

YAMAHA CORPORATION

Interim Flash Report

Non-Consolidated Basis

Results for the FY2007.3 interim period ended September 30, 2006

October 31, 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: October 31, 2006

Start date of interim dividend payout: December 11, 2006

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 FY2007.3 INTERIM PERIOD (April 1, 2006 to September 30, 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 interim period)	Millions of yen	(% change from the previous interim period)	Millions of yen	(% change from the previous interim period)
FY2007.3 interim period (Ended September 30, 2006)	¥169,696	(0.3)	¥10,509	11.4	¥13,188	2.5
FY2006.3 interim period (Ended September 30, 2005)	¥170,183	(9.3)	¥ 9,437	(55.8)	¥12,861	(43.0)
FY2006.3 (Ended March 31, 2006)	¥321,252		¥ 7,986		¥13,950	

	Net income		Net income per share
	Millions of yen	(% change from the previous interim period)	Yen
FY2007.3 interim period (Ended September 30, 2006)	¥ 9,029	(1.3)	¥43.76
FY2006.3 interim period (Ended September 30, 2005)	¥ 9,150	—	¥44.35
FY2006.3 (Ended March 31, 2006)	¥10,242		¥49.26

Notes: 1. Average number of outstanding shares during the period:

FY2007.3 interim period ended September 30, 2006 206,314,133 shares
FY2006.3 interim period ended September 30, 2005 206,327,578 shares
FY2006.3 ended March 31, 2006 206,324,155 shares

2. Changes in method of accounting: NO

(2) Non-Consolidated Financial Data

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
FY2007.3 interim period (as of September 30, 2006)	¥313,195	¥187,861	60.0	¥910.58
FY2006.3 interim period (as of September 30, 2005)	¥303,065	¥183,009	60.4	¥887.00
FY2006.3 (as of March 31, 2006)	¥300,513	¥182,048	60.6	¥881.98

Notes: 1. Number of outstanding shares at the end of the period:

FY2007.3 interim period as of September 30, 2006	206,310,090 shares
FY2006.3 interim period as of September 30, 2005	206,323,569 shares
FY2006.3 as of March 31, 2006	206,317,517 shares

2. Number of shares of treasury stock at the end of the period:

FY2007.3 interim period as of September 30, 2006	214,536 shares
FY2006.3 interim period as of September 30, 2005	201,057 shares
FY2006.3 as of March 31, 2006	207,109 shares

2. FORECAST OF RESULTS FOR FY2007.3 (April 1, 2006 to March 31, 2007)

	Net sales	Recurring profit	Net income
	Millions of yen	Millions of yen	Millions of yen
FY2007.3	¥320,000	¥16,000	¥11,000

Reference: Net income per share for the fiscal year is forecast to be ¥53.32 on a non-consolidated basis.

3. DIVIDENDS

	Interim dividends per share	Dividend paid at year-end	Dividends paid for the year
	Yen	Yen	Yen
FY2006.3 interim period (ended September 30, 2005)	¥10.00	¥10.00	¥20.00
FY2007.3 interim period (ended September 30, 2006)	¥10.00	—	¥20.00
FY2007.3 (ended March 31, 2006)	—	¥10.00	

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 FY2007.3" under "OPERATING RESULTS AND FINANCIAL CONDITION."

(References)**(1) Non-Consolidated Balance Sheets**

	FY2007.3 interim period (as of Sept. 30, 2006)	FY2006.3 interim period (as of Sept. 30, 2005)	FY2006.3 (as of Mar. 31, 2006)
	Millions of yen	Millions of yen	Millions of yen
ASSETS			
Current assets:			
Cash and bank deposits	¥ 13,769	¥ 8,744	¥ 5,614
Notes receivable	6,116	4,866	5,025
Accounts receivable	33,892	34,917	29,397
Inventories	25,503	25,118	25,816
Deferred income taxes	11,472	11,484	11,176
Other current assets	3,173	2,976	3,725
Allowance for doubtful accounts	(1,119)	(765)	(1,286)
Total current assets	92,809	87,343	79,469
Fixed assets:			
Tangible assets			
Buildings	23,712	22,552	22,519
Machinery and equipment	7,205	7,163	7,066
Land	51,055	50,865	50,984
Other tangible assets	7,956	8,626	9,068
Total tangible assets	89,929	89,208	89,639
Intangible assets	99	103	99
Investments and other assets:			
Investment securities	38,960	34,261	40,222
Shares of affiliated companies	57,450	58,468	57,702
Investments in affiliated companies	18,422	17,441	18,422
Deferred income taxes	12,602	12,858	11,796
Other assets	4,100	5,150	4,356
Allowance for doubtful accounts	(698)	(1,065)	(715)
Reserve for loss on investments	(480)	(706)	(480)
Total investments and other assets	130,356	126,409	131,304
Total fixed assets	220,386	215,721	221,043
Total assets	¥313,195	¥303,065	¥300,513

