

August 9, 2012

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

Consolidated Results for the Three Months Ended June 30, 2012 (April 1, 2012 – June 30, 2012)

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

Overview of Operating Results

Item	Period	Three months ended June 30, 2011		Three months ended June 30, 2012		Increase/(Decrease)	
		Amount	Share[%]	Amount	Share[%]	Amount	[%]
Net sales		47,035	100.0	46,533	100.0	(502)	(1.1)
Operating income (loss)		(658)	(1.4)	1,108	2.4	1,767	-
Ordinary income (loss)		(1,295)	(2.8)	262	0.6	1,558	-
Income (loss) before income taxes and minority interests		(1,347)	(2.9)	(416)	(0.9)	931	-
Net income (loss)		(1,707)	(3.6)	(628)	(1.4)	1,079	-
Comprehensive income		(2,899)	-	(3,937)	-	(1,038)	-
Net income (loss) per share [Yen]		(14.53)		(5.35)			
Diluted net income per share [Yen]		-		-			
R&D expenses		1,994		1,623		(371)	(18.6)
Capital investment		7,253		5,801		(1,451)	(20.0)
Depreciation and amortization		4,295		4,547		251	5.9

Notes:

- Share data is computed as a ratio of net sales.
- Although diluted shares exist for the three months ended June 30, 2011, and June 30, 2012, diluted net income per share is not disclosed since there is net loss per share for the period

Item	As of March 31, 2012	As of June 30, 2012	Increase/(Decrease)	
			Amount	[%]
Total assets	208,461	207,096	(1,364)	(0.7)
Net assets	104,400	100,196	(4,203)	(4.0)
Equity ratio	49.9%	48.2%	(1.7)pt	-
Net assets per share [Yen]	884.70	848.76	(35.94)	(4.1)

Net Sales by Product Segment

Product segment	Three months ended June 30, 2011		Three months ended June 30, 2012		Increase/(Decrease)	
	Amount	Share[%]	Amount	Share[%]	Amount	[%]
Capacitors	22,592	48.1	19,833	42.6	(2,759)	(12.2)
Ferrite and applied products	7,351	15.6	7,030	15.1	(320)	(4.4)
Integrated modules & devices	10,482	22.3	13,287	28.6	2,805	26.8
Other electronic components	1,038	2.2	1,019	2.2	(18)	(1.8)
Electronic components	41,464	88.2	41,171	88.5	(293)	(0.7)
Optical media products	3,762	8.0	3,689	7.9	(73)	(1.9)
Others	1,808	3.8	1,672	3.6	(135)	(7.5)
Optical media and others	5,571	11.8	5,362	11.5	(209)	(3.8)
Total	47,035	100.0	46,533	100.0	(502)	(1.1)

TAIYO YUDEN

Consolidated Results for the three months ended June 30, 2012

August 9, 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, 2012 to June 30, 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	%
Three months ended June 30, 2012	46,533	(1.1)	1,108	—	262	—	(628)	—
Three months ended June 30, 2011	47,035	(14.4)	(658)	—	(1,295)	—	(1,707)	—

Note: Comprehensive income

ended on June 30, 2012 (3,937) million yen (-%) ended on June 30, 2011 (2,899) million yen (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2012	(5.35)	—
Three months ended June 30, 2011	(14.53)	—

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2012	207,096	100,196	48.2	848.76
As of March 31, 2012	208,461	104,400	49.9	884.70

(Reference) Shareholder's equity As of June 30, 2012 99,799 million yen As of March 31, 2012 104,024 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, 2012	—	2.50	—	2.50	5.00
Year ending March 31, 2013	—				
Year ending March 31, 2013 (forecast)		5.00	—	5.00	10.00

Note: No changes in the forecasted dividend during the first quarter ended June 30, 2012.

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	%	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

Note: There are no changes in the forecasted results during the first quarter ended June 30, 2012.

4. Other

(1) Changes in principal subsidiaries during the three months ended June 30, 2012: 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: Yes

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

c. Changes in accounting estimates: Yes

d. Restatement: No

(4) Number of common shares outstanding :

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

As of June 30, 2012 120,481,395 shares As of March 31, 2012 120,481,395 shares

b. Number of treasury stock:

As of June 30, 2012 2,899,219 shares As of March 31, 2012 2,899,010 shares

c. Average number of common shares outstanding:

Three months ended June 30, 2012 117,582,290 shares Three months ended June 30, 2011 117,586,031 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.

