

YAMAHA CORPORATION

Flash Report

Non-Consolidated Basis

Results for the fiscal year ended March 31, 2006

April 28, 2006

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 meeting of the Board of Directors: April 28, 2006

Interim dividend: YES

Start date of dividend payment: June 28, 2006

Date of the general meeting: June 27, 2006

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

Stock listing: Tokyo Stock Exchange (First Section)

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

1. RESULTS FOR FY MARCH 2006 (April 1, 2005–March 31, 2006)

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 fiscal year	Millions of yen	% change from the previous fiscal year	Millions of yen	% change from the previous fiscal year
FY March 2006 (Ended March 31, 2006)	¥321,252	(5.9)%	¥ 7,986	(64.7)%	¥13,950	(44.5)%
FY March 2005 (Ended March 31, 2005)	¥341,546	(1.1)%	¥22,638	(16.0)%	¥25,145	(10.6)%

	Net income		Net income per share	Net income per share after full dilution	Return on equity	Ratio of recurring profit to total assets	Ratio of recurring profit to sales
	Millions of yen	% change from the previous fiscal year	Yen	Yen	%	%	%
FY March 2006 (Ended March 31, 2006)	¥10,242	—%	¥49.26	¥—	5.8%	4.5%	4.3%
FY March 2005 (Ended March 31, 2005)	¥ 264	(99.0)%	¥ 0.80	¥—	0.2%	7.7%	7.4%

Notes: 1. Average number of outstanding shares during the year:
FY March 2006 ended March 31, 2006: 206,324,155 shares
FY March 2005 ended March 31, 2005: 206,339,798 shares
2. Changes in methods of accounting: NO

(2) Dividends

	Dividends per share			Dividends paid for the year Millions of Yen	Dividend pay-out ratio %	Ratio of dividends to shareholder's equity %
	Interim	Year-end				
	Yen	Yen	Yen			
FY March 2006 (Ended March 31, 2006)	¥20.00	¥10.00	¥10.00	¥4,126	40.6%	2.3%
FY March 2005 (Ended March 31, 2005)	¥20.00	¥7.50	¥12.50	¥4,126	2,500.0%	2.4%

(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 (As of March 31, 2006)	¥300,513	¥182,048	60.6%	¥881.98
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 year:
 FY March 2006 as of March 31, 2006: 206,317,517 shares
 FY March 2005 as of March 31, 2005: 206,330,276 shares
 2. Number of treasury stock at the end of the year:
 FY March 2006 as of March 31, 2006: 207,109 shares
 FY March 2005 as of March 31, 2005: 194,350 shares

2. FORECASTS OF RESULTS FOR FY MARCH 2007 (April 1, 2006–March 31, 2007)

	Net sales	Recurring profit	Net income	Interim dividends per share	Year-end dividends per share	Dividends per share for the year
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen	Yen
FY March 2007 interim period	¥169,000	¥8,000	¥6,000	¥10.00	—	—
FY March 2007	¥323,000	¥10,000	¥7,000	—	¥10.00	¥20.00

Reference: Net income per share for the fiscal year is forecast to be ¥33.93 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.

