

# FACTBOOK 2003

Year Ended March 31, 2003



# PROFILE

## CORPORATE PRINCIPLES

### Corporate Objective

Yamaha will continue to create “Kando” and enrich culture with technology and passion born of sound and music, together with people all over the world.

“Kando” (is a Japanese word that) signifies an inspired state of mind.

### Brand Slogan

CREATING “KANDO” TOGETHER

### Promise to Stakeholders

#### •To Customers

Yamaha will fully satisfy the customer, by offering high quality products and services, which use new and traditional technologies, as well as creativity and artistry, and continue to be a known, trusted and loved brand.

#### •To Shareholders

Yamaha will increase the satisfaction and understanding of its shareholders by striving for healthy profits and returns, and by achieving productivity, using high quality, transparent management, and practicing disclosure.

#### •To Employees

Yamaha strives to create an open atmosphere where employees can realize goals, be given opportunities, and be evaluated fairly. Yamaha will be an organization where employees can demonstrate their abilities fully, have confidence, and earn pride.

#### •To Society

Yamaha will give first priority to safety, and will care for the environment. Yamaha will be a good corporate citizen, and observe laws and work ethically, developing the economy, and contributing to local and global culture.

## CONTENTS

1	Financial Highlights	16	Cash Flows
2	Segment Information	17	Per Share Data
8	Performance Trends	18	Balance Sheets
11	Profitability and Growth	20	Statements of Operations
12	Soundness and Stability	21	Statements of Cash Flows
14	Efficiency	22	Shareholder Information
		24	Network

# FINANCIAL HIGHLIGHTS

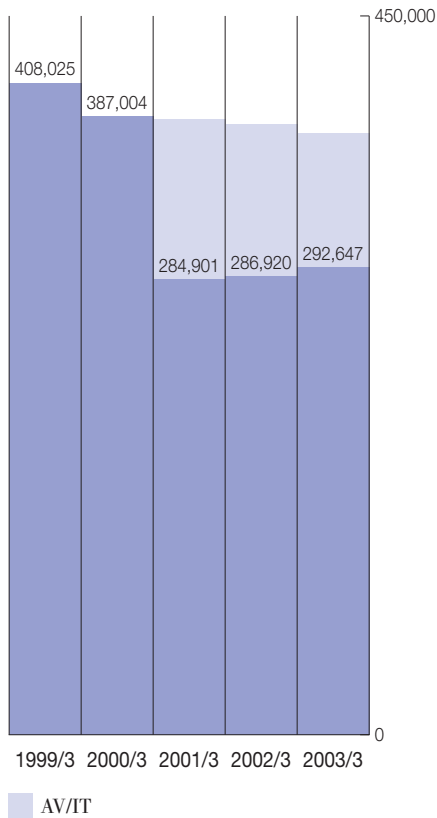
Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	1999/3	2000/3	2001/3	2002/3	2003/3	2003/3
Net sales	563,751	527,897	519,104	504,406	<b>524,763</b>	<b>4,365.75</b>
Operating income (loss)	(97)	8,082	23,001	11,043	<b>32,043</b>	<b>266.58</b>
Net income (loss)	(15,879)	(40,777)	13,320	(10,274)	<b>17,947</b>	<b>149.31</b>
Total assets	532,852	543,088	522,486	509,663	<b>512,716</b>	<b>4,265.52</b>
Total shareholders' equity	214,896	221,750	196,733	201,965	<b>214,471</b>	<b>1,784.28</b>
Interest-bearing liabilities	97,318	88,167	103,304	96,166	<b>90,436</b>	<b>752.38</b>
Net income (loss) per share (Yen)	(76.89)	(197.45)	64.50	(49.75)	<b>86.65</b>	<b>0.72</b>
Number of employees		21,599	22,277	23,020	<b>23,563</b>	

Throughout this fact book, an exchange rate of US\$1=¥120.20, the approximate rate prevailing on March 31, 2003, was used for convenience only.

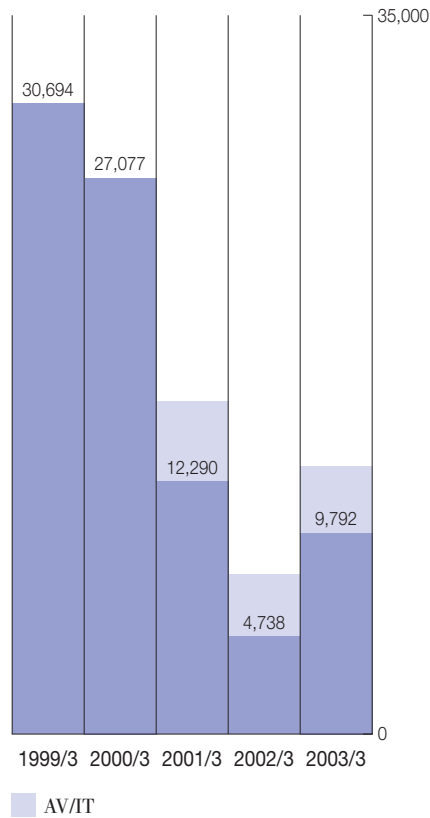
# SEGMENT INFORMATION

## Musical Instruments

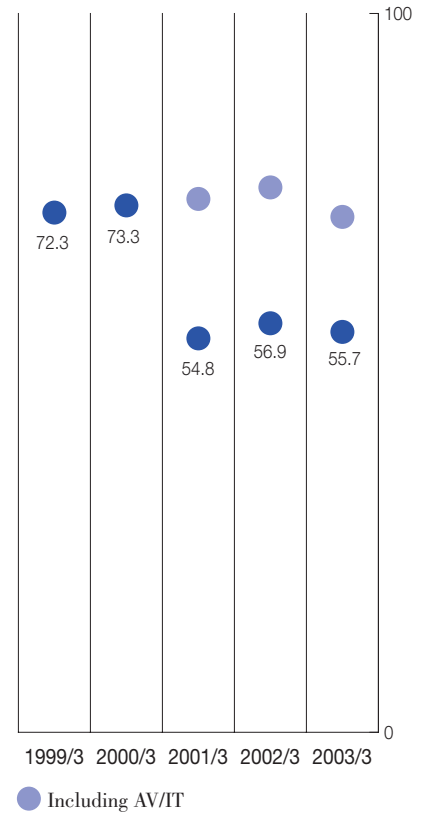
**Sales**  
(Millions of Yen)



**Operating Income**  
(Millions of Yen)



**Percentage of Net Sales**  
(%)

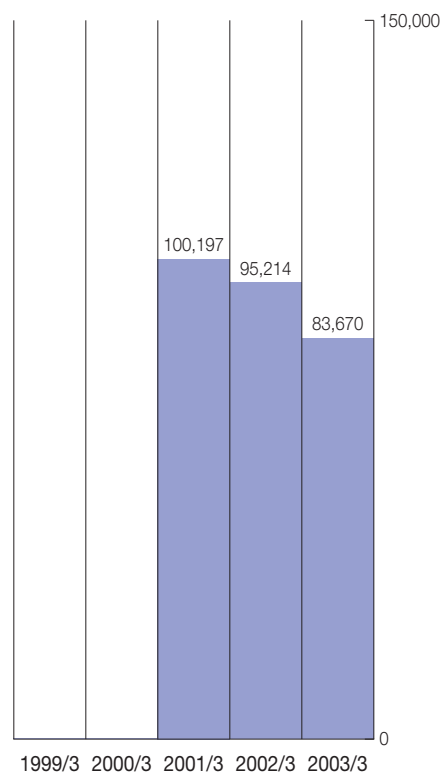


Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	1999/3	2000/3	2001/3	2002/3	2003/3	2003/3
Sales	408,025	387,004	284,901	286,920	<b>292,647</b>	<b>2,434.67</b>
Operating income	30,694	27,077	12,290	4,738	<b>9,792</b>	<b>81.46</b>
Capital expenditure	9,936	7,846	6,117	8,837	<b>9,067</b>	<b>75.43</b>
Depreciation expenses	9,608	9,920	7,224	8,373	<b>8,001</b>	<b>66.56</b>
R&D expenses	16,133	11,195	11,521	<b>11,834</b>	<b>98.45</b>	

Note: Figures in 1999/3~2000/3 include AV/IT.

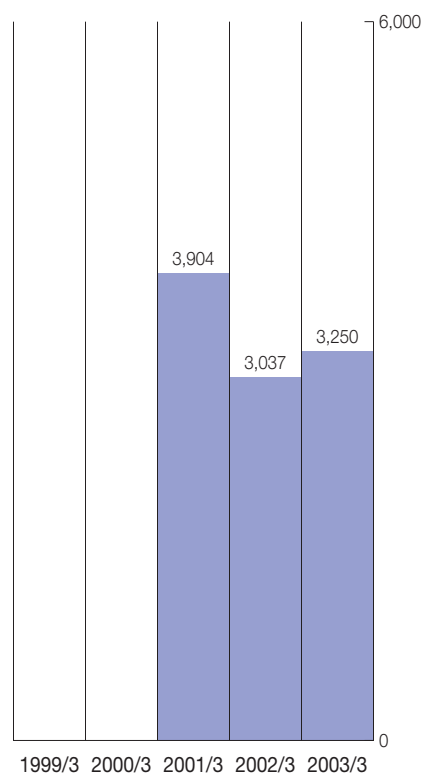
### Sales

(Millions of Yen)



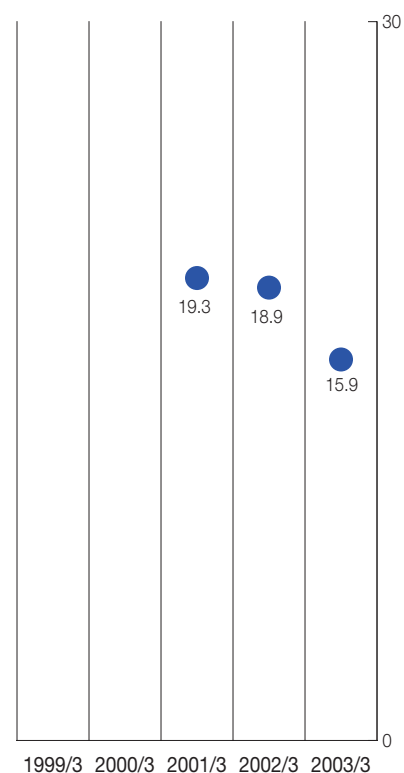
### Operating Income

(Millions of Yen)