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1. Qualitative Information Concerning Financial Statements and Other

(1) Consolidated Operating Results

Economy and Market Conditions

The economic environment surrounding TAIYO YUDEN CO., LTD. (“TAIYO YUDEN” or “the Company”) in the first quarter of the fiscal year ending March 31, 2013 showed indications of a gradual improvement, however the future outlook remains uncertain due to the European sovereign debt crisis and other factors. The electronics industry has seen growth in the smartphone and tablet PC markets. Desktop PC and television markets remain sluggish. Overall this has caused weaker demand for electronic components.

Company Actions Planned to Offset These Conditions

Given this climate, TAIYO YUDEN has implemented a series of structural reforms that are measures management believes will improve operations and foster growth strategies needed to achieve the targets established for the fiscal year ending March 31, 2015, the final year of the Company’s new medium-term management plan. The measures implemented to improve operations include the process of shifting the production of capacitors and inductors offshore, which is consistent with efforts to maximize the use of its overseas production sites. In terms of growth strategies, we are striving to expand sales of super high-end products, including capacitors, inductors and SAW/FBAR devices.

Overview of Each Business Segment

Electronic components

- We strengthened our production system centered on super high-end products, including EIA01005- and EIA0201-sized multilayer ceramic capacitors for the smartphone market, which continues to see growth in demand.

- We also boosted production capacity for metal power inductors used for newly developed metallic magnet materials and SAW/FBAR devices.

Optical media and others

- We continued with initiatives aimed at returning the optical media products business back to profitability.

Overview of Business Performance

Consolidated net sales for the three months ended June 30, 2012 totaled ¥46,533 million, a 1.1% decline as compared to the corresponding period of the previous fiscal year. The Company achieved an operating profit of ¥1,108 million, compared to an operating loss of ¥658 million for the same period of the previous fiscal year, and an ordinary profit of ¥262 million compared to an ordinary loss of ¥1,295 million for the corresponding period of the previous fiscal year. The Company incurred a net loss of ¥628 million compared with a net loss of ¥1,707 million in the same period of the previous fiscal year.

Exchange Rate

The average foreign currency exchange rate for the three months ended June 30, 2012 was US\$1: ¥81.26. This marked a further appreciation of ¥0.91 compared with the average realized in the same period of the previous fiscal year of US\$1: ¥82.17.

Net sales by product segment

Electronic Components

Capacitors

Sales for the multilayer ceramic capacitors for the three months ended June 30, 2012 were ¥19,833 million, a year-over-year decrease of 12.2%. Product sales for all equipment types were lower as compared to the corresponding period of the previous fiscal year.

Ferrite and Applied Products

This product segment is comprised of ferrite cores and the applied products

include a variety of inductors. In the three-month period ended June 30, 2012, sales declined by 4.4% to ¥7,030 million as compared to the same period of the previous fiscal year. The Company realized a gain in the year over year sales for information equipment, i.e. PCs. This was offset by a drop in sales in the consumer products market driven by reductions in the TV market, communication equipment, which focused on smartphones, and the electronic components market, including LCD panels.

Integrated Modules & Devices

This product segment is comprised of SAW/FBAR devices, a wide range of power supply and high frequency modules and embedded-parts multilayer wiring substrates, "EOMIN®". For the three-month period ended June 30, 2012, sales of SAW/FBAR devices, power supply modules and high frequency modules increased compared with the corresponding period of the previous fiscal year. The increase was 26.8% year over year to ¥13,287 million.

Other Electronic Components

This segment is mainly made up of energy devices. For the three months ended June 30, 2012, sales decreased 1.8% to ¥1,019 million as compared to the corresponding period of the previous fiscal year.

Optical Media and Others

Optical Media Products

For this product segment, the Company manufactures and sells CD-Rs, DVD-Rs/DVD+Rs as well as recordable Blu-ray Discs (BD-Rs). Sales for BD-R products were robust. However, optical media product sales in the three months ended June 30, 2012 fell to ¥3,689 million, 1.9% lower compared with the corresponding period of the previous fiscal year.

