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Consolidated Results for the Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

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

Overview of Operating Results

Item	Year ended March 31, 2016		Year ended March 31, 2017		Increase/(Decrease)	
	Amount	Share [%]	Amount	Share [%]	Amount	[%]
Net sales	240,385	100.0	230,716	100.0	(9,669)	(4.0)
Operating income	23,370	9.7	12,385	5.4	(10,985)	(47.0)
Ordinary income	22,263	9.3	11,200	4.9	(11,062)	(49.7)
Income before income taxes and minority interests	18,284	7.6	7,507	3.3	(10,776)	(58.9)
Net income attributable to owners of parent company	14,751	6.1	5,428	2.4	(9,322)	(63.2)
Comprehensive income	3,571	-	3,092	-	(478)	(13.4)
Net income per share [Yen]		125.27		46.08		
Diluted net income per share [Yen]		115.54		42.43		
R&D expenses		9,024		10,008		983 10.9
Capital investment		41,261		33,161		(8,100) (19.6)
Depreciation and amortization		23,767		24,908		1,141 4.8

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

	As of March 31, 2016	As of March 31, 2017	Increase/(Decrease)	
			Amount	[%]
Total assets	268,380	271,149	2,769	1.0
Net assets	153,381	154,150	769	0.5
Equity ratio	57.1%	56.8%	(0.3) pt	-
Net assets per share [Yen]	1,299.75	1,305.96	6.21	0.5

Net Sales by Product Segment

Product segment	Year ended March 31, 2016		Year ended March 31, 2017		Increase/(Decrease)	
	Amount	Share [%]	Amount	Share [%]	Amount	[%]
Capacitors	123,675	51.4	117,666	51.0	(6,008)	(4.9)
Ferrite and applied products	46,463	19.3	41,273	17.9	(5,190)	(11.2)
Integrated modules & devices	57,696	24.0	65,580	28.4	7,884	13.7
Others	12,551	5.2	6,196	2.7	(6,354)	(50.6)
Total	240,385	100.0	230,716	100.0	(9,669)	(4.0)

TAIYO YUDEN

Consolidated Results for the year ended March 31, 2017

May 10, 2017

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, 2016 to March 31, 2017

(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	%
Year ended March 31, 2017	230,716	(4.0)	12,385	(47.0)	11,200	(49.7)	5,428	(63.2)
Year ended March 31, 2016	240,385	5.9	23,370	77.7	22,263	42.2	14,751	35.1

Note: Comprehensive income ended on March 31, 2017 3,092 million yen ; (13.4%) ended on March 31, 2016 3,571 million yen ; (84.8%)

	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, 2017	46.08	42.43	3.5	4.2	5.4
Year ended March 31, 2016	125.27	115.54	9.7	8.3	9.7

(Reference) Equity in earnings (losses) of affiliates
 Year ended March 31, 2017 (300) million yen Year ended March 31, 2016 12 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, 2017	271,149	154,150	56.8	1,305.96
As of March 31, 2016	268,380	153,381	57.1	1,299.75

(Reference) Shareholder's equity As of March 31, 2017 153,882 million yen As of March 31, 2016 153,132 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, 2017	29,692	(28,806)	(4,342)	36,094
Year ended March 31, 2016	38,278	(35,374)	(2,050)	39,944

2. Dividend information

	Cash dividends per share					Total annual dividend	Dividend payout ratio	Dividend on net assets
	1Q	2Q	3Q	Year End	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	-	5.00	-	10.00	15.00	1,766	12.0	1.2
Year ended March 31, 2017	-	10.00	-	10.00	20.00	2,356	43.4	1.5
Year ending March 31, 2018 (Forecast)	-	10.00	-	10.00	20.00		26.2	

3. Forecasts of operating results for the period from April 1, 2017 to March 31, 2018

(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		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2017	119,000	5.3	7,000	32.3	7,000	130.8	4,000	340.8	33.95
Year ending March 31, 2018	242,000	4.9	15,000	21.1	15,000	33.9	9,000	65.8	76.38

