

YAMAHA CORPORATION

Overview of Consolidated Performance in the Third Quarter of the Fiscal Year Ending March 31, 2004 (April 1, 2003, to December 31, 2003)

February 9, 2004

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

Code number: 7951

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Stock listings: Tokyo Stock Exchange (First Section)

1. ITEMS RELATED TO THE PREPARATION OF PERFORMANCE DATA FOR THE PERIOD

(1) Difference in Accounting Policies from the Fiscal Year Ended March 31, 2003: Yes (Simplified accounting procedures used in some instances.)

(2) Changes in the Status of Consolidated Companies and Companies Accounted for using the Equity Method

Consolidated companies:

Number of companies newly consolidated: 7

Number of companies removed from consolidation: 2

Equity method:

Number of companies newly accounted for using the equity method: —

Number of companies removed from the equity method: —

From the consolidated fiscal year under review, consolidated subsidiaries with fiscal years not corresponding to the parent company's consolidated fiscal year prepare their financial accounts on consolidated accounting dates using semi-formal, rational methods. This system is being implemented from the first quarter of the fiscal year ended March 31, 2004 (April 1, 2003 to June 30, 2003).

2. OVERVIEW OF CONSOLIDATED PERFORMANCE IN THE THIRD QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2004 (April 1, 2003, to December 31, 2003)

Figures of less than ¥1 million have been omitted.

(1) Consolidated Operating Results

	Net sales		Operating income		Recurring profit		Net income	
	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)
Third Quarter of FY2004	¥415,351	—	¥45,100	—	¥51,248	—	¥45,706	—
Third Quarter of FY2003	¥ —	—	¥ —	—	¥ —	—	¥ —	—
(Reference) FY2003	¥524,763		¥32,043		¥33,839		¥17,947	

	Net income per share	Net income per share after full dilution
	Yen	Yen
Third Quarter of FY2004	¥221.72	¥205.94
Third Quarter of FY2003	¥ —	¥ —
(Reference) FY2003	¥ 86.65	¥ 77.32

Note: Because prior to FY2004 the Company did not disclose quarterly performance data, figures for quarterly period performance in the previous fiscal year are not shown.

Qualitative and Other Information on Consolidated Performance

Reflecting the recovery trend in the global economy, domestic business conditions saw a gradual brightening supported by capital investment and exports. With regard to sales in this environment, compared with the previous fiscal year performance YAMAHA's musical instrument business remained steady, while sales in the AV/IT business declined due to the withdrawal from the CDR-RW drive business. Sales in the electronic equipment and metal products business rose sharply thanks to growth in demand for mobile phone sound source chips, and overall sales increased. In terms of profit, both recurring profit and net income were robust.

(2) Consolidated Financial Data

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Third Quarter of FY2004	¥543,502	¥259,829	47.8	¥1,260.36
Third Quarter of FY2003	¥ —	¥ —	—	¥ —
(Reference) FY2003	¥512,716	¥214,471	41.8	¥1,040.06

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Third Quarter of FY2004	¥25,970	¥(13,184)	¥(9,643)	¥45,105
Third Quarter of FY2003	¥ —	¥ —	¥ —	¥ —
(Reference) FY2003	¥33,052	¥(21,645)	¥(8,582)	¥42,976

3. FORECASTS OF RESULTS FOR FY2004 (April 1, 2003 to March 31, 2004)

As of February 9, 2004 (Revised Forecast)

	Net sales	Recurring profit	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Yen
FY2004	¥542,000	¥51,000	¥44,000	¥213.43

As of November 10, 2003

	Net sales	Recurring profit	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Yen
FY2004	¥544,000	¥47,500	¥41,500	¥201.30

Qualitative and Other Information on Projected Performance

Regarding consolidated performance forecasts for the current fiscal year, net sales are expected to be slightly lower overall compared with forecasts announced in the interim flash report. This is primarily due to the decline in the AV/IT business despite the increase in the electronic equipment and metal products business. With regard to profitability, an overall increase in income is forecast, mainly due to the increase in income in the electronic equipment and metal products business.

Forecast of Non-Consolidated Performance in the Fiscal Year Ending March 2004 (April 1, 2003 to March 31, 2004)

As of February 9, 2004 (Revised Forecast)

	Net sales	Recurring profit	Net income	Year-end dividends per share	Dividends per share for the year
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
FY2004	¥344,000	¥28,500	¥26,500	¥10.00	¥15.00

As of November 10, 2003

	Net sales	Recurring profit	Net income	Year-end dividends per share	Dividends per share for the year
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
FY2004	¥341,000	¥24,500	¥23,500	¥5.00	¥10.00

Qualitative and Other Information on Projected Performance

Compared with full-year non-consolidated performance forecasts announced in the interim flash report, forecasts for both sales and income increased due to a rise in electronic equipment and metal products business sales.

With regard to dividends, YAMAHA plans to increase end of period dividends by ¥5 per share to ¥10 per share (for an annual dividend of ¥15).

Forecasts of performance are made by the Company based on information currently available. Actual performance may differ from forecasts.

(Supplementary Data)

1. SUMMARY OF CONSOLIDATED STATEMENTS OF INCOME

	Third quarter of FY2004 (April 1, 2003–December 31, 2003)		FY2003 (April 1, 2002–March 31, 2003)	
	Millions of yen	%	Millions of yen	%
Net sales	¥415,351	100.0	¥524,763	100.0
Cost of sales:	256,532	61.7	338,440	64.5
Unrealized profit	171		133	
Gross profit	158,990	38.3	186,456	35.5
Selling, general and administrative expenses:	113,889	27.4	154,413	29.4
Operating income	45,100	10.9	32,043	6.1
Non-operating income	11,311	2.7	9,994	1.9
Non-operating expenses	5,164	1.3	8,197	1.6
Recurring profit	51,248	12.3	33,839	6.4
Other profit	187	0.0	460	0.1
Other loss	1,405	0.3	11,687	2.2
Income before income taxes and minority interests	50,030	12.0	22,612	4.3
Current income taxes	4,127	1.0	3,962	0.8
Deferred income taxes	(300)	(0.1)	65	0.0
Minority interests	496	0.1	636	0.1
Net income	¥ 45,706	11.0	¥ 17,947	3.4

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

2. SEGMENT INFORMATION

Business Segments (Third quarter of FY2004 (April 1, 2003–December 31, 2003))

(Millions of yen)

	Musical instruments	AV/IT products	Lifestyle-related products	Electronic equipment and metal products	Recreation	Other	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥227,762	¥58,808	¥35,170	¥58,548	¥15,013	¥20,046	¥415,351	¥ —	¥415,351
Intersegment sales or transfers				1,742			1,742	(1,742)	
Total sales	¥227,762	¥58,808	¥35,170	¥60,291	¥15,013	¥20,046	¥417,093	¥(1,742)	¥415,351
Operating expenses	212,563	54,210	33,474	36,507	15,850	19,386	371,992	(1,742)	370,250
Operating income (loss)	¥ 15,199	¥ 4,598	¥ 1,695	¥23,784	¥ (837)	¥ 660	¥ 45,100	¥ —	¥ 45,100

3. OVERSEAS SALES (Third quarter of FY2004 (April 1, 2003–December 31, 2003))

(Millions of yen)

	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales	¥66,038	¥65,759	¥37,398	¥169,196
Net sales	—	—	—	415,351
% of net sales	15.9%	15.8%	9.0%	40.7%