Others

Sales in this segment are primarily generated from our product mounting business done by a subsidiary company. For the three months ended June 30, 2012, sales in this segment fell 7.5% year over year to ¥1,672 million.

Note:

Effective for the first quarter of this fiscal year, we have changed the product segment previously listed as "modules" to "integrated modules & devices".

In addition, SAW/FBAR devices and high frequency integrated module components previously included in “other electronic components” are now included in “integrated modules & devices.” Furthermore, energy devices previously included in “capacitors” are now included in “other electronic components.”

Accumulated quantitative data for the first quarter of the previous fiscal year used for comparison purposes represents data after product segment changes were made.

(2) Consolidated Financial Condition

(1) Changes in Financial Condition

Assets

Total assets as of the end of the three-month period ended June 30, 2012 declined ¥1,364 million to ¥207,096 million compared with the end of the previous fiscal year. Current assets increased ¥866 million. This was attributable to increase of ¥859 million in work in process. Fixed assets decreased by ¥2,231 million due mainly to a decrease in property, plant and equipment of ¥1,176 million, a decline in intangible fixed assets of ¥165 million, and a fall in investments and other assets of ¥888 million.

Liabilities

Total liabilities as of the end of the three-month period ended June 30, 2012 increased ¥2,839 million to ¥106,900 million as compared to the balance at March 31, 2012. This was mainly due to an increase in trade notes and accounts payable of ¥2,470 million, a decrease in current portion of convertible bonds with stock acquisition rights to shares of ¥19,635 million, an increase in short-term borrowings of ¥14,577 million, and an increase in long-term borrowings of ¥9,475 million.

Net Assets

Net assets as of the end of the three-month period ended June 30, 2012 declined ¥4,203 million to ¥207,096 million compared with the end of the previous fiscal year.

(2) Cash Flows

Operating activities

Net cash provided by operating activities for the three-month period ended June 30, 2012 was ¥1,985 million, an increase of 29.6% compared with the corresponding period of the previous fiscal year. The contributing factors are; loss before income taxes and minority interests of ¥416 million; depreciation and amortization of ¥4,547 million; increase in inventories of ¥2,426 million; increase in trade payables of ¥3,841 million; and business structure improvement expense of ¥2,962 million.

Investing activities

Net cash used in investing activities for the three-month period ended June 30, 2012 totaled ¥4,797 million, a decrease of 34.2% compared with the corresponding period of the previous fiscal year. The largest cash outflow was ¥5,665 million paid for purchases of property, plant and equipment.

Financing activities

Net cash provided by financing activities for the three-month period ended June 30, 2012 totaled ¥4,197 million, an increase of 145.1% compared with the corresponding period of the previous fiscal year. This was primarily attributed to a net increase in short-term borrowings of ¥14,650 million, proceeds from long-term borrowings of ¥10,000 million, redemption of current portion of convertible bonds with stock acquisition rights to shares of ¥19,635 million, and payments of cash dividends of ¥294 million.

As a result of the aforementioned activities, cash and cash equivalent as of June 30, 2012 increased ¥560 million from the end of the previous fiscal year, to ¥27,232 million.

(3) Forecasts of Consolidated Operating Results

There is no change in the forecasts of consolidated operating results for the fiscal year ending March 31, 2013 that was previously announced on May 14, 2012.

2. Summary Information and Notes

(1) Changes in Accounting Policy, Changes in Accounting Estimates, and Restatements

Changes in Accounting Policy

(Changes in Depreciation Method)

TAIYO YUDEN and its consolidated domestic subsidiaries have changed the depreciation method used for property, plant and equipment acquired after April 1, 2012 based on revisions made to Japan's Corporation Tax Act. This change has taken effect beginning with the first quarter of this fiscal year.

