



**YUHO REPORT**  
**Annual**

Fiscal Year Ended	March 31, 2002
Traded	TSE1
Stock Code	9831

2002

**YAMADA DENKI CO., LTD**

# YUHO REPORT

## YAMADA DENKI CO., LTD.

Fiscal Year Ended	March 31, 2002
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, completeness, and timeliness of the information are not warranted by the Company, Pacific Associates, or Asia Securities Printing. None of the above parties shall be responsible for any errors or omissions or for any results obtained from the use of this information.

## Table of Contents

COMPANY PROFILE .....	3
Financial highlights .....	3
Peer comparisons.....	3
Common size statements .....	4
BUSINESS OVERVIEW .....	5
Contents of business.....	5
History .....	6
Directors .....	8
Employees.....	8
CASH FLOW .....	9
Nonconsolidated statement of cash flow.....	9
Capital expenditure plans .....	12
Dividend policy .....	13
OPERATIONS .....	14
Nonconsolidated statement of income .....	14
Results of operations.....	16
Sales.....	17
Sales per unit.....	17
Leases .....	18
CAPITAL STRUCTURE .....	19
Nonconsolidated balance sheet: assets.....	19
Nonconsolidated balance sheet: liabilities and shareholders' equity.....	21
SHARE-RELATED INFORMATION .....	22

**YUHOREPORT** is a trademark of Pacific Associates and Asia Securities Printing.  
The translation is copyrighted by Pacific Associates.

## Company Profile

## Financial highlights

Years ended March 31; Thousands of yen	1998	1999	2000	2001	2002	Change 2002/1998
Net sales	162,041,928	242,822,879	332,169,353	471,246,003	560,881,362	346%
Ordinary profit	3,050,437	6,663,845	10,245,450	16,403,146	18,288,872	600%
Net income	1,631,248	3,082,158	5,564,479	8,790,195	10,244,002	628%
Equity income assuming application of equity method	-	-	-	-	-	
Common stock	8,098,208	10,793,924	20,633,642	32,181,055	46,000,514	568%
Shares outstanding	14,835	17,629	21,616	24,699	27,723	187%
Shareholders' equity	21,639,883	29,760,916	54,912,469	86,245,387	123,397,592	570%
Total assets	65,652,416	78,615,396	115,531,282	167,509,182	203,227,381	310%
Equity / assets (%)	33.0	37.9	47.5	51.5	60.7	
Shareholders' equity per share (Yen)	1,458.68	1,688.14	2,540.32	3,491.78	4,451.11	305%
Dividends per share (Yen)	22.00	23.00	23.00	26.00	24.00	109%
Net income per share (Yen)	112.57	196.84	268.18	360.27	376.37	334%
Net income per share, fully diluted (Yen)	102.00	172.00	264.76	358.52	375.63	368%
Dividend payout ratio (%)	20.0	13.1	8.9	7.3	6.5	
Net cash provided by operating activities	-	-	9,027,001	16,196,809	3,303,256	
Net cash used in investing activities	-	-	(20,754,671)	(31,356,709)	(29,065,438)	
Net cash provided by financing activities	-	-	19,813,874	18,549,090	23,324,955	
Cash and cash equivalents at term end	-	8,598,320	16,684,524	20,073,715	17,636,489	
Employees	1,880	2,446	3,476	4,545	4,428	236%

## Peer comparisons

Percent	1998	1999	2000	2001	2002
Net income / net sales (%)	1.0	1.3	1.7	1.9	1.8
Peers	(0.5)	(2.4)	(2.1)	(1.2)	(4.3)
Ordinary profit / net sales (%)	1.9	2.7	3.1	3.5	3.3
Peers	0.2	0.1	0.8	0.2	(2.3)
Net income / assets (%)	2.5	3.9	4.8	5.2	5.0
Peers	(1.0)	(4.7)	(3.2)	(1.7)	(4.6)
Ordinary profit / assets (%)	4.6	8.5	8.9	9.8	9.0
Peers	0.1	0.3	1.9	1.1	(2.9)
Equity / assets (%)	33.0	37.9	47.5	51.5	60.7
Peers	40.3	33.8	30.8	32.9	31.9
Net income / equity (%)	7.5	10.4	10.1	10.2	8.3
Peers	(4.6)	(132.6)	(3.4)	0.0	(13.0)

Peers include Kojima (7513), CSK Electronics (8073), Joshin Denki (8173), Best Denki (8175), Matsuya Denki (8189), Nakagawa Musen (8192), Laox (8202), K's Denki (8282).

