

Company name: TAIYO YUDEN CO., LTD.
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 Listing exchange: Tokyo Stock Exchange (Code Number: 6976)

Consolidated Results for the Year Ended March 31, 2012 (April 1, 2011 – March 31, 2012)

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

Overview of Operating Results

Item	Year ended March 31, 2011		Year ended March 31, 2012		Increase/(Decrease)	
	Amount	Share[%]	Amount	Share[%]	Amount	[%]
Net sales	210,401	100.0	183,795	100.0	(26,606)	(12.6)
Operating income	8,792	4.2	(8,010)	(4.4)	(16,803)	-
Ordinary income	6,740	3.2	(9,070)	(4.9)	(15,810)	-
Income (loss) before income taxes and minority interests	(3,653)	(1.7)	(14,624)	(8.0)	(10,971)	-
Net income (loss)	(5,506)	(2.6)	(21,599)	(11.8)	(16,093)	-
Comprehensive income	(10,472)	-	(22,150)	-	(11,678)	-
Net income (loss) per share [Yen]	(46.82)		(183.70)			
Diluted net income per share [Yen]	-		-			
R&D expenses	8,475		8,068		(406)	(4.8)
Capital investment	25,074		26,764		1,689	6.7
Depreciation and amortization	19,309		19,250		(59)	(0.3)

Notes:

- Share data is computed as a ratio of net sales.
- Although diluted shares exist for the year ended March 31, 2011, and March 31, 2012, 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 March 31, 2012	Increase/(Decrease)	
			Amount	[%]
Total assets	221,272	208,461	(12,811)	(5.8)
Net assets	127,626	104,400	(23,225)	(18.2)
Equity ratio	57.4%	49.9%	(7.5)pt	-
Net assets per share [Yen]	1,080.61	884.70	(195.91)	(18.1)

Net Sales by Product Category

Product classification	Year ended March 31, 2011		Year ended March 31, 2012		Increase/(Decrease)	
	Amount	Share[%]	Amount	Share[%]	Amount	[%]
Capacitors	101,560	48.3	84,461	45.9	(17,099)	(16.8)
Ferrite and applied products	31,018	14.7	27,929	15.2	(3,089)	(10.0)
Modules	31,763	15.1	29,166	15.9	(2,596)	(8.2)
Other electronic components	15,527	7.4	19,294	10.5	3,767	24.3
Electronic components	179,869	85.5	160,851	87.5	(19,018)	(10.6)
Optical media products	20,479	9.7	16,152	8.8	(4,326)	(21.1)
Others	10,052	4.8	6,791	3.7	(3,261)	(32.4)
Optical media and others	30,532	14.5	22,943	12.5	(7,588)	(24.9)
Total	210,401	100.0	183,795	100.0	(26,606)	(12.6)

TAIYO YUDEN

Consolidated Results for the year ended March 31, 2012

May 14, 2012

Preparation of supplementary materials for the annual financial results: Yes

Holding of presentation of annual financial results: Yes (For institutional investors
and investment analysts)

1. Consolidated financial results for the period from April 1, 2011 to March 31, 2012

(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	%
Year ended March 31, 2012	183,795	(12.6)	(8,010)	—	(9,070)	—	(21,599)	—
Year ended March 31, 2011	210,401	7.5	8,792	109.1	6,740	242.8	(5,506)	—

Note: Comprehensive income

ended on March 31, 2012 (22,150) million yen ; -% ended on March 31, 2011 (10,472) million yen ; -%

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income on net sales
	Yen	Yen	%	%	%
Year ended March 31, 2012	(183.70)	-	(18.7)	(4.2)	(4.4)
Year ended March 31, 2011	(46.82)	-	(4.1)	2.9	4.2

(Reference) Equity in earnings of affiliates

Year ended March 31, 2012 69 million yen Year ended March 31, 2011 1 million yen

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2012	208,461	104,400	49.9	884.70
As of March 31, 2011	221,272	127,626	57.4	1,080.61

(Reference) Shareholder's equity As of March 31, 2012 104,024 million yen As of March 31, 2011 127,065 million yen

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2012	5,534	(28,945)	11,388	26,671
Year ended March 31, 2011	25,219	(16,594)	(8,948)	38,811

2. Dividend information

	Cash dividends per share					Total annual dividend	Dividend payout ratio	Dividend on net
	First	Second	Third	Year	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2011	-	5.00	-	5.00	10.00	1,175	-	0.9
Year ended March 31, 2012	-	2.50	-	2.50	5.00	587	-	0.5
Year ending March 31, 2013 (Forecast)	-	5.00	-	5.00	10.00		21.4	

3. Forecasts of operating results for the period from April 1, 2012 to March 31, 2013

(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	%	
Six months ending September 30, 2012	100,000	3.0	3,500	-	3,000	-	1,600	-	13.61
Year ending March 31, 2013	210,000	14.3	10,000	-	9,000	-	5,500	-	46.78

4. Other

- (1) Changes in principal subsidiaries during year ended March 31, 2012: No
- (2) 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
- (3) Number of common shares outstanding :

a. Number of common shares outstanding (including treasury stock):				
As of March 31, 2012	120,481,395 shares	As of March 31, 2011	120,481,395 shares	
b. Number of treasury stock:				
As of March 31, 2012	2,899,010 shares	As of March 31, 2011	2,894,450 shares	
c. Average number of common shares outstanding:				
Fiscal Year ended		Fiscal Year ended		
March 31, 2012	117,583,616 shares	March 31, 2011	117,599,761 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 annual audit 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.