This change will only have a minimal effect on operating income, ordinary income and net losses before income taxes and minority interests for the consolidated first quarter of this fiscal year.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2012	As of June 30, 2012
ASSETS		
Current assets:		
Cash and deposits	27,912	28,064
Trade notes and accounts receivable	41,865	40,375
Merchandise and finished products	13,099	13,590
Work in process	8,529	9,388
Raw materials and supplies	8,920	9,228
Other	4,361	4,786
Allowance for doubtful receivables	(289)	(168)
Total current assets	104,398	105,265
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	64,204	63,736
Machinery and equipment	192,930	192,841
Tools, furniture and fixtures	18,212	18,080
Land	7,686	7,683
Construction in progress	10,396	9,184
Accumulated depreciation	(199,409)	(198,681)
Net property, plant and equipment	94,021	92,844
Intangible fixed assets:		
Goodwill	1,801	1,651
Other	823	807
Total intangible fixed assets	2,624	2,459
Investments and other assets:		
Investment securities	4,550	3,794
Other	3,112	2,970
Allowance for doubtful receivables	(246)	(237)
Total investments and other assets	7,416	6,527
Total fixed assets	104,062	101,831
Total assets	208,461	207,096

(Millions of yen)

	As of March 31, 2012	As of June 30, 2012
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	15,345	17,816
Current portion of convertible bonds with stock acquisition rights to shares	19,635	-
Short-term borrowings	9,031	23,609
Current portion of long-term borrowings	4,147	4,359
Income taxes payable	586	732
Accrued bonuses for employees	1,741	1,361
Provision for business structure improvement	474	218
Other	18,794	15,435
Total current liabilities	69,757	63,533
Long-term liabilities:		
Bonds payable	8,000	8,000
Convertible bonds with stock acquisition rights	365	365
Long-term borrowings	17,297	26,773
Accrued retirement benefits for employees	1,659	1,665
Accrued retirement benefits for directors and corporate auditors	107	111
Negative goodwill	31	25
Other	6,842	6,426
Total long-term liabilities	34,303	43,366
Total liabilities	104,061	106,900
NET ASSETS		
Shareholders' equity:		
Common stock	23,557	23,557
Capital surplus	41,471	41,471
Retained earnings	66,820	65,897
Treasury stock	(3,625)	(3,625)
Total shareholders' equity	128,222	127,299
Accumulated other comprehensive income		
Net unrealized holding gains on securities	433	176
Deferred gains (losses) on hedges	5	(7)
Foreign currency translation adjustments	(24,637)	(27,669)
Total accumulated other comprehensive income	(24,198)	(27,500)
Stock acquisition rights	329	357
Minority interests	46	39
Total net assets	104,400	100,196
Total liabilities and net assets	208,461	207,096

(2) Consolidated Statements of Operations

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Net sales	47,035	46,533
Cost of sales	38,659	37,491
Gross profit	8,376	9,041
Selling, general and administrative expenses	9,034	7,932
Operating income (loss)	(658)	1,108
Non-operating income:		
Interest income	42	46
Dividends income	34	27
Equity in earnings of affiliates	12	23
Other	54	51
Total non-operating income	143	148
Non-operating expenses:		
Interest expense	98	126
Interest on bonds	-	18
Loss on foreign exchange	484	767
Depreciation of inactive noncurrent assets	45	56
Other	151	25
Total non-operating expenses	780	994
Ordinary income (loss)	(1,295)	262
Extraordinary gains:		
Gain on sales of property, plant and equipment	6	6
Other	0	-
Total extraordinary gains	7	6
Extraordinary losses:		
Loss on disposal and sales of property, plant and equipment	58	19
Loss on evaluation of investment securities	-	390
Business structure improvement expense	-	273
Other	1	1
Total extraordinary losses	59	685
Income (loss) before income taxes and minority interests	(1,347)	(416)
Income taxes - current	119	270
Income taxes - deferred	233	(51)
Total income taxes	353	218
Income (loss) before minority interests	(1,701)	(634)
Minority interests in income (loss)	6	(5)
Net income (loss)	(1,707)	(628)

(Consolidated Statements of Comprehensive Income)

(Three months ended June 30, 2012)

