Notes to Consolidated Financial Statements

1 Summary of Significant Accounting Policies

(a) Basis of presentation

Yamaha Corporation (the Company) and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its overseas subsidiaries maintain their books of account in conformity with those of their respective countries of domicile. However, in accordance with "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force (PITF) No.18), the accompanying consolidated financial statements have been prepared by using the accounts of overseas consolidated subsidiaries prepared in accordance with either International Financial Reporting Standards (IFRS) or accounting principles generally accepted in the United States as adjusted for certain items. The Company and all consolidated subsidiaries are referred to herein as the "Yamaha Group."

The consolidated financial statements are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. Certain reclassifications have been made to present the accompanying consolidated financial statements in a format that is familiar to readers outside Japan. As permitted, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts.

(b) Basis of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the parent company and all subsidiaries over which it exerts substantial control either through majority ownership of voting stock and/or by other means. As of March 31, 2016, the numbers of consolidated subsidiaries and subsidiaries and affiliates accounted for by the equity method were 67 and 2 (69 and 2 in 2015). From the fiscal year ended March 31, 2016, the Company has included one overseas subsidiary in the scope of consolidation. The Company has also excluded two domestic subsidiaries and one overseas subsidiary from the scope of consolidation. The Company has included Yamaha Music Vietnam Company Ltd. in the scope of consolidation, as its operations have become increasingly more important to the Company. The Company has excluded Yamaha Music and Visuals, Inc. from the scope of consolidation, due to absorption of the company by Yamaha Music Media Corporation. Due to the fact that the importance of Yamaha Kagoshima Semiconductor Inc. has decreased following a business transfer, the company has been excluded from the scope of consolidation. Yamaha Commercial Audio Systems Inc. has also been excluded from the scope of consolidation, due to absorption of the company by Yamaha Corporation of America.

Investments in affiliates (other than subsidiaries as defined above) whose decision-making and control over their operations are significantly affected in various ways by the Yamaha Group are accounted for by the equity method. Investments in two affiliates were accounted for by the equity method for the year ended March 31, 2016 (two in 2015). Investments in unconsolidated affiliates not accounted for by the equity method are carried at cost.

Ten overseas subsidiaries have a financial closing date as of December 31, which differs from the financial closing date of the Company; however, financial statements as of March 31 are prepared and reported by these overseas subsidiaries for consolidation purposes.

(c) Securities

Securities owned by the Yamaha Group have been classified into two categories, held-to-maturity and available-for-sale, in accordance with the accounting standards for financial instruments. Under these standards, held-to-maturity debt securities are either amortized or accumulated to face value by the straight-line method. Marketable securities classified as available-for-sale securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Nonmarketable securities classified as available-for-sale securities are carried at cost. If the market value of marketable securities classified as available-for-sale securities declines significantly, such securities are written down to their respective fair value, thus establishing a new cost basis. The amount of each write-down is charged to income as a loss on valuation of investment securities unless the fair value is deemed recoverable. The Company has established a policy for the recognition of loss on valuation of investment securities if the market value at the year-end has declined more than 30% and a recovery to fair value is not anticipated. Cost of securities sold is determined by the weighted-average method.

(d) Inventories

Inventories of the Company and its domestic consolidated subsidiaries are stated principally at the cost method (a method of reducing book value when the profitability of the inventories declines), cost being determined by the periodic average method. Inventories of the Company's overseas consolidated subsidiaries are stated principally at the lower of cost or market, cost being determined by the moving average method.

(e) Depreciation

Depreciation of property, plant and equipment (excluding leased assets) is calculated principally by the declining-balance method, except for certain consolidated subsidiaries applying the straight-line method, at rates based on the estimated useful lives of the respective assets.

Estimated useful lives:
Buildings: 31 – 50 years (accompanying facilities: 15 years)
Structures: 10 – 30 years
Machinery and equipment: 4 – 9 years
Tools, furniture and fixtures: 5 – 6 years (molds: 2 years)

Depreciation of leased assets under finance leases, other than those for which the ownership transfers to the lessee, is calculated by the straight-line method over the lease period with the residual value at zero.

(f) Allowance for doubtful accounts
To properly evaluate accounts receivable, the allowance for doubtful accounts is provided at an amount sufficient to cover possible losses on the collection of receivables. The amount of the provision is based on the historical experience with write-offs for normal receivables and individual estimation of the collectability of receivables due from specific companies in financial difficulties.

(g) Provision for product warranties
Provision for product warranties is provided to cover the cost of customers' claims relating to after-sales service and repairs. The amount of this provision is based on a percentage of the amount or volume of sales after considering the historical experience with repairs of products under warranty or individual estimation.

(h) Retirement benefits
In calculating retirement benefit obligations, the benefit formula is primarily used as the method for allocating projected retirement benefits to periods of service up to March 31, 2016.

Prior service cost is amortized as incurred by the straight-line method over a period (10 years) that is shorter than the average remaining years of service of the employees participating in the plans.

Actuarial gain or loss is amortized in the following year in which the gain or loss is recognized, primarily by the straight-line method, over a period (10 years) that is shorter than the average remaining years of service of the employees participating in the plans.

(i) Construction contracts
For the construction work in progress, if the outcome of the construction activity during the course of the construction is deemed certain, the percentage of completion method is applied.

When the above condition is not met, the completed-contract method is applied.

The method for estimating the amount recognized by the percentage of completion method is based on the ratio of costs incurred to the estimated total cost.

(j) Criteria for presentation of finance leases (as lessor)
Finance lease transactions where the Company or a consolidated subsidiary is the lessor of the leased assets, in which ownership is not transferred to the lessee, are recorded as lease investment assets which are included in the item "Other" account under "Current assets." Sales and cost of sales related to these finance lease transactions are recognized at the time the lease fees are received.

(k) Foreign currency translation
Monetary assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated at the exchange rates in effect at each balance sheet date. The resulting exchange gain or loss is recognized as other income or expense. Assets and liabilities of overseas consolidated subsidiaries are translated at the exchange rates in effect at each balance sheet date. The components of net assets excluding translation adjustment and non-controlling interests are translated at their historical exchange rates. Revenue and expense accounts are translated at the average rates of exchange in effect during the year. Differences arising from translation are presented as translation adjustments and non-controlling interests in the accompanying consolidated balance sheet.

(l) Derivative financial instruments
The Company has entered into various derivative transactions in order to manage certain risk arising from adverse fluctuations in foreign currency exchange rates. Derivative financial instruments are carried at fair value with changes in unrealized gain or loss charged or credited to operations, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as a component of net assets.
(Hedge accounting)
To manage the fluctuation of foreign exchange risk in normal export and import transactions, the Company and its consolidated subsidiaries arrange their forward foreign exchange contracts and currency options, within amounts necessary, in accordance with internal rules of each company.

Hedging instruments are forward foreign exchange contracts and purchased foreign currency put options. Hedged items consist of forecast transactions, and recognized receivables and payables denominated in foreign currencies.

Forecast transactions denominated in foreign currencies designated as hedged items are accounted for by the benchmark method.

Where hedge effectiveness is not reassessed given that the anticipated cash flows have been fixed by hedging activities and the risk of changes in cash flows is completely avoided, forward foreign exchange contracts related to receivables and payables denominated in foreign currencies are accounted for by the allocation method whereby translation differences are allocated into the hedged items. See Note 22.

(m) Amortization method and amortization period for goodwill
Amortization of goodwill is carried out separately for each goodwill item over a reasonable amount of years using the straight-line method.

(n) Cash and cash equivalents
Cash on hand and in banks, and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(o) Income taxes
Deferred income taxes are recognized by the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

The Company and certain of its domestic subsidiaries have adopted the consolidated taxation system.

(p) Consumption tax
National and local consumption taxes are excluded from transaction amounts. Non-deductible national and local consumption taxes on assets are treated as expenses.

2 Changes in Accounting Principles

The "Revised Accounting Standard for Business Combinations" (Accounting Standards Board of Japan 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") were applied from the beginning of this fiscal year. As a result, for subsidiaries in which the parent company retains control, differences arising from changes in holdings of equity are now recorded in capital surplus, and costs associated with the acquisition of shares are now recorded as expenses in the consolidated financial statements for the year in which they are incurred. In addition, for business combinations occurring on and after the beginning of the current fiscal year, any changes to the allocation of the acquisition cost arising from finalization of the provisional accounting must now be reflected in the consolidated financial statements for the year in which the business combination occurred. Additionally, the Company has changed the method of presenting consolidated net income, and 'minority interests' has been changed to 'non-controlling interests.'

