

# YAMAHA CORPORATION

## Flash Report

### Non-Consolidated Basis

Results for the fiscal year ended March 31, 2004

May 7, 2004

<b>Company name:</b>	YAMAHA CORPORATION
<b>Code number:</b>	7951
<b>Address of headquarters:</b>	10-1, Nakazawa-cho, Hamamatsu, Shizuoka 430-8650, Japan
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<b>Telephone:</b>	+81 53 460 2141
<b>Date of the meeting of the Board of Directors:</b>	May 7, 2004
<b>Interim dividend:</b>	YES
<b>Date of the general meeting:</b>	June 25, 2004
<b>Application of share unit system:</b>	Applicable (1 unit = 100 shares)
<b>Stock listings:</b>	Tokyo Stock Exchange (First Section)

The accounting methods used in this report are not consistent with U.S. standard accounting methods.

## 1. RESULTS FOR FY2004 (April 1, 2003–March 31, 2004)

Figures of less than ¥1 million have been omitted.

### (1) Non-Consolidated Operating Results

	Net sales		Operating income		Recurring profit	
	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
FY2004 (Ended March 31, 2004)	¥345,354	3.4%	¥26,954	23.1%	¥28,118	26.6%
FY2003 (Ended March 31, 2003)	¥334,078	5.5%	¥21,897	288.4%	¥22,218	240.3%

	Net income		Net income per share	Net income per share after full dilution	Return on equity	Ratio of recurring profit to total assets	Ratio of recurring profit to sales
	Millions of yen	% change from the previous fiscal year	Yen	Yen	%	%	%
FY2004 (Ended March 31, 2004)	¥25,579	231.9%	¥123.38	¥ —	15.7%	8.2%	8.1%
FY2003 (Ended March 31, 2003)	¥ 7,706	—%	¥ 36.95	¥36.33	5.4%	6.9%	6.7%

Notes: 1. Average number of outstanding shares during the year:  
 FY2004 ended March 31, 2004: 206,352,788 shares  
 FY2003 ended March 31, 2003: 206,404,508 shares  
 2. Changes in method of accounting: NONE

## (2) Dividends

	Dividends per share			Dividends paid for the year	Dividend pay-out ratio	Ratio of dividends to shareholders' equity
	Interim	Year-end				
	Yen	Yen	Yen	Millions of yen	%	%
FY2004 (Ended March 31, 2004)	¥15.00	¥5.00	¥10.00	¥3,095	12.2%	1.7%
FY2003 (Ended March 31, 2003)	¥10.00	¥5.00	¥ 5.00	¥2,063	27.1%	1.4%

## (3) Consolidated Financial Data

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
FY2004 (As of March 31, 2004)	¥337,029	¥179,982	53.4%	¥871.65
FY2003 (As of March 31, 2003)	¥347,499	¥146,394	42.1%	¥709.03

Notes: 1. Number of outstanding shares at the end of the year:  
 FY2004 as of March 31, 2004: 206,347,606 shares  
 FY2003 as of March 31, 2003: 206,358,924 shares  
 2. Number of treasury stock at the end of the year:  
 FY2004 as of March 31, 2004: 177,020 shares  
 FY2003 as of March 31, 2003: 164,339 shares

**2. FORECASTS OF RESULTS FOR FY2005** (April 1, 2004–March 31, 2005)

	Net sales	Recurring profit	Net income	Interim dividends per share	Year-end dividends per share	Dividends per share for the year
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen	Yen
FY2005 interim period	¥180,000	¥18,000	¥(15,500)	¥7.50	¥ —	¥ —
FY2005	¥345,000	¥22,000	¥ 500	¥ —	¥7.50	¥15.00

Reference: Net income per share for the fiscal year is forecast to be ¥2.42 on a consolidated basis.

Forecast performance is predicted by the Company based on the information available at the time of the forecast. Actual performance may differ from forecasts.