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Income (loss) before minority interests	(1,701)	(634)
Other comprehensive income (loss)		
Net unrealized holding gains (losses) on securities	(114)	(257)
Deferred gains (losses) on hedges	41	(13)
Foreign currency translation adjustments	(1,125)	(3,032)
Total other comprehensive income (loss)	(1,198)	(3,303)
Comprehensive income (loss)	(2,899)	(3,937)
(Breakdown)		
Comprehensive income (loss) attributable to shareholders	(2,906)	(3,931)
Comprehensive income (loss) attributable to minority interest	6	(6)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Operating activities:		
Income (loss) before income taxes and minority interests	(1,347)	(416)
Depreciation and amortization	4,295	4,547
Business structure improvement expense	-	273
Amortization of goodwill	211	150
Amortization of negative goodwill	(5)	(5)
Increase (decrease) in allowance for doubtful receivables	2	(118)
Increase (decrease) in accrued bonuses for employees	(1,428)	(359)
Increase (decrease) in accrued bonuses for directors and corporate auditors	(32)	-
Increase (decrease) in accrued retirement benefits for directors and corporate auditors	1	4
Interest and dividend income	(77)	(73)
Interest expense	98	126
Interest on bonds	-	18
Equity in earnings of affiliate	(12)	(23)
(Gain) loss on disposal and sales of property, plant and equipment	51	13
(Gain) Loss on evaluation of investment securities	-	390
(Increase) decrease in trade receivables	(617)	(210)
(Increase) decrease in inventories	(3,982)	(2,426)
Increase (decrease) in trade payables	4,225	3,841
Other	725	(609)
Subtotal	2,107	5,123
Interest and dividends received	76	131
Interest paid	(76)	(72)
Business structure improvement expense paid	-	(2,962)
Income taxes (paid) refunded	(576)	(234)
Net cash provided by operating activities	1,531	1,985
Investing activities:		
(Increase) decrease in time deposits	(22)	361
Purchases of property, plant and equipment	(7,315)	(5,665)
Proceeds from sales of property, plant and equipment	44	14
Other	1	490
Net cash used in investing activities	(7,292)	(4,797)
Financing activities:		
Net increase (decrease) in short-term borrowings	3,112	14,650
Proceeds from long-term borrowings	4,000	10,000
Repayments of long-term borrowings	(4,572)	(312)
Redemption of current portion of convertible bonds with stock acquisition rights to shares	-	(19,635)
Purchases of treasury stock	(1)	0
Payments of cash dividends	(588)	(294)
Repayments of lease obligations	(242)	(211)
Proceeds from stock issuance to minority shareholders	5	-
Other	(1)	-
Net cash provided by (used in) financing activities	1,712	4,197
Effect of exchange rate changes on cash and cash equivalents	(338)	(824)
Net increase (decrease) in cash and cash equivalents	(4,387)	560
Cash and cash equivalents at beginning of period	38,811	26,671
Cash and cash equivalents at end of period	34,424	27,232

(4) Notes on Premise of Going Concern

No relevant items to report.

(5) Notes in Case of Significant Changes to Shareholders' Equity

No relevant items to report.

4. Supplementary Information

(1) Net Sales by Product Segment

Product segments	Three months ended June 30, 2011		Three months ended June 30, 2012		Increase/ (Decrease)	
	Amount	Share [%]	Amount	Share [%]	Amount	%
Capacitors	22,592	48.1	19,833	42.6	(2,759)	(12.2)
Ferrite and applied products	7,351	15.6	7,030	15.1	(320)	(4.4)
Integrated modules & devices	10,482	22.3	13,287	28.6	2,805	26.8
Other electronic components	1,038	2.2	1,019	2.2	(18)	(1.8)
Electronic components	41,464	88.2	41,171	88.5	(293)	(0.7)
Optical media products	3,762	8.0	3,689	7.9	(73)	(1.9)
Others	1,808	3.8	1,672	3.6	(135)	(7.5)
Optical media and others	5,571	11.8	5,362	11.5	(209)	(3.8)
Total	47,035	100.0	46,533	100.0	(502)	(1.1)

Note:

We have changed the product segment conventionally listed as “modules” to “integrated modules & devices” beginning with the first quarter of this fiscal year. In addition, SAW/FBAR devices and high frequency integrated module components previously included in “other electronic components” are now included in “integrated modules & devices.” Furthermore, energy devices conventionally included in “capacitors” are now included in “other electronic components.”

Accumulated quantitative data for the first quarter of the previous fiscal year used for comparison purposes represents data after product segment changes were made.