

YAMAHA CORPORATION

Flash Report

Consolidated Basis (Japanese GAAP)

Results for the fiscal year ended March 31, 2011

May 9, 2011

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: +81-53-460-2141

Scheduled date of Ordinary General Shareholders' Meeting: June 24, 2011

Scheduled date to submit Securities Report: June 27, 2011

Scheduled date to begin dividend payments: June 27, 2011

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 FY2011.3 (April 1, 2010–March 31, 2011)

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
FY2011.3 (Ended March 31, 2011)	¥373,866	(9.9)%	¥13,165	92.8%	¥10,971	123.4%	¥5,078	—
FY2010.3 (Ended March 31, 2010)	¥414,811	(9.7)%	¥ 6,828	(50.7)%	¥4,910	(59.0)%	¥(4,921)	—

Note: Comprehensive income:

FY2011.3 ¥(2,376) million (—%)
FY2010.3 ¥ 8,707 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	%	%	%
FY2011.3 (Ended March 31, 2011)	¥25.90	—	2.1%	2.8%	3.5%
FY2010.3 (Ended March 31, 2010)	¥(24.95)	—	(2.0)%	1.2%	1.6%

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

FY2011.3 ¥(0) million
FY2010.3 ¥(0) million

(2) Consolidated Financial Data

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2011.3 (As of March 31, 2011)	¥390,852	¥245,002	61.9%	¥1,250.06
FY2010.3 (As of March 31, 2010)	¥402,152	¥254,591	62.6%	¥1,276.35

(For reference) Shareholders' equity:

FY2011.3 ¥242,065 million

FY2010.3 ¥251,738 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
FY2011.3 (Ended March 31, 2011)	¥22,646	¥(9,740)	¥(10,080)	¥58,446
FY2010.3 (Ended March 31, 2010)	¥39,870	¥(12,711)	¥(9,867)	¥59,235

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			
FY2010.3	—	¥15.00	—	¥12.50	¥27.50	¥5,423	—	2.2%
FY2011.3	—	¥5.00	—	¥5.00	¥10.00	¥1,954	38.6%	0.8%
FY2012.3 (Forecast)	—	¥5.00	—	¥5.00	¥10.00		38.7%	

Note: Breakdown of dividends for FY2010.3, FY2011.3, and forecast for FY2012.3:

End of the second quarter of FY2010.3: Regular dividend of ¥5.00, special dividend of ¥10.00

End of the fiscal year of FY2010.3: Regular dividend of ¥2.50, special dividend of ¥10.00

End of the second quarter of FY2011.3: Regular dividend of ¥5.00

End of the fiscal year of FY2011.3: Regular dividend of ¥5.00

Forecast for the end of the second quarter of FY2012.3: Regular dividend of ¥5.00

Forecast for the end of the fiscal year of FY2012.3: Regular dividend of ¥5.00

3. Consolidated Financial Forecasts for FY2012.3 (April 1, 2011–March 31, 2012)

(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
FY2012.3 First Half	¥174,000	(5.6)%	¥2,500	(73.0)%	¥2,000	(76.1)%	¥0	—	¥0.00
FY2012.3	¥370,000	(1.0)%	¥10,000	(24.0)%	¥8,000	(27.1)%	¥5,000	(1.6)%	¥25.82

4. Others

(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, procedures, methods of presentation, etc.

(a) Changes related to revisions in accounting principles: Yes

(b) Changes other than those in (a) above: None

(3) Number of shares issued (common shares)

(a) Number of shares issued at the end of the period (including treasury stock)	FY2011.3	197,255,025 shares	FY2010.3	197,255,025 shares
(b) Number of treasury stock at the end of the period	FY2011.3	3,611,429 shares	FY2010.3	21,774 shares
(c) Average number of shares issued during the period	FY2011.3	196,062,126 shares	FY2010.3	197,235,146 shares

(For Reference) Non-Consolidated Results

1. Non-consolidated results for FY2011.3 (April 1, 2010 - March 31, 2011)

(1) Non-consolidated operating results

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

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2011.3 (Ended March 31, 2011)	¥248,299	8.9%	¥86	—	¥7,888	—	¥3,937	—
FY2010.3 (Ended March 31, 2010)	¥227,903	(17.0)%	¥(9,780)	—	¥(8,438)	—	¥(16,366)	—

	Net income (loss) per share	Net income (loss) per share after full dilution
	Yen	Yen
FY2011.3 (Ended March 31, 2011)	¥ 20.08	—
FY2010.3 (Ended March 31, 2010)	¥(82.98)	—

(2) Non-consolidated financial data

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2011.3 (As of March 31, 2011)	¥296,881	¥189,191	63.7%	¥977.01
FY2010.3 (As of March 31, 2010)	¥301,220	¥192,902	64.0%	¥978.04

(For reference) Shareholders' equity: FY2011.3 ¥189,191 million FY2010.3 ¥192,902 million

Status of Performance of Review Procedures

This flash report is exempt from the review procedures based on Japan's Financial Instruments and Exchange Law. At the time when this flash report was disclosed, the review 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 6.

