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Consolidated Results for the Six Months Ended September 30, 2015 (April 1, 2015 – September 30, 2015)

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

Overview of Operating Results

Item	Period	Six months ended September 30, 2014		Six months ended September 30, 2015		Increase/(Decrease)	
		Amount	Share [%]	Amount	Share [%]	Amount	[%]
Net sales		105,184	100.0	122,109	100.0	16,925	16.1
Operating income		2,468	2.3	14,253	11.7	11,784	477.3
Ordinary income		3,527	3.4	13,837	11.3	10,309	292.2
Income before income taxes and minority interests		3,382	3.2	10,686	8.8	7,303	215.9
Net income attributable to owners of parent company		726	0.7	7,948	6.5	7,222	993.7
Comprehensive income		6,889	-	1,450	-	(5,439)	(78.9)
Net income per share [Yen]			6.17		67.51		
Diluted net income per share [Yen]			5.66		62.26		
R&D expenses			3,998		4,423	425	10.6
Capital investment			8,326		15,974	7,648	91.9
Depreciation and amortization			10,248		11,204	955	9.3

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

	As of March 31, 2015	As of September 30, 2015	Increase/(Decrease)	
			Amount	[%]
Total assets	265,454	275,857	10,403	3.9
Net assets	150,856	151,816	960	0.6
Equity ratio	56.7%	54.9%	(1.8) pt	-
Net assets per share [Yen]	1,278.07	1,286.53	8.46	0.7

Net Sales by Product Segment

Product segment	Six months ended September 30, 2014		Six months ended September 30, 2015		Increase/(Decrease)	
	Amount	Share [%]	Amount	Share [%]	Amount	[%]
Capacitors	52,471	49.9	62,225	51.0	9,754	18.6
Ferrite and applied products	19,116	18.2	23,871	19.5	4,755	24.9
Integrated modules & devices	25,301	24.1	29,608	24.2	4,307	17.0
Others	8,296	7.9	6,404	5.2	(1,891)	(22.8)
Total	105,184	100.0	122,109	100.0	16,925	16.1

TAIYO YUDEN

Consolidated Results for the six months ended September 30, 2015

November 5, 2015

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, 2015 to September 30, 2015

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2015	122,109	16.1	14,253	477.3	13,837	292.2	7,948	993.7
Six months ended September 30, 2014	105,184	(0.3)	2,468	(65.7)	3,527	(52.6)	726	(82.9)

Note: Comprehensive income

ended on September 30, 2015 1,450 million yen; (78.9%) ended on September 30, 2014 6,889 million yen ; (8.5 %)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2015	67.51	62.26
Six months ended September 30, 2014	6.17	5.66

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2015	275,857	151,816	54.9	1,286.53
As of March 31, 2015	265,454	150,856	56.7	1,278.07

(Reference) Shareholder's equity As of September 30, 2015 151,488 million yen
As of March 31, 2015 150,489 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, 2015	—	5.00	—	5.00	10.00
Year ending March 31, 2016	—	5.00			
Year ending March 31, 2016 (forecast)			—	10.00	15.00

Note: No changes in the forecasted dividend during the second quarter ended September 30, 2015.

3. Forecasts of operating results for the period from April 1, 2015 to March 31, 2016.

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent company		Net income per share
Year ending March 31, 2016	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	246,000	8.3	23,000	74.9	23,000	46.9	13,000	19.1	110.40

Note: There are changes in the forecasted results during the second quarter ended September 30, 2015.

4. Note

(1) Changes in principal subsidiaries during the six months ended September 30, 2015: 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 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 September 30, 2015 120,481,395 shares As of March 31, 2015 120,481,395 shares

b. Number of treasury stock:

As of September 30, 2015 2,731,461 shares As of March 31, 2015 2,734,253 shares

c. Average number of common shares outstanding:

Six months ended September 30, 2015 117,748,718 shares Six months ended September 30, 2014 117,747,644 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

During the six-month period ended September 30, 2015 (April 1, 2015 to September 30, 2015), the business environment surrounding the Group showed a tone of recovery for the global economy as a whole due to keeping moderate growth, primarily in developed nations, although a slowdown was observed in China and emerging nations.

