YAMAHA CORPORATION

Interim Flash Report

Consolidated Basis

Results for the FY March 2006 interim period ended September 30, 2005

October 31, 2005

Company name: YAMAHA CORPORATION
(URL http://www.global.yamaha.com/ir/report/)
Code number: 7951
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Representative director: Shuji Ito, President and Representative Director
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Date of the interim meeting of the Board of Directors: October 31, 2005
Stock listings: Tokyo Stock Exchange (First Section)

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

1. RESULTS FOR THE FY MARCH 2006 INTERIM PERIOD (April 1, 2005 to September 30, 2005)

Figures of less than ¥1 million have been omitted.

(1) Consolidated Operating Results

	Net sales		Operating income		Recurring profit	
	Millions of yen	(% change from the previous interim period)	Millions of yen	(% change from the previous interim period)	Millions of yen	(% change from the previous interim period)
FY March 2006 interim period (Ended September 30, 2005)	¥257,193	(4.2)	¥14,367	(40.6)	¥21,338	(24.6)
FY March 2005 interim period (Ended September 30, 2004)	268,584	0.9	24,200	(8.4)	28,288	(4.9)
FY March 2005 (Ended March 31, 2005)	534,079		35,695		41,302	

	Net income (loss)		Net income (loss) per share	Net income per share after full dilution
	Millions of yen	(% change from the previous interim period)	Yen	Yen
FY March 2006 interim period (Ended September 30, 2005)	¥16,524	—	¥80.16	¥80.08
FY March 2005 interim period (Ended September 30, 2004)	(6,115)	—	(29.66)	—
FY March 2005 (Ended March 31, 2005)	19,697		95.06	93.88

Notes:
1. Equity in net income of affiliates:
   - FY March 2006 interim period ended September 30, 2005 ¥8,469 million
   - FY March 2005 interim period ended September 30, 2004 ¥5,603 million
   - FY March 2005 ended March 31, 2005 ¥9,110 million
2. Average number of outstanding shares during the period (consolidated):
   - FY March 2006 interim period ended September 30, 2005 206,142,726 shares
   - FY March 2005 interim period ended September 30, 2004 206,155,330 shares
   - FY March 2005 ended March 31, 2005 206,151,010 shares
3. Changes in method of accounting: NO

(2) Consolidated Financial Data

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
FY March 2006 interim period (As of September 30, 2005)	¥521,751	¥298,514	57.2	¥1,448.12
FY March 2005 interim period (As of September 30, 2004)	524,656	253,635	48.3	1,230.33
FY March 2005 (As of March 31, 2005)	505,577	275,200	54.4	1,334.51

Note: Number of outstanding shares at the end of the period (consolidated):
FY March 2006 interim period as of September 30, 2005 206,139,570 shares
FY March 2005 interim period as of September 30, 2004 206,153,318 shares
FY March 2005 as of March 31, 2005 206,144,016 shares

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY March 2006 interim period (Ended September 30, 2005)	¥(9,099)	¥ (8,929)	¥(4,891)	¥29,639
FY March 2005 interim period (Ended September 30, 2004)	7,823	(10,203)	12,638	42,019
FY March 2005 (Ended March 31, 2005)	39,588	(12,896)	(8,306)	50,393

(4) Matters Related to Consolidated Companies and Companies Accounted for Using the Equity Method

Number of consolidated subsidiaries: 93
Number of non-consolidated companies accounted for using the equity method: 0
Number of affiliated companies accounted for using the equity method: 3

(5) Changes in the Status of Consolidated Companies and Companies Accounted for Using the Equity Method

Consolidated companies:
Number of companies newly consolidated: 8
Number of companies removed from consolidation: 1
Equity method:
Number of companies newly accounted for using the equity method: 1
Number of companies removed from the equity method: 0

2. FORECAST OF RESULTS FOR FY MARCH 2006 (April 1, 2005 to March 31, 2006)

	Net sales	Recurring profit	Net income
	Millions of yen	Millions of yen	Millions of yen
FY March 2006	¥536,500	¥41,500	¥29,000

Reference: Net income per share for the fiscal year is forecast to be ¥140.68 on a consolidated basis.

Forecast performance is predicted by the Company based on the information available at the time of the forecast. Actual performance may differ from forecasts. For further information, please see "Forecast for FY March 2006" under "BUSINESS RESULTS AND FINANCIAL CONDITION."

(References)

1. THE YAMAHA GROUP

The Yamaha Group consists of Yamaha Corporation in Japan, 106 subsidiaries, and 15 affiliated companies and is involved in a wide range of businesses, including musical instruments, AV/IT products, electronic equipment and metal products, lifestyle-related products, recreation and other fields.

Our main products and main subsidiaries and affiliated companies, as well as their positioning, are as shown below. Furthermore, business divisions are the same as business segments.

Business segment	Major products & services	Major consolidated subsidiaries
Musical instruments	Pianos, Electronic & Digital musical instruments, Wind instruments, String instruments, Percussion instruments, Educational musical instruments, Professional audio equipment, Soundproof rooms, Music schools, English schools, Content distribution, and Piano tuning	Yamaha Music Tokyo Co., Ltd., and 10 other domestic musical instruments sales subsidiaries Yamaha Corporation of America Yamaha Canada Music Ltd. Yamaha Music Holding Europa G.m.b.H. Yamaha Music Central Europa G.m.b.H. Yamaha-Kemble Music (U.K.) Ltd. Yamaha Musique France S.A.S. P.T. Yamaha Music Manufacturing Asia Yamaha Music & Electronics (China) Co., Ltd. Tianjin Yamaha Electronic Musical Instruments, Inc.
AV/IT products	Audio products and IT equipment	Yamaha Electronics Marketing Corp. Yamaha Electronics Corporation, U.S.A. Yamaha Elektronik Europa G.m.b.H. Yamaha Electronics Manufacturing (M) Sdn. Bhd. Yamaha Music & Electronics (China) Co., Ltd.
Electronic equipment and metal products	Semiconductors and Specialty metals	Yamaha Kagoshima Semiconductor Inc. Yamaha Metanix Corporation
Lifestyle-related products	System kitchens, Bathrooms, Washstands	Yamaha Livingtec Corporation
Recreation	Sightseeing facilities, Accommodation facilities, Ski resorts, and Sports facilities	Kiroro Associates Co., Ltd. and 5 others
Others	Golf products, Automobile interior wood components, FA equipment, and Metallic molds and components	Yamaha Fine Technologies Co., Ltd.

Principal consolidated subsidiaries are recorded separately for each area of business in which they are engaged.

2. MANAGEMENT POLICY

(1) Basic Management Policy

Yamaha Corporation aims to sustain its growth as a company that draws on its accumulated technologies and sensitivities in its core fields of sound and music as it works together with people throughout the world to enrich culture and create ***Kando****. To this end, the Company will expedite decision-making processes, work to create technological innovation, strengthen its capabilities for responding to rapidly changing markets, and meet customer needs through the development and provision of superior-quality products and services. In addition, Yamaha will make effective use of its management resources, rationalize and improve the efficiency of its business practices, and secure a strong competitive position in the global marketplace. Furthermore, the Company is seeking to increase the transparency of its management, make certain that it can realize solid business performance, and accumulate and distribute earnings appropriately to ensure that it can meet the expectations of shareholders and investors. At the same time, the Company strives to act in accordance with the responsibilities of an exemplary corporate citizen by giving due consideration to safety and environmental protection and promoting its own rigorous compliance with relevant laws and regulations.

**Kando* is a Japanese word meaning the inspiration of hearts and minds.

(2) Basic Dividend Policy

Yamaha's basic dividend policy prioritizes raising consolidated return on equity. Based on medium-term consolidated profit levels, the Company's policy is to pay stable dividends while maintaining appropriate internal reserves for strengthening its management base through research and development as well as rationalization investment.

(3) Goals and Management Targets

Yamaha's medium-term business plan, which covers the period from FY March 2005 to FY March 2007, calls for the Company to attain the following consolidated performance figures by FY March 2007: Net sales of ¥590.0 billion, operating income of ¥50.0 billion, recurring profit of ¥52.0 billion, and net income of ¥34.0 billion. In addition, the plan aims to boost return on equity to 10% and effectively eliminate actual interest-bearing debt.

(4) Medium- to Long-Term Management Strategies and Issues

Yamaha's YSD50 medium-term business plan ("YSD" is the abbreviation for Yamaha Sustainable Development, while "50" symbolizes the Company's goal of boosting annual operating income to ¥50.0 billion and eliminating actual interest-bearing debt.) aims to realize the creation of stable, high profits and a management structure that will be able to sustain continued development. We are pursuing these goals with the initiatives outlined below.

1. Achieving Sustainable, Stable, High Earnings

The profitability of all businesses is to be strengthened, and a significant increase in the profitability of the musical instrument business is expected to contribute to the creation of a stable high-earnings structure for the entire Yamaha Group.

Musical instruments

In musical instruments operations, the Company will (1) revitalize the domestic market, (2) expand sales of high-value-added products, (3) promote growth in the Chinese market and professional audio equipment market, (4) restructure manufacturing operations, (5) further develop its human resources, and (6) restructure business processes. In the field of content and media, Yamaha is expanding its ringtone melody distribution business overseas and working to use portal sites to develop new business.

AV/IT

In AV/IT operations, the Company will continue strengthening its home theater business and expanding router-related solutions business aimed at meeting the needs of enterprises and SOHO customers, while promoting its growth strategy with the establishment of new business units.

Electronic equipment and metal products

In electronic equipment operations, Yamaha is working to maintain its global share of LSI sound chips for the mobile phone market while working to expand into other domains. Turning to electronic metal product operations, the Company is working to establish a profit base through ongoing manufacturing reform and expanding its copper connector and manufactured goods businesses.

Lifestyle-related products

Yamaha is restructuring its lifestyle-related products operations by engaging in the efficient reallocation of management resources by eliminating unprofitable businesses, creating a leaner cost structure, reforming wholesale operations, and reforming its employment structure.

Recreation

Yamaha is looking to quickly restore its recreation operations to profitability by promoting initiatives tailored to the distinctive strengths of each facility as well as raising its quality ratings and improving safety.

