

YAMAHA CORPORATION

Flash Report Consolidated Basis (Japanese GAAP) Results through the Second Quarter of the Fiscal Year Ending March 31, 2016 (April 1, 2015–September 30, 2015)

October 30, 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: November 13, 2015

Scheduled date to begin dividend payments: December 8, 2015

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 Second Quarter of FY2016.3 (April 1, 2015–September 30, 2015)

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 second quarter of FY2016.3	¥217,452	5.4%	¥21,233	40.8%	¥22,239	47.7%
Through the second quarter of FY2015.3	¥206,391	4.4%	¥15,084	10.3%	¥15,060	11.8%

Note: Comprehensive income: **Second quarter of FY2016.3** ¥(800) million, —%
Second quarter of FY2015.3 ¥31,698 million, 35.0%

	Net income attributable to owners of parent		Net income per share	Net income per share after full dilution
	Millions of yen	% change from the previous year	Yen	Yen
Through the second quarter of FY2016.3	¥17,410	61.4%	¥89.92	—
Through the second quarter of FY2015.3	¥10,789	(13.7)%	¥55.73	—

(2) Consolidated Financial Data

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Second quarter of FY2016.3 (As of September 30, 2015)	¥522,915	¥343,689	65.2%	¥1,762.00
FY2015.3 (As of March 31, 2015)	¥530,034	¥348,752	65.3%	¥1,787.42

(For reference) Shareholders' equity: **Second quarter of FY2016.3** ¥341,160 million FY2015.3 ¥346,086 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
FY2015.3	—	¥13.50	—	¥22.50	¥36.00
FY2016.3	—	¥18.00			
FY2016.3 (Forecast)			—	¥18.00	¥36.00

Note: Revisions from recently announced dividend forecast: None

3. Consolidated Financial Forecasts for FY2016.3 (April 1, 2015–March 31, 2016)

(Percentage figures 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
FY2016.3	¥437,000	1.1%	¥37,000	22.8%	¥37,500	20.1%

	Net income attributable to owners of parent		Net income per share
	Millions of yen	% change from the previous year	Yen
FY2016.3	¥29,000	16.3%	¥149.78

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: Yes
 - (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)	Second quarter of FY2016.3	197,255,025 shares	FY2015.3	197,255,025 shares
(b) Number of treasury stock at the end of the period	Second quarter of FY2016.3	3,633,914 shares	FY2015.3	3,631,425 shares
(c) Average number of shares issued during the period (quarterly accumulation period)	Second quarter of FY2016.3	193,622,382 shares	Second quarter of FY2015.3	193,626,169 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 second quarter of the current fiscal year, please refer to "Outline of the Consolidated Financial Results through the Second Quarter (Six Months) of the Fiscal Year Ending March 31, 2016 (FY2016.3) and Outlook for Consolidated Performance for the Full Fiscal Year," which was released today (October 30, 2015).

Revision in the forecast for performance

In the revised consolidated outlook, the forecast for net sales remains unchanged, but the forecasts for income have been revised upwards as follows: operating income of ¥37.0 billion, ordinary income of ¥37.5 billion, and net income attributable to owners of the parent of ¥29.0 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. Summary Information (Footnote Item)

(1) Changes in accounting principles, changes in accounting estimates, and changes in presentation due to revisions

(Changes in accounting principles)

“Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013, hereinafter referred to as the “Business Combinations Accounting Standards”), the “Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013, hereinafter referred to as the “Consolidated Financial Statements Accounting Standard”), and the “Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013, hereinafter referred to as the “Business Divestitures Accounting Standard”) became applicable at the beginning of the first quarter of FY2016.3. As a result, for subsidiaries the Company continues to control, differences arising due to changes in the equity portion are entered in capital surplus and costs associated with the acquisition of shares are now treated as expenses in the consolidated fiscal year in which they are incurred.

In addition, for business combinations that are implemented after the beginning of the first quarter of FY2016.3, the allocation of the cost of acquisitions, as determined after review of provisional accounting treatment, is reflected in the quarterly consolidated financial statements for the quarter in which the business combination took place.

Additionally, the Company has changed the method of presenting consolidated quarterly net income and moved minority interests in income to the non-controlling interest item. To reflect these changes, the Company has reclassified its quarterly consolidated financial statements through the second quarter and consolidated financial statements for the previous fiscal year.

Regarding the application of the Business Combinations Accounting Standards, the Company has applied the provisional accounting treatment contained in Business Combination Accounting Standard 58-2 (4), Consolidated Financial Statements Accounting Standard 44-5 (4), and Business Divestitures Accounting Standard 57-4 (4) and will continue to apply these standards from the beginning of the first quarter of FY2016.3 into the future.

