Notes to Consolidated Financial Statements

TAIYO YUDEN CO., LTD. and Subsidiaries
March 31, 2017 and 2016

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of TAIYO YUDEN CO., LTD. (the "Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain aspects as to application and disclosure requirements from International Financial Reporting Standards.

The accounts of consolidated overseas subsidiaries are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, and partially reflect the adjustments which are necessary to conform with Japanese GAAP.

The accompanying consolidated financial statements have been reformatted and translated into English (with some expanded descriptions) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. Certain supplementary information included in the statutory Japanese language consolidated financial statements is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2017, which was 112 yen to 1 U.S. dollar. The translations should not be construed as representations of what the Japanese yen amounts have been, could have been, or could in the future be when converted into U.S. dollars at this or any other rate of exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Consolidation Policies

The consolidated financial statements include the accounts of the Company and all of its subsidiaries (together the "Companies"). The Japanese accounting standards for consolidation require the control or influence concept for the consolidation scope of subsidiaries and equity-method affiliates. As of March 31, 2017 and 2016, the number of consolidated subsidiaries was 26 and 30, respectively. As of March 31, 2017 and 2016, the number of equity-method affiliates was 1 and 2, respectively. Significant intercompany accounts, transactions and unrealized profits have been eliminated in consolidation.

JVC Advanced Media EUROPE GmbH, which was a wholly-owned subsidiary of the Company, had been merged into TAIYO YUDEN EUROPE GmbH in the fiscal year ended March 31, 2017.

JVC ADVANCED MEDIA U.S.A. INC. and JVC Advanced Media (Tianjin) Co., LTD, which were the subsidiaries of Victor Advanced Media Co., Ltd. had been eliminated from the scope of consolidation due to completion of liquidation in the fiscal year ended March 31, 2017.

START Lab Inc. had been excluded from equity-method affiliates in the fiscal year ended March 31, 2017, due to completion of liquidation.

KOREA TONG YANG YUJUN CO., LTD, which was a subsidiary of the Company, had been merged into KOREA KYONG NAM TAIYO YUDEN CO., LTD., in the fiscal year ended March 31, 2017.

ELNA CO., LTD. was included in equity-method affiliates in the fiscal year ended March 31, 2016, due to conversion of preferred stock to common stock.

The difference between cost of the Company's investment securities in subsidiaries and its equity in their net assets at the dates of acquisition ("equivalents amount of goodwill") is being amortized within the subsequent 20 year periods. Investment in affiliate is accounted for by the equity method. Net income (loss) includes the equity in the current net earnings (losses) of such company after the elimination of unrealized intercompany profit.

(2) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposit, and short-term investments with original maturities of three months or less, that are readily convertible into known amount of cash and are so near maturity that they present negligible risk of changes in value.

(3) Foreign Currency Transactions

Short-term and long-term foreign currency monetary items are translated into Japanese yen at appropriate fiscal year-end current rates. The resulting net gains (losses) are shown as "Gain (loss) on foreign exchange" in the accompanying consolidated statements of income.

(4) Foreign Currency Financial Statements

In translating the financial statements of foreign subsidiaries for the purpose of consolidation, all assets and liabilities are translated into Japanese yen at appropriate fiscal year-end current rates while net assets accounts are translated at historical rates. Revenue and expense items are translated at the average rates during the fiscal year. The resulting translation differences are shown as "Foreign currency translation adjustments" in net assets at March 31, 2017 and 2016 in the accompanying consolidated balance sheets.

(5) Debt and Equity Securities

The Companies classify debt and equity securities, depending on management's intent, as follows:

Available-for-sale securities represent securities not classified as either trading securities or held-to-maturity debt securities. Available-for-sale securities, which have fair value, are reported at fair value with unrealized gains (losses), net of applicable taxes.

Available-for-sale securities, which do not have fair value, are stated at cost using the moving-average method. Equities of limited liability partnerships for investment business and of other similar partnerships (defined as "securities" by Article 2, Section 2 of the Financial Instruments and Exchange Act) are valued at the net equity equivalents based on the recently available financial statements of the partnership corresponding to the reporting dates of the financial statements defined by the partnership agreements.