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1. Operating Results

(1) Analysis of Operating Results

1. Operating Results for the Year Ended March 31, 2012

Economy and Market Conditions

The management environment surrounding TAIYO YUDEN CO., LTD. (“TAIYO YUDEN” or “the Company”) remained challenging due to the historic appreciation of the Japanese yen against major currencies and other factors. These challenges were seen in the face of a recovery from the slump in production following the Great East Japan Earthquake and the floods in Thailand. In addition, Europe’s financial crisis and a slowdown in economic growth in emerging countries is an indication that economic uncertainty will continue to persist. The electronics industry has seen firm growth in the smartphone and tablet PC markets, however there have been inventory adjustments made for PCs and LCD panels, which have caused weaker demand for electronic components.

Company Actions Planned to Offset These Conditions

TAIYO YUDEN has implemented a series of structural reforms that are a balance of measures to improve operations and implement growth strategies needed to cope with the current and future business climate. Specifically, we initiated a series of measures to reduce fixed costs through structural reforms focused on the maximized use of our overseas production sites, eliminate unprofitable products, restructure operations in Japan and overseas locations and to downsize staff levels. As part of these actions, TAIYO YUDEN and its subsidiaries implemented a voluntary employee retirement program in the year ended March 31, 2012. Business structure improvement expenses, totaling ¥4,276 million, included special extra retirement payment related to the voluntary employee retirement program. These expenses were recognized as an extraordinary loss on the financial statements for the year ended March 31, 2012.

Overview of Each Business Segment

Electronic components

- We increased production capacity of super high-end products in the capacitor and SAW/FBAR device categories.
- We focused critical design efforts and supplied state-of-the-art products for the smartphone market, which continues to see growth in demand.

Optical media and others

- We stepped up initiatives aimed at returning the optical media products business to profitability in conjunction with structural reforms implemented in the year ended March 31, 2011.

Overview of Business Performance

Consolidated net sales for the year ended March 31, 2012 totaled ¥183,795 million, a 12.6% decline as compared to the previous fiscal year. The Company incurred an operating loss of ¥8,010 million, compared to an operating profit of ¥8,792 million in the previous fiscal year, and an ordinary loss of ¥9,070 million compared to an ordinary profit of ¥6,740 million for the fiscal 2011. We incurred a net loss of ¥21,599 million, compared with a net loss of ¥5,506 million in the previous fiscal year. These results were highly impacted by the restructure expenses incurred to assure business structure improvements and are inclusive of special extra retirement payment for the voluntary employee retirement program and the reversal of deferred tax assets.

Exchange Rate

The average foreign currency exchange rate for the year ended March 31, 2012 was US\$1: ¥79.02. This marked a further appreciation of ¥7.44 compared with the average realized in the previous fiscal year of US\$1: ¥86.46.

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 year ended March 31, 2012, capacitor sales fell 16.8% to ¥84,461 million as compared to the previous fiscal year due to a year-on-year decline in sales of products used in components for LCD panels, information equipment, i.e. PCs, and consumer equipment, i.e. TVs.

Ferrite and applied products

This product category is comprised of ferrite cores and the applied products include a variety of inductors. Sales for the year ended March 31, 2012 were ¥27,929 million, a year-on-year decrease of 10.0%. Product sales for all equipment types were lower as compared to 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®”. Despite a year-on-year increase in sales of high frequency modules, module sales for the year ended March 31, 2012 were down 8.2% year on year to ¥29,166 million. This reduction was driven by a downturn 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 year ended March 31, 2012, sales increased 24.3% to ¥19,294 million as compared to the previous year. This was due to an increase in sales of mainstay SAW/FBAR devices such as SAW filters.

Optical media and others

Optical media products

For this product category, we manufacture and sell CD-R, DVD-R/DVD+R as well as recordable Blu-ray Disc (BD-R). We experienced robust sales of BD-R products. This was offset by declining revenues of our CD-R, DVD-R/DVD+R products. In total, optical media product sales in the year ended March 31, 2012 fell to ¥16,152 million, 21.1% lower compared with the previous fiscal year.

Others

Sales in this segment are primarily generated from our product mounting business done by a subsidiary company. For the year ended March 31, 2012, sales in this category fell 32.4% year on year to ¥6,791 million.

2. Outlook for the Year Ending March 31, 2013

Consolidated operating results forecasts for the year ending March 31, 2013 are as follows.

(Billions of yen unless otherwise stated)

Item \ Period	Six months ending September 30, 2012		Year ending March 31, 2013	
	Amount	YoY (%)	Amount	YoY (%)
Net sales	100,000	3.0	210,000	14.3
Operating income	3,500	-	10,000	-
Ordinary income	3,000	-	9,000	-
Net income	1,600	-	5,500	-

Our perspective of the market environment outlook for the year ending March 31, 2013 indicates that advancements in the functions of smartphones and tablet PCs and market growth in these markets will boost demand for our mainstay super high-end products. We will strengthen our new product line-up of capacitors, inductors and SAW/FBAR devices to meet this demand. The Company also anticipates a significant improvement in profitability as a

result of the fixed cost reductions realized through structural reform measures.

As a result, we forecast full-year consolidated net sales for the year ending March 31, 2013 of ¥210,000 million, up 14.3% year on year, operating income of ¥10,000 million, compared to an operating loss of ¥8,010 million in the previous fiscal year, ordinary income of ¥9,000 million, compared to an operating loss of ¥9,070 million in the previous fiscal year, and net income of ¥5,500 million, compared to a net loss of ¥21,599 million in the previous fiscal year.

