

We provide this document for the convenience of investors. This includes excerpts from our earnings report for the three months ended June 30, 2011 with the Tokyo Stock exchange on August 5, 2011.

August 5, 2011

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 Listing exchange: Tokyo Stock Exchange (Code Number: 6976)

## Consolidated Results for the Three Months Ended June 30, 2011 (April 1, 2011 – June 30, 2011)

Unit: Millions of yen (Millions of yen rounded down unless otherwise stated)

### Overview of Operating Results

Item	Period	Three months ended June 30, 2010		Three months ended June 30, 2011		Increase/Decrease	
		Amount	Share[%]	Amount	Share[%]	Amount	[%]
Net sales		54,948	100.0	47,035	100.0	(7,912)	(14.4)
Operating income		3,760	6.8	(658)	(1.4)	(4,418)	-
Ordinary income		3,467	6.3	(1,295)	(2.8)	(4,762)	-
Income (loss) before income taxes and minority interests		4,374	8.0	(1,347)	(2.9)	(5,722)	-
Net income (loss)		3,575	6.5	(1,707)	(3.6)	(5,283)	-
Comprehensive Income		(2,035)	-	(2,899)	-	(864)	-
Net income (loss) per share [Yen]		30.40		(14.53)			
Diluted net income per share [Yen]		29.05		-			
R&D expenses		2,034		1,994		(39)	(1.9)
Capital investment		6,326		9,808		3,481	55.0
Depreciation and amortization		4,838		4,295		(542)	(11.2)

Notes:

- Share data is computed as a ratio of net sales.
- Although diluted shares exist for the period of three months ended June 30, 2011, diluted net income per share is not disclosed since there is net loss per share for the period.

Item	As of March 31, 2010	As of June 30, 2011	Increase/Decrease	
			Amount	[%]
Total assets	221,272	225,002	3,729	1.7
Net assets	127,626	124,142	(3,483)	(2.7)
Equity ratio	57.4%	54.9%	(2.5)pt	-
Net assets per share [Yen]	1,080.61	1,050.90	(29.71)	(2.7)

### Net Sales by Product Classification

Product classification	Three months ended June 30, 2010		Three months ended June 30, 2011		Increase/Decrease	
	Amount	Share[%]	Amount	Share[%]	Amount	[%]
Capacitors	26,689	48.6	23,057	49.0	(3,631)	(13.6)
Ferrite and applied products	8,190	14.9	7,351	15.7	(839)	(10.2)
Modules	8,848	16.1	7,428	15.8	(1,419)	(16.0)
Other electronic components	3,960	7.2	3,627	7.7	(332)	(8.4)
Electronic components	47,688	86.8	41,464	88.2	(6,223)	(13.1)
Optical media products	5,550	10.1	3,762	8.0	(1,788)	(32.2)
Others	1,709	3.1	1,808	3.8	99	5.8
Optical media and others	7,260	13.2	5,571	11.8	(1,688)	(23.3)

# Consolidated Results for the three months ended June 30, 2011

August 5, 2011

Preparation of supplementary materials for the quarterly financial results: Yes  
Holding of presentation of quarterly financial results: Yes (For institutional investors and investment analysts)

## 1. Consolidated financial results for the period from April 1, 2011 to June 30, 2011

(1) Operating results (Percentages represent changes from the same period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2011	47,035	(14.4)	(658)	→	(1,295)	→	(1,707)	→
Three months ended June 30, 2010	54,948	29.0	3,760	→	3,467	→	3,575	→

Note: Comprehensive income ended on June 30, 2011 (2,899) million yen (-%) ended on June 30, 2010 (2,035) million yen (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2011	(14.53)	—
Three months ended June 30, 2010	30.40	29.05

## (2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2011	225,002	124,142	54.9	1,050.90
As of March 31, 2011	221,272	127,626	57.4	1,080.61

(Reference) Shareholder's equity As of June 30, 2011 123,570 million yen As of March 31, 2011 127,065 million yen

## 2. Dividend information

	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2011	—	5.00	—	5.00	10.00
Year ending March 31, 2012	—				
Year ending March 31, 2012 (forecast)		5.00	—	5.00	10.00

Note: No changes in the forecasted dividend during the first quarter ended June 30, 2011.

