

YAMAHA CORPORATION

Flash Report Consolidated Basis

Results for the First Quarter of the Fiscal Year Ending March 31, 2009
(April 1, 2008—June 30, 2008)

August 1, 2008

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

Code number: 7951

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Stock listing: Tokyo Stock Exchange (First Section)

Scheduled date to submit Quarterly Securities Report: August 8, 2008

1. Results for the First Quarter of FY2009.3 (April 1, 2008—June 30, 2008)

Figures of less than ¥1 million have been omitted.

(1) Consolidated Operating Results (Accumulation)

(Percentage figures for the first quarter are changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income	
	Millions of yen	% change from the previous year	Millions of yen	% change from the previous year	Millions of yen	% change from the previous year
First quarter of FY2009.3	¥123,279	—%	¥5,623	—%	¥5,710	—%
First quarter of FY2008.3	¥135,161	6.7%	¥7,272	8.0%	¥7,503	(40.8)%

	Net income		Net income per share	Net income per share after full dilution
	Millions of yen	% change from the previous year	Yen	Yen
First quarter of FY2009.3	¥ 1,062	—%	¥ 5.26	¥—
First quarter of FY2008.3	¥23,245	131.9%	¥112.68	¥—

(2) Consolidated Financial Data

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First quarter of FY2009.3	¥519,041	¥332,977	63.5%	¥1,670.09
FY2008.3	¥540,347	¥343,028	62.9%	¥1,646.44

(For reference) Shareholders' equity: First quarter of FY2009.3 ¥329,432 million FY2008.3 ¥339,644 million

2. Dividends

Base date	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full fiscal year
	Yen	Yen	Yen	Yen	Yen
FY2008.3	¥—	¥25.00	¥—	¥25.00	¥50.00
FY2009.3	—	—	—	—	—
FY2009.3 (Forecast)	¥—	¥27.50	¥—	¥27.50	¥55.00

Note: Whether the dividend forecast under review has been revised: No

Breakdown of dividends for FY2008.3 and forecast for FY2009.3:

End of the interim period of FY2008.3

Regular dividend of ¥15.00, Special dividend of ¥10.00

End of the fiscal year of FY2008.3

Regular dividend of ¥15.00, Special dividend of ¥10.00

Forecast for the end of the second quarter of FY2009.3

Regular dividend of ¥17.50, Special dividend of ¥10.00

Forecast for the end of fiscal year of FY2009.3

Regular dividend of ¥17.50, Special dividend of ¥10.00

3. Consolidated Financial Forecasts for FY2009.3 (April 1, 2008—March 31, 2009)

(Percentage figures for full fiscal year are changes from the previous year, and those for the second quarter accumulation are changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income	
	Millions of yen	% change from the previous year	Millions of yen	% change from the previous year	Millions of yen	% change from the previous year
Second quarter accumulation of FY2009.3	¥256,000	— %	¥17,000	— %	¥16,500	— %
FY2009.3	¥533,000	(2.9)%	¥30,500	(7.1)%	¥28,500	(12.5)%

	Net income		Net income per share
	Millions of yen	% change from the previous year	Yen
Second quarter accumulation of FY2009.3	¥ 7,500	— %	¥37.49
FY2009.3	¥16,500	(58.3)%	¥83.02

Note: Whether the forecasts for consolidated figures under review have been revised: Yes

4. Others

(1) Changes in the state of material subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): None

(2) Whether the Company has adopted simplified accounting methods and/or special accounting treatment for the quarterly consolidated financial statements: Yes

Note: For further details, please refer to the item “(4) Others” on page 7 in the section of “Commentary Information and Financial Statements.”

(3) Changes in principles, procedures, methods of presentation, etc., related to the quarterly consolidated financial statements (Changes in material items that form the basis for the preparation and presentation of the quarterly consolidated financial statements)

(a) Changes accompanying revisions in accounting principles: Yes

(b) Changes other than those in (a) above: Yes

Note: For further details, please refer to the item “(4) Others” on page 8 in the section of “Commentary Information and Financial Statements.”

(4) Number of shares issued (common shares)

(a) Number of shares issued at the end of the period (including treasury stock)

First quarter of FY2009.3 197,255,025 shares

FY2008.3 206,524,626 shares

(b) Number of treasury stock at the end of the period

First quarter of FY2009.3 727 shares

FY2008.3 234,581 shares

(c) Average number of shares issued during the period (quarterly accumulation period)

First quarter of FY2009.3 202,139,877 shares

First quarter of FY2008.3 206,300,595 shares

* Explanation of the appropriate use of performance forecasts and other related items

Beginning with the first quarter of the current fiscal year, the “Accounting Standards for Quarterly Financial Statements” (Accounting Standards Board of Japan (ASBJ), ASBJ Statement No. 12, issued March 14, 2007) and the “Implementation Guidance for the Accounting Standards for Quarterly Financial Statements” (ASBJ, ASBJ Guidance No. 14, issued March 14, 2007) have been applied. In addition, the quarterly consolidated financial statements have been prepared following the “Rules for Quarterly Consolidated Financial Statements.”