Forecasts are based on an estimated average foreign currency exchange rate of US1:¥80 for the year ending March 31, 2013.

Disclaimer concerning forecasts of operating results:

The aforementioned forecasts of results are based on information available as of the date of this report. As a result, information contained in this document may include uncertainties and items that are not of historical fact.

Accordingly, actual results may differ materially from forecasts due to a variety of factors.

(2) Analysis of Financial Condition

Cash Flows

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012	Increase (Decrease)
Cash flows from operating activities	25,219	5,534	(19,684)
Cash flows from investing activities	(16,594)	(28,945)	(12,350)
Cash flows from financing activities	(8,948)	11,388	20,336
Effect of exchange rate changes on cash and cash equivalents	(1,316)	(117)	1,198
Net increase (decrease) in cash and cash equivalents	(1,640)	(12,140)	(10,500)
Cash and cash equivalents at beginning of the year	40,451	38,811	(1,640)
Cash and cash equivalents at end of the year	38,811	26,671	(12,140)

Operating activities

Net cash generated from operating activities for the year ended March 31, 2012 amounted to ¥5,534 million, a decrease of 78.1% compared with the previous fiscal year. The contributing factors to this reduction are; a net loss before taxes and minority interests of ¥14,624 million; depreciation and amortization of ¥19,250 million; business structure improvement expenses of ¥4,276 million; impairment loss of ¥268 million; increase in trade receivable of ¥1,115 million; and decrease in inventories of ¥1,549 million

Investing activities

Net cash used in investing activities for the year ended March 31, 2012 totaled ¥28,945 million, an increase of 74.4% compared with the previous fiscal year. The largest cash outflow was ¥29,101 million paid for purchases of property, plant and equipment.

Financing activities

Net cash provided by financing activities for the year ended March 31, 2012 totaled ¥11,388 million, compared with net cash used in financing activities of ¥8,948 million for the previous fiscal year. This was primarily attributed to a net increase in short-term borrowings of ¥6,053 million, proceeds from long-term borrowings of 12,000 million, ¥12,563 million for the repayment

of long-term borrowings, and ¥7,959 million for proceeds from issuance of bonds.

As a result of aforementioned activities, cash and cash equivalent as of March 31, 2012 decreased ¥12,140 million from the end of the previous fiscal year, to ¥26,671 million.

Reference: Trends in Cash Flow-Related indicators

	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Equity ratio (%)	61.6	61.6	58.7	57.4	49.9
Equity ratio (%) (Market capitalization basis)	42.7	38.8	73.5	59.3	49.7
Cash flow to interest-bearing liabilities (years)	1.6	3.9	2.1	1.9	10.8
Interest coverage ratio (times)	66.6	25.3	41.9	51.5	13.7

Equity ratio = Shareholders' equity / Total assets

Equity ratio (Market capitalization basis) = Market capitalization / Total assets

Cash flow to interest-bearing liabilities = Interest-bearing liabilities / Cash flow

Interest coverage ratio = Cash flow / Interest expenditure

Notes:

1. All indicators have been calculated from consolidated financial figures.
2. Market capitalization is calculated based on the number of shares issued and outstanding less treasury stock.
3. Cash flow refers to cash flows from operating activities as shown on the consolidated statements of cash flows.
4. Interest-bearing liabilities comprise all debt on which interest is paid in the liabilities section of the consolidated balance sheets as well as noninterest-bearing convertible bonds with stock acquisition rights. Interest expenditure represents interest paid as shown on the consolidated statements of cash flows.

(3) Basic Policy on Profit Distribution and Current / Subsequent Fiscal Year Dividend

TAIYO YUDEN recognizes that distributing profits to its shareholders is one of management's most important responsibilities. Today, the Company must develop a stable and sustainable earnings structure as well as improve its financial standing. Until now, it has been our policy to provide a stable annual dividend of 10 yen per share.

The dividend for the year ended March 31, 2012 was reduced to 5 yen per share to coincide with the Company's weakened financial position. The dividend consisted of 2.5 yen per share year-end dividend and a 2.5 yen per share interim dividend. Our expectations are to return to a stable cash dividend of 10 yen per share in the year ending March 31, 2013, driven by a recovery in earnings.

We plan to further increase our distribution of profits to shareholders based on a new dividend policy that includes purchasing our own stock when possible to achieve our long-term target of 30% total return ratio (*) once the Company has developed a stable and sustainable earnings structure and improvement in the financial standing. These targets have been set forth in the new three-year medium-term management plan starting in the year ending March 31, 2013.

(*) $[\text{Payment of cash dividends} + \text{purchase of treasury stock}] / \text{net income}$

The Company has stipulated that an interim dividend can be offered based on a resolution by our Board of Directors and has established a basic policy to offer two dividends per annum in the form of an interim dividend and year-end dividend.

The interim dividend is determined by the Company's Board of Directors. The year-end dividend is decided at the general shareholders' meeting.

2. Management Policy

(1) Basic Management Policy of the Company

The Company's management philosophy focuses on three principles: 1) employee well-being, 2) betterment of local communities, and 3) responsibility to provide returns to shareholders. Management recognizes that its mission and the social responsibility of the Company are to continually develop its businesses while serving society and public interests globally.

We aspire to be a company that can satisfy the diverse needs of our many stakeholders and be a trusted partner to those stakeholders. We have established a system that can deliver quality products required by our customers to meet their demand in a timely fashion while also meeting the stringent quality requirements at competitive pricing. Our creed is "customer-first." We also pursue product and business development that fully responds to the needs of our customers.