Other

In the golf business, the Company is working to increase brand recognition with its *inpres*™ series. In FA equipment and metallic molds and component, the Company is endeavoring to develop business for its FA products in the IT and automotive sectors, while in the area of metallic molds and components, it is working to effect a decrease in its break-even point and enter new markets with its magnesium parts. Regarding automobile interior wood components, the Company is endeavoring to step up its product development, manufacturing, supply, and customer service capabilities.

Companywide measures

Aiming to reduce costs through Companywide horizontal initiatives, Yamaha is seeking to implement procurement cost reductions; implement manufacturing reforms that incorporate reductions in production loss and quality loss-related costs, reform business processes through the remodeling of basic information systems and better supply chain management (SCM), and employ IT to rationalize Companywide operations.

2. Creating and Developing Innovative, High-Quality Products and Businesses

In each of its businesses, Yamaha will emphasize efforts focused on the medium- and top-level segments of the relevant markets, thereby promoting its superior brand positioning and simultaneously developing additional demand through the concerted use of its capabilities to create and market innovative products.

3. Emphasizing Corporate Social Responsibility (CSR)

Aiming to ensure that its corporate value and brand value can be expanded and developed on a sustained basis, Yamaha is determined to fulfill its responsibilities from a business aspect and to the natural environment and society. At the same time, the Company is adjusting its management systems with an eye to promoting continual improvement in its fulfillment of those responsibilities.

(5) Corporate Governance

Basic Stance Regarding Corporate Governance

Yamaha regards strengthening its corporate governance systems as one of its most important management issues and is actively involved in strengthening these initiatives.

To continually develop its corporate and brand value, Yamaha is working to fulfill its economic, environmental, and social responsibilities by drawing on its accumulated technologies and know-how in its core field of sound and music as it works together with people throughout the world to enrich culture and create ***Kando***.

Yamaha is endeavoring to improve its management organizational systems and frameworks as well as implement the necessary measures to achieve these objectives. In addition, Yamaha's basic stance regarding its corporate governance is that taking initiatives to achieve transparency in management through timely disclosure of information is essential.

Implementation of Corporate Governance Measures

1) Basic Outline of Yamaha's Governance Structure

Directors and the Board of Directors

Yamaha's Board of Directors had eight members as of September 30, 2005, including two representative directors and one outside director. In principle, the Board meets once a month.

The Board has overall responsibility for formulating strategies of the Yamaha Group, decision making, monitoring of business execution in Company divisions, providing guidance, and performing other managerial functions. Yamaha has introduced the Executive Officer System in order to clearly distinguish overall management functions from direct execution and implement business activities at the divisional level and is working to strengthen its corporate governance functions centered around the Board of Directors.

Auditors and the Board of Auditors

Yamaha has adopted the corporate auditor system, and its Board of Auditors has four members, including two outside auditors. In principle, the Board of Auditors meets once a month and formulates its plans for periodic and comprehensive auditing of executive divisions and Group companies. Members of the Board of Auditors also attend the Management Meeting and other important meetings.

The Board of Auditors is also responsible for working closely with the Company's independent auditors and receives periodic progress reports on the auditing of the financial statements from them to ensure the appropriateness of the auditing process.

In addition, to secure the necessary environment for effective corporate auditing, the Board of Auditors has established a Corporate Auditors Office as an administrative team for auditors.

Management Meeting

To discuss management issues as needed and achieve a consensus of opinion among members of management, Yamaha has formed the Management Meeting, which, in principle, meets twice a month. Members comprise managing directors and the senior executive officer, and meetings are attended by the chairman of the Board of Auditors.

Executive Officers

Yamaha has already introduced the Executive Officer system with the objectives of strengthening consolidated Group management functions and accelerating decision making by the Board of Directors as well as improving business execution functions. To enable members of the Board of Directors and executive officers to perform their duties to the best of their abilities, the Company has clearly delineated the respective roles and functions of directors and executive officers, with the execution of business activities being the responsibility of executive officers. There are 13 executive officers, comprising one senior executive officer and 12 executive officers.

Companywide Governance Committee

Yamaha has formed the Companywide Governance Committee, comprising the Compliance Committee, the Corporate Social Responsibility (CSR) Committee, and the Corporate Officer Personnel Committee.

The Compliance Committee conducts activities on a Companywide basis to promote the fulfillment of social responsibilities and compliance with laws and regulations.

The CSR Committee carries out activities to promote voluntary activities that contribute to society with the objective of pursuing achievement of autonomously established standards beyond those required by the law.

The Corporate Officer Personnel Committee is responsible for discussing the selection of candidates for the positions of director, auditor, and executive officer and thereby increasing the transparency and fairness of the process for selection of management candidates appointed to these positions. In addition, the Corporate Officer Personnel Committee is responsible for considering programs for nurturing future candidates for management positions and management compensation.

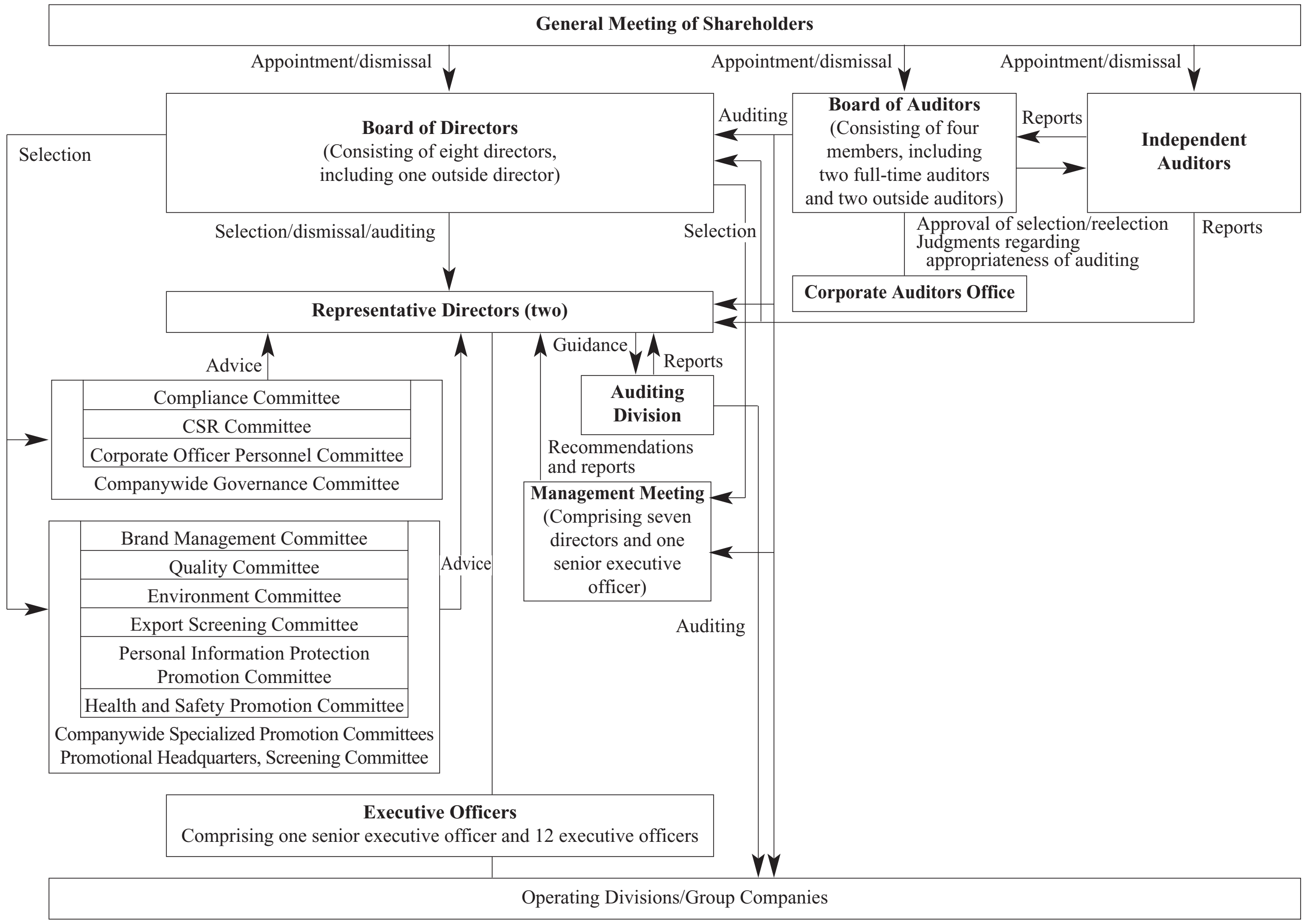
Internal Auditing

Yamaha has established the Auditing Division, which reports directly to the president and representative director. This division is responsible for considering and evaluating the Company's administrative and operating systems as well as the conduct of operations from an overall management perspective and for ascertaining that activities are carried out legally and rationally. Based on the results of its examinations, the division provides information as well as advice and suggestions for improvements and for conducting activities more rationally. In addition, the division works to improve the efficiency of auditing activities by maintaining close communication and cooperation with the Company's auditors and independent auditor.

Yamaha has instituted the auditing systems described in the previous paragraphs. In addition, to strengthen corporate governance functions, the Company has introduced an executive officer system and a Corporate Officer Personnel Committee. Management believes this system is becoming increasingly effective and has decided to continue with the corporate auditor governance model.

2) Outline of Yamaha's Governance Structures and Internal Control Systems

An outline of the Company's corporate governance and internal control systems is shown below.



3) Current State of Risk Management Systems

Yamaha deals with the various risks that may arise in its operations by establishing flexible and optimal systems appropriate to the magnitude of potential impact on management by creating risk management systems suited to the risks it may confront. These range from systems for response for those with different scopes of responsibility to establishing a Companywide risk management structure.

The committees related to risk management are as follows.

