenses and accrued payables	33,737	34,714	(977)	(2.8)	54,415
Other current liabilities	31,118	21,665	9,453	43.6	19,655
Total current liabilities	129,305	128,781	524	0.4	136,656
Long-term liabilities					
Long-term debt	4,359	5,259	(900)	(17.1)	6,132
Accrued employees' retirement benefits	25,502	27,947	(2,445)	(8.7)	27,140
Other long-term liabilities	66,133	47,076	19,057	40.5	37,703
Total long-term liabilities	95,995	80,282	15,713	19.6	70,977
Total liabilities	225,300	209,064	16,236	7.8	207,633
NET ASSETS					
Shareholders' equity					
Common stock	28,534	28,534	—	—	28,534
Capital surplus	40,054	40,054	—	—	40,054
Retained earnings	231,925	262,528	(30,603)	(11.7)	260,555
Treasury stock, at cost	(322)	(329)	7	—	(339)
Total shareholders' equity	300,191	330,789	(30,598)	(9.3)	328,804
Valuation and translation adjustments					
Net unrealized holding gain on other securities	73,660	14,007	59,653	425.9	13,718
Loss on deferred hedges	(174)	(414)	240	—	(406)
Land revaluation difference	14,861	18,206	(3,345)	(18.4)	18,116
Translation adjustments	(11,708)	(15,417)	3,709	—	(13,765)
Total valuation and translation adjustments	76,639	16,382	60,257	367.8	17,662
Minority interests	3,631	5,015	(1,384)	(27.6)	4,931
Total net assets	380,462	352,187	28,275	8.0	351,398
Total liabilities and net assets	¥605,763	¥561,251	¥44,512	7.9	¥559,031

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

(2) Summary of Consolidated Statements of Income

	Third quarter of FY2008.3 (Apr. 1, 2007– Dec. 31, 2007)	Third quarter of FY2007.3 (Apr. 1, 2006– Dec. 31, 2006)	Increase (Decrease)		FY2007.3 (Apr. 1, 2006– Mar. 31, 2007)
	Millions of yen	Millions of yen	Millions of yen	%	Millions of yen
Net sales	¥428,903	¥416,501	¥12,402	3.0	¥550,361
Cost of sales	265,377	265,270	107	0.0	352,382
Unrealized profit (loss)	(0)	0			1
Total gross profit	163,525	151,231	12,294	8.1	197,980
Selling, general and administrative expenses	128,008	124,353	3,655	2.9	170,295
Operating income	35,517	26,877	8,640	32.1	27,685
Non-operating income	4,587	15,927	(11,340)	(71.2)	21,334
Non-operating expenses	4,782	4,342	440	10.1	6,393
Recurring profit	35,322	38,462	(3,140)	(8.2)	42,626
Extraordinary income					
Gain on sales of stocks of affiliated companies	29,756	—	29,756	—	—
Other	2,723	443	2,280	514.7	606
Total extraordinary income	32,480	443	32,037	—	606
Extraordinary loss	2,023	2,620	(597)	(22.8)	10,130
Income before income taxes and minority interests	65,780	36,285	29,495	81.3	33,101
Current income taxes	19,177	6,794	12,383	182.3	7,010
Deferred income taxes	3,773	(936)	4,709	—	(2,268)
Minority interests	652	504	148	29.4	493
Net income	¥ 42,176	¥ 29,922	¥ 12,254	41.0	¥ 27,866

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

(3) Consolidated Statements of Changes in Net Assets

Third quarter of FY2008.3 (April 1, 2007, to December 31, 2007)

(Millions of yen)

	Shareholders' Equity					Valuation and Translation Adjustments					Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on other securities	Loss on deferred hedges	Land revaluation difference	Translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2007	¥28,534	¥40,054	¥260,555	¥(339)	¥328,804	¥13,718	¥(406)	¥18,116	¥(13,765)	¥17,662	¥4,931	¥351,398
Changes during the period												
Dividends from surplus			(7,736)		(7,736)							(7,736)
Net income for the period			42,176		42,176							42,176
Changes in the scope of consolidation			(656)		(656)							(656)
Changes in the scope of consolidation under equity method			(60,275)	43	(60,232)							(60,232)
Reversal of reserve for land revaluation difference			(2,137)		(2,137)							(2,137)
Purchases of treasury stock				(26)	(26)							(26)
Changes, net, in items other than shareholders' equity						59,942	232	(3,254)	2,057	58,976	(1,299)	57,676
Total changes during the period	—	—	(28,629)	17	(28,612)	59,942	232	(3,254)	2,057	58,976	(1,299)	29,064
Balance at December 31, 2007	¥28,534	¥40,054	¥231,925	¥(322)	¥300,191	¥73,660	¥(174)	¥14,861	¥(11,708)	¥76,639	¥3,631	¥380,462

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

Third quarter of FY2007.3 (April 1, 2006, to December 31, 2006)

(Millions of yen)

