

YAMAHA CORPORATION

Flash Report Consolidated Basis (Japanese GAAP) Results through the Third Quarter of the Fiscal Year Ending March 31, 2015 (April 1, 2014–December 31, 2014)

February 4, 2015

Company name: YAMAHA CORPORATION
(URL <http://www.yamaha.com>)

Code number: 7951

Stock listing: Tokyo Stock Exchange (First Section)

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Scheduled date to submit Quarterly Securities Report: February 13, 2015

Scheduled date to begin dividend payments: —

Supplementary materials to the quarterly financial statements have been prepared: Yes

Presentation will be held to explain the quarterly financial results: Yes (for securities analysts and institutional investors)

1. Results through the Third Quarter of FY2015.3 (April 1, 2014–December 31, 2014)

Figures of less than ¥1 million have been omitted.

(1) Consolidated Operating Results (Accumulation)

(Percentage figures are changes from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	% change from the previous year	Millions of yen	% change from the previous year	Millions of yen	% change from the previous year
Through the third quarter of FY2015.3	¥323,246	4.7%	¥25,712	12.9%	¥25,954	16.2%
Through the third quarter of FY2014.3	¥308,674	12.7%	¥22,775	118.6%	¥22,344	132.1%

Note: Comprehensive income: **Third quarter of FY2015.3** **¥62,045 million, 40.2%**
Third quarter of FY2014.3 **¥44,248 million, 668.7%**

	Net income		Net income per share	Net income per share after full dilution
	Millions of yen	% change from the previous year	Yen	Yen
Through the third quarter of FY2015.3	¥20,703	8.7%	¥106.92	—
Through the third quarter of FY2014.3	¥19,041	326.8%	¥ 98.34	—

(2) Consolidated Financial Data

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Through the third quarter of FY2015.3 (As of December 31, 2014)	¥519,045	¥329,765	62.8%	¥1,683.61
FY2014.3 (As of March 31, 2014)	¥438,932	¥274,843	61.9%	¥1,403.12

(For reference) Shareholders' equity: **Third quarter of FY2015.3** **¥325,988 million** FY2014.3 **¥271,681 million**

2. Dividends

	Dividends applicable to the fiscal year				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full fiscal year
	Yen	Yen	Yen	Yen	Yen
FY2014.3	—	¥ 7.50	—	¥19.50	¥27.00
FY2015.3	—	¥13.50	—		
FY2015.3 (Forecast)				¥16.50	¥30.00

Note: Revisions from recently announced dividend forecast: Yes

For the details, please refer to “Announcement of Revision of the Outlook for Cash Dividends for the End of FY2015.3,” which was released today (February 4, 2015).

3. Consolidated Financial Forecasts for FY2015.3 (April 1, 2014–March 31, 2015)

(Percentage figures for the full fiscal year are changes from the previous year.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	% change from the previous year	Millions of yen	% change from the previous year	Millions of yen	% change from the previous year
FY2015.3	¥430,000	4.8%	¥30,000	15.4%	¥30,000	14.7%

	Net income		Net income per share
	Millions of yen	% change from the previous year	Yen
FY2015.3	¥21,000	(8.3)%	¥108.46

Note: Revisions from recently announced performance forecast: Yes

Footnote Items

- (1) Changes in the state of material subsidiaries during the period (Changes regarding significant subsidiaries accompanying changes in the scope of consolidation): None
- (2) The application of special accounting treatment for the preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting principles, changes in accounting estimates, and changes in presentation due to revisions
 - (a) Changes in accounting principles accompanying revisions in accounting standards: None
 - (b) Changes other than those in (a) above: None
 - (c) Changes in accounting estimates: None
 - (d) Changes in presentation due to revisions: None
- (4) Number of shares issued (common shares)

(a) Number of shares issued at the end of the period (including treasury stock)	Third quarter of FY2015.3	197,255,025 shares	FY2014.3	197,255,025 shares
(b) Number of treasury stock at the end of the period	Third quarter of FY2015.3	3,630,468 shares	FY2014.3	3,628,117 shares
(c) Average number of shares issued during the period (quarterly accumulation period)	Third quarter of FY2015.3	193,625,770 shares	Third quarter of FY2014.3	193,629,594 shares

Status of Performance of Quarterly Review Procedures

This quarterly flash report is exempt from the quarterly review procedures based on Japan's Financial Instruments and Exchange Law. At the time when this quarterly flash report was disclosed, the quarterly review procedures have been under way.