Compliance Committee

The Company has formed the Compliance Committee to serve as the core unit responsible for setting policies and discussing issues related to compliance. This committee has a Groupwide implementation system that aims to realize adherence with the Company's corporate philosophy through the promotion of compliance with laws and regulations as well as internal rules, while conducting deliberations and making decisions regarding matters related to improvements in corporate ethics. Specific activities include the preparation of a compliance guide and the implementation of training programs to enhance awareness of compliance among all Group personnel, including directors. The committee has also established a compliance help line.

Brand Management Committee

The functions of this committee include determining the appropriateness of the display of the Yamaha brand and preparation of guidelines for brand management with the aim of building and defending the value of the Yamaha brand.

Quality Committee

To attain the product and service quality as well as the improvement in customer satisfaction that the Yamaha brand aims for, we have formed the Quality Committee. This committee will confirm Companywide product quality policies, consider carefully and reach a consensus on strategic issues relating to quality as well as important quality issues for Companywide focus, confirm progress toward quality goals by business segment, and serve as a forum for exchange of information on quality matters.

Environment Committee

The roles of this committee include taking proactive initiatives in relation to global environmental issues, ensuring compliance with environmental legislation, and preventing environmental pollution that may arise from the Company's business activities.

Export Screening Committee

This committee was formed to ensure compliance with laws that forbid the proliferation of weapons of mass destruction and the preparation of the Company's Export Management Regulations, which are intended to ensure the appropriate conduct of export activities. The committee's activities also include promoting the awareness of these regulations and the supervision of their implementation.

Personal Information Protection Promotion Committee

Yamaha has established its Personal Information Protection Promotion Committee with the objectives of creating fundamental policies and appropriate rules for administration systems and management methods related to the protection of personal information held throughout the Company (including domestic Group companies) as well as taking measures to ensure related legal compliance and the prevention of information leaks and similar incidents. The committee also is responsible for coordinating activities between different departments, resolving problems that affect multiple departments, and planning and implementing related educational and training programs.

Health and Safety Promotion Committee

This committee works constantly to implement measures to prevent the occurrence of disasters and accidents to ensure the safety of employees, customers, and other related parties and to develop comprehensive measures to deal with disasters and other contingencies after they occur.

This committee has appointed six divisional heads by area: namely, the Labor Safety Committee Chairperson, the Disaster Policy Chairperson, Companywide Traffic Safety Chairperson, the Health and Wellness Chairperson, the Office Safety and Sanitation Chairperson, and the Overseas Safety Chairperson.

4) Status of Accounting Audit

Hideji Kawanishi and Takahiro Takiguchi conducted accounting audit operations for the Company and work as a representative partner and employee, respectively, of Ernst & Young ShinNihon. They have conducted audits for 13 years and one year, respectively. Assistants for auditing operations include 8 certified public accountants, 3 assistant certified public accountants, and 8 other assistants.

5) Summary of Potential Conflicts of Interest, Including Relationships between the Company and its Outside Directors and Outside Auditors as well as Capital and Transactions Relationships

As of September 30, 2005, the Company had one outside member on its Board of Directors and two outside members on its Board of Auditors.

Toru Hasegawa, the outside member of the Board of Directors, also serves as the Chairman and Representative Director of Yamaha Motor Co., Ltd., an affiliate of the Company.

Naomoto Ohta, one of the standing outside auditors, resigned as an employee of the Company in June 1994, and has held the position of auditor of the Company from that time to the present. Kunio Miura, the other outside auditor is a lawyer and has no personal, capital, or transactional relationship with the Company that might give rise to a conflict of interest.

6) Initiatives over the Past Year toward Improving the Company's Corporate Governance

During the one-year period from October 1, 2004, to September 30, 2005, the Board of Directors met 14 times and the Management Meeting 25 times to decide on necessary operating matters and consider important management issues. The Board of Auditors met 16 times during this same period and worked to enhance audits, particularly with regard to compliance, safety and health, quality management, and internal control systems, which will be priority areas for the foreseeable future. In addition, it conducted audits of business divisions as well as subsidiaries according to schedule.

In addition, regarding the Companywide Governance Committee, the Corporate Officer Personnel Committee convened and selected one new candidate for director and two new executive officers in addition to conducting ongoing deliberations related to compensation for directors. Moreover, the Compliance Committee met four times and expanded its second compliance survey to include outside employees to evaluate the awareness of employees and the status of compliance at business sites with an eye to maintaining and improving performance. The CSR Committee promoted management that emphasizes corporate social responsibility by verifying the status of nine items, including zero emissions, promotion of female employees, and information disclosure and debated the direction of future initiatives.

Regarding the Companywide Specialized Promotion Committees, Promotional Headquarters, and Screening committee, in addition to producing the *Personal Information Protection Rules and Regulations Manual* in October 2004, in April 2005 the Company disclosed its policy on the protection of personal information on its website. In July 2005, it established the Quality Committee to provide a place for the horizontal coordination and deliberation of Companywide quality assurance activities with the aim of maintaining and improving such activities.

(6) Items related to the parent and other Group companies, etc.

There are no relevant items.

3. BUSINESS RESULTS AND FINANCIAL CONDITION

(1) Business Results

1. FY March 2006 Interim Summary

During the interim period under review, the Japanese economy was generally firm, characterized by an increase in capital investment originating in an increase in corporate profits as well as a recovery in personal consumption. Despite concerns about the negative influence of rising crude oil prices on the economy, economic expansion in the U.S. economy and growth in Asia continued.

Amid these conditions, Yamaha implemented various measures aimed at achieving the targets of its YSD50 medium-term business plan.

Although sales of lifestyle-related products increased, sales fell in the musical instruments segment, AV/IT segment, electronic equipment and metal products segment, recreation segment, and other segment. The decrease in sales in the electronic equipment and metal products segment was particularly significant.

As a result, total consolidated interim net sales amounted to ¥257,193 million, down 4.2% compared with the interim period of the previous fiscal year. Of this, domestic sales totaled ¥149,322 million, down 8.8%, and overseas sales accounted for ¥107,871 million, up 2.9%.

Regarding income, operating income dropped 40.6%, to ¥14,367 million, while recurring profit declined 24.6%, to ¥21,338 million. Interim net income of ¥16,524 million was recorded, compared with an interim net loss of ¥6,115 million in the previous period.

Results by business segment was as follows:

Musical Instruments

Overseas sales of musical instruments increased, while domestic sales experienced a decrease. Sales of pianos increased, benefiting from strong overseas markets. In sales of electronic instruments, strong growth in sales of professional audio equipment failed to compensate for a decline in sales of *Electone*™ products and portable keyboards, resulting in a decrease in sales. Sales of wind instruments increased.

In the field of education, enrollment in Yamaha music schools and English language schools rose, resulting sales growth.

Content distribution sales increased.

Due to these factors, segment sales amounted to ¥150,770 million, a slight decrease of 0.3% from the interim period of the previous fiscal year, and operating income came to ¥8,074 million, down 18.4%.

AV/IT Products

In audio products, sales of home theater system products in North America grew but were weak in Japan and Europe, resulting in an overall decrease. In information and communications equipment, increased competition in the enterprise-use router market led to a decline in sales.

Consequently, segment sales amounted to ¥35,454 million, down 3.7% compared with the interim period of the previous fiscal year, and operating income fell 72.8%, to ¥662 million.

Electronic Equipment and Metal Products

In semiconductors, a decrease in units sold combined with lower prices of LSI sound chips for mobile phones, resulting in lower sales. Sales of electronic metal products also decreased.

Due to these factors, segment sales came to ¥28,330 million, down 26.2% from the interim period of the previous fiscal year, and operating income totaled ¥5,114 million, a decrease of 61.2%.

Lifestyle-Related Products

Thanks to enhanced showrooms and other initiatives to improve customer contact, as well as efforts to boost product capabilities, the Company’s mainstay system kitchens experienced considerable growth, boosting sales. The increase in sales, along with reductions in expenses, led to a recovery in profits.

Thus, segment sales totaled ¥22,617 million, up 6.6% from the interim period of the previous fiscal year, and operating income amounted to ¥1,042 million, compared with an operating loss of ¥115 million in the same period of the previous fiscal year.

Recreation

Although the recreation segment experienced a decline in sales due to a decrease in the number of customers, cost reductions led to an improvement in profits.

As a result, segment sales came to ¥8,943 million, down 5.0% compared with the interim period of the previous fiscal year, and an operating loss was reported of ¥664 million, compared with a ¥1,154 million loss in the same period of the previous fiscal year.

Other

Sales of the golf business and automobile interior wood components business remained steady, but sales in the FA products and the metallic molds and components businesses declined.

Consequently, segment sales totaled ¥11,077 million, down 4.4% from the interim period of the previous fiscal year, and operating income amounted to ¥138 million, compared with an operating loss of ¥54 million posted in the same period of the previous fiscal year.

Results by region were as follows:

In Japan, sales totaled ¥154,752 million, down 9.8% from the interim period of the previous fiscal year, and operating income fell 49.7%, to ¥11,710 million. In North America, sales increased 4.7%, to ¥41,065 million, and operating income declined 20.2%, to ¥1,596 million. In Europe, sales amounted to ¥38,585 million, down 0.8%, and operating income fell 24.8%, to ¥1,679 million. In the Asia, Oceania, and Other areas, sales soared 20.3%, to ¥22,790 million, and operating income totaled ¥2,781 million, down 0.5%.

2. Forecast for FY March 2006

For the full fiscal year ending March 31, 2006, in view of uncertainties prevailing in the LSI sound chips for the mobile phone market, the Company is forecasting a decline in sales in electronic equipment and metal products. However, an increase in sales is forecast for the musical instruments and AT/IT businesses as a result of the introduction of new products.

As a consequence, sales for the fiscal year ending March 31, 2006, are forecast to rise 0.5%, to ¥536.5 billion. Recurring profit will increase 0.5%, to ¥41.5 billion, and net income will climb 47.2%, to ¥29.0 billion.