Forecasts of consolidated performance shown on page 2 were prepared based on information available at the time of the forecast. Actual consolidated performance may differ from forecasts owing to a wide range of factors.

For further information, please refer to the item “(3) Commentary Information on Consolidated Financial Forecast” on page 7 in the section of “Commentary Information and Financial Statements.”

Commentary Information and Financial Statements

1. Consolidated Management Performance

During the first quarter of the fiscal year under review (FY2009.3), in the Japanese economy, corporate profitability came under pressure because of the combination of price increases in oil and other raw materials and the sharp appreciation of the yen against the U.S. dollar in comparison with the same period of the previous fiscal year. As a result, signs of a slowdown in capital expenditure appeared on the horizon, and the Japanese economy as a whole moved toward a downturn. In addition, the credit contraction in financial and capital markets, which came in the wake of the subprime loan issue in the United States, began to have an adverse impact on the real economy, and concerns mounted not only in the United States but also in the emerging economies regarding an economic slowdown.

Amid this operating environment, the Yamaha Group maintained the values it never compromises: namely, Putting the Customer First and Maintaining High Quality, and, in the second year of its current medium-term business plan, “YGP 2010 (Yamaha Growth Plan 2010): FY2008.3 to FY2010.3,” undertook aggressive initiatives to attain the objectives of YGP 2010.

The remainder of this section presents a qualitative discussion of Yamaha’s consolidated financial performance and cash flows for the first quarter of the current fiscal year, comparing performance with the same period of the prior fiscal year, based on financial data presented in “Overview of Consolidated Performance in the First Quarter of Fiscal Year Ending March 31, 2008,” which was submitted on August 1, 2007.

During the first quarter of the current fiscal year, sales declined ¥11.9 billion, or 8.8%, from the same quarter of the previous fiscal year, to ¥123.3 billion. Factors accounting for this decline included the sale of certain businesses in the electronic metal products segment and the recreation segment, which resulted in a decline in sales of approximately ¥6.8 billion, and foreign currency factors, which resulted in a decrease in sales of ¥4.8 billion.

Profitwise, operating income declined ¥1.6 billion compared with the same period of the previous fiscal year, to ¥5.6 billion. Ordinary income decreased ¥1.8 billion, to ¥5.7 billion. Since the Company reported an extraordinary gain in the same period of the previous fiscal year from the sale of a portion of its holdings in Yamaha Motor Co., Ltd., income before income taxes and minority interests for the quarter declined ¥29.9 billion from the same period of the previous fiscal year, to ¥5.5 billion. Net income for the first quarter of the current fiscal year declined to ¥1.1 billion, because of the increase in income taxes—deferred.

(1) Performance by Business Segment

Musical Instruments

Sales of musical instruments declined ¥0.8 billion, or 1.0%, from the same period of the previous fiscal year, to ¥81.2 billion. The principal factor accounting for this decrease was the negative impact of foreign currency movements, amounting to about ¥3.8 billion. After exclusion of this factor, sales on a real basis of this segment increased approximately ¥3.0 billion over the same period of the previous fiscal year.

By product, sales of pianos were below the same period of the previous fiscal year owing the overall decline in demand in the Japanese market and the weakening of market conditions in the North American market. However, sales of pianos held firm in the European market and the Asian markets (excluding Japan), including the Chinese market. In the digital musical instruments field, sales of synthesizers decreased in the North American market, sales of digital pianos, principally in overseas markets, increased. In addition, sales of professional audio equipment increased, led by sales of digital mixers. Guitar sales reported steady expansion.

Operating income for this segment declined ¥1.0 billion, or 13.8% from the same quarter of the previous fiscal year, to ¥6.2 billion. Factors accounting for this decline included a reduction in operating income of about ¥0.8 billion due to adverse foreign currency movements and an increase in selling, general and administrative expenses and other factors.

AV/IT

Sales of the AV/IT segment were down ¥1.4 billion, or 9.2% from the same period of the previous fiscal year, to ¥13.8 billion. Causes of this decrease included foreign currency movements, which reduced sales by about ¥0.9 billion. After exclusion of this foreign currency factor, the decline in sales on a real basis was about ¥0.5 billion from the same period of the previous fiscal year.

By product, in the audio area, sales of front-surround system products held firm, but sales of DVD players decreased. In addition, sales of online karaoke equipment for commercial use continued to decline.