4. Note

(1) Changes in principal subsidiaries during year ended March 31, 2017: No

(2) 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

(3) Number of common shares outstanding :

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

As of March 31, 2017 120,481,395 shares As of March 31, 2016 120,481,395 shares

b. Number of treasury stock:

As of March 31, 2017 2,650,804 shares As of March 31, 2016 2,664,538 shares

c. Average number of common shares outstanding:

Fiscal Year ended March 31, 2017 117,826,377 shares Fiscal Year ended March 31, 2016 117,754,411 shares

Others :

1. This financial press release is out of scope of the audit procedure.

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. Analysis of Operating Results and Financial Condition

(1) Analysis of Operating Results

1. Operating Results for the Year Ended March 31, 2017

Economy and Market Conditions

During the year ended March 31, 2017 (April 1, 2016 - March 31, 2017), the business environment surrounding the TAIYO YUDEN Group maintained a tone of moderate recovery for the global economy as a whole despite some weaknesses. Although the recovery trend is expected to continue going forward, the situation continues to be unpredictable; such as the outlook for China and emerging economies in Asia, the impact of policy in individual countries, and exchange rate trends.

Company Actions Planned to Offset These Conditions

TAIYO YUDEN Group aims to achieve its medium-term targets and management vision by focusing on growth markets such as communication equipment and automotive and industrial equipment centered on the solution business that leverages the Group's core technologies, in addition to super high-end products and high reliability products that draw on the Group's strengths of research and development and production technology.

In the communication device market, demand for ultra-small and high reliability components is expected to rise significantly because of a sharp increase in equipment connected to the internet. This increase results from the development of the IoT as well as continued advances in smartphone functionality and performance. In the automotive and industrial equipment markets, demand for large, high voltage resistant, high reliability components is expected to rise along with the proliferation of hybrid and electric vehicles and the further advances of electronic components in industrial equipment. In these markets, TAIYO YUDEN Group is working to expand sales of highly competitive, super high-end products and high reliability products, such as capacitors, inductors, and integrated modules & devices. In the solution business, another focus of growth, TAIYO YUDEN Group is promoting the development of new businesses that combine the Group's core technologies

in the following areas: multilayer, optical, integration, surface processing, wireless, and power sources. The Group is also working to strengthen monozukuri (manufacturing) capabilities in order to build a system that will enhance profitability and meet future increases in demand for components. In addition to enhancing production capacity, the Group is accelerating improvements in production efficiency by promoting advances in underlying technologies and transforming production methods.

Overview of Business Performance

Consolidated net sales for the year ended March 31, 2017 totaled ¥230,716 million, which is a decrease of 4.0% compared to the previous fiscal year. Operating income was ¥12,385 million, a decrease of 47.0%, and ordinary income was ¥11,200 million, a decrease of 49.7% compared to the corresponding period of the previous fiscal year. This was partly attributable to the impact from the appreciation in the value of the yen in the average foreign currency exchange rate for the year ended March 31, 2017 compared to the previous fiscal year. The Company recorded ¥2,193 million in business structure improvement expenses accompanying restructuring of overseas subsidiaries as an extraordinary loss. As a result, net income attributable to owners of parent company amounted to ¥5,428 million, down by 63.2% from the same period of the previous fiscal year.

Exchange Rate

The average foreign currency exchange rate for the year ended March 31, 2017 was US\$1: ¥108.43. This is an appreciation of ¥12.32 as compared to the average realized in the previous fiscal year of US\$1: ¥120.75.

Net Sales by Product Classification

Capacitors

The capacitor product classification is comprised of multilayer ceramic capacitors. For the year ended March 31, 2017, 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 classification

decreased 4.9% year over year to ¥117,666 million.