(1) Consolidated forecast

	Net Sales	Recurring profit	Operating income
	Millions of yen	Millions of yen	Millions of yen
Previous announced forecast (A)	¥546,000	¥42,500	¥29,000
Revised forecast (B)	536,500	41,500	29,000
Difference (B–A)	(9,500)	(1,000)	—
Differential ratio	(1.7)%	(2.4)%	—
Results from previous term (ended March 2005)	¥534,079	¥41,302	¥19,697

(2) Non-consolidated forecast

	Net Sales	Recurring profit	Operating income
	Millions of yen	Millions of yen	Millions of yen
Previous announced forecast (A)	¥334,000	¥21,000	¥12,000
Revised forecast (B)	325,000	19,500	13,000
Difference (B–A)	(9,000)	(1,500)	1,000
Differential ratio	(2.7)%	(7.1)%	8.3%
Results from previous term (ended March 2005)	¥341,546	¥25,145	¥264

(2) Financial Position

1. Interim Period Cash Flows

Cash and cash equivalents at the end of the interim period were ¥29,639 million, a net decrease of ¥22,439 million (compared with a net increase of ¥11,112 million in the interim period of the previous fiscal year).

Cash Flow Provided by Operating Activities

Income before income taxes and minority interests was ¥22,148 million, compared with a loss of ¥4,281 million in the interim period of the previous fiscal year. Net cash used in operating activities totaled ¥9,099 million. In comparison, net cash provided by operating activities was ¥7,823 million in the interim period of the previous fiscal year.

Cash Flow Used in Investment Activities

Net cash used in investment activities totaled ¥8,929 million as a result of capital investment and other expenditures. Net cash used in investment activities was ¥10,203 million in the interim period of the previous fiscal year.

Cash Flow Used in Financing Activities

Net cash used in financing activities totaled ¥4,891 million and consisted mainly of repayments of long-term debt. Net cash provided by financing activities came to ¥12,638 million in the interim period of the previous fiscal year.

Trends in Cash-Flow Indicators

	FY March 2004 interim period	FY March 2005 interim period	**FY March 2006 interim period**	FY March 2004	FY March 2005
Equity ratio	45.2%	48.3%	**57.2%**	51.1%	54.4%
Equity ratio based on current market prices	81.3%	65.9%	**77.6%**	78.8%	63.1%
Debt redemption period (years)	—	—	—	0.9 year	1.2 year
Interest coverage ratio	13.0	18.3	—	36.9	38.7%

(Calculation Methods)

Equity ratio = shareholders' equity ÷ total assets

Equity ratio based on current market prices = total market value of common stock ÷ total assets

Debt redemption period (years) = interest-bearing debt ÷ net cash provided by operating activities (Not recorded for the interim period)

Interest coverage ratio = net cash provided by operating activities ÷ interest payments

Notes:
1. All indicators are calculated based on consolidated financial figures.
2. Interest-bearing debt includes all balance-sheet debt for which interest payments are being made.
3. Figures for net cash (used in) provided by operating activities and interest payments are those from the consolidated statement of cash flows.
4. The interest coverage ratio for the interim period ending September 30, 2005, is not presented herein because cash flows from operating activities were negative.

2. Forecast for FY March 2006

Outlook for the Full Fiscal Year

During the fiscal year ending March 31, 2006, cash flows provided by operating activities are expected to decrease. Among cash flows used in investing activities, capital investments are scheduled to exceed depreciation. Also, among cash flows used in financial activities, the Company is scheduling the repayment of debt.

Cautionary Statement with Respect to Forward-Looking Statements

The forward-looking statements in this flash report contain inherent risks and uncertainties insofar as they are based on future projections and plans that may differ materially from the actual results achieved.

(3) Business Risks

Factors that may significantly influence investor decisions with regard to items contained in this interim report are listed below. Forward-looking statements in this report have been made by the Group based on information available as of the end of the interim period.

1. Business Structure

The Yamaha Group engages in business in musical instruments, AV/IT, electronic equipment and metal products, lifestyle-related products, recreational products, and other areas.

Although the electronic equipment and metal products segment produces high profits for the Company, changes in demand and intense price competition make this a business in which profits experience major fluctuations. Yamaha's YSD50 medium-term business plan aims to strengthen profitability, particularly in the musical instruments segment, resulting in the establishment of a business structure that will ensure sustained, stable, and high profits. However, failure to achieve forecasted profits in the musical instruments and other businesses may have a negative effect on the Company's business results and/or financial position.

The lifestyle-related products segment is in the process of restructuring. Furthermore, the recreation business is currently recording losses. Yamaha is working to reform the structure of these segments through the reallocation of management resources; however, failure to improve profits according to plan may negatively affect the Company's business results and/or financial condition.

2. Price Competition

The Yamaha Group faces strong competition in the areas in which it develops business. For example, in the musical instruments segment, as a comprehensive instrument manufacturer, the Company sells high-quality, highly functional products in a wide range of price levels. In each product category, the Company has competitors, and in the higher-end products, it competes with manufacturers with well-known brands. Furthermore, in recent years, Yamaha has experienced intensified competition in the market for lower priced products with Chinese and other overseas manufacturers that produce large volumes of low-priced products.

In the AV/IT segment, Yamaha specializes in home theater AV equipment products, and its products occupy a large share of the market. However, in recent years, in addition to the price competition stemming from the emergence of competitors and Chinese products it has faced in recent years, future restructuring of the industry as well as distribution reform and new technology development trends are causing concern about the further intensification of price competition and its effect on the market advantage that the Company now enjoys.

Such price competition may negatively affect the Yamaha Group's business results and/or financial condition.

3. Development of New Technologies

The Yamaha Group concentrates its management resources in sound and music and, in addition to its steadfast position as the world's top musical instrument manufacturer, it focuses on home theater AV products in the AV/IT segment and is developing business centered on sound-generating semiconductors in the electronic equipment business.

Developing distinctive sound and music technologies are an indispensable factor in the Yamaha Group's development and growth. Failing to carry out continuous technological development would result in a decrease in added value and a loss of price competitiveness in the musical instrument business, as well as failure to create new demand. Failure to develop technologies would make it difficult for the AV/IT segment and electronic equipment segment to survive. Even if the Company engages in successful technological development, there is no guarantee that it will be popular in the market once it has been incorporated into products.

Failure to develop new technologies would threaten future growth and profitability, and could negatively affect the Yamaha Group's business results and/or financial condition.

4. Reliance on Business Partners in Materials and Components Businesses

Business performance of semiconductors and metal materials, lifestyle-related products—including system kitchens, as well as automobile interior wood components and magnesium components materials that are manufactured and sold by the Yamaha Group—are influenced by the performance of the manufacturers that it supplies. In the event that the Company loses customer trust due to delivery time, quality, or other factors, it may have a negative influence on future orders. Furthermore, in the event that Yamaha's products are flawed in some way, the manufacturers that it supplies may demand compensation.

In the event of such a scenario, the Yamaha Group's business results and/or financial condition could be negatively affected.

5. Business Development through International Activity and/or Overseas Expansion

The Yamaha Group has production and sales sites in every region of the world, and is engaged in global business expansion. Of its 93 consolidated subsidiaries, 49 are overseas enterprises and, of those, 16 are manufacturing companies, with principal factories concentrated in China, Indonesia, and Malaysia. Overseas sales comprise 41.9% of total net sales.

Business development in these overseas markets carries a number of latent risks as listed below and, once these risks—severe problems due to the concentration of production sites, for example—materialize, it may be impossible to carry out stable product supply.

(1) Political, economic disorder; terrorism; war
(2) Establishment of disadvantageous policies or establishment of or change in regulations
(3) Unexpected laws or unexpected changes in regulations
(4) Failure to retain employees
(5) Failure to procure materials or parts or achieve level of technology

The above items may have a negative effect on the Yamaha Group's business results and/or financial condition.

6. Recruiting and Nurturing Employees

The average age of Yamaha employees is high, and older people constitute a significant proportion of all employees, meaning that a considerable number of older employees are near retirement. Responding to such changes in the employment structure as the passing on of expertise in musical instrument production, as well as the recruitment and nurturing of employees who will take responsibility for the Company in the next generation, is an important issue.

Failure to respond to such changes in its employment structure will inhibit business activities and future growth, and may negatively affect the Yamaha Group's business results and/or financial condition.

7. Protection and Use of Intellectual Property Rights

The Yamaha Group possesses patents and other intellectual property rights for its proprietary technologies as well as know-how gleaned from business operations. It is impossible to completely protect some of these with intellectual property rights due to legal limits in certain countries, or only limited protection is offered. It is possible that the Yamaha Group may not be able to effectively prevent the use of its intellectual property rights by third parties. As a result, the appearance on the market of similar and counterfeit products manufactured by the third party may interfere with sales of Yamaha Group products. Furthermore, if the third party claims that Yamaha Group products infringe upon its intellectual property rights, it may result in delayed or prohibited sales.

The Yamaha Group has intellectual property licenses from third parties for several important product components. In addition to the influence of rising royalties on production costs and, therefore, cost-competitiveness, in the event that the Group could not obtain a license, it might be impossible for it to manufacture the product for which it was used.

8. Product and Service Defects

Yamaha Group products are managed using quality assurance policies established by the Company. However, this is not a guarantee that all of its products are without flaws. Although the Group is insured for product liability damages, there is no guarantee that insurance will fully cover legal damages. If an accident due to product liability occurs, insurance premiums would be expected to rise. Furthermore, product recalls, replacements and repairs, and design changes would incur significant cost increases and the Yamaha Group's reputation would suffer, making a drop in sales likely. Such occurrences could negatively affect the Yamaha Group's business results and/or financial position.

Although the Yamaha Group gives due attention to the health and safety of its retail outlets, music schools, and recreational facilities, in the event of an accident, it is likely that sales would decline due to a temporary cessation of operations at the store or facilities as well as damage to its reputation, and could have a negative effect on the Group's business results and/or financial position.

9. Laws and Regulations

At Yamaha Group business sites throughout the world, it is subject to the laws and regulations of various countries. For example, foreign investment restrictions, import and export regulations designed to protect national security, commercial restrictions, consumer protection regulations, tax system regulations, environmental protection regulations, and other laws and restrictions apply to Yamaha Group business operations. In addition, under legal regulations relating to the handling of private information, the Company has a duty to handle such private information that it receives from customers and others safely and securely. Although the Group makes a concerted effort to comply with all laws and regulations, in the event that it cannot comply, Group corporate activities may be limited, and there may be an increase in costs. Such laws and regulations may negatively affect the Yamaha Group's business results and/or financial position.

