

Consolidated Balance Sheets

TAIYO YUDEN CO., LTD. and Subsidiaries
March 31, 2016 and 2015

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Current assets:			
Cash and cash equivalents (Note 3)	¥39,944	¥41,477	\$353,489
Time deposits (Note 3)	6,019	5,233	53,263
Receivables:			
Trade notes and accounts receivable (Note 3)	49,759	55,773	440,349
Allowance for doubtful receivables	(267)	(281)	(2,363)
Inventories:			
Merchandise and finished products	17,501	15,565	154,877
Work in process	18,638	16,014	164,940
Raw materials and supplies	12,550	12,555	111,060
Deferred tax assets (Note 8)	776	1,180	6,871
Prepaid expenses and other current assets	6,643	7,455	58,781
Total current assets	151,563	154,971	1,341,267
Property, plant and equipment (Note 16):			
Land	8,611	8,635	76,200
Buildings and structures	78,622	73,930	695,774
Machinery and equipment	225,863	240,195	1,998,784
Tools, furniture and fixtures	20,135	21,570	178,189
Construction in progress	5,337	8,124	47,233
Total	338,568	352,454	2,996,180
Accumulated depreciation	(231,521)	(254,745)	(2,048,859)
Net property, plant and equipment	107,047	97,709	947,321
Investments and other assets:			
Investment securities (Notes 3 and 4)	4,389	8,500	38,842
Investments in affiliate (Note 3)	1,899	572	16,802
Deferred tax assets (Note 8)	959	927	8,486
Net defined benefit asset (Note 6)	-	22	-
Other	2,861	3,114	25,320
Allowance for doubtful receivables	(338)	(361)	(2,990)
Total investments and other assets	9,770	12,774	86,460
Total assets	¥268,380	¥265,454	\$2,375,048

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Current liabilities:			
Short-term borrowings (Notes 3 and 5)	¥11,979	¥12,366	\$106,014
Current portion of long-term borrowings (Notes 3 and 5)	6,201	5,270	54,873
Notes and accounts payable:			
Trade notes and accounts payable (Note 3)	23,430	23,900	207,345
Other (Note 3)	12,353	11,435	109,317
Income taxes payable (Notes 3 and 8)	2,340	1,709	20,713
Accrued bonuses for employees	3,391	3,249	30,008
Accrued bonuses for directors	184	109	1,630
Deferred tax liabilities (Note 8)	677	788	5,990
Other	7,975	7,893	70,573
Total current liabilities	68,530	66,719	606,463
Long-term liabilities:			
Long-term borrowings (Notes 3 and 5)	15,146	16,570	134,033
Convertible bonds with stock acquisition rights (Notes 3 and 5)	20,068	20,082	177,592
Net defined benefit liability (Note 6)	3,116	2,872	27,571
Accrued retirement benefits for directors and corporate auditors	130	130	1,154
Deferred tax liabilities (Note 8)	5,907	6,290	52,274
Other	2,102	1,935	18,605
Total long-term liabilities	46,469	47,879	411,229
Total liabilities	114,999	114,598	1,017,692
Net assets (Note 7):			
Shareholders' equity:			
Common stock			
Authorized - 300,000,000 shares			
Issued - 120,481,395 shares in 2016 and 2015	23,557	23,557	208,471
Capital surplus	41,515	41,495	367,392
Retained earnings (Note 18)	96,913	83,339	857,637
Treasury stock, at cost -			
2,664,538 shares in 2016 and 2,734,253 shares in 2015	(3,326)	(3,413)	(29,440)
Total shareholders' equity	158,659	144,978	1,404,060
Accumulated other comprehensive income:			
Net unrealized holding gains (losses) on securities	1,068	2,126	9,451
Deferred gains (losses) on hedges	6	7	54
Foreign currency translation adjustments	(6,123)	3,774	(54,186)
Adjustment in defined benefit obligation of overseas subsidiaries	(477)	(396)	(4,226)
Total accumulated other comprehensive income	(5,526)	5,511	(48,907)
Stock acquisition rights (Note 14)	238	228	2,109
Non-controlling interests	10	139	94
Total net assets	153,381	150,856	1,357,356
Total liabilities and net assets	¥268,380	¥265,454	\$2,375,048