### Percentage of Net Sales

(%)

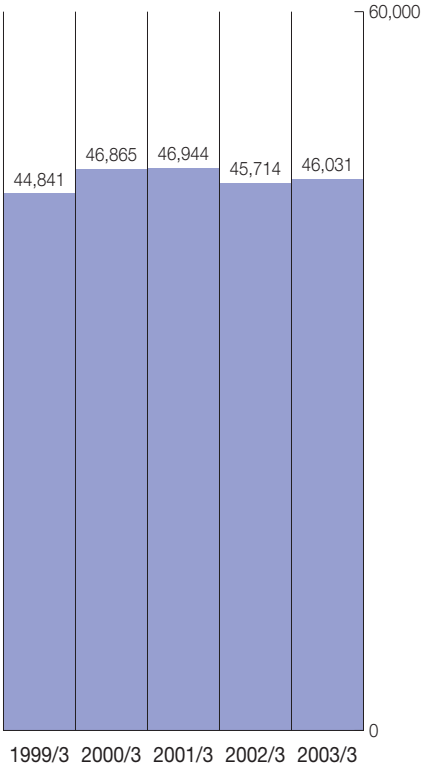


Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	1999/3	2000/3	2001/3	2002/3	2003/3	2003/3
Sales			100,197	95,214	<b>83,670</b>	<b>696.09</b>
Operating income			3,904	3,037	<b>3,250</b>	<b>27.04</b>
Capital expenditure			1,587	2,133	<b>1,503</b>	<b>12.50</b>
Depreciation expenses			1,783	1,877	<b>1,807</b>	<b>15.03</b>
R&D expenses			4,970	5,096	<b>5,194</b>	<b>43.21</b>

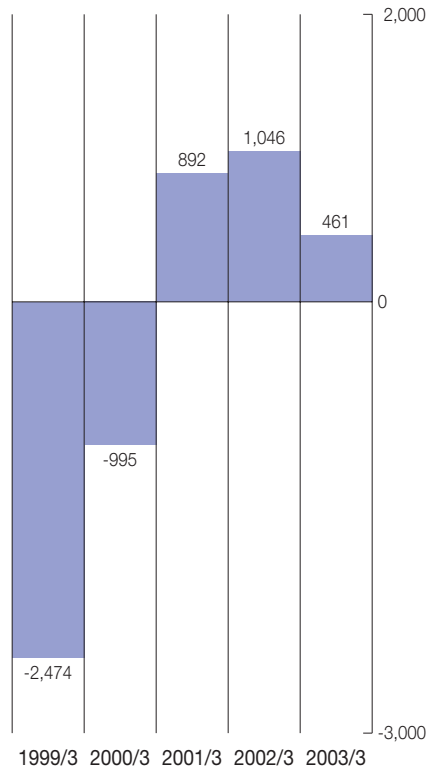
Note: Figures in 1999/3~2000/3 are included in Musical Instruments.

## Lifestyle-Related Products

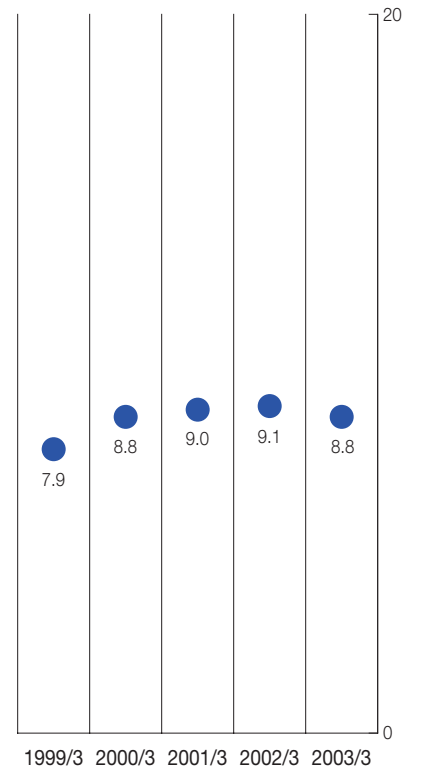
**Sales**  
(Millions of Yen)



**Operating Income (Loss)**  
(Millions of Yen)



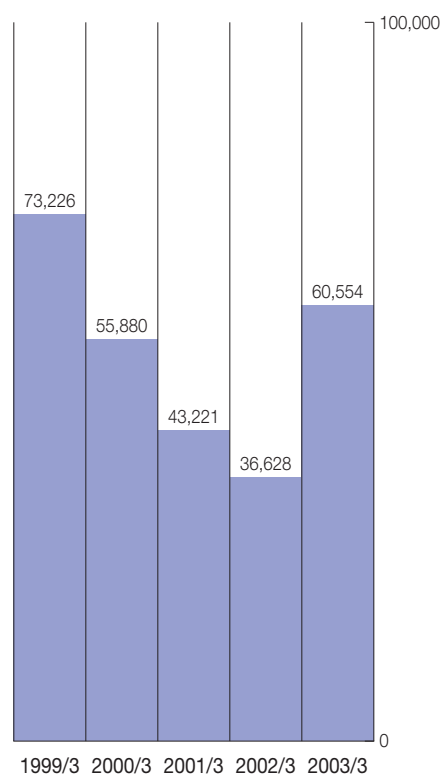
**Percentage of Net Sales**  
(%)



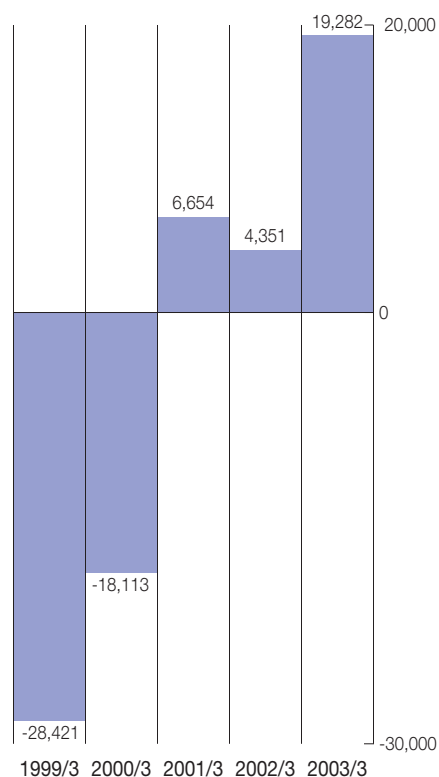
Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	1999/3	2000/3	2001/3	2002/3	2003/3	2003/3
Sales	44,841	46,865	46,944	45,714	<b>46,031</b>	<b>382.95</b>
Operating income (loss)	(2,474)	(995)	892	1,046	<b>461</b>	<b>3.84</b>
Capital expenditure	1,940	1,683	991	851	<b>911</b>	<b>7.58</b>
Depreciation expenses	1,838	1,518	1,554	1,505	<b>1,002</b>	<b>8.34</b>
R&D expenses		1,517	1,364	1,282	<b>1,319</b>	<b>10.97</b>

## Electronic Equipment and Metal Products

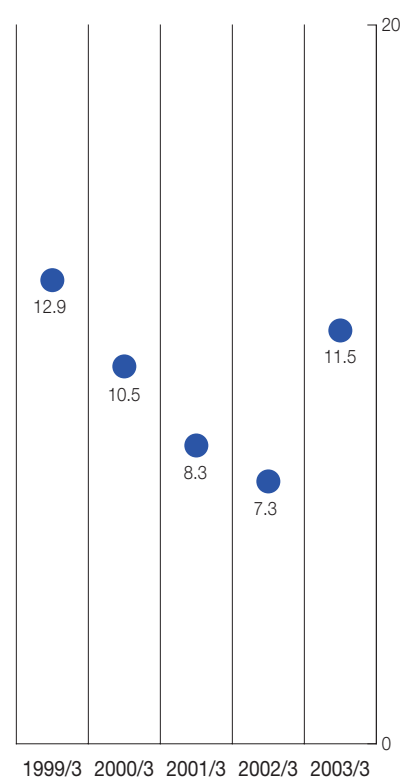
**Sales**  
(Millions of Yen)



**Operating Income (Loss)**  
(Millions of Yen)



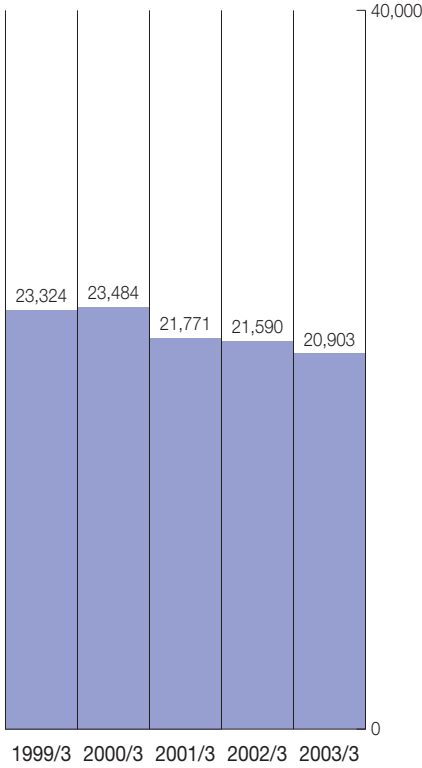
**Percentage of Net Sales**  
(%)



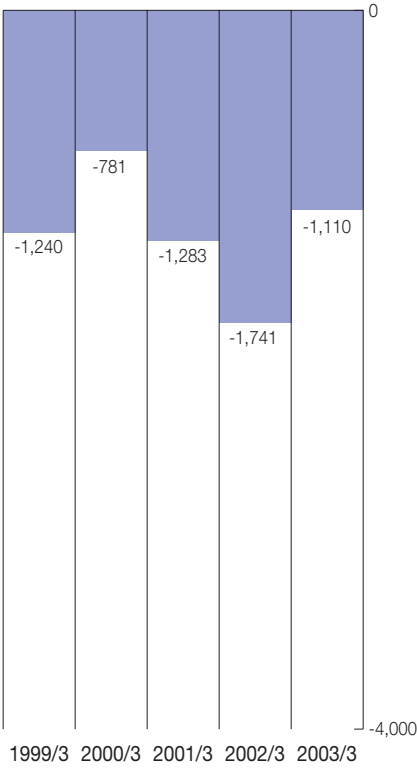
Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	1999/3	2000/3	2001/3	2002/3	2003/3	2003/3
Sales	73,226	55,880	43,221	36,628	<b>60,554</b>	<b>503.78</b>
Operating income (loss)	(28,421)	(18,113)	6,654	4,351	<b>19,282</b>	<b>160.42</b>
Capital expenditure	21,231	6,968	2,834	1,921	<b>3,320</b>	<b>27.62</b>
Depreciation expenses	22,315	14,365	2,653	3,068	<b>2,845</b>	<b>23.67</b>
R&D expenses		4,503	3,135	3,853	<b>3,188</b>	<b>26.52</b>

