

# YAMAHA CORPORATION

## Flash Report Consolidated Basis (Japanese GAAP) Results for the First Quarter of the Fiscal Year Ending March 31, 2015 (April 1, 2014—June 30, 2014)

July 31, 2014

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

**Code number:** 7951

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

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

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

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**Scheduled date to submit Quarterly Securities Report:** August 8, 2014

**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 FY2015.3 (April 1, 2014—June 30, 2014)

Figures of less than ¥1 million have been omitted.

#### (1) Consolidated Operating Results (Accumulation)

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	% change from the previous year	Millions of yen	% change from the previous year	Millions of yen	% change from the previous year
<b>First quarter of FY2015.3</b>	<b>¥99,601</b>	<b>2.7%</b>	<b>¥6,235</b>	<b>1.1%</b>	<b>¥5,854</b>	<b>(6.9)%</b>
First quarter of FY2014.3	¥97,004	7.7%	¥6,164	45.0%	¥6,290	65.9%

Note: Comprehensive income: **First quarter of FY2015.3** **¥5,685 million, (52.4)%**  
First quarter of FY2014.3 ¥11,945 million, —%

	Net income		Net income per share	Net income per share after full dilution
	Millions of yen	% change from the previous year	Yen	Yen
<b>First quarter of FY2015.3</b>	<b>¥4,077</b>	<b>(29.9)%</b>	<b>¥21.06</b>	—
First quarter of FY2014.3	¥5,818	121.1%	¥30.05	—

#### (2) Consolidated Financial Data

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
<b>First quarter of FY2015.3 (As of June 30, 2014)</b>	<b>¥443,864</b>	<b>¥276,022</b>	<b>61.5%</b>	<b>¥1,409.26</b>
FY2014.3 (As of March 31, 2014)	¥438,932	¥274,843	61.9%	¥1,403.12

(For reference) Shareholders' equity: **First quarter of FY2015.3** **¥272,869 million** FY2014.3 ¥271,681 million

## 2. Dividends

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

Note: Revisions from recently announced dividend forecast: None

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

(Percentage figures for the full fiscal year are changes from the previous year, 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 FY2015.3	¥204,500	3.5%	¥14,500	6.0%	¥14,000	3.9%
FY2015.3	¥430,000	4.8%	¥29,000	11.6%	¥28,000	7.1%

	Net income		Net income per share
	Millions of yen	% change from the previous year	Yen
Second quarter accumulation of FY2015.3	¥10,000	(20.0)%	¥51.65
FY2015.3	¥21,000	(8.3)%	¥108.46

Note: Revisions from recently announced performance forecast: Yes

### Footnote Items

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

(a) Number of shares issued at the end of the period (including treasury stock)	<b>First quarter of FY2015.3</b>	<b>197,255,025 shares</b>	FY2014.3	197,255,025 shares
(b) Number of treasury stock at the end of the period	<b>First quarter of FY2015.3</b>	<b>3,628,559 shares</b>	FY2014.3	3,628,117 shares
(c) Average number of shares issued during the period (quarterly accumulation period)	<b>First quarter of FY2015.3</b>	<b>193,626,657 shares</b>	First quarter of FY2014.3	193,630,695 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, 2015 (FY2015.3) and Outlook for Performance for the Full Fiscal Year," which was released today (July 31, 2014).

### Revisions to Earnings Forecasts

Considering results in the first quarter of FY2015.3, expected business conditions, and foreign currency fluctuations, consolidated performance forecasts through the second quarter accumulation of FY2015.3 have been revised as follows: consolidated net sales of ¥204.5 billion, consolidated operating income of ¥14.5 billion, consolidated ordinary income of ¥14.0 billion, and consolidated net income of ¥10.0 billion. Consolidated performance forecasts for the full fiscal year are left unchanged.

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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## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	First quarter of FY2015.3 (as of June 30, 2014)	FY2014.3 (as of March 31, 2014)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	¥ 61,421	¥ 60,558
Notes and accounts receivable—trade	53,752	57,890
Merchandise and finished goods	60,718	55,653
Work in process	12,326	14,013
Raw materials and supplies	16,032	13,023
Other	14,833	14,527
Allowance for doubtful accounts	(1,348)	(1,179)
Total current assets	217,735	214,487
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings and structures, net	35,424	36,238
Machinery, equipment and vehicles, net	12,335	12,800
Tools, furniture and fixtures, net	9,210	9,265
Land	49,585	49,595
Lease assets, net	344	315
Construction in progress	3,083	1,768
Total property, plant and equipment	109,983	109,984
Intangible assets		
Goodwill	12,287	279
Other	3,139	3,027
Total intangible assets	15,426	3,307
Investments and other assets		
Investment securities	92,507	103,170
Other	8,338	8,116
Allowance for doubtful accounts	(127)	(133)
Total investments and other assets	100,718	111,154
Total noncurrent assets	226,128	224,445
<b>Total assets</b>	<b>¥443,864</b>	<b>¥438,932</b>

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

(Millions of yen)