(2) Medium- to Long-term Management Strategy of the Company and Target Management Indicators

The Company has formulated structural reform initiatives that balance both measures to improve operations and growth strategies. This is needed to improve profitability and to address changes in the current and future business climate. These initiatives aim for sustainable growth. The Company has also formulated and initiated a new three-year medium-term management plan that is slated to begin in the year ending March 31, 2013. Under this plan, we will strive to enhance our corporate value, seek to expand our market presence in the important industrial equipment, automotive, healthcare and environmental energy markets, as well as propose timely products and solutions that capture market needs aimed at high growth devices like smartphones.

The Company is also making continual efforts to improve its profitability and financial stability as well as enhance its asset efficiency. Target management indicators focus on cash flow management and include positive free cash flow and net cash flow for the year ending March 31, 2016. Our consolidated return on equity target is to exceed eight percent.

(3) Challenges that Must be Addressed by the Company

The Company is faced with the serious challenge of recovering from the consecutive net losses for four fiscal years. In November 2011, the Company announced and started structural reform initiatives that improve operations

efficiencies and focus on growth strategies that will result in profitability. The Company has also launched a new medium-term management plan that begins with the year ending March 31, 2013. At present, we are implementing the following measures for each product category as part of our effort to improve our profitability and the financial position of the Company.

1. Capacitors

We will launch super compact products in the 0402 size (0.4 x 0.2 x 0.2 mm) and 0603 size (0.6 x 0.3 x 0.3 mm) for high-growth devices like smartphones and tablet PCs. And, we will our technology position and introduce cutting edge super high-end products for each of these sizes as part of our efforts to develop a production system that meets growing demand for capacitors. We will also seek to promote expansion in the multilayer ceramic capacitor market by actively introducing new products with high-value 100 μ F and greater characteristics for the electrolytic capacitor market, with the goal to achieve further growth within the segment in the process. We will look to strengthen our product line-up in markets that require superior quality, such as industrial equipment, automotive and healthcare markets. With regards to our production system and as part of our efforts to achieve greater efficiencies, we will seek to maximize the utilization of our overseas sites by accelerating production of high-end products, which until now have been manufactured in Japan only.

2. Inductors

We will further accelerate our rollout of super high-end products for inductors that meet the needs of our customers. Specifically, we will enhance our line-up of super compact 0402 size products for high frequency multilayer chip inductors and multilayer chip beads. We will undertake product development for super high-end power inductors that use new metallic materials capable of conducting even higher currents of electricity in a much smaller case sizes. Also, as with capacitors, we are working to develop a production system that is more efficient and maximizes the utilization of our overseas production sites.

3. Integrated modules & devices

We will implement structural reforms to shift from a conventional business model focused on modules to one centered on integrated modules & devices. We will develop our presence in the high frequency business focusing on SAW/FBAR technologies; actively launch super high-end products that use our proprietarily developed embedded-parts

multilayer wiring substrate “EOMIN®” and strengthen the power supply business, including regeneration systems for energy markets. For SAW/FBAR devices, we will work to build a production system that can accommodate the expansion in the smartphone and tablet PC markets with a focus on increasing the number of embedded-parts.

4. Energy devices

We will initiate development for energy device related products, such as polyacene capacitors and lithium ion capacitors. At the same time, we will develop applications in advanced technology sectors and expand sales in the energy sector.

5. Optical media products

We will look to return our consumer-oriented CD-R, DVD-R and BD-R products to profitability and generate demand from the archive market, which requires highly reliable products.

3.Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
ASSETS		
Current assets:		
Cash and deposits	39,957	27,912
Trade notes and accounts receivable	41,190	41,865
Merchandise and finished products	13,275	13,099
Work in process	9,318	8,529
Raw materials and supplies	9,893	8,920
Deferred tax assets	1,774	404
Other	4,381	3,956
Allowance for doubtful receivables	(216)	(289)
Total current assets	119,575	104,398
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	62,069	64,204
Machinery and equipment	179,944	192,930
Tools, furniture and fixtures	17,648	18,212
Land	7,715	7,686
Construction in progress	10,742	10,396
Accumulated depreciation	(190,517)	(199,409)
Net property, plant and equipment	87,602	94,021
Intangible fixed assets:		
Goodwill	2,646	1,801
Other	784	823
Total intangible fixed assets	3,430	2,624
Investments and other assets:		
Investment securities	4,677	4,550
Deferred tax assets	3,626	579
Other	2,610	2,532
Allowance for doubtful receivables	(250)	(246)
Total investments and other assets	10,664	7,416
Total fixed assets	101,696	104,062
Total assets	221,272	208,461

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	17,047	15,345
Current portion of convertible bond-type bonds with subscription rights to shares	-	19,635
Short-term borrowings	2,996	9,031
Current portion of long-term borrowings	12,539	4,147
Accrued amounts payable	10,288	7,593
Income taxes payable	1,120	586
Deferred tax liabilities	484	615
Accrued bonuses for employees	2,951	1,741
Accrued bonuses for directors and corporate auditors	46	-
Provision for business structure improvement	-	474
Other	7,926	10,585
Total current liabilities	55,402	69,757
Long-term liabilities:		
Bonds Payable	-	8,000
Convertible bonds with stock acquisition rights	20,000	365
Long-term borrowings	9,469	17,297
Lease obligations	2,009	1,662
Deferred tax liabilities	2,301	3,649
Accrued retirement benefits for employees	3,400	1,659
Accrued retirement benefits for directors and corporate auditors	136	107
Negative goodwill	51	31
Other	874	1,530
Total long-term liabilities	38,244	34,303
Total liabilities	93,646	104,061
NET ASSETS		
Shareholders' equity:		
Common stock	23,557	23,557
Capital surplus	41,471	41,471
Retained earnings	89,301	66,820
Treasury stock	(3,620)	(3,625)
Total shareholders' equity	150,709	128,222
Total accumulated other comprehensive income		
Net unrealized holding gains on securities	381	433
Deferred gains (losses) on hedges	(49)	5
Foreign currency translation adjustments	(23,975)	(24,637)
Accumulated Other Comprehensive Income	(23,643)	(24,198)
Stock acquisition rights	287	329
Minority interests	272	46
Total net assets	127,626	104,400
Total liabilities and net assets	221,272	208,461