## Common size statements

Years ended March 31; Percent	2000	2001	2002
<b>Balance sheet</b>			
Assets	100.0	100.0	100.0
Current assets	56.7	54.4	52.3
Tangible fixed assets	26.9	24.9	25.4
Intangible fixed assets	0.1	0.1	0.2
Investments and other assets	16.3	20.6	22.1
Total fixed assets	43.3	45.6	47.7
<b>Liabilities and shareholders' equity</b>			
Current liabilities	42.7	42.5	35.8
Long-term liabilities	9.8	6.0	3.5
Total liabilities	52.5	48.5	39.3
Common stock	17.8	19.2	22.0
Additional paid-in capital	17.8	19.2	22.0
Legal income reserve	0.2	0.1	0.0
Retained earnings	11.7	13.0	15.0
Unrealized gains or losses on other securities	-	(0.0)	(0.0)
Treasury stock	-	-	(0.0)
Total shareholders' equity	47.5	51.5	60.7
<b>Statement of income</b>			
Net sales	100.0	100.0	100.0
Cost of goods sold	86.0	85.4	84.5
Gross profit on sales	14.0	14.6	15.5
Selling, general and administrative expenses	12.4	12.6	13.7
Operating income	1.6	2.0	1.8
Nonoperating income	1.6	1.6	1.6
Nonoperating expenses	0.1	0.1	0.1
Ordinary profit	3.1	3.5	3.3
Extraordinary income	0.0	0.0	0.0
Extraordinary losses	0.1	0.2	0.1
Net income before taxes	3.0	3.3	3.2
Taxes	1.3	1.4	1.4
Net income	1.7	1.9	1.8

## Business Overview

### Contents of business

The corporate group comprises the Company and six subsidiaries. Its principal business is selling household electrical appliances, personal computers and other home-information products.

The Company sells products directly to consumers through its company-operated stores and through the stores of a subsidiary, Minami Kyushu Yamada Electric, Co., Ltd.

Another subsidiary CIC Co., Ltd. has responsibility for disposing of electrical appliances and other industrial waste that the Company accepts at its stores from customers.

The subsidiary, Multi Media Work, Co., Ltd., provides support services for personal computers and computer-related goods purchased from the Company.

The subsidiary Okinawa Yamada Denki Co., Ltd., which was established on July 17, 2001, sells merchandise that it procures from the Company.

The subsidiary Wako Yamada Denki Co., Ltd., which was established on September 27, 2001, sells merchandise that it procures from the Company.

The subsidiary YST Japan Co., Ltd., in which the Company purchased an equity position on February 27, 2002, supplies the Company with products that it imports from abroad.

Two subsidiaries, Tecc-Information System Co., Ltd. and i++.com, were liquidated on September 28, 2001.

## 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 district, opened in Izumi-ku, Sendai-shi, Miyagi Prefecture.

YAMADA DENKI

Year	Month	Event
1997	February	Tecc Land Nisshin Store, the Company's first store in the Chubu district, opened in Nisshin-shi, Aichi Prefecture.
	April	Transactions with partners established through operating alliances begun.
	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 district, 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.
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 company Wako Yamada Denki Co., Ltd. established with Wakodenki Co., Ltd. (The joint venture is an affiliated company.)
2002	February	Equity position purchased in YST Japan Co., Ltd. (which became an affiliated company).

(As of the end of the fiscal term, there were 146 stores in operation.)