3. Forecasts of operating results for the period from April 1, 2011 to March 31, 2012.

(Percentages represent changes from same period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2011	98,000	(13.2)	0	-	(1,400)	-	(2,500)	-	(21.26)
Year ending March 31, 2012	212,000	0.8	6,500	(26.1)	4,600	(31.8)	300	-	2.55

Note: There are changes in the forecasted results during the first quarter ended June 30, 2011.

4. Other

(1) Changes in principal subsidiaries during the three months ended June 30, 2011: No

(2) Adoption of specific accounting procedures for quarterly consolidated reporting: No.

(3) Changes in accounting policies and accounting estimates, and restatements

a. Changes in accounting policies due to the revision of accounting standards: No

b. Changes in accounting policies by other reasons factor.: No

c. Changes in accounting estimates: No.

d. Restatement: No

(4) Number of common shares outstanding :

a. Number of common shares outstanding (including treasury stock):

As of June 30, 2011 120,481,395 shares As of March 31, 2011 120,481,395 shares

b. Number of treasury stock:

As of June 30, 2011 2,896,061 shares As of March 31, 2011 2,894,450 shares

c. Average number of common shares outstanding:

Three months ended June 30, 2011 117,586,031 shares Three months ended June 30, 2010 117,607,064 shares

Note:

1. This financial press release is out of scope of the audit procedure based on the Financial Instruments and Exchange Act in Japan. As of time of press release date, the quarterly review procedure is ongoing.

2. Forecasts of operating results include a number of assumptions based on information currently available and certain premises which were judged to be rational. Please note that these forecasts may significantly differ from actual results with various factors.

3. TAIYO YUDEN will post the financial supplementary data for on its web-site.

# Qualitative Information Concerning Financial Statements and Other

## 1. Qualitative Information Concerning Consolidated Operating Results

During the three months ended June 30, 2011 of the fiscal year ending March 31, 2012, Japan's economy began to show signs of a gradual recovery, despite production activities being impeded due to problems with the power supply attributable to the nuclear power plant accident and disruptions in the supply chain caused by the Great East Japan Earthquake. Although a gradual recovery continues in the global economy, the heightened level of unemployment in the United States, growing seriousness of the financial crisis in certain parts of Europe, and tightening of monetary policies by emerging countries such as China have caused uncertainty toward the future. Within the electronics industry, the smartphone market has grown steadily, but inventory adjustments continue for PCs and LCD panels, indicating demand for electronic components maintained a weak undertone.

Under these circumstances, we undertook specific measures across each of its five business classifications. Brief details are as follows.

**In Capacitors**, we placed considerable weight on efforts to bolster our business and operating structures. In specific terms, steps were mainly taken to promote productivity enhancements as the means to reduce input costs with respect to their mainstay multilayer product lineup. At the same time, we worked diligently to expand sales by pursuing various initiatives including new market cultivation.

**In Ferrite and Applied Products**, we strove to increase sales and secure a stable supply of wire-wound inductors for power circuits used in digital equipment.

**Turning to the Modules classification**, we took steps to strengthen our *Bluetooth*<sup>®</sup> and wireless LAN combination modules while at the same time actively advancing promotions.

**In Other Electronic Components**, the Companies augmented production capacity of SAW/FBAR devices for the mobile phone market, including smartphones, and strived to build a structure for expanding sales and providing a stable supply of products.

**As for Optical Media Products**, the Companies embarked on structural reforms during the previous fiscal year and strengthened initiatives aimed at returning to the black.

Consolidated net sales for the three-month period ended June 30, 2011 amounted to ¥47,035 million, a decline of 14.5% compared with the corresponding period of the previous fiscal year. The Companies incurred

an operating loss of ¥658 million, compared to an operating profit of ¥3,760 million for the same period of the previous fiscal year, and an ordinary loss of ¥1,295 million compared to an ordinary profit of ¥3,467 million for the corresponding period of the previous fiscal year. The Companies incurred a net loss of ¥1,707 million compared with a net income of ¥3,575 million in the same period of the previous fiscal year.

