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

## Consolidated Results for the Nine Months Ended December 31, 2011 (April 1, 2011 – December 31, 2011)

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

### Overview of Operating Results

Item	Period		Nine months ended December 31, 2010		Nine months ended December 31, 2011		Increase/(Decrease)	
	Amount	Share[%]	Amount	Share[%]	Amount	Share[%]	Amount	[%]
Net sales	164,490	100.0	141,431	100.0	(23,058)		(14.0)	
Operating income	10,223	6.2	(4,234)	(3.0)	(14,457)		-	
Ordinary income	8,113	4.9	(5,889)	(4.2)	(14,002)		-	
Income (loss) before income taxes and minority interests	(408)	(0.2)	(6,869)	(4.9)	(6,460)		-	
Net income (loss)	(2,099)	(1.3)	(12,488)	(8.8)	(10,388)		-	
Comprehensive Income	(9,082)	-	(17,742)	-	(8,659)		-	
Net income (loss) per share [Yen]		(17.86)		(106.21)				
Diluted net income per share [Yen]		-		-				
R&D expenses		6,410		6,002	(408)		(6.4)	
Capital investment		15,579		19,328	3,748		24.1	
Depreciation and amortization		14,481		13,999	(482)		(3.3)	

Notes:

- Share data is computed as a ratio of net sales.
- Although diluted shares exist for the period of nine months ended December 31, 2010, and December 31, 2011, diluted net income per share is not disclosed since there is net loss per share for the period

	As of March 31, 2011		As of December 31, 2011		Increase/(Decrease)	
	Amount	Share[%]	Amount	Share[%]	Amount	[%]
Total assets	221,272		205,003		(16,268)	(7.4)
Net assets	127,626		108,808		(18,817)	(14.7)
Equity ratio	57.4%		52.9%		(4.5)pt	-
Net assets per share [Yen]	1,080.61		922.29		(158.32)	(14.7)

### Net Sales by Product Classification

Product classification	Nine months ended December 31, 2010		Nine months ended December 31, 2011		Increase/(Decrease)	
	Amount	Share[%]	Amount	Share[%]	Amount	[%]
Capacitors	79,147	48.1	66,053	46.7	(13,093)	(16.5)
Ferrite and applied products	23,809	14.5	21,635	15.3	(2,174)	(9.1)
Modules	25,525	15.5	22,211	15.7	(3,313)	(13.0)
Other electronic components	11,901	7.2	13,803	9.8	1,902	16.0
Electronic components	140,383	85.3	123,704	87.5	(16,679)	(11.9)
Optical media products	16,368	10.0	12,477	8.8	(3,890)	(23.8)
Others	7,738	4.7	5,249	3.7	(2,488)	(32.2)
Optical media and others	24,107	14.7	17,727	12.5	(6,379)	(26.5)
Total	164,490	100.0	141,431	100.0	(23,058)	(14.0)

# TAIYO YUDEN

# Consolidated Results for the nine months ended Dec. 31, 2011

February 10, 2012

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 December 31, 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	%
Nine months ended December 31, 2011	141,431	(14.0)	(4,234)	—	(5,889)	—	(12,488)	—
Nine months ended December 31, 2010	164,490	11.5	10,223	133.3	8,113	213.4	(2,099)	—

Note: Comprehensive income ended on December 31, 2011 (17,742) million yen ; -% ended on December 31, 2010 (9,082) million yen ; -%

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2011	(106.21)	—
Nine months ended December 31, 2010	(17.86)	—

## (2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2011	205,003	108,808	52.9	922.29
As of March 31, 2011	221,272	127,626	57.4	1,080.61

(Reference) Shareholder's equity As of December 31, 2011 108,444 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	—	2.50	—		
Year ending March 31, 2012 (forecast)				2.50	5.00

Note: No changes in the forecasted dividend announced as "Revised Dividends and Dividends Forecast" issued on November 9th, 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
Year ending March 31, 2012	189,000	(10.2)	(7,000)	-	(10,000)	-	(19,200)	-	(163.29)

Note: No changes in the forecasted results from the announcement issued on December 26, 2011.