### 3. NON-CONSOLIDATED FINANCIAL STATEMENTS

#### (1) Non-Consolidated Balance Sheets

	Millions of yen		
	FY2004 (as of Mar. 31, 2004)	FY2003 (as of Mar. 31, 2003)	Increase (decrease)
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and bank deposits	¥ 4,630	¥ 19,127	¥(14,497)
Notes receivable	7,857	9,253	(1,396)
Accounts receivable	39,926	39,260	666
Products and goods	15,211	17,755	(2,544)
Raw material	1,715	2,431	(716)
Products in progress	6,604	7,561	(957)
Advances	99	28	71
Deferred income taxes	9,847	7,969	1,878
Other current assets	2,234	2,479	(245)
Allowance for doubtful accounts	(1,489)	(1,344)	(145)
Total current assets	86,637	104,521	(17,884)
<b>Fixed assets:</b>			
<b>Tangible assets:</b>			
Buildings	35,988	36,300	(312)
Structures	5,784	5,870	(86)
Machinery and equipment	7,079	7,130	(51)
Vehicles	41	41	—
Furniture and fixtures	4,727	4,797	(70)
Land	62,575	63,937	(1,362)
Construction in progress	1,341	393	948
Total tangible assets	117,538	118,470	(932)
<b>Intangible assets:</b>			
Rights on leasehold land	103	110	(7)
Total intangible assets	103	110	(7)
<b>Investments and other assets:</b>			
Investment securities	36,371	19,599	16,772
Shares of affiliated companies	62,124	62,353	(229)
Investment in capital	63	72	(9)
Affiliated company investments	14,946	14,828	118
Long-term loans	1,104	1,539	(435)
Long-term employee loans	0	0	—
Long-term affiliated company loans	142	443	(301)
Bankrupt, rehabilitating securities	335	408	(73)
Deferred income taxes	15,610	22,914	(7,304)
Guarantee deposits for leased real estate	2,250	2,269	(19)
Other assets	751	1,042	(291)
Allowance for doubtful accounts	(950)	(1,074)	124
Total investments and other assets	132,750	124,397	8,353
Total fixed assets	250,392	242,978	7,414
Total assets	¥337,029	¥347,499	¥(10,470)

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

	Millions of yen		
	FY2004 (as of Mar. 31, 2004)	FY2003 (as of Mar. 31, 2003)	Increase (decrease)
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Notes payable	¥ 741	¥ 688	¥ 53
Accounts payable	21,337	23,762	(2,425)
Short-term loans	1,790	6,461	(4,671)
Convertible bonds scheduled for redemption within one year	—	24,317	(24,317)
Current portion of long-term debt	—	6,220	(6,220)
Accrued payables	5,529	4,235	1,294
Accrued expenses	21,608	18,675	2,933
Corporate tax payables	100	100	—
Advances received	549	408	141
Money entrusted	606	817	(211)
Reserve for after-care expenses	65	72	(7)
Warranty reserve	1,037	780	257
Reserve for subsidiary support	—	1,264	(1,264)
Deferred unrealized profit	287	528	(241)
Other current liabilities	810	629	181
Total current liabilities	54,464	88,961	(34,497)
<b>Long-term liabilities:</b>			
Long-term debt	17,338	17,038	300
Deferred income taxes on land revaluation	10,160	10,169	(9)
Accrued employees' retirement benefits	42,596	46,228	(3,632)
Directors' retirement benefits	658	721	(63)
Long-term deposits received	30,935	37,020	(6,085)
Other fixed liabilities	893	965	(72)
Total long-term liabilities	102,582	112,143	(9,561)
Total liabilities	157,046	201,105	(44,059)
<b>SHAREHOLDERS' EQUITY</b>			
<b>Common stock</b>	28,534	28,533	1
<b>Capital surplus</b>	40,054	40,052	2
<b>Earned surplus:</b>			
Legal reserve	4,159	4,159	—
Retained income			
Reserve for special depreciation	12	21	(9)
Reserve for advanced depreciation	2,259	2,322	(63)
Special reserve for replacement asset acquisition	440	—	440
General reserve	62,710	56,510	6,200
Unappropriated earnings	65,422	58,854	6,568
Total earned surplus	27,747	12,101	15,646
Total earned surplus	97,329	75,115	22,214
<b>Reserve for land revaluation</b>	3,648	2,426	1,222
<b>Net unrealized holding gains on other securities</b>	10,622	449	10,173
<b>Treasury stock, at cost</b>	(207)	(183)	(24)
Total shareholders' equity	179,982	146,394	33,588
Total liabilities, and shareholders' equity	¥337,029	¥347,499	¥(10,470)