As a result, there was no material impact on the consolidated financial statements through the second quarter of FY2016.3.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Second quarter of FY2016.3 (as of September 30, 2015)	FY2015.3 (as of March 31, 2015)
ASSETS		
Current assets		
Cash and deposits	¥ 87,613	¥ 79,300
Notes and accounts receivable–trade	61,099	61,663
Merchandise and finished goods	68,509	58,477
Work in process	14,191	13,303
Raw materials and supplies	16,637	16,002
Other	22,062	20,240
Allowance for doubtful accounts	(1,473)	(1,354)
Total current assets	<u>268,640</u>	<u>247,632</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	35,589	35,754
Machinery, equipment and vehicles, net	13,509	13,405
Tools, furniture and fixtures, net	10,116	10,275
Land	48,798	49,207
Lease assets, net	336	375
Construction in progress	2,002	4,139
Total property, plant and equipment	<u>110,352</u>	<u>113,158</u>
Intangible assets		
Goodwill	10,561	12,179
Other	3,327	3,455
Total intangible assets	<u>13,889</u>	<u>15,635</u>
Investments and other assets		
Investment securities	121,954	144,836
Other	8,224	8,923
Allowance for doubtful accounts	(145)	(151)
Total investments and other assets	<u>130,033</u>	<u>153,608</u>
Total noncurrent assets	<u>254,275</u>	<u>282,402</u>
Total assets	<u>¥522,915</u>	<u>¥530,034</u>

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

(Millions of yen)

	Second quarter of FY2016.3 (as of September 30, 2015)	FY2015.3 (as of March 31, 2015)
LIABILITIES		
Current liabilities		
Notes and accounts payable–trade	¥ 21,196	¥ 23,194
Short-term loans payable	21,290	11,748
Current portion of long-term loans payable	30	28
Accounts payable–other and accrued expenses	34,773	34,902
Income taxes payable	2,541	2,156
Provision	2,765	3,915
Other	6,368	5,030
Total current liabilities	<u>88,966</u>	<u>80,976</u>
Noncurrent liabilities		
Long-term loans payable	86	92
Net defined benefit liabilities	29,784	31,712
Other	60,389	68,501
Total noncurrent liabilities	<u>90,260</u>	<u>100,306</u>
Total liabilities	<u>179,226</u>	<u>181,282</u>
NET ASSETS		
Shareholders' equity		
Capital stock	28,534	28,534
Capital surplus	40,054	40,054
Retained earnings	199,693	186,436
Treasury stock	(3,717)	(3,711)
Total shareholders' equity	<u>264,565</u>	<u>251,314</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	71,459	87,188
Deferred gains or losses on hedges	122	215
Revaluation reserve for land	17,911	18,085
Foreign currency translation adjustment	(11,661)	(9,106)
Remeasurements of defined benefit plans	(1,236)	(1,611)
Total accumulated other comprehensive income	<u>76,594</u>	<u>94,771</u>
Non-controlling interests	<u>2,529</u>	<u>2,666</u>
Total net assets	<u>343,689</u>	<u>348,752</u>
Total liabilities and net assets	<u>¥522,915</u>	<u>¥530,034</u>

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

(Millions of yen)

	Second quarter of FY2016.3 (April 1, 2015–September 30, 2015)	Second quarter of FY2015.3 (April 1, 2014–September 30, 2014)
Net sales	¥217,452	¥206,391
Cost of sales	130,125	127,819
Gross profit	87,326	78,571
Selling, general and administrative expenses	66,093	63,487
Operating income	21,233	15,084
Non-operating income		
Interest income	299	334
Dividends income	1,224	868
Foreign exchange gains	65	—
Tariff refund	703	—
Other	560	543
Total non-operating income	2,854	1,746
Non-operating expenses		
Sales discounts	1,347	1,158
Foreign exchange losses	—	243
Other	500	367
Total non-operating expenses	1,847	1,770
Ordinary income	22,239	15,060
Extraordinary income		
Gain on sales of noncurrent assets	543	35
Gain on sales of investment securities	3	1
Gain on liquidation of subsidiaries and affiliates	—	6
Total extraordinary income	546	43
Extraordinary losses		
Loss on retirement of noncurrent assets	103	59
Loss on valuation of investment securities	0	—
Loss on sales of stocks of subsidiaries and affiliates	—	17
Impairment loss	170	232
Total extraordinary losses	274	308
Income before income taxes	22,512	14,794
Income taxes—current	5,720	4,143
Income taxes—deferred	(674)	(302)
Total income taxes	5,045	3,840
Net income for the period	17,466	10,953
Net income attributable to non-controlling interests	56	163
Net income attributable to owners of parent	¥ 17,410	¥ 10,789