10. Environmental Protection Regulations

Environmental protection regulations regarding business activities are becoming increasingly stringent, and there is a call for companies to implement voluntary environmental activities programs as a part of fulfilling their corporate social responsibilities. The Yamaha Group works to implement policies regarding products, packaging, energy conservation, and industrial waste treatment that go beyond environmental standards, but it cannot guarantee that it will be able to completely prevent or lessen its impact in the event of an accident that results in the amount of a restricted substance released exceeding environmental standards. Furthermore, in the event that soil contamination from a restricted substance occurs on plant premises, it may result in major cleanup costs before the property can be sold or the inability to sell the property. In the event that air or groundwater is polluted with a substance that is restricted in the future after it is sold to a third party, costs related to resolving the situation may be incurred.

Should any of the above-mentioned scenarios materialize, it could negatively affect the Yamaha Group's business results and/or financial position.

11. Exchange Rate Fluctuations

The Yamaha Group conducts manufacturing, sales, and other business activities throughout the world, and trade denominated in foreign currencies at each Group company is affected by exchange rate fluctuations. To minimize the effect of short-term exchange rate fluctuations on trade denominated in foreign currencies, the Group engages in exchange contracts; however, in the event that the Group cannot implement its initial business plans due to exchange rate fluctuations, it may negatively affect its business results and/or financial position.

12. Effects of Earthquakes and Other Natural Disasters

The occurrence of an earthquake or other natural disaster may result in damage to Yamaha Group manufacturing sites and other business sites. Although manufacturing sites are being transferred overseas, Yamaha's head office and domestic plants as well as principal subsidiaries are concentrated in Shizuoka Prefecture, and, in the event that an earthquake occurs in the Tokai region of Japan, in addition to damage of facilities, suspended or delayed operations and major recovery costs may negatively affect the Yamaha Group's business results and/or financial position.

13. Items Related to Changes in Financial Position

(1) Valuation of investment securities

The Yamaha Group owns corporate stocks of client financial institutions and others as well as other marketable securities with a market price (representing acquisition costs of ¥9,800 million and recorded on the balance sheets as ¥27,600 million as of September 30, 2005). Because other marketable securities with a market price are valued using the market value method based on the market price on the balance sheet date, amounts recorded on the balance sheet may fluctuate according to the value on the balance sheet date. Furthermore, in the event that a stock's market value falls significantly below the acquisition, it will result in losses. These factors may negatively affect the Yamaha Group's business results and/or financial position.

(2) Property depreciation

Property held by the Yamaha Group depreciated, and the difference between the market price at the end of the interim period and the book value after reappraisal of property reappraisals based on the Law concerning Reevaluation of Land totaled ¥-15,000 million. Such depreciation would be realized upon the sale of such property and could negatively affect the Yamaha Group's business results and/or financial position.

(3) Asset-impairment accounting for property, plant and equipment

Property, plant and equipment owned by the Yamaha Group may be included in asset-impairment accounting. In the event that this happens, it may negatively affect the Group's business results and/or financial position.

(4) Retirement benefit obligations and expenses

Yamaha Group retirement benefit obligations and expenses are calculated based on estimates of the retirement benefit system in use as well as the discount rate and the expected rate of return. Retirement benefit systems may change, and there are discrepancies between estimates and actual results at the end of each accounting period. Consequently, there may be a negative effect on the Yamaha Group's business results and/or financial position.

(5) Investment losses/gains under the equity method

Of the recurring profit of ¥21,300 million recorded in the interim period under review, ¥8,400 million was investment gain under the equity method. Yamaha has three equity-method affiliates, including Yamaha Motor Co., Ltd., and Korg Inc. Poor performance by these equity-method affiliates could have a negative effect on the Yamaha Group's business performance and/or financial position.

4. CONSOLIDATED FINANCIAL STATEMENTS
(1) Consolidated Balance Sheets

	Millions of yen		
	FY March 2006 interim period (as of Sept. 30, 2005)	FY March 2005 interim period (as of Sept. 30, 2004)	FY March 2005 (as of Mar. 31, 2005)
ASSETS			
Current assets:			
Cash and bank deposits	**¥ 31,287**	¥ 42,521	¥ 51,205
Notes and accounts receivable	**83,321**	88,057	73,688
Marketable securities	**209**	1,250	457
Inventories	**90,697**	89,407	78,434
Deferred income taxes	**17,991**	17,361	16,495
Other current assets	**6,382**	6,075	7,412
Allowance for doubtful accounts	**(1,963)**	(2,226)	(2,114)
Total current assets	**227,927**	242,447	225,581
Fixed assets:			
Tangible assets:			
Buildings and structures	**45,275**	44,571	45,370
Machinery and equipment	**22,152**	22,240	21,501
Tools, equipment and fixtures	**15,226**	13,424	14,105
Land	**63,557**	64,288	64,050
Construction in progress	**1,570**	1,639	1,399
Total tangible assets	**147,782**	146,164	146,428
Intangible assets	**3,822**	1,068	1,026
Investments and other assets:			
Investment securities	**117,730**	103,599	101,015
Deferred income taxes	**15,032**	22,427	17,425
Other assets	**10,667**	10,170	15,265
Allowance for doubtful accounts	**(1,211)**	(1,220)	(1,165)
Total investments and other assets	**142,218**	134,977	132,541
Total fixed assets	**293,824**	282,209	279,996
Total assets	**¥521,751**	¥524,656	¥505,577

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

	Millions of yen		
	FY March 2006 interim period (as of Sept. 30, 2005)	FY March 2005 interim period (as of Sept. 30, 2004)	FY March 2005 (as of Mar. 31, 2005)
LIABILITIES			
Current liabilities:			
Notes and accounts payable	**¥ 41,843**	¥ 47,088	¥ 37,686
Short-term loans	**35,509**	35,302	17,825
Current portion of long-term debt	**1,723**	26,612	22,259
Accrued expenses	**39,208**	39,575	45,167
Income taxes payable	**8,390**	9,704	12,603
Various reserves	**3,300**	3,687	3,411
Other current liabilities	**6,690**	7,229	6,867
Total current liabilities	**136,665**	169,200	145,820
Long-term liabilities:			
Long-term debt	**9,545**	3,746	6,514
Deferred income taxes on land revaluation	**14,161**	14,353	14,346
Accrued employees' retirement benefits	**28,152**	47,433	28,269
Accrued directors' retirement benefits	**848**	890	950
Long-term deposits received	**28,014**	29,581	28,917
Other long-term liabilities	**1,774**	1,839	1,722
Total long-term liabilities	**82,497**	97,845	80,722
Total liabilities	**219,162**	267,046	226,542
MINORITY INTERESTS	**4,074**	3,974	3,834
SHAREHOLDERS' EQUITY			
Common stock	**28,534**	28,534	28,534
Capital surplus	**40,054**	40,054	40,054
Earned surplus	**227,372**	188,658	212,340
Reserve for land revaluation difference	**22,041**	22,088	22,453
Net unrealized holding gains on other securities	**11,285**	8,806	7,364
Translation adjustments	**(30,483)**	(34,244)	(35,267)
Treasury stock, at cost	**(290)**	(262)	(279)
Total shareholders' equity	**298,514**	253,635	275,200
Total liabilities and minority interests and shareholders' equity	**¥521,751**	¥524,656	¥505,577

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

(2) Consolidated Statement of Operations

	FY March 2006 interim period (April 1, 2005– Sept. 30, 2005)		FY March 2005 interim period (April 1, 2004– Sept. 30, 2004)		FY March 2005 (April 1, 2004– Mar. 31, 2005)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net sales	**¥257,193**	**100.0**	¥268,584	100.0	¥534,079	100.0
Cost of sales:	**162,784**	**63.3**	165,747	61.7	335,705	62.9
Gross profit	**94,409**	**36.7**	102,837	38.3	198,374	37.1
Unrealized profit	**47**		130		221	
Total gross profit	**94,456**	**36.7**	102,968	38.3	198,595	37.2
Selling, general and administrative expenses	**80,088**	**31.1**	78,767	29.3	162,899	30.5
Operating income	**14,367**	**5.6**	24,200	9.0	35,695	6.7
Non-operating income:						
Interest received	**221**		158		327	
Dividends received	**328**		333		381	
Equity in earnings of unconsolidated subsidiaries and affiliates	**8,469**		5,603		9,110	
Other	**668**		863		2,335	
Total non-operating income	**9,688**	**3.8**	6,959	2.6	12,155	2.2
Non-operating expenses:						
Interest paid	**487**		445		1,020	
Cash discounts	**1,902**		1,923		4,327	
Other	**326**		503		1,199	
Total non-operating expenses	**2,717**	**1.1**	2,871	1.1	6,548	1.2
Recurring profit	**21,338**	**8.3**	28,288	10.5	41,302	7.7
Other profit:						
Gain on sale of fixed assets	**795**		208		390	
Reversal of allowances	**36**		184		533	
Gain on sale of investment securities	**508**		198		6,534	
Gain on liquidation of stock in subsidiaries	**—**		—		4	
Gain on return of the substitutional portion of employee pension plan	**—**		—		19,927	
Total other profit	**1,341**	**0.5**	592	0.2	27,391	5.1
Other loss:						
Loss on removal of fixed assets	**344**		605		1,520	
Loss on impairment of fixed assets	**—**		32,549		32,703	
Loss on sale of investment securities	**—**		—		4	
Valuation loss on investment securities	**80**		4		70	
Loss on revaluation of stock in subsidiaries	**106**		2		70	
Structural reform expenses	**—**		—		52	
Special retirement payment	**—**		—		755	
Total other loss	**531**	**0.2**	33,161	12.3	35,178	6.5
Income (loss) before income taxes and minority interests	**22,148**	**8.6**	(4,281)	(1.6)	33,516	6.3
Current income taxes (benefit)	**6,897**	**2.7**	9,198	3.4	14,497	2.7
Deferred income taxes (benefit)	**(1,581)**	**(0.6)**	(7,722)	(2.8)	(1,088)	(0.2)
Minority interests	**307**	**0.1**	358	0.1	409	0.1
Net income (loss)	**¥ 16,524**	**6.4**	¥ (6,115)	(2.3)	19,697	3.7