## Directors

Name	Title	Date joined company	Date of birth	Thousand shares
Noboru Yamada	Representative Director, President	May-74	11-Feb-43	470.0
Tadao Ichimiya	Representative Director, Executive Vice President	Jan-83	13-Aug-55	30.5
Koji Ichimiya	Executive Vice President	Dec-83	28-Sep-63	1.4
Ginji Karasawa	Senior Managing Director	Nov-84	1-Apr-53	4.1
Masaya Moteki	Senior Managing Director	Jul-86	12-Jul-65	-
Mamoru Moteki	Senior Managing Director	Jan-85	29-Mar-49	1.4
Akihiko Iwai	Managing Director	Aug-85	27-Jul-56	1.1
Hiroyasu Iizuka	Managing Director	Apr-85	18-Jan-65	-
Masaaki Kurihara	Managing Director	Jul-96	25-Apr-57	-
Makoto Igarashi	Managing Director	Jan-90	4-Aug-64	1.1
Hitoshi Arai	Director	Mar-84	26-Aug-60	-
Shigeru Kobayashi	Director	Apr-84	4-Sep-51	-
Takashi Watanabe	Director	Mar-91	30-Dec-67	-
Haruhiko Itakura	Director	Jun-86	11-Jan-54	-
Kiichi Makishima	Standing Statutory Auditor	May-86	18-Jun-46	3.9
Katsuji Kato	Standing Statutory Auditor	Sep-83	14-Sep-44	4.6
Masahito Kobayashi	Statutory Auditor	Aug-88	2-Aug-48	2.6
Izumi Inukai	Statutory Auditor	Jun-94	6-Mar-48	-
				519.4

## Employees

	Total or average
Number	4,428
Average age	28.2
Average years of service	3.4
Average annual salary (Yen)	3,236,826

The average annual salary includes bonuses.

The number of employees does not include 857 part-time employees.

## Cash Flow

## Nonconsolidated statement of cash flow

Years ended March 31; Thousands of yen	2000	2001	2002
Net cash provided by operating activities			
Net income before taxes and other adjustments	9,762,823	15,414,710	17,912,293
Depreciation	2,245,579	3,070,432	4,059,236
Increase (decrease) in reserve for retirement allowances	28,000	(152,000)	-
Increase in retirement benefits	-	1,137,000	276,308
Increase in reserve for bonuses	514,000	217,000	5,000
Increase (decrease) in allowance for doubtful accounts	(65,325)	(14,599)	323,141
Increase in allowance for customer-discount points	-	-	2,053,000
Interest and dividend income	(71,072)	(219,110)	(441,612)
Interest expenses	396,687	427,800	332,387
Gain on sales of marketable securities	(20,152)	(8,370)	-
Loss on valuation of marketable securities	141	-	-
Loss on valuation of investment securities	-	-	7,311
Loss on valuation of securities of affiliated companies	-	16,498	-
Gain on liquidation of affiliated companies	-	-	(244)
Loss on liquidation of affiliated companies	-	-	3,215
Issuing expenses on new equity	72,230	92,365	136,951
Loss on disposal and sales of tangible fixed assets	312,139	175,528	37,320
Loss on cancellation of guarantee deposits	120,882	9,655	5,822
Revaluation loss on golf membership deposits	55,700	-	300
Decrease (increase) in trade receivables	(549,369)	(3,285,560)	(4,902,043)
Decrease (increase) in inventory	(9,558,038)	(16,022,175)	(5,516,367)
Increase (decrease) in trade payables	9,356,742	15,339,524	(1,440,170)
Increase (decrease) in consumption tax payable	(652,402)	449,057	830,113
Decrease (increase) in consumption tax receivable	(1,317)	1,317	-
Decrease (increase) in other current assets	(52,865)	(570,817)	(1,073,593)
Increase (decrease) in other current liabilities	1,808,509	5,111,272	(326,560)
Directors' bonuses	(34,000)	(50,500)	(65,100)
	13,668,895	21,139,027	12,216,709
Interest and dividend income	74,559	217,913	443,390
Interest expenses	(392,662)	(424,656)	(325,872)
Income tax and others	(4,323,791)	(4,735,475)	(9,030,970)
	9,027,001	16,196,809	3,303,256