(2) Consolidated Statements of Operations

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Net sales	210,401	183,795
Cost of sales	164,471	157,064
Gross profit	45,930	26,731
Selling, general and administrative expenses	37,137	34,742
Operating income (loss)	8,792	(8,010)
Non-operating income:		
Interest income	173	183
Dividend income	80	93
Equity in earnings of affiliates	1	69
Subsidies	58	71
Life insurance dividends income	57	40
Other	153	179
Total non-operating income	525	638
Non-operating expenses:		
Interest expense	476	410
Interest on bonds	-	11
Bond issuance cost	-	40
Loss on foreign exchange	1,441	526
Depreciation of inactive noncurrent assets	546	349
Other	112	360
Total non-operating expenses	2,577	1,698
Ordinary income (loss)	6,740	(9,070)
Extraordinary gains:		
Gain on sales of property, plant and equipment	941	29
Gain on Change of Employee Retirement Benefit Plan	-	55
Gain on negative goodwill	-	11
Other	172	-
Total extraordinary gains	1,113	96
Extraordinary losses:		
Loss on disposal and sales of property, plant and equipment	2,172	495
Impairment loss	7,343	268
Loss on disposal of inventories	312	141
Loss on devaluation of investment securities	-	442
Loss on (Earthquake) Disaster	1,409	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	27	-
Business structure improvement expenses	-	4,276
Other	241	25
Total extraordinary losses	11,507	5,650
Income (loss) before income taxes and minority interests	(3,653)	(14,624)
Income taxes – current	1,878	1,139
Income taxes – deferred	(42)	5,831
Total income taxes	1,836	6,971
Income (loss) before minority interests	(5,489)	(21,595)
Minority interests in income	16	4
Net income (loss)	(5,506)	(21,599)

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Loss before minority interests	(5,489)	(21,595)
Other comprehensive income		
Net unrealized holding gains (losses) on securities	(313)	52
Deferred gains (losses) on hedges	46	55
Foreign currency translation adjustments	(4,715)	(662)
Total other comprehensive income	(4,982)	(555)
Comprehensive income	(10,472)	(22,150)
(Breakdown)		
Comprehensive income (loss) attributable to shareholders	(10,488)	(22,154)
Comprehensive income (loss) attributable to minority interest	16	3

(3) Statements of changes in net assets

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Shareholders' equity		
Capital stock		
Balance at the beginning of the year	23,557	23,557
Balance at the end of the year	23,557	23,557
Capital surplus		
Balance at the beginning of the year	41,471	41,471
Balance at the end of the year	41,471	41,471
Retained earnings		
Balance at the beginning of the year	95,984	89,301
Changes of items during the year		
Dividends from surplus	(1,176)	(881)
Net income (loss)	(5,506)	(21,599)
Total changes of items during the year	(6,682)	(22,481)
Balance at the end of the year	89,301	66,820
Treasury stock		
Balance at the beginning of the year	(3,592)	(3,620)
Changes of items during the year		
Purchase of treasury stock	(28)	(4)
Total changes of items during the year	(28)	(4)
Balance at the end of the year	(3,620)	(3,625)
Total shareholders' equity		
Balance at the beginning of the year	157,420	150,709
Changes of items during the year		
Dividends from surplus	(1,176)	(881)
Net income (loss)	(5,506)	(21,599)
Purchase of treasury stock	(28)	(4)
Total changes of items during the year	(6,710)	(22,486)
Balance at the end of the year	150,709	128,222
Accumulated other comprehensive income		
Net unrealized holding gains on securities		
Balance at the beginning of the year	695	381
Changes of items during the year		
Net changes of items other than shareholders' equity	(313)	52
Total changes of items during the year	(313)	52
Balance at the end of the year	381	433
Deferred gains or losses on hedges		
Balance at the beginning of the year	(96)	(49)
Changes of items during the year		
Net changes of items other than shareholders' equity	46	55
Total changes of items during the year	46	55

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Balance at the end of the year	(49)	5
Foreign currency translation adjustment		
Balance at the beginning of the year	(19,259)	(23,975)
Changes of items during the year		
Net changes of items other than shareholders' equity	(4,715)	(662)
Total changes of items during the year	(4,715)	(662)
Balance at the end of the year	(23,975)	(24,637)
Accumulated other comprehensive income		
Balance at the beginning of the year	(18,661)	(23,643)
Changes of items during the year		
Net changes of items other than shareholders' equity	(4,981)	(554)
Total changes of items during the year	(4,981)	(554)
Balance at the end of the year	(23,643)	(24,198)
Stock acquisition rights		
Balance at the beginning of the year	248	287
Changes of items during the year		
Net changes of items other than shareholders' equity	39	41
Total changes of items during the year	39	41
Balance at the end of the year	287	329
Minority interests		
Balance at the beginning of the year	256	272
Changes of items during the year		
Net changes of items other than shareholders' equity	16	(226)
Total changes of items during the year	16	(226)
Balance at the end of the year	272	46
Total net assets		
Balance at the beginning of the year	139,263	127,626
Changes of items during the year		
Dividends from surplus	(1,176)	(881)
Net income (loss)	(5,506)	(21,599)
Purchase of treasury stock	(28)	(4)
Net changes of items other than shareholders' equity	(4,926)	(739)
Total changes of items during the year	(11,637)	(23,225)
Balance at the end of the year	127,626	104,400