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

(3) Retained Earnings

	Millions of yen					
	FY March 2006 interim period (as of Sept. 30, 2005)		FY March 2005 interim period (as of Sept. 30, 2004)		FY March 2005 (as of Mar. 31, 2005)	
CAPITAL SURPLUS						
Balance at beginning of period		**¥ 40,054**		¥ 40,054		¥ 40,054
Balance at end of period		**40,054**		40,054		40,054
EARNED SURPLUS						
Balance at beginning of period		**212,340**		203,485		203,485
Additional earned surplus:						
Net income	**16,524**		—		19,697	
Effect of change in scope of consolidation	**827**		—		—	
Effect of change in interests in subsidiaries	**115**		—		—	
Reversal of reserve for land revaluation difference	**280**		—		—	
Reversal of reserve for land revaluation difference due to change in ownership percentage of affiliated companies	**78**	**17,826**	162	162	188	19,886
Deduction from earned surplus:						
Cash dividends paid	**2,579**		2,063		3,611	
Bonuses to directors and statutory auditors	**100**		121		121	
Net loss	**—**		6,115		—	
Effect of change in scope of consolidation	**115**		36		36	
Effect of change in interests in subsidiaries	**—**		192		371	
Reversal of reserve for land revaluation	**—**	**2,794**	6,460	14,990	6,890	11,031
Balance at end of period		**¥227,372**		¥188,658		¥212,340

(4) Consolidated Statement of Cash Flows

	FY March 2006 interim period (April 1, 2005– Sept. 30, 2005)	FY March 2005 interim period (April 1, 2004– Sept. 30, 2004)	FY March 2005 (April 1, 2004– Mar. 31, 2005)
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	**¥22,148**	¥(4,281)	¥33,516
Depreciation and amortization	**9,215**	9,505	18,958
Impairment losses	**—**	32,549	32,703
Amortization of consolidated goodwill	**253**	38	80
Allowance for doubtful accounts	**(152)**	(80)	(233)
Loss from revaluation of investment securities	**80**	4	70
Loss on revaluation of capital in subsidiaries	**106**	2	70
Decrease in employees' retirement benefits, net of payments	**(151)**	(2,611)	(21,786)
Interest and dividend income	**(549)**	(491)	(708)
Interest expenses	**487**	445	1,020
Loss on foreign exchange	**(56)**	(81)	(180)
Equity in earnings of unconsolidated subsidiaries and affiliates	**(8,469)**	(5,603)	(9,110)
Gain on sale of investment securities	**(508)**	(198)	(6,534)
Loss on sale of investment securities	**—**	—	4
Gain on liquidation of affiliated companies	**—**	—	(4)
Gains on sale of fixed assets	**(795)**	(208)	(390)
Loss on disposal of fixed assets	**344**	605	1,520
Decrease (increase) in accounts and notes receivable—trade	**(8,768)**	(5,087)	8,636
Decrease (increase) in inventories	**(9,261)**	(14,886)	(4,654)
Increase (decrease) in accounts and notes payable	**3,432**	6,262	(2,798)
Other, net	**(6,818)**	(6,251)	(6,144)
Subtotal	**535**	9,631	44,033
Interest and dividends receivable	**1,116**	969	2,081
Interest paid	**(462)**	(426)	(1,024)
Income taxes paid and refunded	**(10,288)**	(2,350)	(5,501)
Net cash (used in) provided by operating activities	**(9,099)**	7,823	39,588
Cash flows from investing activities:			
Net (decrease) increase in time deposits	**(751)**	343	9
Purchases of fixed assets	**(10,089)**	(12,769)	(21,450)
Proceeds from sale of fixed assets	**1,949**	1,886	2,527
Purchases of investment securities	**(605)**	(111)	(113)
Proceeds from sale and redemption of investment securities	**519**	272	9,416
Payments for capital investments	**(130)**	(21)	(2,835)
Payment for loans receivable	**(15)**	(11)	(793)
Collection of loans receivable	**145**	208	379
Other, net	**47**	(1)	(35)
Net cash used in investing activities	**(8,929)**	(10,203)	(12,896)
Cash flows from financing activities:			
Increase in short-term loans	**16,556**	18,032	902
Proceeds from long-term debt	**3,335**	1,323	5,373
Repayments of long-term debt	**(21,071)**	(3,375)	(8,851)
Proceeds from resort member deposits	**2**	7	7
Repayments of resort member deposits	**(907)**	(1,224)	(1,889)
Purchases of treasury stock	**(11)**	(11)	(28)
Cash dividends paid	**(2,579)**	(2,063)	(3,611)
Cash dividends paid to minority shareholders	**(215)**	(50)	(211)
Net cash (used in) provided by financing activities	**(4,891)**	12,638	(8,306)
Effect of exchange rate changes on cash and cash equivalents	**480**	853	1,099
Net (decrease) increase in cash and cash equivalents	**(22,439)**	11,112	19,485
Cash and cash equivalents at beginning of period	**50,393**	31,245	31,245
Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation at beginning of period	**1,685**	—	—
Decrease in cash and cash equivalents arising from exclusion of subsidiaries in consolidation at beginning of period	**—**	(337)	(337)
Cash and cash equivalents at end of period	**¥29,639**	¥42,019	¥50,393

(5) Basic Items for the Preparation of the Consolidated Financial Statements

1. Scope of Consolidation

Consolidated subsidiaries: 93 corporations

During the FY March 2006 interim period, three domestic subsidiaries and five overseas subsidiaries were brought into the consolidated Group. In addition, one overseas subsidiary was removed from the consolidated Group.

The names of major consolidated subsidiaries are listed in "1. THE YAMAHA GROUP."

The effect of the assets, net sales, net income/loss and retained earnings of Yamaha Life Service Co., Ltd., and other non-consolidated subsidiaries on the consolidated financial results was immaterial.

2. Application of Equity Method

Affiliated companies accounted for by the equity method: 3

Beginning with the interim period under review, one affiliated company overseas has been newly accounted for under the equity method.

The principal affiliated companies are:

Yamaha Motor Co., Ltd.

Korg Inc.

Principal non-consolidated subsidiaries and affiliates to which the equity method has not been applied:

Yamaha Life Service Co., Ltd.

Yamaha–Olin Metal Corporation

Reasons why the equity method has not been applied:

The effect of these net income/loss and retained earnings on the consolidated financial results was immaterial.

Equity-method procedures that are particularly important to note:

Of the companies to which the equity method is applied, for companies whose interim period differs from that of Yamaha, the interim period for that company's fiscal year are used, and the consolidated balance sheets and operating results are adjusted as necessary to reflect significant transactions that took place prior to the end of the date for which the interim balance sheet applied.

3. Interim Period of Consolidated Subsidiaries

The interim period of consolidated subsidiaries, with the exception of the following nine companies, are all the same as that of the Company.

Yamaha de Mexico, S.A. de C.V.
Guangzhou Yamaha-Pearl River Piano Inc.
Xiaoshan Yamaha Musical Instruments Co., Ltd.
Yamaha Music & Electronics (China) Co., Ltd.
Hangzhou Yamaha Musical Instruments Co., Ltd.
Tianjin Yamaha Electronic Musical Instruments, Inc.
Yamaha Trading (Shanghai) Co., Ltd.
Yamaha Electronics Trading (Shanghai) Co., Ltd.
Yamaha Electronics (Suzhou) Co., Ltd.

The end of the interim period for all of the above companies is June 30, and calculations for these accounts were made rationally pursuant to regular accounting carried out on the interim period.

4. Accounting Standards

(1) Basis and Method of Evaluation of Significant Assets

1. Marketable securities

Securities to be held until maturity: At amortized cost (straight-line method)

Other marketable securities

With market value: Stated at fair market value as of the balance sheet date (Changes in fair value are accounted for under the direct addition to shareholders' equity method, and the periodic average method is used to calculate the sale value.)

Without market value: At cost, determined by the periodic average method

2. Derivatives

At fair value

3. Inventories

Inventories of the Company and its domestic consolidated subsidiaries are stated principally at the lower of cost or market, cost being determined by the last-in, first-out method. Inventories of the Company's foreign consolidated subsidiaries are stated principally at the lower of cost or market, cost being determined by the moving average method.

(2) Method of Depreciation

a. Tangible fixed assets

Mainly calculated by the declining-balance method except facilities connected to certain consolidated subsidiaries employ the straight-line method.

Useful lives of tangible fixed assets are as follows:
Buildings: 31-50 years (attachment facilities are mainly 15 years)
Structures: 10-30 years
Machinery and equipment: 4-11 years
Tools, equipment and fixtures: 5-6 years (metallic molds are mainly two years)

(3) Accounting for Reserves and Benefits

a. Allowance for doubtful accounts

To properly evaluate accounts receivable and make provisions for possible losses on doubtful accounts, provisions for normal accounts in good standing are calculated using historical default ratios based on debt loss experience. Provisions for doubtful accounts are calculated by examining the probability of recovery for individual accounts and setting aside an amount equivalent to the portion deemed to be unrecoverable.

b. Accrued Employees' Retirement Benefits

Accrued employees' retirement benefits are provided on an accrual basis based on the projected retirement benefit obligation and the pension fund assets calculated using various actuarial assumptions as of the end of the period.

Prior service cost is being amortized as incurred by the straight-line method over periods (principally 10 years) which are shorter than the average remaining years of service of the employees.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods (principally 10 years) which are shorter than the average remaining years of service of the employees.

c. Accrued Directors' Retirement Benefits

The Company makes provisions for directors' retirement benefits equivalent to the amount that would be required as of the balance sheet date based on the Company's internal rules.

(4) Foreign Currency Transactions

Monetary assets and liabilities of the Company and its domestic subsidiaries denominated in foreign currencies are translated at the current exchange rates in effect at each balance sheet date. The resulting foreign exchange gains or losses are recognized as other income or expenses. Assets and liabilities of the foreign consolidated subsidiaries are translated at the current exchange rates in effect at each balance sheet date and revenue and expense accounts are translated at the average rate of exchange in effect during the interim period. Translation adjustments are presented as a component of shareholders' equity and minority interests.

