

YAMAHA CORPORATION

Flash Report

Non-Consolidated Basis

Results for the fiscal year 2003 ended March 31, 2003

May 9, 2003

Company name: YAMAHA CORPORATION
Code number: 7951
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Date of the meeting of the Board of Directors: May 9, 2003
Interim dividend: YES
Date of the general meeting: June 26, 2003
Application of share unit system: Applicable (1 unit = 100 shares)
Stock listings: Tokyo Stock Exchange (First Section)

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

1. RESULTS FOR FY2003 (April 1, 2002 to March 31, 2003)

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)
FY2003 (Ended March 31, 2003)	¥334,078	5.5 %	¥21,897	288.4 %	¥22,218	240.3 %
FY2002 (Ended March 31, 2002)	316,742	(8.5) %	5,637	(49.6) %	6,530	(51.0) %

	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	%	%	%
FY2003 (Ended March 31, 2003)	¥7,706	—%	¥36.95	¥36.33	5.4	6.9	6.7
FY2002 (Ended March 31, 2002)	(25,328)	—	(122.65)	—	(17.4)	2.2	2.1

Notes: 1. Average number of outstanding shares during the year :

FY2003 ended March 31, 2003 206,404,508 shares

FY2002 ended March 31, 2002 206,508,465 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	%	%
FY2003 (Ended March 31, 2003)	¥10.00	5.00	5.00	¥ 2,063	27.1	1.4
FY2002 (Ended March 31, 2002)	8.00	4.00	4.00	1,651	—	1.2

(3) Non-Consolidated Financial Data

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
FY2003 (As of March 31, 2003)	¥347,499	¥146,394	42.1 %	709.03
FY2002 (As of March 31, 2002)	295,861	140,730	47.6	681.58

Notes: 1. Number of outstanding shares at the end of the year:

FY2003 as of March 31, 2003 206,358,924 shares

FY2002 as of March 31, 2002 206,477,225 shares

2. Number of treasury stock at the end of the year:

FY2003 as of March 31, 2003 164,339 shares

FY2002 as of March 31, 2002 46,038 shares

2. FORECASTS OF RESULTS FOR FY2004 (April 1, 2003 – March 31, 2004)

	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
FY2004 interim period	¥174,000	¥11,000	¥10,000	¥5.00	—	—
FY2004	338,000	14,000	12,000	—	¥5.00	¥10.00

Reference: Net income per share for the fiscal year is forecast to be ¥58.15 on a non-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		
	FY2003 (as of Mar. 31, 2003)	FY2002 (as of Mar. 31, 2002)	Increase (decrease)
ASSETS			
Current assets:			
Cash and bank deposits	¥ 19,127	¥ 22,417	¥ (3,290)
Notes receivable	9,253	6,884	2,369
Accounts receivable	39,260	29,094	10,166
Marketable securities	—	45	(45)
Products and goods	17,755	17,985	(230)
Raw material	2,431	2,320	111
Products in progress	7,561	7,805	(244)
Advances	28	23	5
Deferred income taxes	7,969	7,333	636
Other current assets	2,479	2,323	156
Allowance for doubtful accounts	(1,344)	(1,242)	(102)
Total current assets	104,521	94,992	9,529
Fixed assets:			
Tangible assets:			
Buildings	36,300	13,683	22,617
Structures	5,870	1,070	4,800
Machinery and equipment	7,130	7,614	(484)
Vehicles	41	44	(3)
Furniture and fixtures	4,797	5,019	(222)
Land	63,937	48,940	14,997
Construction in progress	393	471	(78)
Total tangible assets	118,470	76,844	41,626
Intangible assets:			
Rights on leasehold land	110	100	10
Rights to use facilities	—	90	(90)
Total intangible assets	110	191	(81)
Investments and other assets:			
Investment securities	19,599	21,811	(2,212)
Shares of affiliated companies	62,353	63,495	(1,142)
Investment in capital	72	53	19
Affiliated company investments	14,828	7,993	6,835
Long-term loans	1,539	1,818	(279)
Long-term employee loans	0	0	0
Long-term affiliated company loans	443	595	(152)
Bankrupt, rehabilitating securities	408	131	277
Deferred income taxes	22,914	24,917	(2,003)
Guarantee deposits for leased real estate	2,269	2,365	(96)
Other assets	1,042	1,477	(435)
Allowance for doubtful accounts	(1,074)	(827)	(247)
Total investments and other assets	124,397	123,832	565
Total fixed assets	242,978	200,868	42,110
Total assets	¥347,499	¥295,861	¥51,638

