

YAMAHA CORPORATION

Flash Report Consolidated Basis (Japanese GAAP) Results for the First Quarter of the Fiscal Year Ending March 31, 2014 (April 1, 2013—June 30, 2013)

July 31, 2013

Company name:	YAMAHA CORPORATION (URL http://www.yamaha.com)
Code number:	7951
Stock listing:	Tokyo Stock Exchange (First Section)
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Scheduled date to submit Quarterly Securities Report:	August 9, 2013
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 FY2014.3 (April 1, 2013—June 30, 2013)

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
First quarter of FY2014.3	¥97,004	7.7%	¥6,164	45.0%	¥6,290	65.9%
First quarter of FY2013.3	¥90,028	2.4%	¥4,251	37.0%	¥3,792	37.2%

Note: Comprehensive income: **First quarter of FY2014.3** ¥11,945 million, —%
First quarter of FY2013.3 ¥(13,098) million, —%

	Net income		Net income per share	Net income per share after full dilution
	Millions of yen	% change from the previous year	Yen	Yen
First quarter of FY2014.3	¥5,818	121.1%	¥30.05	—
First quarter of FY2013.3	¥2,631	421.9%	¥13.59	—

(2) Consolidated Financial Data

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First quarter of FY2014.3 (As of June 30, 2013)	¥402,076	¥237,045	58.3%	¥1,210.01
FY2013.3 (As of March 31, 2013)	¥390,610	¥229,636	58.1%	¥1,171.67

(For reference) Shareholders' equity: **First quarter of FY2014.3** ¥234,294 million FY2013.3 ¥226,872 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
FY2013.3	—	¥5.00	—	¥5.00	¥10.00
FY2014.3	—				
FY2014.3 (Forecast)		¥7.50	—	¥7.50	¥15.00

Note: Revisions from recently announced dividend forecast: None

3. Consolidated Financial Forecasts for FY2014.3 (April 1, 2013—March 31, 2014)

(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 FY2014.3	¥196,500	11.1%	¥11,500	68.8%	¥11,000	80.1%
FY2014.3	¥408,000	11.2%	¥20,000	117.0%	¥18,500	115.6%

	Net income		Net income per share
	Millions of yen	% change from the previous year	Yen
Second quarter accumulation of FY2014.3	¥10,000	198.5%	¥51.64
FY2014.3	¥16,500	300.3%	¥85.21

Note: Revisions from recently announced performance forecast: Yes

Footnote Items

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

Note: For further details, please refer to the “1. Summary Information (Footnote Item), (1) Changes in accounting principles, changes in accounting estimates, and changes in presentation due to revisions” section of the attachment on page 2.

(4) Number of shares issued (common shares)

(a) Number of shares issued at the end of the period (including treasury stock)	First quarter of FY2014.3	197,255,025 shares	FY2013.3	197,255,025 shares
(b) Number of treasury stock at the end of the period	First quarter of FY2014.3	3,624,829 shares	FY2013.3	3,623,885 shares
(c) Average number of shares issued during the period (quarterly accumulation period)	First quarter of FY2014.3	193,630,695 shares	First quarter of FY2013.3	193,642,646 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, 2014 (FY2014.3) and Outlook for Performance for the Full Fiscal Year,” which was released today (July 31, 2013).

For the consolidated financial forecasts for FY2014.3, please refer to “Announcement of Revision in Forecast for Performance,” which was released today (July 31, 2013).

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

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1. Summary Information (Footnote Item)

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

(Changes in Accounting Principles)

The “Accounting Standards for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012, hereinafter referred to as the “Retirement Benefits Accounting Standards”) and the “Guidance on the Accounting Standards for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012) became applicable at the beginning of the consolidated fiscal year which started April 1, 2013. These accounting standards, etc. were applied from the first quarter of this fiscal year. Consequently, the amount of retirement benefits obligations minus pension assets was recorded as net defined benefit liabilities, and the unrecognized actuarial loss and unrecognized past service costs were also recorded in net defined benefit liabilities. In addition, the calculation method regarding retirement benefits obligations and service costs was reviewed and the obligations are recognized in the period in which the benefit was earned by the employees rather than by the proportional attribution method. In addition, the discount rate was changed.

