

YAMAHA CORPORATION

Interim Flash Report

Non-Consolidated Basis

Results for the FY2005 interim period ended September 30, 2004

November 2, 2004

Company name: YAMAHA CORPORATION
(URL <http://www.global.yamaha.com/english/ir/report/>)
Code number: 7951
Address of headquarters: 10-1, Nakazawa-cho, Hamamatsu, Shizuoka 430-8650, Japan
Representative director: Shuji Ito
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Telephone: +81 53 460 2141
Date of the interim meeting of the Board of Directors: November 2, 2004
Interim dividend: YES
Start date of interim dividend payout: December 10, 2004
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 FY2005 INTERIM PERIOD (April 1, 2004 to September 30, 2004)

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)
FY2005 interim period (Ended September 30, 2004)	¥187,605	4.3	¥21,359	13.8	¥22,574	14.2
FY2004 interim period (Ended September 30, 2003)	179,907	4.5	18,767	77.1	19,763	79.7
FY2004 (Ended March 31, 2004)	345,354		26,954		28,118	

	Net income (loss)		Net income (loss) per share
	Millions of yen	(% change from the previous interim period)	Yen
FY2005 interim period (Ended September 30, 2004)	¥(13,617)	—	¥(65.99)
FY2004 interim period (Ended September 30, 2003)	19,288	151.5	93.47
FY2004 (Ended March 31, 2004)	25,579		123.38

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

FY2005 interim period ended September 30, 2004 206,344,960 shares
FY2004 interim period ended September 30, 2003 206,356,126 shares
FY2004 ended March 31, 2004 206,352,788 shares

2. Changes in method of accounting: YES

(2) Dividends

	Interim dividends per share	Dividends paid for the year
	Yen	Yen
FY2005 interim period (Ended September 30, 2004)	¥7.50	¥ —
FY2004 interim period (Ended September 30, 2003)	5.00	—
FY2004 (Ended March 31, 2004)	—	15.00

(3) Non-Consolidated Financial Data

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
FY2005 interim period (As of September 30, 2004)	¥324,895	¥161,984	49.9	¥785.03
FY2004 interim period (As of September 30, 2003)	356,379	169,342	47.5	820.65
FY2004 (As of March 31, 2004)	337,029	179,982	53.4	871.65

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

FY2005 interim period as of September 30, 2004	206,341,215 shares
FY2004 interim period as of September 30, 2003	206,351,727 shares
FY2004 as of March 31, 2004	206,347,606 shares

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

FY2005 interim period as of September 30, 2004	183,411 shares
FY2004 interim period as of September 30, 2003	171,536 shares
FY2004 as of March 31, 2004	177,020 shares

2. FORECAST OF RESULTS FOR FY2005 (April 1, 2004 to March 31, 2005)

	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
FY2005	¥343,000	¥23,500	¥(2,000)	¥7.50	¥15.00

Reference: Net income per share for the fiscal year is forecast to be ¥(9.69) 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 Fiscal 2005" under "BUSINESS RESULTS."

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

	Millions of yen		
	FY2005 interim period (as of Sept. 30, 2004)	FY2004 interim period (as of Sept. 30, 2003)	FY2004 (as of Mar. 31, 2004)
ASSETS			
Current assets:			
Cash and bank deposits	¥ 23,476	¥ 25,861	¥ 4,630
Notes receivable	7,696	7,698	7,857
Accounts receivable	39,483	41,294	39,926
Inventories	25,252	25,101	23,531
Deferred income taxes	10,735	8,652	9,847
Other current assets	2,627	2,321	2,333
Allowance for doubtful accounts	(1,020)	(1,306)	(1,489)
Total current assets	108,251	109,623	86,637
Fixed assets:			
Tangible assets			
Buildings	22,446	36,054	35,988
Machinery and equipment	7,368	7,054	7,079
Land	51,415	63,918	62,575
Other tangible assets	8,541	11,024	11,894
Total tangible assets	89,772	118,051	117,538
Intangible assets	103	110	103
Investments and other assets:			
Investment securities	32,778	27,486	36,371
Shares of affiliated companies	55,226	62,960	62,124
Deferred income taxes	20,464	19,313	15,610
Other assets	19,374	19,911	19,594
Allowance for doubtful accounts	(1,075)	(1,078)	(950)
Total investments and other assets	126,768	128,593	132,750
Total fixed assets	216,643	246,755	250,392
Total assets	¥324,895	¥356,379	¥337,029