Explanation of the Appropriate Use of Performance Forecasts and Other Related Items

Consolidated financial forecasts were prepared based on information available at the time of the announcement and do not represent promises by the Company or its management that these performance figures will be attained. Actual consolidated results may differ from forecasts owing to a wide range of factors.

For commentary information regarding the closing of accounts through the third quarter of the current fiscal year, please refer to "Outline of the Consolidated Financial Results through the Third Quarter (Nine Months) of the Fiscal Year Ending March 31, 2015 (FY2015.3), Outlook for Consolidated Performance for the Full Fiscal Year, and Revision of the Forecast for Dividends," which was released today (February 4, 2015).

Revision in Performance Forecast

The forecast for net sales for the full fiscal year ending March 31, 2015 remains unchanged. However, the forecasts for income have been revised upward as follows: Operating income to ¥30.0 billion, ordinary income to ¥30.0 billion, and net income to ¥21.0 billion.

The materials to be distributed for this earnings presentation and other materials will be posted on the Company's website immediately after the presentation is concluded.

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1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Third quarter of FY2015.3 (as of December 31, 2014)	FY2014.3 (as of March 31, 2014)
ASSETS		
Current assets		
Cash and deposits	¥ 74,473	¥ 60,558
Notes and accounts receivable–trade	69,793	57,890
Merchandise and finished goods	65,089	55,653
Work in process	14,376	14,013
Raw materials and supplies	15,392	13,023
Other	19,545	14,527
Allowance for doubtful accounts	(1,593)	(1,179)
Total current assets	<u>257,077</u>	<u>214,487</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	36,685	36,238
Machinery, equipment and vehicles, net	13,197	12,800
Tools, furniture and fixtures, net	10,001	9,265
Land	49,316	49,595
Lease assets, net	386	315
Construction in progress	3,910	1,768
Total property, plant and equipment	<u>113,497</u>	<u>109,984</u>
Intangible assets		
Goodwill	13,005	279
Other	3,576	3,027
Total intangible assets	<u>16,582</u>	<u>3,307</u>
Investments and other assets		
Investment securities	123,316	103,170
Other	8,720	8,116
Allowance for doubtful accounts	(150)	(133)
Total investments and other assets	<u>131,887</u>	<u>111,154</u>
Total noncurrent assets	<u>261,967</u>	<u>224,445</u>
Total assets	<u>¥519,045</u>	<u>¥438,932</u>

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

(Millions of yen)

	Third quarter of FY2015.3 (as of December 31, 2014)	FY2014.3 (as of March 31, 2014)
LIABILITIES		
Current liabilities		
Notes and accounts payable–trade	¥ 22,951	¥ 21,595
Short-term loans payable	19,740	8,590
Current portion of long-term loans payable	32	32
Accounts payable–other and accrued expenses	31,870	31,805
Income taxes payable	2,946	2,786
Provision	2,740	2,682
Other	7,813	5,652
Total current liabilities	88,095	73,145
Noncurrent liabilities		
Long-term loans payable	109	133
Net defined benefit liabilities	34,253	36,450
Other	66,821	54,361
Total noncurrent liabilities	101,184	90,944
Total liabilities	189,279	164,089
NET ASSETS		
Shareholders' equity		
Capital stock	28,534	28,534
Capital surplus	40,054	40,054
Retained earnings	182,210	168,338
Treasury stock	(3,709)	(3,705)
Total shareholders' equity	247,090	233,222
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	69,046	45,540
Deferred gains or losses on hedges	(57)	(101)
Revaluation reserve for land	16,919	17,139
Foreign currency translation adjustment	(3,834)	(20,347)
Remeasurements of defined benefit plans	(3,175)	(3,771)
Total accumulated other comprehensive income	78,898	38,459
Minority interests	3,777	3,161
Total net assets	329,765	274,843
Total liabilities and net assets	¥519,045	¥438,932

(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income
Consolidated Statements of Operations

(Millions of yen)