The operating loss of the segment amounted to ¥0.5 billion, compared with an operating loss of ¥0.3 billion for the same period of the previous fiscal year.

Electronic Devices

Accompanying the sale of the electronic metal products business in the previous fiscal year, the name of the former electronic equipment and metal products segment has been changed to the electronic devices segment.

Sales of this segment decreased ¥6.9 billion, or 48.2% from the same period of the previous fiscal year, to ¥7.5 billion. Approximately ¥4.7 billion of this decline was accounted for by the sale of the electronic metal products business. After exclusion of this factor, sales of the electronic devices segment were down ¥2.2 billion from the same period of the previous fiscal year.

By product, sales of LSI sound chips for mobile phones declined owing to the drop in demand accompanying the ongoing shift to sound generation software, especially in the overseas market. Shipments of LSI sound chips for amusement equipment also declined.

The operating loss for this segment was ¥0.2 billion, compared with operating income of ¥0.5 billion for the same period of the previous fiscal year.

Lifestyle-Related Products

Sales of this segment decreased ¥1.0 billion, or 8.4% in comparison with the same period of the previous fiscal year, to ¥10.5 billion. Along with the continuing slump in new housing starts, sales of system kitchens equipped with artificial marble tops showed a slight decline, as well as sales of system bathrooms declined owing to more intense competition. To strengthen Yamaha's position in the market of home remodeling, which is expected to show growth going forward, Yamaha continued to expand its network of showrooms and further develop its distribution channels.

The operating loss of this segment was ¥0.6 billion for the first quarter of the current fiscal year, compared with an operating loss of ¥0.1 billion for the same period of the previous fiscal year.

Others

Following the sale of four of its six recreation facilities during the previous fiscal year, the results of the former recreation segment are now included in the others segment.

Sales of the others segment, after the realignment of the recreation business, were down ¥1.8 billion, or 14.8% from the same period of the previous fiscal year, to ¥10.3 billion. Causes of this decline were the sale of the four recreation facilities previously mentioned, which reduced sales by about ¥2.1 billion. After excluding this factor, sales of the segment were ¥0.3 billion higher than for the same period of the previous fiscal year.

By product, sales of "inpres" brand golf products continued to be robust, with sales expanding in Japan and overseas, but sales of automobile interior wood components for luxury cars decreased because of a weakening of market conditions. Sales of magnesium parts for digital cameras and other products were at approximately the same level as for the same period of the previous fiscal year.

Operating income amounted to ¥0.7 billion, compared with ¥31 million for the same period of the previous fiscal year.

(2) Performance by Geographical Segment

Sales in Japan amounted to ¥69.8 billion, representing a decline of 12.3% from the same period of the previous fiscal year. Operating income was ¥3.5 billion, a decline of 31.3%.

Sales in North America amounted to ¥16.6 billion, a decline of 14.2%, and operating income was ¥0.6 billion, representing a 0.2% decrease. In Europe, sales were ¥21.1 billion, down 1.4%, and operating income amounted to ¥0.9 billion, a decline of 21.5%. Sales in Asia, Oceania, and other areas amounted to ¥15.8 billion, an increase of 6.7% from the same period of the previous fiscal year, and operating income amounted to ¥2.8 billion, up 24.4%.

(3) Sales by Region

The ratio of overseas sales to total sales rose 2.5 percentage points compared with the same period of the previous fiscal year, to 46.2% for the quarter.

Japan

Sales in Japan decreased ¥9.8 billion, or 12.9% from the same period of the previous fiscal year, to ¥66.3 billion.

Sales declined in part because of the impact of the sales of the electronic metal products business and four of recreation facilities during the previous fiscal year. Other factors accounting for the decline included lower sales in the following and certain other categories: musical instruments, including pianos, online karaoke equipment for commercial use, semiconductors, and lifestyle-related products. However, sales of golf products and certain other items increased.

North America

Sales in North America decreased ¥2.8 billion, or 14.3%, to ¥16.6 billion.

Factors accounting for this decline were lower sales of pianos and synthesizers because of a deterioration in market conditions. After the exclusion of foreign currency effects, sales on a real basis posted a decline of about ¥0.4 billion.

Europe

Sales in Europe declined ¥0.3 billion, or 1.3%, to ¥21.5 billion.

Sales of pianos, digital pianos, and other musical instruments rose over the same period of the previous fiscal year, but sales of audio products declined. After the exclusion of foreign currency effects, sales on a real basis were at virtually the same level as during the same period of the previous fiscal year.

Asia, Oceania, and Other Areas

Sales in these areas increased ¥1.0 billion, or 5.4%, to ¥18.9 billion.