# Recreation

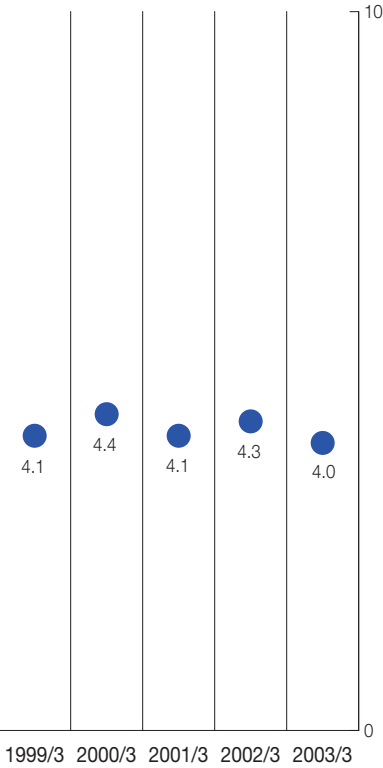
**Sales**  
(Millions of Yen)



**Operating Loss**  
(Millions of Yen)



**Percentage of Net Sales**  
(%)

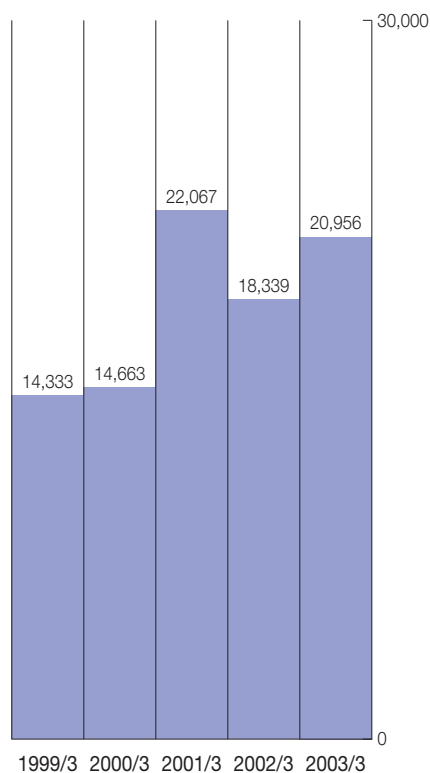


Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	1999/3	2000/3	2001/3	2002/3	2003/3	2003/3
Sales	23,324	23,484	21,771	21,590	<b>20,903</b>	<b>173.90</b>
Operating loss	(1,240)	(781)	(1,283)	(1,741)	<b>(1,110)</b>	<b>(9.23)</b>
Capital expenditure	1,744	1,403	1,392	1,867	<b>728</b>	<b>6.06</b>
Depreciation expenses	3,085	3,009	2,959	2,893	<b>2,932</b>	<b>24.39</b>
R&D expenses		0	0	2	<b>0</b>	<b>0</b>

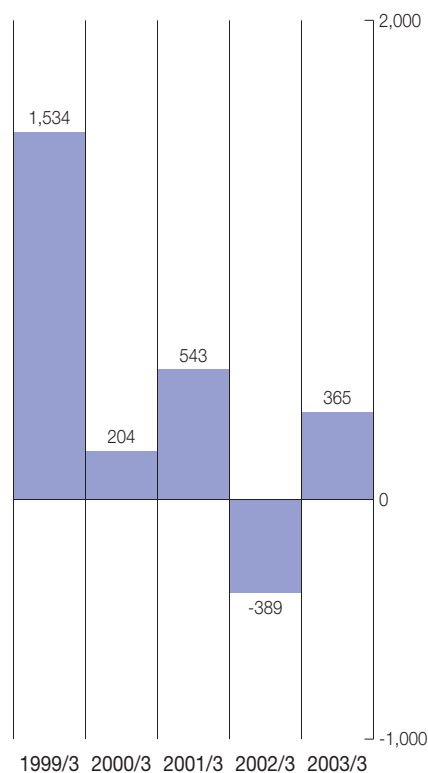


## Others

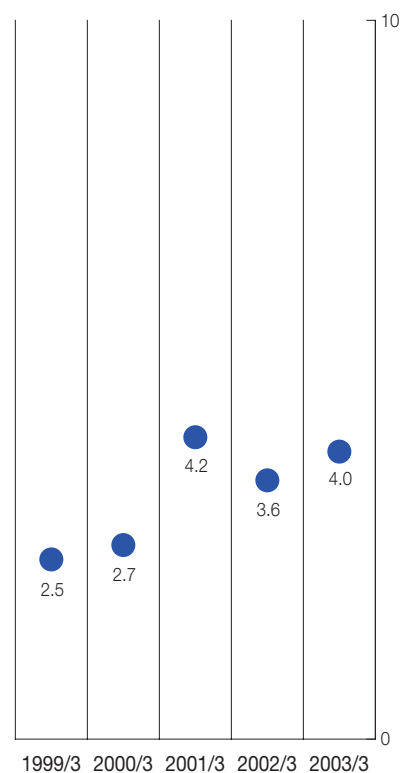
**Sales**  
(Millions of Yen)



**Operating Income (Loss)**  
(Millions of Yen)



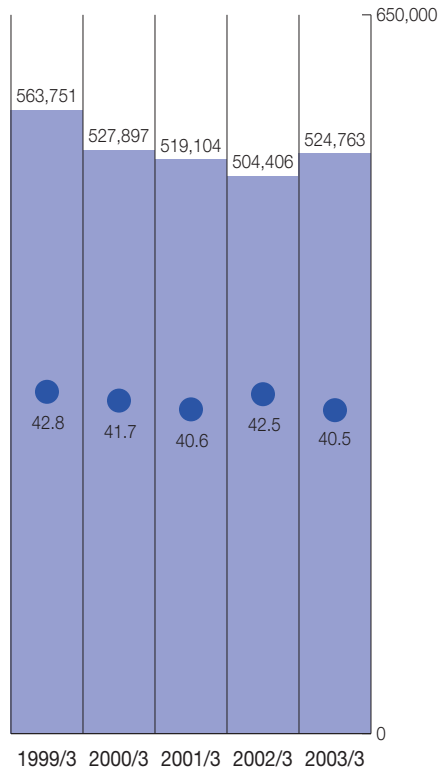
**Percentage of Net Sales**  
(%)



Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	1999/3	2000/3	2001/3	2002/3	2003/3	2003/3
Sales	14,333	14,663	22,067	18,339	<b>20,956</b>	<b>174.34</b>
Operating income (loss)	1,534	204	543	(389)	<b>365</b>	<b>3.04</b>
Capital expenditure	938	927	1,846	1,015	<b>1,352</b>	<b>11.25</b>
Depreciation expenses	859	798	1,135	1,050	<b>996</b>	<b>8.29</b>
R&D expenses		435	494	785	<b>904</b>	<b>7.52</b>

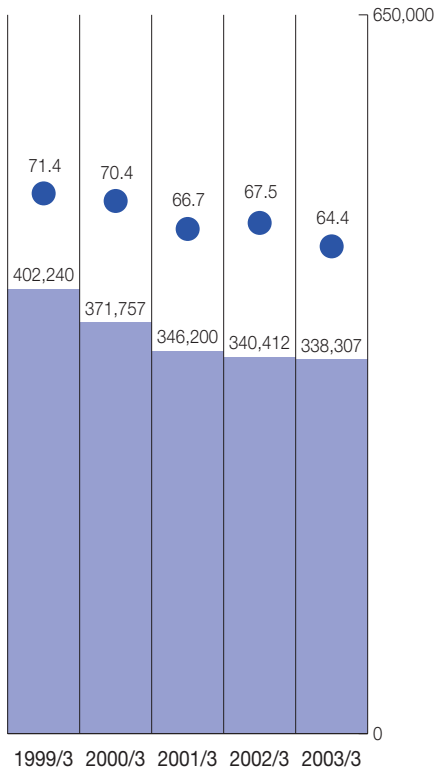
# PERFORMANCE TRENDS

**Net Sales/Overseas Sales Ratio**  
(Millions of Yen/%)



● Overseas sales ratio

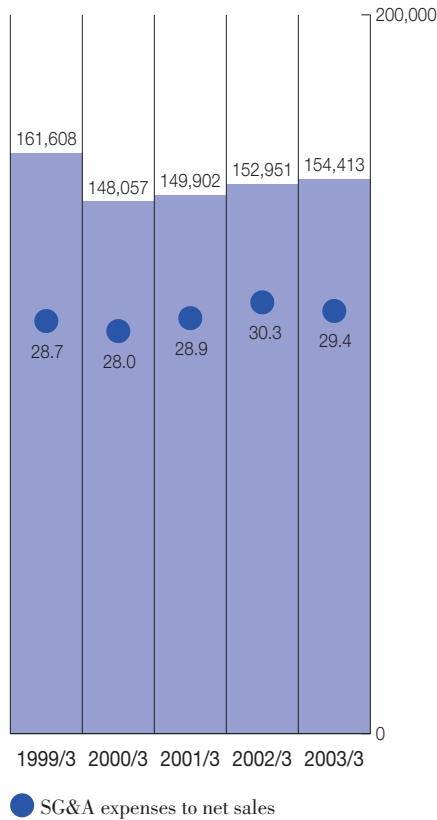
**Cost of Sales/Cost of Sales Ratio**  
(Millions of Yen/%)