Company Actions Planned to Offset These Conditions

TAIYO YUDEN Group is strengthening the five basic elements in its business including market, product, customer, finance, and human resources through the implementation of growth strategy initiatives and structural improvements with the aim of achieving the medium-term targets.

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. 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. The Companies are vigorously increasing production capacity for capacitors, inductors, and RF devices in order to achieve these growth strategies.

It has also been decided to withdraw from the recording media business, where the market is continuing to shrink, in December 2015. The Companies are aiming for business structure improvement by concentrating management resources on growth sectors to reconfigure our business.

Overview of Business Performance

Consolidated net sales for the six-month period ended September 30, 2015

totaled ¥122,109 million, which is an increase of 16.1% compared to the corresponding period of the previous fiscal year. Operating income was ¥14,253 million, an increase of 477.3%, an ordinary income was ¥13,837 million, an increase of 292.2% compared to the corresponding period of the previous fiscal year. The Company recorded ¥1,506 million in business structure improvement expenses and ¥1,430 million in loss on evaluation of investment securities as extraordinary losses. The business structure improvement expenses include the withdrawal from the recording media business and integration of sites in the RF devices business. As a result, net income attributable to owners of the parent company amounted to ¥7,948 million, up by 993.7% from the same period of the previous fiscal year.

Exchange Rate

The average foreign currency exchange rate for the six-month period ended September 30, 2015 was US\$1:¥121.83. This is a depreciation of ¥19.59 as compared to the average realized in the corresponding period of the previous fiscal year of US\$1:¥102.24.

Net Sales by Product Segment

From the first quarter of the year ending March 31, 2016, the Company revised its product segments. The principal changes are the inclusion of energy devices, which had previously been included in “Other electronic components,” in “Others” and the inclusion of the product mounting business of a subsidiary company, which had previously been included in “Others,” in “Integrated modules & devices.”

Comparisons with figures for the six-month period of the year ended March 31, 2015 are based on post-revision product segments.

Capacitors

The capacitor product segment is comprised of multilayer ceramic capacitors. For the six-month period ended September 30, 2015, capacitor sales for information equipment, i.e. PCs, decreased year over year. This decrease was offset by an increase year over year in capacitor sales for consumer products, i.e. TVs, communication equipment, which focused on smartphones, and automobiles/industrial equipment. In total, sales for this product segment

increased 18.6% year over year to ¥62,225 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, 2015, sales increased by 24.9% to ¥23,871 million as compared to the same period of the previous fiscal year. Product sales for consumer products and information equipment were lower as compared to the corresponding period of the previous fiscal year. This was offset by an increase in sales for communication equipment and automobiles/industrial equipment.

Integrated Modules & Devices

This product segment is comprised of FBAR/SAW devices for mobile communications, a wide range of power supply and high frequency modules, embedded-parts multilayer wiring substrates “EOMIN™”, and our product mounting business done by a subsidiary company. For the six-month period ended September 30, 2015, sales for power supply modules and high frequency modules decreased year over year and sales for FBAR/SAW devices for mobile communications increased year over year. This resulted in a 17.0% increase in total sales for this product segment year over year to ¥29,608 million.

Others

For this product segment, the Company manufactures and sells energy devices and CD-Rs, DVD-Rs as well as recordable Blu-ray Discs(BD-Rs). For the six-month period ended September 30, 2015, sales in this segment decreased 22.8% year over year to ¥6,404 million.

(2) Consolidated Financial Condition

1. Changes in Financial Condition

Assets

Total assets as of September 30, 2015 increased ¥10,403 million to ¥275,857 million compared with the end of the previous fiscal year.

Current assets increased ¥6,963 million in comparison to the previous fiscal year. This was mainly attributable to an increase of ¥2,930 million in cash

and deposits, ¥3,401 million in merchandise and finished products, ¥1,224 million in work in process. Fixed assets increased by ¥3,440 million due mainly to an increase in property, plant and equipment of ¥5,619 million and a decrease in investment securities of ¥1,938 million.