Ferrite and Applied Products

This product classification is comprised of various inductors including metal power inductor “MCOILTM”, wire-wound inductors and multilayer chip inductors. In the year ended March 31, 2017, sales decreased by 11.2% to ¥41,273 million as compared to the previous fiscal year. Product sales for automobiles/industrial equipment were higher as compared to the previous fiscal year. This was offset by a decrease in sales for consumer products, information equipment and communication equipment.

Integrated Modules & Devices

This product classification is comprised of FBAR/SAW devices for mobile communications, a wide range of power supply and high frequency modules, embedded-parts multilayer wiring substrates “EOMINTM” and product mounting business done by a subsidiary company. For the year ended March 31, 2017, sales for FBAR/SAW devices for mobile communications, high frequency modules and embedded-parts multilayer wiring substrates “EOMOINTM” increased year over year. This resulted in a 13.7% increase in total sales for this product classification year over year to ¥65,580 million.

Others

For this product classification, the Group manufactures and sells energy devices. For the year ended March 31, 2017, sales in this classification decreased significantly to ¥6,196 million, down 50.6% year over year, due to the withdrawal from the Optical Media business.

2. Outlook for the Year Ending March 31, 2018

Consolidated operating earnings forecasts for the year ending March 31, 2018 are as follows.

(Billions of yen unless otherwise stated)

Item \ Period	Six months ending September 30, 2017		Year ending March 31, 2018	
	Amount	YoY (%)	Amount	YoY (%)
Net sales	119.0	5.3	242.0	4.9
Operating income	7.0	32.3	15.0	21.1
Ordinary income	7.0	130.8	15.0	33.9
Net income attributable to the owners of parents company	4.0	340.8	9.0	65.8

The market environment for the year ending March 31, 2018 indicates that further advancements in functionality and performance for communication equipment such as smartphones will drive volume growth for the Companies' high value added super high-end product lineup. High reliability products are likely to continue to grow due to advances of electronic components in the automotive and the industrial equipment markets, which are positioned as focus markets. Therefore, net sales are forecast to increase 4.9% compared with the fiscal year ended March 31, 2017. Moreover, despite rising fixed costs due to expansion of production capacity, operating income, ordinary income, and net income attributable to owners of parent company are forecast to increase compared with this fiscal year due the growth of high value added products and progress in cost reductions. Forecasts are based on an estimated average foreign currency exchange rate of US1:¥108 for the year ending March 31, 2018.

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, forecast information contained in this document may include potential risk and uncertainties. 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, 2016	Year ended March 31, 2017	Increase (Decrease)
Cash flows from operating activities	38,278	29,692	(8,586)
Cash flows from investing activities	(35,374)	(28,806)	6,568
Cash flows from financing activities	(2,050)	(4,342)	(2,292)
Effect of exchange rate changes on cash and cash equivalents	(2,385)	(392)	1,992
Net increase (decrease) in cash and cash equivalents	(1,532)	(3,849)	(2,317)
Cash and cash equivalents at beginning of the year	41,476	39,944	(1,532)
Cash and cash equivalents at end of the year	39,944	36,094	(3,849)

Operating activities

Net cash provided by operating activities for the year ended March 31, 2017 was ¥29,692 million, a decrease of 22.4% compared with the previous fiscal year. The contributing factors are; income before income taxes of ¥7,507 million; depreciation and amortization of ¥24,908 million; increase in trade receivables of ¥3,500 million; increase in trade payables of ¥ 3,595 million; and income taxes payment of ¥ 4,003 million.

Investing activities

Net cash used in investing activities for the year ended March 31, 2017 totaled ¥28,806 million, a decrease of 18.6% compared with the previous fiscal year. The largest cash outflow was ¥31,553 million paid for purchases of property, plant and equipment.

Financing activities

Net cash used in financing activities for the year ended March 31, 2017 totaled ¥4,342 million, an increase of 111.8% compared with the previous fiscal year. This was primarily attributed to net increase in short-term borrowings of ¥4,608 million, repayments of long-term borrowings of

¥6,216 million, and payments of cash dividends of ¥2,351 million.

