

YUHOREPORT

YAMADA DENKI CO., LTD.

Fiscal Year Ended	March 31, 2007
Traded	TSE1
Stock Code	9831

This report is based on the Company's Japanese-language annual filing with the Financial Services Agency and supplemented with materials that facilitate comparison with the Company's peers. The materials from the annual filing with the Financial Services Agency have been edited and reorganized in a format more familiar to the international investment community. All information contained in this report has been obtained from sources believed to be reliable, but the accuracy of the data and the translation and the completeness and timeliness of the information are not warranted by the Company, Pacific Associates, or PRONEXUS. None of the above parties shall be responsible for any error or omission or for results obtained from the use of this information.

Table of Contents

COMPANY PROFILE	3
Financial highlights.....	3
Peer comparisons	4
Common size statements.....	5
BUSINESS OVERVIEW	6
Description of business	6
Group companies.....	7
History	8
Risk factors	9
Analysis of financial condition and results of operations	10
Corporate governance	12
Directors.....	15
Employees	16
CASH FLOWS	17
Consolidated statement of cash flows	17
Capital expenditure plans.....	19
Dividend policy	20
OPERATIONS	21
Consolidated statement of income.....	21
Consolidated statement of changes in net assets	22
Results of operations	24
Sales	25
Sales per unit	25
Leases.....	26
CAPITAL STRUCTURE	27
Consolidated balance sheet.....	27
NONCONSOLIDATED FINANCIAL STATEMENTS	30
Nonconsolidated statement of income.....	30
Nonconsolidated balance sheet.....	32
SHARE-RELATED INFORMATION	36

YUHOREPORT is a trademark of Pacific Associates and PRONEXUS.

The translation is copyrighted by Pacific Associates.

Company Profile

Financial highlights

Years ended March 31; Millions of yen	2003	2004	2005	2006	2007	Change 2007/2003
Consolidated						
Net sales	793,829	939,137	1,102,390	1,283,961	1,443,661	182%
Ordinary profit	18,290	30,652	48,186	62,614	71,747	392%
Net income	5,593	19,168	28,819	37,027	43,420	776%
Net assets	127,977	146,738	175,219	250,122	299,536	234%
Total assets	306,877	328,406	376,544	461,275	550,439	179%
Net assets per share (Yen)	1,535.14	1,759.94	2,097.26	2,658.33	3,103.86	202%
Net income per share (Yen)	66.21	228.74	344.36	421.18	458.78	693%
Net income per share, fully diluted (Yen)	57.06	197.18	297.41	381.94	449.29	
Net cash provided by (used in) operating activities	10,400	(13,682)	40,115	32,091	48,358	465%
Net cash provided by (used in) investing activities	(39,638)	(14,116)	(28,248)	(73,853)	(52,325)	
Net cash provided by (used in) financing activities	57,986	(1,179)	5,377	34,114	13,827	24%
Cash and cash equivalents, end of fiscal year	47,799	19,662	37,857	29,844	41,029	86%
Employees	4,915	5,276	5,848	6,447	7,072	144%
Parent						
Net sales	753,208	921,997	1,072,677	1,264,235	1,419,629	188%
Ordinary profit	22,334	25,335	38,696	56,691	66,137	296%
Net income	10,415	12,857	21,091	32,045	38,410	369%
Common stock	46,053	46,053	46,375	66,240	68,930	150%
Shares outstanding	83,316	83,316	83,492	94,056	95,482	115%
Net assets	133,126	145,206	166,005	235,864	277,124	208%
Total assets	284,496	305,288	346,586	427,565	513,068	180%
Equity / assets (%)	46.7	47.6	47.9	55.2	54.0	
Net assets per share (Yen)	1,596.93	1,741.74	1,987.03	2,506.78	2,902.67	182%
Dividends per share (Yen)	8.00	12.00	21.00	25.00	29.00	363%
Net income per share (Yen)	124.09	153.19	251.77	364.39	405.84	327%
Net income per share, fully diluted (Yen)	106.95	132.06	217.44	330.44	397.45	
Dividend payout ratio (%)	6.4	7.8	8.3	7.3	7.1	
Employees	4,168	4,387	4,779	5,364	5,890	141%

Peer comparisons

Percent	2003	2004	2005	2006	2007
Net income / net sales (%)	0.7	2.0	2.6	2.9	3.0
Peers	(1.5)	1.2	0.5	1.7	1.5
Ordinary profit / net sales (%)	2.3	3.3	4.4	4.9	5.0
Peers	0.2	2.0	2.5	3.3	2.7
Net income / assets (%)	1.8	5.8	7.7	8.0	7.9
Peers	(2.3)	1.8	0.4	1.2	0.8
Ordinary profit / assets (%)	6.0	9.3	12.8	13.6	13.0
Peers	0.8	4.1	4.5	5.2	2.8
Equity / assets (%)	41.7	44.7	46.5	54.2	54.4
Peers	34.2	33.0	34.2	37.2	34.3
Net income / equity (%)	4.4	13.1	16.4	14.8	14.5
Peers	(4.0)	7.3	4.4	5.4	4.0

Peers include EDION (2730), BIC CAMERA (3048), Nojima (7419), Kojima (7513), T-ZONE (8073), Joshin Denki (8173), Best Denki (8175), Laox (8202) and K'S Holdings (8282).

Common size statements

Years ended March 31; Percent	Consolidated			Parent		
	2005	2006	2007	2005	2006	2007
Balance sheet						
Assets	100.0	100.0	100.0	100.0	100.0	100.0
Current assets	51.5	46.4	47.7	50.9	44.5	46.0
Tangible fixed assets	27.9	34.6	32.7	26.5	34.4	32.5
Intangible fixed assets	0.5	0.6	0.5	0.4	0.5	0.4
Investments and other assets	20.1	18.4	19.1	22.2	20.6	21.1
Total fixed assets	48.5	53.6	52.3	49.1	55.5	54.0
Liabilities and net assets	100.0	100.0	100.0	100.0	100.0	100.0
Current liabilities	31.6	28.7	30.0	30.9	28.7	30.6
Long-term liabilities	21.3	16.5	15.6	21.2	16.1	15.4
Total liabilities	52.9	45.2	45.6	52.1	44.8	46.0
Minority interests in consolidated companies	0.6	0.6	-			
Shareholders' equity						
Common stock	12.3	14.4	-	13.4	15.5	-
Capital surplus	12.3	14.3	-	13.4	15.5	-
Retained earnings	21.9	25.5	-	21.1	24.2	-
Unrealized gains or losses on other securities	0.0	0.0	-	0.0	0.0	-
Treasury stock	(0.0)	(0.0)	-	(0.0)	(0.0)	-
Total shareholders' equity	46.5	54.2	-	47.9	55.2	-
Net assets						
Common stock	-	-	12.5	-	-	13.4
Capital surplus	-	-	12.5	-	-	13.4
Retained earnings	-	-	28.8	-	-	27.2
Treasury stock	-	-	(0.0)	-	-	(0.0)
Total shareholders' equity	-	-	53.8	-	-	54.0
Unrealized gains or losses on other securities	-	-	0.0	-	-	0.0
Total valuation/translation gains (losses)	-	-	0.0	-	-	0.0
Minority interests in consolidated companies	-	-	0.6			
Total net assets	-	-	54.4	-	-	54.0
Statement of income						
Net sales	100.0	100.0	100.0	100.0	100.0	100.0
Cost of goods sold	79.0	77.8	76.9	81.6	80.1	79.1
Gross profit on sales	21.0	22.2	23.1	18.4	19.9	20.9
Selling, general and administrative expenses	18.4	18.3	19.2	16.1	16.4	17.2
Operating income	2.6	3.9	3.9	2.3	3.5	3.7
Nonoperating income	1.9	1.1	1.2	1.4	1.0	1.1
Nonoperating expenses	0.1	0.1	0.1	0.1	0.0	0.1
Ordinary profit	4.4	4.9	5.0	3.6	4.5	4.7
Extraordinary income	0.0	0.0	0.0	0.0	0.1	0.0
Extraordinary losses	0.3	0.1	0.1	0.2	0.2	0.1
Income before taxes and other adjustments	4.1	4.8	4.9	3.4	4.4	4.6
Taxes	1.5	1.9	1.9	1.4	1.9	1.9
Minority interest in losses (income) of consolidated companies	(0.0)	(0.0)	(0.0)			
Net income	2.6	2.9	3.0	2.0	2.5	2.7