Table of Contents of Supplementary Materials

1. Management Performance	5
(1) Analysis of Management Performance	5
(2) Analysis of Financial Position	7
(3) Basic Policy for Allocation of Profit and Dividends for FY2011.3 and FY2012.3	8
2. Management Policies	9
(1) Basic Management Policy	9
(2) Management Indicators Taken as Objectives	9
(3) The Group's Medium- to Long-Term Management Strategy	9
(4) Issues to Be Addressed	9
(5) Other Important Matters	10
3. Consolidated Financial Statements	11
(1) Consolidated Balance Sheets	11
(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income	13
(3) Consolidated Statements of Changes in Shareholders' Equity	15
(4) Consolidated Statements of Cash Flows	17
(5) Notes Regarding Assumptions as a Going Concern	19
(6) Changes in Material Items Which Form the Basis for Preparation of the Consolidated Financial Statements	19
(7) Notes to the Consolidated Financial Statements	21
Consolidated Statements of Operations	21
Consolidated Statements of Comprehensive Income	22
Segment Information, Etc.	23
Per Share Information	28
Important Subsequent Events	28
4. Other	28
(1) Management Appointment and Resignations.....	28

Note: 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.

1. Management Performance

(1) Analysis of Management Performance

1. Review of the Fiscal Year (FY2011.3)

During the fiscal year ended March 31, 2011, economic expansion continued in China and other newly emerging countries, and gradual economic recovery was seen in the United States and Europe. In the Japanese economy, however, recovery in employment and personal consumption was slow, and, in the wake of the Great East Japan Earthquake, concerns regarding weakness in demand have mounted due to the ensuing stagnation in production and the declining drive to consume in Japan. As a result, uncertainties about future trends are continuing.

Amid this operating environment, the Yamaha Group proceeded actively with the further aggressive development of its business activities, including working to strengthen its development of technology and launching new products and services to meet the diverse needs of customers. In mature markets, Yamaha worked to stimulate demand by launching high-performance products incorporating its original technologies. On the other hand, in China and other emerging economies, which Yamaha positions as growth markets, the Company introduced models suited to the needs and tastes of consumers in individual markets and worked to further develop those markets through the expansion of its music schools. In addition, in the Japanese market, Yamaha strove to restructure its marketing capabilities through the enhancement and consolidation of its domestic sales bases. Among reforms in manufacturing activities, Yamaha completed the consolidation of its piano manufacturing bases, which had been ongoing with the objective of optimizing production efficiency. In the manufacturing of wind instruments, Yamaha completed the construction of a new wind instrument factory in China and began to consolidate its production bases in Japan.

Regarding sales performance, as a result of the transfer of a subsidiary in the lifestyle-related products business, withdrawal from the magnesium molded parts business, and the adverse impact of the appreciation of the yen, consolidated net sales for the fiscal year amounted to ¥373,866 million (a decline of 9.9% from the previous fiscal year).

Profitwise, despite the effects of foreign currency movements and increases in overseas distribution costs, due to increases in production, operating income for the fiscal year amounted to ¥13,165 million (an increase of 92.8% from the previous fiscal year), and ordinary income was ¥10,971 million (an increase of 123.4% from the previous fiscal year). Net income amounted to ¥5,078 million, compared with the net loss of ¥4,921 million in the prior fiscal year.

Results of operations by segment were as follows:

Musical Instruments

Although sales of pianos increased in China and other emerging countries, sales in the Japanese market were weak. Among digital musical instruments, sales of portable keyboards rose in Europe, North America, China, and other emerging countries. Sales of wind, string, and percussion instruments as well as sales of the professional audio equipment business declined, but sales in China and other emerging countries increased. In the music software business, sales decreased, and revenues from the music school and English-language school businesses were approximately same level with the previous fiscal year.

As a result, sales of this segment amounted to ¥271,124 million (a decrease of 1.9% from the previous fiscal year), and operating income was ¥8,616 million (68.4% higher than in the prior fiscal year).

AV/IT

In the audio business, sales of front surround system products expanded in Japan accompanying the growth in demand for flat panel display (FPD) TVs. Sales of mainstay AV receivers experienced tough market conditions because of more-intense competition mainly in the United States. In China and other newly emerging markets, sales of desktop audio systems and other items increased. Sales of routers rose, accompanying the expansion of sales channels and other developments, and sales of conferencing systems also expanded. Growth was also reported in sales of commercial online karaoke equipment due to increases in replacement demand accompanying the introduction of new models.

As a consequence, sales of this segment were ¥57,023 million (an increase of 4.8% from the previous fiscal year), and operating income amounted to ¥2,547 million (a gain of 81.3% from the prior fiscal year).

Electronic Devices

In the semiconductor business, sales of sound generators for mobile phones declined because of the ongoing shift to sound-generating software. However, sales of graphics controllers used in amusement equipment and geomagnetic sensors for smartphones rose.

As a result, sales of this segment amounted to ¥20,610 million (an increase of 4.4% over the previous fiscal year), and operating income was ¥510 million (compared with a loss of ¥606 million in the prior fiscal year).

Others

In the golf products business, sales in Japan and overseas were favorable. Sales of factory automation (FA) equipment also expanded as overseas investments by corporations, principally in the Chinese market, became more active. In the recreation business, sales diminished because of a decline in the number of guests using accommodations and a decrease in average sales per customer.

As a consequence, sales of this sector as a whole amounted to ¥25,108 million (a decrease of 8.6% year on year), due to the withdrawal from the magnesium molded parts business, and operating income amounted to ¥1,490 million (an increase of 172.6% from the prior fiscal year).