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

	Millions of yen		
	FY2005 interim period (as of Sept. 30, 2004)	FY2004 interim period (as of Sept. 30, 2003)	FY2004 (as of Mar. 31, 2004)
LIABILITIES			
Current liabilities:			
Notes payable	¥ 883	¥ 806	¥ 741
Accounts payable	28,770	24,518	21,337
Short-term loans	1,991	2,912	1,790
Convertible bonds scheduled for redemption within one year	—	24,317	—
Current portion of long-term debt	17,038	—	—
Corporate taxes payable	6,584	50	100
Accrued expenses	20,858	20,745	27,138
Various reserves	1,612	909	1,102
Other current liabilities	1,716	2,513	2,254
Total current liabilities	79,456	76,772	54,464
Long-term liabilities:			
Long-term debt	300	17,338	17,338
Deferred income taxes on land revaluation	11,848	10,160	10,160
Accrued employees' retirement benefits	40,069	44,882	42,596
Directors' retirement benefits	648	614	658
Long-term deposits received	29,701	36,309	30,935
Other liabilities	885	959	893
Total long-term liabilities	83,453	110,264	102,582
Total liabilities	162,910	187,037	157,046
SHAREHOLDERS' EQUITY			
Common stock	28,534	28,533	28,534
Capital surplus:			
Capital reserve	40,054	40,052	40,054
Total capital surplus	40,054	40,052	40,054
Earned surplus:			
Legal reserve	4,159	4,159	4,159
Retained earnings	87,212	65,422	65,422
Unappropriated earnings	(20,020)	23,603	27,747
Total earned surplus	71,351	93,185	97,329
Reserve for land revaluation	13,824	2,533	3,648
Net unrealized holding gains on other securities	8,437	5,233	10,622
Treasury stock, at cost	(218)	(195)	(207)
Total shareholders' equity	161,984	169,342	179,982
Total liabilities and shareholders' equity	¥324,895	¥356,379	¥337,029

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

(2) Non-Consolidated Statement of Operations

	FY2005 interim period (April 1, 2004– Sept. 30, 2004)		FY2004 interim period (April 1, 2003– Sept. 30, 2003)		FY2004 (April 1, 2003– Mar. 31, 2004)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net sales	¥187,605	100.0	¥179,907	100.0	¥345,354	100.0
Cost of sales:	131,508	70.1	127,127	70.7	248,139	71.9
Gross profit	56,097	29.9	52,780	29.3	97,214	28.1
Unrealized profit	129		93		241	
Total gross profit	56,226	30.0	52,874	29.4	97,455	28.2
Selling, general and administrative expenses:	34,867	18.6	34,107	19.0	70,500	20.4
Operating income	21,359	11.4	18,767	10.4	26,954	7.8
Non-operating income	1,400	0.7	1,536	0.9	2,382	0.7
Non-operating expenses:	184	0.1	540	0.3	1,218	0.4
Recurring profit	22,574	12.0	19,763	11.0	28,118	8.1
Other profit	548	0.3	113	0.0	371	0.1
Other loss	33,044	17.6	758	0.4	4,047	1.1
Income (loss) before income taxes and minority interests	(9,921)	(5.3)	19,118	10.6	24,443	7.1
Current income taxes (benefit)	6,322	3.4	50	0.0	100	0.0
Deferred income taxes (benefit)	(2,625)	(1.4)	(220)	(0.1)	(1,236)	(0.3)
Net income (loss)	(13,617)	(7.3)	19,288	10.7	25,579	7.4
Retained earnings at beginning of period	3,774		4,421		4,421	
Reversal of reserve for land revaluation	(10,176)		(107)		(1,221)	
Interim dividends	—		—		1,031	
Retained earnings (loss) at end of period	¥(20,020)		¥ 23,603		¥ 27,747	