Business Overview

Description of business

The corporate Group consists of the Company, 17 major subsidiaries, and 2 affiliates and also includes franchisee-operated stores. The Group's principal business is selling household electrical appliances and personal computers and other information-related products.

A subsidiary, Minami Kyushu Yamada Electric, Co., Ltd., sells merchandise that it procures from the Company.

A subsidiary, Kansai Yamada Denki Co., Ltd., sells merchandise that it procures from the Company.

A subsidiary, Daikuma Co., Ltd., sells merchandise that it procures from the Company.

A subsidiary, Okinawa Yamada Denki Co., Ltd., sells merchandise that it procures from the Company.

A subsidiary, Yamada Broadband Corporation, sells merchandise that it procures from the Company.

A subsidiary, CIC Co., Ltd., assumes responsibility for disposing of electrical appliances and other industrial waste that the Company's stores collect from customers.

A subsidiary, CLIMB ENTERTAINMENT CO., LTD., delivers and installs products sold by the Company to its customers.

A subsidiary, KOUZIRO Co., Ltd., manufactures computers and peripherals, which it sells to the Company.

A subsidiary, Inversenet Co., Ltd., manufactures communications and electrical equipment, which it sells to the Company.

A subsidiary, LEGAL UNITED TRUSTEES CO., LTD., brokers real estate transactions for the Company and negotiates rents on the Company's behalf.

A subsidiary, Yamada Housing Co., Ltd., conducts building repairs and renovations on behalf of the Company.

An affiliate, Tokai Tecc Land Co., Ltd., sells merchandise that it procures from the Company.

A subsidiary, Cosmos Berry's Co., Ltd., sells merchandise that it procures from the Company.

A subsidiary, Chushikoku Tecc Land Co., Ltd., sells merchandise that it procures from the Company.

A subsidiary, Yamada Financial Co., Ltd., consigns credit card agency to the Company.

A subsidiary, TESS Co., Ltd., delivers and installs products sold by the Company to its customers.

A subsidiary, Tecc Site Co., Ltd., sells merchandise that it procures from the Company.

An affiliate, Kyushu Tecc Land Co., Ltd., sells merchandise that it procures from the Company.

A subsidiary, Gunma Sogo Setsubi Co., Ltd. undertakes construction installation of air-conditioning systems and electrical fittings and fixtures for the Company on a contract basis.

The franchisee-operated stores sell merchandise that they procure from the Company.

Group companies

Name	Operations	Common stock Millions of yen	Percent ownership
(Consolidated subsidiaries)			
Minami Kyushu Yamada Electric, Co., Ltd.	Retailing of home electrical appliances and personal computers and other information-related equipment	100	60.0
Kansai Yamada Denki Co., Ltd.	Retailing of home electrical appliances and personal computers and other information-related equipment	10	67.5
Daikuma Co., Ltd.	Retailing of home electrical appliances and personal computers and other information-related equipment	4,243	94.9
Okinawa Yamada Denki Co., Ltd.	Retailing of home electrical appliances and personal computers and other information-related equipment	100	100.0
Chushikoku Tecc Land Co., Ltd.	Retailing of home electrical appliances and personal computers and other information-related equipment	100	55.0
Cosmos Berry's Co., Ltd.	Retailing of home electrical appliances and personal computers and other information-related equipment	100	51.0
CIC Co., Ltd.	Disposal of industrial waste products and wholesaling of imported products	81	84.6
CLIMB ENTERTAINMENT CO., LTD.	Delivery and installation of products	10	70.0
Inversenet Co., Ltd.	Manufacturing and wholesaling of telecommunications equipment and electrical appliances to the Company	122	77.1
KOUZIRO Co., Ltd.	Wholesaling of computers and peripherals to the Company	524	81.6

History

Year	Month	Event
1983	September	Company established. Maebashi Minami Store opened, and full-scale development of retail chain begun.
1984	March	Distribution Center opened in Asakura-cho, Maebashi-shi, to strengthen and improve distribution department efficiency.
1985	April	Fukaya Store, the Company's first store outside its prefecture of origin, opened in Fukaya-shi, Saitama Prefecture. Distribution Center expanded simultaneously to accommodate multi-branch operation and to reinforce the distribution department.
1986	May	POS system introduced in all stores, and large general-purpose computer installed to enable instantaneous gathering of financial and customer-related information.
	July	First franchised store opened in Saku-shi, Nagano Prefecture. With this move, development of a franchise chain initiated.
1987	May	Merger completed with Yamada Denki Co., Ltd. (established June 1, 1978) on a 1:100 basis to change the par value of the Company's stock.
	December	Construction of headquarters building completed in Hiyoshi-cho, Maebashi-shi. Corporate headquarters moved into new building. Tecc Land Headquarters Store, the Company's first large-scale comprehensive electrical appliance store (core store), opened simultaneously on the first floor of the building. With this move, implementation of a "core-store" strategy commenced.
1988	March	A&V Bics Takasaki Store, a specialty store dealing in audio visual products, opened. Rings Takasaki Store, a rental shop dealing in video and compact disk software, opened simultaneously on the same site. With this move, development of a combined specialty store/rental shop strategy commenced.
1989	March	Company's shares registered for OTC trading with the Securities Dealers Association of Japan.
1990	September	A&V Bics Takasaki Store converted into a personal computer specialty store. Development of Computer Kan stores begun.
1991	February	With the dissolution of franchisee relationships, 10 former franchise stores converted into Company-operated outlets.
	March	Tecc-Information System Co., Ltd., an affiliated company engaged in computer-related development and sales, established. (Liquidated in September 2001.)
1992	July	Tecc Land Miyazaki Store, the Company's first store in Kyushu, opened in Miyazaki-shi, Miyazaki Prefecture.
1993	December	Tecc Land Shibukawa Store in Shibukawa-shi, Gunma Prefecture, converted into a Company-operated store.
1995	October	Tecc Land Sendai Izumi Store, the Company's first store in the Tohoku region, opened in Izumi-ku, Sendai-shi, Miyagi Prefecture.
1997	February	Tecc Land Nisshin Store, the Company's first store in the Chubu region, opened in Nisshin-shi, Aichi Prefecture.
	June	CIC Co., Ltd. established as an affiliated company engaged in the processing and recycling of industrial waste.
	July	Tecc Land Okayama Store, the Company's first store in the Chugoku/Shikoku region, opened in Okayama-shi, Okayama Prefecture.
	December	Minami Kyushu Yamada Denki Co., Ltd. established as an affiliated company in Kagoshima-shi, Kagoshima Prefecture.
1998	September	Tecc Land Himeji Store, the Company's first store in the Kinki district, opened.
2000	September	Company's shares listed on the First Section of the Tokyo Stock Exchange.

