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

Consolidated Results for the Six Months Ended September 30, 2014 (April 1, 2014 – September 30, 2014)

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

Overview of Operating Results

Item	Period	Six months ended September 30, 2013		Six months ended September 30, 2014		Increase/(Decrease)	
		Amount	Share [%]	Amount	Share [%]	Amount	[%]
Net sales		105,550	100.0	105,184	100.0	(365)	(0.3)
Operating income		7,196	6.8	2,468	2.3	(4,727)	(65.7)
Ordinary income		7,439	7.0	3,527	3.4	(3,911)	(52.6)
Income before income taxes and minority interests		5,766	5.5	3,382	3.2	(2,383)	(41.3)
Net income		4,260	4.0	726	0.7	(3,533)	(82.9)
Comprehensive income		7,531	-	6,889	-	(641)	(8.5)
Net income per share [Yen]		36.21		6.17			
Diluted net income per share [Yen]		36.15		5.66			
R&D expenses		3,554		3,998		443	12.5
Capital investment		7,699		8,326		626	8.1
Depreciation and amortization		9,921		10,248		327	3.3

Notes: Share data is computed as a ratio of net sales.

	As of March 31, 2014	As of September 30, 2014	Increase/(Decrease)	
			Amount	[%]
Total assets	247,596	253,085	5,489	2.2
Net assets	128,556	134,912	6,356	4.9
Equity ratio	51.8%	53.2%	1.4pt	-
Net assets per share [Yen]	1,090.26	1,143.64	53.38	4.9

Net Sales by Product Segment

Product segment	Six months ended September 30, 2013		Six months ended September 30, 2014		Increase/(Decrease)	
	Amount	Share [%]	Amount	Share [%]	Amount	[%]
Capacitors	52,065	49.3	51,742	49.2	(322)	(0.6)
Ferrite and applied products	17,748	16.8	19,060	18.1	1,311	7.4
Integrated modules & devices	22,071	20.9	23,243	22.1	1,171	5.3
Other electronic components	2,838	2.7	2,173	2.1	(665)	(23.4)
Electronic components	94,723	89.7	96,219	91.5	1,495	1.6
Optical media products	6,786	6.5	5,929	5.6	(856)	(12.6)
Others	4,039	3.8	3,035	2.9	(1,004)	(24.9)
Optical media and others	10,826	10.3	8,965	8.5	(1,861)	(17.2)
Total	105,550	100.0	105,184	100.0	(365)	(0.3)

TAIYO YUDEN

Consolidated Results for the six months ended September 30, 2014

November 6, 2014

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, 2014 to September 30, 2014

(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	%
Six months ended September 30, 2014	105,184	(0.3)	2,468	(65.7)	3,527	(52.6)	726	(82.9)
Six months ended September 30, 2013	105,550	10.6	7,196	393.9	7,439	—	4,260	—

Note: Comprehensive income ended on September 30, 2014 6,889 million yen ; (8.5%) ended on September 30, 2013 7,531 million yen ; - %

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2014	6.17	5.66
Six months ended September 30, 2013	36.21	36.15

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2014	253,085	134,912	53.2	1,143.64
As of March 31, 2014	247,596	128,556	51.8	1,090.26

(Reference) Shareholder's equity As of Sep. 30, 2014 134,660 million yen As of March 31, 2014 128,375 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, 2014	—	5.00	—	5.00	10.00
Year ending March 31, 2015	—	5.00			
Year ending March 31, 2015 (forecast)			—	5.00	10.00

Note: No changes in the forecasted dividend during the second quarter ended September 30, 2014.

3. Forecasts of operating results for the period from April 1, 2014 to March 31, 2015.

(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, 2015	220,000	5.7	14,000	23.3	14,000	14.8	8,500	21.6	72.19

Note: There are no changes in the forecasted results during the second quarter ended September 30, 2014.

4. Note

(1) Changes in principal subsidiaries during the six months ended Sep. 30, 2014: 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 reasons other than "a.": 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 Sep. 30, 2014 120,481,395 shares As of March 31, 2014 120,481,395 shares

b. Number of treasury stock:

As of Sep. 30, 2014 2,733,958 shares As of March 31, 2014 2,733,602 shares

c. Average number of common shares outstanding:

Six months ended Sep. 30, 2014 117,747,644 shares Six months ended Sep. 30, 2013 117,678,563 shares

Others :

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 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”) and its subsidiaries (together “TAIYO YUDEN Group” or “the Companies”) in the six-month period ended September 30, 2014 showed certain parts of the global economy remained sluggish and that developed countries seeing signs of a recovery.