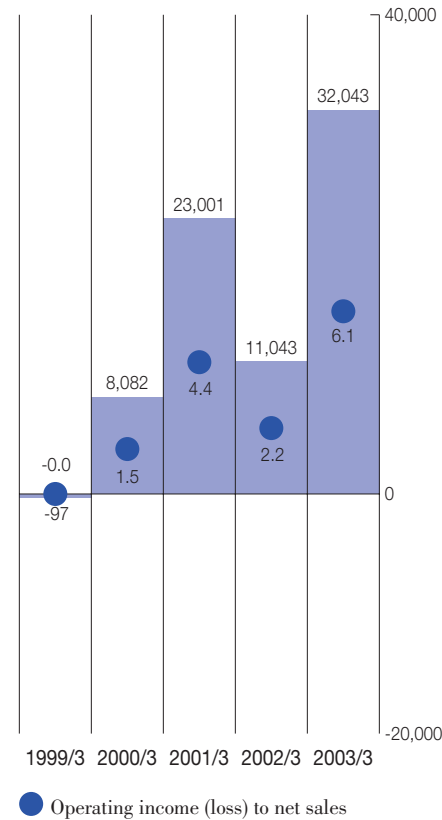
● Cost of sales ratio

Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	1999/3	2000/3	2001/3	2002/3	2003/3	2003/3
Net sales	563,751	527,897	519,104	504,406	<b>524,763</b>	<b>4,365.75</b>
Japan	322,539	308,042	308,539	289,951	<b>312,129</b>	<b>2,596.75</b>
North America	96,203	96,005	91,720	93,524	<b>89,728</b>	<b>746.49</b>
Europe	82,517	73,397	72,957	73,458	<b>77,185</b>	<b>642.14</b>
Other	62,491	50,452	45,886	47,472	<b>45,721</b>	<b>380.37</b>
Overseas sales ratio (%)	42.8	41.7	40.6	42.5	<b>40.5</b>	
Cost of sales	402,240	371,757	346,200	340,412	<b>338,307</b>	<b>2,814.53</b>
Gross profit	161,511	156,140	172,904	163,994	<b>186,456</b>	<b>1,551.21</b>

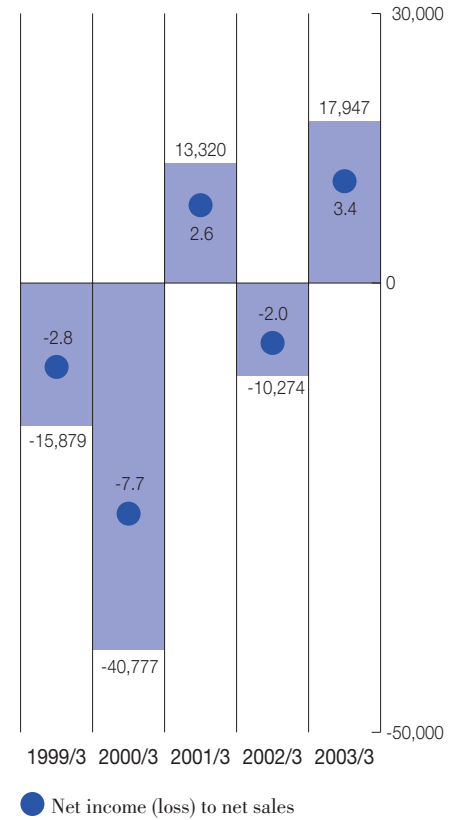
**SG&A Expenses/  
SG&A Expenses to Net Sales**  
(Millions of Yen/%)



**Operating Income (Loss)/  
Operating Income (Loss) to Net Sales**  
(Millions of Yen/%)

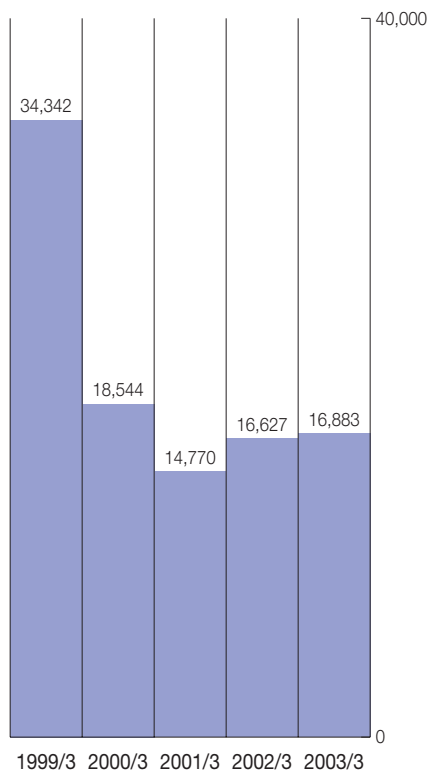


**Net Income (Loss)/  
Net Income (Loss) to Net Sales**  
(Millions of Yen/%)

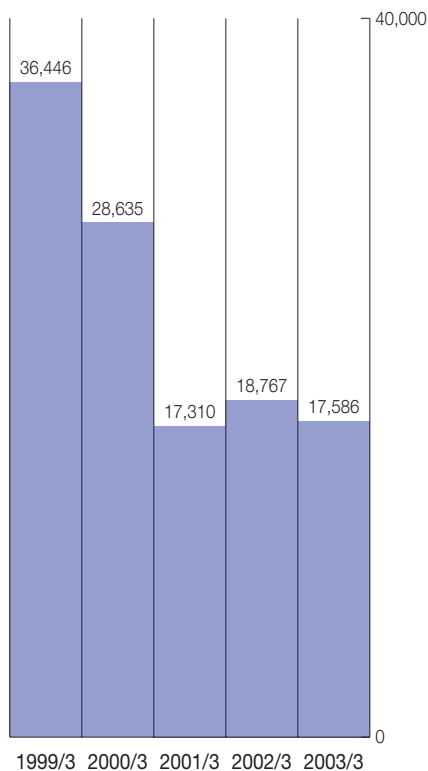


Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	1999/3	2000/3	2001/3	2002/3	2003/3	2003/3
SG&A expenses	161,608	148,057	149,902	152,951	<b>154,413</b>	<b>1,284.63</b>
Personnel expenses	75,539	65,355	65,402	67,265	<b>68,778</b>	<b>572.20</b>
Advertising & promotion	22,879	20,811	22,052	22,455	<b>21,740</b>	<b>180.87</b>
Operating income (loss)	(97)	8,082	23,001	11,043	<b>32,043</b>	<b>266.58</b>
Net income (loss)	(15,879)	(40,777)	13,320	(10,274)	<b>17,947</b>	<b>149.31</b>

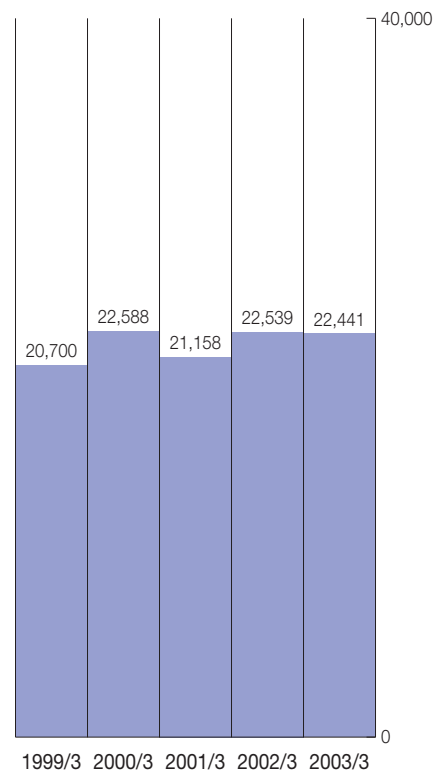
**Capital Expenditure**  
(Millions of Yen)



**Depreciation Expenses**  
(Millions of Yen)



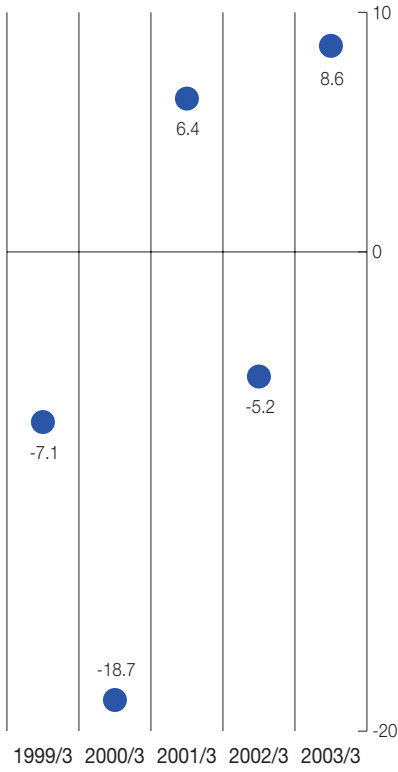
**R&D Expenses**  
(Millions of Yen)



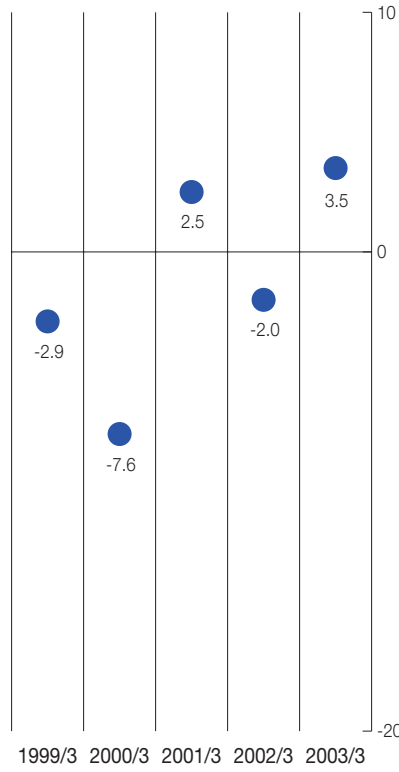
Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	1999/3	2000/3	2001/3	2002/3	2003/3	2003/3
Capital expenditure	34,342	18,544	14,770	16,627	<b>16,883</b>	<b>140.46</b>
Depreciation expenses	36,446	28,635	17,310	18,767	<b>17,586</b>	<b>146.31</b>
R&D expenses	20,700	22,588	21,158	22,539	<b>22,441</b>	<b>186.70</b>