4. Other

(1) Changes in principal subsidiaries during the nine months ended December 31, 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 the 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 December 31, 2011 120,481,395 shares As of March 31, 2011 120,481,395 shares

b. Number of treasury stock:

As of December 31, 2011 2,898,970 shares As of March 31, 2011 2,894,450 shares

c. Average number of common shares outstanding:

Nine months ended December 31, 2011 117,583,984 shares Nine months ended December 31, 2010 117,602,988 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 Information

## 1. Consolidated Operating Results

### Economy and Market Conditions

Financial results for the nine month period ending December 31, 2011 were influenced by several factors. The Japanese economy continues to recover from the Great East Japan Earthquake and resulting slump in production that followed. This recovery has been slowed due to the record setting appreciation of the Japanese Yen against major currencies. We also continue to see uncertainty and economic slowdown in developed countries due to Europe's financial crisis and slow growth in the United States economy hampered by sustained unemployment and the housing market slump. Markets in emerging countries continue to grow, centered on China; however economic uncertainty toward the future remains unchanged.

Within the electronics industry the smartphone market has grown steadily. To the contrary, there have been inventory adjustments continuing for PCs and LCD panels. Furthermore, production of hard disk drives and digital cameras was temporarily halted due to massive flooding in Thailand. This resulted in weakened demand for electronic components.

### Company Actions Planned to Offset these Conditions

TAIYO YUDEN CO., LTD. (the Company) has implemented a series of structural reforms and embarked on growth strategies needed to cope with the current and future business climate. We initiated a series of measures to reduce fixed costs, which included the maximized use of our overseas production sites, the elimination of unprofitable products, the restructuring of operations in Japan and overseas locations and the downsizing of staff levels. Further to these actions, a resolution was passed at the Company's board of directors' meeting on December 26, 2011 to implement an voluntary retirement program for employees.

### Overview of Each Business Category

#### Capacitors

- We promoted productivity enhancements to reduce input costs with respect to our mainstay multilayer product line-up.
- The Company worked to expand sales by pursuing various initiatives including new market development.

#### Ferrite and Applied Products

- Efforts were made to increase sales and secure a stable supply of wire-wound inductors for power circuits used in digital equipment.

#### **Modules**

- We actively pursued the promotion of high frequency modules and enhanced product strength in this business category.
- Production capacity and applications for embedded-parts multilayer wiring substrate “EOMIN®” was expanded.

#### **Other Electronic Components**

- We focused on increased production capacity of SAW/FBAR devices for the mobile phone market, including smartphones.
- We facilitated sales expansion through a stable supply of products.

#### **Optical Media Products**

- The Company continues to build on initiatives that further enhance the structural reforms made in the previous fiscal year to assure future profitability for this business category.

### **Third Quarter Cumulative Results**

Consolidated net sales for the nine-month period ended December 31, 2011 totaled ¥141,431 million, a 14.0% decline as compared to the same period in the previous fiscal year. The Company incurred an operating loss of ¥4,234 million, compared to an operating profit of ¥10,223 million in the same period of the previous fiscal year, and an ordinary loss of ¥5,889 million compared to an ordinary profit of ¥8,113 million for the first nine months of fiscal 2010. We incurred a net loss of ¥12,488 million compared with a net loss of ¥2,099 million in the same period of the previous fiscal year.

#### **Exchange Rate**

The average foreign currency exchange rate for the nine months ended December 31, 2011 was US\$1: ¥79.43. This marked a further appreciation of ¥8.21 compared with the average realized in the previous fiscal year of US\$1: ¥87.64.

#### **Net sales by product category**

##### ***Electronic Components***

##### **Capacitors**

The Company results included the manufacture and sale of a wide range of capacitor products. In the nine-month period ended December 31, 2011, capacitor sales declined by 16.5% to ¥66,053 million as compared to the same period in the last fiscal year. The Company realized a gain in the year on year sales in capacitor sales for communication equipment, which focused on smartphones. This was offset by a drop in sales in the consumer products market driven by reductions in the TV market, information equipment, i.e.

PCs, and the electronic components market, including LCD panels.