Sales of musical instruments continued to rise, principally in China and Latin America, but sales in Korea, which have driven expansion in overall sales in Asia (excluding Japan), declined because of the adverse impact of the appreciation of the yen against the won. After the exclusion of foreign currency effects, sales on a real basis rose approximately ¥3.1 billion.

2. Consolidated Financial Position

(1) Assets

Total assets declined ¥21.3 billion, or 3.9%, from the end of the previous fiscal year, to ¥519.0 billion.

Of this total, current assets decreased ¥26.5 billion, or 9.6%, to ¥249.2 billion. In addition, noncurrent assets increased ¥5.2 billion, or 2.0%, to ¥269.8 billion.

The decline in current assets was primarily due to lower cash and bank deposits and short-term investment securities (negotiable deposits), portions of which were used to pay corporate income taxes, purchase treasury stock, and for other uses. The increase in noncurrent assets was mainly due to an increase in the investment securities account accompanying the revaluation of other marketable securities.

(2) Liabilities

Liabilities decreased ¥11.3 billion, or 5.7% from the end of the previous fiscal year, to ¥186.1 billion.

Of this total, current liabilities declined ¥14.8 billion, or 12.3%, to ¥105.3 billion. On the other hand, noncurrent liabilities increased ¥3.6 billion, or 4.6%, to ¥80.7 billion.

The decline in current liabilities was primarily due to a drop in the income taxes payable account. The increase in noncurrent liabilities was primarily due to an increase in deferred taxes liabilities accompanying a revaluation of other marketable securities.

(3) Net Assets

Net assets decreased ¥10.1 billion, or 2.9%, from the end of the previous fiscal year, to ¥333.0 billion. Although total valuation and translation adjustments increased, as a result of the purchase and cancellation of treasury stock during the first quarter of the current fiscal year, retained earnings declined.

(4) Cash Flows

During the first quarter of the current fiscal year, cash and cash equivalents (hereinafter, cash) declined ¥25.1 billion compared with the same period of the previous fiscal year, to a balance of ¥65.6 billion at the end of the quarter.

Net Cash Provided by (Used in) in Operating Activities

Net cash used in operating activities amounted to ¥16.5 billion for the quarter, an increase of ¥11.0 billion from the same period of the previous fiscal year. This increase was due to an increase in payments for income taxes.

Net Cash Provided by (Used in) Investment Activities

Net cash used in investing activities was ¥1.9 billion for the quarter. The principal use of cash during the quarter was for purchases of property, plant and equipment. In the same quarter of the previous fiscal year, the Company had a cash inflow of ¥55.1 billion principally from the gain on sales of affiliated companies.

Net Cash Provided by (Used in) Financing Activities

Net cash used in financing activities was ¥22.3 billion, which represented an increase of ¥15.9 billion compared with the same period of the previous fiscal year. The principal uses of cash for financing activities were for the purchase of treasury stock and increase in payment of cash dividends.

3. Commentary Information on Consolidated Financial Forecast

Regarding the outlook for the second quarter accumulation period, compared with the previous forecast, the Company anticipates declines in total net sales and operating income. By business segment, the Company forecasts that sales in the musical instruments segment will be at approximately the level previously forecast, but that operating income will decline. Sales and operating income of the electronic devices, lifestyle-related products, and others segment are forecast to decrease. In addition, net income for the second quarter accumulation period is forecast to decline, in part because of an increase in income taxes—deferred.

Regarding the outlook for the full fiscal year also, compared with the previous forecast, the Company anticipates declines in total net sales and operating income. By business segment, the Company forecasts that sales of the musical instruments and AV/IT segments will be at approximately the levels previously forecast, but that operating income will decline. Sales and operating income of the electronic devices, lifestyle-related products, and the others segments are expected to decline.

Forecast for second quarter accumulation period of FY2009.3

Second quarter accumulation period of FY2009.3 (April 1, 2008—September 30, 2008)

	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
Previously announced forecast (A)	¥260,300	¥19,400	¥18,300	¥12,000	¥ 58.17
Revised forecast (B)	256,000	17,000	16,500	7,500	37.49
Change (B–A)	(4,300)	(2,400)	(1,800)	(4,500)	—
% change	(1.7)	(12.4)	(9.8)	(37.5)	—
Results from the previous term (Interim period of FY2008.3)	¥280,654	¥21,303	¥21,601	¥30,802	¥149.31

Forecast for FY2009.3

FY2009.3 (April 1, 2008—March 31, 2009)

	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
Previously announced forecast (A)	¥540,000	¥35,000	¥32,000	¥20,500	¥ 99.37
Revised forecast (B)	533,000	30,500	28,500	16,500	83.02
Change (B–A)	(7,000)	(4,500)	(3,500)	(4,000)	—
% change	(1.3)	(12.9)	(10.9)	(19.5)	—
Results from the previous term (FY2008.3)	¥548,754	¥32,845	¥32,584	¥39,558	¥191.76

Some portions of the content of this document are forward-looking statements that are based on forecasts and plans regarding future developments. Accordingly, actual results and performance may differ from the forecast presented here, depending on risks and uncertainty factors.