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

	Millions of yen		
	FY2003 (as of Mar. 31, 2003)	FY2002 (as of Mar. 31, 2002)	Increase (decrease)
LIABILITIES			
Current liabilities:			
Notes payable	¥ 688	¥ 1,160	¥ (472)
Accounts payable	23,762	21,478	2,284
Short-term loans	6,461	1,036	5,425
Convertible bonds scheduled for redemption within one year	24,317	—	24,317
Current portion of long-term debt	6,220	—	6,220
Accrued payables	4,235	3,693	542
Accrued expenses	18,675	17,330	1,345
Corporate tax payables	100	100	—
Advances received	408	342	66
Money entrusted	817	1,029	(212)
Reserve for after-care expenses	72	73	(1)
Warranty reserve	780	985	(205)
Reserve for subsidiary support	1,264	12,429	(11,165)
Deferred unrealized profit	528	653	(125)
Other current liabilities	629	98	531
Total current liabilities	88,961	60,410	28,551
Long-term liabilities:			
Convertible bonds	—	24,317	(24,317)
Long-term debt	17,038	6,220	10,818
Deferred income taxes on land revaluation	10,169	11,115	(946)
Accrued employees' retirement benefits	46,228	51,455	(5,227)
Directors' retirement benefits	721	623	98
Long-term deposits	37,020	—	37,020
Other fixed liabilities	965	988	(23)
Total long-term liabilities	112,143	94,721	17,422
Total liabilities	201,105	155,131	45,974
SHAREHOLDERS' EQUITY			
Common stock	28,533	—	—
Capital surplus:			
Additional capital surplus	40,052	—	—
Total capital surplus	40,052	—	—
Earned surplus:			
Legal reserve	4,159	—	—
Retained income	58,854	—	—
Reserve for special depreciation	21	—	—
Reserve for advanced depreciation	2,322	—	—
General reserve	56,510	—	—
Unappropriated earnings	12,101	—	—
Total earned surplus	75,115	—	—
Reserve for land revaluation	2,426	—	—
Net unrealized holding gains on other securities	449	—	—
Treasury stock, at cost	(183)	—	—
Total shareholders' equity	146,394	—	—
Common stock	—	28,533	—
Additional paid-in capital	—	26,924	—
Legal reserve	—	4,159	—
Reserve for land revaluation	—	16,081	—
Retained earnings:			
Retained income	—	85,582	—
Reserve for special depreciation	—	29	—
Reserve for advanced depreciation	—	2,184	—
Reserve for special account on replaced property	—	858	—
General reserve	—	82,510	—
Unappropriated earnings	—	21,344	—
Total retained earnings	—	64,237	—
Net unrealized holding gains/losses on other securities	—	841	—
Treasury stock, at cost	—	(49)	—
Total shareholders' equity	—	140,730	—
Total liabilities and shareholders' equity	¥347,499	¥295,861	¥51,638

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

(2) Non-Consolidated Statements of Operations

	FY2003 (Apr. 1, 2002 – Mar. 31, 2003)		FY2002 (Apr. 1, 2001 – Mar. 31, 2002)		Increase (decrease)
	Millions of yen	%	Millions of yen	%	Millions of yen
Net sales:					
Merchandise and product sales	¥289,739		¥272,162		¥17,577
Other	44,338		44,579		(241)
Total net sales	334,078	100.0	316,742	100.0	17,336
Cost of sales:					
Merchandise and product cost of sales	213,598		214,494		(896)
Inventory of merchandise and products at start of period	17,985		20,803		(2,818)
Effect of change due to merger(s)	44		—		44
Reversal of valuation loss on raw materials and work in progress brought forward	158		331		(173)
Cost of production	197,098		194,032		3,066
Merchandise procured	16,282		17,817		(1,535)
Valuation loss on raw materials and work in progress	101		158		(57)
Inventory of merchandise and products at end of period	17,755		17,985		(230)
Other	32,123		33,327		(1,204)
Total cost of sales	245,721	73.6	247,821	78.2	(2,100)
Gross profit:	88,356	26.4	68,920	21.8	19,436
Reversal of disposal of deferred unrealized income brought forward	653		879		(226)
Disposal of deferred unrealized income	528		653		(125)
Gross profit, net	88,480	26.4	69,146	21.8	19,334
Selling, general and administrative expenses:					
Sales commissions	52		62		(10)
Transport expense	3,298		3,339		(41)
Advertising expenses	5,149		4,901		248
Sales promotion expenses	5,681		5,908		(227)
Allowance for doubtful receivables	371		—		371
Reversal for after-care expenses	18		18		—
Warranty reserve	416		500		(84)
Tuning and repairing expense	2,315		2,367		(52)
Directors fee	369		369		—
Salaries and benefits	23,776		24,538		(762)
Accrued employees' retirement benefits	5,890		4,419		1,471
Directors' retirement benefits	97		95		2
Miscellaneous expenses	916		651		265
Welfare expenses	450		556		(106)
Travel and transportation expense	2,141		2,006		135
Insurance expense	59		98		(39)
Rent	1,278		1,258		20
Repairing expenses	411		828		(417)
Depreciation and amortization	1,929		1,217		712
Supply expense	3,541		2,946		595
Communication expenses	761		597		164
Social expenses	152		141		11
Taxes	710		452		258
Research expense	1,532		1,119		413
Convention expense	484		548		(64)
Water, light and fuel expense	383		392		(9)
Publication subscribing fee	70		69		1
Outsource expense	3,365		3,155		210
Other	954		948		6
Total selling, general and administrative expenses	66,583	19.9	63,509	20.0	3,074
Operating income	21,897	6.5	5,637	1.8	16,260