The Company's results by geographical area, based on Group locations where sales take place, are as follows:

In Japan, net sales were ¥190,915 million (a decrease of 16.0%), and operating income was ¥1,688 million (compared with an operating loss of ¥7,510 million in the previous fiscal year). In North America, net sales were ¥54,084 million (a decline of 5.0%), and operating income amounted to ¥1,449 million (a decrease of 37.0%). In Europe, net sales were ¥64,863 million (a decline of 8.7%) and operating income amounted to ¥1,668 million (a decrease of 32.1%). In Asia and Oceania, and other areas, net sales were ¥64,003 million (an increase of 7.4%), and operating income amounted to ¥8,372 million (a gain of 13.4%).

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 52.0%, 4.7 percentage points higher than in the previous fiscal year.

Japan

Sales on a consolidated basis in Japan for the fiscal year were ¥179,574 million (representing a decline of ¥38,831 million, or 17.8%, from the previous fiscal year). Sales of audio products were firm, but could not offset the sales decline in musical instruments. Please note that this figure takes account of a decline of approximately ¥36.9 billion due to the removal of the lifestyle-related product business from the scope of consolidation.

North America

Sales in North America amounted to ¥54,635 million (representing a decline of ¥3,033 million, or 5.3%, from the previous fiscal year). Decreases in sales were reported in the audio products and certain other businesses as a result of more intense competition. The decline in sales includes a drop due to foreign currency effects, which was approximately ¥4.0 billion. Sales after exclusion of foreign currency effects rose about ¥0.9 billion.

Europe

Sales in Europe were ¥64,678 million (a decline of ¥5,605 million, or 8.0%, from the previous fiscal year). The decline in sales includes a drop due to foreign currency effects, which was approximately ¥10.3 billion. Sales after the exclusion of foreign currency effects rose about ¥4.7 billion. This increase was due mainly to higher sales of portable keyboards and certain other products.

Asia, Oceania, and Other Areas

Sales in Asia (excluding Japan), Oceania, and other areas amounted to ¥74,978 million (an increase of ¥6,526 million, or 9.5%, from the previous fiscal year). Sales in China, principally pianos, maintained expansion at double-digit rates. Sales elsewhere in the region were firm. Although sales increased, figures include the adverse impact of foreign currency effects, which amounted approximately ¥3.1 billion. Sales after the exclusion of foreign currency effects rose about ¥9.6 billion.

Please note that beginning with fiscal year ended March 31, 2011, accounting standards and guidelines for disclosure of segment information have been applied, but, since there have been no changes during the fiscal year ended March 31, 2011 in the major products and services of business segments from the previous year, information of change from the previous fiscal year has been presented. In addition, consolidated subsidiaries in the lifestyle-related products business were excluded from the scope of consolidation on March 31, 2010, and the lifestyle-related products segment has been eliminated from the reporting segments from the fiscal year under review.

2. Forecast for FY2012.3

As a result of the Great East Japan Earthquake, the outlook for FY2012.3 is for (a) lower production and sales mainly in the musical instruments and AV/IT segments owing to the difficulty of procuring certain electronic components, (b) a drop in sales caused by the cooling off of the drive to consume in the Japanese market, and (c) lower sales as a result of reduced production by manufacturing customers of the electronic devices segment and others businesses.

Although sales in emerging countries, including China, are expected to expand, and the outlook is for recovery in sales in Europe and the United States, as a result of the previously mentioned circumstances, declines of ¥17 billion in sales, mainly in the first half of the fiscal year, and ¥6 billion in operating income are forecast for FY2012.3. As a consequence, the Company is forecasting net sales of ¥370 billion (a decrease of 1.0% year on year), operating income of ¥10 billion (a drop of 24.0% year on year), ordinary income of ¥8 billion (a decline of 27.1% year on year), and net income of ¥5 billion (a decrease of 1.6% year on 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 ¥11,299 million (a drop of 2.8%) from the end of the previous fiscal year, to ¥390,852 million.

Of this total, current assets rose ¥1,457 million (an increase of 0.8%), to ¥194,717 million, mainly due to an increase in inventories and acquisition of securities (negotiable certificates of deposit). In addition, noncurrent assets decreased ¥12,756 million (a decline of 6.1%), to ¥196,134 million, primarily as a result of the recognition of impairment losses on property, plant and equipment, and sale of investment securities, and recognition of evaluation losses on investment securities.

2) Liabilities

Total liabilities decreased ¥1,711 million (1.2%), to ¥145,849 million.

Of this total, current liabilities slipped ¥346 million (0.5%), to ¥74,836 million, and noncurrent liabilities decreased ¥1,365 million (1.9%), to ¥71,013 million, mainly because of reductions in long-term borrowings.

3) Net Assets

Net assets decreased ¥9,588 million (3.8%), to ¥245,002 million. Accompanying the appreciation of the yen, the margin of decline in the foreign currency translation adjustment item expanded and accumulated other comprehensive income decreased.

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 ¥788 million (versus a net increase of ¥17,375 million in the previous fiscal year), and stood at ¥58,446 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 ¥22,646 million (compared with net cash flows provided by operating activities of ¥39,870 million in the previous fiscal year).

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥9,740 million (compared with a net cash flow used in investing activities of ¥12,711 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 ¥10,080 million (compared with a net cash flow used in financing activities of ¥9,867 million in the previous fiscal year). This net cash outflow was due mainly to purchases of the Company's own shares and the payment of dividends.

Please note that, to secure funding for the medium term, Yamaha has arranged for commitment lines from financial institutions for a total of ¥9.2 billion.