# PROFITABILITY AND GROWTH

**Return on Equity (ROE)**  
(%)



**Return on Assets (ROA)**  
(%)

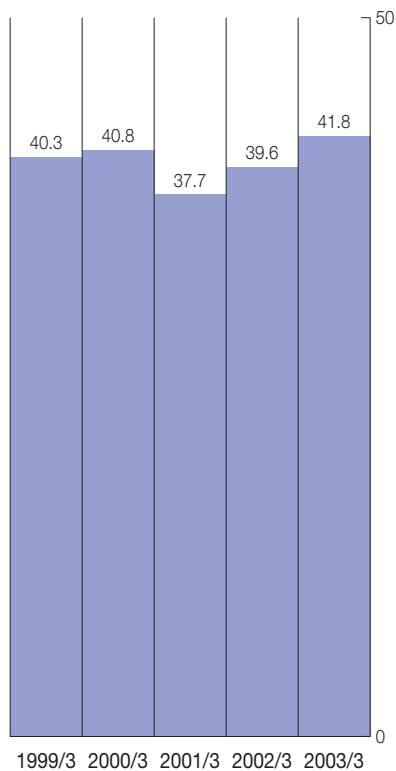


Fiscal Year Ended:	%				
	1999/3	2000/3	2001/3	2002/3	<b>2003/3</b>
Return on equity (ROE)	(7.1)	(18.7)	6.4	(5.2)	<b>8.6</b>
Return on assets (ROA)	(2.9)	(7.6)	2.5	(2.0)	<b>3.5</b>

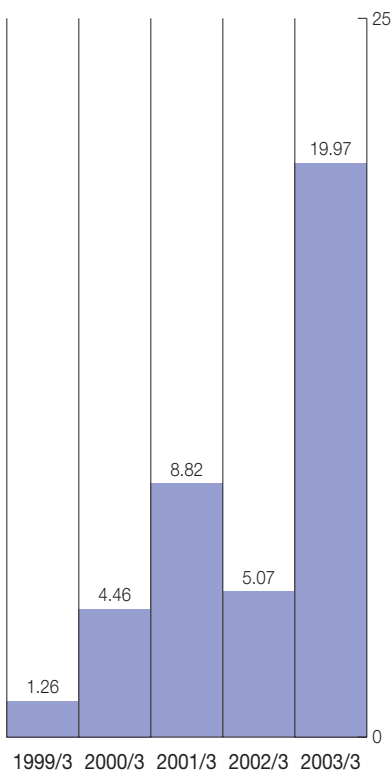
ROE = net income / shareholders' equity (yearly average) x 100  
 ROA = net income / total assets (yearly average) x 100

# SOUNDNESS AND STABILITY

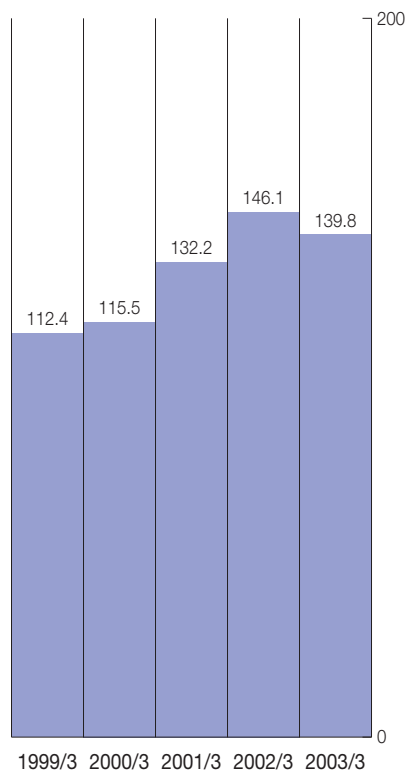
**Shareholders' Equity Ratio**  
(%)



**Interest Coverage**  
(Times)



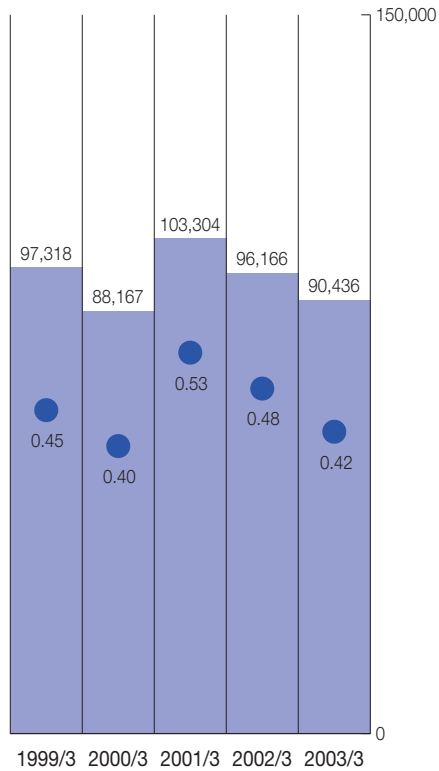
**Current Ratio**  
(%)



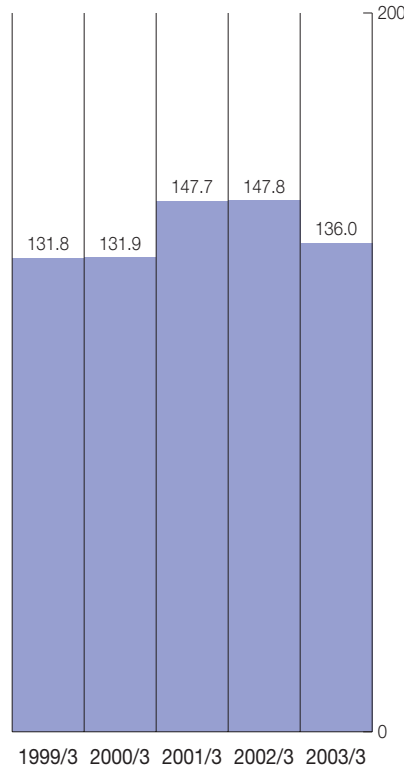
Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	1999/3	2000/3	2001/3	2002/3	2003/3	2003/3
Shareholders' equity ratio (%)	40.3	40.8	37.7	39.6	<b>41.8</b>	
Interest paid	3,449	2,968	3,014	2,911	<b>2,015</b>	<b>16.76</b>
Operating income (loss)	(97)	8,082	23,001	11,043	<b>32,043</b>	<b>266.58</b>
Equity in earnings of unconsolidated subsidiaries and affiliates	3,366	4,209	2,434	2,993	<b>7,608</b>	<b>63.29</b>
Interest and dividends received	1,070	957	1,137	735	<b>582</b>	<b>4.84</b>
Interest coverage (Times)	1.26	4.46	8.82	5.07	<b>19.97</b>	
Current assets	212,911	205,979	231,872	211,140	<b>221,089</b>	<b>1,839.34</b>
Current liabilities	189,386	178,281	175,371	144,498	<b>158,148</b>	<b>1,315.71</b>
Current ratio (%)	112.4	115.5	132.2	146.1	<b>139.8</b>	

Interest coverage = (operating income + interest and dividends received + equity in earnings of unconsolidated subsidiaries and affiliates) / interest paid

**Interest-Bearing Liabilities/  
Debt to Equity Ratio**  
(Millions of Yen/Times)



**Fixed Assets to Capital Ratio**  
(%)



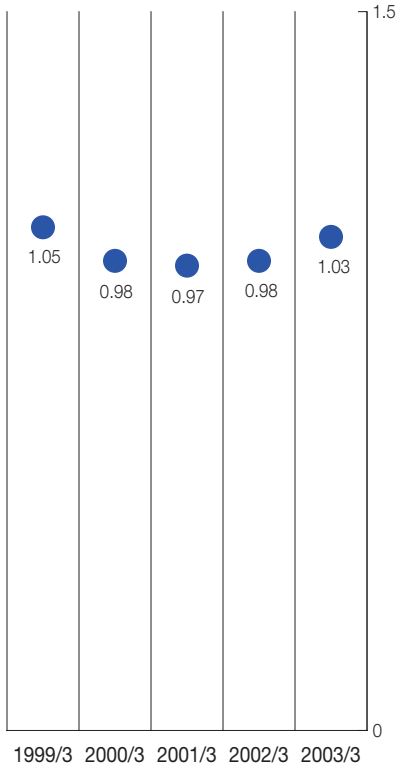
● Debt to equity ratio

Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	1999/3	2000/3	2001/3	2002/3	2003/3	2003/3
Shareholders' equity	214,896	221,750	196,733	201,965	<b>214,471</b>	<b>1,784.28</b>
Interest-bearing liabilities	97,318	88,167	103,304	96,166	<b>90,436</b>	<b>752.38</b>
Debt to equity ratio (Times)	0.45	0.40	0.53	0.48	<b>0.42</b>	
Fixed assets	283,202	292,460	290,614	298,522	<b>291,627</b>	<b>2,426.18</b>
Fixed assets to capital ratio (%)	131.8	131.9	147.7	147.8	<b>136.0</b>	

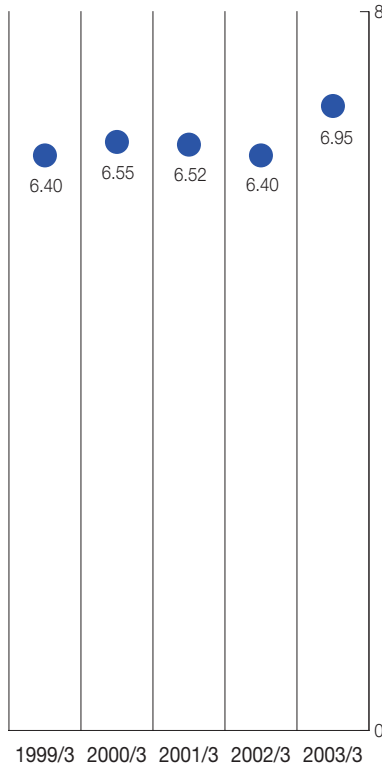
Interest-bearing liabilities = long-term debt + short-term debt + convertible bonds  
 Debt to equity ratio = interest-bearing liabilities / shareholders' equity  
 Fixed assets to capital ratio = fixed assets / shareholders' equity x 100