Y A M A D A   D E N K I

Years ended March 31; Thousands of yen	2000	2001	2002
Net cash used in investment activities			
Increase in time deposits	(6,859,000)	(7,553,000)	(9,432,009)
Proceeds from decrease in time deposits	5,476,000	6,196,000	7,060,000
Proceeds from sales of marketable securities	-	-	60,000
Payments for acquisition of marketable securities	(50,220)	-	-
Payments for acquisition of investment securities	-	(25,145)	(306,205)
Payments for acquisition of capital stock of affiliated companies	(60,900)	(50,000)	(371,600)
Proceeds from sales of shares of affiliated companies	-	-	59,530
Payments for loans and advances	(361,814)	(736,470)	(7,400,000)
Proceeds from collection of loans and advances	1,021,611	748,421	91,988
Payments for acquisition of tangible fixed assets	(12,013,652)	(13,918,731)	(13,221,819)
Payments for acquisition of intangible fixed assets	(64,827)	(55,904)	(111,432)
Proceeds from sales of tangible fixed assets	(142,873)	-	-
Payments of guarantee deposits	(8,877,459)	(16,819,875)	(7,324,624)
Proceeds from reversal of guarantee deposits	1,212,337	1,024,628	1,342,172
Other net cash used in investment activities	(176,746)	(166,633)	488,560
	<u>(20,754,671)</u>	<u>(31,356,709)</u>	<u>(29,065,438)</u>
Net cash provided by financing activities			
Proceeds from increase in short-term borrowings	154,100,000	170,500,000	212,200,000
Payments of short-term borrowings	(156,470,000)	(170,920,000)	(212,200,000)
Proceeds from increase in long-term debt	7,800,000	1,400,000	-
Payments of long-term debt	(2,805,900)	(4,823,450)	(3,482,655)
Proceeds from issuing of new shares	17,591,769	22,839,635	27,448,048
Dividends	(404,377)	(497,943)	(642,731)
Payments for purchase of Treasury stock	(309,556)	(44,523)	(3,688)
Proceeds from sales of Treasury stock	311,938	95,371	5,982
	<u>19,813,874</u>	<u>18,549,090</u>	<u>23,324,955</u>
Effect of exchange rate changes on cash and cash equivalents	-	-	-
Net increase in cash and cash equivalents	8,086,204	3,389,190	(2,437,225)
Cash and cash equivalents at beginning of term	8,598,320	16,684,524	20,073,715
Cash and cash equivalents at end of term	<u>16,684,524</u>	<u>20,073,715</u>	<u>17,636,489</u>

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

Years ended March 31; Thousands of yen	2001	2002
Cash and time deposits	26,055,715	25,990,499
Time deposits, etc., of 3 months or longer	(5,982,000)	(8,354,009)
Cash and cash equivalents at end of term	20,073,715	17,636,489

Noncash investing and financing activities

Years ended March 31; Thousands of yen	2001	2002
Conversion of convertible bonds into common stock	81,412	25,459
Conversion of convertible bonds into additional paid-in capital	81,397	25,415
Reduction in balance of convertible bonds	162,810	50,875

## Capital expenditure plans

Thousands of yen	Expenditures to date	Anticipated expenditures	Date commenced	Date completed
Significant new additions of facilities				
Tecc Land stores				
Ebina	398,800	66,000	2002/2	2002/4
Ofuna	491,000	50,000	2002/2	2002/4
Iruma	345,000	46,000	2002/2	2002/4
Gifu	977,800	76,000	2001/11	2002/4
Uozu	958,000	69,000	2001/10	2002/5
Sakai	1,050,000	69,000	2001/11	2002/5
Osu	75,000	217,000	2002/4	2002/5
Nara	165,000	243,000	2002/4	2002/5
Minamigyotoku	80,000	296,000	2002/5	2002/6
Nagasaki	350,000	814,000	2002/1	2002/6
Annaka	4,000	386,000	2002/3	2002/6
Akita	236,000	794,000	2002/3	2002/7
Funabashi	271,000	744,000	2001/11	2002/7
Kobe	142,000	2,096,000	2001/11	2002/8
Kashiwa	400,000	895,000	2002/3	2002/8
Kuki	104,000	1,108,500	2002/3	2002/8
Aomori	10,000	1,164,000	2002/3	2002/8
Hachinohe	450,000	508,000	2002/4	2002/9
Yamagata	104,000	816,000	2002/5	2002/9
	6,611,600	10,457,500		

## Dividend policy

In allocating its profits, the Company is most concerned with the stability and continuity of dividends to shareholders. At the same time, amid changes occurring in the economics of distribution, it also believes that internal reserves are indispensable for achieving stable growth through a strengthened corporate structure. Consequently, it has adopted a basic policy of paying out dividends commensurate with profits.

The Company will reinvest retained earnings into the opening of new stores and the renovation of existing stores, as well as into human-resources development. The goals of these investments will be to sustain and increase the Company's competitiveness and to expand the scale of its operations. For the last fiscal year, the Company increased its dividend by 1 yen to 24 yen per share. At the same time, it discontinued the commemorative dividend it paid in the year to March 2001 to commemorate its listing on the First Section of the TSE.