With regard to the application of the retirement benefits accounting standards, etc., in accordance with the progressive treatment stipulated in Section 37 of the retirement benefits accounting standards, the amount of retirement benefits obligations minus pension assets was recorded as net defined benefit liabilities. The amount of financial impact resulting from this recording was added to, or deducted from, remeasurements of defined benefit plans in accumulated other comprehensive income. In addition, the amount of financial impact resulting from changes of the calculation method for retirement benefits obligations and past service costs was added to, or deducted from, retained earnings.

As a result, accumulated other comprehensive income at the beginning of the first quarter of the consolidated fiscal year decreased by ¥10,716 million and accumulated retained earnings increased by ¥7,062 million. Please note that effects of these changes on consolidated income (loss) and segment information in the consolidated financial statements accumulated through the end of the first quarter were not material.

(2) Additional information

(Classification of costs of sales and selling, general and administrative expenses)

Along with the organizational reform, the manufacturing functions of divisions of the Company and consolidated production subsidiaries were reviewed. As a result, a part of the amounts that had been recorded as selling, general and administrative expenses was recorded as the cost of sales from the first quarter of the fiscal year.

Based on this change, the cost of sales in the first quarter of the fiscal year increased by ¥1,219 million and gross profit decreased by the same amount compared to the previous method. Also, selling, general and administrative expenses decreased by ¥1,569 million and operating income increased by ¥350 million.

The amount of financial impact on business segments is stated in the Segment Information section.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	First quarter of FY2014.3 (as of June 30, 2013)	FY2013.3 (as of March 31, 2013)
ASSETS		
Current assets		
Cash and deposits	¥ 52,149	¥ 51,445
Notes and accounts receivable—trade	53,578	52,069
Short-term investment securities	—	250
Merchandise and finished goods	61,557	54,647
Work in process	14,541	14,090
Raw materials and supplies	13,828	13,276
Other	13,049	13,211
Allowance for doubtful accounts	(1,272)	(1,088)
Total current assets	<u>207,432</u>	<u>197,902</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	36,737	36,845
Machinery, equipment and vehicles, net	12,011	11,887
Tools, furniture and fixtures, net	9,852	9,518
Land	49,700	49,634
Lease assets, net	327	336
Construction in progress	1,780	2,104
Total property, plant and equipment	<u>110,409</u>	<u>110,325</u>
Intangible assets	3,318	3,224
Investments and other assets		
Investment securities	72,798	71,568
Other	8,476	8,181
Allowance for doubtful accounts	(358)	(591)
Total investments and other assets	<u>80,916</u>	<u>79,157</u>
Total noncurrent assets	<u>194,644</u>	<u>192,707</u>
Total assets	<u>¥402,076</u>	<u>¥390,610</u>

(Millions of yen)

	First quarter of FY2014.3 (as of June 30, 2013)	FY2013.3 (as of March 31, 2013)
LIABILITIES		
Current liabilities		
Notes and accounts payable—trade	¥ 22,910	¥ 20,339
Short-term loans payable	13,271	9,360
Current portion of long-term loans payable	233	486
Accounts payable—other and accrued expenses	23,746	31,309
Income taxes payable	1,841	1,582
Provision	2,719	2,710
Other	7,118	5,761
Total current liabilities	<u>71,840</u>	<u>71,550</u>
Noncurrent liabilities		
Long-term loans payable	157	165
Provision for retirement benefits	—	41,148
Net defined benefit liabilities	44,386	—
Other	48,646	48,108
Total noncurrent liabilities	<u>93,190</u>	<u>89,422</u>
Total liabilities	<u>165,031</u>	<u>160,973</u>
NET ASSETS		
Shareholders' equity		
Capital stock	28,534	28,534
Capital surplus	40,054	40,054
Retained earnings	152,665	140,473
Treasury stock	(3,700)	(3,699)
Total shareholders' equity	<u>217,554</u>	<u>205,363</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	35,783	34,810
Deferred gains or losses on hedges	114	(41)
Revaluation reserve for land	17,184	17,184
Foreign currency translation adjustment	(26,045)	(30,443)
Remeasurements of defined benefit plans	(10,296)	—
Total accumulated other comprehensive income	<u>16,740</u>	<u>21,508</u>
Minority interests	<u>2,750</u>	<u>2,764</u>
Total net assets	<u>237,045</u>	<u>229,636</u>
Total liabilities and net assets	<u>¥402,076</u>	<u>¥390,610</u>