Year	Month	Event
2001	April	Tecc Land Teine, the Company's first store in Hokkaido, opened in Sapporo.
	July	Okinawa Yamada Denki Co., Ltd., an affiliated company, established in Ginowan, Okinawa Prefecture.
	September	Joint venture Kansai Yamada Denki Co., Ltd. established with Wakodenki Co., Ltd. (The name of this affiliate changed from Wako Yamada Denki Co., Ltd. effective May 25, 2004.)
2002	February	Equity position purchased in YST Japan Co., Ltd., which became an affiliated company.
	April	Yamada Broadband Corporation, an affiliated company, established in Maebashi, Gunma Prefecture.
	May	Equity investment made in Yamada Capital Holdings Co., Ltd., an affiliated company. Shares in Daikuma Co., Ltd., an affiliated company, acquired.
2003	January	Equity investment made in CLIMB ENTERTAINMENT CO., LTD. (an affiliated company). LEGAL UNITED TRUSTEES CO., LTD., an affiliated company, established in Fukuoka, Fukuoka Prefecture.
	December	Equity investment made in Inversenet Co., Ltd., an affiliated company.
2004	January	Equity investment made in KOUZIRO Co., Ltd., an affiliated company. (The name of this affiliate changed from Kouziro Co., Ltd., effective June 1, 2004.)
2005	February	Yamada Housing Co., Ltd. established in Maebashi, Gunma Prefecture. Company becomes Japan's first large-scale specialized retailer to achieve sales of 1 trillion yen.
	July	Company becomes first large-volume electrical appliance retailer to complete nationwide expansion. Tokai Tecc Land Co., Ltd., an affiliate, established in Fuji, Shizuoka Pref.
	September	Cosmos Berry's Co., Ltd., an affiliate, established in Nagoya, Aichi Pref.
	November	Chushikoku Tecc Land Co., Ltd., an affiliate, established in Maebashi, Gunma Pref.
2006	March	Company absorbs Yamada Capital Holdings Co., Ltd. through a merger.
	June	Yamada Financial Co., Ltd., an affiliate, established in Maebashi, Gunma Pref.
	July	Equity investment made in TESS Co., Ltd., an affiliated company. Tecc Site Co., Ltd., an affiliate, established in Maebashi, Gunma Pref.
2007	January	Kyushu Tecc Land Co., Ltd., an affiliate, established in Kagoshima, Kagoshima Pref.
	February	Equity investment made in Gunma Sogo Setsubi Co., Ltd., an affiliated company.

(As of the end of the fiscal year, there were 338 stores in operation.)

Risk factors

(1) Impact of expanded regional coverage on financial performance

As of the end of March 2007, the Company had 338 outlets in 47 prefectures. It plans to expand its total store space and regional coverage further in order to increase its market share. This will add to the Company's expenses and expose it to intense competition from established retailers in the various regional markets.

When choosing new store locations, the Company will carefully consider such factors as rental costs, guarantee deposits, local competition and market size, but any delay or change in its plans could impact its operating results.

(2) Regulations regarding store openings

The Large-Scale Retail Stores Location Law implemented on June 1, 2000, provides for local governments to regulate the establishment of stores with floor space exceeding 1,000 square meters or expansions of existing stores that increase floor space to more than 1,000 square meters. An environmental impact survey must be conducted before application is made to open a new store, and delays in completing such surveys could cause postponement of store openings.

(3) Regulations related to “Designation of Specific Unfair Trade Practices by Large-Scale Retailers Relating to Trade with Suppliers”

On November 1, 2005, in accordance with provisions of the Antimonopoly Act, the government announced its “Designation of Specific Unfair Trade Practices by Large-Scale Retailers Relating to Trade with Suppliers,” a set of rules prohibiting certain practices related to transactions between large-scale retailers and their suppliers. Henceforth, the trade practices of large-volume electrical appliance retailers will be affected by these regulations.

*Analysis of financial condition and results of operations***Analysis of financial condition**

(Current assets)

Total current assets at the fiscal year-end amounted to 262,775 million yen, an increase of 48,841 million yen compared with a year earlier. This mainly reflected increases in cash and deposits (up 11,117 million yen), notes and accounts receivable (up 7,702 million yen) and inventories (up 11,884 million yen). A major contributing factor was the opening of 41 new stores, including the Company’s second outlet with a new large-scale city-center format in February 2007 (store openings typically produce high initial sales and require higher-than-normal inventory stocking, particularly of big-ticket items such as LCD TVs, plasma TVs and washing machines with dryer). Other current assets were also significantly higher, due mainly to other receivables (up 17,142 million yen).

(Fixed assets)

Total fixed assets at the fiscal year-end amounted to 287,663 million yen, an increase of 40,322 million yen compared with a year earlier. This reflected factors such as increased investments in buildings and structures (up 15,043 million yen) and higher guarantee deposits (up 16,273 million yen). The main contributing factor was capital

investments in new stores. Other factors that boosted fixed assets included construction in progress (up 1,923 million yen) and deferred tax assets (up 1,123 million yen).

(Current liabilities)

Total current liabilities at the fiscal year-end were 165,075 million yen, an increase of 32,776 million yen over a year earlier. This mainly reflected an increase in notes and accounts payable (up 23,272 million yen) due to higher sales and ongoing network expansion. A decrease in the allowance for customer-discount points (down 1,338 million yen) also occurred due to the use of “point-redemption sales” during peak shopping seasons as part of the Company’s sales promotion strategy. This boosted point usage, resulting in reduced provisions due to a lower year-end outstanding point balance.

(Long-term liabilities)

Total long-term liabilities at the fiscal year-end were 85,827 million yen, an increase of 9,642 million yen compared with a year earlier. This mainly reflected factors such as increased long-term debt (up 13,963 million yen) and an increase in the provision for merchandise warranties (up 1,031 million yen). The rise in long-term borrowings was due principally to capital investments in new stores. The balance of outstanding bonds declined by 6,298 million yen, reflecting the exercise of convertible bond warrants and the transfer of debt to current liabilities.

(Net assets)

Net assets amounted to 299,536 million yen at the fiscal year-end, an increase of 49,414 million yen compared with the previous year-end. The principal contributing factors were an increase in common stock (up 2,689 million yen) due to the exercise of convertible bond warrants, an increase in capital reserves (up 2,687 million yen) and higher retained earnings (up 40,920 million yen), which reflected growth in net income.

Analysis of cash flow

- 1) Cash and cash equivalents as of the end of the term stood at 41,029 million yen, an increase of 11,184 million yen resulting from the following:
 - Higher sales, combined with reductions in SG&A expenses, produced a 8,403 million yen increase in income before taxes and other adjustments.
- 2) Cash flow provided by operations amounted to 48,358 million yen, primarily because of the following:

- An increase in net income before taxes and other adjustments
 - An increase in trade payables
- 3) Cash used in investment activities amounted to 52,325 million yen, reflecting the following:
- Acquisitions of fixed assets, primarily land for new urban stores
 - Increases in security deposits
- 4) Cash flow provided by financing activities amounted to 13,827 million yen, primarily reflecting an increase in long-term borrowings for new stores.

Corporate governance

(1) Basic stance

The Company considers it important to maintain a management organization capable of improving management transparency and facilitating speedy decision-making in order to maintain and increase corporate and shareholder value.

