

YAMAHA CORPORATION

Interim Flash Report

Non-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

Address of headquarters: 10-1, Nakazawa-cho, Hamamatsu, Shizuoka 430-8650, Japan

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

Interim dividend: YES

Start date of interim dividend payout: December 12, 2005

Application of share unit system: Applicable (1 unit=100 shares)

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) Non-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)	¥170,183	(9.3)%	¥ 9,437	(55.8)%	¥12,861	(43.0)%
FY March 2005 interim period (Ended September 30, 2004)	187,605	4.3	21,359	13.8	22,574	14.2
FY March 2005 (Ended March 31, 2005)	341,546		22,638		25,145	

	Net income (loss)		Net income (loss) per share
	Millions of yen	(% change from the previous interim period)	Yen
FY March 2006 interim period (Ended September 30, 2005)	¥ 9,150	—	¥44.35
FY March 2005 interim period (Ended September 30, 2004)	(13,617)	—	(65.99)
FY March 2005 (Ended March 31, 2005)	264		0.80

Notes: 1. Average number of outstanding shares during the period:
FY March 2006 interim period ended September 30, 2005 206,327,578 shares
FY March 2005 interim period ended September 30, 2004 206,344,960 shares
FY March 2005 ended March 31, 2005 206,339,798 shares

2. Changes in method of accounting: NO

(2) Dividends

	Interim dividends per share	Dividends paid for the year
	Yen	Yen
FY March 2006 interim period (ended September 30, 2005)	¥10.00	¥ —
FY March 2005 interim period (ended September 30, 2004)	7.50	—
FY March 2005 (ended March 31, 2005)	—	20.00

(3) Non-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)	¥303,065	¥183,009	60.4	¥887.00
FY March 2005 interim period (as of September 30, 2004)	324,895	161,984	49.9	785.03
FY March 2005 (as of March 31, 2005)	318,071	172,791	54.3	836.97

Notes: 1. Number of outstanding shares at the end of the period:
 FY March 2006 interim period as of September 30, 2005 206,323,569 shares
 FY March 2005 interim period as of September 30, 2004 206,341,215 shares
 FY March 2005 as of March 31, 2005 206,330,276 shares

2. Number of shares of treasury stock at the end of the period:
 FY March 2005 interim period as of September 30, 2005 201,057 shares
 FY March 2004 interim period as of September 30, 2004 183,411 shares
 FY March 2004 as of March 31, 2005 194,350 shares

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

	Net sales	Recurring profit	Net income	Year-end dividends per share	Dividends per share for the year
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
FY March 2006	¥325,000	¥19,500	¥13,000	¥10.00	¥20.00

Reference: Net income per share for the fiscal year is forecast to be ¥(63.01) on a non-consolidated basis.

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

(References)**(1) Non-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	¥ 8,744	¥ 23,476	¥ 24,839
Notes receivable	4,866	7,696	5,645
Accounts receivable	34,917	39,483	33,314
Inventories	25,118	25,252	26,396
Deferred income taxes	11,484	10,735	11,045
Other current assets	2,976	2,627	3,912
Allowance for doubtful accounts	(765)	(1,020)	(1,036)
Total current assets	87,343	108,251	104,118
Fixed assets:			
Tangible assets			
Buildings	22,552	22,446	23,211
Machinery and equipment	7,163	7,368	7,565
Land	50,865	51,415	51,464
Other tangible assets	8,626	8,541	8,713
Total tangible assets	89,208	89,772	90,955
Intangible assets	103	103	103
Investments and other assets:			
Investment securities	34,261	32,778	27,407
Shares of affiliated companies	58,468	55,226	58,321
Investments in affiliated companies	17,441	14,946	17,441
Deferred income taxes	12,858	20,464	15,402
Other assets	5,150	4,427	5,486
Allowance for doubtful accounts	(1,065)	(1,075)	(1,009)
Allowance for possible investment losses	(706)	—	(154)
Total investments and other assets	126,409	126,768	122,894
Total fixed assets	215,721	216,643	213,952
Total assets	¥303,065	¥324,895	¥318,071

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 payable	¥ 753	¥ 883	¥ 728
Accounts payable	23,614	28,770	20,422
Short-term loans	2,384	1,991	1,908
Current portion of long-term debt	300	17,038	17,038
Accrued expenses	20,273	20,858	26,216
Corporate taxes payable	6,005	6,584	10,004
Various reserves	1,221	1,612	1,782
Other current liabilities	1,167	1,716	1,778
Total current liabilities	55,721	79,456	79,877
Long-term liabilities:			
Long-term debt	—	300	300
Deferred income taxes on land revaluation	11,656	11,848	11,842
Accrued employees' retirement benefits	23,106	40,069	22,697
Accrued Directors' retirement benefits	619	648	677
Long-term deposits received	28,131	29,701	29,036
Other liabilities	821	885	848
Total long-term liabilities	64,335	83,453	65,402
Total liabilities	120,056	162,910	145,279
SHAREHOLDERS' EQUITY			
Common stock	28,534	28,534	28,534
Capital surplus:			
Capital reserve	40,054	40,054	40,054
Total capital surplus	40,054	40,054	40,054
Earned surplus:			
Legal reserve	4,169	4,159	4,159
Retained earnings	71,620	87,212	87,212
Unappropriated earnings	14,227	(20,020)	(8,116)
Total earned surplus	90,007	71,351	83,255
Reserve for land revaluation difference	13,974	13,824	14,255
Net unrealized holding gains on other securities	10,684	8,437	6,926
Treasury stock, at cost	(246)	(218)	(235)
Total shareholders' equity	183,009	161,984	172,791
Total liabilities and shareholders' equity	¥303,065	¥324,895	¥318,071

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

(2) Non-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	¥170,183	100.0	¥187,605	100.0	¥341,546	100.0
Cost of sales:	127,047	74.7	131,508	70.1	247,455	72.5
Gross profit	43,136	25.3	56,097	29.9	94,091	27.5
Unrealized profit	47		129		218	
Total gross profit	43,183	25.3	56,226	30.0	94,309	27.6
Selling, general and administrative expenses:	33,746	19.8	34,867	18.6	71,670	21.0
Operating income	9,437	5.5	21,359	11.4	22,638	6.6
Non-operating income	3,695	2.2	1,400	0.7	3,079	0.9
Non-operating expenses	270	0.1	184	0.1	573	0.1
Recurring profit	12,861	7.6	22,574	12.0	25,145	7.4
Other profit	1,463	0.8	548	0.3	23,973	7.0
Other loss	843	0.5	33,044	17.6	36,094	10.6
Income (loss) before income taxes and minority interests	13,482	7.9	(9,921)	(5.3)	13,024	3.8
Current income taxes (benefit)	4,871	2.8	6,322	3.4	9,651	2.8
Deferred income taxes (benefit)	(538)	(0.3)	(2,625)	(1.4)	3,108	0.9
Net income (loss)	9,150	5.4	(13,617)	(7.3)	264	0.1
Retained earnings at beginning of period	4,796		3,774		3,774	
Reversal of reserve for land revaluation difference	280		(10,176)		(10,607)	
Interim dividends	—		—		1,547	
Retained earnings (loss) at end of period	¥ 14,227		¥(20,020)		¥ (8,116)	