Liabilities

Total liabilities as of September 30, 2015 were ¥124,040 million, an increase of ¥9,442 million as compared to the balance at March 31, 2015. This was mainly due to an increase of ¥1,203 million in trade notes and accounts payable, ¥2,390 million in short-term borrowings, ¥1,331 million in current portion of long-term borrowings and ¥3,357 million in other current liabilities.

Net Assets

Net assets as of September 30, 2015 increased ¥960 million to ¥151,816 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, 2015 was ¥17,275 million, an increase of 135.8% compared with the corresponding period of the previous fiscal year. The main factors are income before income taxes and non-controlling interests of ¥10,686 million, depreciation and amortization of ¥11,204 million and increase in inventories of ¥6,970 million.

Investing activities

Net cash used in investing activities for six-month period ended September 30, 2015 totaled ¥16,778 million, an increase of 89.9% compared with the corresponding period of the previous fiscal year. The main factor is amounts paid for purchase of property, plant and equipment of ¥18,107 million.

Financing activities

Net cash provided by financing activities for the six-month period ended September 30, 2015 totaled ¥2,204 million, compared to an net cash used in financing activities totalling ¥12,217 million for the corresponding period of the previous fiscal year. This was primarily attributed to net increase in short-term borrowings of ¥2,444 million, proceeds from long-term

borrowings of ¥500 million and repayments of long-term borrowings of ¥4,487 million.

As a result of the aforementioned activities, cash and cash equivalents as of September 30, 2015 increased ¥1,921 million from the end of the previous fiscal year, to ¥43,398 million.

(3) Forecasts of Consolidated Operating Results

TAIYO YUDEN revised its consolidated operating results forecasts for the full fiscal year ending March 31, 2016, previously announced on May 11, 2015. This was decided after careful consideration of the Companies' consolidated performance for the six-month period ended September 30, 2015. For details and the revised figures, please refer to our current press release "TAIYO YUDEN Announces the Reasons for Differences between Consolidated Forecasts and Actual Results, and Earnings Forecast Revisions" announced today November 5, 2015.

2. Summary Information and Notes

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

(Changes in accounting policy)

The "Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013, hereinafter the "Business Combinations Accounting Standard"), the "Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013, hereinafter the "Consolidated Financial Statements Accounting Standards"), and the "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013, hereinafter the "Business Divestitures Accounting Standard") have been applied from the first quarter of the year ending March 31, 2016. As a result, for subsidiaries the Company continues to control, differences arising due to changes in the equity share are entered in capital surplus and costs associated with the acquisition of shares are now treated as expenses in the consolidated fiscal year in which they are incurred. In addition, for business combinations that

are implemented at and after the beginning of the first quarter of the year ending March 31, 2016, revisions to the allocation of the cost of acquisitions as determined by provisional accounting treatment are reflected in the quarterly consolidated financial statements for the quarter in which the business combination took place. Additionally, the Company has changed the method of presenting consolidated quarterly net income and changed “minority interests in consolidated subsidiaries” to “non-controlling interests in consolidated subsidiaries”. To reflect these changes, the Company has reclassified its quarterly consolidated financial statements for the first quarter of the previous fiscal year and consolidated financial statements for the previous fiscal year.

In the Consolidated Statements of Cash Flows for the six-month period ended September 30, 2015, the Company has changed to a method of recording cash flows relating to the acquisition and sale of shares in subsidiaries without changes in the scope of consolidation in Financing Activities, and cash flows involving costs associated with the acquisition of shares in subsidiaries that are resulted in changes in the scope of consolidation and expenses incurred in the acquisition and sale of shares in subsidiaries without changes in the scope of consolidation in Operating Activities.

The Company has applied these standards in accordance with the transitional treatment prescribed in Para. 58-2 (4) of the Business Combinations Accounting Standard, Para. 44-5 (4) of the Consolidated Financial Statements Accounting Standard, and Para. 57-4 (4) of the Business Divestitures Accounting Standard, and will continue to apply these standards from the beginning of the first quarter of the year ending March 31, 2016 into the future.