(2) Corporate governance structures and internal control systems

1) The annual General Meeting of Shareholders is the Company's supreme decision-making body and a forum for shareholders to receive and exchange information as well as to exercise their rights. The Company has an active IR program, and it is intent on disclosing information in a timely manner to ensure its shareholders' ability to exercise their rights appropriately. Because foreigners make up a large percentage of the shareholders, the Company strives to meet their needs by preparing notices of shareholders' meetings in English and mailing them out early.

2) Board of Directors

Yamada Denki has 14 directors who meet once a week, as a rule, to review important issues, discuss the Company's performance and take prompt action, as needed. An expanded Board meeting that includes the executive officers is held once a month. There is also a weekly management strategy meeting, attended by senior managing directors and division heads, which monitors progress in implementing management strategies.

3) The Company's auditing system relies on one standing corporate auditor and two non-standing (outside) corporate auditors. These auditors participate in

meetings of the Board of Directors and other bodies to monitor the performance of duties.

4) Internal auditing

The Company has established the Internal Audit Office to strengthen its internal auditing functions. Reporting directly to the President, this department is solely engaged in the auditing of daily business activities, including witnessing of transfers of store management and inventory-related operations. It also audits the Company's internal control. Functioning in cooperation with the corporate auditors and the auditing firm, the department provides an auditing perspective to ensure that the Company's business activities are conducted properly and efficiently.

5) Auditing firm

The Company's books are audited by AZSA & Co. The following certified public accountants were responsible for auditing the Company's books in the year ended March 31, 2007:

Certified public accountants: Atsushi Fukuda, Minoru Hirata, Toru Morita

Persons assisting with auditing: Five certified public accountants, seven other persons

6) Number of directors

The Company's Articles of Incorporation limit the maximum number of directors to 17.

7) Approval of treasury stock acquisitions

The Company's Articles of Incorporation provide for the acquisition of treasury stock by resolution of the Board of Directors, based on the provisions of Article 165-2 of the Corporation Law of Japan.

8) Special resolutions of the General Meeting of Shareholders

In accordance with the provisions of Article 309-2 of the Corporation Law of Japan, the Company's Articles of Incorporation stipulate that, adoption of special resolutions of the General Meeting of Shareholders requires a two-thirds majority of votes cast at a meeting at which those in attendance hold at least one-third of the total shareholder voting rights. This represents a relaxation of the former quorum requirement for special resolutions, and is designed to help shareholder meetings run smoothly.

9) Others

The Company contracts with a law firm for legal advice, as needed.

(3) Initiatives undertaken in the past year

To facilitate more rapid responses to changes in the business environment, the Company has adopted a system of corporate executive officers that establishes a clear separation of business decision-making and management oversight from operations execution functions. The three senior executives that serve on all management committees are the President & CEO and the Executive Vice-President & COO (both with representative authority), and a second Vice-President & COO with director status. Operating under these senior executives, the executive officers assume responsibility for the management of specific functions. On June 28, 2007, the Company announced an increase of four in the total number of corporate executive officers.

During the year under review, the Company established the CSR Committee to oversee the formulation of specific CSR-related policies and standards covering areas such as business ethics. This committee is also conducting activities to enhance internal awareness of related issues.

(4) Compensation

Compensation paid to directors and auditors and fees paid to the Company's auditing firm were as follows:

Millions of yen	Number paid	Amount paid
Directors	14	554
Corporate auditors	3	33
[External auditors]	[2]	[12]
	17	588

Compensation amounts for directors do not include any monies paid them for concurrent employment in non-director positions.

Compensation paid to an auditing firm: 28 million yen

Other payments to an auditing firm: -

Directors

Name	Title	Date joined company	Date of birth	Term	Shares owned (Thousands)
Noboru Yamada	Representative Director, President & CEO	May-74	11-Feb-43	2 years from the General Meeting of Shareholders (GMS) held June 29, 2006	1,382.7
Tadao Ichimiya	Representative Director, Executive Vice-President & COO	Jan-83	13-Aug-55	2 years from GMS held June 29, 2006	91.4
Koji Ichimiya	Director, Executive Vice President & COO	Dec-83	28-Sep-63	2 years from GMS held June 29, 2006	4.7
Hiroyasu Iizuka	Director	Apr-85	18-Jan-65	2 years from GMS held June 29, 2006	0.6
Makoto Igarashi	Director	Jan-90	4-Aug-64	2 years from GMS held June 29, 2006	3.2
Takao Kato	Director	Jan-03	1-Oct-49	2 years from GMS held June 29, 2006	0.4
Ginji Karasawa	Director	Nov-84	1-Apr-53	2 years from GMS held June 29, 2006	2.9
Jun Okamoto	Director	Apr-06	28-Apr-56	2 years from GMS held June 29, 2006	-
Masaaki Kurihara	Director	Jul-96	25-Apr-57	2 years from GMS held June 29, 2006	0.5
Haruhiko Itakura	Director	Jun-86	11-Jan-54	2 years from GMS held June 29, 2006	0.3
Kazumasa Watanabe	Director	Apr-04	8-Jan-55	2 years from GMS held June 29, 2006	-
Haruhiko Higuchi	Director	Jun-98	9-Mar-60	2 years from GMS held June 29, 2006	-
Mitsumasa Kuwano	Director	Sep-04	19-Dec-54	2 years from GMS held June 29, 2006	-
Tomoaki Nito	Director	May-00	28-Nov-72	2 years from GMS held June 29, 2006	-
Mamoru Motegi	Standing Corporate Auditor	Jan-85	29-Mar-49	4 years from GMS held June 29, 2004	4.9
Yutaka Nakamura	Corporate Auditor	Jun-05	8-Jan-52	4 years from GMS held June 29, 2004	-
Masamitsu Takahashi	Corporate Auditor	Jun-07	9-Feb-55	4 years from GMS held June 29, 2007	-
					1,492.0

Employees

Consolidated	
Business segment	Number
Stores	6,561
Administration (general operations)	511
	<u>7,072</u>
Parent	
	Total or average
Number	5,890
Average age	29.8
Average years of service	5.2
Average annual salary (Yen)	4,034,452

The number noted under "Administration (general operations)" refers to employees in management divisions who cannot be categorized in terms of a specific area of operation.

The average annual salary includes bonuses.

The number of employees does not include 6,753 part-time employees.

The number of employees at year-end was 625 higher than at the end of the previous year. This was the result of the hiring of both new graduates and of persons with other employment experience to meet the needs of the Company's growing and diversifying operations.

Cash Flows

Consolidated statement of cash flows

Years ended March 31; Millions of yen	2005	2006	2007
Net cash provided by (used in) operating activities			
Income before taxes and other adjustments	44,885	62,196	70,600
Depreciation	7,311	8,437	10,710
Amortization of goodwill	(5,116)	9	50
Increase in retirement benefits	343	780	841
Increase in directors' and corporate auditors' retirement allowances	1,604	222	537
Increase (decrease) in allowance for employees' bonuses	145	118	122
Increase (decrease) in allowance for directors' and corporate auditors' bonuses	-	-	117
Increase (decrease) in allowance for doubtful accounts	16	(25)	(71)
Increase (decrease) in allowance for customer-discount points	(983)	(1,788)	(1,338)
Increase (decrease) in allowance for merchandise warranties	-	2,194	1,034
Interest and dividend income	(527)	(574)	(727)
Interest expenses	583	691	1,121
Foreign exchange losses	13	(152)	(858)
Valuation losses on investment securities	202	-	223
Loss on write-down and disposal of inventories	-	-	267
Loss on disposal of fixed assets	89	255	515
Loss (gain) on sales of fixed assets	(97)	(58)	(654)
Loss due to reduction entries for fixed assets	-	107	-
Subsidy income	-	(117)	-
Impairment losses	876	-	731
Valuation losses on derivatives	353	105	63
Loss on cancellations of guarantee deposits	30	212	25
Gain on return of security deposits	-	(120)	(2)
Decrease (increase) in trade receivables	(7,050)	3,518	(7,700)
Decrease (increase) in inventories	(413)	(29,105)	(10,419)
Increase (decrease) in trade payables	5,492	4,857	14,704
Increase (decrease) in consumption tax payable	1,473	(1,854)	2,009
Decrease (increase) in other current assets	(570)	(1,047)	(9,543)
Increase (decrease) in other current liabilities	7,599	2,032	5,917
Directors' and corporate auditors' bonuses	(110)	(125)	(114)
Others	412	332	(310)
	56,565	51,102	77,853
Interest and dividend income	273	76	115
Interest expenses	(540)	(683)	(1,043)
Income tax and others	(16,183)	(18,403)	(28,567)
	40,115	32,091	48,358