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

This product category is comprised of ferrite cores and the applied products include various inductors. Sales for the nine months ended December 31, 2011 were ¥21,635 million, a year-on-year decrease of 9.1%. Product sales for all equipment types were lower as compared to the corresponding period of the previous fiscal year.

#### **Modules**

The modules product group is comprised of a wide range of power supply and high frequency modules and embedded-parts multilayer wiring substrates, "EOMIN®". For the nine-month period ended December 31, 2011, module sales were down 13.0% year on year to ¥22,211 million. This was mainly driven by a decline in sales of power supply modules.

#### **Other electronic components**

This category is made up of electronic components not included in the aforementioned categories. For the nine-month period ended December 31, 2011, sales increased 16.0% to ¥13,803 million as compared to the previous period. This was due to an increase in sales of mainstay SAW/FBAR devices such as SAW filters.

#### **Optical media and others**

##### **Optical media products**

We manufacture and sell CD-R, DVD-R/DVD+R as well as recordable Blu-ray Disc (BD-R) in this product category. In the nine-month period ending December 31, 2011, sales decreased 23.8% to ¥12,477 million as compared with the corresponding period of the previous fiscal year.

##### **Others**

Sales in this segment primarily come from the mounting business of a subsidiary company. For the nine-month period ended December 31, 2011, sales in this segment fell 32.2% year on year to ¥5,249 million.

## **2. Consolidated Financial Condition**

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

#### **Assets**

Total assets declined ¥16,268 million to ¥205,003 million compared with the end of the previous fiscal year. Current assets decreased by ¥13,566 million. This is primarily due to a decrease in cash and deposits of ¥11,866 million, a decrease in work in process of ¥703 million, and a decrease in other current assets of ¥1,221 million. Fixed assets decreased by ¥2,702 million due

mainly to an increase in property, plant and equipment of ¥2,272 million, a decline in intangible fixed assets of ¥598 million, and a fall in investments and other assets of ¥4,375 million.

### **Liabilities**

Total liabilities increased ¥2,548 million to ¥96,194 million as compared to the balance at March 31, 2011. This was mainly due to a decrease in trade notes and accounts payable of ¥469 million, an increase in short-term borrowings of ¥10,846 million, and a decrease in long-term borrowings currently due within twelve months of ¥7,968 million.

### **Net Assets**

Net assets declined ¥18,817 million as compared to the balance at the end of the previous fiscal year.

## **(2) Cash Flows**

### **Operating activities**

Net cash generated from operating activities for the nine-month period ended December 31, 2011 amounted to ¥3,783 million, a decrease of 81.2% compared with the corresponding period of the previous fiscal year. Major items influencing net cash positively were depreciation and amortization of ¥13,999 million and an increase in trade receivables of ¥2,836 million. Principal cash outflows included a net loss before taxes and minority interests of ¥6,869 million, an increase in inventory assets of ¥967 million and an increase in accounts payable of ¥1,979 million.

### **Investing activities**

Net cash used in investing activities for the nine-month period ended December 31, 2011 totaled ¥24,995 million, an increase of 89.6% compared with the corresponding period of the previous fiscal year. The largest cash outflow was ¥25,317 million paid for purchases of property, plant and equipment.

### **Financing activities**

Net cash provided by financing activities for the nine-month period ended December 31, 2011 totaled ¥10,838 million, compared with net cash used in financing activities of ¥7,244 million for the corresponding period of the previous fiscal year. The main factors for this included a net increase in short-term borrowings of ¥11,039 million and payment of cash dividends of ¥880 million.

As a result of aforementioned activities, cash and cash equivalent as of December 31, 2011 decreased ¥11,672 million from the end of the previous fiscal year, to ¥27,139 million.

### **3. Forecasts of Consolidated Operating Results**

There is no change in the forecasts of consolidated operating results previously announced on December 26, 2011.