## Operations

## Nonconsolidated statement of income

Years ended March 31; Thousands of yen	2000	2001	2002
<b>Net sales</b>			
Net sales - merchandise goods	331,096,192	470,176,930	559,782,090
Net sales - rental fees	1,073,161	1,069,072	1,099,272
	<u>332,169,353</u>	<u>471,246,003</u>	<u>560,881,362</u>
<b>Cost of goods sold</b>			
<b>Cost of goods sold - merchandise</b>			
Merchandise inventory, beginning of term	27,508,384	37,066,422	53,088,597
Purchase of merchandise for the term	294,902,009	418,270,026	479,564,645
	<u>322,410,394</u>	<u>455,336,448</u>	<u>532,653,243</u>
Merchandise inventory, end of term	37,066,422	53,088,597	58,604,965
	<u>285,343,971</u>	<u>402,247,851</u>	<u>474,048,278</u>
Cost of goods sold - rental fees	102,860	66,321	47,093
	<u>285,446,831</u>	<u>402,314,172</u>	<u>474,095,371</u>
<b>Gross profit on sales</b>			
Merchandise goods	45,752,220	67,929,079	85,733,811
Rental fees	970,301	1,002,751	1,052,179
	<u>46,722,521</u>	<u>68,931,831</u>	<u>86,785,990</u>
<b>Selling, general and administrative expenses</b>			
Advertising expenses	9,510,417	13,292,694	15,958,608
Provision for doubtful accounts	-	-	9,941
Employee salaries	10,195,602	14,228,538	18,906,320
Reserve provision for bonuses	1,303,000	1,520,000	1,525,000
Retirement allowances	51,684	-	-
Pension benefit expenses	-	270,350	373,464
Employee benefit expenses	1,570,626	2,274,202	2,957,611
Leasing fees	5,599,657	8,937,865	12,935,696
Water, heating and lighting expenses	1,408,335	2,318,769	3,255,383
Depreciation expenses	2,132,319	2,919,291	3,805,216
Others	9,582,243	13,785,382	17,001,522
	<u>41,353,887</u>	<u>59,547,094</u>	<u>76,728,765</u>
Operating income	5,368,634	9,384,736	10,057,225

Y A M A D A   D E N K I

Years ended March 31; Thousands of yen	2000	2001	2002
<b>Nonoperating income</b>			
Interest income	68,522	211,400	420,384
Purchase discount	3,673,423	5,056,048	6,187,823
Income on sales promotion	969,758	1,232,017	1,099,804
Others	695,275	1,084,650	1,050,680
	5,406,979	7,584,116	8,758,692
<b>Nonoperating expenses</b>			
Interest expenses	395,778	427,604	332,271
Interest expenses for bonds	909	195	115
Issuing expenses for new shares	72,230	92,365	136,951
Others	61,245	45,541	57,707
	530,163	565,707	527,046
Ordinary profit	10,245,450	16,403,146	18,288,872
<b>Extraordinary income</b>			
Reversal of allowance for doubtful accounts	10,195	14,599	-
Gain on liquidation of affiliated companies	-	-	244
	10,195	14,599	244
<b>Extraordinary losses</b>			
Loss on disposal of fixed assets	198,661	185,160	40,804
Loss on cancellation of guarantee deposits	120,882	9,655	5,822
Loss on valuation of securities of affiliated companies	-	16,498	-
Loss resulting from change in retirement benefit accounting standards	-	791,720	-
Loss on liquidation of affiliated companies	-	-	3,215
Directors' retirement expenses	4,100	-	13,481
Provision for doubtful accounts	-	-	313,200
Revaluation loss on golf membership deposits	55,700	-	300
Consumption taxes for prior fiscal years	113,478	-	-
	492,821	1,003,034	376,823
Net income before taxes and other adjustments for the term	9,762,823	15,414,710	17,912,293
Corporate, residents and enterprise taxes	4,327,662	7,401,548	8,883,234
Deferred taxes	(129,318)	(777,034)	(1,214,943)
	4,198,344	6,624,514	7,668,290
Net income for the term	5,564,479	8,790,195	10,244,002
Retained earnings brought forward from previous term	507,335	616,827	928,745
Adjustment for tax effect in prior years	347,578	-	-
Unappropriated retained earnings, end of fiscal term	6,419,393	9,407,023	11,172,748