Years ended March 31; Millions of yen	2005	2006	2007
Net cash provided by (used in) investing activities			
Increase in time deposits	(109)	(181)	(134)
Proceeds from decrease in time deposits	282	40	201
Payments for purchase of mortgage securities	(45,699)	(39,499)	(25,495)
Proceeds from sales of mortgage securities	46,099	39,899	25,195
Payments for acquisition of investment securities	(104)	(483)	(1,303)
Proceeds from sales of investment securities	-	72	95
Payments for equity investments	(0)	(2)	(0)
Proceeds from recouping equity investments	29	-	0
Payments for acquisition of capital stock of affiliated companies	(734)	(131)	(103)
Proceeds from sale of shares in a subsidiary, which changed the scope of consolidation	-	35	-
Payments for loans and advances	(422)	(3,313)	(2,871)
Proceeds from collection of loans and advances	511	1,700	631
Payments for acquisition of tangible fixed assets	(23,458)	(64,075)	(30,876)
Proceeds from sales of tangible fixed assets	236	278	6
Payments for acquisition of intangible fixed assets	(696)	(1,059)	(335)
Payments of guarantee deposits	(8,612)	(12,376)	(23,000)
Proceeds from reversal of guarantee deposits	4,531	5,444	5,689
Others	(101)	(200)	(26)
	(28,248)	(73,853)	(52,325)
Net cash provided by (used in) financing activities			
Proceeds from increase in short-term borrowings	335,132	422,271	443,020
Payments of short-term borrowings	(334,545)	(421,518)	(443,128)
Proceeds from increase in long-term debt	14,990	44,451	27,000
Payments of long-term debt	(9,197)	(9,308)	(10,705)
Payments for purchase of treasury stock	(2)	(78)	(11)
Dividends	(998)	(1,751)	(2,344)
Dividend payments to minority shareholders	(1)	(1)	(2)
Proceeds from issuing of corporate bonds	-	50	-
	5,377	34,114	13,827
Effect of exchange rate changes on cash and cash equivalents	(13)	152	858
Net increase in cash and cash equivalents	17,231	(7,494)	10,718
Cash and cash equivalents at beginning of term	19,662	37,857	29,844
Increase in cash and cash equivalents accompanying new consolidation	963	-	466
Decrease in cash and cash equivalents resulting from consolidation eliminations	-	(518)	-
Cash and cash equivalents at end of fiscal year	37,857	29,844	41,029

Relationship between the balance of cash and cash equivalents as of term-end and balance sheet items

Years ended March 31; Millions of yen	2005	2006	2007
Cash and time deposits	37,908	30,034	41,152
Time deposits, etc., of 3 months or longer	(50)	(190)	(123)
Cash and cash equivalents at end of fiscal year	37,857	29,844	41,029

Capital expenditure plans

Millions of yen	Expenditures to date	Anticipated expenditures	Date commenced	Date completed
Significant new additions of facilities				
Yamada Denki Co., Ltd.				
Tecc Land stores				
New Hachioji Bessho	1,291	98	2006/6	2007/4
New Koto Shiomi	192	28	2007/1	2007/4
Sapporo Kotoni	491	979	2006/9	2007/4
Ise	477	428	2007/2	2007/5
Nagai	203	341	2006/12	2007/5
New Toyama Fuchu	15	1,174	2007/2	2007/5
Omiya Miyamae	490	1,260	2007/2	2007/5
Tateyama	-	1,075	2007/2	2007/5
Sapporo Naebo	106	898	2006/12	2007/6
Okawara	29	1,130	2007/3	2007/6
Hagi	10	434	2007/4	2007/6
LABI Ikebukuro	648	1,914	2006/9	2007/8
Kuji	-	483	2007/6	2007/8
Iwaki Taira	22	795	2007/6	2007/8
Kojima	6	574	2007/6	2007/8
Kashiwazaki	5	534	2007/6	2007/9
Odate	-	1,482	2007/6	2007/8
Tokushima	-	3,311	2007/6	2007/8
Chushikoku Tecc Land Co., Ltd.				
Tecc Land store				
Seiyo	-	343	2007/3	2007/6
	3,992	17,289		

Dividend policy

In allocating its profits, the Company is most concerned with the stability and continuity of dividend payments to shareholders. At the same time, amid changes occurring in the economics of the retail sector, it also believes that internal reserves are indispensable for achieving stable growth through a strengthened corporate structure.

Based on the above policy, the Company elected to make annual dividend payments for the fiscal year ended March 2007 of 29 yen per share (no interim dividend was paid). The non-consolidated payout ratio for the year under review was 7.1%.

To maintain and improve future competitiveness, the Company plans to make effective use of retained earnings in building its base of operations through the allocation of funds to capital investments in new store development and existing store refurbishments, as well as personnel development and various moves aimed at strengthening the Company's finances.

The Company's Articles of Incorporation provide for the payment of an interim dividend by resolution of the Board of Directors, with a date of record of September 30 each year. Decisions on the amount of the final dividend require the approval of the Annual General Meeting of Shareholders, whereas the Board of Directors is authorized to determine the amount of any interim dividend. The table below summarizes dividend payments for the fiscal year under review.

Date of decision	Dividend payout	Dividend per share
	(Millions of yen)	(Yen)
June 28, 2007 Resolution of General Meeting of Shareholders	2,768	29

Operations

Consolidated statement of income

Years ended March 31; Millions of yen	2005	2006	2007
Net sales	1,102,390	1,283,961	1,443,661
Cost of goods sold	870,676	999,185	1,110,329
Gross profit on sales	231,713	284,776	333,332
Selling, general and administrative expenses	202,555	235,403	277,781
Operating income	29,157	49,372	55,551
Nonoperating income			
Interest income	501	543	694
Purchase discount	9,977	11,531	13,158
Income on sales promotion	2,523	-	-
Amortization of consolidation translation adjustments	5,116	-	-
Others	1,572	2,116	3,673
	19,691	14,190	17,526
Nonoperating expenses			
Interest expenses	583	691	1,121
Valuation losses on derivatives	-	105	63
Others	79	152	145
	662	948	1,330
Ordinary profit	48,186	62,614	71,747
Extraordinary income			
Reversal of allowance for doubtful accounts	-	19	10
Gain on sales of fixed assets	97	58	654
Gain on return of security deposits	-	120	2
Subsidy income	-	117	-
Others	42	8	6
	140	324	674
Extraordinary losses			
Loss on disposal of fixed assets	106	281	534
Loss on cancellation of guarantee deposits	30	212	25
Impairment losses	876	-	731
Loss due to reduction entries for fixed assets	-	107	-
Loss on write-down and disposal of inventories	-	-	267
Valuation loss on investment securities	-	-	223
Provision for allowance for directors' and corporate auditors' retirement benefits for prior years	1,503	-	-
Valuation losses on derivatives	353	-	-
Others	570	140	38
	3,440	742	1,821