Company Actions Planned to Offset These Conditions

TAIYO YUDEN Group continues to implement measures that balance a growth strategy and structural reforms with an emphasis on improving profitability. The Companies’ growth strategy calls for an increase in sales of their highly competitive super high-end products that support key growth applications for devices such as smartphones and tablet devices. And, to accommodate rising demand for RF devices used in smartphones, the Company’s subsidiary TAIYO YUDEN Mobile Technology Co., Ltd. established an operation center in Ome, Tokyo to increase production capacity and capabilities. In addition, the Companies have endeavored to diversify and expand sales channels, to strengthen system solution proposal capabilities, and to promote sales of high reliability products, positioning electrical components used in automobiles, industrial equipment, healthcare, and environmental energy as focus markets. A key structural reform initiative is the focus on improving the break-even point, which includes managing net profits using a “mini company system” and continually enhancing the Company’s structure.

Overview of Business Performance

Consolidated net sales for the six-month period ended September 30, 2014 totaled ¥105,184 million, which is a decrease of 0.3% compared to the corresponding period of the previous fiscal year. Operating income was

¥2,468 million, a decrease of 65.7%, an ordinary income was ¥3,527 million, a decrease of 52.6%, and a net income was ¥726 million, a decrease of 82.9% compared to the same period of the previous fiscal year. The profit decline year over year for the six-month period ended September 30, 2014 was attributed to temporary expenses incurred from the concentration of production sites of subsidiaries and an increase in fixed costs.

Exchange Rate

The average foreign currency exchange rate for the six-month period ended September 30, 2014 was US\$1: ¥102.24. This is a depreciation of ¥4.12 as compared to the average realized in the same period of the previous fiscal year of US\$1: ¥98.12.

Net Sales by Product Segment

Electronic Components

Capacitors

The capacitor product segment is comprised of multilayer ceramic capacitors. For the six-month period ended September 30, 2014, capacitor sales for automobiles/industrial equipment increased year over year. This increase was offset by a decrease year over year in capacitor sales for consumer products, i.e. TVs, information equipment, i.e. PCs, and communication equipment, which focused on smartphones. In total, sales for this product segment decreased 0.6% year over year to ¥51,742 million.

Ferrite and Applied Products

This product segment is comprised of various inductors including metal power inductor “MCOIL™”, wire-wound inductors and multilayer chip inductors. In the six-month period ended September 30, 2014, sales increased by 7.4% to ¥19,060 million as compared to the same period of the previous fiscal year. Product sales for consumer products were lower as compared to the corresponding period of the previous fiscal year. This was offset by an increase in sales for information equipment, communication equipment and automobiles/industrial equipment.

Integrated Modules & Devices

This product segment is comprised of SAW/FBAR devices for mobile

communications, a wide range of power supply and high frequency modules, and embedded-parts multilayer wiring substrates “EOMINTM”. For the six-month period ended September 30, 2014, sales for power supply modules and high frequency modules decreased year over year and sales for SAW/FBAR devices for mobile communications increased year over year. This resulted in a 5.3% increase in total sales for this product segment year over year to ¥23,243 million.

Other Electronic Components

This segment is mainly made up of energy devices. For the six-month period ended September 30, 2014, sales decreased 23.4% to ¥2,173 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). Optical media product sales in the six-month period ended September 30, 2014 fell to ¥5,929 million, which is 12.6% lower as 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 six-month period ended September 30, 2014, sales in this segment decreased 24.9% year over year to ¥3,035 million.

(2) Consolidated Financial Condition

1. Changes in Financial Condition

Assets

Total assets as of September 30, 2014 increased ¥5,489 million to ¥253,085 million compared with the end of the previous fiscal year.

Current assets increased ¥3,324 million in comparison to the previous fiscal year. This was mainly attributable to a decrease of ¥12,610 million in cash and deposits and increase of ¥8,681 million in trade notes and accounts

receivable, ¥1,744 million in merchandise and finished products, ¥2,383 million in work in process and ¥1,207 million in raw materials and supplies.

Fixed assets increased by ¥2,165 million driven by an increase in property, plant and equipment of ¥2,273 million.

Liabilities

Total liabilities as of September 30, 2014 were ¥118,173 million, a decrease of ¥866 million as compared to the balance at March 31, 2014. This was mainly due to an increase in trade notes and accounts payable of ¥4,887 million, a decrease in current portion of long-term borrowings of ¥7,601 million, and an increase in other current liabilities of ¥2,953 million.

Net Assets

Net assets as of September 30, 2014 increased ¥ 6,356 million to ¥134,912 million compared with the end of the previous fiscal year.