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

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Second quarter of FY2016.3 (April 1, 2015–September 30, 2015)	Second quarter of FY2015.3 (April 1, 2014–September 30, 2014)
Net income for the period	¥ 17,466	¥10,953
Other comprehensive income		
Valuation difference on available-for-sale securities	(15,727)	14,466
Deferred gains or losses on hedges	(93)	25
Foreign currency translation adjustments	(2,819)	5,834
Remeasurements of defined benefit plans	375	412
Share of other comprehensive income of associates accounted for using equity method	(2)	5
Total other comprehensive income	(18,266)	20,744
Comprehensive income	(800)	31,698
(Composition)		
Comprehensive income attributable to owners of parent	(792)	31,313
Comprehensive income attributable to non-controlling interests	¥ (7)	¥ 384

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 Second quarter of FY2016.3 (April 1, 2015–September 30, 2015)

1. Sales and Income by Reporting Segment

(Millions of yen)

	Musical instruments	Audio equipment	Electronic devices	Others	Total	Adjustments	Consolidated
Sales to external customers	¥143,167	¥54,463	¥7,932	¥11,888	¥217,452		¥217,452
Intersegment sales or transfers			298		298	¥(298)	
Total sales	¥143,167	¥54,463	¥8,230	¥11,888	¥217,750	¥(298)	¥217,452
Segment income	¥ 16,746	¥ 3,507	¥ 674	¥ 304	¥ 21,233		¥ 21,233

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

The sales adjustment item of ¥(298) 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 Impairment Losses on Noncurrent Assets or the Amount of Goodwill by Reporting Segment

None

Accumulated through the Second quarter of FY2015.3 (April 1, 2014–September 30, 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	¥136,089	¥50,757	¥7,518	¥12,025	¥206,391		¥206,391
Intersegment sales or transfers			299		299	¥(299)	
Total sales	¥136,089	¥50,757	¥7,818	¥12,025	¥206,691	¥(299)	¥206,391
Segment income (loss)	¥ 14,120	¥ 1,960	¥ (883)	¥ (112)	¥ 15,084		¥ 15,084

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

The sales adjustment item of ¥(299) 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 Impairment Losses on Noncurrent Assets or the Amount of Goodwill by Reporting Segment

(Material changes in goodwill amount)

In the Musical Instruments business, Line 6, Inc. and its subsidiaries grew in importance, and the company was brought into consolidation. With this transaction, goodwill increased. As of the second quarter of FY2015.3, goodwill thus increased by ¥5,752 million.

In the Audio Equipment business, Revolabs, Inc. and its subsidiaries grew in importance, and the company was brought into consolidation. With this transaction, goodwill increased. As of the second quarter of FY2015.3, goodwill thus increased ¥6,546 million.

Reference Information

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

Accumulated through the Second quarter of FY2016.3 (April 1, 2015–September 30, 2015)

(Millions of yen)

	Japan	Overseas				Consolidated
		North America	Europe	Asia, Oceania, and other areas	Total	
Overseas sales	¥73,114	¥43,853	¥38,793	¥61,690	¥144,337	¥217,452
% of net sales	33.6%	20.2%	17.8%	28.4%	66.4%	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 Second quarter of FY2015.3 (April 1, 2014–September 30, 2014)

(Millions of yen)

	Japan	Overseas				Consolidated
		North America	Europe	Asia, Oceania, and other areas	Total	
Overseas sales	¥78,528	¥36,863	¥38,151	¥52,847	¥127,862	¥206,391
% of net sales	38.0%	17.9%	18.5%	25.6%	62.0%	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 Second quarter of FY2016.3 (April 1, 2015–September 30, 2015)

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania, and other areas	Total	Adjustments	Consolidated
Sales to external customers	¥ 78,100	¥46,609	¥39,086	¥ 53,655	¥217,452		¥217,452
Intersegment sales or transfers	91,523	1,433	1,089	54,216	148,263	¥(148,263)	
Total sales	¥169,624	¥48,043	¥40,176	¥107,871	¥365,715	¥(148,263)	¥217,452
Segment income	¥ 11,517	¥ 1,065	¥ 1,968	¥ 8,928	¥ 23,479	¥ (2,246)	¥ 21,233

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 ¥(148,263) 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 Second quarter of FY2015.3 (April 1, 2014–September 30, 2014)

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania, and other areas	Total	Adjustments	Consolidated
Sales to external customers	¥ 83,950	¥39,829	¥37,063	¥45,547	¥206,391		¥206,391
Intersegment sales or transfers	83,149	351	962	47,838	132,301	¥(132,301)	
Total sales	¥167,100	¥40,180	¥38,026	¥93,385	¥338,693	¥(132,301)	¥206,391
Segment income	¥ 10,550	¥ 122	¥ 1,268	¥ 7,556	¥ 19,497	¥ (4,413)	¥ 15,084

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 ¥(132,301) 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.