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

TAIYO YUDEN CO., LTD. and Subsidiaries
March 31, 2016 and 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Net sales (Note 16)	¥240,386	¥227,095	\$2,127,308
Cost of sales	176,979	174,347	1,566,182
Gross profit	63,407	52,748	561,126
Selling, general and administrative expenses	40,037	39,595	354,311
Operating income	23,370	13,153	206,815
Other income (expenses)			
Interest and dividend income	389	420	3,445
Interest expense	(274)	(324)	(2,421)
Interest on bonds	-	(61)	-
Equity in earnings of affiliate	13	8	115
Gain (loss) on foreign exchange	(1,151)	2,134	(10,190)
Depreciation of inactive noncurrent assets	(373)	(344)	(3,297)
Compensation expenses	(108)	(202)	(952)
Gain on sales of property, plant and equipment	206	34	1,825
Loss on disposal and sales of property, plant and equipment	(277)	(461)	(2,452)
Loss on valuation of investment securities (Note 4)	(1,463)	(2)	(12,945)
Impairment loss on property, plant and equipment (Note 11)	(222)	(95)	(1,966)
Business structure improvement expenses (Note 11)	(1,795)	(320)	(15,889)
Subsidy income	214	788	1,891
Gain on business transfer (Note 12)	-	103	-
Other	(245)	85	(2,174)
Other income (expenses) - net	(5,086)	1,763	(45,010)
Income before income taxes	18,284	14,916	161,805
Income taxes (Note 8)			
Current	3,624	3,521	32,075
Deferred	1	360	4
Total income taxes	3,625	3,881	32,079
Net income	14,659	11,035	129,726
Net income (loss) attributable to non-controlling interests	(92)	116	(815)
Net income attributable to owners of the parent	¥14,751	¥10,919	\$130,541

Per share of common stock (Note 17):	Yen		U.S. Dollars (Note 1)
	2016	2015	2016
Basic earnings	¥125.27	¥92.74	\$1.11
Diluted earnings	115.54	85.51	1.02
Cash dividends applicable to the year	15.00	10.00	0.13

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

TAIYO YUDEN CO., LTD. and Subsidiaries
March 31, 2016 and 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Net income	¥14,659	¥11,035	\$129,726
Other comprehensive income (Note 15):			
Net unrealized holding gains (losses) on securities	(1,058)	1,146	(9,362)
Deferred gains (losses) on hedges	(1)	39	(12)
Foreign currency translation adjustments	(9,948)	11,564	(88,030)
Adjustment in defined benefit obligation of overseas subsidiaries	(81)	(362)	(719)
Total other comprehensive income	(11,088)	12,387	(98,123)
Comprehensive income	¥3,571	¥23,422	\$31,603
Total comprehensive income attributable to:			
Owners of the parent	¥3,713	¥23,293	\$32,860
Non-controlling interests	(142)	129	(1,257)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

TAIYO YUDEN CO., LTD. and Subsidiaries
March 31, 2016 and 2015

	Thousands	Millions of Yen				
	Number of Shares of Common Stock Issued	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock, at Cost	Total Shareholders' Equity	
BALANCE, APRIL 1, 2015	120,481	¥23,557	¥41,495	¥83,339	¥(3,413)	¥144,978
Changes during the year						
Cash dividends, 10.00 yen per share				(1,177)		(1,177)
Net income attributable to owners of the parent			14,751			14,751
Treasury stock acquired (285shares)				(1)		(1)
Treasury stock disposed (70,000shares)			1	88		89
Change in treasury shares of parent arising from transactions with non-controlling shareholders			19			19
Changes other than shareholders' equity						
Total changes	-	-	20	13,574	87	13,681
BALANCE, MARCH 31, 2016	120,481	¥23,557	¥41,515	¥96,913	¥(3,326)	¥158,659