The consolidated financial statements for the previous fiscal year have been restated in order to reflect these changes.

The application of the newly adopted accounting standards noted at the outset of this section has been implemented from the start of the fiscal year, in accordance with the transitional provisions in Article 58-2(4) of the Accounting Standard for Business Combinations, Article 44-5(4) of the Accounting Standard for Consolidated Financial Statements, and Article 57-4(4) of the Accounting Standard for Business Divestitures.

In the consolidated statement of cash flows from the fiscal year under review, the following changes were made in the method of classification. Cash flows related to purchases or sales of shares of subsidiaries, not resulting in a change in the scope of consolidation, are classified under "Cash flows from financing activities." Cash flows related to expenses arising from purchases of shares of subsidiaries, resulting in a change in the scope of consolidation, or cash flows related to expenses for purchases or sales of shares of subsidiaries, not resulting in a change of the scope of consolidation, are classified under "Cash flows from operating activities."

Please note there was no material impact on the consolidated financial statements and per share information for the year ended March 31, 2016 as a result of these changes.

3 Additional Information

Extraordinary losses due to impairment loss on stock of consolidated subsidiary and immediate amortization of goodwill

The Company reported extraordinary losses in the year ended March 31, 2016 because of an impairment loss on stock of a consolidated subsidiary held by the Company (in the non-consolidated closing) and the immediate amortization of goodwill (in the consolidated closing).

(1) Impairment loss on stock of consolidated subsidiary
(in the non-consolidated financial statements)

The Company recognized ¥8,493 million ($75,373 thousand) of extraordinary losses as loss on valuation of stocks of subsidiaries and affiliates, namely, Line 6, Inc., which became a wholly owned subsidiary in January 2014, and its subsidiaries. The losses were recognized because the companies' financial results and expected performance, which were initially estimated based on the companies' product planning and development capabilities, diverged from their initial plans.

In addition, the Company recognized loss on provision of support for subsidiaries as extraordinary losses, in the amount of ¥420 million ($3,727 thousand).

The Company also recognized ¥3,603 million ($31,976 thousand) of extraordinary losses on valuation of stocks of subsidiaries and affiliates, namely, Revolabs, Inc., which became a wholly owned subsidiary in March 2014, and its subsidiaries. The losses were recognized because the companies' financial results diverged from their initial plans.

Please note that the extraordinary losses recognized in the non-consolidated closing have been eliminated in consolidation; therefore, the impact of these extraordinary losses in the consolidated financial statements is equal to those shown in (2).

(2) Immediate amortization of goodwill
(in the consolidated financial statements)

Accompanying the impairment loss in the non-consolidated financial statements noted previously, in its consolidated financial statements the Company recognized extraordinary losses on the immediate amortization of goodwill in the amounts of ¥4,457 million ($39,554 thousand) related to Line 6, Inc., and its subsidiaries, and ¥2,302 million ($20,430 thousand) related to Revolabs, Inc., and its subsidiaries.

4 U.S. Dollar Amounts

Solely for the convenience of the reader, the accompanying consolidated financial statements for the year ended March 31, 2016 have been presented in U.S. dollars by translating all yen amounts at ¥112.68 = U.S.$1.00, the exchange rate prevailing on March 31, 2016. This translation should not be construed as a representation that yen have been, could have been, or could in the future be converted into U.S. dollars at the above or any other rate.

5 Accumulated Depreciation

Accumulated depreciation of property, plant and equipment at March 31, 2016 and 2015 amounted to ¥189,438 million ($1,681,203 thousand) and ¥229,671 million, respectively.

6 Investment Securities

Investment securities at March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Investment securities in unconsolidated subsidiaries and affiliates	**¥1,009**	¥1,055	**$8,955**
Investments in capital in unconsolidated subsidiaries and affiliates	**32**	636	**284**

7 Contingent Liabilities

Contingent liabilities at March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Export bills discounted with banks	**¥27**	¥ 68	**$240**
Guarantees of indebtedness of Hamamatsu CATV*	**—**	112	**—**

* The amount guaranteed substantially by the Company is ¥9 million at March 31, 2015.

8 Land Revaluation

For the year ended March 31, 2016, the Company has carried over the revaluation of their landholdings at the date of revaluation in accordance with the "Law Concerning the Revaluation of Land" (Law No.34 published on March 31, 1998). The date of revaluation was March 31, 2002.

For the years ended March 31, 2016 and 2015, the Company determined the value of its land based on the respective value registered in the land tax list or the supplementary land tax list as specified in No.10 or No.11 of Article 341 of the Local Tax Law governed by Item 3 of Article 2 of the Enforcement Order for the "Law Concerning the Revaluation of Land" (Cabinet Order No.119 published on March 31, 1998).

The excess of the revalued carrying amount of such land over its market value at March 31, 2016 and 2015 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Excess of revalued carrying amount of land over market value	**¥(7,331)**	¥(8,323)	**$(65,060)**

9 Inventories

Inventories at March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Merchandise and finished goods	**¥63,232**	¥58,477	**$561,164**
Work in process	**12,825**	13,303	**113,818**
Raw materials and supplies	**15,808**	16,002	**140,291**
Total	**¥91,866**	¥87,782	**$815,282**

Write-downs of inventories for the years ended March 31, 2016 and 2015 were recognized in the following account:

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Cost of sales	**¥(1,080)**	¥132	**$(9,585)**

* Figure shown in parentheses is a profit item.

10 Provision for Loss on Construction Contracts

Provision for loss on construction contracts was included in the following account for the years ended March 31, 2016 and 2015:

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Cost of sales	**¥165**	¥8	**$1,464**

11 Selling, General and Administrative Expenses

Principal items of selling, general and administrative expenses for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Sales commissions	**¥ 1,396**	¥ 1,516	**$ 12,389**
Transport expenses	**13,407**	12,813	**118,983**
Advertising expenses and sales promotion expenses	**19,183**	18,671	**170,243**
Allowance for doubtful accounts	**69**	214	**612**
Provision for product warranties	**974**	606	**8,644**
Retirement benefit expenses	**2,921**	3,063	**25,923**
Provision for directors' bonuses	**—**	77	**—**
Salaries and benefits	**54,806**	54,116	**486,386**
Rent	**4,017**	3,910	**35,650**
Depreciation and amortization	**2,440**	2,461	**21,654**

12 R&D Expenses

R&D expenses, included in selling, general and administrative expenses and cost of sales for the years ended March 31, 2016 and 2015, amounted to ¥24,793 million ($220,030 thousand) and ¥25,439 million, respectively.

13 Sales or Disposal of Property, Plant and Equipment

For the year ended March 31, 2016
Gain on sales of property, plant and equipment totaled ¥7,931 million ($70,385 thousand), resulted principally from sales of the land and building of the former Shinsaibashi building, as well as the land of the former Kyushu building. Loss on disposal of property, plant and equipment principally resulted from disposal of land, machinery and equipment, and buildings and structures.

For the year ended March 31, 2015
Gain on sales of property, plant and equipment principally resulted from sales of land, machinery, and equipment. Loss on disposal of property, plant and equipment principally resulted from disposal of buildings and structures, machinery, and equipment.

14 Loss on Impairment of Fixed Assets

The following table summarizes loss on impairment of fixed assets for the years ended March 31, 2016 and 2015.

			Millions of yen	Thousands of U.S. dollars (Note 4)
Group of fixed assets	Location	Impaired assets	2016	2016
Idle assets, etc.	Hamamatsu City, Shizuoka, and elsewhere	Buildings and structures	**¥ 85**	**$ 754**
		Machinery, vehicles, tools, furniture and fixtures	**0**	**0**
		Land	**796**	**7,064**
		Total	**¥882**	**$7,827**

			Millions of yen
Group of fixed assets	Location	Impaired assets	2015
Assets of the musical instruments business	Fukuoka City, Fukuoka, and elsewhere	Buildings and structures	¥111
		Machinery, vehicles, tools, furniture and fixtures	14
		Total	¥126
Idle assets, etc.	Hamamatsu City, Shizuoka, and elsewhere	Buildings and structures	¥360
		Machinery, vehicles, tools, furniture and fixtures	15
		Land	328
		Leasehold right	30
		Total	¥735
Total		Buildings and structures	¥471
		Machinery, vehicles, tools, furniture and fixtures	30
		Land	328
		Leasehold right	30
		Total	¥861

Method of grouping assets
Within its segment classification, the Yamaha Group forms the smallest asset units that generate cash flows independently of the cash flows from other assets.