**Total Assets Turnover**  
(Times)



**Trade Receivables Turnover**  
(Times)

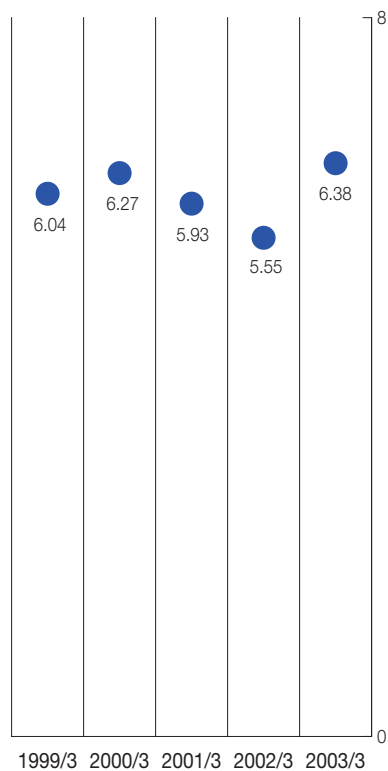


Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	1999/3	2000/3	2001/3	2002/3	2003/3	2003/3
Net sales	563,751	527,897	519,104	504,406	<b>524,763</b>	<b>4,365.75</b>
Total assets	532,852	543,088	522,486	509,663	<b>512,716</b>	<b>4,265.52</b>
Total assets turnover (Times)	1.05	0.98	0.97	0.98	<b>1.03</b>	
Trade receivables	87,627	73,482	85,678	71,844	<b>79,130</b>	<b>658.32</b>
Trade receivables turnover (Times)	6.40	6.55	6.52	6.40	<b>6.95</b>	

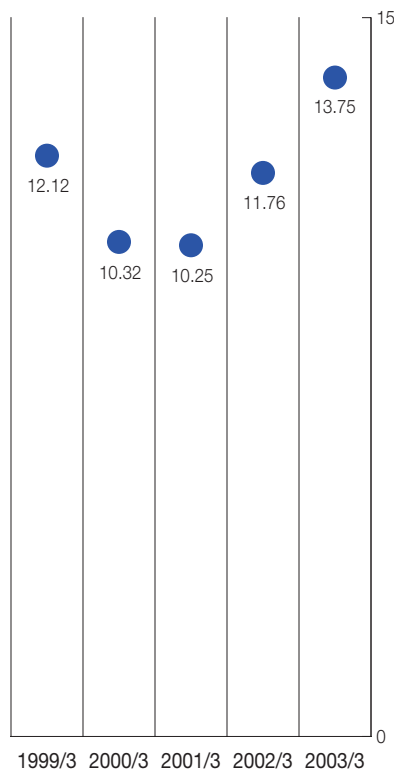
Total assets turnover = net sales / total assets (yearly average)  
Trade receivables turnover = net sales / trade receivables (yearly average)



**Inventories Turnover**  
(Times)



**Trade Payables Turnover**  
(Times)

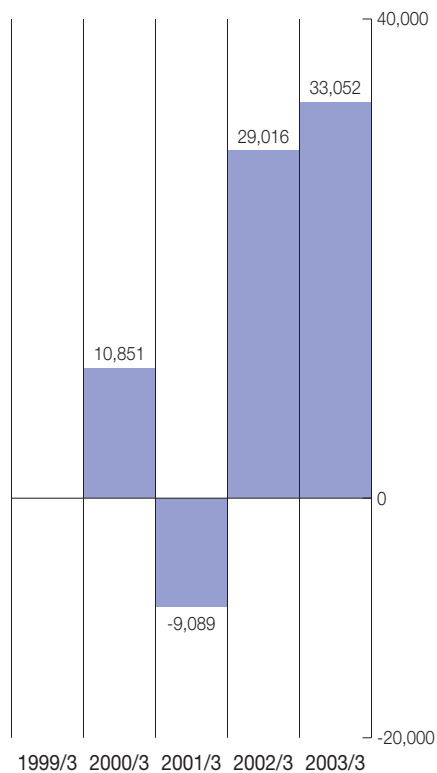


Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	1999/3	2000/3	2001/3	2002/3	2003/3	2003/3
<b>Inventories</b>	91,095	77,416	97,664	84,264	<b>80,144</b>	<b>666.76</b>
Finished products	56,743	50,136	63,893	54,775	<b>51,116</b>	<b>425.26</b>
Raw materials & work in process	34,352	27,280	33,771	29,489	<b>29,028</b>	<b>241.50</b>
<b>Inventories turnover (Times)</b>	6.04	6.27	5.93	5.55	<b>6.38</b>	
<b>Trade payables</b>	49,969	52,335	48,924	36,880	<b>39,462</b>	<b>328.30</b>
<b>Trade payables turnover (Times)</b>	12.12	10.32	10.25	11.76	<b>13.75</b>	

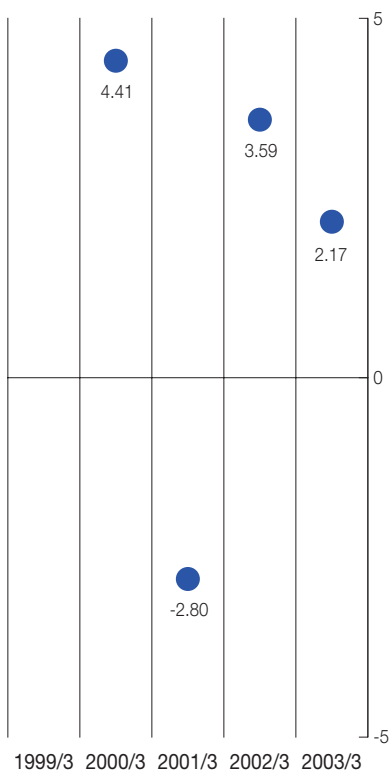
Inventories turnover = net sales / inventories (yearly average)  
Trade payables turnover = net sales / trade payables

# CASH FLOWS

**Cash Flows from Operating Activities**  
(Millions of Yen)



**Free Cash Flow Margin**  
(%)

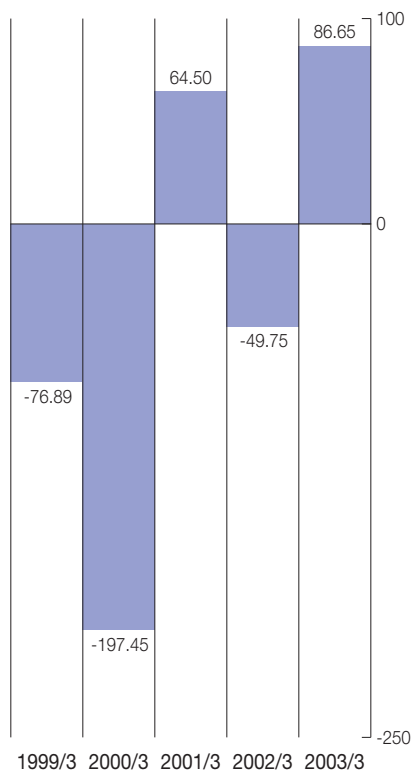


Fiscal Year Ended:	Millions of Yen					Millions of U.S. Dollars
	1999/3	2000/3	2001/3	2002/3	2003/3	2003/3
Cash flows from operating activities		10,851	(9,089)	29,016	<b>33,052</b>	<b>274.98</b>
Cash flows from investing activities		12,474	(5,441)	(10,437)	<b>(21,645)</b>	<b>(180.07)</b>
Free cash flow		23,325	(14,530)	18,579	<b>11,407</b>	<b>94.90</b>
Net sales		527,897	519,104	504,406	<b>524,763</b>	<b>4,365.75</b>
Free cash flow margin (%)		4.41	(2.80)	3.59	<b>2.17</b>	

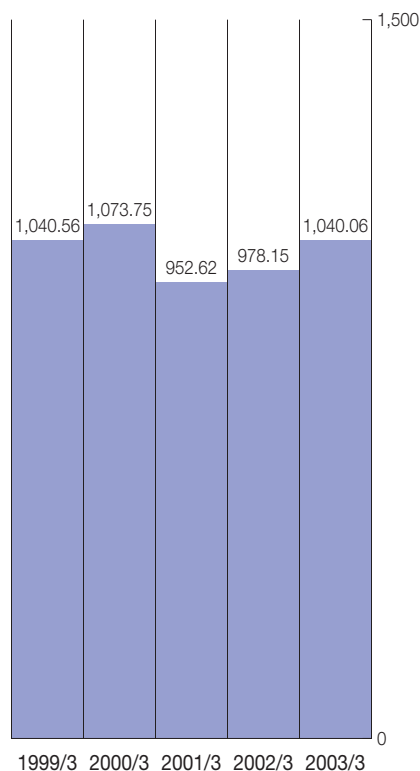
Free cash flow margin = free cash flow / net sales x 100

# PER SHARE DATA

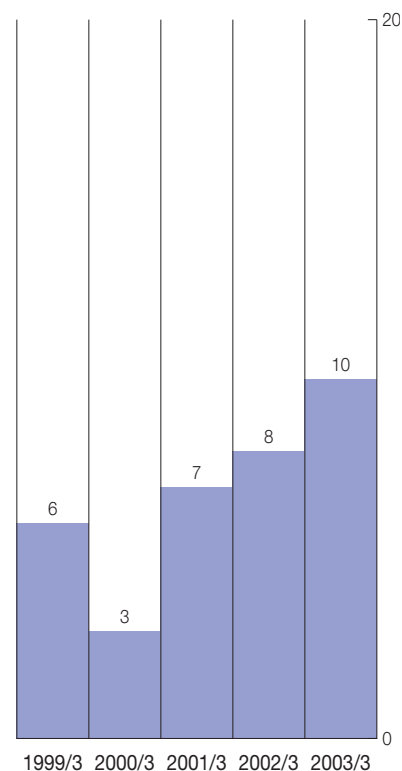
**Net Income (Loss) per Share**  
(Yen)



**Shareholders' Equity per Share**  
(Yen)



**Dividends per Share**  
(Yen)



Fiscal Year Ended:	Yen					U.S. Dollars
	1999/3	2000/3	2001/3	2002/3	2003/3	2003/3
Net income (loss) per share	(76.89)	(197.45)	64.50	(49.75)	<b>86.65</b>	<b>0.72</b>
Shareholders' equity per share	1,040.56	1,073.75	952.62	978.15	<b>1,040.06</b>	<b>8.65</b>
Dividends per share	6	3	7	8	<b>10</b>	<b>0.08</b>
Dividends paid (Millions of Yen)	1,239	619	1,445	1,651	<b>2,063</b>	<b>17.16</b>
Dividend payout ratio (%)	—	—	14.9	—	<b>27.1</b>	