# Consolidated Financial Statements

## 1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of December 31, 2011
<b>ASSETS</b>		
Current assets:		
Cash and deposits	39,957	28,091
Trade notes and accounts receivable	41,190	41,156
Merchandise and finished products	13,275	13,608
Work in process	9,318	8,615
Raw materials and supplies	9,893	9,822
Other	6,156	4,934
Allowance for doubtful receivables	(216)	(220)
Total current assets	119,575	106,009
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	62,069	62,115
Machinery and equipment	179,944	186,989
Tools, furniture and fixtures	17,648	17,723
Land	7,715	7,707
Construction in progress	10,742	7,792
Accumulated depreciation	(190,517)	(192,453)
Net property, plant and equipment	87,602	89,874
Intangible fixed assets:		
Goodwill	2,646	2,012
Other	784	818
Total intangible fixed assets	3,430	2,831
Investments and other assets:		
Investment securities	4,677	3,812
Other	6,237	2,709
Allowance for doubtful receivables	(250)	(233)
Total investments and other assets	10,664	6,288
Total fixed assets	101,696	98,994
Total assets	221,272	205,003

(Millions of yen)

	As of March 31, 2011	As of December 31, 2011
<b>LIABILITIES</b>		
Current liabilities:		
Trade notes and accounts payable	17,047	16,578
Short-term borrowings	2,996	13,842
Current portion of long-term borrowings	12,539	4,570
Income taxes payable	1,120	541
Accrued bonuses for employees	2,951	1,041
Accrued bonuses for directors	46	-
Other	18,699	12,468
Total current liabilities	55,402	49,042
Long-term liabilities:		
Convertible bonds with stock acquisition rights	20,000	20,000
Long-term borrowings	9,469	19,065
Accrued retirement benefits for employees	3,400	1,690
Accrued retirement benefits for directors and corporate auditors	136	88
Negative goodwill	51	36
Other	5,185	6,270
Total long-term liabilities	38,244	47,151
Total liabilities	93,646	96,194
<b>NET ASSETS</b>		
Shareholders' equity:		
Common stock	23,557	23,557
Capital surplus	41,471	41,471
Retained earnings	89,301	75,931
Treasury stock	(3,620)	(3,625)
Total shareholders' equity	150,709	137,334
Total Accumulated Other Comprehensive Income		
Net unrealized holding gains on securities	381	(85)
Deferred gains (losses) on hedges	(49)	2
Foreign currency translation adjustments	(23,975)	(28,806)
Accumulated Other Comprehensive Income	(23,643)	(28,889)
Stock acquisition rights	287	329
Minority interests	272	34
Total net assets	127,626	108,808
Total liabilities and net assets	221,272	205,003

## 2. Consolidated Statements of Operations and Comprehensive Income

(Consolidated Statements of Operations)

(Nine months ended December 31, 2011)

(Millions of yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Net sales	164,490	141,431
Cost of sales	126,238	119,211
Gross profit	38,251	22,220
Selling, general and administrative expenses	28,027	26,454
Operating income (loss)	10,223	(4,234)
Non-operating income:		
Interest income	143	129
Dividend income	80	93
Equity in earnings of affiliates	19	53
Subsidies	58	60
Other	119	116
Total non-operating income	421	454
Non-operating expenses:		
Interest expense	360	304
Loss on foreign exchange	1,607	1,288
Depreciation of inactive noncurrent assets	486	263
Other	77	251
Total non-operating expenses	2,531	2,109
Ordinary income (loss)	8,113	(5,889)
Extraordinary gains:		
Gain on sales of property, plant and equipment	904	21
Gain on change of employee retirement benefit plan	-	55
Other	125	12
Total extraordinary gains	1,029	89
Extraordinary losses:		
Loss on disposal and sales of property, plant and equipment	2,036	408
Impairment loss	7,228	109
Loss on disposal of inventories	252	84
Loss on devaluation of investment securities	-	442
Loss on adjustment for changes of accounting standard for asset retirement obligations	27	-
Other	6	24
Total extraordinary losses	9,552	1,069
(Loss) before income taxes and minority interests	(408)	(6,869)
Income taxes—current	1,679	808
Income taxes—deferred	2	4,817
Total income taxes	1,682	5,625
(Loss) before minority interests	(2,091)	(12,494)
Minority interests (losses) in income	8	(6)
Net (loss)	(2,099)	(12,488)