	Millions of Yen							
	Accumulated Other Comprehensive Income							
	Net Unrealized Holding Gains (Losses) on Securities	Deferred Gains (Losses) on Hedges	Foreign Currency Translation Adjustments	Adjustment in Defined Benefit Obligation of Overseas Subsidiaries	Total Accumulated Other Comprehensive Income	Stock Acquisition Rights	Non-controlling Interests	Total Net Assets
BALANCE, APRIL 1, 2015	¥2,126	¥7	¥3,774	¥(396)	¥5,511	¥228	¥139	¥150,856
Changes during the year								
Cash dividends, 10.00 yen per share								(1,177)
Net income attributable to owners of the parent					14,751			14,751
Treasury stock acquired (285shares)								(1)
Treasury stock disposed (70,000shares)								89
Change in treasury shares of parent arising from transactions with non-controlling shareholders								19
Changes other than shareholders' equity	(1,058)	(1)	(9,897)	(81)	(11,037)	10	(129)	(11,156)
Total changes	(1,058)	(1)	(9,897)	(81)	(11,037)	10	(129)	2,525
BALANCE, MARCH 31, 2016	¥1,068	¥6	¥(6,123)	¥(477)	¥(5,526)	¥238	¥10	¥153,381

	Thousands of U.S. Dollars (Note 1)				
	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock, at Cost	Total Shareholders' Equity
BALANCE, APRIL 1, 2015	\$208,471	\$367,214	\$737,516	\$(30,209)	\$1,282,992
Changes during the year					
Cash dividends, 0.09 dollar per share			(10,420)		(10,420)
Net income attributable to owners of the parent			130,541		130,541
Treasury stock acquired (285shares)				(4)	(4)
Treasury stock disposed (70,000shares)		12		773	785
Change in treasury shares of parent arising from transactions with non-controlling shareholders		166			166
Changes other than shareholders' equity					
Total changes	-	178	120,121	769	121,068
BALANCE, MARCH 31, 2016	\$208,471	\$367,392	\$857,637	\$(29,440)	\$1,404,060

	Thousands of U.S. Dollars (Note 1)							
	Accumulated Other Comprehensive Income							
	Net Unrealized Holding Gains (Losses) on Securities	Deferred Gains (Losses) on Hedges	Foreign Currency Translation Adjustments	Adjustment in Defined Benefit Obligation of Overseas Subsidiaries	Total Accumulated Other Comprehensive Income	Stock Acquisition Rights	Non-controlling Interests	Total Net Assets
BALANCE, APRIL 1, 2015	\$18,813	\$66	\$33,401	\$(3,507)	\$48,773	\$2,014	\$1,231	\$1,335,010
Changes during the year								
Cash dividends, 0.09 dollar per share								(10,420)
Net income attributable to owners of the parent					130,541			130,541
Treasury stock acquired (285shares)								(4)
Treasury stock disposed (70,000shares)								785
Change in shareholders' equity of parent arising from transactions with non-controlling shareholders								166
Changes other than shareholders' equity	(9,362)	(12)	(87,587)	(719)	(97,680)	95	(1,137)	(98,722)
Total changes	(9,362)	(12)	(87,587)	(719)	(97,680)	95	(1,137)	22,346
BALANCE, MARCH 31, 2016	\$9,451	\$54	\$(54,186)	\$(4,226)	\$(48,907)	\$2,109	\$94	\$1,357,356

See accompanying notes to consolidated financial statements.

	Thousands	Millions of Yen				
	Number of Shares of Common Stock Issued	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock, at Cost	Total Shareholders' Equity	
BALANCE, APRIL 1, 2014	120,481	¥23,557	¥41,495	¥73,597	¥(3,413)	¥135,236
Changes during the year						
Cash dividends, 10.00 yen per share				(1,177)		(1,177)
Net income attributable to owners of the parent			10,919			10,919
Treasury stock acquired (651 shares)					(0)	(0)
Changes other than shareholders' equity						
Total changes	-	-	-	9,742	(0)	9,742
BALANCE, MARCH 31, 2015	120,481	¥23,557	¥41,495	¥83,339	¥(3,413)	¥144,978