There is no impact on the quarterly consolidated financial statement for the six-month period of the year ended September 30, 2015.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
ASSETS		
Current assets:		
Cash and deposits	46,709	49,640
Trade notes and accounts receivable	55,773	55,374
Merchandise and finished products	15,564	18,965
Work in process	16,014	17,238
Raw materials and supplies	12,555	12,573
Other	8,635	8,439
Allowance for doubtful receivables	(281)	(296)
Total current assets	154,971	161,934
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	73,929	72,196
Machinery and equipment	240,195	237,546
Tools, furniture and fixtures	21,569	21,912
Land	8,635	8,629
Construction in progress	8,123	13,220
Accumulated depreciation	(254,745)	(250,178)
Net property, plant and equipment	97,708	103,328
Intangible fixed assets:		
Other	715	740
Total intangible fixed assets	715	740
Investments and other assets:		
Investment securities	9,071	7,133
Other	3,347	3,080
Allowance for doubtful receivables	(360)	(359)
Total investments and other assets	12,058	9,853
Total fixed assets	110,482	113,922
Total assets	265,454	275,857

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	23,899	25,103
Short-term borrowings	12,366	14,756
Current portion of long-term borrowings	5,269	6,600
Income taxes payable	1,708	2,549
Accrued bonuses for employees	3,249	3,923
Accrued bonuses for directors and corporate auditors	109	85
Other	20,116	23,474
Total current liabilities	66,719	76,493
Long-term liabilities:		
Convertible bonds with stock acquisition rights	20,082	20,074
Long-term borrowings	16,569	15,751
Accrued retirement benefits for directors and corporate auditors	129	135
Net defined benefit liability	2,872	2,998
Other	8,224	8,585
Total long-term liabilities	47,878	47,546
Total liabilities	114,597	124,040
NET ASSETS		
Shareholders' equity:		
Common stock	23,557	23,557
Capital surplus	41,495	41,494
Retained earnings	83,339	90,699
Treasury stock	(3,413)	(3,410)
Total shareholders' equity	144,978	152,340
Accumulated other comprehensive income		
Net unrealized holding gains on securities	2,125	1,719
Deferred gains (losses) on hedges	7	8
Foreign currency translation adjustments	3,774	(2,100)
Post retirement benefit liability adjustments of foreign subsidiaries	(396)	(479)
Total accumulated other comprehensive income	5,511	(852)
Stock acquisition rights	227	320
Non-controlling interests	139	7
Total net assets	150,856	151,816
Total liabilities and net assets	265,454	275,857

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

(Consolidated Statements of Operations)

(Six months ended September 30, 2015 and 2014)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	105,184	122,109
Cost of sales	83,042	87,508
Gross profit	22,142	34,601
Selling, general and administrative expenses	19,673	20,347
Operating income	2,468	14,253
Non-operating income:		
Interest income	184	158
Dividend income	51	87
Equity in earnings of affiliate	2	8
Gain on foreign exchange	697	-
Subsidy income	642	12
Gain on investments in partnership	38	88
Other	128	54
Total non-operating income	1,746	409
Non-operating expenses:		
Interest expense	169	136
Interest on bonds	36	-
Loss on foreign exchange	-	461
Compensation expenses	156	22
Depreciation of inactive noncurrent assets	172	138
Other	152	66
Total non-operating expenses	687	826
Ordinary income	3,527	13,837
Extraordinary gains:		
Gain on sales of property, plant and equipment	7	34
Other	2	-
Total extraordinary gains	10	34
Extraordinary losses:		
Loss on disposal and sales of property, plant and equipment	111	185
Impairment loss	36	62
Loss on evaluation of investment securities	1	1,430
Business structure improvement expenses	-	1,506
Other	4	0
Total extraordinary losses	155	3,185
Income before income taxes	3,382	10,686
Income taxes - current	1,270	2,676
Income taxes - deferred	1,372	179
Total income taxes	2,642	2,856
Net income (loss)	740	7,829
Net income (loss) attributable to non-controlling interests	13	(119)
Net income (loss) attributable to owners of parent company	726	7,948