(6) Inventories

Inventories are stated primarily at cost, determined by the average method for merchandise, finished products and work in process and by the first-in, first-out (FIFO) method for raw materials and supplies, modified by the writing down below cost to net realizable value.

(7) Property, Plant and Equipment (Except for the leased assets)

Property, plant and equipment are stated at cost. For the Company and domestic consolidated subsidiaries, depreciation is principally computed by the declining-balance method at rates based on the estimated useful lives of the assets, except that the straight-line method is applied to building acquired on and after April 1, 1998, and facilities attached to buildings and structures, which were acquired since April 1, 2016. Useful lives of the assets and residual value of the assets are mainly estimated in consistent with the method accepted under the corporate tax law in Japan. For foreign subsidiaries, depreciation is principally computed by straight-line method.

(8) Leased Assets

Leased assets are depreciated over the leased term by the straight-line method with no residual value.

(9) Allowance for Doubtful Receivables

The Company and its domestic consolidated subsidiaries provide the allowance for doubtful accounts based on the percentage of actual bad debt losses against the balance of total receivables and the amount of uncollectible receivables estimated on an individual basis. Overseas consolidated subsidiaries record the allowance based primarily on the amount of uncollectible receivables estimated on an individual basis.

(10) Net Defined Benefit

Accrued retirement benefits for employees at certain consolidated subsidiaries are provided at the amount incurred during the fiscal year, which is based on the estimated present value of the defined benefit obligation less the estimated fair value of plan assets at the end of the fiscal year. Also, certain consolidated subsidiaries provide allowance for accrued pension and severance costs.

(11) Accrued Retirement Benefits for Directors and Corporate Auditors

Certain subsidiaries of the Company provide lump-sum severance benefits for directors and corporate auditors. Accrued retirement benefits for directors and corporate auditors are provided at the amount which would be required based on their internal regulations if all directors and corporate auditors retired at the balance sheet date.

(12) Accrued Bonuses for Employees

Accrued bonuses to employees are provided by the estimated amounts, which are obligated to pay to employees after the fiscal year-end, based on services provided during the current period.

(13) Accrued Bonuses for Directors

Accrued bonuses to directors are provided by the estimated amounts, which are obligated to pay to directors after the fiscal year-end, based on services provided during the current period.

(14) Income Taxes

The provision for income taxes is computed based on the pretax income for the financial reporting purposes. Deferred tax assets and liabilities are recognized for expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities. A valuation allowance is recorded to reduce deferred tax assets if it is not probable that deferred tax assets will be realized in the future.

The Company and certain domestic subsidiaries adopt a consolidated tax return system.

(15) Research and Development Costs

Expenditures by the Company and certain subsidiaries for development of specified new products are charged to income as incurred and were 10,008 million yen (89,358 thousand dollar) and 9,024 million yen for the years ended March 31, 2017 and 2016, respectively.

(16) Derivative and Hedging Activities

Companies are required to state derivative instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative instruments are used for hedging purposes.

The Company defers recognition of gains or losses resulting from changes in fair value of derivative instruments until the related losses or gains on the hedged items are recognized.

If interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

The derivative transactions are executed and managed by the finance department in accordance with the established policies and within the specified limits on the amounts of derivative transactions allowed.

(17) Per Share Information

Basic earnings per share is computed by dividing net earnings attributable to owners of the parent by the weighted-average number of common shares outstanding in each period, retroactively adjusted for stock splits. Basic earnings per share for the years ended March 31, 2017 and 2016 are computed in accordance with Japanese accounting standards.

Diluted earnings per share reflects the potential dilution that could occur if stock acquisition rights were exercised or convertible bonds are converted into common stock. Diluted earnings per share of common stock assumes full conversion of the outstanding convertible bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding stock acquisition rights. Diluted earnings per share for the years ended March 31, 2017 and 2016 are computed in accordance with Japanese accounting standards.

Cash dividends per share consist of interim and year-end dividends and are accounted for in the year they are declared rather than in the year in which they are actually paid.