3. NON-CONSOLIDATED FINANCIAL STATEMENTS

(1) Non-Consolidated Balance Sheets

	Millions of yen		
	FY March 2006 (As of Mar. 31, 2006)	FY March 2005 (As of Mar. 31, 2005)	Increase (decrease)
ASSETS			
Current assets:			
Cash and bank deposits	¥ 5,614	¥ 24,839	¥(19,225)
Notes receivable	5,025	5,645	(620)
Accounts receivable	29,397	33,314	(3,917)
Products and goods	15,958	16,192	(234)
Raw material	1,879	2,028	(149)
Products in progress	7,978	8,175	(197)
Advances	96	170	(74)
Deferred income taxes	11,176	11,045	131
Other current assets	3,628	3,742	(114)
Allowance for doubtful accounts	(1,286)	(1,036)	(250)
Total current assets	79,469	104,118	(24,649)
Fixed assets:			
Tangible assets:			
Buildings	22,519	23,211	(692)
Structures	3,192	3,360	(168)
Machinery and equipment	7,066	7,565	(499)
Conveyance devices	101	110	(9)
Tools, furniture and fixtures	4,539	4,632	(93)
Land	50,984	51,464	(480)
Construction in progress	1,235	609	626
Total tangible assets	89,639	90,955	(1,316)
Intangible assets:			
Rights on leasehold land	99	103	(4)
Total intangible assets	99	103	(4)
Investments and other assets:			
Investment securities	40,222	27,407	12,815
Shares of affiliated companies	57,702	58,321	(619)
Investment in capital	0	105	(105)
Affiliated company investments	18,422	17,441	981
Long-term loans	609	827	(218)
Long-term employee loans	0	0	0
Long-term affiliated company loans	65	84	(19)
Bankrupt, rehabilitating securities	16	350	(334)
Deferred income taxes	11,796	15,402	(3,606)
Guarantee deposits for leased real estate	2,265	2,268	(3)
Long-term accrued expenses	867	1,289	(422)
Other assets	530	559	(29)
Allowance for doubtful accounts	(715)	(1,009)	294
Reserve for loss on investments	(480)	(154)	(326)
Total investments and other assets	131,304	122,894	8,410
Total fixed assets	221,043	213,952	7,091
Total assets	¥300,513	¥318,071	(17,558)

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

	Millions of yen		
	FY March 2006 (As of Mar. 31, 2006)	FY March 2005 (As of Mar. 31, 2005)	Increase (decrease)
LIABILITIES			
Current liabilities:			
Notes payable	¥ 589	¥ 728	¥ (139)
Accounts payable	19,334	20,422	(1,088)
Short-term loans	3,156	1,908	1,248
Current portion of long-term debt	300	17,038	(16,738)
Accrued payables	4,164	4,991	(827)
Accrued expenses	18,704	21,224	(2,520)
Corporate tax payables	1,859	10,004	(8,145)
Advances received	298	518	(220)
Money entrusted	768	725	43
Reserve for after-care expenses	55	57	(2)
Warranty reserve	1,560	1,349	211
Reserve for subsidiary support	103	375	(272)
Deferred unrealized profit	—	69	(69)
Other current liabilities	375	464	(89)
Total current liabilities	51,271	79,877	(28,606)
Long-term liabilities:			
Long-term debt	—	300	(300)
Deferred income taxes on land revaluation	15,206	11,842	3,364
Accrued employees' retirement benefits	22,859	22,697	162
Accrued directors' retirement benefits	632	677	(45)
Long-term deposits received	27,694	29,036	(1,342)
Other fixed liabilities	800	848	(48)
Total long-term liabilities	67,193	65,402	1,791
Total liabilities	118,465	145,279	(26,814)
SHAREHOLDERS' EQUITY			
Common stock	28,534	28,534	—
Capital surplus	40,054	40,054	—
Earned surplus:			
Legal reserve			
Retained income	4,159	4,159	—
Reserve for special depreciation	11	—	11
Reserve for advanced depreciation	2,334	2,502	(168)
Special reserve for replacement asset acquisition	565	—	565
General reserve	68,710	84,710	(16,000)
Total retained income	71,620	87,212	(15,592)
Unappropriated income	13,258	(8,116)	21,374
Total earned surplus	89,038	83,255	5,783
Reserve for land revaluation	10,415	14,255	(3,840)
Net unrealized holding gains on other securities	14,263	6,926	7,337
Treasury stock, at cost	(258)	(235)	(23)
Total shareholders' equity	182,048	172,791	9,257
Total liabilities, and shareholders' equity	¥300,513	¥318,071	(17,558)