As a result of the aforementioned activities, cash and cash equivalent as of March 31, 2017 decreased ¥3,849 million from the end of the previous fiscal year, to ¥36,094 million.

Reference: Trends in Cash Flow-Related indicators

	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017
Equity ratio (%)	51.1	51.8	56.7	57.1	56.8
Equity ratio (%) (Market capitalization basis)	61.9	60.5	77.7	48.2	61.1
Cash flow to interest-bearing liabilities (years)	3.3	2.5	2.2	1.4	1.7
Interest coverage ratio (times)	34.3	49.1	55.7	141.2	123.8

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

The Company recognizes that returning profits to shareholders is one of management's most important tasks, and as such, the Company's total return

ratio(*) target has been set at 30%, including purchase of treasury stock.

(*)[Payment of cash dividends + purchase of treasury stock] / net income attributable to the owners of parent company

For future consideration, the Company plans on increasing its annual dividend per share once it has completed building a stable and sustainable earnings structure as well as improving financial standing and a positive net cash. Based on this strategy, the Company pays dividends of 20 yen per share (interim dividend of 10 yen, year-end dividend of 10 yen) for the year ended March 31, 2017. The Company plans to pay dividends of 20 yen per share (interim dividend of 10 yen, year-end dividend of 10 yen) for the year ending March 31, 2018.

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

2. Basic Approach to Selection of Accounting Standard

TAIYO YUDEN Group uses Generally Accepted Accounting Principles in Japan (Japan GAAP) for the preparation of its consolidated financial statements in view of comparability for the period covered by the consolidated financial statements and inter-company comparability.

The Group's policy is to proceed with consideration into the application of International Financial Reporting Standards taking into account a trend of circumstances and outside Japan.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
ASSETS		
Current assets:		
Cash and deposits	45,962	40,069
Trade notes and accounts receivable	49,759	53,791
Merchandise and finished products	17,501	17,281
Work in process	18,638	19,472
Raw materials and supplies	12,549	12,025
Deferred tax assets	776	1,084
Other	6,642	5,804
Allowance for doubtful receivables	(267)	(273)
Total current assets	151,563	149,255
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	78,622	79,286
Machinery and equipment	225,862	233,806
Tools, furniture and fixtures	20,135	20,936
Land	8,610	9,416
Construction in progress	5,337	3,816
Accumulated depreciation	(231,521)	(236,165)
Net property, plant and equipment	107,047	111,096
Intangible fixed assets:		
Other	861	1,231
Total intangible fixed assets	861	1,231
Investments and other assets:		
Investment securities	6,287	6,760
Net defined benefit asset	-	58
Deferred tax assets	958	983
Other	2,000	2,098
Allowance for doubtful receivables	(337)	(336)
Total investments and other assets	8,908	9,565
Total fixed assets	116,817	121,893
Total assets	268,380	271,149

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	23,429	26,735
Short-term borrowings	11,979	16,463
Current portion of long-term borrowings	6,200	11,074
Accrued amounts payable	12,352	12,259
Income taxes payable	2,340	2,082
Deferred tax liabilities	676	719
Accrued bonuses for employees	3,390	3,218
Accrued bonuses for directors and corporate auditors	184	76
Other	7,974	7,657
Total current liabilities	68,530	80,285
Long-term liabilities:		
Convertible bonds with stock acquisition rights	20,067	20,053
Long-term borrowings	15,145	4,056
Deferred tax liabilities	5,906	4,891
Accrued retirement benefits for directors and corporate auditors	130	126
Net defined benefit liability	3,115	3,208
Other	2,102	4,377
Total long-term liabilities	46,468	36,713
Total liabilities	114,999	116,999
NET ASSETS		
Shareholders' equity:		
Common stock	23,557	23,557
Capital surplus	41,515	41,518
Retained earnings	96,912	99,985
Treasury stock	(3,326)	(3,309)
Total shareholders' equity	158,658	161,752
Accumulated other comprehensive income		
Net unrealized holding gains on securities	1,067	2,239
Deferred gains (losses) on hedges	6	21
Foreign currency translation adjustments	(6,122)	(9,762)
Post retirement benefit liability adjustments of foreign subsidiaries	(477)	(368)
Total accumulated other comprehensive income	(5,526)	(7,870)
Stock acquisition rights	238	268
Non-controlling interests	10	-
Total net assets	153,381	154,150
Total liabilities and net assets	268,380	271,149