	Millions of Yen						
	Accumulated Other Comprehensive Income						
	Net Unrealized Holding Gains (Losses) on Securities	Deferred Gains (Losses) on Hedges	Foreign Currency Translation Adjustments	Adjustment in Defined Benefit Obligation of Overseas Subsidiaries	Total Accumulated Other Comprehensive Income	Stock Acquisition Rights	Non-controlling Interests
BALANCE, APRIL 1, 2014	¥980	¥(32)	¥(7,775)	¥(34)	¥(6,861)	¥171	¥1
Changes during the year							
Cash dividends, 10.00 yen per share							
Net income attributable to owners of the parent					14,751		
Treasury stock acquired (651 shares)	1,146	39	11,549	(362)	12,372	57	12
Changes other than shareholders' equity							
Total changes	1,146	39	11,549	(362)	12,372	57	12
BALANCE, MARCH 31, 2015	¥2,126	¥7	¥3,774	¥(396)	¥5,511	¥228	¥13

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

TAIYO YUDEN CO., LTD. and Subsidiaries
March 31, 2016 and 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Operating activities:			
Income before income taxes	¥18,284	¥14,916	\$161,805
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	23,767	21,814	210,330
Impairment loss on property, plant and equipment	222	95	1,966
Business structure improvement expense	1,795	320	15,889
Gain on business transfer	-	(103)	-
Amortization of goodwill	-	601	-
Increase (decrease) in allowance for doubtful receivables	(19)	(36)	(168)
Increase (decrease) in accrued bonuses for employees	161	489	1,422
Increase (decrease) in accrued bonuses for directors	75	35	664
Increase (decrease) in accrued retirement benefits for directors and corporate auditors	4	10	34
Interest and dividend income	(389)	(420)	(3,445)
Interest expense	274	324	2,421
Interest on bonds	-	61	-
Equity in earnings of affiliates	(13)	(8)	(115)
(Gain) loss on disposal and sales of property, plant and equipment	71	427	627
Subsidy income	(159)	(691)	(1,410)
Loss on valuation of investment securities	1,463	2	12,945
Changes in operating assets and liabilities:			
Trade notes and accounts receivables	2,587	(6,372)	22,898
Inventories	(7,721)	(4,137)	(68,324)
Trade notes and accounts payables	261	64	2,307
Other	1,191	576	10,546
Subtotal	41,854	27,967	370,392
Interest and dividends received	378	425	3,340
Interest paid	(271)	(447)	(2,399)
Payments for business structure improvement expenses	(390)	(119)	(3,448)
Income taxes paid	(3,293)	(2,929)	(29,139)
Net cash provided by operating activities	38,278	24,897	338,746
Investing activities:			
Purchases of property, plant and equipment	(37,378)	(18,781)	(330,775)
Proceeds from sales of property, plant and equipment	279	75	2,469
Purchases of investment securities	(160)	(2,749)	(1,416)
Decrease (increase) in time deposits	(1,413)	35	(12,508)
Proceeds from sales of investment securities	139	254	1,229
Income from business transfer (Note 9)	1,043	263	9,233
Proceeds from subsidy income	159	692	1,410
Purchases of other investments	-	(1,007)	-
Proceeds from sales of other investments	1,093	-	9,675
Other	863	253	7,632
Net cash used in investing activities	(35,375)	(20,965)	(313,051)
Financing activities:			
Net increase (decrease) in short-term borrowings	(47)	1,093	(417)
Proceeds from long-term borrowings	5,000	-	44,248
Repayments of long-term borrowings	(5,493)	(12,495)	(48,613)
Redemption of convertible bonds with acquisition rights	-	(365)	-
Redemption of bonds	-	(8,000)	-
Payment of cash dividends to non-controlling interests	(1)	-	(8)
Purchases of treasury stock	(1)	(0)	(4)
Payments of cash dividends	(1,176)	(1,174)	(10,403)
Repayments of lease obligations	(333)	(308)	(2,951)
Other	0	-	1
Net cash used in financing activities	(2,051)	(21,249)	(18,147)
Effect of exchange rate changes on cash and cash equivalents	(2,385)	4,182	(21,108)
Net increase (decrease) in cash and cash equivalents	(1,533)	(13,135)	(13,560)
Cash and cash equivalents, beginning of year	41,477	54,612	367,049
Cash and cash equivalents, end of year	¥39,944	¥41,477	\$353,489

See accompanying notes to consolidated financial statements.