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Operating activities:		
Income (loss) before income taxes and minority interests	(3,653)	(14,624)
Depreciation and amortization	19,309	19,250
Impairment loss on property, plant and equipment	7,343	268
Business structure improvement expenses	-	4,276
Loss on adjustment for changes of accounting standard for asset retirement obligations	27	-
Loss on (Earthquake) Disaster	1,409	-
Amortization of goodwill	844	844
Amortization of negative goodwill	(20)	(20)
Gain on negative goodwill	-	(11)
Increase (decrease) in allowance for doubtful receivables	(94)	70
Increase (decrease) in accrued bonuses for employees	237	(1,207)
Increase (decrease) in accrued bonuses for directors and corporate auditors	23	(46)
Increase (decrease) in accrued retirement benefits for directors and corporate auditors	6	(25)
Interest and dividend income	(254)	(276)
Interest expense	476	410
Interest on bonds	-	11
Equity in earnings of affiliate	(1)	(69)
(Gain) loss on disposal and sales of property, plant and equipment	1,230	466
(Gain) Loss on devaluation of investment securities	-	442
(Increase) decrease in trade receivables	4,415	(1,115)
(Increase) decrease in inventories	(4,784)	1,549
Increase (decrease) in trade payables	852	(1,154)
Other	190	(1,800)
Subtotal	27,557	7,237
Interest and dividends received	252	281
Interest paid	(489)	(403)
Income taxes (paid) refunded	(2,101)	(1,581)
Net cash provided by operating activities	25,219	5,534
Investing activities:		
Purchases of property, plant and equipment	(17,519)	(29,101)
Proceeds from sales of property, plant and equipment	1,010	73
Purchases of investment securities	(125)	(200)
Net (increase) decrease in time deposits	84	(122)
Proceeds from sales of investment securities	-	5
Other	(45)	401
Net cash used in investing activities	(16,594)	(28,945)

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Financing activities:		
Net increase (decrease) in short-term borrowings	(2,732)	6,053
Proceeds from long-term borrowings	-	12,000
Repayments of long-term borrowings	(4,062)	(12,563)
Proceeds from issuance of bonds	-	7,959
Proceeds from stock issuance to minority shareholders	-	5
Expenditure for purchase of shares from minority shareholder	-	(223)
Purchases of treasury stock	(28)	(4)
Payments of cash dividends	(1,178)	(879)
Repayments of lease obligations	(945)	(958)
Other	(1)	-
Net cash provided (used) by financing activities	(8,948)	11,388
Effect of exchange rate changes on cash and cash equivalents	(1,316)	(117)
Net increase (decrease) in cash and cash equivalents	(1,640)	(12,140)
Cash and cash equivalents at beginning of the year	40,451	38,811
Cash and cash equivalents at end of the year	38,811	26,671

(5) Notes on Premise of Going Concern

No relevant items to report.

(6) Basis of Presentation of Consolidated Financial Statements

1. Changes in scope of consolidation

The Company has 36 consolidated subsidiaries. Below is a list of the Company's primary subsidiaries.

TAIWAN TAIYO YUDEN CO., LTD.
KOREA TAIYO YUDEN CO., LTD.
TAIYO YUDEN (SINGAPORE) PTE LTD
HONG KONG TAIYO YUDEN CO., LTD.
TAIYO YUDEN (U.S.A.) INC.
TAIYO YUDEN (PHILIPPINES), INC.
TAIYO YUDEN (SARAWAK) SDN. BHD.
TAIYO YUDEN (GUANGDONG) CO., LTD.
KOREA KYONG NAM TAIYO YUDEN CO., LTD.
Akagi Electronics Co., Ltd.
That's Fukushima Co., Ltd

TAIYO YUDEN TRADING (THAILAND) CO., LTD. is a newly established company that has been included in the scope of consolidation of the Company beginning with the year ended March 31, 2012.

2. Changes in scope of equity method

The Company holds one affiliated company accounted for under the equity method.

3. Summary of significant accounting policies

- i. Valuation standards and methods for important assets

Inventories

Merchandise and finished products: Historical cost basis using mainly the periodic average method (Balance sheet value calculated by way of inventory write-down based on decreased profitability)

Works in progress: Historical cost basis using the periodic average method (Balance sheet value calculated by way of inventory write-down based on decreased profitability)

Raw materials and supplies: Historical cost basis using the first-in first-out method (Balance sheet value calculated by way of inventory write-down based on decreased profitability)

ii. Depreciation and amortization

Property, plant and equipment (excluding lease assets)

The Company and its consolidated domestic subsidiaries primarily use the declining-balance method of depreciation. However, the straight-line method of depreciation is used for buildings (excluding accompanying facilities) acquired after April 1, 1998 by the Company and its consolidated domestic subsidiaries. In addition, the same standards as those methods defined in the Corporation Tax Act of Japan are used primarily for useful life and residual value.

The Company's consolidated overseas subsidiaries primarily use the straight-line method of depreciation.