4. Others

- (a) Changes in the state of material subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): None
- (b) The adoption of simplified accounting methods and/or special accounting treatment for the quarterly consolidated financial statements:

Simplified accounting methods

1. Method for assessing the value of inventories

In calculating the value of inventories at the end of the first quarter, on-site inventory takings were omitted and the reasonable calculating methods based on the results of on-site inventory takings conducted at the end of the previous fiscal year are used. In addition, regarding the write-down of the value of inventories, the value of inventories that has been clearly losing their value to contribute to profitability, was estimated at their net sale value and their book value has been reduced to such net sales value.

2. Method for allocation of cost variance

In the case that cost variances arise as a result of the use of scheduled standard prices, etc., the allocation of such cost variances to inventories and cost of sales is determined using a simplified method involving comparisons with the annual accounts closing according to major products.

3. Method for calculating depreciation of noncurrent assets

Scheduled annual depreciation based on the budget, which takes into account the estimated amount of acquisition, sale, and disposal of noncurrent assets during the course of the year, is allocated proportionately to each accounting period.

4. Method for calculating income taxes and the deferred tax assets and liabilities

The amount of corporate income tax, etc., to be paid is calculated by limiting the items to be added and subtracted, and items to be deducted from the tax amount to material items.

In judging the possibility of recovering deferred tax assets, the future business forecasts and tax planning items that were used for making such judgments related to the previous fiscal year are used, since there was no major changes in the operating environment nor major temporary differences following the close of the previous consolidated fiscal year.

Special accounting treatment used in preparation of the quarterly consolidated financial statements: None

(c) Changes in principles, procedures, and methods of presentation, etc., in the preparation of the quarterly consolidated financial statements:

1. Beginning with the first quarter of the current fiscal year, the “Accounting Standards for Quarterly Financial Statements” (ASBJ, ASBJ Statement No. 12, issued March 14, 2007) and the “Implementation Guidance for the Accounting Standards for Quarterly Financial Statements” (ASBJ, ASBJ Guidance No. 14, issued March 14, 2007) have been applied. In addition, the quarterly consolidated financial statements have been prepared following the “Rules for Quarterly Consolidated Financial Statements.”

2. Application of Accounting Standards for Measurement of Inventories:

Beginning with the first quarter of the current fiscal year, accompanying the application of “Accounting Standards for Measurement of Inventories” (ASBJ Statement No. 9, issued by ASBJ on July 5, 2006), the method of measurement of inventories was changed from the lower of cost or market method to the cost method (method of reducing book value when the contribution of inventories to profitability declines). As a result, the effect on profit and loss was not material.

3. Application of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements:

Beginning with the first quarter of the current fiscal year, accompanying the application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Practical Issues Task Force No. 18, issued by ASBJ on May 17, 2006), necessary revisions have been made in consolidated financial statements. As a result, the effect on profit and loss was not material.

Please note that rights to the use of land at some overseas subsidiaries were included and presented in the item “land” until the end of the previous fiscal year. Such rights are now included in intangible assets and they amounted to ¥1,460 million at the end of the first quarter of the current fiscal year.

4. Early application of Accounting Standards for Lease Transactions:

Beginning with the first quarter of the current fiscal year, the “Accounting Standards for Lease Transactions” (ASBJ Statement No. 13, originally issued by ASBJ on June 17, 1993, and final revision issued on March 30, 2007) and “Implementation Guidance on Accounting Standards for Lease Transactions” (ASBJ Guidance No. 16, originally issued by ASBJ on January 18, 1994, and final revision issued on March 30, 2007) have been early applied. Under these standards, accounting treatment for finance leases for which ownership is not transferred to the lessee has been changed from methods applicable to ordinary rental transactions to methods applicable to ordinary buying and selling transactions.

In the case that the Company is the lessee in the lease transactions, the assets are entered on the balance sheets, and depreciation for such assets is calculated by depreciating the purchase value of such assets to zero over the applicable useful lives of such assets. Please note that for finance leases for which ownership was not transferred to the lessee and the lease transaction which began prior to the first year of the application of Accounting Standards for Lease Transactions, the account treatment follows the method applicable to ordinary rental transactions.

For lease transactions in the case that the Company is the lessor, the leased assets are entered under lease investment assets, and, regarding the accounting criteria for income related to finance lease transactions, sales and cost of sales are entered at the time the lease fees are received.