	Accumulated through the third quarter of FY2015.3 (April 1, 2014–December 31, 2014)	Accumulated through the third quarter of FY2014.3 (April 1, 2013–December 31, 2013)
Net sales	¥323,246	¥308,674
Cost of sales	200,712	196,168
Gross profit	122,533	112,506
Selling, general and administrative expenses	96,821	89,730
Operating income	25,712	22,775
Non-operating income		
Interest income	507	395
Dividends income	1,041	836
Patent income	624	—
Other	850	781
Total non-operating income	3,024	2,013
Non-operating expenses		
Sales discounts	1,957	1,820
Foreign exchange losses	187	4
Other	637	620
Total non-operating expenses	2,782	2,445
Ordinary income	25,954	22,344
Extraordinary income		
Gain on sales of noncurrent assets	93	488
Gain on sales of investment securities	1	987
Gain on liquidation of subsidiaries and affiliates	6	—
Total extraordinary income	101	1,475
Extraordinary losses		
Loss on retirement of noncurrent assets	121	204
Loss on sales of stocks of subsidiaries and affiliates	17	—
Impairment loss	665	126
Business structural reform expenses	—	552
Loss on closure of operations	—	456
Total extraordinary losses	804	1,340
Income before income taxes and minority interests	25,251	22,479
Income taxes—current	5,664	4,934
Income taxes—deferred	(1,302)	(1,664)
Total income taxes	4,362	3,269
Income before minority interests	20,888	19,210
Minority interests in income	185	169
Net income	¥ 20,703	¥ 19,041

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

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Accumulated through the third quarter of FY2015.3 (April 1, 2014–December 31, 2014)	Accumulated through the third quarter of FY2014.3 (April 1, 2013–December 31, 2013)
Income before minority interests	¥20,888	¥19,210
Other comprehensive income		
Valuation difference on available-for-sale securities	23,492	10,083
Deferred gains or losses on hedges	43	(318)
Foreign currency translation adjustments	17,011	13,995
Remeasurements of defined benefit plans	595	1,281
Share of other comprehensive income of associates accounted for using equity method	13	(3)
Total other comprehensive income	<u>41,156</u>	<u>25,037</u>
Comprehensive income	62,045	44,248
(Composition)		
Comprehensive income attributable to owners of the parent	<u>61,341</u>	43,682
Comprehensive income attributable to minority shareholders	<u>¥ 704</u>	¥ 566

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

(3) Notes to the Quarterly Financial Statements
Notes Regarding Assumptions as a Going Concern

None

Notes Regarding Any Major Change in the Amount of Consolidated Shareholders' Equity

None

Segment Information, Etc.

(Segment Information)

Accumulated through the third quarter of FY2015.3 (April 1, 2014–December 31, 2014)

1. Sales and Income (Loss) by Reporting Segment

(Millions of yen)

	Musical instruments	Audio equipment	Electronic devices	Others	Total	Adjustments	Consolidated
Sales to external customers	¥212,388	¥82,540	¥10,550	¥17,766	¥323,246		¥323,246
Intersegment sales or transfers			417		417	¥(417)	
Total sales	¥212,388	¥82,540	¥10,968	¥17,766	¥323,663	¥(417)	¥323,246
Segment income (loss)	¥ 21,965	¥ 4,651	¥(1,193)	¥ 288	¥ 25,712		¥ 25,712

Notes: 1. The item "Adjustments" contains the following:

The sales adjustment item of ¥(417) million, which comprises eliminations of transactions among the Company's business segments

2. "Segment income (loss)" means the operating income (loss) of the segment as presented in the Consolidated Statements of Operations.

2. Information on assets by reporting segment

In the "Others" business, the value of assets rose ¥33,986 million in comparison with the amount reported in the consolidated financial statements at the end of the previous fiscal year due to an increase in the market value of securities investments in Yamaha Motor Co., Ltd.

3. Information on impairment losses on noncurrent assets or the amount of goodwill by reporting segment

(Material changes in goodwill amount)

Line 6, Inc. and its subsidiaries were newly consolidated from the first quarter of FY2015.3 due to the increase in their materiality. In the Musical instruments business, goodwill was reported from this consolidation and increased by ¥5,963 million for the third quarter of FY2015.3.

Revolabs, Inc. and its subsidiaries were newly consolidated from the first quarter of FY2015.3 due to the increase in their materiality. In the Audio equipment business, goodwill was reported from this consolidation and increased by ¥6,809 million for the third quarter of FY2015.3.