Background on recognition of impairment losses
Impairment losses were recognized on idle assets that will not be used in the future, assets that are expected to become idle assets, and assets that the Company expects to dispose of.

Regarding the assets of the musical instruments business, impairment losses are recognized for those asset groups where the total undiscounted future cash flows were less than the book value among those assets that are continuing to run losses on operations or are expected to run losses.

Method for computing recoverable amounts
The recoverable value of idle assets, etc., was calculated using estimates of the net sale value; the price indicators were the expected sale value, the appraised value, the assessed value for tax purposes of noncurrent assets, and other sources.

The recoverable value of assets in the musical instruments business was calculated using estimates of the value of the assets in use, and future cash flows from these assets were discounted to the present using a discount rate of 6.4%.

15 Amortization of Goodwill

For the year ended March 31, 2016
An immediate amortization of goodwill was recognized based on Item 32 of the "Practical Guideline Related to Capital Consolidation Procedures in Consolidated Financial Statements" (Final Revision on November 28, 2014, the Accounting Practice Committee Report No.7 issued by the Japanese Institute of Certified Public Accountants).
See note 3.

For the year ended March 31, 2015
None

16 Business Structural Reform Expenses

For the year ended March 31, 2016
None

For the year ended March 31, 2015
Business structural reform expenses comprise losses in connection with the transfer of the business of a semiconductor manufacturing subsidiary and personnel costs incurred in Europe on guitar peripheral equipment that were related to consolidation and concentration of sales outlets.

17 Other Income (Expenses)

The components of "Other, net" in "Other income (expenses)" for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Foreign exchange losses	**¥(598)**	¥ (84)	**$(5,307)**
Gain on liquidation of subsidiaries and affiliates	**13**	6	**115**
Loss on valuation of investment securities	**(0)**	—	**(0)**
Loss on sales of stock of subsidiaries and affiliates	**—**	(17)	**—**
Others	**320**	566	**2,840**
Other, net	**¥(265)**	¥471	**$(2,352)**

18 Information on Consolidated Statement of Comprehensive Income

Reclassification adjustments and tax effects related to each component of other comprehensive income for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Other comprehensive income			
Unrealized holding gain (loss) on securities			
Amount arising during the year	**¥(48,053)**	¥ 57,433	**$(426,455)**
Tax effect	**15,934**	(15,811)	**141,409**
Total	**(32,118)**	41,621	**(285,037)**
Unrealized gain (loss) from hedging instruments			
Amount arising during the year	**(457)**	472	**(4,056)**
Tax effect	**144**	(155)	**1,278**
Total	**(313)**	316	**(2,778)**
Revaluation reserve for land			
Tax effect	**450**	1,165	**3,994**
Foreign currency translation adjustments			
Amount arising during the year	**(10,858)**	11,721	**(96,361)**
Remeasurements of defined benefit plans			
Amount arising during the year	**(10,428)**	1,205	**(92,545)**
Reclassification adjustments for gains and losses recognized in the Statement of Operations	**741**	852	**6,576**
Amount before tax effect adjustment	**(9,686)**	2,057	**(85,960)**
Tax effect	**(22)**	102	**(195)**
Total	**(9,708)**	2,159	**(86,155)**
Share of other comprehensive income (loss) of affiliates accounted for using equity method			
Amount arising during the year	**(31)**	26	**(275)**
Total	**¥(52,580)**	¥ 57,012	**$(466,631)**

19 Information on Consolidated Statement of Changes in Net Assets

The following tables present information related to the accompanying consolidated statement of changes in net assets for the years ended March 31, 2016 and 2015:

(a) Common stock

Number of shares	2016	2015
Beginning of the year	**197,255,025**	197,255,025
Increase	**—**	—
Decrease	**—**	—
End of the year	**197,255,025**	197,255,025

(b) Treasury stock

Number of shares	2016	2015
Beginning of the year	**3,631,425**	3,628,117
Increase	**5,340,508*1**	3,308*2
Decrease	**—**	—
End of the year	**8,971,933**	3,631,425

*1. Increase owing to purchase of treasury stock based on the resolution of the Board of Directors: 5,336,200 shares
Increase owing to purchase of outstanding fractional shares of less than one trading unit: 4,308 shares
*2. Increase owing to purchase of outstanding fractional shares of less than one trading unit: 3,308 shares

(c) Subscription rights to shares

None

(d) Cash dividends

(1) Amount of dividend payments

2016

Date of approval	Type of shares	Total dividends (Millions of yen)	Total dividends (Thousands of U.S. dollars) (Note 4)	Dividends per share (Yen)	Dividends per share (U.S. dollars) (Note 4)	Record date	Effective date
Jun. 23, 2015 (Annual General Meeting of Shareholders)	Common stock	**¥4,356**	**$38,658**	**¥22.50**	**$0.20**	Mar. 31, 2015	Jun. 24, 2015
Oct. 30, 2015 (Board of Directors)	Common stock	**¥3,485**	**$30,928**	**¥18.00**	**$0.16**	Sept. 30, 2015	Dec. 8, 2015

Notes: Dividends per share of ¥22.50 ($0.20) approved on June 23, 2015 consisted of regular dividends of ¥22.50 ($0.20).
Dividends per share of ¥18.00 ($0.16) approved on October 30, 2015 consisted of regular dividends of ¥18.00 ($0.16).

2015

Date of approval	Type of shares	Total dividends (Millions of yen)		Dividends per share (Yen)		Record date	Effective date
Jun. 24, 2014 (Annual General Meeting of Shareholders)	Common stock	¥3,775		¥19.50		Mar. 31, 2014	Jun. 25, 2014
Oct. 31, 2014 (Board of Directors)	Common stock	¥2,613		¥13.50		Sept. 30, 2014	Dec. 9, 2014

Notes: Dividends per share of ¥19.50 approved on June 24, 2014 consisted of regular dividends of ¥19.50.
Dividends per share of ¥13.50 approved on October 31, 2014 consisted of regular dividends of ¥13.50.

(2) Dividends whose effective date is in the year subsequent to that in which the record date falls

2016

Date of approval	Type of shares	Source of dividends	Total dividends (Millions of yen)	Total dividends (Thousands of U.S. dollars) (Note 4)	Dividends per share (Yen)	Dividends per share (U.S. dollars) (Note 4)	Record date	Effective date
Jun. 22, 2016 (Annual General Meeting of Shareholders)	Common stock	Retained earnings	**¥4,895**	**$43,442**	**¥26.00**	**$0.23**	Mar. 31, 2016	Jun. 23, 2016

Note: Dividends per share of ¥26.00 ($0.23) approved on June 22, 2016 consisted of regular dividends of ¥26.00 ($0.23).

2015

Date of approval	Type of shares	Source of dividends	Total dividends (Millions of yen)		Dividends per share (Yen)		Record date	Effective date
Jun. 23, 2015 (Annual General Meeting of Shareholders)	Common stock	Retained earnings	¥4,536		¥22.50		Mar. 31, 2015	Jun. 24, 2015

Note: Dividends per share of ¥22.50 approved on June 23, 2015 consisted of regular dividends of ¥22.50.

20 Supplementary Cash Flow Information

The following table represents a reconciliation of "Cash and deposits" and "Cash and cash equivalents" at March 31, 2016 and 2015:

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Cash and deposits	**¥88,166**	¥79,300	**$782,446**
Time deposits with a maturity of more than three months	**(3,147)**	(3,140)	**(27,929)**
Cash and cash equivalents	**¥85,018**	¥76,159	**$754,508**

21 Leases

2016

Lessees' accounting

Operating Lease Transactions

Future minimum lease payments subsequent to March 31, 2016 on noncancellable leases are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 4)
2017	**¥ 849**	**$ 7,535**
2018 and thereafter	**2,797**	**24,823**
Total	**¥3,646**	**$32,357**

Finance Lease Transactions in which Ownership is not transferred to the Lessee Commencing on or before March 31, 2008

(a) Amounts related to leased assets corresponding to the acquisition cost, accumulated depreciation and net book value at the end of the year

	Millions of yen			Thousands of U.S. dollars (Note 4)		
As of March 31, 2016	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	¥799	¥406	¥392	$7,091	$3,603	$3,479
Other	—	—	—	—	—	—
Total	¥799	¥406	¥392	$7,091	$3,603	$3,479

Amounts corresponding to the acquisition costs include interest expense since the balance of future minimum lease payments accounts for only a small percentage of property, plant and equipment as of the balance sheet date.