## Results of operations

Fiscal year ended March 31, 2002

### Economic and other factors affecting operations

- 1) Continued high rates of unemployment, reflecting a slowdown in the U.S. economy, worsening deflation in Japan, etc.
- 2) Transformation of the market, as strategic alliances, mergers, and M&A among corporations change the face of the electrical retailing industry.
- 3) Cyclical demand versus new-product demand
  - Cyclical markets: steep decline in demand for PCs and other information-related equipment; downward reaction to the sharp spike in sales prior to the implementation of the Appliance Recycling Law; and decline in average price of merchandise sold
  - New-product demand: surging sales of new products such as plasma display TVs, liquid crystal TVs, digital cameras, personal data assistants, and DVD players
- 4) Strategies to improve store efficiency
  - Implementation of the "customer-discount point system" in all stores as a means of promoting repeat customers
  - Store revitalization: addition of audio-visual software corners; efforts to expand secondhand PC and appliance business

### Network expansion

- 1) Aggressive openings of large-scale outlets, based on store-development concept of "well-lit environments," "enjoyment," "kindness," and "convenience"
- 2) Implementation of Build and Scrap policy to revitalize existing stores
  - Opening of 21 new stores, including Tecc Land Teine
  - Closing of 6 stores, including the Isesaki-Tsunatori Store
- 3) Total stores in operation at year-end: 146

### Sales by division (percentage changes, year-on-year)

- 1) Household appliances: +21.6% to 330.9 billion yen (59.0% of net sales)
- 2) Information-related appliances: +15.6% to 228.7 billion yen (40.8% of net sales)
- 3) Other products: unchanged at 1.2 billion yen (0.2% of net sales)

## Sales

Year ended March 31; Thousands of yen		2002	
Products	Amount	%	Year-on-year comparison
<b>Home appliances</b>			
Color televisions	48,701,501	8.7	23.6
Video equipment	29,623,820	5.3	14.7
Audio equipment	31,362,155	5.6	15.7
Refrigerators	34,098,407	6.1	(2.2)
Washing machines	18,613,934	3.3	16.3
Cooking appliances	22,662,069	4.0	24.0
Air conditioners	30,621,890	5.4	20.4
Other home cooling and heating equipment	18,287,996	3.3	13.5
Others	96,953,440	17.3	40.2
	<b>330,925,212</b>	<b>59.0</b>	<b>21.6</b>
<b>Home information appliances</b>			
Personal computers	131,962,504	23.5	14.1
Computer peripherals	52,847,220	9.4	20.7
Software	12,053,978	2.2	26.1
Telephone and facsimile equipment	8,460,749	1.5	(11.8)
Others	23,417,854	4.2	21.5
	<b>228,742,305</b>	<b>40.8</b>	<b>15.6</b>
<b>Non appliances</b>			
Videos and books	1,104,844	0.2	2.3
Others	109,001	0.0	(18.9)
	<b>1,213,845</b>	<b>0.2</b>	<b>(0.0)</b>
	<b>560,881,362</b>	<b>100.0</b>	<b>19.0</b>

## Sales per unit

Years ended March 31; Thousands of yen	2001	2002
Net sales	471,246,003	560,881,362
Selling floor spaces (average) - m <sup>2</sup>	273,530	384,646
Sales per square meter	1,722	1,458
Employees (average) - persons	4,347	5,126
Sales per employees	108,407	109,418

## 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 Months	Current payments	Future payments
		Thousands of yen	
Computer and peripheral equipment	60	676,648	1,822,580
Store buildings	120	146,565	2,126,493
Store facilities	36-108	1,098,780	4,310,588

Pro forma information on leased property is as follows:

Thousands of yen	2001	2002
Buildings		
Acquisition cost	1,673,670	1,673,670
Accumulated depreciation	46,363	120,535
Net leased property	1,627,306	1,553,134
Tools, furniture and fixtures		
Acquisition cost	7,377,414	9,361,223
Accumulated depreciation	2,602,977	3,960,286
Net leased property	4,774,436	5,400,936
Total		
Acquisition cost	9,051,084	11,034,893
Accumulated depreciation	2,649,340	4,080,822
Net leased property	6,401,743	6,954,071
Future minimum lease payments, including interest portion		
Due within one year	1,404,994	1,770,890
Due after one year	5,205,364	5,468,401
	6,610,359	7,239,291
Lease payments	1,448,926	2,084,760
Pro forma depreciation expenses (assuming straight-line method)	1,183,326	1,719,068
Pro forma interest expenses	334,848	441,578