Years ended March 31; Millions of yen	2005	2006	2007
Income before taxes and other adjustments	44,885	62,196	70,600
Corporate, inhabitant and enterprise taxes	16,599	25,008	27,671
Corporate income taxes for prior years	-	1,140	(126)
Deferred taxes	(823)	(1,404)	(836)
	15,775	24,744	26,707
Minority interest in losses (income) of consolidated companies	(290)	(424)	(472)
Net income	28,819	37,027	43,420

Consolidated statement of changes in net assets

Millions of yen; Year ended Mar 31, 2007	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of Mar. 31, 2006	66,240	66,162	117,539	(87)	249,854
Changes during the term					
Issuance of new shares	2,689	2,687			5,377
Dividends			(2,351)		(2,351)
Directors' and corporate auditors' bonuses			(113)		(113)
Decrease due to change in scope of consolidation			(35)		(35)
Net income			43,420		43,420
Acquisition of treasury stock				(11)	(11)
Other changes in non-shareholders' equity items during the term (net)					
Total changes during the term	2,689	2,687	40,920	(11)	46,286
Balance as of Mar. 31, 2007	68,930	68,849	158,459	(98)	296,140

Millions of yen; Year ended Mar 31, 2007	Valuation/translation gains (losses)		Minority interests	Net assets (total)
	Unrealized gains or losses on other securities	Total valuation/translation gains (losses)		
Balance as of Mar. 31, 2006	267	267	2,670	252,792
Changes during the term				
Issuance of new shares				5,377
Dividends				(2,351)
Directors' and corporate auditors' bonuses				(113)
Decrease due to change in scope of consolidation				(35)
Net income				43,420
Acquisition of treasury stock				(11)
Other changes in non-shareholders' equity items during the term (net)	(75)	(75)	533	457
Total changes during the term	(75)	(75)	533	46,743
Balance as of Mar. 31, 2007	191	191	3,203	299,536

Consolidated statement of retained earnings

Years ended March 31; Millions of yen	2005	2006
Capital surplus		
Capital surplus, beginning of term	45,990	46,311
Increase in capital surplus		
Increase due to conversion of bonds with stock-purchase warrants	321	19,850
	<u>321</u>	<u>19,850</u>
Capital surplus, end of fiscal year	46,311	66,162
Retained earnings		
Retained earnings, beginning of term	54,753	82,383
Increase in retained earnings		
Net income	28,819	37,027
	<u>28,819</u>	<u>37,027</u>
Decrease in retained earnings		
Dividends	999	1,753
Directors' and corporate auditors' bonuses	104	118
Decrease due to new consolidation	85	-
	<u>1,189</u>	<u>1,871</u>
Retained earnings, end of fiscal year	82,383	117,539

Results of operations

Fiscal year ended March 31, 2007

The Japanese economy continued to recover gradually during the year ended March 2007, reflecting higher business investment due to buoyant corporate profits together with an improved employment climate.

Japanese electrical appliance retailers recorded an overall 2.8% drop in sales compared with the previous year. This was due in part to the impact of lower spending on sales promotions. Other negative factors included the mild winter, which depressed sales of heating equipment, and major discounting of PC-related products prior to December 2006 ahead of the introduction of the new Windows Vista OS. A shift in demand to mobile phones associated with the introduction of mobile number portability in October 24, 2006 also negatively affected industry sales. Positive offsetting factors included the launch of new video-game consoles and the extension of digital terrestrial broadcasting to western Japan, which boosted demand for large flat-panel televisions. Yamada Denki focused on fostering greater customer loyalty by upgrading its point card system, improving related content and issuing the “Yamada LABI Card” as a convenient alternative for shoppers.

Yamada Denki opened 41 new stores during the year under review, including LABI Sendai, the Company’s second store with a new large-scale city-center format. Nine stores were closed under the scrap-and-build policy. As of March 31, 2007, the Yamada Denki network totaled 338 stores (comprising 297 directly managed outlets and 41 stores operating as consolidated subsidiaries).

By category, sales of household appliances increased 15.0% year on year to 900,409 million yen (62.3% of total sales). Sales of information-related electronics home appliances rose 2.6% to 397,802 million yen (27.6% of total sales) and sales of other products rose 28.1% to 145,449 million yen (10.1% of total sales).

Consolidated net sales amounted to 1,443,661 million yen and operating income totaled 55,551 million yen. Net income for the year under review was 43,420 million yen. These figures all represented new record highs. At the non-consolidated level, the Company recorded its 17th consecutive year of higher sales and profits.

Sales

Year ended March 31; Millions of yen	2007		
Products	Amount	%	Year-on-year comparison (%)
Home appliances			
Color televisions	229,942	15.9	34.5
Video equipment	92,969	6.4	1.9
Audio equipment	47,271	3.3	2.9
Refrigerators	79,329	5.5	13.6
Washing machines	62,912	4.4	21.9
Cooking appliances	55,507	3.8	12.3
Air conditioners	66,366	4.6	13.1
Other home cooling and heating equipment	25,087	1.7	(25.8)
Others	241,021	16.7	14.1
	900,409	62.3	15.0
Home information appliances			
Personal computers	185,713	12.9	(7.6)
Computer peripherals	116,294	8.1	10.1
Software	11,913	0.8	9.7
Telephone and facsimile equipment	13,683	0.9	0.2
Others	70,198	4.9	23.9
	397,802	27.6	2.6
Non-appliances			
Videos and books	109,971	7.6	31.0
Others	35,475	2.5	19.8
	145,449	10.1	28.1
	1,443,661	100.0	12.4

Sales per unit

Year ended March 31; Millions of yen	2007	
	Amount	Year-on-year comparison
Net sales	1,443,661	12.4
Sales floor space (average) - m ²	1,117,954	16.5
Sales per square meter - thousands of yen	1,291	(3.5)
Employees (average) - persons	13,635	4.1
Sales per employee	105	8.0

Leases

Under generally accepted accounting principles in Japan, finance leases that do not transfer ownership are accounted for in the same manner as operating leases when “as if capitalized” information is disclosed.