(7) Changes to Basis of Presentation of Consolidated Financial Statements

No relevant items to report.

(8) Notes to Consolidated Financial Statements

(Segment Information)

1. Segment Information

i. Overview of reportable segments

Reportable segments of the Company are components of an entity about which separate financial information is available and such information is evaluated regularly by the board of directors in deciding how to allocate resources and in assessing performance.

The Company's business segments are categorized according to the nature

of the business and reportable business segments are defined as *electronic components* and *optical media and others*.

The electronic components business segment consists of capacitors, ferrite and applied products, modules, and other electronic components. The optical media and others business segment consists primarily of optical media products and the mounting business of a subsidiary.

- ii. Calculation for net sales, segment income or loss, assets and other items of reportable segments

Accounting treatment for reportable segments is the same as the treatment described in “Basis of Presentation of Consolidated Financial Statements.” Income of reportable segments is based on operating income.

Data on liabilities is not disclosed because it is not regularly provided to the highest organ of decision making.

- iii. Net sales, segment income or loss, assets and other items of reportable segments

Year ended March 31, 2011 (April 1, 2010 – March 31, 2011)		(Millions of yen)		
	Electronic components	Optical media and others	Adjustments	Total
Net sales				
Customers	179,869	30,532	-	210,401
Inter-segment or Transfer	-	-	-	-
Total	179,869	30,532	-	210,401
Segment income (loss)	12,279	(3,486)	-	8,792
Segment assets	155,391	13,460	52,420	221,272
Other items				
Depreciation expenses	16,536	2,773	-	19,309
Increase in property, plant and equipment and intangible fixed assets	23,593	1,481	-	25,074

Year ended March 31, 2011 (April 1, 2011 – March 31, 2012) (Millions of yen)

	Electronic components	Optical media and others	Adjustments	Total
Net sales				
Customers	160,851	22,943	-	183,795
Inter-segment or Transfer	-	-	-	-
Total	160,851	22,943	-	183,795
Segment income (loss)	(6,689)	(1,321)	-	(8,010)
Segment assets	159,073	13,617	35,770	208,461
Other items				
Depreciation expenses	17,984	1,266	-	19,250
Increase in property, plant and equipment and intangible fixed assets	26,152	611	-	26,764

Notes:

1. Segment asset adjustments include cash and deposits, investment securities and deferred tax assets.
2. Depreciation expenses include amortization of long-term prepaid expenses.
3. Increase in property, plant and equipment and intangible fixed assets includes the increase in long-term prepaid expenses.
4. Total for reportable segments, discrepancies between amounts on consolidated financial statements, and main reasons for these discrepancies (adjustment of differences):
The total for reportable segments is the same as the amounts noted on the Company's consolidated financial statements.

2. Related Information

Year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

- i. Information for each product and service

Information for each product and service has been omitted here because it is disclosed in "4. Other; (2) Production, Orders and Sales Results; 4.Sales Results."

- ii. Information for each region

a. Net sales (Millions of yen)

Japan	China	South Korea	Other countries or regions	Total
48,241	56,934	29,942	48,241	210,401

b. Property, plant and equipment			(Millions of yen)
Japan	Malaysia	Other countries or regions	Total
56,439	10,228	20,934	87,602

iii. Information for each main customer

Information for each main customer has been omitted because no customer accounts for more than 10% of net sales on the consolidated profit and loss statement.

Year ended March 31, 2012 (April 1, 2011 – March 31, 2012)

i. Information for each product and service

Information for each product and service has been omitted here because it is disclosed in “4. Other; (2) Production, Orders and Sales Results; 4.Sales Results.”

ii. Information for each region

a. Net sales				(Millions of yen)
Japan	China	South Korea	Other countries and regions	Total
44,825	54,875	21,002	63,092	183,795

b. Property, plant and equipment				(Millions of yen)
Japan	China	Malaysia	Other countries and regions	Total
58,605	11,712	11,042	12,661	94,021

iii. Information for each main customer

Information for each main customer has been omitted because no customer accounts for more than 10% of net sales on the consolidated profit and loss statement.

3. Fixed asset impairment losses for each reportable segment

Year ended March 31, 2011 (April 1, 2010 – March 31, 2011)				(Millions of yen)
	Electronic components	Optical media and others	Adjustments	Total
Impairment loss	289	7,053	-	7,343

Year ended March 31, 2012 (April 1, 2011 – March 31, 2012) (Millions of yen)

	Electronic components	Optical media and others	Adjustments	Total
Impairment loss	268	-	-	268

(Per Share Information)

(Yen)

Year ended March 31, 2011 (April 1, 2010 – March 31, 2011)		Year ended March 31, 2012 (April 1, 2011 – March 31, 2012)	
Net assets per share	1,080.61	Net assets per share	884.70
Net income (loss) per share	(46.82)	Net income (loss) per share	(183.70)
Although diluted shares exist, diluted net income per share is not disclosed since there is net loss per share for the period.		Although diluted shares exist, diluted net income per share is not disclosed since there is net loss per share for the period.	

Notes 1: The following represents the basic data used for calculating net loss per share.

(Millions of yen unless otherwise stated)

As of March 31, 2011		As of March 31, 2012	
Total net assets	127,626	Total net assets	104,400
Deductions from Total net assets	560	Deductions from Total net assets	375
(Breakdown)		(Breakdown)	
Stock acquisition rights	(287)	Stock acquisition rights	(329)
Minority interests	(272)	Minority interests	(46)
Net assets at fiscal year-end related to common stock	127,065	Net assets at fiscal year-end related to common stock	104,024
Number of common stock		Number of common stock	
Issued	120,481,000 shares	Issued	120,481,000 shares
Treasury stock	2,894,000 shares	Treasury stock	2,899,000 shares
Number of common stock at fiscal year-end used in the calculation of net assets per share	117,586 shares	Number of common stock at fiscal year-end used in the calculation of net assets per share	117,582 shares

Notes 2: The following represents the basic data used for calculating net loss per share.

