

# YAMAHA CORPORATION

## Flash Report Consolidated Basis (Japanese GAAP) Results for the First Quarter of the Fiscal Year Ending March 31, 2016 (April 1, 2015–June 30, 2015)

July 30, 2015

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

**Code number:** 7951

**Stock listing:** Tokyo Stock Exchange (First Section)

**Address of headquarters:** 10-1, Nakazawa-cho, Naka-ku, Hamamatsu, Shizuoka 430-8650, Japan

**Representative director:** Takuya Nakata, President and Representative Director

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**Scheduled date to submit Quarterly Securities Report:** August 7, 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 for the First Quarter of FY2016.3 (April 1, 2015–June 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
<b>First quarter of FY2016.3</b>	<b>¥105,533</b>	<b>6.0%</b>	<b>¥8,851</b>	<b>42.0%</b>	<b>¥8,462</b>	<b>44.5%</b>
First quarter of FY2015.3	¥ 99,601	2.7%	¥6,235	1.1%	¥5,854	(6.9)%

Note: Comprehensive income: **First quarter of FY2016.3** **¥4,581 million (19.4)%**  
First quarter of FY2015.3 ¥5,685 million (52.4)%

	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
<b>First quarter of FY2016.3</b>	<b>¥6,251</b>	<b>53.3%</b>	<b>¥32.29</b>	—
First quarter of FY2015.3	¥4,077	(29.9)%	¥21.06	—

#### (2) Consolidated Financial Data

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
<b>First quarter of FY2016.3 (As of June 30, 2015)</b>	<b>¥529,782</b>	<b>¥349,075</b>	<b>65.4%</b>	<b>¥1,789.87</b>
FY2015.3 (As of March 31, 2015)	¥530,034	¥348,752	65.3%	¥1,787.42

(For reference) Shareholders' equity: **First quarter of FY2016.3** **¥346,560 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	—				
FY2016.3 (Forecast)		¥18.00	—	¥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 for the full fiscal year are changes from the previous year, and those for the second quarter accumulation 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
Second quarter accumulation of FY2016.3	¥215,500	4.4%	¥18,500	22.6%	¥18,500	22.8%
FY2016.3	¥437,000	1.1%	¥35,000	16.1%	¥35,000	12.1%

	Net income attributable to owners of parent		Net income per share
	Millions of yen	% change from the previous year	Yen
Second quarter accumulation of FY2016.3	¥14,000	29.7%	¥72.31
FY2016.3	¥27,000	8.3%	¥139.45

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)	<b>First quarter of FY2016.3</b>	<b>197,255,025 shares</b>	FY2015.3	197,255,025 shares
(b) Number of treasury stock at the end of the period	<b>First quarter of FY2016.3</b>	<b>3,632,384 shares</b>	FY2015.3	3,631,425 shares
(c) Average number of shares issued during the period (quarterly accumulation period)	<b>First quarter of FY2016.3</b>	<b>193,623,063 shares</b>	First quarter of FY2015.3	193,626,657 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 for the first quarter of the current fiscal year, please refer to "Outline of the Consolidated Financial Results for the First Quarter (Three 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 (July 30, 2015).

#### Revision in Performance Forecast

After consideration of the financial results for the first quarter of FY2016.3 and business trends going forward, the Company has revised upward its consolidated forecast for the period through the end of the second quarter (six months) as follows: Net sales of ¥215.5 billion, operating income of ¥18.5 billion, ordinary income of 18.5 billion, and net income attributable to owners of the parent of ¥14.0 billion. In addition, the forecast for the full year ending March 31, 2016, has also been revised upward as follows: Net sales of ¥437.0 billion, operating income of ¥35.0 billion, ordinary income of ¥35.0 billion, and net income attributable to owners of the parent of ¥27.0 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.

Table of Contents of Supplementary Materials

1. Summary Information (Footnote Item) .....	2
(1) Changes in accounting principles, changes in accounting estimates, and changes in presentation due to revisions .....	2
2. Consolidated Financial Statements .....	3
(1) Consolidated Balance Sheets .....	3
(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income .....	5
(3) Notes to the Quarterly Financial Statements .....	7
Notes Regarding Assumptions as a Going Concern .....	7
Notes Regarding Any Major Change in the Amount of Consolidated Shareholders' Equity .....	7
Segment Information, Etc. ....	7