(18) Certain Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the presentation of the current year. These reclassifications have no significant impact on previously reported results of operations or retained earnings.

(Consolidated Statements of Income)

Previously, "Compensation expenses" amounting to 108 million yen was stated separately in other income (expenses) of consolidated statement of income for the year ended March 31, 2016. However, the Company has changed its method of presentation to include the account in "Other" as it is immaterial for this fiscal year. The consolidated financial statements for the year ended March 31, 2016 were rearranged in order to reflect the changes to presentation.

(19) Change in Accounting Policies

Due to amendments to the Japanese Corporation Tax Act, the Company and its consolidated domestic subsidiaries have applied “Practical Solution on a change in depreciation method due to Tax Reform 2016” (Practice Issue Task Force No.32, June 17, 2016 (hereinafter, “PITF No.32”)) from the year ended March 31, 2017 and changed the depreciation method for buildings, facilities attached to buildings and structures, which were acquired since April 1, 2016, from the declining balance method to the straight line method. Impact of this change to the consolidated financial statements was immaterial.

Effective from the year ended March 31, 2016, the Company and its consolidated domestic subsidiaries have applied the "Revised Accounting Standard for Business Combinations" (Accounting Standards Board of Japan ("ASBJ") Statement No. 21, September 13, 2013 (hereinafter the "Business Combinations Accounting Standard")), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013 (hereinafter the "Consolidation Accounting Standard")) and "Revised Accounting Standard for Business Divestitures"(ASBJ Statement No. 7, September 13, 2013 (hereinafter the "Business Divestitures Accounting Standard")). As a result, the Company changed its accounting policies to recognize in capital surplus the differences arising from the changes in the Company’s ownership interest of subsidiaries over which the Company continues to maintain control and to record acquisition related costs as expenses in the fiscal year in which the costs are incurred. In addition, the Company changed its accounting policy for the reallocation of acquisition costs due to the completion following provisional accounting to reflect such reallocation in the consolidated financial statements for the fiscal year in which the business combination took place. The Company also changed the presentation of net income and the term "non-controlling interests" is used instead of "minority interests". Certain amounts in the prior year comparative information were reclassified to conform to such changes in the current year presentation.

With respect to application of the Accounting Standards for Business Combinations, the Company followed the provisional treatments in article 58-2 (4) of the Business Combinations Accounting Standard, article 44-5 (4) of the Consolidation Accounting Standard and article 57-4 (4) of the Business Divestitures Accounting Standard with application from the beginning of the current fiscal year prospectively.

In the consolidated statement of cash flows for the year ended March 31, 2016, cash flows from acquisition or disposal of shares of subsidiaries with no changes in the scope of consolidation are included in "Cash flows from financing activities" and cash flows from acquisition related costs for shares of subsidiaries with changes in the scope of consolidation or costs related to acquisition or disposal of shares of subsidiaries with no changes in the scope of consolidation are included in "Cash flows from operating activities".

Impact of these changes to the consolidated financial statements was immaterial. Also, impact of these changes to per share information was immaterial.

(20) Additional information

Effective from the year ended March 31, 2017, the Company and its consolidated domestic subsidiaries have applied “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016 (hereinafter, “Guidance No.26”)).

3. FINANCIAL INSTRUMENTS

(1) Qualitative information on financial instruments

a. Group policy for financial instruments

The Companies, which mainly produce and market electronic components, procure short-term operating funds with bank loans, and long-term funds for capital investment, etc. with bank loans and issuance of bonds in accordance with a capital investment plan.

Temporary surplus funds are managed as safe and secure financial funds such as short-term deposits. The Companies use derivative transactions to hedge risks stated below, and do not intend to use them for speculative purpose.

b. Risk management for financial instruments

Trade notes and accounts receivable which are operating receivables are exposed to consumer credit risk. Therefore, the Companies manage due dates and balances for each customer, and make efforts to early recognize concerns about collectability and reduce its risks due to deterioration in financial conditions, etc.

Investment securities consisting mainly of shares of companies with which the Companies have business relationship are managed by grasping fair values and financial conditions of issuers on a regular basis.