(b) Amounts corresponding to the future minimum lease payments subsequent to March 31, 2016

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 4)
2017	¥ 47	$ 417
2018 and thereafter	345	3,062
Total	¥392	$3,479

Amounts corresponding to the future minimum lease payments include interest expense since the balance of future minimum lease payments accounts for only a small percentage of property, plant and equipment as of the balance sheet date.

(c) Amounts corresponding to the lease payments and depreciation

Year ended March 31, 2016	Millions of yen	Thousands of U.S. dollars (Note 4)
Lease payments	¥47	$417
Depreciation	47	417

(d) Method of calculating the amount of the depreciation of leased assets

Depreciation of leased assets is calculated by the straight-line method over the lease period with their residual value at zero.

Lessors' accounting

Operating Lease Transactions

Future minimum lease amounts receivable subsequent to March 31, 2016 on noncancellable leases are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 4)
2017	¥ 502	$4,455
2018 and thereafter	586	5,201
Total	¥1,088	$9,656

2015

Lessees' accounting

Operating Lease Transactions

Future minimum lease payments subsequent to March 31, 2015 on noncancellable leases are as follows:

Years ended / ending March 31	Millions of yen
2016	¥ 864
2017 and thereafter	2,406
Total	¥3,271

Finance Lease Transactions in which Ownership is not transferred to the Lessee Commencing on or before March 31, 2008

(a) Amounts related to leased assets corresponding to the acquisition cost, accumulated depreciation and net book value at the end of the year

	Millions of yen		
As of March 31, 2015	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	¥799	¥358	¥440
Other	—	—	—
Total	¥799	¥358	¥440

Amounts corresponding to the acquisition costs include interest expense since the balance of future minimum lease payments accounts for only a small percentage of property, plant and equipment as of the balance sheet date.

(b) Amounts corresponding to the future minimum lease payments subsequent to March 31, 2015

Years ended / ending March 31	Millions of yen
2016	¥ 47
2017 and thereafter	392
Total	¥440

Amounts corresponding to the future minimum lease payments include interest expense since the balance of future minimum lease payments accounts for only a small percentage of property, plant and equipment as of the balance sheet date.

(c) Amounts corresponding to the lease payments and depreciation

Year ended March 31, 2015	Millions of yen
Lease payments	¥93
Depreciation	93

(d) Method of calculating the amount of the depreciation of leased assets

Depreciation of leased assets is calculated by the straight-line method over the lease period with their residual value at zero.

Lessors' accounting

Operating Lease Transactions

Future minimum lease amounts receivable subsequent to March 31, 2015 on noncancellable leases are as follows:

Years ended / ending March 31	Millions of yen
2016	¥ 581
2017 and thereafter	739
Total	¥1,320

22 Financial Instruments

(a) Overview

(1) Policy for financial instruments

The Yamaha Group, in principle, limits its cash management to deposits for which principals are guaranteed and interest rates are fixed. In addition, the Yamaha Group raises funds mainly through bank borrowings. Further, Yamaha and its owned domestic subsidiaries practice group finance. The Yamaha Group uses derivatives for the purpose of reducing risk, and limits derivative transactions to actual exposure. The Yamaha Group does not enter into derivative transactions for speculative purposes.

(2) Types of financial instruments and related risk

Trade notes and accounts receivable are exposed to the credit risk of its customers. In addition, the Yamaha Group is exposed to foreign currency exchange risk arising from receivables denominated in foreign currencies.

Short-term investment securities and investment securities are exposed to market risk. Those securities are composed of mainly the stock of Yamaha Motor Co., Ltd., a former affiliated company which shares the Yamaha brand in common, and shares of common stock of other companies with which it has business relationships. Trade notes and accounts payable, other accounts payable, and accrued expenses have payment due dates within one year. In addition, trade accounts payable that are denominated in foreign currencies are exposed to foreign currency exchange risk. Short-term loans payable are raised mainly in connection with business activities, and long-term loans payable are taken out principally for the purpose of making capital investments. The repayment dates of long-term loans payable extend up to three years and four months from March 31, 2016, and up to four years and four months from March 31, 2015, respectively. Long-term deposits received are membership deposits received from customers in the Yamaha Group's recreation business. The Yamaha Group is exposed to liquidity risk from its trade notes and accounts payable, other accounts payable, accrued expenses, short-term loans payable, long-term loans payable, and long-term deposits received.

Regarding derivatives, the Yamaha Group enters into foreign exchange forward contracts with netting arrangements and currency options (foreign currency put options) to reduce foreign currency exchange risk arising from the receivables and payables denominated in foreign currencies in normal export and import transactions.

Foreign exchange forward contracts are exposed to foreign currency exchange risk. For currency options, since the Yamaha Group only uses purchased foreign currency put options, the risk of loss is limited to the option premium.

Derivative transactions are accounted for by hedge accounting. The method of hedge accounting, hedging instruments and hedged items, hedging policy, and the assessment of the effectiveness of hedging activities are described in Note 1(l) Derivative financial instruments (Hedge accounting).

(b) Risk management for financial instruments

The Yamaha Group has established a Group financial risk management policy, and the Company and its consolidated subsidiaries have prepared rules based on this policy for the following risk:

(1) Credit risk (the risk that customers may default)

The Yamaha Group has prepared policy for managing its credit exposure and trade receivables. In accordance with the rules, the Yamaha Group monitors the credit exposure limits of each customer and organizes all trade receivables by customer, and confirms the outstanding balances by customers regularly. For receivables that become past due, rules require taking steps to understand the causes and preparing a schedule for the recovery of this exposure.

To minimize the credit risk of the counterparty in derivative transactions, the Yamaha Group enters into transactions only with financial institutions that have a sound credit profile.

(2) Market risk (the risks arising from fluctuations in exchange rates, interest rates, and other indicators)

For trade receivables denominated in foreign currencies, the Yamaha Group minimizes the foreign exchange risk arising from the receivable by entering into forward foreign exchange contracts and arranging for currency options, after netting by the payables denominated in foreign currencies, within the limits of actual transactions. Also, the trade accounts payable denominated in foreign currencies are maintained within the amount of accounts receivable denominated in foreign currencies at all times.

For short-term investment securities and investment securities, the Yamaha Group periodically reviews the market value and the financial position of the issuer with which the Yamaha Group has a business relationship.

In conducting derivative transactions, based on the policy stated in (1) above, the Company and its consolidated subsidiaries hold discussions, establish internal rules for the management of derivatives, and then conduct and manage such transactions in accordance with the rules.

Derivative transactions of the Company and its subsidiaries are concentrated in each accounting and finance department of these companies. Internal rules set forth the roles of each accounting and finance department, reports to be submitted to top management, communications to be sent to related departments, and maximum upper limit on position.

Monthly reports including the outstanding balance of derivative transactions and quantitative information such as market trends of foreign exchange rate are submitted to top management.

(3) Liquidity risk (the risk that the Group may not be able to meet its obligations on the scheduled dates)

The Yamaha Group manages liquidity risk based on the cash flow plans of the Company and its consolidated subsidiaries and through the practice of group finance at the Company and its wholly owned subsidiaries in Japan.

(4) Supplementary explanation of the estimated fair value of financial instruments

The estimated fair value of financial instruments is their quoted market price if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value.

In addition, the notional amounts of derivatives in Note 24 are not indicative of the actual market risk involved in derivative transactions.

(c) Estimated fair value of financial instruments

Carrying value on the consolidated balance sheet as of March 31, 2016 and 2015, and difference between carrying value and estimated fair value, are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value. See Note (ii) below:

	Millions of yen			Thousands of U.S. dollars (Note 4)		
As of March 31, 2016	Carrying value*1	Estimated fair value*1	Difference	Carrying value*1	Estimated fair value*1	Difference
Cash and deposits	**¥ 88,166**	**¥ 88,166**	**¥ —**	**$ 782,446**	**$ 782,446**	**$ —**
Notes and accounts receivable — trade	**49,026**	**49,026**	**—**	**435,091**	**435,091**	**—**
Investment securities						
Subsidiaries and affiliates securities	**714**	**340**	**(373)**	**6,337**	**3,017**	**(3,310)**
Available-for-sale securities	**93,690**	**93,690**	**—**	**831,470**	**831,470**	**—**
Notes and accounts payable — trade	**(19,353)**	**(19,353)**	**—**	**(171,752)**	**(171,752)**	**—**
Accounts payable — other and accrued expenses	**(37,222)**	**(37,222)**	**—**	**(330,334)**	**(330,334)**	**—**
Derivatives*2	**(139)**	**(139)**	**—**	**(1,234)**	**(1,234)**	**—**

	Millions of yen		
As of March 31, 2015	Carrying value*1	Estimated fair value*1	Difference
Cash and deposits	¥ 79,300	¥ 79,300	¥ —
Notes and accounts receivable — trade	61,663	61,663	—
Investment securities			
Subsidiaries and affiliates securities	760	446	(314)
Available-for-sale securities	141,726	141,726	—
Notes and accounts payable — trade	(23,194)	(23,194)	—
Accounts payable — other and accrued expenses	(34,902)	(34,902)	—
Derivatives*2	317	317	—

*1. Figures shown in parentheses are liability items.
*2. The value of assets and liabilities arising from derivatives is shown at net value, with net liability position shown in parentheses.