Payout ratio = dividends paid / net income (non-consolidated) x 100

# BALANCE SHEETS

Fiscal Year Ended:	Millions of Yen		Millions of U.S. Dollars
	2002/3	2003/3	2003/3
<b>ASSETS</b>			
Current assets:			
Cash and bank deposits	41,074	44,485	370.09
Marketable securities	356	1,370	11.40
Notes and accounts receivable	74,519	81,755	680.16
Allowance for doubtful accounts	(2,675)	(2,625)	(21.84)
Inventories	84,264	80,144	666.76
Deferred income taxes	9,332	10,489	87.26
Prepaid expenses and other current assets	4,267	5,469	45.50
<b>Total current assets</b>	<b>211,140</b>	<b>221,089</b>	<b>1,839.34</b>
Property, plant and equipment, net of accumulated depreciation:			
Land	78,069	76,835	639.23
Buildings and structures	70,745	67,166	558.79
Machinery and equipment	35,440	33,639	279.86
Construction in progress	1,003	1,082	9.00
<b>Total property, plant and equipment, net of accumulated depreciation</b>	<b>185,261</b>	<b>178,724</b>	<b>1,486.89</b>
Investments and other assets:			
Investment securities	76,307	77,622	645.77
Long-term loans receivable	1,733	694	5.77
Lease deposits	5,087	5,013	41.71
Deferred income taxes	26,384	24,663	205.18
Excess of cost over net assets acquired	173	107	0.89
Other assets	3,573	4,800	39.93
<b>Total investments and other assets</b>	<b>113,260</b>	<b>112,902</b>	<b>939.28</b>
<b>Total Assets</b>	<b>509,663</b>	<b>512,716</b>	<b>4,265.52</b>

Fiscal Year Ended:	Millions of Yen		Millions of U.S. Dollars
	2002/3	2003/3	2003/3
<b>LIABILITIES</b>			
Current liabilities:			
Short-term loans	47,871	27,078	225.27
Current portion of convertible bonds	—	24,317	202.30
Current portion of long-term debt	4,363	10,090	83.94
Notes and accounts payable	36,880	39,462	328.30
Accrued expenses	41,987	42,501	353.59
Income taxes payable	1,224	3,101	25.80
Advances received	3,742	3,428	28.52
Deferred income taxes	65	92	0.77
Other current liabilities	8,360	8,074	67.17
<b>Total current liabilities</b>	<b>144,498</b>	<b>158,148</b>	<b>1,315.71</b>
Long-term liabilities:			
Convertible bonds	24,317	—	—
Long-term debt	19,615	28,951	240.86
Deferred income taxes	316	266	2.21
Deferred income taxes on land revaluation	14,638	13,577	112.95
Accrued employees' retirement benefits	59,074	53,988	449.15
Directors' retirement benefits	859	965	8.03
Long-term deposits received	38,472	36,848	306.56
Other long-term liabilities	1,191	1,572	13.08
<b>Total long-term liabilities</b>	<b>158,486</b>	<b>136,171</b>	<b>1,132.87</b>
<b>MINORITY INTERESTS</b>	<b>4,712</b>	<b>3,925</b>	<b>32.65</b>
<b>SHAREHOLDERS' EQUITY</b>			
Common stock	28,533	28,533	237.38
Additional paid-in capital	26,924	—	—
Reserve for land revaluation	16,482	—	—
Retained earnings	157,589	—	—
Capital surplus	—	40,052	333.21
Earned surplus	—	162,344	1,350.62
Reserve for land revaluation	—	16,152	134.38
Net unrealized holding gains/losses on other securities	766	378	3.14
Translation adjustments	(28,280)	(32,753)	(272.49)
<b>Total shareholders' equity</b>	<b>202,014</b>	<b>214,707</b>	<b>1,786.25</b>
<b>Treasury stock, at cost</b>	<b>(49)</b>	<b>(236)</b>	<b>(1.96)</b>
<b>Total shareholders' equity</b>	<b>201,965</b>	<b>214,471</b>	<b>1,784.28</b>
<b>Total Liabilities, Minority Interests and Shareholders' Equity</b>	<b>509,663</b>	<b>512,716</b>	<b>4,265.52</b>


# STATEMENTS OF OPERATIONS

Fiscal Year Ended:	Millions of Yen		Millions of U.S. Dollars
	2002/3	2003/3	2003/3
Net sales	504,406	<b>524,763</b>	<b>4,365.75</b>
Cost of sales	340,412	<b>338,307</b>	<b>2,814.53</b>
<b>Gross profit</b>	163,994	<b>186,456</b>	<b>1,551.21</b>
Selling, general and administrative expenses	152,951	<b>154,413</b>	<b>1,284.63</b>
<b>Operating income</b>	11,043	<b>32,043</b>	<b>266.58</b>
Other income (expenses):			
Interest and dividend income	735	<b>582</b>	<b>4.84</b>
Interest expense	(2,911)	<b>(2,015)</b>	<b>(16.76)</b>
Sales rebates	(4,477)	<b>(4,347)</b>	<b>(36.16)</b>
Loss on foreign exchange	(352)	<b>(1,015)</b>	<b>(8.44)</b>
Gain on sale of marketable and investment securities	3,694	—	—
Loss from revaluation of investment securities	(14,857)	<b>(7,746)</b>	<b>(64.44)</b>
Loss on sale or disposal of properties, net	(1,672)	<b>(974)</b>	<b>(8.10)</b>
Equity in earnings of unconsolidated subsidiaries and affiliates	2,993	<b>7,608</b>	<b>63.29</b>
Structural reform expenses	—	<b>(2,271)</b>	<b>(18.89)</b>
Other, net	18	<b>749</b>	<b>6.23</b>
<b>Total other income (expenses)</b>	(16,829)	<b>(9,429)</b>	<b>(78.44)</b>
<b>Income (loss) before income taxes and minority interests</b>	(5,784)	<b>22,612</b>	<b>188.12</b>
Income taxes:			
Current	1,507	<b>3,962</b>	<b>32.96</b>
Deferred	2,429	<b>65</b>	<b>0.54</b>
<b>Total income taxes</b>	3,936	<b>4,027</b>	<b>33.50</b>
<b>Income (loss) before minority interests</b>	(9,723)	<b>18,583</b>	<b>154.60</b>
<b>Minority interests</b>	551	<b>636</b>	<b>5.29</b>
<b>Net Income (Loss)</b>	(10,274)	<b>17,947</b>	<b>149.31</b>

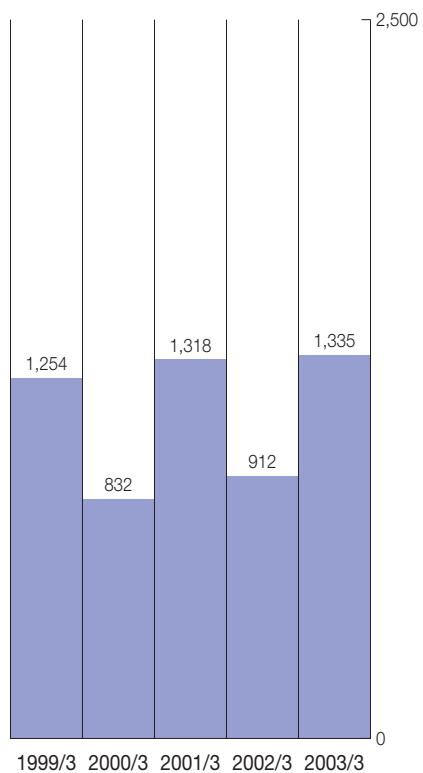
# STATEMENTS OF CASH FLOWS

Fiscal Year Ended:	Millions of Yen		Millions of U.S. Dollars
	2002/3	2003/3	2003/3
<b>Cash flows from operating activities:</b>			
Income (loss) before income taxes and minority interests	(5,784)	22,612	188.12
Depreciation and amortization	18,919	17,699	147.25
Increase (decrease) in allowance for doubtful accounts	(507)	395	3.29
Loss from revaluation of investment securities	14,857	7,746	64.44
Decrease in employees' retirement benefits, net of payments	(8,210)	(5,150)	(42.85)
Interest and dividend income	(736)	(583)	(4.85)
Interest expense	2,911	2,015	16.76
Equity in earnings of unconsolidated subsidiaries and affiliates	(2,993)	(7,608)	(63.29)
Gain on sale of investment securities	(3,667)	—	—
Loss on sale or disposal of properties, net	1,672	974	8.10
Net loss on foreign exchange	63	242	2.01
Structural reform expenses	—	1,509	12.55
Decrease (increase) in accounts and notes receivable—trade	18,794	(8,509)	(70.79)
Decrease in inventories	18,532	3,233	26.90
Increase (decrease) in accounts and notes payable—trade	(15,715)	2,894	24.08
Other, net	(4,775)	(1,413)	(11.76)
<b>Subtotal</b>	<b>33,360</b>	<b>36,061</b>	<b>300.01</b>
Interest and dividends received	746	1,181	9.83
Interest paid	(2,918)	(2,067)	(17.20)
Income taxes paid, net of payment	(2,171)	(2,123)	(17.66)
<b>Net cash provided by operating activities</b>	<b>29,016</b>	<b>33,052</b>	<b>274.98</b>
<b>Cash flows from investing activities:</b>			
Purchases of properties	(14,876)	(15,730)	(130.87)
Proceeds from sale of properties	888	2,674	22.25
Purchases of investment securities	(858)	(6,541)	(54.42)
Proceeds from sale of investment securities	4,074	187	1.56
Other, net	336	(2,235)	(18.59)
<b>Net cash used in investing activities</b>	<b>(10,437)</b>	<b>(21,645)</b>	<b>(180.07)</b>
<b>Cash flows from financing activities:</b>			
Decrease in short-term loans	(13,241)	(20,887)	(173.77)
Proceeds from long-term debt	8,178	18,908	157.30
Repayments of long-term debt	(5,665)	(3,065)	(25.50)
Cash dividends paid	(1,652)	(1,857)	(15.45)
Cash dividends paid to minority shareholders	(468)	(268)	(2.23)
Repayments of resort member deposits	—	(1,297)	(10.79)
Purchases of treasury stock	—	(133)	(1.11)
Other, net	(31)	19	0.16
<b>Net cash used in financing activities</b>	<b>(12,880)</b>	<b>(8,582)</b>	<b>(71.40)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,122</b>	<b>(504)</b>	<b>(4.19)</b>
<b>Net increase in cash and cash equivalents</b>	<b>6,821</b>	<b>2,319</b>	<b>19.29</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>32,725</b>	<b>40,571</b>	<b>337.53</b>
<b>Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation</b>	<b>1,025</b>	<b>85</b>	<b>0.71</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>40,571</b>	<b>42,976</b>	<b>357.54</b>