The Company’s main finance lease contracts are as follows:

Item	Term	Current payments	Future payments
	Months	Millions of yen	
Computer and peripheral equipment	60	837	2,338
Store buildings	120	136	292
Store facilities	36-108	2,639	8,672

Pro forma information on leased property is as follows:

Millions of yen	2006	2007
Buildings and structures		
Acquisition cost	1,673	1,673
Accumulated depreciation	417	491
Accumulated loss on impairment of fixed assets	-	-
Net leased property	1,256	1,182
Others		
Acquisition cost	18,205	21,677
Accumulated depreciation	8,365	9,503
Accumulated loss on impairment of fixed assets	75	253
Net leased property	9,764	11,920
Total		
Acquisition cost	19,879	23,350
Accumulated depreciation	8,783	9,995
Accumulated loss on impairment of fixed assets	75	253
Net leased property	11,020	13,102
Future minimum lease payments, including interest portion		
Due within one year	3,363	3,996
Due after one year	8,010	8,716
	11,373	12,713
Balance of account for impairment of leased assets	75	253
Lease payments	3,797	4,409
Write-down of account for impairment of leased assets	72	92
Pro forma depreciation expenses (assuming straight-line method)	3,460	4,012
Pro forma interest expenses	338	369
Impairment losses	-	270

Capital Structure

Consolidated balance sheet

Assets

March 31; Millions of yen	2005	2006	2007
Current assets			
Cash and time deposits	37,908	30,034	41,152
Notes and accounts receivable	20,091	15,934	23,637
Inventories	117,237	146,326	158,211
Deferred tax assets	7,076	7,289	7,020
Others	11,784	14,369	32,821
Allowance for doubtful accounts	(40)	(20)	(67)
	194,057	213,934	262,775
Fixed assets			
Tangible fixed assets			
Buildings and structures	76,577	96,620	111,663
Land	22,543	55,351	56,582
Others	5,897	7,704	11,538
	105,217	159,676	179,783
Intangible fixed assets	1,806	2,665	2,722
Investments and other assets			
Investments in securities	2,962	3,699	4,541
Guarantee deposits	65,144	71,355	87,628
Deferred tax assets	1,786	2,919	4,042
Others	5,898	7,149	8,951
Allowance for doubtful accounts	(128)	(123)	(6)
	75,663	84,999	105,157
Total fixed assets	182,487	247,341	287,663
Total assets	376,544	461,275	550,439

Liabilities and net assets

March 31; Millions of yen	2005	2006	2007
Current liabilities			
Notes and accounts payable	57,228	62,026	85,299
Bonds redeemable within 1 year	-	-	921
Income tax payable	9,865	17,575	15,983
Allowance for employees' bonuses	1,680	1,791	1,914
Allowance for directors' and corporate auditors' bonuses	-	-	117
Allowance for customer-discount points	15,745	13,957	12,619
Others	34,341	36,947	48,221
	118,860	132,298	165,075
Long-term liabilities			
Bonds	49,357	9,641	3,343
Long-term debt	20,177	51,840	65,803
Retirement benefits	2,597	3,377	4,222
Allowance for directors' and corporate auditors' retirement benefits	1,604	1,826	2,364
Allowance for merchandise warranties	-	2,194	3,225
Others	6,429	7,304	6,868
	80,165	76,184	85,827
Total liabilities	199,025	208,482	250,902
Minority interests in consolidated companies	2,299	2,670	-
Shareholders' equity			
Common stock	46,375	66,240	-
Capital surplus	46,311	66,162	-
Retained earnings	82,383	117,539	-
Unrealized gains or losses on other securities	157	267	-
Treasury stock	(9)	(87)	-
Total shareholders' equity	175,219	250,122	-
Total liabilities, minority interests and shareholders' equity	376,544	461,275	-
Net assets			
Shareholders' equity			
Common stock	-	-	68,930
Capital surplus	-	-	68,849
Retained earnings	-	-	158,459
Treasury stock	-	-	(98)
	-	-	296,140

YAMADA DENKI

March 31; Millions of yen	2005	2006	2007
Valuation/translation gains (losses)			
Unrealized gains or losses on other securities	-	-	191
	-	-	191
Minority interests	-	-	3,203
Total net assets	-	-	299,536
Total liabilities and net assets	-	-	550,439

Nonconsolidated Financial Statements

Nonconsolidated statement of income

Years ended March 31; Millions of yen	2005	2006	2007
Net sales			
Net sales - merchandise goods	1,071,415	1,263,543	1,418,887
Net sales - rental fees	1,261	692	741
	1,072,677	1,264,235	1,419,629
Cost of goods sold			
Cost of goods sold - merchandise			
Merchandise inventory, beginning of term	94,471	96,137	122,984
Purchase of merchandise for term	877,204	1,038,680	1,134,581
Provision of allowance for merchandise warranties	-	754	945
	971,676	1,135,572	1,258,510
Merchandise inventory, end of fiscal year	96,137	122,984	135,613
	875,538	1,012,588	1,122,897
Cost of goods sold - rental fees	45	27	27
	875,583	1,012,615	1,122,924
Gross profit on sales			
Merchandise goods	195,877	250,955	295,990
Rental fees	1,216	664	713
	197,094	251,619	296,704
Selling, general and administrative expenses			
Advertising expenses	17,949	20,303	24,448
Point-related promotional expenses	51,505	64,586	78,371
Provision for allowance for doubtful accounts	12	-	9
Provision for allowance for directors' and corporate auditors' retirement benefits	95	260	586
Provision for allowance for directors' and corporate auditors' bonuses	-	-	117
Employee salaries	36,817	42,250	46,064
Provision for allowance for employees' bonuses	1,448	1,552	1,663
Pension benefit expenses	689	1,066	1,159
Employee benefit expenses	4,719	5,491	6,247
Leasing fees	20,527	22,871	25,531
Water, heating and lighting expenses	4,587	5,200	5,937
Depreciation expenses	6,186	7,447	9,674
Others	27,780	36,194	44,747
	172,319	207,224	244,559
Operating income	24,774	44,395	52,144

Years ended March 31; Millions of yen	2005	2006	2007
Nonoperating income			
Interest income	731	761	746
Purchase discount	9,977	10,565	12,083
Income from sales promotions	2,504	-	-
Others	1,253	1,672	2,340
	14,467	13,000	15,170
Nonoperating expenses			
Interest expenses	509	625	1,064
Others	35	79	113
	545	704	1,177
Ordinary profit	38,696	56,691	66,137
Extraordinary income			
Gain on sales of fixed assets	97	-	-
Gain on redemption of golf memberships	18	-	-
Gain on cancellation of guarantee deposits	15	-	-
Reversal of allowance for doubtful accounts	-	1,317	347
Subsidy income	-	117	-
Others	5	-	-
	136	1,435	347
Extraordinary losses			
Loss on disposal of fixed assets	58	252	525
Impairment losses	876	-	579
Loss due to reduction entries for fixed assets	-	107	-
Loss on cancellation of guarantee deposits	30	174	15
Provision of allowance for losses on investments in affiliates	-	722	-
Valuation loss on investment securities	-	-	223
Loss on retirement of shares in a subsidiary due to a merger	-	628	-
Provision for allowance for directors' and corporate auditors' retirement benefits for prior years	1,503	-	-
Others	285	48	20
	2,755	1,933	1,363
Income before taxes and other adjustments for the term	36,077	56,192	65,121
Corporate, inhabitant and enterprise taxes	15,830	24,111	27,264
Corporate income taxes for prior years	-	1,136	72
Deferred taxes	(844)	(1,100)	(625)
	14,985	24,147	26,711
Net income for the term	21,091	32,045	38,410
Retained earnings brought forward from previous term	1,854	3,084	-
Unappropriated retained earnings, end of fiscal year	22,945	35,130	-