(For Reference) Trends in Cash-Flow Indicators

	FY2011.3	FY2010.3	FY2009.3	FY2008.3	FY2007.3
Shareholders' equity ratio	61.9%	62.6%	60.9%	62.9%	62.0%
Shareholders' equity ratio based on current market price	46.7%	59.2%	46.2%	72.8%	97.0%
Ratio of interest-bearing debt to cash flow	52.5%	37.8%	(883.4)%	58.0%	65.7%
Interest coverage ratio	63.4 times	89.8 times	(3.5) times	34.5 times	40.9 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 FY2012.3

Cash flows from operating activities are forecast to decline because of the increase in notes and accounts receivable—trade and other factors. Among cash flows from (used in) investing activities, the Company is scheduled to increase capital expenditures compared to that of FY2011.3.

(3) Basic Policy for Allocation of Profit and Dividends for FY2011.3 and FY2012.3

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 FY2011.3, in view of the Company's consolidated performance and other factors, the Company decided to pay a regular dividend on its common stock of ¥5.0 per share. Regarding dividends for FY2012.3, 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).

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. 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 the 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 (the year ended March 31, 2011) through FY2013.3, 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.

Regarding consolidated performance in the next fiscal year ending March 31, 2012, including financial position, and other matters, the Company will continue working to improve its performance and strengthen its business and financial positions as outlined and described in the following sections of this report: Page 2: “3. Consolidated Financial Forecasts for FY2012.3;” Page 6: “(1) Analysis of Management Performance: 2. Forecast for FY2012.3;” and Page 8: “(2) Analysis of Financial Position: 3. Forecast for FY2012.3.”

(3) The Group’s Medium- to Long-Term Management Strategy and (4) Issues to Be Addressed

The Yamaha Group began to implement its medium-term management plan “Yamaha Management Plan 125 (hereinafter, YMP125)” (covering the period from FY2011.3 through FY2013.3) in April 2010, which has the goal of “building up a foundation for future growth.” The fiscal year ended March 31, 2011 was the first year of YMP125, and the Company made generally smooth progress in implementing measures indicated in the plan. However, challenging operating conditions continued, because consumer spending, except in the emerging countries, has not shown full-scale recovery, the appreciation of the yen has continued, raw materials prices have increased, and other adverse conditions have persisted. Moreover, in the wake of the Great East Japan Earthquake, concerns regarding weakness in demand have mounted due to the ensuing stagnation in production and the declining drive to consume.

Amid this operating environment, the Yamaha Group is keeping its eyes on the medium-to long-term vision—“What Yamaha Is Aiming For” and is steadily implementing measures under the plan and working to move to the next stage in its development.

1. What Yamaha Is Aiming For (The Group’s Medium- to Long-Term Vision)

- (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. Redefining Business Domains

Core Business Domain:

Businesses related to “musical instruments, music, and audio,” including musical instruments, professional audio equipment, audio products, music schools, and music software

Related Business Domains:

Businesses utilizing “core competencies,” including sound network, golf products, semiconductors, factory automation (FA), automobile interior wood components, English-language schools, and recreation

3. To Realize this Management Vision, Yamaha Will Implement the Following Measures under YMP125.

(1) Accelerating Growth in China and Other 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 the training and development of 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 develop its "environmental acoustics" business, including soundproof rooms, and its "acoustic space" business, including "sound signage" device.

4. Dealing with the Aftereffects of the Great East Japan Earthquake

The Yamaha Group is working to keep to an absolute minimum the impact of the Great East Japan Earthquake that occurred on March 11, 2011, on the implementation of its YMP125 Medium-Term Management Plan. In addition, in view of the effects of the disaster, the Company is reviewing its crisis management systems and business continuation plans.

(5) Other Important Matters

None applicable

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2011.3 (As of Mar. 31, 2011)	FY2010.3 (As of Mar. 31, 2010)
ASSETS		
Current assets:		
Cash and deposits	¥ 57,210	¥ 59,407
Notes and accounts receivable—trade	46,486	48,911
Short-term investment securities	1,960	670
Merchandise and finished goods	47,361	48,087
Work in process	13,620	12,496
Raw materials and supplies	10,678	8,935
Deferred tax assets	8,393	7,504
Other	10,404	8,744
Allowance for doubtful accounts	(1,397)	(1,496)
Total current assets	<u>194,717</u>	<u>193,260</u>
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	38,106	42,158
Machinery, equipment and vehicles, net	11,747	12,454
Tools, furniture and fixtures, net	7,904	8,871
Land	49,347	50,655
Lease assets, net	272	306
Construction in progress	888	1,845
Total property, plant and equipment	<u>108,267</u>	<u>116,291</u>
Intangible assets:		
Goodwill	202	348
Other	2,654	2,855
Total intangible assets	<u>2,857</u>	<u>3,203</u>
Investments and other assets:		
Investment securities	75,477	80,044
Long-term loans receivable	368	467
Deferred tax assets	3,654	2,920
Lease and guarantee deposits	4,732	5,254
Other	1,451	1,515
Allowance for doubtful accounts	(675)	(803)
Total investments and other assets	<u>85,009</u>	<u>89,396</u>
Total noncurrent assets	<u>196,134</u>	<u>208,891</u>
Total assets	<u>¥390,852</u>	<u>¥402,152</u>

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

(Millions of yen)