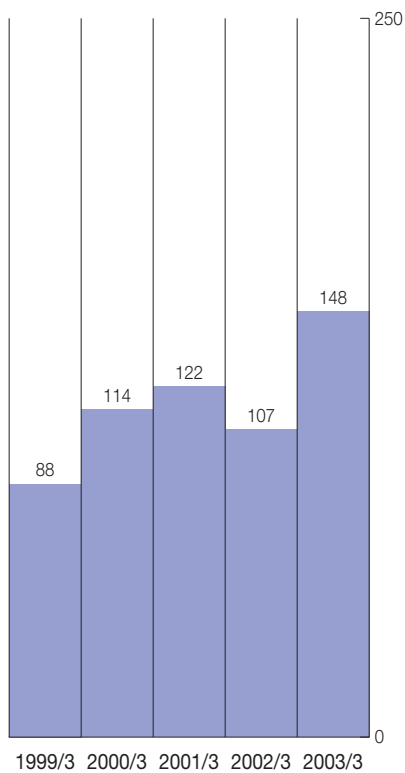
# SHAREHOLDER INFORMATION



**Share Price at the End of Fiscal Year**  
(Yen)



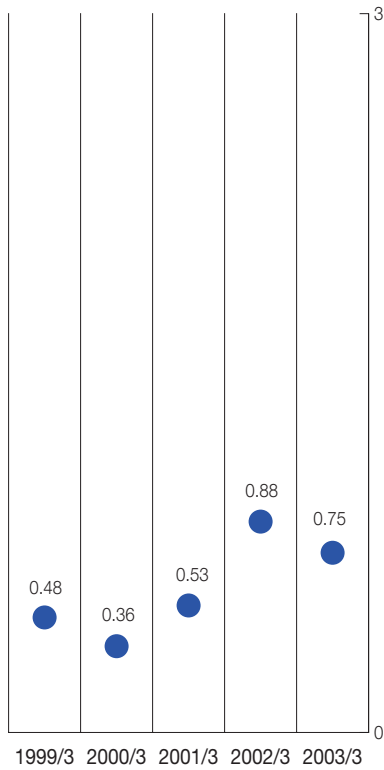
**Trading Volume**  
(Million Shares)



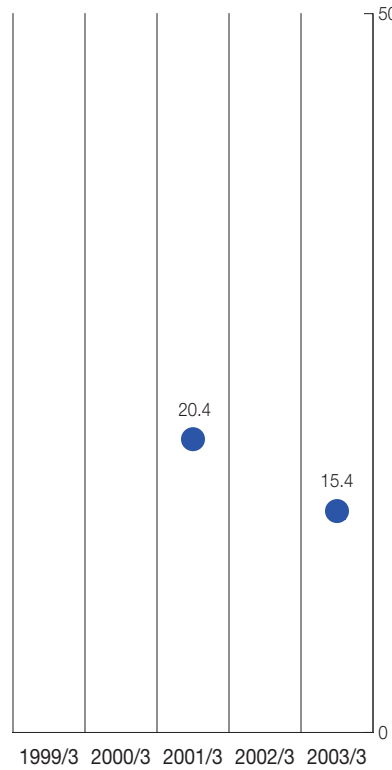
Fiscal Year Ended:	Yen				
	1999/3	2000/3	2001/3	2002/3	<b>2003/3</b>
Share price at the end of fiscal year	1,254	832	1,318	912	<b>1,335</b>
Share price—high	1,429	1,609	1,475	1,390	<b>1,399</b>
Share price—low	1,010	620	710	745	<b>857</b>
Trading volume (Million shares)	88	114	122	107	<b>148</b>



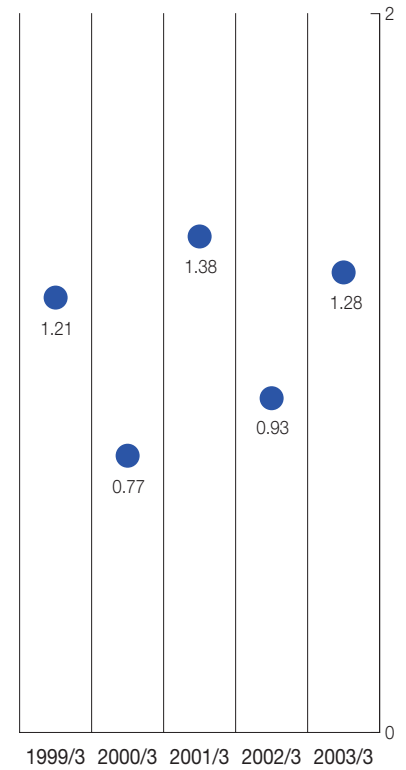
**Dividend Yield**  
(%)



**Price to Earnings Ratio**  
(Times)



**Price to Book Value Ratio**  
(Times)



Fiscal Year Ended:	1999/3	2000/3	2001/3	2002/3	<b>2003/3</b>
Dividend yield (%)	0.48	0.36	0.53	0.88	<b>0.75</b>
Price to earnings ratio (Times)	—	—	20.4	—	<b>15.4</b>
Price to book value ratio (Times)	1.21	0.77	1.38	0.93	<b>1.28</b>
Number of shares issued (Thousand shares)	206,523	206,523	206,523	206,523	<b>206,523</b>
Market capitalization at the end of fiscal year (Millions of Yen)	258,980	171,827	272,198	188,349	<b>275,709</b>
Percentage of shares owned by foreign investors (%)	14.8	18.9	22.5	25.2	<b>20.5</b>

## Main Domestic Group Companies

### Musical Instruments

Yamaha Music Tokyo Co., Ltd.

Yamaha Music Nishi-Tokyo Co., Ltd.

Yamaha Music Yokohama Co., Ltd.

Yamaha Music Kanto Co., Ltd.

Yamaha Music Osaka Co., Ltd.

Yamaha Music Kobe Co., Ltd.

Yamaha Music Setouchi Co., Ltd.

Yamaha Music Nagoya Co., Ltd.

Yamaha Music Hamamatsu Co., Ltd.

Yamaha Music Kyushu Co., Ltd.

Yamaha Music Hokkaido Co., Ltd.

Yamaha Music Tohoku Co., Ltd.

Yamaha Music Trading Corporation

Yamaha Music Media Corporation

Yamaha Sound Technologies Inc.

Yamaha Music Craft Corporation

Yamaha Hall Co., Ltd.

Yamaha Piano Service Co., Ltd.

Yamaha Music Communications Co., Ltd.

Music Lease Corporation

MUSIC E-NET Inc.

### AV/IT

YIS Corporation

D.S. Corporation

### Lifestyle-Related Products

Yamaha Livingtec Corporation

Yamaha Living Products Corporation

Joywell Home Corporation

### Electronic Equipment and Metal Products

Yamaha Kagoshima Semiconductor Inc.

Yamaha Metanix Corporation

### Recreation

Kiroro Development Corporation

Haimurubushi Corporation

Katsuragi Corporation

Toba International Hotel Corporation

Tsumagoi Corporation

Nemunosato Corporation

Kiroro Associates Corporation

## Others

Yamaha Fine Technologies Co., Ltd.  
Yamaha Credit Corporation  
Yamaha Insurance Service Co., Ltd.  
Yamaha Business Support Corporation

## Companies Accounted for Using the Equity Method

Yamaha Motor Co., Ltd.  
KORG Inc.

## YAMAHA's Overseas Network

### American Region

Yamaha Corporation of America  
Yamaha Electronics Corporation, U.S.A.  
Yamaha Exporting, Inc.  
Yamaha Music Manufacturing, Inc.  
Yamaha Musical Products, Inc.  
Yamaha Music InterActive Inc.  
YMH Digital Music Publishing LLC.  
Yamaha Canada Music Ltd.  
Yamaha de México, S.A. de C.V.  
Yamaha Music Latin America, S.A.  
Yamaha Musical do Brasil Ltda.

### European Region

Yamaha Music Holding Europe G.m.b.H.  
Yamaha Music Central Europe G.m.b.H.  
Yamaha Elektronik Europa G.m.b.H.  
Yamaha-Kemble Music (U.K.) Ltd.  
Yamaha Electronics (U.K.) Ltd.  
Kemble & Company Ltd.  
Kemble Music Ltd.  
Yamaha Musique France S.A.S.  
Yamaha Electronique France S.A.S.  
Yamaha Electronique Alsace S.A.  
Yamaha Scandinavia AB  
Yamaha Musica Italia S.p.A.  
Yamaha-Hazen Música S.A.

### Asia/Oceania Region

Yamaha KHS Music Co., Ltd.  
Taiwan Yamaha Musical Inst. Mfg. Co., Ltd.  
Kaohsiung Yamaha Co., Ltd.  
Yamaha Music & Electronics (China) Co., Ltd.  
Tianjin Yamaha Electronic Musical Instruments, Inc.  
Yamaha Trading (Shanghai) Co., Ltd.  
Yamaha Electronics Trading (Shanghai) Co., Ltd.  
Guangzhou Yamaha-Pearl River Piano Inc.  
Xiaoshan Yamaha Musical Instruments Co., Ltd.  
Yamaha Electronics (Suzhou) Co., Ltd.  
Yamaha Music Korea Ltd.  
Yamaha Music (Asia) Pte., Ltd.  
Yamaha Electronics Asia Pte., Ltd.  
Yamaha Music (Malaysia) Sdn. Bhd.  
Yamaha Electronics Manufacturing Malaysia Sdn. Bhd.  
PT. Yamaha Music Indonesia (Distributor)  
PT. Yamaha Indonesia  
PT. Yamaha Music Manufacturing Indonesia  
PT. Yamaha Music Manufacturing Asia  
PT. Yamaha Musical Products Indonesia  
PT. Yamaha Electronics Manufacturing Indonesia  
Siam Music Yamaha Co., Ltd.  
Yamaha Music Australia Pty., Ltd.  
Yamaha Music Gulf FZE



**YAMAHA CORPORATION**  
**Public Relations Division**

Printed in Japan using soy-based inks on recycled paper