	First quarter of FY2015.3 (as of June 30, 2014)	FY2014.3 (as of March 31, 2014)
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Notes and accounts payable—trade	¥ 23,606	¥ 21,595
Short-term loans payable	11,917	8,590
Current portion of long-term loans payable	32	32
Accounts payable—other and accrued expenses	27,932	31,805
Income taxes payable	2,231	2,786
Provision	2,662	2,682
Other	7,671	5,652
Total current liabilities	<u>76,055</u>	<u>73,145</u>
<b>Noncurrent liabilities</b>		
Long-term loans payable	124	133
Net defined benefit liabilities	35,705	36,450
Other	55,956	54,361
Total noncurrent liabilities	<u>91,786</u>	<u>90,944</u>
<b>Total liabilities</b>	<u>167,841</u>	<u>164,089</u>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Capital stock	28,534	28,534
Capital surplus	40,054	40,054
Retained earnings	167,978	168,338
Treasury stock	(3,706)	(3,705)
Total shareholders' equity	<u>232,861</u>	<u>233,222</u>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	48,616	45,540
Deferred gains or losses on hedges	99	(101)
Revaluation reserve for land	17,139	17,139
Foreign currency translation adjustment	(22,299)	(20,347)
Remeasurements of defined benefit plans	(3,547)	(3,771)
Total accumulated other comprehensive income	<u>40,008</u>	<u>38,459</u>
<b>Minority interests</b>	<u>3,152</u>	<u>3,161</u>
<b>Total net assets</b>	<u>276,022</u>	<u>274,843</u>
<b>Total liabilities and net assets</b>	<u>¥443,864</u>	<u>¥438,932</u>

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

(Millions of yen)

	<b>First quarter of FY2015.3</b> <b>(April 1, 2014–June 30, 2014)</b>	First quarter of FY2014.3 (April 1, 2013–June 30, 2013)
<b>Net sales</b>	<b>¥99,601</b>	¥97,004
<b>Cost of sales</b>	<b>61,327</b>	61,222
Gross profit	<b>38,274</b>	35,782
<b>Selling, general and administrative expenses</b>	<b>32,038</b>	29,617
Operating income	<b>6,235</b>	6,164
<b>Non-operating income</b>		
Interest income	<b>168</b>	130
Dividends income	<b>246</b>	252
Foreign exchange gains	—	247
Other	<b>159</b>	210
Total non-operating income	<b>574</b>	841
<b>Non-operating expenses</b>		
Sales discounts	<b>564</b>	532
Foreign exchange losses	<b>218</b>	—
Other	<b>172</b>	183
Total non-operating expenses	<b>955</b>	715
Ordinary income	<b>5,854</b>	6,290
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	<b>18</b>	14
Gain on sales of investment securities	—	987
Total extraordinary income	<b>18</b>	1,002
<b>Extraordinary losses</b>		
Loss on retirement of noncurrent assets	<b>30</b>	38
Total extraordinary losses	<b>30</b>	38
<b>Income before income taxes and minority interests</b>	<b>5,842</b>	7,254
<b>Income taxes—current</b>	<b>1,703</b>	1,511
<b>Income taxes—deferred</b>	<b>(67)</b>	10
<b>Total income taxes</b>	<b>1,635</b>	1,522
<b>Income before minority interests</b>	<b>4,206</b>	5,732
<b>Minority interests in income (loss)</b>	<b>129</b>	(85)
<b>Net income</b>	<b>¥ 4,077</b>	¥ 5,818

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

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	First quarter of FY2015.3 (April 1, 2014–June 30, 2014)	First quarter of FY2014.3 (April 1, 2013–June 30, 2013)
<b>Income before minority interests</b>	<b>¥4,206</b>	¥ 5,732
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,070	956
Deferred gains or losses on hedges	200	156
Foreign currency translation adjustments	(2,022)	4,688
Remeasurements of defined benefit plans	224	420
Share of other comprehensive income of associates accounted for using equity method	5	(7)
Total other comprehensive income	<u>1,478</u>	<u>6,213</u>
<b>Comprehensive income</b>	<b>5,685</b>	11,945
(Composition)		
Comprehensive income attributable to owners of the parent	5,605	11,873
Comprehensive income attributable to minority shareholders	¥ 80	¥ 72

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

1. Sales and Income by Reporting Segment

(Millions of yen)

	Musical instruments	Audio equipment	Electronic devices	Others	Total	Adjustments	Consolidated
Sales to external customers	¥65,710	¥24,309	¥3,818	¥5,762	¥99,601		¥99,601
Intersegment sales or transfers			161		161	¥(161)	
Total sales	¥65,710	¥24,309	¥3,980	¥5,762	¥99,762	¥(161)	¥99,601
Segment income (loss)	¥ 5,800	¥ 613	¥ (217)	¥ 38	¥ 6,235		¥ 6,235

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

The sales adjustment item of ¥(161) million, which comprises eliminations of transactions among the Company's business segments

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

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

**(Material changes in goodwill amount)**

Line 6, Inc. and its subsidiaries was newly consolidated from the first quarter of FY2015.3 due to the increase in their materiality.

In the Musical instruments business, goodwill was recognized from this consolidation and increased by ¥5,640 million in the first quarter of FY2015.3

Revolabs, Inc. and its subsidiaries was newly consolidated from the first quarter of FY2015.3 due to the increase in their materiality.

In the Audio equipment business, goodwill was recognized from this consolidation and increased by ¥6,388 million in the first quarter of FY2015.3

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

**(Material changes in goodwill amount)**

None

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

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

(Millions of yen)

	Japan	Overseas				Consolidated
		North America	Europe	Asia, Oceania, and other areas	Total	
Net sales	¥41,098	¥16,955	¥17,563	¥23,983	¥58,503	¥99,601
% of net sales	41.3%	17.0%	17.6%	24.1%	58.7%	100.0%

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

2. Main country and regional divisions:

North America: U.S.A., Canada

Europe: Germany, France, U.K.

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

**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	
Net 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

**(Sales Information Based on Group Locations Where Sales Take Place)****First quarter of FY2015.3 (April 1, 2014–June 30, 2014)**

(Millions of yen)

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

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

2. Main country and regional divisions:

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

3. The item “Adjustments” contains the following:

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

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

**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.