	FY2011.3 (As of Mar. 31, 2011)	FY2010.3 (As of Mar. 31, 2010)
LIABILITIES		
Current liabilities:		
Notes and accounts payable—trade	¥ 24,198	¥ 21,791
Short-term loans payable	6,597	8,816
Current portion of long-term loans payable	3,863	1,023
Accounts payable—other and accrued expenses	28,657	32,496
Income taxes payable	2,303	1,900
Specific advances received	617	986
Deferred tax liabilities	1	7
Provision for product warranties	2,850	2,492
Provision for directors' bonuses	29	—
Provision for sales returns	191	177
Provision for loss on construction contracts	2	14
Provision for business structural reform expenses	—	926
Other	5,522	4,550
Total current liabilities	<u>74,836</u>	<u>75,182</u>
Noncurrent liabilities:		
Long-term loans payable	1,376	5,177
Deferred tax liabilities	199	929
Deferred tax liabilities for land revaluation	14,486	14,931
Provision for retirement benefits	37,599	33,675
Long-term deposits received	15,854	16,144
Other	1,496	1,519
Total noncurrent liabilities	<u>71,013</u>	<u>72,378</u>
Total liabilities	<u>145,849</u>	<u>147,560</u>
NET ASSETS		
Shareholders' equity:		
Capital stock	28,534	28,534
Capital surplus	40,054	40,054
Retained earnings	169,894	167,614
Treasury stock	(3,690)	(34)
Total shareholders' equity	<u>234,793</u>	<u>236,169</u>
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	33,559	34,000
Deferred gains or losses on hedges	(252)	(166)
Revaluation reserve for land	15,549	16,201
Foreign currency translation adjustment	(41,583)	(34,466)
Total accumulated other comprehensive income	7,272	15,569
Minority interests	<u>2,937</u>	<u>2,852</u>
Total net assets	<u>245,002</u>	<u>254,591</u>
Total liabilities and net assets	<u>¥390,852</u>	<u>¥402,152</u>

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)

	FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)	FY2010.3 (Apr. 1, 2009–Mar. 31, 2010)
Net sales	¥373,866	¥414,811
Cost of sales	237,313	268,380
Gross profit	136,553	146,431
Selling, general and administrative expenses	123,387	139,602
Operating income	13,165	6,828
Non-operating income:		
Interest income	334	329
Dividends income	676	457
Compensation for transfer	513	—
Employment adjustment subsidy income	99	253
Other	815	1,431
Total non-operating income	2,439	2,471
Non-operating expenses:		
Interest expenses	351	451
Sales discounts	2,349	2,804
Foreign exchange losses	1,207	—
Other	724	1,133
Total non-operating expenses	4,633	4,388
Ordinary income	10,971	4,910
Extraordinary income:		
Gain on sales of noncurrent assets	231	804
Gain on sales of investment securities	264	1
Reversal of provision for product warranties	149	377
Gain on liquidation of subsidiaries and affiliates	21	5
Reversal of provision for business structural reform expenses	321	113
Total extraordinary income	988	1,301
Extraordinary loss:		
Loss on retirement of noncurrent assets	438	782
Loss on sales of investment securities	125	15
Loss on valuation of investment securities	1,563	478
Loss on valuation of stocks of subsidiaries and affiliates	183	428
Loss on liquidation of subsidiaries and affiliates	—	12
Impairment loss	2,687	1,962
Loss on disaster	79	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	79	—
Loss on sales of stocks of subsidiaries and affiliates	—	2,159
Tariff assessment from previous periods	—	574
Total extraordinary loss	5,157	6,413
Income (loss) before income taxes and minority interests	6,802	(201)
Income taxes—current	4,349	3,084
Income taxes—deferred	(2,990)	1,265
Total income taxes	1,359	4,349
Income before minority interests	5,443	—
Minority interests in income	364	371
Net income (loss)	¥ 5,078	¥ (4,921)

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

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)	FY2010.3 (Apr. 1, 2009–Mar. 31, 2010)
Income before minority interests	¥5,443	¥—
Other comprehensive income		
Valuation difference on available-for-sale securities	(441)	—
Deferred gains or losses on hedges	(86)	—
Foreign currency translation adjustments	(7,292)	—
Share of other comprehensive income of associates accounted for using equity method	0	—
Total other comprehensive income	(7,820)	—
Comprehensive income	(2,376)	—
(Composition)		
Comprehensive income attributable to owners of the parent	(2,566)	—
Comprehensive income attributable to minority shareholders	¥ 189	¥—

(3) Consolidated Statements of Changes in Shareholders' Equity

(Millions of yen)

	FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)	FY2010.3 (Apr. 1, 2009–Mar. 31, 2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	¥ 28,534	¥ 28,534
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	<u>28,534</u>	<u>28,534</u>
Capital surplus		
Balance at the end of previous period	40,054	40,054
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	<u>40,054</u>	<u>40,054</u>
Retained earnings		
Balance at the end of previous period	167,614	176,739
Changes of items during the period		
Dividends from surplus	(3,451)	(5,917)
Net income (loss)	5,078	(4,921)
Change of scope of consolidation	—	1,522
Change of scope of equity method	—	6
Reversal of revaluation reserve for land	652	185
Total changes of items during the period	<u>2,279</u>	<u>(9,124)</u>
Balance at the end of current period	<u>169,894</u>	<u>167,614</u>
Treasury stock		
Balance at the end of previous period	(34)	(29)
Changes of items during the period		
Purchase of treasury stock	(3,655)	(4)
Total changes of items during the period	<u>(3,655)</u>	<u>(4)</u>
Balance at the end of current period	<u>(3,690)</u>	<u>(34)</u>
Total shareholders' equity		
Balance at the end of previous period	236,169	245,298
Changes of items during the period		
Dividends from surplus	(3,451)	(5,917)
Net income (loss)	5,078	(4,921)
Change of scope of consolidation	—	1,522
Change of scope of equity method	—	6
Reversal of revaluation reserve for land	652	185
Purchase of treasury stock	(3,655)	(4)
Total changes of items during the period	<u>(1,375)</u>	<u>(9,129)</u>
Balance at the end of current period	<u>¥234,793</u>	<u>¥236,169</u>