Notes:

(i) Methods for computing the estimated fair value of financial instruments, securities and derivative transactions

Cash and deposits and notes and accounts receivable — trade

Since these items are settled in a short period of time, the carrying value approximates fair value.

Investment securities

The fair value of stocks is based on quoted market prices. The fair value of debt securities is based on either the quoted market price or prices provided by the financial institutions making markets in these securities.

Information on securities classified by holding purpose is contained in Note 23.

Notes and accounts payable — trade and accounts payable — other and accrued expenses

Since these items are settled in a short period of time, the carrying value approximates fair value.

Derivative Transactions

See Note 24.

(ii) Financial instruments for which it is extremely difficult to determine the fair value

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Carrying value			
Unlisted stocks	**¥ 2,507**	¥ 2,351	**$ 22,249**
Long-term deposits received	**15,041**	15,152	**133,484**

Because no quoted market price is available and estimating their future cash flows is deemed to be prohibitively expensive, the estimated fair value of these financial instruments was extremely difficult to determine, and has not been disclosed.

(iii) The redemption schedule for receivables and securities with maturities as of March 31, 2016 and 2015

	Millions of yen				Thousands of U.S. dollars (Note 4)			
As of March 31, 2016	Within one year	Between one and five years	Between five and ten years	Over ten years	Within one year	Between one and five years	Between five and ten years	Over ten years
Cash and deposits	**¥ 88,166**	**¥—**	**¥—**	**¥—**	**$ 782,446**	**$—**	**$—**	**$—**
Notes and accounts receivable — trade	**49,026**	**—**	**—**	**—**	**435,091**	**—**	**—**	**—**
Total	**¥137,192**	**¥—**	**¥—**	**¥—**	**$1,217,536**	**$—**	**$—**	**$—**

	Millions of yen			
As of March 31, 2015	Within one year	Between one and five years	Between five and ten years	Over ten years
Cash and deposits	¥ 79,300	¥—	¥—	¥—
Notes and accounts receivable — trade	61,663	—	—	—
Total	¥140,963	¥—	¥—	¥—

(iv) The redemption schedule for long-term debt with maturities as of March 31, 2016 and 2015

	Millions of yen					
As of March 31, 2016	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years
Short-term loans payable	**¥8,409**	**¥—**	**¥ —**	**¥—**	**¥—**	**¥—**
Long-term loans payable	**30**	**30**	**30**	**10**	**—**	**—**
Lease obligations	**27**	**61**	**71**	**62**	**35**	**97**
Other interest-bearing debt	**—**	**—**	**—**	**—**	**—**	**—**
Total	**¥8,467**	**¥92**	**¥102**	**¥72**	**¥35**	**¥97**

	Thousands of U.S. dollars (Note 4)					
As of March 31, 2016	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years
Short-term loans payable	**$74,627**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Long-term loans payable	**266**	**266**	**266**	**89**	**—**	**—**
Lease obligations	**240**	**541**	**630**	**550**	**311**	**861**
Other interest-bearing debt	**—**	**—**	**—**	**—**	**—**	**—**
Total	**$75,142**	**$816**	**$905**	**$639**	**$311**	**$861**

	Millions of yen					
As of March 31, 2015	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years
Short-term loans payable	¥11,748	¥—	¥—	¥—	¥—	¥ —
Long-term loans payable	28	27	27	27	9	—
Lease obligations	64	56	54	50	46	124
Other interest-bearing debt	—	—	—	—	—	—
Total	¥11,840	¥83	¥82	¥78	¥56	¥124

23 Securities

(a) Available-for-sale securities with fair market value

As of March 31, 2016	Millions of yen			Thousands of U.S. dollars (Note 4)		
	Carrying value	Acquisition costs	Unrealized gain (loss)	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:						
Stock	**¥90,859**	**¥12,873**	**¥77,985**	**$806,345**	**$114,244**	**$692,093**
Other	**—**	**—**	**—**	**—**	**—**	**—**
	90,859	**12,873**	**77,985**	**806,345**	**114,244**	**692,093**
Securities whose carrying value does not exceed their acquisition costs:						
Stock	**2,831**	**3,036**	**(205)**	**25,124**	**26,944**	**(1,819)**
Other	**—**	**—**	**—**	**—**	**—**	**—**
	2,831	**3,036**	**(205)**	**25,124**	**26,944**	**(1,819)**
Total	**¥93,690**	**¥15,910**	**¥77,780**	**$831,470**	**$141,196**	**$690,273**

As of March 31, 2015	Millions of yen		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:			
Stock	¥141,725	¥15,910	¥125,815
Other	—	—	—
	141,725	15,910	125,815
Securities whose carrying value does not exceed their acquisition costs:			
Stock	0	0	(0)
Other	—	—	—
	0	0	(0)
Total	¥141,726	¥15,910	¥125,815

(b) Available-for-sale securities sold during the years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Sales of available-for-sale securities	**¥3**	¥1	**$27**
Gain on sales	**3**	1	**27**
Loss on sales	**—**	—	**—**

24 Derivatives and Hedging Activities

As of March 31, 2016 and 2015, there were no derivative transactions outstanding for which hedge accounting has not been applied. The notional amounts and the estimated fair value of the derivative instruments outstanding as of March 31, 2016 and 2015, for which hedge accounting has been applied are summarized as follows:

		Millions of yen			
		Notional amount			
As of March 31, 2016	Hedged items	Total	Over one year	Estimated fair value	Calculation of fair value
Foreign exchange forward contracts accounted for by benchmark method:					Prices provided by financial institution*2
Sell:	Accounts receivable				
Australian dollars		¥ 541	¥—	¥ 563	
Canadian dollars		691	—	716	
Euros		12,495	—	12,588	
Foreign exchange forward contracts accounted for allocation method:					Market prices
Sell:	Accounts receivable				
Australian dollars		217	—		
Canadian dollars		257	—		
Euros		2,362	—		
Total		¥16,566	¥—	¥ —*1	

*1. The estimated fair value is included in the fair value of accounts receivable, since the foreign exchange forward contracts are accounted for as part of accounts receivable under the allocation method in hedge accounting.
*2. The estimated fair value is the fair value of the notional amount, and the net value in payable of assets and liabilities arising from derivatives was ¥139 million.

		Thousands of U.S. dollars (Note 4)			
		Notional amount			
As of March 31, 2016	Hedged items	Total	Over one year	Estimated fair value	Calculation of fair value
Foreign exchange forward contracts accounted for by benchmark method:					Prices provided by financial institution*2
Sell:	Accounts receivable				
Australian dollars		$ 4,801	$—	$ 4,996	
Canadian dollars		6,132	—	6,354	
Euros		110,889	—	111,715	
Foreign exchange forward contracts accounted for allocation method:					Market prices
Sell:	Accounts receivable				
Australian dollars		1,926	—		
Canadian dollars		2,281	—		
Euros		20,962	—		
Total		$147,018	$—	$ —*1	

*1. The estimated fair value is included in the fair value of accounts receivable, since the foreign exchange forward contracts are accounted for as part of accounts receivable under the allocation method in hedge accounting.
*2. The estimated fair value is the fair value of the notional amount, and the net value in payable of assets and liabilities arising from derivatives was $1,234 thousand.

		Millions of yen			
		Notional amount			
As of March 31, 2015	Hedged items	Total	Over one year	Estimated fair value	Calculation of fair value
Foreign exchange forward contracts accounted for by benchmark method:					Prices provided by financial institution*2
Sell:	Accounts receivable				
Australian dollars		¥ 873	¥—	¥ 853	
Canadian dollars		1,159	—	1,142	
Euros		11,239	—	10,958	
Foreign exchange forward contracts accounted for allocation method:					Market prices
Sell:	Accounts receivable				
Australian dollars		161	—		
Canadian dollars		221	—		
Euros		2,339	—		
Total		¥15,995	¥—	¥ —*1	

*1. The estimated fair value is included in the fair value of accounts receivable, since the foreign exchange forward contracts are accounted for as part of accounts receivable under the allocation method in hedge accounting.
*2. The estimated fair value is the fair value of the notional amount, and the net value in receivable of assets and liabilities arising from derivatives was ¥317 million.