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

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

(Millions of yen)

	First quarter of FY2014.3 (April 1, 2013–June 30, 2013)	First quarter of FY2013.3 (April 1, 2012–June 30, 2012)
Net sales	¥97,004	¥90,028
Cost of sales	61,222	57,071
Gross profit	35,782	32,957
Selling, general and administrative expenses	29,617	28,706
Operating income	6,164	4,251
Non-operating income		
Interest income	130	98
Dividends income	252	230
Foreign exchange gains	247	—
Other	210	179
Total non-operating income	841	507
Non-operating expenses		
Sales discounts	532	436
Foreign exchange losses	—	354
Other	183	175
Total non-operating expenses	715	966
Ordinary income	6,290	3,792
Extraordinary income		
Gain on sales of noncurrent assets	14	17
Gain on sales of investment securities	987	—
Total extraordinary income	1,002	17
Extraordinary losses		
Loss on retirement of noncurrent assets	38	24
Loss on valuation of investment securities	—	28
Loss on valuation of investments in capital of subsidiaries and affiliates	—	62
Total extraordinary losses	38	114
Income before income taxes and minority interests	7,254	3,695
Income taxes—current	1,511	979
Income taxes—deferred	10	(17)
Total income taxes	1,522	962
Income before minority interests	5,732	2,733
Minority interests in income (loss)	(85)	102
Net income	¥ 5,818	¥ 2,631

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

Consolidated Statements of Comprehensive Income

(Millions of yen)

	First quarter of FY2014.3 (April 1, 2013–June 30, 2013)	First quarter of FY2013.3 (April 1, 2012–June 30, 2012)
Income before minority interests	¥ 5,732	¥ 2,733
Other comprehensive income		
Valuation difference on available-for-sale securities	956	(10,543)
Deferred gains or losses on hedges	156	698
Foreign currency translation adjustments	4,688	(5,986)
Remeasurements of defined benefit plans	420	—
Share of other comprehensive income of associates accounted for using equity method	(7)	(0)
Total other comprehensive income	6,213	(15,832)
Comprehensive income	11,945	(13,098)
(Composition)		
Comprehensive income attributable to owners of the parent	11,873	(13,076)
Comprehensive income attributable to minority shareholders	¥ 72	¥ (22)

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 FY2014.3 (April 1, 2013–June 30, 2013)

1. Sales and Income by Reporting Segment

(Millions of yen)

	Musical instruments	Audio equipment	Electronic devices	Others	Total	Adjustments	Consolidated
Sales to external customers	¥62,581	¥23,477	¥4,647	¥6,298	¥97,004		¥97,004
Intersegment sales or transfers			134		134	¥(134)	
Total sales	¥62,581	¥23,477	¥4,782	¥6,298	¥97,139	¥(134)	¥97,004
Segment income	¥ 4,435	¥ 860	¥ 425	¥ 443	¥ 6,164		¥ 6,164

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

The sales adjustment item of ¥(134) 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. Item Related to Reporting Segment Change

Along with the corporate organizational reform, the name of the AV/IT business was changed to "Audio equipment" as of the first quarter. In addition, the segment classification was reviewed and professional audio equipment was moved from the "Musical instruments" business to the "Audio equipment" business.