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

## (2) Non-Consolidated Statements of Income

	FY2004 (Apr. 1, 2003–Mar. 31, 2004)		FY2003 (Apr. 1, 2002–Mar. 31, 2003)		Increase (decrease)
	Millions of yen	%	Millions of yen	%	Millions of yen
<b>Net sales:</b>					
Merchandise and product sales	¥302,393		¥289,739		¥12,654
Other	42,961		44,338		(1,377)
Total net sales	345,354	100.0	334,078	100.0	11,276
<b>Cost of sales:</b>					
Merchandise and product cost of sales					
Inventory of merchandise and products at start of period	17,755		17,985		(230)
Effect of change due to merger(s)	—		44		(44)
Reversal of valuation loss on raw materials and work in progress brought forward	101		158		(57)
Cost of production	200,895		197,098		3,797
Merchandise procured	13,381		16,282		(2,901)
Valuation loss on raw materials and work in progress	94		101		(7)
Inventory of merchandise and products at end of period	15,211		17,755		(2,544)
Other	31,325		32,123		(798)
Total cost of sales	248,139	71.9	245,721	73.6	2,418
<b>Gross profit:</b>	97,214	28.1	88,356	26.4	8,858
Reversal of disposal of deferred unrealized income brought forward	528		653		(125)
Disposal of deferred unrealized income	287		528		(241)
Gross profit, net	97,455	28.2	88,480	26.4	8,975
<b>Selling, general and administrative expenses:</b>					
Sales commissions	50		52		(2)
Transport expenses	3,710		3,298		412
Advertising expenses	5,161		5,149		12
Sales promotion expenses	5,839		5,681		158
Allowance for doubtful receivables	318		371		(53)
Reversal for after-care expenses	16		18		(2)
Warranty reserve	640		416		224
Tuning and repair expenses	2,003		2,315		(312)
Directors' fees	353		369		(16)
Salaries and benefits	24,829		23,776		1,053
Accrued employees' retirement benefits	6,201		5,890		311
Directors' retirement benefits	85		97		(12)
Miscellaneous salaries	1,101		916		185
Welfare expenses	432		450		(18)
Travel and transportation expense	2,096		2,141		(45)
Insurance expenses	112		59		53
Rent	1,289		1,278		11
Repair expenses	484		411		73
Depreciation and amortization	2,691		1,929		762
Supply expenses	4,639		3,541		1,098
Communication expenses	667		761		(94)
Social expenses	153		152		1
Taxes	760		710		50
Research expenses	1,262		1,532		(270)
Convention expenses	588		484		104
Water, light and fuel expenses	392		383		9
Publication subscribing fees	74		70		4
Outsourcing expenses	3,413		3,365		48
Other	1,129		954		175
Total selling, general and administrative expenses	70,500	20.4	66,583	19.9	3,917
Operating income	¥ 26,954	7.8	¥ 21,897	6.5	¥ 5,057