25 Retirement Benefits

(a) Outline of the Company's retirement benefit system

To provide employee retirement benefits, the Company and its consolidated subsidiaries have funded and unfunded defined benefit pension plans and defined contribution pension plans.

The defined benefit pension plan (funded and unfunded plans) pays a lump-sum or an annual pension based on the employee compensation point system.

In certain cases, the Company pays employees who are retiring, etc., additional retirement benefits that are not considered to be retirement benefit obligations as calculated under actuarial methods based on retirement benefit accounting principles.

Certain consolidated subsidiaries that have defined benefit pension plans calculate net defined benefit liabilities and retirement benefit expenses using the simplified method.

(b) Defined benefit pension plans

(1) Changes in the retirement benefit obligations for the years ended March 31, 2016 and 2015 (excluding plans that apply the simplified method)

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Retirement benefit obligations at the beginning of year	**¥116,528**	¥116,180	**$1,034,150**
Service cost	**4,446**	4,306	**39,457**
Interest cost	**1,188**	1,487	**10,543**
Actuarial gain or loss	**7,656**	3,820	**67,945**
Retirement benefits paid	**(8,969)**	(9,457)	**(79,597)**
Other	**(299)**	190	**(2,654)**
Retirement benefit obligations at end of year	**¥120,551**	¥116,528	**$1,069,853**

(2) Changes in the plan assets for the years ended March 31, 2016 and 2015 (excluding plans that apply the simplified method)

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Plan assets at the beginning of year	**¥86,450**	¥81,341	**$767,217**
Expected return on plan assets	**1,712**	1,605	**15,193**
Actuarial gain or loss	**(2,825)**	5,041	**(25,071)**
Contribution by the Yamaha Group	**5,660**	5,726	**50,231**
Retirement benefits paid	**(6,910)**	(7,390)	**(61,324)**
Other	**(93)**	125	**(825)**
Plan assets at end of year	**¥83,994**	¥86,450	**$745,421**

(3) Changes in net defined benefit liabilities for plans that apply the simplified method for the years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Net defined benefit liabilities at the beginning of year	**¥1,560**	¥1,607	**$13,845**
Retirement benefit expenses	**219**	206	**1,944**
Retirement benefits paid	**(233)**	(127)	**(2,068)**
Contribution to plan	**(28)**	(96)	**(248)**
Other	**(56)**	(29)	**(497)**
Net defined benefit liabilities at end of year	**¥1,461**	¥1,560	**$12,966**

(4) Reconciliation between the funded status of the plans (retirement benefit obligations and plan assets) and the amounts recognized in the consolidated balance sheet (net defined benefit liabilities and net defined benefit assets) as of March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Retirement benefit obligations of funded plans	**¥118,863**	¥115,964	**$1,054,872**
Plan assets	**(84,657)**	(87,982)	**(751,305)**
	34,205	27,981	**303,559**
Retirement benefit obligations of unfunded plans	**3,812**	3,656	**33,830**
Net assets and liabilities recorded in the consolidated balance sheet	**38,017**	31,638	**337,389**
Net defined benefit liabilities	**38,024**	31,712	**337,451**
Net defined benefit assets	**(6)**	(74)	**(53)**
Net assets and liabilities recorded in the consolidated balance sheet	**¥ 38,017**	¥ 31,638	**$ 337,389**

Note: Including plans that apply the simplified method.

(5) Components of retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Service cost	**¥ 4,446**	¥ 4,306	**$ 39,457**
Interest cost	**1,188**	1,487	**10,543**
Expected return on plan assets	**(1,712)**	(1,605)	**(15,193)**
Amortization of actuarial gain or loss	**1,154**	1,287	**10,241**
Amortization of prior service cost	**(414)**	(438)	**(3,674)**
Retirement benefit expenses calculated by simplified method	**219**	206	**1,944**
Additional retirement benefit expenses temporarily paid	**—**	1	**—**
Other	**2**	3	**18**
Retirement benefit expenses for defined benefit pension plans	**¥ 4,884**	¥ 5,250	**$ 43,344**

Note: In the year ended March 31, 2015, other than the amount described above, the Company posted an extraordinary loss (business structural reform expenses) of ¥343 million on premium severance pay and other contribution items in connection with the transfer of the business of a semiconductor manufacturing subsidiary.

(6) Remeasurements of defined benefit plans

Components of remeasurements of defined benefit plans (before taxes)

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Prior service cost	**¥ (412)**	¥ (438)	**$ (3,656)**
Actuarial gain or loss	**(9,274)**	2,495	**(82,304)**
Total	**¥(9,686)**	¥2,057	**$(85,960)**

(7) Accumulated adjustments of defined benefit plans

Components of remeasurements of accumulated defined benefit plans (before taxes)

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Unrecognized prior service cost	**¥ (439)**	¥ (852)	**$ (3,896)**
Unrecognized actuarial gain or loss	**11,940**	2,666	**105,964**
Total	**¥11,500**	¥1,813	**$102,059**

(8) Items for plan assets

(i) Components of plan assets

Ratio of primary components of total plan assets

	2016	2015
Life insurance company general accounts	**58%**	57%
Stocks	**19%**	21%
Bonds	**19%**	18%
Cash and deposits	**2%**	2%
Other	**2%**	2%
Total	**100%**	100%

(ii) Determining expected long-term rate of return

In determining the long-term rate of return of plan assets, the Company considers the current and projected asset allocations, as well as the current and expected long-term investment returns from the various assets that constitute the plan assets.

(9) Items related to the basis of actuarial calculation

Items that form the primary basis for actuarial calculations as of March 31, 2016 and 2015

	2016	2015
Discount rate	**0.3%**	0.9%
Expected long-term rate of return	**2.0%**	2.0%

(c) Defined contribution pension plans

Required contributions to defined contribution pension plans of consolidated subsidiaries totaled ¥723 million ($6,416 thousand) and ¥634 million in the years ended March 31, 2016 and 2015, respectively.

In addition, aside from the above required contributions, the Company also posted ¥58 million ($515 thousand) and ¥67 million of additional retirement benefit expenses in the years ended March 31, 2016 and 2015, respectively.

26 Income Taxes

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries comprised corporation tax, inhabitants' taxes, and enterprise tax which, in the aggregate, resulted in effective statutory tax rates of approximately 32.1% and 34.6% for the years ended March 31, 2016 and 2015, respectively. Income taxes of the overseas consolidated subsidiaries are, in general, based on the tax rates applicable in their respective countries of incorporation.

The major components of deferred tax assets and liabilities as of March 31, 2016 and 2015 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Deferred tax assets:			
Write-downs of inventories	**¥ 1,727**	¥ 2,252	**$ 15,327**
Unrealized gain on inventories and property, plant and equipment	**2,041**	1,242	**18,113**
Allowance for doubtful accounts	**306**	308	**2,716**
Depreciation	**7,372**	8,065	**65,424**
Loss on impairment of fixed assets	**6,780**	7,933	**60,170**
Loss on valuation of investment securities	**2,006**	2,172	**17,803**
Accrued employees' bonuses	**2,383**	2,304	**21,148**
Provision for product warranties	**546**	572	**4,846**
Net defined benefit liabilities	**11,178**	9,657	**99,201**
Tax loss carryforwards	**7,232**	10,005	**64,182**
Other	**5,067**	5,328	**44,968**
Gross deferred tax assets	**46,642**	49,844	**413,933**
Valuation allowance	**(33,976)**	(38,883)	**(301,526)**
Total deferred tax assets	**¥ 12,666**	¥ 10,960	**$ 112,407**
Deferred tax liabilities:			
Reserve for deferred gain on property, plant and equipment	**¥ (750)**	¥ (817)	**$ (6,656)**
Reserve for special account for acquisition of replacement property	**(2,204)**	—	**(19,560)**
Reserve for special depreciation	**(5)**	(28)	**(44)**
Unrealized holding gain on securities	**(22,855)**	(38,790)	**(202,831)**
Other	**(676)**	(810)	**(5,999)**
Total deferred tax liabilities	**(26,493)**	(40,446)	**(235,117)**
Net deferred tax liabilities	**¥(13,827)**	¥(29,485)	**$(122,710)**