(Consolidated Statements of Comprehensive Income)

(Six months ended September 30, 2015 and 2014)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net income	740	7,829
Other comprehensive income		
Net unrealized holding gains on securities	344	(405)
Deferred gains (losses) on hedges	(100)	0
Foreign currency translation adjustments	5,902	(5,891)
Post retirement benefit liability adjustments of foreign subsidiaries	2	(83)
Total other comprehensive income	6,149	(6,379)
Comprehensive income	6,889	1,450
(Breakdown)		
Comprehensive income (loss) attributable to shareholders	6,876	1,585
Comprehensive income (loss) attributable to non-controlling interests	13	(135)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Operating activities:		
Income before income taxes	3,382	10,686
Depreciation and amortization	10,248	11,204
Impairment loss	36	62
Business structure improvement expense	-	1,506
Amortization of goodwill	300	-
Increase (decrease) in allowance for doubtful receivables	210	28
Increase (decrease) in accrued bonuses for employees	274	731
Increase (decrease) in accrued bonuses for directors and corporate auditors	(20)	(23)
Increase (decrease) in accrued retirement benefits for directors and corporate auditors	3	8
Interest and dividend income	(236)	(245)
Interest expense	169	136
Interest on bonds	36	-
Equity in earnings of affiliate	(2)	(8)
(Gain) loss on disposal and sales of property, plant and equipment	104	150
(Gain) Loss on evaluation of investment securities	1	1,430
Subsidy income	(593)	-
(Increase) decrease in trade receivables	(5,495)	(1,306)
(Increase) decrease in inventories	(3,915)	(6,970)
Increase (decrease) in trade payables	2,525	1,956
Other	1,336	(174)
Subtotal	8,369	19,171
Interest and dividends received	243	241
Interest paid	(257)	(137)
Business structure improvement expense paid	-	(149)
Income taxes (paid) refunded	(1,029)	(1,850)
Net cash provided by operating activities	7,326	17,275
Investing activities:		
(Increase) decrease in time deposits	783	(1,405)
Purchases of property, plant and equipment	(10,316)	(18,107)
Proceeds from sales of property, plant and equipment	34	38
Proceeds from sales of investment securities	67	95
Receipt from subsidy income	446	-
Proceeds from transfer of business	-	1,043
Proceeds from sales of other investments	-	1,122
Other	148	434
Net cash used in investing activities	(8,835)	(16,778)
Financing activities:		
Net increase (decrease) in short-term borrowings	994	2,444
Proceeds from long-term borrowings	-	5,000
Repayments of long-term borrowings	(12,105)	(4,487)
Redemption of convertible bonds	(365)	-
Cash dividends paid to non-controlling interests	-	(0)
Purchases of treasury stock	(0)	(0)
Payments of cash dividends	(586)	(587)
Repayments of lease obligations	(154)	(162)
Other	-	0
Net cash provided by (used in) financing activities	(12,217)	2,204

Effect of exchange rate changes on cash and cash equivalents	1,592	(779)
Net increase (decrease) in cash and cash equivalents	(12,134)	1,921
Cash and cash equivalents at beginning of period	54,611	41,476
Cash and cash equivalents at end of period	42,477	43,398

(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.

4. Supplementary Information

(1) Net Sales by Product Segment

(Millions of yen)

Product segment	Six months ended September 30, 2014		Six months ended September 30, 2015		Increase/ (Decrease)	
	Amount	Share [%]	Amount	Share [%]	Amount	%
Capacitors	52,471	49.9	62,225	51.0	9,754	18.6
Ferrite and applied products	19,116	18.2	23,871	19.5	4,755	24.9
Integrated modules & devices	25,301	24.1	29,608	24.2	4,307	17.0
Others	8,296	7.9	6,404	5.2	(1,891)	(22.8)
Total	105,184	100.0	122,109	100.0	16,925	16.1

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