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

	FY2007.3 interim period (as of Sept. 30, 2006)	FY2006.3 interim period (as of Sept. 30, 2005)	FY2006.3 (as of Mar. 31, 2006)
	Millions of yen	Millions of yen	Millions of yen
LIABILITIES			
Current liabilities:			
Notes payable	¥ 833	¥ 753	¥ 589
Accounts payable	24,028	23,614	19,334
Short-term loans	2,975	2,384	3,156
Current portion of long-term debt	—	300	300
Accrued expenses and accrued payables	21,343	20,273	22,868
Income taxes payable	4,846	6,005	1,859
Various reserves	3,417	1,221	1,719
Other current liabilities	1,587	1,167	1,442
Total current liabilities	59,031	55,721	51,271
Long-term liabilities:			
Deferred income taxes on land revaluation	15,206	11,656	15,206
Accrued employees' retirement benefits	22,648	23,106	22,859
Accrued directors' retirement benefits	—	619	632
Long-term deposits received	27,074	28,131	27,694
Other long-term liabilities	1,372	821	800
Total long-term liabilities	66,302	64,335	67,193
Total liabilities	125,334	120,056	118,465
NET ASSETS			
Shareholders' equity			
Common stock	28,534	—	—
Capital surplus			
Capital reserve	40,054	—	—
Total capital surplus	40,054	—	—
Earned surplus			
Legal reserve	4,159	—	—
Other earned surplus			
Reserve for special depreciation	10	—	—
Reserve for advanced depreciation	2,465	—	—
Special reserve for replacement of asset acquisition	599	—	—
General reserve	74,710	—	—
Earned surplus carried forward	13,977	—	—
Total earned surplus	95,921	—	—
Treasury stock, at cost	(275)	—	—
Total shareholders' equity	164,235	—	—

(Continued)

	FY2007.3 interim period (as of Sept. 30, 2006)	FY2006.3 interim period (as of Sept. 30, 2005)	FY2006.3 (as of Mar. 31, 2006)
	Millions of yen	Millions of yen	Millions of yen
Evaluation and translation adjustments			
Evaluation difference on other securities	13,441	—	—
Gain (loss) on deferred hedges	(233)	—	—
Land price revaluation difference	10,418	—	—
Total evaluation and translation adjustments	23,625	—	—
Total net assets	187,861	—	—
Total liabilities and net assets	¥313,195	—	—
SHAREHOLDERS' EQUITY			
Common stock	—	28,534	28,534
Capital surplus:			
Capital reserve	—	40,054	40,054
Total capital surplus	—	40,054	40,054
Earned surplus:			
Legal reserve	—	4,159	4,159
Retained income	—	71,620	71,620
Unappropriated income	—	14,227	13,258
Total earned surplus	—	90,007	89,038
Reserve for land revaluation difference	—	13,974	10,415
Net unrealized holding gains on other securities	—	10,684	14,263
Treasury stock, at cost	—	(246)	(258)
Total shareholders' equity	—	183,009	182,048
Total liabilities and shareholders' equity	—	¥303,065	¥300,513