A reconciliation between the effective statutory tax rate and the effective tax rate for the years ended March 31, 2016 and 2015 is as follows:

	2016	2015
Effective statutory tax rate	**32.1%**	34.6%
Adjustments:		
Differences in tax rates of overseas consolidated subsidiaries	**(2.7)**	(5.2)
Non-temporary differences not deductible for tax purposes	**(0.5)**	(0.9)
Per capita inhabitants' taxes	**0.5**	0.7
Allowances for changes in valuation	**(15.9)**	(25.6)
Amortization of goodwill	**7.4**	3.5
Other	**0.5**	4.9
Effective tax rate after adjustments for tax-effect accounting	**21.4%**	12.0%

Accompanying the approval on March 29, 2016, of the "Act to Partially Revise the Income Tax Act and Others" (Act No.15 of 2016) and the "Act to Partially Revise the Local Tax Act and Others"(Act No.13 of 2016) , the effective statutory tax rates applicable to the calculation of consolidated deferred tax assets and tax liabilities (applicable only to such assets and liabilities that will expire on and after April 1, 2016) that were used were 32.11% for recoveries and payments that are expected from April 1, 2015 to March 31, 2016, and 31.33% for those expected on April 1, 2016 and later. For recoveries and payments that are expected from April 1, 2016 through March 31, 2018, the tax rate has been changed to 30.21%, and then to 29.99% for recoveries and payments expected from April 1, 2018.

As a result of this change, the net value of the Group's deferred tax liabilities (after the deduction of the amount of deferred tax assets) decreased ¥1,170 million ($10,383 thousand), and income taxes–deferred, unrealized holding gain on securities, and revaluation reserve for land increased ¥289 million ($2,565 thousand), ¥1,021 million ($9,061 thousand), and ¥441 million ($3,914 thousand), respectively, while unrealized gain (loss) from hedging instruments decreased ¥2 million ($18 thousand) as of and for the year ended March 31, 2016.

27 Segment Information

For the years ended March 31, 2016 and 2015

(a) Summary of reporting segments

Business segments are composed of business units that provide separate financial information, and are regularly reviewed by the Board of Directors of the Company for the purpose of business performance evaluation and management resource allocation decisions.

The Company's business segments, based on its economic features and similarity of products and services, comprise its three principal reporting segments, which are musical instruments, audio equipment, and electronic devices. Other businesses have been grouped together in the "Others" segment.

The musical instruments business segment includes the manufacture and sales of pianos; digital musical instruments; wind, string, and percussion instruments; and other music-related activities. The audio equipment business segment includes the manufacture and sales of audio products, professional audio equipment, information and telecommunications equipment and certain other products. The electronic devices business segment includes the manufacture and sales of semiconductor products. The "Others" segment includes automobile interior wood components, factory automation (FA) equipment, golf products, recreation, and certain other lines of business.

(b) Method for calculating the sales, income (loss), assets, liabilities, and other items for reporting segments

The accounting treatment for reporting segments is carried out through principles and procedures that are the same as those used for preparing the consolidated financial statements.

Figures for income in reporting segments are on an operating income basis.

Intersegment sales and transfers are based on prevailing market prices.

(c) Information by product and service

As of March 31, 2016	Musical instruments	Audio equipment	Electronic devices	Others	Total	Adjustments and elimination	Consolidated
	Millions of yen						
Sales:							
Sales to external customers	¥278,872	¥119,378	¥13,068	¥ 24,156	¥435,477	¥ —	¥435,477
Intersegment sales or transfers			544		544	(544)	
Total	278,872	119,378	13,613	24,156	436,021	(544)	435,477
Segment income	¥ 31,530	¥ 8,693	¥ 107	¥ 332	¥ 40,663	¥ —	¥ 40,663
Segment assets	¥272,690	¥ 81,052	¥10,292	¥105,710	¥469,745	¥ —	¥469,745
Other items:							
Depreciation and amortization	¥ 8,390	¥ 3,075	¥ 464	¥ 750	¥ 12,681	¥ —	¥ 12,681
Loss on impairment of fixed assets	¥ 882	¥ —	¥ —	¥ —	¥ 882	¥ —	¥ 882
Increase in property, plant and equipment and intangible assets	¥ 6,778	¥ 3,145	¥ 617	¥ 801	¥ 11,341	¥ —	¥ 11,341

As of March 31, 2016	Musical instruments	Audio equipment	Electronic devices	Others	Total	Adjustments and elimination	Consolidated
	Thousands of U.S. dollars (Note 4)						
Sales:							
Sales to external customers	$2,474,902	$1,059,443	$115,974	$214,377	$3,864,723	$ —	$3,864,723
Intersegment sales or transfers			4,828		4,828	(4,828)	
Total	2,474,902	1,059,443	120,811	214,377	3,869,551	(4,828)	3,864,723
Segment income	$ 279,819	$ 77,148	$ 950	$ 2,946	$ 360,871	$ —	$ 360,871
Segment assets	$2,420,039	$ 719,311	$ 91,338	$938,143	$4,168,841	$ —	$4,168,841
Other items:							
Depreciation and amortization	$ 74,459	$ 27,290	$ 4,118	$ 6,656	$ 112,540	$ —	$ 112,540
Loss on impairment of fixed assets	$ 7,827	$ —	$ —	$ —	$ 7,827	$ —	$ 7,827
Increase in property, plant and equipment and intangible assets	$ 60,153	$ 27,911	$ 5,476	$ 7,109	$ 100,648	$ —	$ 100,648

Notes: 1. The item "Adjustments and elimination" for the year ended March 31, 2016 contains the following:
The sales adjustment item of ¥(544) million ($(4,828) thousand) comprises eliminations of transactions among the Company's business segments.
2. "Segment income" for the year ended March 31, 2016 means the operating income of the segment as presented in the Consolidated Statement of Operations.
3. Among the assets of the Others segment, the amounts of investment securities related to Yamaha Motor Co., Ltd. (the market value reported on the accompanying consolidated balance sheet) were ¥79,827 million ($708,440 thousand).

As of March 31, 2015	Musical instruments	Audio equipment	Electronic devices	Others	Total	Adjustments and elimination	Consolidated
	Millions of yen						
Sales:							
Sales to external customers	¥281,667	¥112,839	¥13,435	¥ 24,235	¥432,177	¥ —	¥432,177
Intersegment sales or transfers			526		526	(526)	
Total	281,667	112,839	13,962	24,235	432,704	(526)	432,177
Segment income (loss)	¥ 25,064	¥ 6,133	¥ (1,446)	¥ 384	¥ 30,135	¥ —	¥ 30,135
Segment assets	¥277,916	¥ 87,642	¥14,839	¥149,635	¥530,034	¥ —	¥530,034
Other items:							
Depreciation and amortization	¥ 8,238	¥ 2,857	¥ 706	¥ 795	¥ 12,597	¥ —	¥ 12,597
Loss on impairment of fixed assets	¥ 861	¥ —	¥ —	¥ —	¥ 861	¥ —	¥ 861
Increase in property, plant and equipment and intangible assets	¥ 9,581	¥ 2,880	¥ 639	¥ 832	¥ 13,932	¥ —	¥ 13,932

Notes: 1. The item "Adjustments and elimination" for the year ended March 31, 2015 contains the following:
The sales adjustment item of ¥(526) million comprises eliminations of transactions among the Company's business segments.
2. "Segment income (loss)" for the year ended March 31, 2015 means the operating income of the segment as presented in the Consolidated Statement of Operations.
3. Among the assets of the Others segment, the amounts of investment securities related to Yamaha Motor Co., Ltd. (the market value reported on the accompanying consolidated balance sheet) were ¥123,749 million.