(Consolidated Statements of Comprehensive Income)

(Nine months ended December 31, 2011)

(Millions of yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Loss before minority interests	(2,091)	(12,494)
Other comprehensive income		
Net unrealized holding gains (losses) on securities	(178)	(467)
Deferred gains (losses) on hedges	178	52
Foreign cyrrency translation adjustments	(6,991)	(4,831)
Total other comprehensive income	(6,991)	(5,247)
Comprehensive income	(9,082)	(17,742)
(Breakdown)		
Comprehensive income (loss) attributable to shareholders	(9,090)	(17,734)
Comprehensive income (loss) attributable to minority interest	8	(7)

### 3. Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011
<b>Operating activities:</b>		
Income (loss) before income taxes and minority interests	(408)	(6,869)
Depreciation and amortization	14,481	13,999
Impairment loss	7,228	109
Loss on adjustment for changes of accounting standard for asset retirement obligations	27	-
Amortization of goodwill	633	633
Amortization of negative goodwill	(15)	(15)
Increase (decrease) in allowance for doubtful receivables	(99)	5
Increase (decrease) in accrued bonuses for employees	(1,392)	(1,888)
Increase (decrease) in accrued bonuses for directors	38	(46)
Increase (decrease) in accrued retirement benefits for directors and corporate auditors	1	(44)
Interest and dividend income	(224)	(223)
Interest expense	360	304
Equity in earnings of affiliate	(19)	(53)
(Gain) loss on disposal and sales of property, plant and equipment	1,133	386
Loss on devaluation of investment securities	-	442
(Increase) decrease in trade receivables	241	(2,836)
(Increase) decrease in inventories	(4,448)	(967)
Increase (decrease) in trade payables	3,844	1,979
Other	904	149
Subtotal	22,285	5,063
Interest and dividends received	222	222
Interest paid	(382)	(254)
Income taxes (paid) refunded	(2,014)	(1,248)
Net cash provided by operating activities	20,111	3,783
<b>Investing activities:</b>		
Net (increase) decrease in time deposits	(976)	95
Purchases of property, plant and equipment	(13,056)	(25,317)
Proceeds from sales of property, plant and equipment	968	63
Purchases of investment securities	(75)	(150)
Proceeds by sales of investment security	-	5
Other	(43)	307
Net cash used in investing activities	(13,183)	(24,995)
<b>Financing activities:</b>		
Net increase (decrease) in short-term borrowings	(2,733)	11,039
Proceeds from long-term borrowings	-	12,000
Repayments of long-term borrowings	(2,603)	(10,372)
Proceeds from stock issuance to minority shareholders	-	5
Expenditure for purchase of shares from minority shareholder	-	(223)
Purchases of treasury stock	(20)	(4)
Payments of cash dividends	(1,180)	(880)
Repayments of lease obligations	(704)	(724)
Other	(1)	-
Net cash provided (used) by financing activities	(7,244)	10,838
Effect of exchange rate changes on cash and cash equivalents	(1,984)	(1,298)
Net increase (decrease) in cash and cash equivalents	(2,301)	(11,672)
Cash and cash equivalents at beginning of the year	40,451	38,811
Cash and cash equivalents at end of period	38,150	27,139

**4. Notes concerning the going concern assumption**

No relevant items to report.

**5. Notes regarding significant changes in shareholders' equity**

No relevant items to report.

## Supplementary Information

### 1. Net Sales by Product Category

(Millions of yen)

Product category		Nine months ended December 31, 2010		Nine months ended December 31, 2011	
		Amount	Share [%]	Amount	Share [%]
	Capacitors	79,147	48.1	66,053	46.7
	Ferrite and applied products	23,809	14.5	21,635	15.3
	Modules	25,525	15.5	22,211	15.7
	Other electronic components	11,901	7.2	13,803	9.8
	Electronic components	140,383	85.3	123,704	87.5
	Optical media products	16,368	10.0	12,477	8.8
	Others	7,738	4.7	5,249	3.7
	Optical media and others	24,107	14.7	17,727	12.5
	Total	164,490	100.0	141,431s	100.0