The average foreign currency exchange rate for the three months ended June 30, 2011 was US\$1: ¥82.17. Compared with US\$1: ¥91.89 in the previous fiscal year, the value of the yen appreciated ¥9.72.

## **Net sales information by product classification**

### *Electronic Components*

#### **Capacitors**

Beginning with multilayer ceramic capacitors, we are engaged in the manufacture and sale of a wide range of capacitor products.

In the three-month period ended June 30, 2011, classification sales for capacitors declined by 13.6% compared with the corresponding period of the previous fiscal year to ¥23,057 million. This was attributed to a drop in sales for consumer productions, such as TVs, information productions, such as PCs, and electronic components, such as those used in LCD panels, despite a year-on-year rise in sales for communication equipment, including smart phones.

#### **Ferrite and applied products**

This product classification comprises ferrite cores and their applied products including various inductors.

Classification sales for the three months ended June 30, 2011 were ¥7,351 million, or a year-on-year decrease of 10.2%, as product sales for all equipment types were down across the board compared to the corresponding period of the previous fiscal year.

#### **Modules**

The modules product classification comprises a wide range of power supply and high frequency modules.

For the three-month period ended June 30, 2011, sales of power supply and high frequency modules declined compared with the corresponding period of the previous fiscal year. As a result, module sales were down 16.0% year on year to ¥7,428 million for the period under review.

**Other electronic components**

This classification is made up of electronic components not included in the aforementioned classifications.

The principal items within this classification include such SAW/FBAR devices as SAW filters. Sales for the three-month period ended June 30, 2011 declined 8.4% year on year to ¥3,627 million.

***Optical media and others*****Optical media products**

In this product classification, we are active in the manufacture and sale of CD-R, DVD-R/DVD+R as well as recordable Blu-ray Disc (BD-R).

In the three-month period ended June 30, 2011, sales of CD-Rs, DVD-Rs/DVD+Rs and BD-Rs decreased compared with the corresponding period of the previous fiscal year, as classification sales fell 32.2% year on year to ¥3,762 million.

**Others**

Sales in this segment primarily come from the mounting business of a subsidiary company. For the three-month period ended June 30, 2011, sales in this segment rose 5.8% year on year to ¥1,808 million.

## **2. Qualitative Information Concerning Consolidated Financial Condition**

### **(1) Changes in Financial Condition**

Total assets as of the end of the three-month period ended June 30, 2011 increased ¥3,729 million compared with the end of the previous fiscal year. Major movements included a decrease in current assets by ¥719 million. The principal factor for this was an increase in merchandise and finished products of ¥1,355 million, a rise in works in process of ¥1,420 million and a decrease in cash and deposits of ¥4,376 million. Fixed assets increased by ¥4,449 million due largely to a rise in property, plant and equipment of ¥4,856 million.

Total liabilities as of the end of the three-month period ended June 30, 2011 increased ¥7,213 million. This was mainly attributable to an increase in trade notes and accounts payable of ¥3,603 million, an increase in short-term borrowings of ¥3,069 million, a decrease in long-term borrowings with less than one-year remaining until the repayment date of ¥4,287 million, and an increase in long-term borrowings of ¥3,715 million.

Net assets as of the end of the three-month period ended March 31, 2011 declined ¥3,483 million.

### **(2) Cash Flows**

Net cash provided by operating activities for the three-month period ended June 30, 2011 amounted to ¥1,531 million, a decrease of 80.9% compared with the corresponding period of the previous fiscal year. Major cash inflows were depreciation and amortization of ¥4,295 million and an increase in trade receivables of ¥617 million. Principal cash outflows included a net loss before taxes and minority interests of ¥1,347 million, an increase in inventory assets of ¥3,982 million and an increase in accounts payable of ¥4,225 million.

Net cash used in investing activities for the three-month period ended June 30, 2011 totaled ¥7,292 million, an increase of 139.4% compared with the corresponding period of the previous fiscal year. The largest cash outflow was ¥7,315 million paid for purchases of property, plant and equipment.

Net cash provided by financing activities for the three-month period ended June 30, 2011 totaled ¥1,712 million, compared with net cash used in financing activities of ¥1,565 million for the corresponding period of the previous fiscal year. The main factors for this included a net increase in short-term borrowings of ¥3,112 million and payment of cash dividends of ¥588 million.