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

(Millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Net sales	240,385	230,716
Cost of sales	176,978	179,362
Gross profit	63,407	51,353
Selling, general and administrative expenses	40,037	38,968
Operating income	23,370	12,385
Non-operating income:		
Interest income	259	210
Dividend income	130	107
Equity in earnings of affiliate	12	-
Subsidy income	213	847
Other	376	273
Total non-operating income	992	1,438
Non-operating expenses:		
Interest expense	273	243
Equity in losses of affiliate	-	300
Loss on foreign exchange	1,151	1,256
Depreciation of inactive noncurrent assets	372	473
Other	193	348
Total non-operating expenses	2,098	2,622
Ordinary income	22,263	11,200
Extraordinary gains:		
Gain on sales of property, plant and equipment	206	56
Gain on liquidation of subsidiaries and associates	-	39
Other	-	0
Total extraordinary gains	206	96
Extraordinary losses:		
Loss on disposal and sales of property, plant and equipment	277	672
Impairment loss	222	749
Loss on evaluation of investment securities	1,462	159
Business structure improvement expenses	1,795	2,193
Other	428	14
Total extraordinary losses	4,185	3,790
Income before income taxes	18,284	7,507
Income taxes - current	3,624	3,687
Income taxes - deferred	0	(1,610)
Total income taxes	3,624	2,077
Net income	14,659	5,430
Net income (loss) attributable to non-controlling interests	(91)	1
Net income attributable to owners of parent company	14,751	5,428

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Net income	14,659	5,430
Other comprehensive income		
Net unrealized holding gains (losses) on securities	(1,057)	1,171
Deferred gains (losses) on hedges	(1)	15
Foreign currency translation adjustments	(9,947)	(3,633)
Post retirement benefit liability adjustments of foreign subsidiaries	(81)	109
Total other comprehensive income (loss)	(11,087)	(2,337)
Comprehensive income	3,571	3,092
(Breakdown)		
Comprehensive income attributable to shareholders	3,713	3,085
Comprehensive income (loss) attributable to non-controlling interest	(142)	6

(3) Consolidated Statements of Changes in Net Assets

Prior fiscal year (April 1, 2015 - March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	23,557	41,495	83,339	(3,413)	144,978
Changes of items during the year					
Dividends from surplus			(1,177)		(1,177)
Net income			14,751		14,751
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		1		87	88
Change in treasury share of parent arising from transaction with non-controlling shareholders		18			18
Net change of items other than shareholders' equity during the period					
Total changes of items during the year		20	13,573	86	13,680
Balance at the end of the year	23,557	41,515	96,912	(3,326)	158,658

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Post retirement benefit liability adjustments of foreign subsidiaries	Accumulated other comprehensive income			
Balance at the beginning of the year	2,125	7	3,774	(396)	5,511	227	139	150,856
Changes of items during the year								
Dividends from surplus								(1,177)
Net income								14,751
Purchase of treasury stock								(0)
Disposal of treasury stock								88
Change in treasury share of parent arising from transaction with non-controlling shareholders								18
Net change of items other than shareholders' equity during the period	(1,057)	(1)	(9,897)	(81)	(11,037)	10	(128)	(11,155)
Total changes of items during the year	(1,057)	(1)	(9,897)	(81)	(11,037)	10	(128)	(11,155)
Balance at the end of the year	1,067	6	(6,122)	(477)	(5,526)	238	10	153,381