Payment due dates of most trade notes and accounts payable which are operating payables are within one year.

The Companies use borrowings, bonds and convertible bond with stock acquisition rights mainly for the purpose of procuring funds necessary for capital investment. As long-term loans with floating interest rate are exposed to the risk of interest-rate fluctuations, the Companies use derivative transactions (interest-rate swaps) to hedge the risk.

Operating receivables in foreign currency which arise from the Company's global business development are exposed to the risk of exchange-rate fluctuations. The Companies use forward exchange contracts as hedging instruments for operating receivables in foreign currency to reduce the risk of exchange-rate fluctuations, in principle. The Companies also make forward exchange contracts to hedge risks from operating receivables in foreign currency which are surely brought about by forecasted transactions related to exports. The Companies make derivatives transactions only with high-rated financial institutions.

In accordance with the internal risk management regulations providing for trading authority, the ceiling and other matters, the finance department executes derivative transactions, and manages them by recording details of transactions and checking balances with counterparties.

A manager of finance department reports the results of transactions to a Chief of Headquarters in charge, and he/she reports to the Board of Directors. Consolidated subsidiaries do not use derivative transactions.

The Company unifies the management of funds of the entire Group based on funding plans prepared by each group company in order to allow them to secure adequate liquidity.

c. Supplemental information on market value of financial instruments

Financial instruments without market quotations are stated at reasonably calculated value. Such value is calculated based on variable factors. Therefore, the value may be changed depending on prerequisites to be adopted.

(2) Fair values of financial instruments

Book values and fair values of the financial instruments on the consolidated balance sheets at March 31, 2017 and 2016 are as follows. When it is extremely difficult to measure a fair value of financial instrument, such financial instrument is not included in the table shown below.

	Millions of yen		
	2017		
	Book value	Fair value	Difference
(1) Cash, cash equivalents and time deposits	¥40,070	¥40,070	-
(2) Trade notes and accounts receivable	53,791	53,791	-
(3) Investment securities:			
1) Available-for-sale securities	5,564	5,564	-
2) Investments in affiliate	1,056	1,320	¥264
Total assets	¥100,481	¥100,745	¥264
(4) Trade notes and accounts payable	26,735	26,735	-
(5) Short-term borrowings	16,463	16,463	-
(6) Other accounts payable	12,259	12,259	-
(7) Income taxes payable	2,083	2,083	-
(8) Convertible bonds with stock acquisition rights	20,054	21,150	¥1,096
(9) Long-term borrowings (*1)	15,130	15,121	(9)
Total liabilities	¥92,724	¥93,811	¥1,087
(10) Derivative transactions (*2)	¥399	¥399	-

	Millions of yen		
	2016		
	Book value	Fair value	Difference
(1) Cash, cash equivalents and time deposits	¥45,963	¥45,963	-
(2) Trade notes and accounts receivable	49,759	49,759	-
(3) Investment securities:			
1) Available-for-sale securities	4,075	4,075	-
2) Investments in affiliate	1,320	1,470	¥150
Total assets	¥101,117	¥101,267	¥150
(4) Trade notes and accounts payable	23,430	23,430	-
(5) Short-term borrowings	11,979	11,979	-
(6) Other accounts payable	12,353	12,353	-
(7) Income taxes payable	2,340	2,340	-
(8) Convertible bonds with stock acquisition rights	20,068	20,224	¥156
(9) Long-term borrowings (*1)	21,347	21,305	(42)
Total liabilities	¥91,517	¥91,631	¥114
(10) Derivative transactions (*2)	¥775	¥775	-

	Thousands of U.S. dollars		
	2017		
	Book value	Fair value	Difference
(1) Cash, cash equivalents and time deposits	$357,762	$357,762	-
(2) Trade notes and accounts receivable	480,280	480,280	-
(3) Investment securities:			
1) Available-for-sale securities	49,680	49,680	-
2) Investments in affiliate	9,429	11,786	$2,357
Total assets	$897,151	$899,508	$2,357
(4) Trade notes and accounts payable	238,706	238,706	-
(5) Short-term borrowings	146,993	146,993	-
(6) Other accounts payable	109,456	109,456	-
(7) Income taxes payable	18,597	18,597	-
(8) Convertible bonds with stock acquisition rights	179,050	188,840	$9,790
(9) Long-term borrowings (*1)	135,091	135,003	(88)
Total liabilities	$827,893	$837,595	$9,702
(10) Derivative transactions (*2)	$3,563	$3,563	-

(*1) Long-term borrowings includes current portion.
(*2) Derivatives transactions are stated in net of assets and liabilities.