(Millions of yen)

	FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)	FY2010.3 (Apr. 1, 2009–Mar. 31, 2010)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	¥ 34,000	¥ 19,817
Changes of items during the period		
Net changes of items other than shareholders' equity	(441)	14,183
Total changes of items during the period	(441)	14,183
Balance at the end of current period	33,559	34,000
Deferred gains or losses on hedges		
Balance at the end of previous period	(166)	(394)
Changes of items during the period		
Net changes of items other than shareholders' equity	(86)	227
Total changes of items during the period	(86)	227
Balance at the end of current period	(252)	(166)
Revaluation reserve for land		
Balance at the end of previous period	16,201	18,769
Changes of items during the period		
Net changes of items other than shareholders' equity	(652)	(2,567)
Total changes of items during the period	(652)	(2,567)
Balance at the end of current period	15,549	16,201
Foreign currency translation adjustment		
Balance at the end of previous period	(34,466)	(34,495)
Changes of items during the period		
Net changes of items other than shareholders' equity	(7,117)	28
Total changes of items during the period	(7,117)	28
Balance at the end of current period	(41,583)	(34,466)
Total accumulated other comprehensive income		
Balance at the end of previous period	15,569	3,697
Changes of items during the period		
Net changes of items other than shareholders' equity	(8,297)	11,872
Total changes of items during the period	(8,297)	11,872
Balance at the end of current period	7,272	15,569
Minority interests		
Balance at the end of previous period	2,852	2,845
Changes of items during the period		
Net changes of items other than shareholders' equity	84	7
Total changes of items during the period	84	7
Balance at the end of current period	2,937	2,852
Total net assets		
Balance at the end of previous period	254,591	251,841
Changes of items during the period		
Dividends from surplus	(3,451)	(5,917)
Net income (loss)	5,078	(4,921)
Change of scope of consolidation	—	1,522
Change of scope of equity method	—	6
Reversal of revaluation reserve for land	652	185
Purchase of treasury stock	(3,655)	(4)
Net changes of items other than shareholders' equity	(8,212)	11,879
Total changes of items during the period	(9,588)	2,750
Balance at the end of current period	¥245,002	¥254,591

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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)	FY2010.3 (Apr. 1, 2009–Mar. 31, 2010)
Net cash provided by (used in) operating activities:		
Income (loss) before income taxes and minority interests	¥ 6,802	¥ (201)
Depreciation and amortization	12,814	14,139
Impairment loss	2,687	1,962
Amortization of goodwill	145	163
Increase (decrease) in allowance for doubtful accounts	(158)	23
Loss on valuation of stocks of subsidiaries and affiliates	183	428
Loss (gain) on sales of stocks of subsidiaries and affiliates	—	2,159
Loss (gain) on liquidation of subsidiaries and affiliates	(21)	6
Loss (gain) on valuation of investment securities	1,563	478
Loss (gain) on sales of investment securities	(138)	13
Increase (decrease) in provision for retirement benefits	4,030	6,470
Interest and dividends income	(1,010)	(786)
Interest expenses	351	451
Foreign exchange losses (gains)	678	104
Equity in (earnings) losses of affiliates	0	0
Loss (gain) on sales of noncurrent assets	(231)	(804)
Loss on retirement of noncurrent assets	438	782
Gain on reversal of provision for business structural reform expenses	(321)	(113)
Tariff assessment from previous periods	—	574
Loss on disaster	79	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	79	—
Decrease (increase) in notes and accounts receivable—trade	406	(2,244)
Decrease (increase) in inventories	(5,072)	11,731
Increase (decrease) in notes and accounts payable—trade	3,549	1,092
Other, net	(644)	(685)
Subtotal	<u>26,212</u>	<u>35,748</u>
Interest and dividends income received	986	790
Interest expenses paid	(357)	(444)
Income taxes (paid) refunded	(4,194)	3,775
Net cash provided by (used in) operating activities	<u>¥22,646</u>	<u>¥39,870</u>

(Millions of yen)

	FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)	FY2010.3 (Apr. 1, 2009–Mar. 31, 2010)
Net cash provided by (used in) investing activities:		
Net decrease (increase) in time deposits	¥ (107)	¥ (3)
Purchase of property, plant and equipment	(13,316)	(14,106)
Proceeds from sales of property, plant and equipment	1,223	1,771
Increase (decrease) from sales of subsidiaries and affiliates resulting in change in scope of consolidation	—	(1,237)
Proceeds from sales and redemption of investment securities	1,371	8
Purchase of stocks of subsidiaries and affiliates	(35)	(847)
Proceeds from liquidation of subsidiaries and affiliates	910	785
Proceeds from decrease in capital of subsidiaries and affiliates	—	453
Payments for investments in capital	—	(10)
Payments of loans receivable	(499)	(969)
Collection of loans receivable	738	1,107
Other, net	(24)	337
Net cash provided by (used in) investing activities	<u>(9,740)</u>	<u>(12,711)</u>
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	(2,010)	(4,714)
Proceeds from long-term loans payable	450	2,783
Repayment of long-term loans payable	(972)	(1,293)
Proceeds from deposits received from membership	2	4
Repayments for deposits received from membership	(300)	(585)
Purchase of treasury stock	(3,655)	(4)
Cash dividends paid	(3,451)	(5,917)
Cash dividends paid to minority shareholders	(104)	(146)
Other, net	(37)	6
Net cash provided by (used in) financing activities	<u>(10,080)</u>	<u>(9,867)</u>
Effect of exchange rate change on cash and cash equivalents	<u>(3,615)</u>	<u>83</u>
Net increase (decrease) in cash and cash equivalents	<u>(788)</u>	<u>17,375</u>
Cash and cash equivalents at beginning of period	<u>59,235</u>	<u>41,223</u>
Increase in cash and cash equivalents from newly consolidated subsidiary	—	1,308
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(673)
Cash and cash equivalents at end of period	<u>¥ 58,446</u>	<u>¥ 59,235</u>

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

FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)	FY2010.3 (Apr. 1, 2009–Mar. 31, 2010)
<p>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.</p> <p>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.</p>	-----
<p>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.</p> <p>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.</p>	-----
<p>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.</p> <ul style="list-style-type: none"> • “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) <p>As a result, these changes had no effect on consolidated profit and loss for the current fiscal year ended March 31, 2011.</p>	-----

FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)	FY2010.3 (Apr. 1, 2009–Mar. 31, 2010)
-----	<p>Accounting Standard for Construction Contracts The Company has previously applied the completed-contract method for recognizing the revenues for construction contracts. However, beginning with the fiscal year ended March 31, 2010, accompanying the application of “Accounting Standard for Construction Contracts” (ASBJ Statement No. 15, issued by ASBJ on December 27, 2007) and “Guidance on Accounting Standard for Construction Contracts” (ASBJ Guidance No. 18, issued by ASBJ on December 27, 2007), the percentage-of-completion method has been applied for the construction work under contract that commenced during the fiscal year ended March 31, 2010, provided the outcome of the construction activity is deemed certain during the course of the activity (based on the percentage of the cost incurred to the estimated total cost to estimate the percentage of completion of construction activity). Otherwise, the completed-contract method has been applied. Please note that the effect of this change on profit and loss for the fiscal year ended March 31, 2010 was not material.</p>

Changes in Methods of Presentation

FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)	FY2010.3 (Apr. 1, 2009–Mar. 31, 2010)
<p>Consolidated Statements of Operations</p> <p>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.</p> <p>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.</p> <p style="text-align: center;">-----</p>	-----
-----	<p>Consolidated Cash Flows In the previous fiscal year, “proceeds from liquidation of subsidiaries and affiliates” (which amounted to ¥183 million in that fiscal year) was included in the “other, net” item in the “Net cash provided (used in) investing activities” section of the Consolidated Statements of Cash Flows. Beginning with the fiscal year ended March 31, 2010, this item has become material and has, therefore, been presented as a separate item.</p>

Supplementary Information

FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)	FY2010.3 (Apr. 1, 2009–Mar. 31, 2010)
<p>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.”</p> <p>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).</p>	-----
-----	-----

(7) Notes to the Consolidated Financial Statements

Consolidated Statements of Operations

FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)				FY2010.3 (Apr. 1, 2009–Mar. 31, 2010)			
Impairment Losses Outline of asset groups where impairment losses were recognized (Millions of yen)				Impairment Losses Outline of asset groups where impairment losses were recognized (Millions of yen)			
Use	Location	Impairment losses		Use	Location	Impairment losses	
		Type of asset	Amount			Type of asset	Amount
Assets of the musical instruments business	Chuo-ku, Tokyo, etc.	Buildings and structures	¥ 968	Idle assets	Hamamatsu-shi, Shizuoka Prefecture, etc.	Buildings and structures	¥ 468
		Tools, furniture and fixtures	133			Machinery, equipment and vehicles	17
		Total	1,102			Tools, furniture and fixtures	1
Idle assets, etc.	Fujimino-shi, Saitama Prefecture, etc.	Buildings and structures	394			Land	1,473
		Machinery, equipment and vehicles	55			Leasehold rights	1
		Tools, furniture and fixtures	3			Total	¥1,962
		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				
<p>Method for Grouping of Assets Within its segment classification, the Yamaha Group groups the smallest asset units that generate cash flow together.</p> <p>Background Leading to the Recognition of Impairment Losses In the case of assets in the musical instrument 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.</p> <p>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.</p> <p>Calculation of the Recovery Price 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%.</p> <p>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.</p>				<p>Method for Grouping of Assets Within its segment classification, the Yamaha Group groups the smallest asset units that generate cash flow together.</p> <p>Background Leading to the Recognition of Impairment Losses The Company recognized impairment losses on idle assets that it does not expect to employ.</p> <p>Calculation of the Recovery Price The recoverable amount of idle assets is measured by determining the net sale value of such assets, based on assessed value of fixed asset tax.</p>			

Consolidated Statements of Comprehensive Income

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

1. Consolidated comprehensive income for the fiscal year immediately preceding the fiscal year ended March 31, 2011	
Comprehensive income attributable to owners of the parent	¥8,437 million
Comprehensive income attributable to minority shareholders	269 million
Total	¥8,707 million
2. Other consolidated comprehensive income for the fiscal year immediately preceding the fiscal year ended March 31, 2011	
Valuation difference on available-for-sale securities	¥14,183 million
Deferred gains or losses on hedges	227 million
Foreign currency translation adjustments	(1,153) million
Share of other comprehensive income of associates accounted for using equity method	(0) million
Total	¥13,257 million

Segment Information, Etc.