(5) Accounting for Lease Transactions

Lease agreements are generally accounted for as operating leases, except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

(6) Hedge Accounting

a. Method of Hedge Accounting

Translation differences arising from forward foreign exchange contracts with respect to receivables and payables denominated in foreign currencies are accounted for using the allocation method. Anticipated transactions denominated in foreign currencies designated as hedging instruments are accounted for using deferral hedge accounting.

b. Hedging Instruments and Hedged Items

Hedging instruments	Forward foreign exchange contracts, purchased options with foreign currency-denominated put and yen-denominated calls
Hedged items	Receivables and payables denominated in foreign currencies and anticipated transactions denominated in foreign currencies

c. Hedging Policy

The Company and consolidated subsidiaries enter into forward foreign exchange contracts and currency options as hedging instruments within the limit of actual foreign transactions to reduce risk arising from future fluctuations in foreign exchange rates with respect to export and import transactions in accordance with the internal management rules of each company.

d. Assessment of Effectiveness for Hedging Activities

The Company and its consolidated subsidiaries do not make an assessment of effectiveness for hedging activities because the anticipated cash flows fixed by hedging activities and avoidance of market risk is clear; therefore, there is no need to evaluate such effectiveness.

(7) Accounting for Consumption Tax

Income and expenses are recorded net of consumption tax.

5. Scope of Cash Equivalents in Consolidated Statements of Cash Flows

All highly liquid investments with a maturity of three months or less when purchased and which are readily convertible into cash and are exposed to insignificant risk of changes in value are considered cash equivalents.

(6) Change in Presentation

Consolidated Interim Statement of Income

Through the end of the consolidated interim period of the previous fiscal year, expenses were classified into categories deemed appropriate and then reported in items under selling, general and administrative expenses. Beginning with the consolidated interim period under review, all such expenses have been shown under the item selling, general and administrative expenses and the amounts of major expense items are now shown in the Notes to the Financial Statements.

(7) Other Notes

Notes to the Consolidated Interim Balance Sheets

	As of September 30, 2005	As of September 30, 2004	As of March 31, 2005
1. Accumulated Depreciation	**¥239,143 million**	¥233,053 million	¥234,910 million
2. Mortgaged Assets			
Marketable securities	**¥ 50 million**	¥ 1,100 million	¥ 250 million
Tangible fixed assets	**372**	1,220	378
Investments and other assets	**1,614**	858	1,514
Total	**¥ 2,037 million**	¥ 3,180 million	¥ 2,143 million
3. Contingent Liabilities	**¥ 441 million**	¥ 315 million	¥ 478 million
4. Discount on Export Bills Receivable	**¥ 780 million**	¥ 1,511 million	¥ 1,400 million
5. Deferred Hedge Gains			
Deferred hedge gains	**¥ 122 million**	¥ 32 million	¥ 24 million
Deferred hedge losses	**183**	333	496
Deferred hedge gains (net)	**¥ (60) million**	¥ (301) million	¥ (472) million

Notes to the Consolidated Interim Statements of Income

	FY March 2006 interim period (April 1, 2005– Sept. 30, 2005)	FY March 2005 interim period (April 1, 2004– Sept. 30, 2005)	FY March 2005 (April 1, 2004– March 31, 2005)
1. Selling, General and Administrative Expenses			
Sales commissions	**¥ 1,229 million**	¥ 1,243 million	¥ 2,491 million
Transport expenses	**7,472**	6,862	14,485
Advertising and sales promotion expenses	**11,920**	11,727	25,802
Reserve for doubtful accounts	**30**	—	82
All reserves	**845**	1,394	1,955
Reserve for accrued retirement benefits	**2,766**	3,207	6,279
Reserve for accrued directors' retirement benefits	**71**	65	126
Personnel expenses	**32,466**	31,483	63,767
Rent	**2,091**	1,846	3,635
Depreciation and amortization	**2,470**	2,638	5,180

Notes to the Consolidated Statements of Cash Flows

Reconciliation between Cash and Cash Equivalents and Cash and Bank Deposits in the Consolidated Balance Sheets

	FY March 2006 interim period (as of Sept. 30, 2005)	FY March 2005 interim period (as of Sept. 30, 2004)	FY March 2005 (as of March 31, 2005)
Cash and bank deposits	**¥31,287 million**	¥42,521 million	¥51,205 million
Time deposits with a maturity of more than three months	**(1,648)**	(501)	(812)
Cash and cash equivalents	**¥29,639 million**	¥42,019 million	¥50,393 million

6. SEGMENT INFORMATION

(1) Business Segments (FY March 2006 interim period ended September 30, 2005)

(Millions of yen)

	Musical instruments	AV/IT products	Electronic equipment and metal products	Lifestyle-related products	Recreation	Other	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥150,770	¥35,454	¥28,330	¥22,617	¥8,943	¥11,077	¥257,193	¥ —	¥257,193
Intersegment sales or transfers	—	—	1,002	—	—	—	1,002	(1,002)	—
Total sales	150,770	35,454	29,333	22,617	8,943	11,077	258,196	(1,002)	257,193
Operating expenses	142,695	34,792	24,218	21,575	9,607	10,939	243,828	(1,002)	242,825
Operating income (loss)	¥ 8,074	¥ 662	¥ 5,114	¥ 1,042	¥ (664)	¥ 138	¥ 14,367	¥ —	¥ 14,367

Notes: 1. Business Sectors:
Divided into the categories of musical instruments, AV/IT products, lifestyle-related products, electronic equipment and metal products, recreation and other based on consideration of similarities of product type, characteristics and market, etc.
2. Major products and services of each business segment are shown in "1. THE YAMAHA GROUP" on page 3.

(FY March 2005 interim period ended September 30, 2004)

(Millions of yen)

	Musical instruments	AV/IT products	Electronic equipment and metal products	Lifestyle-related products	Recreation	Other	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥151,165	¥36,818	¥38,379	¥21,214	¥ 9,413	¥11,592	¥268,584	¥ —	¥268,584
Intersegment sales or transfers	—	—	1,377	—	—	—	1,377	(1,377)	
Total sales	151,165	36,818	39,757	21,214	9,413	11,592	269,962	(1,377)	268,584
Operating expenses	141,270	34,381	26,565	21,330	10,567	11,647	245,761	(1,377)	244,384
Operating income (loss)	¥ 9,895	¥ 2,436	¥13,192	¥ (115)	¥ (1,154)	¥ (54)	¥ 24,200	¥ —	¥ 24,200

(FY March 2005 ended March 31, 2005)

(Millions of yen)

	Musical instruments	AV/IT products	Electronic equipment and metal products	Lifestyle-related products	Recreation	Other	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥302,617	¥77,720	¥69,048	¥42,844	¥18,290	¥23,557	¥534,079	¥ —	¥534,079
Intersegment sales or transfers	—	—	2,143	—	—	—	2,143	(2,143)	—
Total sales	302,617	77,720	71,192	42,844	18,290	23,557	536,222	(2,143)	534,079
Operating expenses	288,434	74,069	51,221	42,869	20,543	23,388	500,527	(2,143)	498,383
Operating income (loss)	¥ 14,183	¥ 3,651	¥19,970	¥ (24)	¥ (2,253)	¥ 168	¥ 35,695	¥ —	¥ 35,695

(2) Geographical Segments (FY March 2006 interim period ended September 30, 2005)

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania and other areas	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	**¥154,752**	**¥41,065**	**¥38,585**	**¥22,790**	**¥257,193**	**¥ —**	**¥257,193**
Intersegment sales or transfers	**78,502**	**866**	**464**	**32,820**	**112,654**	**(112,654)**	**—**
Total sales	**233,255**	**41,932**	**39,050**	**55,610**	**369,848**	**(112,654)**	**257,193**
Operating expenses	**221,545**	**40,335**	**37,371**	**52,828**	**352,080**	**(109,254)**	**242,825**
Operating income	**¥ 11,710**	**¥ 1,596**	**¥ 1,679**	**¥ 2,781**	**¥ 17,767**	**¥ (3,400)**	**¥ 14,367**

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, U.K.
Asia, Oceania and other areas: People’s Republic of China, Australia

(FY March 2005 interim period ended September 30, 2004)

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania and other areas	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥171,530	¥39,212	¥38,894	¥18,947	¥268,584	¥ —	¥268,584
Intersegment sales or transfers	80,113	764	272	33,230	114,380	(114,380)	—
Total sales	251,643	39,977	39,166	52,177	382,965	(114,380)	268,584
Operating expenses	228,368	37,977	36,933	49,381	352,660	(108,276)	244,384
Operating income	¥ 23,275	¥ 1,999	¥ 2,232	¥ 2,796	¥ 30,304	¥ (6,104)	¥ 24,200

(FY March 2005 ended March 31, 2005)

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania and other areas	Total	Eliminations or unallocated amounts	Consolidated
Sales to external customers	¥327,895	¥85,465	¥83,289	¥37,429	¥534,079	¥ —	¥534,079
Intersegment sales or transfers	139,933	1,428	526	59,410	201,299	(201,299)	—
Total sales	467,828	86,894	83,815	96,840	735,379	(201,299)	534,079
Operating expenses	442,131	82,692	79,913	93,061	697,799	(199,415)	498,383
Operating income	¥ 25,697	¥ 4,202	¥ 3,901	¥ 3,779	¥ 37,580	¥ (1,884)	¥ 35,695

(3) Overseas Sales (FY March 2006 interim period ended September 30, 2005)

(Millions of yen)

	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales	**¥41,403**	**¥39,262**	**¥27,205**	**¥107,871**
Net sales				**257,193**
% of net sales	**16.1%**	**15.2%**	**10.6%**	**41.9%**

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, U.K.
Asia, Oceania and other areas: People’s Republic of China, Australia

(FY March 2005 interim period ended September 30, 2004)

(Millions of yen)

	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales	¥40,057	¥39,369	¥25,377	¥104,805
Net sales	—	—	—	268,584
% of net sales	14.9%	14.7%	9.4%	39.0%