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

## (2) Non-Consolidated Statements of Income (Continued from the previous page)

	FY2004 (Apr. 1, 2003–Mar. 31, 2004)		FY2003 (Apr. 1, 2002–Mar. 31, 2003)		Increase (decrease)
	Millions of yen	%	Millions of yen	%	Millions of yen
<b>Non-operating income:</b>					
Interest received	¥ 41		¥ 55		¥ (14)
Dividends received	1,585		1,207		378
Foreign exchange gain	320		—		320
Other	435		397		38
Total non-operating income	2,382	0.7	1,661	0.5	721
<b>Non-operating expenses:</b>					
Interest paid	212		191		21
Interest on convertible bonds	461		462		(1)
Cash discounts	29		46		(17)
Loss on foreign exchange	—		362		(362)
Other	514		277		237
Total non-operating expenses	1,218	0.4	1,340	0.4	(122)
Recurring profit	28,118	8.1	22,218	6.6	5,900
<b>Other profit:</b>					
Gain on sale of fixed assets	41		168		(127)
Reimbursement of reserve allowance for after-sale service	11		7		4
Reimbursement of reserve allowance for product guarantees	171		167		4
Gain on sale of investment securities	5		—		5
Gain on sale of stock in subsidiaries	13		—		13
Gain on liquidation of subsidiaries	126		—		126
Gain on sale of stock in affiliates	—		39		(39)
Total other profit	371	0.1	382	0.1	(11)
<b>Other loss:</b>					
Loss on removal of fixed assets	2,058		851		1,207
Loss from revaluation on investment securities	110		7,746		(7,636)
Loss on revaluation of stock in subsidiaries	1,192		1,477		(285)
Social insurance fees for previous years payable upon transition to comprehensive remuneration system	686		—		686
Loss on revaluation of capital in subsidiaries	—		242		(242)
Reserve for subsidiary support	—		1,264		(1,264)
Structural reform expenses	—		2,161		(2,161)
Total other loss	4,047	1.1	13,743	4.1	(9,696)
<b>Income before income taxes and minority interests</b>	<b>24,443</b>	<b>7.1</b>	<b>8,857</b>	<b>2.6</b>	<b>15,586</b>
<b>Current income taxes</b>	<b>100</b>	<b>0.0</b>	<b>100</b>	<b>0.0</b>	<b>—</b>
<b>Deferred income taxes (benefit)</b>	<b>(1,236)</b>	<b>(0.3)</b>	<b>1,051</b>	<b>0.3</b>	<b>(2,287)</b>
<b>Net income</b>	<b>25,579</b>	<b>7.4</b>	<b>7,706</b>	<b>2.3</b>	<b>17,873</b>
<b>Retained earnings at beginning of period</b>	<b>4,421</b>		<b>4,557</b>		<b>(136)</b>
<b>Reversal of reserve for land revaluation</b>	<b>(1,221)</b>		<b>869</b>		<b>(2,090)</b>
<b>Interim dividends</b>	<b>1,031</b>		<b>1,031</b>		<b>—</b>
<b>Retained earnings at end of period</b>	<b>¥27,747</b>		<b>¥12,101</b>		<b>¥15,646</b>

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

## (3) Profit Appropriation

	Millions of yen	
	FY2004 (Apr. 1, 2003–Mar. 31, 2004)	FY2003 (Apr. 1, 2002–Mar. 31, 2003)
<b>Retained earnings at end of year</b>	<b>¥27,747</b>	<b>¥12,101</b>
<b>Reversal of retained earnings:</b>		
Reversal of reserve for special depreciation	12	9
Reversal of reserve for advanced depreciation	193	393
Reversal for special account on replaced property	440	—
Total	<b>28,393</b>	12,503
<b>Appropriation of earnings:</b>		
Dividends	2,063	1,031
	(¥10 per share)	(¥5 per share)
Bonuses for directors	120	80
[Portion for auditors]	[18]	[12]
Reserve for advanced depreciation	436	330
Reserve for special account on replaced property	—	440
General reserve	22,000	6,200
<b>Unappropriated earnings carried forward</b>	<b>3,774</b>	<b>4,421</b>

Note: On December 10, 2003, the Company disbursed interim dividends with an aggregate value of ¥1,031 million (¥5 per share.)