As a result of aforementioned activities, cash and cash equivalent as of June 30, 2011 decreased ¥4,387 million from the end of the previous fiscal year, to ¥34,424 million.



### **3. Qualitative Information Concerning Forecasts of Consolidated Operating Results**

Taking into consideration the Companies' consolidated performance for the three-month period ended June 30, 2011, Taiyo Yuden revised its consolidated operating results forecasts for the full fiscal year ending March 31, 2012, previously announced on May 12, 2011. For details and the revised figures, please refer to Taiyo Yuden's press release "Taiyo Yuden Revises Forecasts of Results," announced on August 5, 2011.

## 4.Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of June 30, 2011
<b>ASSETS</b>		
Current assets:		
Cash and deposits	39,957	35,581
Trade notes and accounts receivable	41,190	41,134
Merchandise and finished products	13,275	14,630
Work in process	9,318	10,739
Raw materials and supplies	9,893	10,766
Other	6,156	6,227
Allowance for doubtful receivables	(216)	(223)
Total current assets	119,575	118,855
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	62,069	62,096
Machinery and equipment	179,944	184,505
Tools, furniture and fixtures	17,648	17,776
Land	7,715	7,715
Construction in progress	10,742	12,066
Accumulated depreciation	(190,517)	(191,700)
Net property, plant and equipment	87,602	92,458
Intangible fixed assets:		
Goodwill	2,646	2,435
Other	784	759
Total intangible fixed assets	3,430	3,194
Investments and other assets:		
Investment securities	4,677	4,533
Other	6,237	6,200
Allowance for doubtful receivables	(250)	(242)
Total investments and other assets	10,664	10,492
Total fixed assets	101,696	106,146
Total assets	221,272	225,002

(Millions of yen)

	As of March 31, 2011	As of June 30, 2011
<b>LIABILITIES</b>		
Current liabilities:		
Trade notes and accounts payable	17,047	20,651
Short-term borrowings	2,996	6,065
Current portion of long-term borrowings	12,539	8,252
Income taxes payable	1,120	733
Accrued bonuses for employees	2,951	1,518
Accrued bonuses for directors	46	13
Other	18,699	21,887
Total current liabilities	55,402	59,121
Long-term liabilities:		
Convertible bonds with stock acquisition rights	20,000	20,000
Long-term borrowings	9,469	13,184
Accrued retirement benefits for employees	3,400	3,521
Accrued retirement benefits for directors and corporate auditors	136	137
Negative goodwill	51	46
Other	5,185	4,847
Total long-term liabilities	38,244	41,737
Total liabilities	93,646	100,859
<b>NET ASSETS</b>		
Shareholders' equity:		
Common stock	23,557	23,557
Capital surplus	41,471	41,471
Retained earnings	89,301	87,005
Treasury stock	(3,620)	(3,622)
Total shareholders' equity	150,709	148,411
Total Accumulated Other Comprehensive Income		
Net unrealized holding gains on securities	381	267
Deferred gains (losses) on hedges	(49)	(8)
Foreign currency translation adjustments	(23,975)	(25,099)
Accumulated Other Comprehensive Income	(23,643)	(24,841)
Stock acquisition rights	287	287
Minority interests	272	284
Total net assets	127,626	124,142
Total liabilities and net assets	221,272	225,002

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

(Consolidated Statements of Operations)

(Three months ended June 30, 2011)

(Millions of yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011
Net sales	54,948	47,035
Cost of sales	41,697	38,659
Gross profit	13,251	8,376
Selling, general and administrative expenses	9,491	9,034
Operating income (loss)	3,760	(658)
Non-operating income:		
Interest income	45	42
Dividend income	27	34
Equity in earnings of affiliates	9	12
Other	64	54
Total non-operating income	146	143
Non-operating expenses:		
Interest expense	123	98
Loss on foreign exchange	64	484
Depreciation of inactive noncurrent assets	233	45
Other	16	151
Total non-operating expenses	438	780
Ordinary income (loss)	3,467	(1,295)
Extraordinary gains:		
Gain on sales of property, plant and equipment	926	6
Other	96	0
Total extraordinary gains	1,023	7
Extraordinary losses:		
Loss on disposal and sales of property, plant and equipment	71	58
Loss on adjustment for changes of accounting standard for asset retirement obligations	27	-
Other	17	1
Total extraordinary losses	116	59
Income (loss) before income taxes and minority interests	4,374	(1,347)
Income taxes – current	973	119
Income taxes – deferred	(185)	233
Total income taxes	788	353
Income (loss) before minority interests	3,586	(1,701)
Minority interests in income	11	6
Net income (loss)	3,575	(1,707)