## Capital Structure

## Nonconsolidated balance sheet: assets

Years ended March 31; Thousands of yen	2000	2001	2002
<b>Current assets</b>			
Cash and time deposits	21,309,524	26,055,715	25,990,499
Notes receivable	-	-	49,056
Accounts receivable - trade	3,736,879	7,022,440	11,875,426
Marketable securities	192,033	59,940	-
Treasury stock	46,125	3,647	-
Merchandise	37,066,422	53,088,597	58,604,965
Short-term loans to affiliates	-	-	3,011,400
Prepaid expenses	605,598	927,560	1,192,465
Deferred tax assets	427,719	812,277	1,788,415
Accounts receivable - other	1,523,152	1,809,807	2,421,534
Accounts receivable - consumption tax	1,317	-	-
Current portion of guarantee deposits	587,570	1,235,679	1,372,345
Others	73,346	78,270	97,654
Allowance for doubtful accounts	(26,248)	(12,359)	(33,380)
	<u>65,543,443</u>	<u>91,081,577</u>	<u>106,370,381</u>
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>			
Buildings	27,547,667	37,394,783	47,054,677
Accumulated depreciation	4,585,820	6,723,289	9,461,471
	<u>22,961,847</u>	<u>30,671,494</u>	<u>37,593,206</u>
Structures	2,791,205	3,424,227	4,223,157
Accumulated depreciation	892,820	1,197,186	1,609,798
	<u>1,898,384</u>	<u>2,227,040</u>	<u>2,613,359</u>
Vehicles and delivery equipment	80,946	97,361	96,978
Accumulated depreciation	63,811	69,448	76,425
	<u>17,134</u>	<u>27,913</u>	<u>20,552</u>
Tools, furniture and fixtures	2,013,304	2,406,989	3,784,751
Accumulated depreciation	1,274,681	1,313,002	1,851,024
	<u>738,622</u>	<u>1,093,987</u>	<u>1,933,726</u>
Land	5,180,316	6,164,625	8,226,215
Construction in progress	295,430	1,504,587	1,187,647
	<u>31,091,737</u>	<u>41,689,648</u>	<u>51,574,708</u>

## YAMADA DENKI

Years ended March 31; Thousands of yen	2000	2001	2002
<b>Intangible fixed assets</b>			
Leaseholds	37,055	45,349	98,257
Software	2,740	3,632	37,650
Telephone bonds	101,862	147,772	168,996
	<u>141,658</u>	<u>196,754</u>	<u>304,905</u>
<b>Investments and other assets</b>			
Investments in securities	-	157,237	411,506
Capital stock of affiliated companies	177,900	211,401	520,500
Investments other than securities	144,008	114,874	85,643
Long-term loans	2,426	1,856	1,268
Long-term loans to affiliated companies	106,850	95,450	4,404,050
Long-term prepaid expenses	104,115	2,669,895	3,757,374
Deferred tax assets	49,176	444,887	697,312
Guarantee deposits	18,156,918	30,831,287	35,387,286
Others	13,757	14,311	14,565
Allowance for doubtful accounts	(710)	-	(302,120)
	<u>18,754,443</u>	<u>34,541,202</u>	<u>44,977,386</u>
Total fixed assets	<u>49,987,839</u>	<u>76,427,605</u>	<u>96,856,999</u>
Total assets	<u>115,531,282</u>	<u>167,509,182</u>	<u>203,227,381</u>