Accumulated through the third quarter of FY2014.3 (April 1, 2013–December 31, 2013)

1. Sales and Income by Reporting Segment

(Millions of yen)

	Musical instruments	Audio equipment	Electronic devices	Others	Total	Adjustments	Consolidated
Sales to external customers	¥196,656	¥79,374	¥14,838	¥17,804	¥308,674		¥308,674
Intersegment sales or transfers			443		443	¥(443)	
Total sales	¥196,656	¥79,374	¥15,282	¥17,804	¥309,117	¥(443)	¥308,674
Segment income	¥ 15,882	¥ 5,290	¥ 1,281	¥ 320	¥ 22,775		¥ 22,775

Notes: 1. The item "Adjustments" contains the following:

The sales adjustment item of ¥(443) million, which comprises eliminations of transactions among the Company's business segments

2. "Segment income" means the operating income of the segment as presented in the Consolidated Statements of Operations.

2. Information on assets by reporting segment

None

3. Information on impairment losses on noncurrent assets or the amount of goodwill by reporting segment

(Material changes in goodwill amount)

None

Reference Information

(Sales Information Based on the Geographical Location of the Customers)

Accumulated through the third quarter of FY2015.3 (April 1, 2014–December 31, 2014)

(Millions of yen)

	Japan	Overseas				Consolidated
		North America	Europe	Asia, Oceania, and other areas	Total	
Net sales	¥117,831	¥57,987	¥63,818	¥83,608	¥205,414	¥323,246
% of net sales	36.5%	17.9%	19.7%	25.9%	63.5%	100.0%

Notes: 1. Sales information is based on the geographical location of customers, and it is classified by country or region.

2. Main country and regional divisions:

North America: U.S.A., Canada

Europe: Germany, France, U.K.

Asia, Oceania, and other areas: People's Republic of China, Republic of Korea, Australia

Accumulated through the third quarter of FY2014.3 (April 1, 2013–December 31, 2013)

(Millions of yen)

	Japan	Overseas				Consolidated
		North America	Europe	Asia, Oceania, and other areas	Total	
Net sales	¥123,235	¥50,113	¥58,410	¥76,915	¥185,439	¥308,674
% of net sales	39.9%	16.3%	18.9%	24.9%	60.1%	100.0%

Notes: 1. Sales information is based on the geographical location of customers, and it is classified by country or region.

2. Main country and regional divisions:

North America: U.S.A., Canada

Europe: Germany, France, U.K.

Asia, Oceania, and other areas: People's Republic of China, Republic of Korea, Australia

(Sales Information Based on Group Locations Where Sales Take Place)

Accumulated through the third quarter of FY2015.3 (April 1, 2014–December 31, 2014)

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania, and other areas	Total	Adjustments	Consolidated
Sales to external customers	¥125,467	¥62,622	¥62,166	¥ 72,989	¥323,246		¥323,246
Intersegment sales or transfers	120,924	715	1,810	71,622	195,073	¥(195,073)	
Total sales	¥246,392	¥63,337	¥63,976	¥144,612	¥518,319	¥(195,073)	¥323,246
Segment income	¥ 14,093	¥ 22	¥ 3,482	¥ 10,677	¥ 28,276	¥ (2,564)	¥ 25,712

Notes: 1. Sales information is based on Group locations where sales take place and it is classified by country or region.

2. Main country and regional divisions:

This classification is the same as the one for “Sales Information Based on the Geographical Location of the Customers.”

3. The item “Adjustments” contains the following:

The sales adjustment item of ¥(195,073) million, which comprises eliminations of transactions among the Company’s business segments

4. “Segment income” means the operating income of the segment as presented in the Consolidated Statements of Operations.

Accumulated through the third quarter of FY2014.3 (April 1, 2013–December 31, 2013)

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania, and other areas	Total	Adjustments	Consolidated
Sales to external customers	¥131,665	¥49,601	¥58,738	¥ 68,669	¥308,674		¥308,674
Intersegment sales or transfers	114,316	607	1,993	66,463	183,380	¥(183,380)	
Total sales	¥245,981	¥50,208	¥60,731	¥135,132	¥492,054	¥(183,380)	¥308,674
Segment income	¥ 12,213	¥ 2,045	¥ 2,084	¥ 10,164	¥ 26,506	¥ (3,731)	¥ 22,775

Notes: 1. Sales information is based on Group locations where sales take place, and it is classified by country or region.

2. Main country and regional divisions:

This classification is the same as the one for “Sales Information Based on the Geographical Location of the Customers.”

3. The item “Adjustments” contains the following:

The sales adjustment item of ¥(183,380) million, which comprises eliminations of transactions among the Company’s regional segments

4. “Segment income” means the operating income of the segment as presented in the Consolidated Statements of Operations.