(FY March 2005 ended March 31, 2005)

(Millions of yen)

	North America	Europe	Asia, Oceania and other areas	Total
Overseas sales	¥86,717	¥84,483	¥49,971	¥221,173
Net sales				534,079
% of net sales	16.2%	15.8%	9.4%	41.4%

Lease Transactions

[Leasing-In Transactions]

1. Finance Lease Transactions Other than Those Which Transfer Ownership of the Leased Assets to the Lessee

1) Acquisition Costs, Accumulated Depreciation, and Net Balance at Period-End

(Millions of yen)

	FY March 2006 interim period (April 1, 2005–Sept. 30, 2005)			FY March 2005 interim period (April 1, 2004–Sept. 30, 2004)			FY March 2005 (April 1, 2004–March 31, 2005)		
	Tools, equipment, and fixtures	Others	Total	Tools, equipment, and fixtures	Others	Total	Tools, equipment, and fixtures	Others	Total
Acquisition cost	**¥2,211**	**¥620**	**¥2,832**	¥2,437	¥621	¥3,058	¥2,430	¥610	¥3,041
Accumulated depreciation	**1,155**	**327**	**1,482**	1,345	246	1,591	1,243	289	1,532
Balance at end of year	**¥1,056**	**¥293**	**¥1,349**	¥1,092	¥374	¥1,467	¥1,187	¥321	¥1,508

Acquisition cost includes interest expense since the balance of future minimum lease payments accounts for only a small percentage of tangible fixed assets as of the balance sheet date.

2) Future Minimum Lease Payments

(Millions of yen)

	FY March 2006 interim period (as of Sept. 30, 2005)	FY March 2005 interim period (as of Sept. 30, 2004)	FY March 2005 (as of March 31, 2005)
Due within one year	**¥ 623**	¥ 643	¥ 653
Due over one year	**725**	823	855
Total	**¥1,349**	¥1,467	¥1,508

Future minimum lease payments include interest expense since the balance of future minimum lease payments accounts for only a small percentage of tangible fixed assets as of the balance sheet date.

3) Lease Payments and Depreciation

(Millions of yen)

	FY March 2006 interim period (April 1, 2005–Sept. 30, 2005)	FY March 2005 interim period (April 1, 2004–Sept. 30, 2004)	FY March 2005 (April 1, 2004–March 31, 2005)
Lease payments	**¥400**	¥412	¥795
Depreciation	**400**	412	795

4) Depreciation of Leased Assets

Assuming that the residual values are nil, depreciation of leased assets is calculated over the relevant lease periods using the straight-line method.

2. Operating Lease Transactions

Future Minimum Lease Payments

(Millions of yen)

	FY March 2006 interim period (as of Sept. 30, 2005)	FY March 2005 interim period (as of Sept. 30, 2004)	FY March 2005 (as of March 31, 2005)
Due within one year	**¥ 359**	¥ 367	¥ 422
Due over one year	**1,026**	1,028	1,060
Total	**¥1,386**	¥1,396	¥1,483

[Leasing-Out Transactions]

1. Finance Lease Transactions Other than Those Which Transfer Ownership of the Leased Assets to the Lessee

1) Acquisition Costs, Accumulated Depreciation, and Net Balance at Period-End

(Millions of yen)

	FY March 2006 interim period (April 1, 2005–Sept. 30, 2005)	FY March 2005 interim period (April 1, 2004–Sept. 30, 2004)	FY March 2005 (April 1, 2004–March 31, 2005)
	Tools, equipment, and fixtures	Tools, equipment, and fixtures	Tools, equipment, and fixtures
Acquisition cost	**¥6,013**	¥6,064	¥6,242
Accumulated depreciation	**4,390**	4,223	4,231
Balance at end of period	**¥1,623**	¥1,840	¥2,011

2) Future Minimum Lease Payment Receipts

(Millions of yen)

	FY March 2006 interim period (as of Sept. 30, 2005)	FY March 2005 interim period (as of Sept. 30, 2004)	FY March 2005 (as of March 31, 2005)
Due within one year	**¥ 783**	¥ 989	¥1,180
Due over one year	**1,373**	1,946	2,266
Total	**¥2,157**	¥2,936	¥3,447

Future minimum lease payments include interest expense since the balance of future minimum lease payments and estimated residual value accounts for only a small percentage of receivables assets as of the balance sheet date.

3) Lease Payment Receipts and Depreciation

(Millions of yen)

	FY March 2006 interim period (April 1, 2005–Sept. 30, 2005)	FY March 2005 interim period (April 1, 2004–Sept. 30, 2004)	FY March 2005 (April 1, 2004–March 31, 2005)
Lease payment receipts	**¥473**	¥548	¥1,197
Depreciation	**302**	328	663

2. Operating Lease Transactions

Future Minimum Lease Payment Receipts

(Millions of yen)

	FY March 2006 interim period (as of Sept. 30, 2005)	FY March 2005 interim period (as of Sept. 30, 2004)	FY March 2005 (as of March 31, 2005)
Due within one year	**¥ 546**	¥149	¥ 327
Due over one year	**993**	297	707
Total	**¥1,539**	¥447	¥1,034

7. MARKETABLE SECURITIES

(1) Held-to-Maturity Securities at Market Value

(Millions of yen)

	FY March 2006 interim period (as of September 30, 2005)			FY March 2005 interim period (as of September 30, 2004)			FY March 2005 (as of March 31, 2005)		
	Carrying value	Estimated fair value	Unrealized gain	Carrying value	Estimated fair value	Unrealized gain	Carrying value	Estimated fair value	Unrealized gain
Government bonds	**¥ 559**	**¥ 558**	**¥(1)**	¥ 260	¥ 262	¥ 2	¥ 459	¥ 462	¥ 2
Corporate bonds	**539**	**639**	**(0)**	589	592	2	639	643	3
Others	**1,749**	**1,756**	**6**	2,349	2,363	13	1,749	1,765	16
Total	**¥2,849**	**¥2,854**	**¥ 4**	¥3,199	¥3,218	¥18	¥2,849	¥2,871	¥22

(2) Available-for-Sales Securities at Market Value

(Millions of yen)

	FY March 2006 interim period (as of September 30, 2005)			FY March 2005 interim period (as of September 30, 2004)			FY March 2005 (as of March 31, 2005)		
	Acquisition cost	Carrying value	Unrealized gain	Acquisition cost	Carrying value	Unrealized gain	Acquisition cost	Carrying value	Unrealized gain
Stocks	**¥9,780**	**¥27,482**	**¥17,702**	¥11,938	¥25,924	¥13,986	¥9,185	¥20,671	¥11,486
Bonds									
Corporate bonds	**—**	**—**	**—**	—	—	—	—	—	—
Others	**53**	**63**	**10**	52	49	(2)	52	54	2
Total	**¥9,833**	**¥27,546**	**¥17,713**	¥11,990	¥25,974	¥13,984	¥9,237	¥20,725	¥11,488

(3) Book Value of Securities without Market Value

(Millions of yen)

	FY March 2006 interim period (as of September 30, 2005)	FY March 2005 interim period (as of September 30, 2004)	FY March 2005 (as of March 31, 2005)
Other securities Unlisted securities (except for over-the-counter traded securities)	**¥6,911**	¥7,101	¥6,990

Note: During the interim consolidated accounting period, stocks with market values included under other marketable securities are not subject to impairment loss.
The impairment loss in such securities is recognized when market value at the period end declines 30% or more from the acquisition cost, except when it is anticipated that the market value is recoverable (based on consideration of such factors as trends in market prices and the financial condition of issuers).

Derivatives

With the exception of items transferred to foreign currency assets and liabilities, all other derivative transactions for the prior consolidated interim period, the consolidated interim period under review, and the previous consolidated fiscal year are accounted for using hedge accounting principles and have not been shown.

(Per Share Data)

(Yen)

	FY March 2006 interim period (Apr. 1, 2005–Sept. 30, 2005)	FY March 2005 interim period (Apr. 1, 2004–Sept. 30, 2004)	FY March 2005 (Apr. 1, 2004–Mar. 31, 2005)
Net assets per share	**¥1,448.12**	¥1,230.33	¥1,334.51
Net (loss) income per share	**80.16**	(29.66)	95.06
Net income per share after adjustment for latent stock	**80.08**	—	93.88

Note: The figure for net income per share for the interim period under review after adjustment for latent stock is not shown because a net loss was recorded for the period.

Basis for calculations of net income per share and net income per share after adjustment for latent stock

	FY March 2006 interim period (Apr. 1, 2005–Sept. 30, 2005)	FY March 2005 interim period (Apr. 1, 2004–Sept. 30, 2004)	FY March 2005 (Apr. 1, 2004–Mar. 31, 2005)
Net income per share for the interim period under review			
Net income for the interim period under review	**¥16,524 million**	¥ (6,115) million	¥19,697 million
Amount not available for dividends on common shares	**—**	—	100
Including directors' bonuses from net income	**—**	—	100
Amount available for distribution as dividends on common shares	**16,524**	(6,115)	19,597
Average number of shares outstanding during the interim period	**206,142 thousand shares**	206,155 thousand shares	206,151 thousand shares
Net income per share after adjustment for latent stocks			
Adjustments to net income for the interim period under review	**(15) million**	—	(243) million
Including income from investments under the equity method	**(15)**	—	(243)
Increase in the number of common shares	**—**	—	—
Outline of latent stocks that were not included in the computation of net income per share after adjustments for latent stocks because they had no dilutive effect	**—**	—	—

(Actual Production)

(Millions of yen)

Business segment	FY March 2006 interim period (April 1, 2005–September 30, 2005)	
	Actual production	% Change from the previous interim period
Musical instruments	¥108,017	97.7
AV/IT products	34,739	92.4
Electronic equipment and metal products	27,657	66.8
Lifestyle-related products	20,435	104.7
Other	10,124	97.9
Total	¥200,973	91.6

Notes: 1. The amounts shown are based on average sales prices, and figures are after internal transfer among segments.
2. Amounts shown above do not include consumption and other taxes.