(d) Information by geographical segment

(i) Sales information based on the geographical location of the customers

	Millions of yen					
		Overseas				
Year ended March 31, 2016	Japan	North America	Europe	Asia, Oceania, and other areas	Total	Consolidated
Net sales	**¥145,033**	**¥88,234**	**¥82,205**	**¥120,003**	**¥290,443**	**¥435,477**
Sales as a percentage of consolidated net sales	**33.3%**	**20.3%**	**18.9%**	**27.5%**	**66.7%**	**100.0%**

	Thousands of U.S. dollars (Note 4)					
		Overseas				
Year ended March 31, 2016	Japan	North America	Europe	Asia, Oceania, and other areas	Total	Consolidated
Net sales	**$1,287,123**	**$783,049**	**$729,544**	**$1,064,989**	**$2,577,591**	**$3,864,723**
Sales as a percentage of consolidated net sales	**33.3%**	**20.3%**	**18.9%**	**27.5%**	**66.7%**	**100.0%**

Notes: 1. Sales information is based on the geographical location of customers, and is classified by country or region.
2. Main country and regional divisions other than Japan:
(a) North America: U.S.A. and Canada
(b) Europe: Germany, France, and U.K.
(c) Asia, Oceania, and other areas: People's Republic of China, Republic of Korea, and Australia

	Millions of yen					
		Overseas				
Year ended March 31, 2015	Japan	North America	Europe	Asia, Oceania, and other areas	Total	Consolidated
Net sales	¥160,374	¥79,747	¥80,277	¥111,778	¥271,803	¥432,177
Sales as a percentage of consolidated net sales	37.1%	18.4%	18.6%	25.9%	62.9%	100.0%

Notes: 1. Sales information is based on the geographical location of customers, and is classified by country or region.
2. Main country and regional divisions other than Japan:
(a) North America: U.S.A. and Canada
(b) Europe: Germany, France, and U.K.
(c) Asia, Oceania, and other areas: People's Republic of China, Republic of Korea, and Australia

(ii) Sales, income (loss) and property, plant and equipment information based on group locations

	Millions of yen						
Year ended March 31, 2016	Japan	North America	Europe	Asia, Oceania, and other areas	Total	Adjustments	Consolidated
Sales:							
Sales to external customers	¥154,957	¥93,577	¥82,685	¥104,256	¥435,477	¥ —	¥435,477
Intersegment sales or transfers	170,025	3,566	2,332	101,290	277,215	(277,215)	—
Total	324,983	97,143	85,017	205,547	712,692	(277,215)	435,477
Segment income	¥ 20,396	¥ 2,161	¥ 4,424	¥ 14,193	¥ 41,175	¥ (512)	¥ 40,663
Total assets	¥303,374	¥42,482	¥39,890	¥112,469	¥498,217	¥ (28,472)	¥469,745
Property, plant and equipment	¥ 75,155	¥ 1,608	¥ 3,303	¥ 24,215	¥104,280	¥ —	¥104,280

	Thousands of U.S. dollars (Note 4)						
Year ended March 31, 2016	Japan	North America	Europe	Asia, Oceania, and other areas	Total	Adjustments	Consolidated
Sales:							
Sales to external customers	$1,375,195	$830,467	$733,804	$ 925,240	$3,864,723	$ —	$3,864,723
Intersegment sales or transfers	1,508,919	31,647	20,696	898,917	2,460,197	(2,460,197)	—
Total	2,884,123	862,114	754,499	1,824,166	6,324,920	(2,460,197)	3,864,723
Segment income	$ 181,008	$ 19,178	$ 39,262	$ 125,958	$ 365,415	$ (4,544)	$ 360,871
Total assets	$2,692,350	$377,015	$354,011	$ 998,127	$4,421,521	$ (252,680)	$4,168,841
Property, plant and equipment	$ 666,977	$ 14,271	$ 29,313	$ 214,901	$ 925,453	$ —	$ 925,453

Notes: 1. Sales information is based on Group locations where sales take place, and is classified by country or region.
2. Main country and regional divisions other than Japan:
This classification is the same as "Sales information based on the geographical location of the customers."
3. The item "Adjustments" contains the following:
The sales adjustment item of ¥(277,215) million ($(2,460,197) thousand) comprises eliminations of transactions among the Company's business segments.
4. Consolidated segment income corresponds to operating income presented in the consolidated statement of operations.

	Millions of yen						
Year ended March 31, 2015	Japan	North America	Europe	Asia, Oceania, and other areas	Total	Adjustments	Consolidated
Sales:							
Sales to external customers	¥171,882	¥85,517	¥78,516	¥ 96,261	¥432,177	¥ —	¥432,177
Intersegment sales or transfers	155,004	1,385	2,342	91,295	250,027	(250,027)	—
Total	326,887	86,903	80,858	187,556	682,205	(250,027)	432,177
Segment income (loss)	¥ 15,439	¥ (309)	¥ 3,581	¥ 11,997	¥ 30,708	¥ (572)	¥ 30,135
Total assets	¥350,928	¥52,277	¥38,794	¥115,825	¥557,825	¥ (27,790)	¥530,034
Property, plant and equipment	¥ 81,473	¥ 1,508	¥ 3,433	¥ 26,745	¥113,158	¥ —	¥113,158

Notes: 1. Sales information is based on Group locations where sales take place, and is classified by country or region.
2. Main country and regional divisions other than Japan:
This classification is the same as "Sales information based on the geographical location of the customers."
3. The item "Adjustments" contains the following:
The sales adjustment item of ¥(250,027) million comprises eliminations of transactions among the Company's business segments.
4. Consolidated segment income corresponds to operating income presented in the consolidated statement of operations.

(e) Information related to the amount of amortization of goodwill and the unamortized amount of goodwill by reporting segment

For the year ended March 31, 2016

	Millions of yen				
	Musical instruments	Audio equipment	Electronic devices	Others	Total
Amounts amortized in the year ended	**¥5,651**	**¥3,901**	**¥—**	**¥—**	**¥9,553**
Balance as of March 31, 2016	**¥ 113**	**¥2,342**	**¥—**	**¥—**	**¥2,456**

	Thousands of U.S. dollars (Note 4)				
	Musical instruments	Audio equipment	Electronic devices	Others	Total
Amounts amortized in the year ended	**$50,151**	**$34,620**	**$—**	**$—**	**$84,780**
Balance as of March 31, 2016	**$ 1,003**	**$20,785**	**$—**	**$—**	**$21,796**

For the year ended March 31, 2015

	Millions of yen				
	Musical instruments	Audio equipment	Electronic devices	Others	Total
Amounts amortized in the year ended	¥1,452	¥1,460	¥—	¥—	¥ 2,913
Balance as of March 31, 2015	¥5,779	¥6,400	¥—	¥—	¥12,179

(f) Information on gain on negative goodwill by reporting segment

None

28 Amounts per Share

Years ended March 31	Yen 2016	Yen 2015	U.S. dollars (Note 4) 2016
Net income per share:			
Basic	**¥168.90**	¥128.75	**$1.50**

As of March 31	Yen 2016	Yen 2015	U.S. dollars (Note 4) 2016
Net assets per share	**¥1,601.55**	¥1,787.42	**$14.21**

Basic net income per share is computed based on the net income and the weighted-average number of shares of common stock outstanding during each year. Diluted net income per share for the years ended March 31, 2016 and 2015 has not been presented because there were no potentially dilutive securities at March 31, 2016 and 2015.

Net assets per share are based on the number of shares of common stock outstanding at each balance sheet date.

The basic net income per share is calculated as follows:

Years ended March 31	Millions of yen 2016	Millions of yen 2015	Thousands of U.S. dollars (Note 4) 2016
Basic net income per share:			
Net income	**¥32,633**	¥24,929	**$289,608**
Amounts not attributable to shareholders of common stock	**—**	—	**—**
Net income attributable to shareholders of common stock	**32,633**	24,929	**289,608**
Weighted-average number of shares outstanding (shares)	**193,210,820**	193,625,357	**—**

29 Short-Term Loans Payable and Long-Term Debt

Short-term and long-term loans payable, lease obligations, and guarantee deposits as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Short-term loans payable	**¥8,409**	¥11,748	**$74,627**
Current portion of long-term loans payable	**30**	28	**266**
Current portion of lease obligations	**27**	64	**240**
Long-term loans payable	**71**	92	**630**
Lease obligations	**328**	332	**2,911**
Guarantee deposits	**48**	48	**426**
Total	**¥8,915**	¥12,313	**$79,118**

The annual weighted-average interest rates applicable to above short-term loans payable and long-term debt at March 31, 2016 were as follows:

	2016
Short-term loans payable	**1.3%**
Current portion of long-term loans payable	**1.9%**
Long-term loans payable	**1.8%**
Guarantee deposits	**1.2%**

Note: The average interest rate shown above is the weighted average of the interest rates on loans calculated by using the balance of such obligations outstanding at the end of the year. For lease obligations, no average interest rate is shown because the amounts in the consolidated balance sheet include the amounts corresponding to interest paid from total lease payments.

The assets pledged as collateral for long-term loans payable and certain other current liabilities at March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2016	2015	2016
Property, plant and equipment, net of accumulated depreciation	**¥—**	¥13	**$—**

The above assets were pledged as collateral for "Long-term loans payable" of ¥14 million at March 31, 2015.

30 Related Party Transactions

None

31 Subsequent Events

None