Nonconsolidated balance sheet

Assets

March 31; Millions of yen	2005	2006	2007
Current assets			
Cash and time deposits	32,658	26,245	37,898
Accounts receivable - trade	26,005	18,421	23,731
Merchandise	96,137	122,984	135,613
Short-term loans to affiliates	3,764	5,811	7,341
Prepaid expenses	1,849	2,106	2,392
Deferred tax assets	6,965	7,164	6,874
Accounts receivable - other	5,866	3,894	17,659
Current portion of guarantee deposits	2,508	2,776	3,118
Others	628	704	1,235
Allowance for doubtful accounts	(46)	(32)	(41)
	176,338	190,077	235,823
Fixed assets			
Tangible fixed assets			
Buildings	86,859	111,509	131,612
Accumulated depreciation	20,867	25,729	31,633
	65,992	85,780	99,978
Structures	7,197	8,342	10,050
Accumulated depreciation	3,188	3,832	4,586
	4,009	4,509	5,463
Vehicles and delivery equipment	104	104	99
Accumulated depreciation	85	90	89
	18	14	10
Tools, furniture and fixtures	7,969	10,212	14,125
Accumulated depreciation	4,636	5,646	7,842
	3,333	4,565	6,283
Land	16,857	49,935	51,202
Construction in progress	1,728	2,442	3,683
	91,940	147,248	166,621
Intangible fixed assets			
Leaseholds	757	1,604	1,811
Software	499	479	410
Telephone bonds	209	209	208
	1,466	2,293	2,430

YAMADA DENKI

March 31; Millions of yen	2005	2006	2007
Investments and other assets			
Investments in securities	2,147	2,616	3,493
Capital stock of affiliated companies	6,921	22,600	22,703
Bonds of affiliated companies	4,845	-	-
Investments other than securities	0	0	0
Long-term loans to affiliated companies	13,779	4,602	3,775
Long-term prepaid expenses	5,499	6,220	7,003
Deferred tax assets	4,094	4,970	5,924
Guarantee deposits	45,273	51,944	69,806
Others	101	231	280
Allowance for losses on investments in affiliates	(499)	(1,221)	(1,221)
Allowance for doubtful accounts	(5,320)	(4,017)	(3,574)
	<u>76,840</u>	<u>87,946</u>	<u>108,192</u>
Total fixed assets	<u>170,247</u>	<u>237,488</u>	<u>277,244</u>
Total assets	<u>346,586</u>	<u>427,565</u>	<u>513,068</u>

Liabilities and net assets

March 31; Millions of yen	2005	2006	2007
Current liabilities			
Notes payable - trade	568	487	402
Accounts payable - trade	55,346	59,257	83,428
Current portion of long-term debt	5,918	9,247	11,605
Bonds redeemable within 1 year	-	-	921
Accounts payable - other	7,062	7,930	10,294
Accrued expenses	1,687	2,025	2,157
Income tax payable	9,266	16,736	15,765
Consumption tax payable	1,474	548	2,217
Advances from customers	8,067	10,824	13,979
Allowance for employees' bonuses	1,448	1,552	1,663
Allowance for directors' and corporate auditors' bonuses	-	-	117
Allowance for customer-discount points	13,512	12,305	11,588
Others	2,575	2,041	2,707
	106,928	122,954	156,848
Long-term liabilities			
Bonds	49,357	9,641	3,343
Long-term debt	18,740	50,583	64,842
Retirement benefits	2,582	3,360	4,198
Allowance for directors' and corporate auditors' retirement benefits	1,572	1,789	2,317
Allowance for merchandise warranties	-	1,983	2,928
Others	1,400	1,389	1,464
	73,652	68,746	79,094
Total liabilities	180,580	191,700	235,943
Shareholders' equity			
Common stock	46,375	66,240	-
Capital surplus			
Additional paid-in capital	46,311	66,162	-
	46,311	66,162	-
Retained earnings			
Legal income reserves	312	312	-
Voluntary reserves - total			
Special reserves	50,000	68,000	-
Unappropriated retained earnings, end of fiscal year	22,945	35,130	-
	73,257	103,442	-
Unrealized gains or losses on other securities	69	106	-
Treasury stock	(9)	(87)	-
Total shareholders' equity	166,005	235,864	-
Total liabilities and shareholders' equity	346,586	427,565	-

YAMADA DENKI

March 31; Millions of yen	2005	2006	2007
Net assets			
Shareholders' equity			
Common stock	-	-	68,930
Capital surplus			
Additional paid-in capital	-	-	68,849
	-	-	68,849
Retained earnings			
Legal income reserves	-	-	312
Other retained earnings			
Special reserves	-	-	97,000
Retained earnings carried forward	-	-	42,080
	-	-	139,392
Treasury stock	-	-	(98)
Total shareholders' equity	-	-	277,074
Valuation/translation gains (losses)			
Unrealized gains or losses on other securities	-	-	50
	-	-	50
Total net assets	-	-	277,124
Total liabilities and net assets	-	-	513,068

Share-related Information

Shares in issue

Class of shares	Common
Number of shares authorized	120,000,000
Issued	
As March 31, 2007	95,482,740
As June 28, 2007	96,101,589
Stock exchange listings	Tokyo Stock Exchange, First Section
Comments	-

Changes in common stock and number of shares outstanding

Shares Millions of yen	Shares outstanding		Common stock		Additional paid-in capital		Remarks
	Increase or decrease	Balance	Increase or decrease	Balance	Increase or decrease	Balance	
November 20, 2002	55,544,414	83,267,463	-	46,000	-	45,937	3-for-1 split
March 31, 2003	49,158	83,316,621	53	46,053	53	45,990	Conversion of convertible bonds
March 31, 2005	176,181	83,492,802	321	46,375	321	46,311	Exercise of stock-purchase warrants
March 31, 2006	10,563,761	94,056,563	19,865	66,240	19,850	66,162	Exercise of warrants
March 31, 2007	1,426,177	95,482,740	2,689	68,930	2,687	68,849	Exercise of warrants

Between April 1, 2007 and May 31, 2007, total outstanding shares increased by 618,849 shares, common stock by 1,115 million yen, and additional paid-in capital by 1,114 million yen as a result of the exercise of stock purchase/subscription warrants.

Shareholders by type of investor

Type of investor	Number of shareholders	Hundreds of shares	% owned
National and local government agencies	-	-	-
Financial institutions	111	2,526,573	26.5
Securities companies	47	141,602	1.5
Business and other corporations	235	775,123	8.1
Non-residents (other than individuals)	507	5,612,705	58.8
Non-residents (individuals)	16	364	0.0
Individuals and others	19,836	491,771	5.1
	20,752	9,548,138	100.0
Shares less than one unit	-	1,360	-

Largest shareholders

Name	Thousands of shares owned	Of which, held in trust accounts	% of shares outstanding
State Street Bank & Trust	8,962.7		9.39
Master Trust Bank of Japan (Trust Account)	6,453.2	5,262.4	6.76
Tecc-Planning	4,686.0		4.91
Japan Trustee Services Bank (Trust Account)	3,799.5	2,820.5	3.98
State Street Bank & Trust 505103	2,252.5		2.36
State Street Bank & Trust 505025	2,183.3		2.28
HSBC Bank PLC Clients Non-tax Treaty	1,880.8		1.97
Gunma Bank	1,641.0		1.72
Trust & Custody Services Bank, Ltd. (Trust Account B)	1,543.0		1.61
Melon Bank Treaty Clients Omnibus	1,500.8		1.57
	34,903.3		36.55

Share information

Business year	April 1 to March 31
Ex-rights date	March 31
Dates of record for dividends	September 30 and March 31
Annual General Meeting of Shareholders	June
Trading unit	10 shares
Types of share certificates	100, 1,000 and 10,000 shares
Transfer agent	Mizuho Trust & Banking, 1-2-1 Yaesu, Chuo-ku, Tokyo
Publication of record	<i>The Nihon Keizai Shimbun</i>

Contact

Yoshihiro Sakairi
Senior Managing Executive Officer
Accounting Department
YAMADA DENKI CO., LTD.
4-40-11 Hiyoshicho, Maebashi City,
Gunma 371-0017, Japan
Telephone: 81-27-233-5522
Facsimile: 81-27-233-3309