## **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 for the first 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 for the first quarter of FY2016.3.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	First quarter of FY2016.3 (as of June 30, 2015)	FY2015.3 (as of March 31, 2015)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	¥ 84,262	¥ 79,300
Notes and accounts receivable–trade	56,261	61,663
Merchandise and finished goods	66,117	58,477
Work in process	13,681	13,303
Raw materials and supplies	17,609	16,002
Other	19,901	20,240
Allowance for doubtful accounts	(1,459)	(1,354)
Total current assets	<u>256,373</u>	<u>247,632</u>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings and structures, net	36,648	35,754
Machinery, equipment and vehicles, net	13,217	13,405
Tools, furniture and fixtures, net	10,466	10,275
Land	49,116	49,207
Lease assets, net	352	375
Construction in progress	3,174	4,139
Total property, plant and equipment	<u>112,976</u>	<u>113,158</u>
Intangible assets		
Goodwill	11,601	12,179
Other	3,488	3,455
Total intangible assets	<u>15,090</u>	<u>15,635</u>
Investments and other assets		
Investment securities	137,011	144,836
Other	8,474	8,923
Allowance for doubtful accounts	(144)	(151)
Total investments and other assets	<u>145,342</u>	<u>153,608</u>
Total noncurrent assets	<u>273,408</u>	<u>282,402</u>
<b>Total assets</b>	<u>¥529,782</u>	<u>¥530,034</u>

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

(Millions of yen)

	First quarter of FY2016.3 (as of June 30, 2015)	FY2015.3 (as of March 31, 2015)
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Notes and accounts payable–trade	¥ 25,639	¥ 23,194
Short-term loans payable	15,895	11,748
Current portion of long-term loans payable	30	28
Accounts payable–other and accrued expenses	28,784	34,902
Income taxes payable	1,959	2,156
Provision	3,465	3,915
Other	8,610	5,030
Total current liabilities	84,386	80,976
<b>Noncurrent liabilities</b>		
Long-term loans payable	93	92
Net defined benefit liabilities	30,935	31,712
Other	65,292	68,501
Total noncurrent liabilities	96,321	100,306
<b>Total liabilities</b>	<b>180,707</b>	<b>181,282</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Capital stock	28,534	28,534
Capital surplus	40,054	40,054
Retained earnings	188,361	186,436
Treasury stock	(3,713)	(3,711)
Total shareholders' equity	253,237	251,314
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	81,791	87,188
Deferred gains or losses on hedges	(209)	215
Revaluation reserve for land	18,085	18,085
Foreign currency translation adjustment	(4,910)	(9,106)
Remeasurements of defined benefit plans	(1,433)	(1,611)
Total accumulated other comprehensive income	93,322	94,771
<b>Non controlling interests</b>	<b>2,514</b>	<b>2,666</b>
<b>Total net assets</b>	<b>349,075</b>	<b>348,752</b>
<b>Total liabilities and net assets</b>	<b>¥529,782</b>	<b>¥530,034</b>

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

(Millions of yen)

	<b>First quarter of FY2016.3</b> <b>(April 1, 2015–June 30, 2015)</b>	First quarter of FY2015.3 (April 1, 2014–June 30, 2014)
<b>Net sales</b>	<b>¥105,533</b>	¥99,601
<b>Cost of sales</b>	<b>63,766</b>	61,327
Gross profit	<b>41,767</b>	38,274
<b>Selling, general and administrative expenses</b>	<b>32,915</b>	32,038
Operating income	<b>8,851</b>	6,235
<b>Non-operating income</b>		
Interest income	<b>149</b>	168
Dividends income	<b>284</b>	246
Other	<b>185</b>	159
Total non-operating income	<b>619</b>	574
<b>Non-operating expenses</b>		
Sales discounts	<b>663</b>	564
Foreign exchange losses	<b>65</b>	218
Other	<b>279</b>	172
Total non-operating expenses	<b>1,009</b>	955
Ordinary income	<b>8,462</b>	5,854
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	<b>24</b>	18
Total extraordinary income	<b>24</b>	18
<b>Extraordinary losses</b>		
Loss on retirement of noncurrent assets	<b>66</b>	30
Loss on valuation of investment securities	<b>0</b>	—
Impairment loss	<b>137</b>	—
Total extraordinary losses	<b>204</b>	30
<b>Income before income taxes</b>	<b>8,282</b>	5,842
<b>Income taxes—current</b>	<b>1,986</b>	1,703
<b>Income taxes—deferred</b>	<b>113</b>	(67)
<b>Total income taxes</b>	<b>2,099</b>	1,635
<b>Net income for the period</b>	<b>6,182</b>	4,206
<b>Net income attributable to non-controlling interests</b>	<b>(69)</b>	129
<b>Net income attributable to owners of parent</b>	<b>¥ 6,251</b>	¥ 4,077