2. Cash Flows

Operating activities

Net cash provided by operating activities for the six-month period ended September 30, 2014 was ¥7,326 million, a decrease of 49.9% compared with the corresponding period of the previous fiscal year. The main factors are income before income taxes and minority interests of ¥3,382 million, depreciation and amortization of ¥10,248 million, offset by an increase in trade receivables of ¥5,495 million.

Investing activities

Net cash used in investing activities for six-month period ended September 30, 2014 totaled ¥8,835 million, a decrease of 12.5% compared with the corresponding period of the previous fiscal year. The main factors are amounts paid for purchase of property, plant and equipment of ¥10,316 million, offset by a decrease in time deposits of ¥783 million.

Financing activities

Net cash used in financing activities for the six-month period ended September 30, 2014 totaled ¥12,217 million, compared to a net cash provided by financing activities totaling ¥1,379 million for the corresponding period of the previous fiscal year. This was primarily attributed to

repayments of long-term borrowings of ¥12,105 million.

As a result of the aforementioned activities, cash and cash equivalents as of September 30, 2014 decreased ¥12,134 million from the end of the previous fiscal year, to ¥42,477 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, 2015 that was previously announced on May 14, 2014.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
ASSETS		
Current assets:		
Cash and deposits	59,250	46,640
Trade notes and accounts receivable	43,012	51,694
Merchandise and finished products	14,179	15,923
Work in process	13,457	15,840
Raw materials and supplies	9,927	11,135
Other	4,254	6,389
Allowance for doubtful receivables	(322)	(541)
Total current assets	143,759	147,083
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	70,723	73,056
Machinery and equipment	226,115	235,916
Tools, furniture and fixtures	20,257	21,335
Land	7,697	8,455
Construction in progress	4,481	5,997
Accumulated depreciation	(234,877)	(248,090)
Net property, plant and equipment	94,397	96,671
Intangible fixed assets:		
Goodwill	600	300
Other	811	749
Total intangible fixed assets	1,412	1,050
Investments and other assets:		
Investment securities	4,859	5,307
Other	3,493	3,318
Allowance for doubtful receivables	(325)	(345)
Total investments and other assets	8,027	8,280
Total fixed assets	103,837	106,002
Total assets	247,596	253,085

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	18,597	23,485
Current portion of bonds payable	8,000	8,000
Current portion of convertible bonds with stock acquisition	365	-
Short-term borrowings	10,623	11,906
Current portion of long-term borrowings	12,472	4,870
Income taxes payable	1,159	1,407
Accrued bonuses for employees	2,746	3,048
Accrued bonuses for directors and corporate auditors	74	54
Other	14,352	17,306
Total current liabilities	68,392	70,079
Long-term liabilities:		
Convertible bonds with stock acquisition rights	20,096	20,089
Long-term borrowings	21,861	17,357
Accrued retirement benefits for directors and corporate auditors	117	122
Net defined benefit liability	1,936	2,355
Other	6,635	8,168
Total long-term liabilities	50,647	48,093
Total liabilities	119,040	118,173
NET ASSETS		
Shareholders' equity:		
Common stock	23,557	23,557
Capital surplus	41,495	41,495
Retained earnings	73,597	73,732
Treasury stock	(3,412)	(3,413)
Total shareholders' equity	135,236	135,371
Accumulated other comprehensive income		
Net unrealized holding gains on securities	979	1,324
Deferred gains (losses) on hedges	(31)	(132)
Foreign currency translation adjustments	(7,774)	(1,871)
Post retirement benefit liability adjustments of foreign subsidiaries	(34)	(31)
Total accumulated other comprehensive income	(6,860)	(711)
Stock acquisition rights	170	227
Minority interests	9	24
Total net assets	128,556	134,912
Total liabilities and net assets	247,596	253,085

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

(Consolidated Statements of Operations)

(Six months ended September 30, 2014 and 2013)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net sales	105,550	105,184
Cost of sales	80,296	83,042
Gross profit	25,253	22,142
Selling, general and administrative expenses	18,057	19,673
Operating income	7,196	2,468
Non-operating income:		
Interest income	129	184
Dividend income	55	51
Gain on foreign exchange	558	697
Equity in earnings of affiliate	-	2
Subsidy income	32	642
Other	107	167
Total non-operating income	883	1,746
Non-operating expenses:		
Interest expense	267	169
Interest on bonds	36	36
Equity in losses of affiliate	3	-
Compensation expenses	27	156
Depreciation of inactive noncurrent assets	239	172
Other	65	152
Total non-operating expenses	640	687
Ordinary income	7,439	3,527
Extraordinary gains:		
Gain on sales of property, plant and equipment	19	7
Other	-	2
Total extraordinary gains	19	10
Extraordinary losses:		
Loss on disposal and sales of property, plant and equipment	106	111
Impairment loss	548	36
Loss on evaluation of investment securities	129	1
Business structure improvement expenses	862	-
Other	45	4
Total extraordinary losses	1,692	155
Income before income taxes and minority interests	5,766	3,382
Income taxes - current	1,431	1,270
Income taxes - deferred	96	1,372
Total income taxes	1,528	2,642
Income before minority interests	4,238	740
Minority interests in income (loss)	(22)	13
Net income	4,260	726