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

(2) Non-Consolidated Statements of Income

	FY March 2006 (Apr. 1, 2005–Mar. 31, 2006)		FY March 2005 (Apr. 1, 2004–Mar. 31, 2005)		Increase (decrease)
	Millions of yen	%	Millions of yen	%	Millions of yen
Net sales:					
Merchandise and product sales	¥276,935		¥298,087		¥(21,152)
Other	44,317		43,458		859
Total net sales	321,252	100.0	341,546	100.0	(20,294)
Cost of sales:					
Merchandise and product cost of sales					
Inventory of merchandise and products at start of period	16,192		15,211		981
Reversal of valuation loss on raw materials and work in progress brought forward	102		94		8
Cost of production	205,347		207,102		(1,755)
Merchandise procured	5,890		10,178		(4,288)
Valuation loss on raw materials and work in progress	262		102		160
Inventory of merchandise and products at end of period	15,958		16,192		(234)
Subtotal	211,632		216,307		(4,675)
Other	31,780		31,147		633
Total cost of sales	243,413	75.8	247,455	72.5	(4,042)
Gross profit:	77,839	24.2	94,091	27.5	(16,252)
Reversal of disposal of deferred unrealized income brought forward	69		287		(218)
Disposal of deferred unrealized income	—		69		(69)
Gross profit, net	77,909	24.3	94,309	27.6	(16,400)
Selling, general and administrative expenses	69,923	21.8	71,670	21.0	(1,747)
Operating income	7,986	2.5	22,638	6.6	(14,652)
Non-operating income:					
Interest received	62		36		26
Dividends received	5,836		1,861		3,975
Foreign exchange gain	279		697		(418)
Other	284		483		(199)
Total non-operating income	6,462	2.0	3,079	0.9	3,383
Non-operating expenses:					
Interest paid	104		188		(84)
Cash discounts	21		23		(2)
Other	371		361		10
Total non-operating expenses	498	0.2	573	0.1	(75)
Recurring profit	¥ 13,950	4.3	¥ 25,145	7.4	(11,195)

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

(2) Non-Consolidated Statements of Income (Continued from the previous page)

	FY March 2006 (Apr. 1, 2005–Mar. 31, 2006)		FY March 2005 (Apr. 1, 2004–Mar. 31, 2005)		Increase (decrease)
	Millions of yen	%	Millions of yen	%	Millions of yen
Extraordinary income:					
Gain on sale of fixed assets	¥ 764		¥ 201		¥ 563
Reversal of reserve for after-care expenses	8		12		(4)
Reversal of warranty reserve	315		426		(111)
Reversal of reserve allowance for losses on investments	59		—		59
Gain on sale of investment securities	605		6,338		(5,733)
Bad debt reserve	—		131		(131)
Gain on return of substitutional portion of employee welfare pension funds	—		16,863		(16,863)
Total extraordinary income	1,753	0.5	23,973	7.0	(22,220)
Extraordinary loss:					
Loss on removal of fixed assets	507		461		46
Loss on revaluation of investment securities	83		70		13
Loss on revaluation of stock in subsidiaries	1,011		2,478		(1,467)
Reserve for investment losses	104		154		(50)
Reserve for subsidiary support	103		375		(272)
Loss on sales of investment securities	—		4		(4)
Impairment losses	—		32,549		(32,549)
Total extraordinary loss	1,811	0.5	36,094	10.6	(34,283)
Income before income taxes and minority	13,892	4.3	13,024	3.8	868
Current income taxes	5,167	1.6	9,651	2.8	(4,484)
Deferred income taxes (benefit)	(1,517)	(0.5)	3,108	0.9	(4,625)
Net income	10,242	3.2	264	0.1	9,978
Retained earnings at beginning of period	4,796		3,774		1,022
Reversal of reserve for land revaluation	282		(10,607)		10,889
Interim dividends	2,063		1,547		516
Retained earnings at end of period	¥13,258		¥(8,116)		21,374

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

(3) Profit Appropriation

	Millions of yen	
	FY March 2006 (June 27, 2006)	FY March 2005 (June 24, 2005)
Retained earnings (loss) at end of year	¥13,258	¥(8,116)
Reversal of retained earnings:		
Reversal of reserve for special depreciation	1	—
Reversal of reserve for advanced depreciation	170	236
Reversal for special account on replaced property	565	—
Transfer from general reserve	—	16,000
Total	13,995	8,119
Appropriation of earnings:		
Dividends	2,063 (¥10 per share)	2579 (¥12.5 per share)
Bonuses for directors	80	100
[Including bonuses to auditors]	[12]	[15]
Reserve for special depreciation	1	11
Reserve for advanced depreciation	301	68
Reserve for special account on replaced property	599	565
General reserve	6,000	—
Unappropriated earnings carried forward	¥ 4,950	¥ 4,796

Notes: 1. The Company paid interim cash dividends totaling ¥2,063 million (¥10 per share) on December 12, 2005.

2. June 24, 2005, was the date of approval by the General Meeting, and June 27, 2006, is the scheduled date for approval in 2006.