(2) Non-Consolidated Statement of Operations

	FY2007.3 interim period (April 1, 2006– Sept. 30, 2006)		FY2006.3 interim period (April 1, 2005– Sept. 30, 2005)		FY2006.3 (April 1, 2005– Mar. 31, 2006)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net sales	¥169,696	100.0	¥170,183	100.0	¥321,252	100.0
Cost of sales:	127,574	75.2	127,047	74.7	243,413	75.8
Gross profit	42,122	24.8	43,136	25.3	77,839	24.2
Unrealized profit	—		47		69	
Total gross profit	42,122	24.8	43,183	25.3	77,909	24.3
Selling, general and administrative expenses:	31,612	18.6	33,746	19.8	69,923	21.8
Operating income	10,509	6.2	9,437	5.5	7,986	2.5
Non-operating income	2,936	1.7	3,695	2.2	6,462	2.0
Non-operating expenses	257	0.1	270	0.1	498	0.2
Recurring profit	13,188	7.8	12,861	7.6	13,950	4.3
Extraordinary income	324	0.2	1,463	0.8	1,753	0.5
Extraordinary loss	2,474	1.5	843	0.5	1,811	0.5
Income before income taxes and minority interests	11,038	6.5	13,482	7.9	13,892	4.3
Current income taxes	2,420	1.4	4,871	2.8	5,167	1.6
Deferred income taxes (benefit)	(410)	(0.2)	(538)	(0.3)	(1,517)	(0.5)
Net income	9,029	5.3	9,150	5.4	10,242	3.2
Retained earnings at beginning of period	—		4,796		4,796	
Reversal of reserve for land revaluation difference	—		280		282	
Interim dividends	—		—		2,063	
Retained earnings at end of period	¥ —		¥ 14,227		¥ 13,258	

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

(3) Non-Consolidated Statements of Changes in Shareholders' Equity

(Millions of yen)

	Shareholders' Equity											
	Common stock	Capital surplus		Earned reserve	Earned reserve						Treasury stock	Total shareholders' equity
		Capital reserve	Total capital surplus		Other earned reserves					Total earned surplus		
					Reserve for special depreciation	Reserve for advanced depreciation	Special reserve for replacement of asset acquisition	General reserve	Earned surplus carried forward			
Balance at March 31, 2006	¥28,534	¥40,054	¥40,054	¥4,159	¥11	¥2,334	¥565	¥68,710	¥13,258	¥89,038	¥(258)	¥157,368
Changes during the period												
Dividends from surplus									(2,063)	(2,063)		(2,063)
Interim net income for the period									9,029	9,029		9,029
Reversal of reserve for land revaluation difference									(2)	(2)		(2)
Provision to reserve for special depreciation					1				(1)	—		—
Reversal of reserve for special depreciation					(1)				1	—		—
Provision to reserve for advanced depreciation						301			(301)	—		—
Reversal of reserve for advanced depreciation						(170)			170	—		—
Provision to special reserve for replacement of asset acquisition							599		(599)	—		—
Reversal of special reserve for replacement of asset acquisition							(565)		565	—		—
Provision to general reserve								6,000	(6,000)	—		—
Bonuses to directors and statutory auditors									(80)	(80)		(80)
Purchase of treasury stock											(16)	(16)
Changes, net, in items other than shareholders' equity												
Total changes during the period	—	—	—	—	(0)	131	34	6,000	718	6,883	(16)	6,866
Balance at September 30, 2006	¥28,534	¥40,054	¥40,054	¥4,159	¥10	¥2,465	¥599	¥74,710	¥13,977	¥95,921	¥(275)	¥164,235

(Millions of yen)

	Evaluation and translation adjustments				Total Net Assets
	Evaluation difference on other securities	Gain (loss) on deferred hedges	Land price revaluation difference	Total evaluation and translation adjustments	
Balance at March 31, 2006	¥14,263	¥ —	¥10,415	¥24,679	¥182,048
Change during the period					
Dividends from surplus					(2,063)
Net income for the period					9,029
Reversal of reserve for land revaluation					(2)
Provision to reserve for special depreciation					—
Reversal of reserve for special depreciation					—
Provision to reserve for advanced depreciation					—
Reversal of reserve for advanced depreciation					—
Provision to the special account for replacement of assets					—
Reversal of the special account for replacement of assets					—
Provision to special reserve fund					—
Bonuses to directors and statutory auditors					(80)
Purchase of treasury stock					(16)
Changes, net, in items other than shareholders' equity	(822)	(233)	2	(1,053)	(1,053)
Total changes during the period	(822)	(233)	2	(1,053)	5,813
Balance at September 30, 2006	¥13,441	¥(233)	¥10,418	¥23,625	¥187,861

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