(Consolidated Statements of Comprehensive Income)

(Six months ended September 30, 2014 and 2013)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Income before minority interests	4,238	740
Other comprehensive income		
Net unrealized holding gains on securities	362	344
Deferred gains (losses) on hedges	28	(100)
Foreign currency translation adjustments	2,901	5,902
Post retirement benefit liability adjustments of foreign subsidiaries	-	2
Total other comprehensive income	3,293	6,149
Comprehensive income	7,531	6,889
(Breakdown)		
Comprehensive income attributable to shareholders	7,553	6,876
Comprehensive income (loss) attributable to minority interest	(22)	13

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Operating activities:		
Income before income taxes and minority interests	5,766	3,382
Depreciation and amortization	9,921	10,248
Impairment loss	548	36
Business structure improvement expense	862	-
Amortization of goodwill	300	300
Increase (decrease) in allowance for doubtful receivables	55	210
Increase (decrease) in accrued bonuses for employees	179	274
Increase (decrease) in accrued bonuses for directors and corporate auditors	(15)	(20)
Increase (decrease) in accrued retirement benefits for directors and corporate auditors	(17)	3
Interest and dividend income	(185)	(236)
Interest expense	267	169
Interest on bonds	36	36
Equity in earnings of affiliate	3	(2)
(Gain) loss on disposal and sales of property, plant and equipment	86	104
(Gain) Loss on evaluation of investment securities	129	1
Subsidy income	-	(593)
(Increase) decrease in trade receivables	298	(5,495)
(Increase) decrease in inventories	(1,648)	(3,915)
Increase (decrease) in trade payables	(96)	2,525
Other	(1,116)	1,336
Subtotal	15,377	8,369
Interest and dividends received	178	243
Interest paid	(291)	(257)
Income taxes (paid) refunded	(651)	(1,029)
Net cash provided by operating activities	14,611	7,326
Investing activities:		
(Increase) decrease in time deposits	(451)	783
Purchases of property, plant and equipment	(9,856)	(10,316)
Proceeds from sales of property, plant and equipment	148	34
Proceeds from sales of investment securities	25	67
Receipt from subsidy income	-	446
Other	39	148
Net cash used in investing activities	(10,094)	(8,835)
Financing activities:		
Net increase (decrease) in short-term borrowings	(166)	994
Proceeds from long-term borrowings	5,000	-
Repayments of long-term borrowings	(2,535)	(12,105)
Redemption of convertible bonds	-	(365)
Purchases of treasury stock	(1)	(0)
Payments of cash dividends	(586)	(586)
Repayments of lease obligations	(330)	(154)
Other	0	-
Net cash provided by (used in) financing activities	1,379	(12,217)
Effect of exchange rate changes on cash and cash equivalents	1,049	1,592
Net increase (decrease) in cash and cash equivalents	6,945	(12,134)
Cash and cash equivalents at beginning of period	33,280	54,611
Cash and cash equivalents at end of period	40,225	42,477

(4) Notes on Consolidated Financial Statements

(Notes on Premise of Going Concern)

No relevant items to report.

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

No relevant items to report.

3. Supplementary Information

(1) Net Sales by Product Segment

(Millions of yen)

Product segment	Six months ended September 30, 2013		Six months ended September 30, 2014		Increase/ (Decrease)	
	Amount	Share [%]	Amount	Share [%]	Amount	%
Capacitors	52,065	49.3	51,742	49.2	(322)	(0.6)
Ferrite and applied products	17,748	16.8	19,060	18.1	1,311	7.4
Integrated modules & devices	22,071	20.9	23,243	22.1	1,171	5.3
Other electronic components	2,838	2.7	2,173	2.1	(665)	(23.4)
Electronic components	94,723	89.7	96,219	91.5	1,495	1.6
Optical media products	6,786	6.5	5,929	5.6	(856)	(12.6)
Others	4,039	3.8	3,035	2.9	(1,004)	(24.9)
Optical media and others	10,826	10.3	8,965	8.5	(1,861)	(17.2)
Total	105,550	100.0	105,184	100.0	(365)	(0.3)

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