Current fiscal year (April 1, 2016 - March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	23,557	41,515	96,912	(3,326)	158,658
Changes of items during the year					
Dividends from surplus			(2,356)		(2,356)
Net income attributable to owners of parent company			5,428		5,428
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		1		17	18
Change in treasury share of parent arising from transaction with non-controlling shareholders		2			2
Net change of items other than shareholders' equity during the period					
Total changes of items during the year		3	3,072	17	3,093
Balance at the end of the year	23,557	41,518	99,985	(3,309)	161,752

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Post retirement benefit liability adjustments of foreign subsidiaries	Accumulated other comprehensive income			
Balance at the beginning of the year	1,067	6	(6,122)	(477)	(5,526)	238	10	153,381
Changes of items during the year								
Dividends from surplus								(2,356)
Net income attributable to owners of parent company								5,428
Purchase of treasury stock								(0)
Disposal of treasury stock								18
Change in treasury share of parent arising from transaction with non-controlling shareholders								2
Net change of items other than shareholders' equity during the period	1,171	15	(3,639)	109	(2,343)	29	(10)	(2,324)
Total changes of items during the year	1,171	15	(3,639)	109	(2,343)	29	(10)	769
Balance at the end of the year	2,239	21	(9,762)	(368)	(7,870)	268	-	154,150

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Operating activities:		
Income before income taxes	18,284	7,507
Depreciation and amortization	23,767	24,908
Impairment loss	222	749
Business structure improvement expense	1,795	2,193
Increase (decrease) in allowance for doubtful receivables	(18)	(2)
Increase (decrease) in accrued bonuses for employees	160	(164)
Increase (decrease) in accrued bonuses for directors and corporate auditors	75	(107)
Increase (decrease) in accrued retirement benefits for directors and corporate auditors	3	(4)
Interest and dividend income	(389)	(317)
Interest expense	273	243
Equity in earnings of affiliate	(12)	300
(Gain) loss on disposal and sales of property, plant and equipment	70	615
Subsidy income	(159)	(612)
(Gain) loss on evaluation of investment securities	1,462	159
(Gain) loss on liquidation of subsidiaries and associates	-	(39)
(Increase) decrease in trade receivables	2,587	(3,500)
(Increase) decrease in inventories	(7,720)	(1,246)
Increase (decrease) in trade payables	260	3,595
Other	1,191	1,189
Subtotal	41,854	35,468
Interest and dividends received	377	677
Interest paid	(271)	(239)
Business structure improvement expense paid	(389)	(2,210)
Income taxes (paid) refunded	(3,292)	(4,003)
Net cash provided by operating activities	38,278	29,692
Investing activities:		
Purchases of property, plant and equipment	(37,377)	(31,553)
Proceeds from sales of property, plant and equipment	279	90
Purchases of investment securities	(160)	-
(Increase) decrease in time deposits	(1,413)	1,839
Proceeds from sales of investment securities	138	91
Proceeds from transfer of business	1,043	-
Receipt from subsidy income	159	609
Proceeds from liquidation of subsidiaries and associates	-	149
Proceeds from sales of other investments	1,093	-
Other	862	(33)
Net cash used in investing activities	(35,374)	(28,806)

(Millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Financing activities:		
Net increase (decrease) in short-term borrowings	(47)	4,608
Proceeds from long-term borrowings	5,000	-
Repayments of long-term borrowings	(5,493)	(6,216)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(9)
Cash dividends paid to non-controlling interests	(0)	-
Purchases of treasury stock	(0)	(0)
Payments of cash dividends	(1,175)	(2,351)
Repayments of lease obligations	(333)	(373)
Other	0	0
Net cash provided by (used in) financing activities	(2,050)	(4,342)
Effect of exchange rate changes on cash and cash equivalents	(2,385)	(392)
Net increase (decrease) in cash and cash equivalents	(1,532)	(3,849)
Cash and cash equivalents at beginning of period	41,476	39,944
Cash and cash equivalents at end of period	39,944	36,094

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

No relevant items to report.