(Millions of yen unless otherwise stated)

As of March 31, 2011		As of March 31, 2012	
Net income (loss) per share		Net income (loss) per share	
Net income (loss)	(5,506)	Net income (loss)	(21,599)
Amounts not allocated to shareholders	-	Amounts not allocated to shareholders	-
Net loss related to common stock	(5,506)	Net loss related to common stock	(21,599)
Average number of common stock outstanding	117,599 shares	Average number of common stock outstanding	117,583 shares
Outline of stock not included in diluted net income per share due to lack of dilutive effect	-	Outline of stock not included in diluted net income per share due to lack of dilutive effect	-

(Significant Subsequent Events)

Year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

No relevant items to report.

Year ended March 31, 2012 (April 1, 2011 – March 31, 2012)

(Early redemption of convertible bonds with stock acquisition rights)

The Company redeemed prior to maturity its euro-yen denominated convertible bonds with stock acquisition rights due 2014 (below, the “bonds”) that were issued on April 27, 2007 according to the following conditions based on the Conditions of the Bonds.

i. Bond subject to early redemption

Euro-yen denominated convertible bonds with stock acquisition rights due 2014

ii. Date of the redemption

April 27, 2012

iii. Reason for early redemption

Early redemption by exercising the put option of the bondholders stipulated in Article 7.6 of the Conditions of the Bonds

iv. Details of early redemption

(1) Aggregate principal amount of the Bonds outstanding as of March 31, 2011	¥20,000 million
(2) Aggregate principal amount of the Bonds put	¥19,635 million
(3) Aggregate principal amount of the Bonds outstanding after redemption	¥365 million

v. Impact on performance

There was no impact on the Company’s performance

4. Other

(1) Changes to Executive Management

1. Change of Representative Director

No relevant items to report.

2. Change of Other Directors

Retiring directors

Name	New position	Current position
Takashi Tomaru	Senior operating officer	Director and Senior operating officer
Akihiko Mochizuki	Operating officer	Director and Senior operating officer

Change of executive appointment

Name	New position	Current position
Shoichi Tosaka	Director and Executive operating officer	Director and Senior executive operating officer

3. Scheduled Appointment Date

July 28, 2012

(2) Production, Orders and Sales Results

1. Production

Product categories	Year ended March 31, 2011		Year ended March 31, 2012	
	Amount	Share [%]	Amount	Share [%]
Capacitors	105,978	52.7	87,389	50.2
Ferrite and applied products	31,501	15.7	27,906	16.1
Modules	22,181	11.0	17,418	10.0
Other electronic components	15,904	7.9	22,227	12.8
Electronic components	175,566	87.3	154,942	89.1
Optical media products	16,257	8.1	12,205	7.0
Others	9,346	4.6	6,747	3.9
Optical media and others	25,603	12.7	18,953	10.9
Total	201,169	100.0	173,895	100.0

Note:

1. Amounts are based on average unit sales prices for the period.
2. The aforementioned amounts are exclusive of consumption and related taxes.

2. Orders

Product categories		Year ended March 31, 2011		Year ended March 31, 2012	
		Amount	Share [%]	Amount	Share [%]
	Capacitors	98,973	47.2	79,220	43.8
	Ferrite and applied products	30,859	14.7	26,763	14.8
	Modules	32,158	15.4	29,774	16.5
	Other electronic components	17,212	8.2	21,996	12.2
	Electronic components	179,203	85.5	157,755	87.3
	Optical media products	20,255	9.7	16,154	8.9
	Others	10,052	4.8	6,791	3.8
	Optical media and others	30,308	14.5	22,945	12.7
	Total	209,512	100.0	180,701	100.0

Note: The aforementioned amounts are exclusive of consumption and related taxes.

3. Order backlog

Product categories		Year ended March 31, 2011		Year ended March 31, 2012	
		Amount	Share [%]	Amount	Share [%]
	Capacitors	15,916	61.3	10,675	46.7
	Ferrite and applied products	4,765	18.4	3,599	15.7
	Modules	2,742	10.6	3,351	14.7
	Other electronic components	2,346	9.0	5,048	22.1
	Electronic components	25,771	99.3	22,675	99.2
	Optical media products	187	0.7	189	0.8
	Others	-	-	-	-
	Optical media and others	187	0.7	189	0.8
	Total	25,958	100.0	22,864	100.0

Note: The aforementioned amounts are exclusive of consumption and related taxes.

4. Sales

Product categories	Year ended March 31, 2011		Year ended March 31, 2012	
	Amount	Share [%]	Amount	Share [%]
Capacitors	101,560	48.3	84,461	45.9
Ferrite and applied products	31,018	14.7	27,929	15.2
Modules	31,763	15.1	29,166	15.9
Other electronic components	15,527	7.4	19,294	10.5
Electronic components	179,869	85.5	160,851	87.5
Optical media products	20,479	9.7	16,152	8.8
Others	10,052	4.8	6,791	3.7
Optical media and others	30,532	14.5	22,943	12.5
Total	210,401	100.0	183,795	100.0

Note: The aforementioned amounts are exclusive of consumption and related taxes.