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



## Consolidated Statements of Comprehensive Income

(Millions of yen)

	First quarter of FY2016.3 (April 1, 2015–June 30, 2015)	First quarter of FY2015.3 (April 1, 2014–June 30, 2014)
<b>Net income for the period</b>	<b>¥ 6,182</b>	<b>¥ 4,206</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(5,408)	3,070
Deferred gains or losses on hedges	(425)	200
Foreign currency translation adjustments	4,043	(2,022)
Remeasurements of defined benefit plans	178	224
Share of other comprehensive income of associates accounted for using equity method	11	5
Total other comprehensive income	(1,601)	1,478
<b>Comprehensive income</b>	<b>4,581</b>	<b>5,685</b>
(Composition)		
Comprehensive income attributable to owners of parent	4,603	5,605
Comprehensive income attributable to non-controlling interests	¥ (22)	¥ 80

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)**

**First quarter of FY2016.3 (April 1, 2015–June 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	¥70,805	¥24,741	¥3,493	¥6,493	¥105,533		¥105,533
Intersegment sales or transfers			142		142	¥(142)	
Total sales	¥70,805	¥24,741	¥3,635	¥6,493	¥105,676	¥(142)	¥105,533
Segment income	¥ 7,056	¥ 990	¥ 366	¥ 437	¥ 8,851		¥ 8,851

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

The sales adjustment item of ¥(142) 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 Amortization of Goodwill by Reporting Segment

None

**First quarter of FY2015.3 (April 1, 2014–June 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	¥65,710	¥24,309	¥3,818	¥5,762	¥99,601		¥99,601
Intersegment sales or transfers			161		161	¥(161)	
Total sales	¥65,710	¥24,309	¥3,980	¥5,762	¥99,762	¥(161)	¥99,601
Segment income (loss)	¥ 5,800	¥ 613	¥ (217)	¥ 38	¥ 6,235		¥ 6,235

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

The sales adjustment item of ¥(161) 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 Amortization 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 first quarter of FY2015.3, goodwill thus increased by ¥5,640 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 first quarter of FY2015.3, goodwill thus increased ¥6,388 million.

## Reference Information

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

#### First quarter of FY2016.3 (April 1, 2015–June 30, 2015)

(Millions of yen)

	Japan	Overseas				Consolidated
		North America	Europe	Asia, Oceania, and other areas	Total	
Overseas sales	¥39,249	¥19,881	¥17,244	¥29,159	¥66,284	¥105,533
% of net sales	37.2%	18.8%	16.4%	27.6%	62.8%	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

#### First quarter of FY2015.3 (April 1, 2014–June 30, 2014)

(Millions of yen)

	Japan	Overseas				Consolidated
		North America	Europe	Asia, Oceania, and other areas	Total	
Overseas sales	¥41,098	¥16,955	¥17,563	¥23,983	¥58,503	¥99,601
% of net sales	41.3%	17.0%	17.6%	24.1%	58.7%	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)****First quarter of FY2016.3 (April 1, 2015–June 30, 2015)**

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania, and other areas	Total	Adjustments	Consolidated
Sales to external customers	¥42,194	¥21,225	¥17,435	¥24,678	¥105,533		¥105,533
Intersegment sales or transfers	42,216	908	400	24,806	68,331	¥(68,331)	
Total sales	¥84,410	¥22,134	¥17,836	¥49,484	¥173,865	¥(68,331)	¥105,533
Segment income (loss)	¥ 5,686	¥ (29)	¥ 343	¥ 3,692	¥ 9,692	¥ (840)	¥ 8,851

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 ¥(68,331) million, which comprises eliminations of transactions among the Company’s business segments

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

**First quarter of FY2015.3 (April 1, 2014–June 30, 2014)**

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania, and other areas	Total	Adjustments	Consolidated
Sales to external customers	¥43,694	¥18,463	¥17,033	¥20,410	¥ 99,601		¥99,601
Intersegment sales or transfers	38,684	152	474	21,741	61,052	¥(61,052)	
Total sales	¥82,378	¥18,615	¥17,508	¥42,152	¥160,654	¥(61,052)	¥99,601
Segment income (loss)	¥ 5,244	¥ (61)	¥ 29	¥ 2,918	¥ 8,131	¥ (1,896)	¥ 6,235

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 ¥(61,052) million, which comprises eliminations of transactions among the Company’s business segments

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