(Basis of Presentation of Consolidated Financial Statements)

1. *Scope of consolidation*

The Group has 26 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 EUROPE GmbH
TAIYO YUDEN (GUANGDONG) CO., LTD.
KOREA KYONG NAM TAIYO YUDEN CO., LTD.
TAIYO YUDEN (SHANGHAI) TRADING CO., LTD.
NIIGATA TAIYO YUDEN CO., LTD.
FUKUSHIMA TAIYO YUDEN CO., LTD.
TAIYO YUDEN CHEMICAL TECHNOLOGY CO., LTD.
WAKAYAMA TAIYO YUDEN CO., LTD.
TAIYO YUDEN Mobile Technology Co., Ltd.

2. *Scope of equity method*

The Group holds one affiliated company accounting for under the equity method. There is one affiliate to which the equity method is not applied.

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. Note: the balance sheet value is calculated with inventory write-down based on decreased profitability.

Works in progress: Historical cost basis using the periodic average

Method. Note: balance sheet value is calculated with inventory write-down based on decreased profitability.

Raw materials and supplies: Historical cost basis using the first-in first-out method. Note: balance sheet value calculated within inventory write-down based on decreased profitability.

ii Depreciation and amortization

Property, plant and equipment (excluding lease assets)

The Group 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 on or after April 1, 1998 by the Group and its consolidated domestic subsidiaries and for accompanying facilities and structures acquired on or after April 1, 2016. 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 Group's consolidated overseas subsidiaries primarily use the straight-line method of depreciation.

(Changes in Accounting Policy)

(Application of Practical Solution on a change in depreciation method due to Tax Reform 2016)

In the year ended March 31, 2017, the Group applied Practical Solution on a change in depreciation method due to Tax Reform 2016 (PITF No. 32, June 17, 2016) following the revision of the Corporation Tax Act, and changed the method of depreciation for structures and facilities attached to buildings acquired on and after April 1, 2016 from the declining-balance method to the straight-line method.

The impact of this change on the consolidated financial statements for the year ended March 31, 2017 is immaterial.

(Additional Information)

(Application of Revised Implementation Guidance on Recoverability of Deferred Tax Assets)

The Group applied the Revised Implementation Guidance on Recoverability

of Deferred Tax Assets (ASBJ Guidance No. 26 of March 28, 2016) from the year ended March 31, 2017.

(Segment Information)

1. Segment information

As the Group has a single business segment, publication of segment information has been omitted.

2. Related information

Year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

i. Information for each product and service

Information for each product and service has been omitted here because it is disclosed in “4. Other; (1) Production, Orders and Sales Results.”

ii. Information for each region

a. Net sales (Millions of yen)

Japan	China	Hong Kong	Other countries or regions	Total
24,909	107,994	29,713	77,768	240,385

Note: Net sales are grouped according to the country or region of the customer’s business address.

b. Property, plant and equipment (Millions of yen)

Japan	China	Malaysia	Other countries or regions	Total
66,784	14,212	14,134	11,915	107,047

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, 2017 (April 1, 2016 – March 31, 2017)

i. Information for each product and service

Information for each product and service has been omitted here because it is disclosed in “4. Other; (1) Production, Orders and Sales Results.”

ii. Information for each region

a. Net sales (Millions of yen)

Japan	China	Hong Kong	Other countries and regions	Total
22,114	100,326	37,459	70,815	230,716

Note: Net sales are grouped according to the country or region of the customer's business address.

b. Property, plant and equipment (Millions of yen)

Japan	China	Malaysia	Other countries and regions	Total
76,715	10,907	11,596	11,877	111,096

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 statements of operations.

3. Fixed asset impairment losses for each reportable segment

As the Group has a single business segment, publication of segment information about fixed asset impairment losses has been omitted.