## Nonconsolidated balance sheet: liabilities and shareholders' equity

Years ended March 31; Thousands of yen	2000	2001	2002
<b>Current liabilities</b>			
Notes payable - trade	505,772	537,452	504,282
Accounts payable - trade	33,896,797	49,204,642	47,797,641
Short-term borrowings	420,000	-	-
Current portion of long-term debt	4,793,580	3,425,155	3,486,525
Convertible bonds redeemable within 1 year	37,935	-	106,375
Accounts payable - other	2,916,112	4,879,901	5,760,561
Accrued expenses	487,572	711,895	852,121
Income tax payable	2,599,724	5,217,057	5,069,321
Consumption tax payable	-	505,553	1,335,667
Advances from customers	2,063,766	4,671,480	3,699,731
Reserve for bonuses	1,303,000	1,520,000	1,525,000
Allowance for customer-discount points	-	-	2,053,000
Others	308,872	460,079	636,355
	<u>49,333,133</u>	<u>71,133,218</u>	<u>72,826,583</u>
<b>Long-term liabilities</b>			
Convertible bonds	282,125	157,250	-
Long-term debt	10,708,330	8,653,305	5,109,280
Reserve for retirement allowances	152,000	-	-
Retirement benefits	-	1,137,000	1,413,308
Others	143,225	183,021	480,617
	<u>11,285,680</u>	<u>10,130,576</u>	<u>7,003,205</u>
Total liabilities	<u>60,618,813</u>	<u>81,263,794</u>	<u>79,829,789</u>
<b>Shareholders' equity</b>			
Common stock	20,633,642	32,181,055	46,000,514
Additional paid-in capital	20,573,433	32,120,830	45,937,246
Legal income reserves	186,000	241,000	312,000
Retained earnings			
Voluntary reserves - total			
Special reserves	7,100,000	12,300,000	20,000,000
	<u>7,100,000</u>	<u>12,300,000</u>	<u>20,000,000</u>
Unappropriated retained earnings, end of fiscal year	6,419,393	9,407,023	11,172,748
	<u>13,519,393</u>	<u>21,707,023</u>	<u>31,172,748</u>
Unrealized gains or losses on other securities	-	(4,521)	(23,562)
Treasury stock	-	-	(1,354)
Total shareholders' equity	<u>54,912,469</u>	<u>86,245,387</u>	<u>123,397,592</u>
Total liabilities and shareholders' equity	<u>115,531,282</u>	<u>167,509,182</u>	<u>203,227,381</u>

## Share-related Information

## Shares in issue

Class of shares	Common
Registered or bearer	Registered
Number of shares authorized	40,000,000
Issued	
As March 31, 2002	27,723,049
As June 28, 2002	27,772,207
Stock exchange listings or registration	Tokyo Stock Exchange
Comments	-

## Shareholders by type of investor

Type of investor	Number of shareholders	Hundreds of shares	% owned
National and local government agencies	-	-	-
Financial institutions	103	126,074	51.52
Securities companies	21	621	0.25
Business and other corporations	148	29,901	12.22
Nonresidents	233	77,356	31.61
Individuals and others	3,148	10,755	4.40
	3,653	244,707	100.0
Shares less than one unit	-	3,252,349	-

## Largest shareholders

Name	Thousands of shares owned	Of which held in trust accounts	% of shares outstanding
Japan Trustee Services Bank	1,848.4	1,848.4	6.66
Mitsubishi Trust & Banking	1,742.9	1,742.9	6.28
Tecc-Planning	1,562.0		5.63
Goldman Sachs International	1,130.7		4.07
UFJ Trust Bank	986.3	986.3	3.55
The Chase Manhattan Bank, NA London, SL Omnibus Account	961.6		3.46
The Chase Manhattan Bank, NA London	654.6		2.36
Bank of Bermuda, Hamilton	647.9		2.33
Trust & Custody Services Bank	623.9	623.9	2.25
State Street Bank & Trust	599.6		2.16
	10,757.9		38.80

## Share information

---

Fiscal year-end	March 31
Ex-rights date	March 31
Ex-rights date for interim dividend	September 30
Closing of shareholder register	-
Annual general meeting of shareholders	June
Trading unit	100 shares
Types of share certificates	100, 1,000 and 10,000 shares
Transfer agent	Chuo Mitsui Trust & Banking, 3-33-1, Shiba, Minato-ku, Tokyo
Publication of record	Nihon Keizai Shimbun

---



## Contact

Makoto Igarashi  
Managing Director  
Financial and Administration Headquarters  
YAMADA DENKI CO., LTD.  
4-40-11, Hiyoshicho,  
Maebashi City, Gunma, Japan  
Telephone: 81-27-233-5522  
Facsimile: 81-27-233-3309

# **YAMADA DENKI CO., LTD**

4-40-11, Hiyoshicho, Maebashi City, Gunma, Japan

Telephone : 81-27-233-5522

Facsimile : 81-27-233-3309

URL=[http : //www.yamada-denki.jp/](http://www.yamada-denki.jp/)