Please note that segment information for the first quarter of the previous fiscal year was restated using the classification method after the change.

In addition, as stated in Additional information, along with the organizational reform, the manufacturing functions of divisions of the Company and consolidated production subsidiaries were reviewed. As a result, a part of the amounts that had been recorded as selling, general and administrative expenses were recorded as the cost of sales from the first quarter of the fiscal year.

As a result of these changes, income of the "Musical instruments" segment in the first quarter of the fiscal year increased by ¥263 million and income of the "Audio equipment" segment increased by ¥78 million compared to the previous method. Also, income of the "Electronic devices" segment increased by ¥3 million and income of "Others" increased by ¥4 million.

First quarter of FY2013.3 (April 1, 2012–June 30, 2012)

Sales and Income (Loss) by Reporting Segment

(Millions of yen)

	Musical instruments	Audio equipment	Electronic devices	Others	Total	Adjustments	Consolidated
Sales to external customers	¥58,818	¥20,515	¥3,860	¥6,834	¥90,028		¥90,028
Intersegment sales or transfers			211		211	¥(211)	
Total sales	¥58,818	¥20,515	¥4,071	¥6,834	¥90,240	¥(211)	¥90,028
Segment income (loss)	¥ 3,202	¥ 1,010	¥ (589)	¥ 627	¥ 4,251		¥ 4,251

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

The sales adjustment item of ¥(211) 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.

Reference Information

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

First quarter of FY2014.3 (April 1, 2013–June 30, 2013)

(Millions of yen)

	Japan	Overseas				Consolidated
		North America	Europe	Asia, Oceania, and other areas	Total	
Overseas sales	¥42,704	¥14,504	¥15,946	¥23,849	¥54,300	¥97,004
% of net sales	44.0%	15.0%	16.4%	24.6%	56.0%	100.0%

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

2. Main country and regional divisions:

North America: U.S.A., Canada

Europe: Germany, France, U.K.

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

First quarter of FY2013.3 (April 1, 2012–June 30, 2012)

(Millions of yen)

	Japan	Overseas				Consolidated
		North America	Europe	Asia, Oceania, and other areas	Total	
Overseas sales	¥45,398	¥11,692	¥13,095	¥19,841	¥44,630	¥90,028
% of net sales	50.4%	13.0%	14.6%	22.0%	49.6%	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 FY2014.3 (April 1, 2013–June 30, 2013)**

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania, and other areas	Total	Adjustments	Consolidated
Sales to external customers	¥46,148	¥14,383	¥16,020	¥20,451	¥ 97,004		¥97,004
Intersegment sales or transfers	37,239	157	661	21,484	59,543	¥(59,543)	
Total sales	¥83,388	¥14,541	¥16,682	¥41,936	¥156,548	¥(59,543)	¥97,004
Segment income	¥ 4,535	¥ 419	¥ 76	¥ 2,753	¥ 7,786	¥ (1,621)	¥ 6,164

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 ¥(59,543) million, which comprises eliminations of transactions among the Company’s business segments

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

First quarter of FY2013.3 (April 1, 2012–June 30, 2012)

(Millions of yen)

	Japan	North America	Europe	Asia, Oceania, and other areas	Total	Adjustments	Consolidated
Sales to external customers	¥48,530	¥11,588	¥13,055	¥16,854	¥ 90,028		¥90,028
Intersegment sales or transfers	31,901	154	269	17,746	50,071	¥(50,071)	
Total sales	¥80,431	¥11,743	¥13,325	¥34,600	¥140,100	¥(50,071)	¥90,028
Segment income	¥ 2,391	¥ 349	¥ 107	¥ 2,331	¥ 5,179	¥ (928)	¥ 4,251

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 ¥(50,071) million, which comprises eliminations of transactions among the Company’s business segments

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