(Consolidated Statements of Comprehensive Income)

(Three months ended June 30, 2011)

(Millions of yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011
Income (loss) before minority interests	3,586	(1,701)
Other comprehensive income		
Net unrealized holding gains (losses) on securities	(325)	(114)
Deferred gains (losses) on hedges	178	41
Foreign currency translation adjustments	(5,475)	(1,125)
Total other comprehensive income	(5,622)	(1,198)
Comprehensive income	(2,035)	(2,899)
(Breakdown)		
Comprehensive income (loss) attributable to shareholders	(2,045)	(2,906)
Comprehensive income (loss) attributable to minority interest	10	6

### (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011
<b>Operating activities:</b>		
Income (loss) before income taxes and minority interests	4,374	(1,347)
Depreciation and amortization	4,838	4,295
Amortization of goodwill	211	211
Amortization of negative goodwill	(5)	(5)
Increase (decrease) in allowance for doubtful receivables	(53)	2
Increase (decrease) in accrued bonuses for employees	(1,273)	(1,428)
Increase (decrease) in accrued bonuses for directors	(9)	(32)
Increase (decrease) in accrued retirement benefits for directors and corporate auditors	1	1
Interest and dividend income	(72)	(77)
Interest expense	123	98
Equity in earnings of affiliate	(9)	(12)
(Gain) loss on disposal and sales of property, plant and equipment	(855)	51
Loss on adjustment for changes of accounting standard for asset retirement obligations	27	-
(Increase) decrease in trade receivables	(2,253)	(617)
(Increase) decrease in inventories	(2,114)	(3,982)
Increase (decrease) in trade payables	5,150	4,225
Other	903	725
Subtotal	8,984	2,107
Interest and dividends received	66	76
Interest paid	(90)	(76)
Income taxes (paid) refunded	(925)	(576)
Net cash provided by operating activities	8,035	1,531
<b>Investing activities:</b>		
Net (increase) decrease in time deposits	(310)	(22)
Purchases of property, plant and equipment	(3,803)	(7,315)
Proceeds from sales of property, plant and equipment	1,085	44
Purchases of investment securities	(37)	-
Other	19	1
Net cash used in investing activities	(3,046)	(7,292)
<b>Financing activities:</b>		
Net increase (decrease) in short-term borrowings	(164)	3,112
Proceeds from long-term borrowings	-	4,000
Repayments of long-term borrowings	(572)	(4,572)
Purchases of treasury stock	(7)	(1)
Payments of cash dividends	(589)	(588)
Repayments of lease obligations	(231)	(242)
Proceeds from stock issuance to minority shareholders	-	5
Other	(0)	(1)
Net cash provided (used) by financing activities	(1,565)	1,712
Effect of exchange rate changes on cash and cash equivalents	(1,377)	(338)
Net increase (decrease) in cash and cash equivalents	2,046	(4,387)
Cash and cash equivalents at beginning of the year	40,451	38,811
Cash and cash equivalents at end of period	42,498	34,424

## 5. Supplementary Information

### Net Sales by Product Classification

(Millions of yen)

Product classification		Three months ended June 30, 2010		Three months ended June 30, 2011	
		Amount	Share [%]	Amount	Share [%]
	Capacitors	26,689	48.6	23,057	49.0
	Ferrite and applied products	8,190	14.9	7,351	15.7
	Modules	8,848	16.1	7,428	15.8
	Other electronic components	3,960	7.2	3,627	7.7
	Electronic components	47,688	86.8	41,464	88.2
	Optical media products	5,550	10.1	3,762	8.0
	Others	1,709	3.1	1,808	3.8
	Optical media and others	7,260	13.2	5,571	11.8
	Total	54,948	100.0	47,035	100.0