I. Business Segments

FY2010.3 (April 1, 2009 - March 31, 2010)

(Millions of yen)

	Musical instruments	AV/IT	Electronic devices	Lifestyle-related products	Others	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥276,252	¥54,409	¥19,745	¥36,942	¥27,461	¥414,811		¥414,811
Intersegment sales or transfers			718			718	(718)	
Total	276,252	54,409	20,464	36,942	27,461	415,530	(718)	414,811
Operating expenses	271,134	53,003	21,070	36,577	26,914	408,702	(718)	407,983
Operating income (loss)	¥ 5,117	¥ 1,405	¥ (606)	¥ 365	¥ 546	¥ 6,828		¥ 6,828
Assets	¥263,472	¥34,524	¥14,828		¥89,325	¥402,152		¥402,152
Depreciation and amortization	9,551	1,436	981	887	1,323	14,139		14,139
Impairment loss	1,330	150			481	1,962		1,962
Capital expenditures	¥ 11,663	¥ 1,348	¥ 659	¥ 525	¥ 284	¥ 14,480		¥ 14,480

Notes: 1. Business sectors: Divided into the categories of musical instruments, AV/IT, electronic devices, lifestyle-related products, and others based on consideration of similarities of product type, characteristics, and market, etc.

2. Major products and services of each business segment:

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

3. Among the assets of the "Others," 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: ¥37,312 million
Current fiscal year: ¥59,742 million

4. Three companies, Yamaha Livingtec Corporation and its two wholly owned subsidiaries, Yamaha Living Products Corporation and Joywell Home Corporation, formerly conducted lifestyle-related products business. However, following the transfer of 85.1% of the shares that Yamaha Corporation held in Yamaha Livingtec on March 31, 2010, to a limited investment partnership managed and operated by Japan Industrial Partners, Inc. and the other investors, these three companies have been excluded from the scope of consolidation of Yamaha Corporation. Please note that profit and loss accounts and cash flow information were consolidated until the end of period.

2. Geographical Segments

FY2010.3 (April 1, 2009 - March 31, 2010)

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania, and other areas	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥227,246	¥56,941	¥71,052	¥ 59,570	¥414,811		¥414,811
Intersegment sales or transfers	108,619	891	1,550	54,620	165,681	¥(165,681)	
Total	335,865	57,833	72,602	114,191	580,493	(165,681)	414,811
Operating expenses	343,376	55,533	70,146	106,807	575,864	(167,880)	407,983
Operating income (loss)	¥ (7,510)	¥ 2,300	¥ 2,455	¥ 7,383	¥ 4,628	¥ 2,199	¥ 6,828
Assets	¥283,038	¥27,255	¥39,586	¥ 71,492	¥421,372	¥ (19,220)	¥402,152

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

3. Overseas Sales

FY2010.3 (April 1, 2009 - March 31, 2010)

(Millions of yen)

	North America	Europe	Asia, Oceania, and other areas	Total
Overseas sales	¥57,668	¥70,284	¥68,452	¥196,405
Net sales				414,811
% of net sales	13.9%	16.9%	16.5%	47.3%

Notes: 1. Division by country or region is based on geographical proximity.

2. Main country and regional divisions other than Japan:

North America: U.S.A., Canada

Europe: Germany, France, U.K.

Asia, Oceania, and other areas: People's Republic of China, Republic of Korea, Australia

Segment Information

(Supplementary 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.

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, and 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

FY2010.3 (April 1, 2009 - March 31, 2010)

Since there were no changes between the information on businesses included in business segments for the fiscal year ended March 2010 and the segments for the fiscal year ended March 31, 2011 when the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17, issued by ASBJ on March 27, 2009) was applied, this information has been omitted.

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)

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

(Millions of yen)

	Japan	Overseas				Consolidated
		North America	Europe	Asia, Oceania, and other areas	Total	
Overseas 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)

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 same as one of "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**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**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**FY2011.3 (April 1, 2010 - March 31, 2011)**

None applicable

Per Share Information

(Yen)

FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)		FY2010.3 (Apr. 1, 2009–Mar. 31, 2010)	
Net assets per share	¥1,250.06	Net assets per share	¥1,276.35
Net income per share	25.90	Net loss per share	(24.95)
There are no latent shares and no figures for earnings per share after adjustment for latent shares have been disclosed.		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.	

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

	FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)	FY2010.3 (Apr. 1, 2009–Mar. 31, 2010)
Net income (loss) per share:		
Net income (loss)	¥5,078 million	¥(4,921) million
Value not attributed to common stock	— million	— million
Net income (loss) attributed to common stock	5,078 million	(4,921) million
Average number of outstanding shares during the period	196,062 thousand shares	197,235 thousand shares
Net income (loss) per share after adjustment for latent stock:		
Net income (loss) adjustment value	¥— million	¥— million
Increase in number of outstanding common stock	—	—
Latent shares not included in calculations of net income (loss) 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.