These changes in accounting methods did not have a material effect on profit (loss).

Supplementary Information

Beginning with the first quarter of the current fiscal year, accompanying revisions in Japan's income tax law in fiscal 2008, the Company and its domestic consolidated subsidiaries have reviewed the useful lives of their property, plant and equipment. As a result, the useful lives of machinery and equipment included among property, plant and equipment have been changed from the previous 4- to 11-year range to the 4- to 9-year range.

The effect of this change to the consolidated financial statements was not material.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	First quarter of FY2009.3 (as of June 30, 2008)	FY2008.3 (as of March 31, 2008)
ASSETS		
Current assets		
Cash and deposits	¥ 51,517	¥ 73,619
Notes and accounts receivable—trade	72,123	68,680
Short-term investment securities	16,000	31,200
Merchandise and finished goods	58,302	50,699
Work in process	16,586	16,150
Raw materials and supplies	10,630	9,453
Other	27,664	29,504
Allowance for doubtful accounts	(3,616)	(3,554)
Total current assets	249,210	275,754
Noncurrent assets		
Buildings and structures, net	42,829	42,602
Machinery, equipment and vehicles, net	18,717	18,594
Tools, furniture and fixtures, net	11,617	13,115
Land	59,645	61,134
Lease assets, net	478	—
Construction in progress	4,592	4,129
Total property, plant and equipment	137,880	139,575
Intangible assets	4,004	2,471
Investment securities	115,164	109,943
Other	13,673	13,505
Allowance for doubtful accounts	(892)	(904)
Total investments and other assets	127,946	122,544
Total noncurrent assets	269,831	264,592
Total assets	¥519,041	¥540,347
LIABILITIES		
Current liabilities		
Notes and accounts payable—trade	¥ 37,866	¥ 35,017
Short-term loans payable	16,803	14,419
Current portion of long-term loans payable	3,942	4,472
Account payables-other and accrued expenses	31,470	41,443
Income taxes payable	2,371	14,916
Provision	3,830	3,973
Other	9,048	5,931
Total current liabilities	105,332	120,174
Noncurrent liabilities		
Long-term loans payable	2,174	2,145
Provision for retirement benefits	25,709	25,311
Other	52,847	49,687
Total noncurrent liabilities	80,731	77,144
Total liabilities	¥186,064	¥197,318

(Millions of yen)

	First quarter of FY2009.3 (as of June 30, 2008)	FY2008.3 (as of March 31, 2008)
NET ASSETS		
Shareholders' equity		
Capital stock	¥ 28,534	¥ 28,534
Capital surplus	40,054	40,054
Retained earnings	207,923	229,307
Treasury stock	(1)	(326)
Total shareholders' equity	276,511	297,570
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	54,199	48,945
Deferred gains or losses on hedges	(512)	207
Revaluation reserve for land	14,861	14,861
Foreign currency translation adjustments	(15,627)	(21,940)
Total valuation and translation adjustments	52,921	42,074
Minority interests	3,544	3,383
Total net assets	332,977	343,028
Total liabilities and net assets	¥519,041	¥540,347

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

(2) Consolidated Statements of Operations

(Millions of yen)

	First quarter of FY2009.3 (April 1, 2008–June 30, 2008)
Net sales	¥123,279
Cost of sales	77,395
Gross profit	45,883
Selling, general and administrative expenses	40,260
Operating income	5,623
Non-operating income	
Interest income	300
Dividends income	546
Other	533
Total non-operating income	1,381
Non-operating expenses	
Sales discounts	874
Other	419
Total non-operating expenses	1,293
Ordinary income	5,710
Extraordinary income	
Gain on sale of noncurrent assets	28
Reversal of allowance for doubtful accounts	32
Other	5
Total extraordinary income	65
Extraordinary loss	
Loss on retirement of noncurrent assets	148
Special retirement expenses	94
Other	38
Total extraordinary losses	281
Income before income taxes and minority interests	5,494
Income taxes—current	1,094
Income taxes—deferred	3,254
Total income taxes	4,348
Minority interests in income	83
Net income	¥ 1,062