	Shareholders' Equity					Valuation and Translation Adjustments					Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on other securities	Loss on deferred hedges	Land revaluation difference	Translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2006	¥28,534	¥40,054	¥236,913	¥(302)	¥305,199	¥15,470	¥ —	¥18,426	¥(23,091)	¥10,805	¥4,472	¥320,477
Changes during the period												
Dividends from surplus			(4,126)		(4,126)							(4,126)
Net income for the period			29,922		29,922							29,922
Changes in the scope of consolidation			(0)		(0)							(0)
Changes of interest in subsidiaries			(132)	0	(132)							(132)
Reversal of reserve for land revaluation difference			32		32							32
Bonuses to directors and corporate auditors			(80)		(80)							(80)
Purchases of treasury stock				(26)	(26)							(26)
Changes, net, in items other than shareholders' equity						(1,462)	(414)	(219)	7,673	5,577	543	6,120
Total changes during the period	—	—	25,615	(26)	25,589	(1,462)	(414)	(219)	7,673	5,577	543	31,709
Balance at December 31, 2006	¥28,534	¥40,054	¥262,528	¥(329)	¥330,789	¥14,007	¥(414)	¥18,206	¥(15,417)	¥16,382	¥5,015	¥352,187

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

FY2007.3 (April 1, 2006, to March 31, 2007)

(Millions of yen)

	Shareholders' Equity					Valuation and Translation Adjustments					Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on other securities	Loss on deferred hedges	Land revaluation difference	Translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2006	¥28,534	¥40,054	¥236,913	¥(302)	¥305,199	¥15,470	¥ —	¥18,426	¥(23,091)	¥10,805	¥4,472	¥320,477
Changes during the period												
Dividends from surplus			(4,126)		(4,126)							(4,126)
Net income for the period			27,866		27,866							27,866
Changes in the scope of consolidation			(0)		(0)							(0)
Changes of interest in subsidiaries			(138)	0	(138)							(138)
Reversal of reserve for land revaluation difference			121		121							121
Bonuses to directors and corporate auditors			(80)		(80)							(80)
Purchases of treasury stock				(37)	(37)							(37)
Changes, net, in items other than shareholders' equity						(1,752)	(406)	(309)	9,325	6,857	458	7,315
Total changes during the period	—	—	23,642	(37)	23,604	(1,752)	(406)	(309)	9,325	6,857	458	30,920
Balance at March 31, 2007	¥28,534	¥40,054	¥260,555	¥(339)	¥328,804	¥13,718	¥(406)	¥18,116	¥(13,765)	¥17,662	¥4,931	¥351,398

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

(4) Summary of Consolidated Statements of Cash Flows

	Millions of yen		
	Third quarter of FY2008.3 (Apr. 1, 2007– Dec. 31, 2007)	Third quarter of FY2007.3 (Apr. 1, 2006– Dec. 31, 2006)	FY2007.3 (Apr. 1, 2006– Mar. 31, 2007)
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 65,780	¥36,285	¥33,101
Depreciation and amortization	15,520	14,672	19,956
Gain on sales of stocks of affiliated companies	(29,756)	—	—
Changes in operating assets and liabilities:			
Accounts and notes receivable—trade	(13,502)	(17,177)	(4,537)
Inventories	(7,021)	(5,933)	(2,262)
Accounts and notes payable—trade	(54)	4,535	5,272
Income taxes paid and refunded	(7,245)	(2,998)	(3,978)
Other, net	(9,430)	(16,064)	(7,819)
Net cash provided by operating activities	14,289	13,320	39,732
Cash flows from investing activities			
Purchases of tangible fixed assets	(19,846)	(18,104)	(22,863)
Proceeds from sales of tangible fixed assets	5,728	731	1,094
Proceeds from sales of stocks of affiliated companies	67,778	—	—
Other, net	(2,625)	308	(658)
Net cash provided by (used in) investing activities	51,035	(17,064)	(22,427)
Cash flows from financing activities			
Net increase (decrease) in short-term debt	8,538	7,112	(1,961)
Net decrease in long-term debt	(2,041)	(781)	(916)
Cash dividends paid	(7,736)	(4,126)	(4,126)
Other, net	(9,383)	(976)	(1,242)
Net cash (provided by) used in financing activities	(10,622)	1,227	(8,246)
Effect of exchange rate changes on cash and cash equivalents	531	1,249	1,464
Net increase (decrease) in cash and cash equivalents	55,233	(1,266)	10,523
Cash and cash equivalents at beginning of period	45,926	35,434	35,434
Cash and cash equivalents arising from inclusion of subsidiaries in consolidation at beginning of period	41	—	—
Cash and cash equivalents arising from exclusion of subsidiaries in consolidation at beginning of period	(108)	(31)	(31)
Cash and cash equivalents at end of period	¥101,092	¥34,136	¥45,926

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

(5) Segment Information

(a) Business Segments

(Third quarter of FY2008.3 (April 1, 2007, to 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