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	FY2003 (Apr. 1, 2002 – Mar. 31, 2003)		FY2002 (Apr. 1, 2001 – Mar. 31, 2002)		Increase (decrease)
	Millions of yen	%	Millions of yen	%	Millions of yen
Non-operating income:					
Interest received	¥ 55		¥ 84		¥ (29)
Dividends received	1,207		1,587		(380)
Other	397		455		(58)
Total non-operating income	1,661	0.5	2,127	0.7	(466)
Non-operating expenses:					
Interest paid	191		133		58
Interest on corporate securities	462		462		—
Cash discounts	46		44		2
Loss on foreign exchange	362		247		115
Other	277		347		(70)
Total non-operating expenses	1,340	0.4	1,234	0.4	106
Recurring profit	22,218	6.6	6,530	2.1	15,688
Other profit:					
Gain on sale of fixed assets	168		33		135
Reimbursement of reserve allowance for after-sale service	7		13		(6)
Reimbursement of reserve allowance for product guarantees	167		434		(267)
Reimbursement of doubtful allowances	—		126		(126)
Gain on sale of stocks in subsidiaries	39		—		39
Gain on sale of investment securities	—		3,648		(3,648)
Total other profit	382	0.1	4,255	1.3	(3,873)
Other loss:					
Loss on removal of fixed assets	851		1,301		(450)
Loss on sale of investment securities	—		27		(27)
Loss from revaluation on investment securities	7,746		14,784		(7,038)
Loss on revaluation of stock in subsidiaries	1,477		6,555		(5,078)
Loss on revaluation of capital in subsidiaries	242		—		242
Reserve for subsidiary support	1,264		12,429		(11,165)
Structural reform expenses	2,161		—		2,161
Total other loss	13,743	4.1	35,097	11.1	(21,354)
Income before income taxes and minority interests	8,857	2.6	(24,312)	(7.7)	33,169
Current income taxes (benefit)	100	0.0	100	0.0	—
Deferred income taxes (benefit)	1,051	0.3	915	0.3	136
Net income (loss)	7,706	2.3	(25,328)	(8.0)	33,034
Retained earnings at beginning of period	4,557		4,810		(253)
	869		—		869
Interim dividends	1,031		826		205
Retained earnings at end of period	¥12,101		¥ (21,344)		¥33,445

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

(3) Profit Appropriation

	Millions of yen	
	FY2003 (Apr. 1, 2002 – Mar. 31, 2003)	FY2002 (Apr. 1, 2001 – Mar. 31, 2002)
Retained earnings at end of year	¥12,101	¥(21,344)
Reversal of retained earnings		
Reversal of reserve for special depreciation	9	8
Reversal of reserve for advanced depreciation	393	254
Reversal for special account on replaced property	—	858
Reversal of general reserve	—	26,000
Total	12,503	5,775
Appropriation of earnings:		
Dividends	1,031	825
	(¥5 per share)	(¥4 per share)
Bonuses for directors	80	—
(Portion for auditors)	(12)	—
Reserve for advanced depreciation	330	392
Reserve for special account on replaced property	440	—
General reserve	6,200	—
Unappropriated earnings carried forward	4,421	4,557

Note: On December 10, 2002, the Company disbursed interim dividend with an aggregate value of ¥1,031,989,490 (¥5 per share.)