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

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	First quarter of FY2009.3
	(April 1, 2008–June 30, 2008)
Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	¥ 5,494
Depreciation and amortization	4,341
Decrease (increase) in notes and accounts receivable—trade	(786)
Decrease (increase) in inventories	(5,187)
Decrease (increase) in notes and accounts payable—trade	614
Income taxes paid	(13,554)
Other, net	(7,409)
Net cash provided by (used in) operating activities	<u>(16,487)</u>
Net cash provided by (used in) investment activities	
Purchases of property, plant and equipment	(4,377)
Proceeds from sales of property, plant and equipment	148
Purchase of stock of subsidiaries and affiliates	(460)
Purchases of investment securities	(8)
Proceeds from sales and redemption of investment securities	3,000
Other, net	(240)
Net cash provided by (used in) investment activities	<u>(1,938)</u>
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	1,973
Proceeds from long-term loans payable	88
Repayment of long-term loans payable	(770)
Purchases of treasury stock	(18,003)
Cash dividends paid	(5,157)
Other, net	(393)
Net cash provided by (used in) financing activities	<u>(22,262)</u>
Effect of exchange rate change on cash and cash equivalents	<u>2,120</u>
Net increase (decrease) in cash and cash equivalents	<u>(38,569)</u>
Cash and cash equivalents at beginning of period	103,371
Increase in cash and cash equivalents from newly consolidated subsidiaries	947
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(129)
Cash and cash equivalents at end of period	<u>¥ 65,620</u>

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

Beginning with the first quarter of the current fiscal year, the “Accounting Standards for Quarterly Financial Statements” (ASBJ, ASBJ Statement No. 12, issued March 14, 2007) and the “Implementation Guidance for the Accounting Standards for Quarterly Financial Statements” (ASBJ, ASBJ Guidance No. 14, issued March 14, 2007) have been applied. In addition, the quarterly consolidated financial statements have been prepared following the “Rules for Quarterly Consolidated Financial Statements.”

(4) Notes Regarding Assumptions as a Going Concern

None

(5) Segment Information

(a) Business Segments

First quarter of FY2009.3 (April 1, 2008—June 30, 2008)

(Millions of yen)

	Musical instruments	AV/IT	Electronic devices	Lifestyle-related products	Others	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥81,202	¥13,845	¥7,466	¥10,464	¥10,301	¥123,279	¥ —	¥123,279
Intersegment sales or transfers			241			241	(241)	
Total sales	¥81,202	¥13,845	¥7,708	¥10,464	¥10,301	¥123,521	¥(241)	¥123,279
Operating income (loss)	¥ 6,208	¥ (519)	¥ (170)	¥ (573)	¥ 678	¥ 5,623	¥ —	¥ 5,623

Notes:

1. Business segments:

Segments are 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 in 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, Musical entertainment software, and Piano tuning
AV/IT	Audio products, Information and telecommunication equipment
Electronic Devices	Semiconductors
Lifestyle-Related Products	System kitchens, System bathrooms, Washstands
Others	Golf products, Automobile interior wood components, Factory automation equipment, Metallic molds and components, Recreation and sports facilities

3. Changes in segment names:

During the previous fiscal year, the Company sold its electronic metal products business, and beginning with the first quarter of the current fiscal year, the name of the former electronic equipment and metal products segment has been changed to the electronic devices segment.

4. Supplementary information (changes in business segment classification):

During the previous fiscal year, the Company sold four of its six recreation facilities, and, in view of the decline in materiality of the recreation business for the Company's consolidated accounts, beginning with the first quarter of the current fiscal year, changes have been made to include the recreation business in the others segment. As a result, the others segment includes ¥1,806 million in sales and ¥156 million in operating income of the recreation business for the quarter under review.

(b) Geographical Segments

First quarter of FY2009.3 (April 1, 2008—June 30, 2008)

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania and other areas	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥ 69,765	¥16,615	¥21,116	¥15,781	¥123,279	¥ —	¥123,279
Intersegment sales or transfers	38,280	408	315	17,610	56,614	(56,614)	
Total sales	¥108,045	¥17,024	¥21,431	¥33,392	¥179,894	¥(56,614)	¥123,279
Operating income	¥ 3,546	¥ 584	¥ 875	¥ 2,760	¥ 7,766	¥ (2,143)	¥ 5,623

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

(c) Overseas Sales

First quarter of FY2009.3 (April 1, 2008—June 30, 2008)

(Millions of yen)

	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales	¥16,607	¥21,494	¥18,885	¥ 56,987
Net sales				123,279
% of net sales	13.5%	17.4%	15.3%	46.2%

Note: The classification of countries and regions and the principal countries and regions in each classification are the same as for information by geographical segment.

(6) Notes Regarding Any Major Change in the Amount of Consolidated Shareholders' Equity

First quarter of FY2009.3 (April 1, 2008—June 30, 2008)

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2008	¥28,534	¥40,054	¥229,307	¥ (326)	¥297,570
Changes during the first quarter of the current fiscal year					
Dividends from surplus			(5,157)		(5,157)
Net income for the period			1,062		1,062
Purchase of treasury stock* ¹				(18,003)	(18,003)
Cancellation of treasury stock* ²			(18,328)	18,328	—
Other			1,039		1,039
Total changes during the first quarter of the current fiscal year	—	—	(21,383)	324	(21,058)
Balance at the end of the first quarter of the current fiscal year (June 30, 2008)	¥28,534	¥40,054	¥207,923	¥ (1)	¥276,511

Notes:

1. Based on a decision by the Company's Board of Directors on April 30, 2008, the Company purchased treasury stock from the market in May and June 2008 amounting to ¥17,999 million.
2. Based on a decision by the Company's Board of Directors on June 19, 2008, the treasury stock was cancelled on June 30, 2008.