(Third quarter of FY2007.3 (April 1, 2006, to December 31, 2006))

(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	¥246,066	¥57,634	¥41,875	¥35,380	¥13,249	¥22,294	¥416,501	¥ —	¥416,501
Intersegment sales or transfers	—	—	1,312	—	—	—	1,312	(1,312)	—
Total sales	246,066	57,634	43,188	35,380	13,249	22,294	417,814	(1,312)	416,501
Operating expenses	225,764	55,060	39,693	34,359	14,395	21,663	390,937	(1,312)	389,624
Operating income (loss)	¥ 20,301	¥ 2,574	¥ 3,495	¥ 1,020	¥ (1,145)	¥ 630	¥ 26,877	¥ —	¥ 26,877

(FY2007.3 (April 1, 2006, to March 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	¥325,989	¥72,823	¥54,809	¥46,573	¥ 17,800	¥32,365	¥550,361	¥ —	¥550,361
Intersegment sales or transfers	—	—	1,714	—	—	—	1,714	(1,714)	—
Total sales	325,989	72,823	56,524	46,573	17,800	32,365	552,076	(1,714)	550,361
Operating expenses	303,951	70,685	53,423	45,422	19,337	31,570	524,391	(1,714)	522,676
Operating income (loss)	¥ 22,037	¥ 2,137	¥ 3,101	¥ 1,150	¥ (1,536)	¥ 794	¥ 27,685	¥ —	¥ 27,685

Notes: 1. Business Sectors:

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.

2. Changes in Accounting Methods

Accompanying changes in accounting methods as described in “(4) Others: (c) Differences from the previous fiscal year in consolidated accounting policies: Method for accounting for the depreciation of tangible fixed assets, Changes in Accounting Methods,” operating expenses were higher and operating income was lower on an accumulated basis through the third quarter than they would have been under the previous accounting methods. Specifically, by segment, operating expenses rose higher than they would have been otherwise as follows: musical instruments, ¥83 million; AV/IT, ¥28 million; electronic equipment and metal products, ¥82 million; lifestyle-related products, ¥4 million; recreation, ¥4 million; and others, ¥15 million. Accordingly, operating income was lower by the same amount as the respective increases in operating expenses.

3. Supplementary Information

Accompanying changes in accounting methods as described in “(4) Others: (c) Differences from the previous fiscal year in consolidated accounting policies: Method for accounting for the depreciation of tangible fixed assets, Supplementary Information,” operating expenses were higher and operating income was lower on an accumulated basis through the third quarter than they would have been under the previous accounting methods. Specifically, by segment, operating expenses rose higher than they would have been otherwise as follows: musical instruments, ¥344 million; AV/IT, ¥28 million; electronic equipment and metal products, ¥234 million; lifestyle-related products, ¥24 million; recreation, ¥27 million; and others, ¥24 million. Accordingly, operating income was lower by the same amount as the respective increases in operating expenses.

(b) Geographical Segments

(Third quarter of FY2008.3 (April 1, 2007, to 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

(Third quarter of FY2007.3 (April 1, 2006, to December 31, 2006))

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania and other areas	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥230,677	¥70,854	¥73,706	¥41,262	¥416,501	¥ —	¥416,501
Intersegment sales or transfers	124,834	1,500	1,021	54,478	181,835	(181,835)	—
Total sales	355,512	72,355	74,727	95,741	598,336	(181,835)	416,501
Operating expenses	337,367	69,450	70,202	91,351	568,373	(178,748)	389,624
Operating income	¥ 18,145	¥ 2,904	¥ 4,524	¥ 4,389	¥ 29,963	¥ (3,086)	¥ 26,877

(FY2007.3 (April 1, 2006, to March 31, 2007))

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania and other areas	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥307,486	¥93,131	¥95,326	¥ 54,418	¥550,361	¥ —	¥550,361
Intersegment sales or transfers	155,991	2,075	1,238	69,068	228,374	(228,374)	—
Total sales	463,477	95,206	96,565	123,486	778,736	(228,374)	550,361
Operating expenses	447,406	91,668	92,164	118,380	749,620	(226,944)	522,676
Operating income	¥ 16,071	¥ 3,538	¥ 4,400	¥ 5,105	¥ 29,115	¥ (1,430)	¥ 27,685

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 FY2008.3 (April 1, 2007, to 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 net sales	16.4%	19.6%	14.3%	50.3%

(Third quarter of FY2007.3 (April 1, 2006, to December 31, 2006))

(Millions of yen)

	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales	¥71,355	¥75,309	¥50,735	¥197,400
Net sales	—	—	—	416,501
% of net sales	17.1%	18.1%	12.2%	47.4%

(FY2007.3 (April 1, 2006, to March 31, 2007))

(Millions of yen)

	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales	¥93,676	¥97,299	¥68,157	¥259,133
Net sales	—	—	—	550,361
% of net sales	17.0%	17.7%	12.4%	47.1%

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