(Per Share Information)

	Year ended March 31, 2016 (April 1, 2015 – March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 – March 31, 2017)
Net assets per share	1,299.75	1,305.96
Net income per share	125.27	46.08
Diluted net income per share	115.54	42.43

Note: The following represents the basic data used for calculating net assets per share.

(Millions of yen unless otherwise stated)

	As of March 31, 2016	As of March 31, 2017
Total net assets	153,381	154,150
Deductions from Total net assets	248	268
(Stock acquisition rights)	(238)	(268)
(Non-controlling interests)	(10)	(-)
Net assets at fiscal year-end related to common stock	153,132	153,882
Number of common stock at fiscal year-end used in the calculation of net assets per share (thousand shares)	117,816	117,830

Note: The following represents the basic data used for calculating net income per share.

(Millions of yen unless otherwise stated)

	Year ended March 31, 2016 (April 1, 2015 – March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 – March 31, 2017)
Net income per share		
Net income attributable to owners of parent company	14,751	5,428
Amounts not allocated to common stock shareholders	-	-
Net income attributable to owners of parent company related to common stock	14,751	5,428
Average number of common stock outstanding in FY (thousand shares)	117,754	117,826
Diluted net income per share		
Adjustments to net income attributable to owners of parent company	(9)	(9)
Interest on bonds (net after deduction of taxes)	(9)	(9)
Increase in common stock (thousand shares)	9,831	9,891
Convertible bonds with acquisition rights (thousand shares)	9,666	9,680
Stock acquisition rights (thousand shares)	165	211
Outline of stock not included in diluted net income per share due to lack of dilutive effect	-	-

(Significant Subsequent Events)

No relevant items to report.

4. Other**(1) Production, Orders and Sales Results****1. Production**

Product segment	Year ended March 31, 2016		Year ended March 31, 2017	
	Amount	[%]	Amount	[%]
Capacitors	127,132	54.6	119,008	53.0
Ferrite and applied products	48,518	20.8	41,754	18.6
Integrated modules & devices	49,475	21.3	59,898	26.7
Others	7,615	3.3	3,845	1.7
Total	232,742	100.0	224,506	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.
3. The Group has a single business segment which is electronic components, and the categories described above are not reportable business segments.

2. Orders

Product segment	Year ended March 31, 2016		Year ended March 31, 2017	
	Amount	[%]	Amount	[%]
Capacitors	124,933	50.7	122,611	52.2
Ferrite and applied products	47,171	19.1	41,880	17.8
Integrated modules & devices	61,307	24.9	63,936	27.2
Others	13,133	5.3	6,408	2.7
Total	246,545	100.0	234,837	100.0

Note:

1. The aforementioned amounts are exclusive of consumption and related taxes.
2. The Group has a single business segment which is electronic components, and the categories described above are not reportable business segments.

3. Order Backlog

Product segment	Year ended March 31, 2016		Year ended March 31, 2017	
	Amount	[%]	Amount	[%]
Capacitors	18,914	48.9	23,860	55.8
Ferrite and applied products	6,172	16.0	6,779	15.9
Integrated modules & devices	12,646	32.7	11,002	25.7
Others	917	2.4	1,130	2.6
Total	38,651	100.0	42,772	100.0

Note:

1. The aforementioned amounts are exclusive of consumption and related taxes.
2. The Group has a single business segment which is electronic components, and the categories described above are not reportable business segments.

4. Sales Results

Product segment	Year ended March 31, 2016		Year ended March 31, 2017	
	Amount	[%]	Amount	[%]
Capacitors	123,675	51.4	117,666	51.0
Ferrite and applied products	46,463	19.3	41,273	17.9
Integrated modules & devices	57,696	24.0	65,580	28.4
Others	12,551	5.2	6,196	2.7
Total	240,385	100.0	230,716	100.0

Note:

1. The aforementioned amounts are exclusive of consumption and related taxes.
2. The Group has a single business segment which is electronic components, and the categories described above are not reportable business segments.