(Supplementary Information)

(1) Summary of Consolidated Statements of Operations

(Millions of yen)

	First quarter of FY2008.3 (April 1, 2007–June 30, 2007)
I Net sales	¥135,161
II Cost of sales	85,928
Deferred unrealized profit	0
Total gross profit	49,234
III Selling, general and administrative expenses	41,961
Operating income	7,272
IV Non-operating income	1,447
V Non-operating expenses	1,215
Ordinary income	7,503
VI Extraordinary income	
Gain on sales of stocks of affiliates	27,781
Other extraordinary income	326
Total extraordinary income	28,107
VII Extraordinary loss	249
Income before income taxes and minority interests	35,362
Current income taxes	22,895
Deferred income taxes	(10,931)
Minority interests	152
Net income	¥ 23,245

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

(2) Summary of Consolidated Statements of Cash Flows

(Millions of yen)

	First quarter of FY2008.3 (April 1, 2007–June 30, 2007)
I Cash flows from operating activities	
Income before income taxes and minority interests	¥35,362
Depreciation and amortization	5,594
Gain on sales of stocks of affiliates	(27,781)
Increase in notes and accounts receivable—trade	(314)
Increase in inventories	(6,045)
Increase in notes and accounts payable—trade	2,051
Income taxes paid	(4,699)
Other, net	(9,633)
Net cash used in operating activities	(5,465)
II Cash flows from investing activities	
Purchases of noncurrent assets	(6,013)
Proceeds from sales of noncurrent assets	238
Proceeds from sales of investments in subsidiaries and affiliates	62,508
Other, net	(1,624)
Net cash used in investing activities	55,109
III Cash flows from financing activities	
Increase in short-term loans	5,386
Decrease in long-term debt	(929)
Cash dividends paid	(2,578)
Other, net	(8,268)
Net cash used in financing activities	(6,389)
IV Effect of exchange rate changes on cash and cash equivalents	1,642
V Net increase in cash and cash equivalents	44,896
VI Cash and cash equivalents at beginning of the year	45,926
VII Increase due to inclusion of subsidiaries in consolidation	41
VIII Decrease due to exclusion of subsidiaries from consolidation	(108)
IX Cash and cash equivalents at end of period	¥90,755

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

(3) Segment Information

(a) Business Segments

First quarter of FY2008.3 (April 1, 2007—June 30, 2007)

(Millions of yen)

	Musical instruments	AV/IT	Electronic equipment and metal products	Lifestyle-related products	Recreation	Others	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥81,995	¥15,244	¥14,400	¥11,425	¥3,971	¥8,124	¥135,161	¥ —	¥135,161
Intersegment sales or transfers			365				365	(365)	
Total sales	81,995	15,244	14,766	11,425	3,971	8,124	135,526	(365)	135,161
Operating expenses	74,796	15,583	14,287	11,522	4,403	7,661	128,254	(365)	127,889
Operating income (loss)	¥ 7,198	¥ (339)	¥ 478	¥ (96)	¥ (432)	¥ 463	¥ 7,272	¥ —	¥ 7,272

Note: Business segments: Segments are divided into the categories of musical instruments, AV/IT, electronic equipment and metal products, lifestyle-related products, recreation, and others based on consideration of similarities of product type, characteristics, and market, etc.

(b) Geographical Segments

First quarter of FY2008.3 (April 1, 2007—June 30, 2007)

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania and other areas	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥ 79,580	¥19,369	¥21,415	¥14,796	¥135,161	¥ —	¥135,161
Intersegment sales or transfers	40,347	234	302	17,643	58,527	(58,527)	
Total sales	119,928	19,603	21,717	32,440	193,689	(58,527)	135,161
Operating expenses	114,764	19,018	20,602	30,221	184,607	(56,718)	127,889
Operating income	¥ 5,163	¥ 585	¥ 1,115	¥ 2,218	¥ 9,081	¥ (1,809)	¥ 7,272

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

(c) Overseas Sales

First quarter of FY2008.3 (April 1, 2007—June 30, 2007)

(Millions of yen)

	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales	¥19,385	¥21,769	¥17,912	¥ 59,067
Net sales				¥135,161
% of net sales	14.3%	16.1%	13.3%	43.7%

Note: The classification of countries and regions and the principal countries and regions in each classification are the same as for information by geographical segment.