Note 1: Measurement methods for fair value of financial instruments and matters concerning securities and derivative transactions

Assets:

(1) Cash, cash equivalents and time deposits and (2) Trade notes and accounts receivable

Since these are settled in short term, their fair values are close to book values. Accordingly, they are stated at book value.

(3) Investment securities

Equity securities are stated at price on exchange market, and bonds are stated at price on reasonably calculated value.

Liabilities:

(4) Trade notes and accounts payable, (5) Short-term borrowings, (6) Other accounts payable and (7) Income taxes payable

Since these are settled in short term, their fair values are close to book values. Accordingly, they are stated at book value.

(8) Convertible bonds with stock acquisition rights

The prices offered by correspondent financial institutions are regarded as fair values.

(9) Long-term borrowings

The fair values of long-term borrowings are measured as present values obtained by discounting total amount of principal and interest at the estimated interest rate if similar borrowings were newly made. Long-term borrowings with floating interest rates are subject to the exceptional accounting method for interest-rate swaps. Their fair values are calculated by discounting the total amount of principal and interest treated together with relevant interest-rate swaps at the estimated interest rate if similar borrowings were newly made.

(10) Derivative transactions

The fair values of forward exchange contracts are stated at prices offered by financial institutions.

As derivative transactions subject to the exceptional accounting method for interest-rate swaps are treated together with hedged long-term borrowings, their fair values are included in the fair values of relevant long-term borrowings.

Note 2: Financial instruments of which fair value is extremely difficult to be identified

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
	Book value	Book value	Book value
Unlisted equity securities	¥3	¥156	$24
Investments in affiliate	20	579	179
Equities of limited liability partnerships for investment business and of other similar partnerships	118	158	1,054

As for financial instruments shown above, there is no market price and future cash flow cannot be estimated. Accordingly, since it is considered very difficult to identify their fair value, they are not included in "Assets (3) Investment securities".

Note 3: Planned redemption amounts after March 31, 2017 and 2016 for monetary assets and investment securities

	Millions of yen	
	2017	
	Within 1 year	Over 1 year and within 5 year
Cash, cash equivalents and time deposits	¥39,997	-
Trade notes and accounts receivable	53,791	-

	Millions of yen	
	2016	
	Within 1 year	Over 1 year and within 5 year
Cash, cash equivalents and time deposits	¥45,928	-
Trade notes and accounts receivable	49,759	-

	Thousands of U.S. dollars	
	2017	
	Within 1 year	Over 1 year and within 5 year
Cash, cash equivalents and time deposits	$357,116	-
Trade notes and accounts receivable	480,280	-

4. DEBT AND EQUITY SECURITIES

(1) Available-for-sale securities

	Millions of Yen 2017 Book value	Acquisition cost	Unrealized Gain/loss
Securities for which book value of consolidated balance sheets exceeds acquisition cost			
Stock	¥5,415	¥2,521	¥2,894
Other	68	42	26
Subtotal	¥5,483	¥2,563	¥2,920
Securities for which book value of consolidated balance sheets does not exceed acquisition cost			
Stock	¥81	¥103	¥(22)
Other	-	-	-
Subtotal	¥81	¥103	¥(22)
Total	¥5,564	¥2,666	¥2,898

	Millions of Yen 2016 Book value	Acquisition cost	Unrealized Gain/loss
Securities for which book value of consolidated balance sheets exceeds acquisition cost			
Stock	¥3,270	¥1,789	¥1,481
Other	62	42	20
Subtotal	¥3,332	¥1,831	¥1,501
Securities for which book value of consolidated balance sheets does not exceed acquisition cost			
Stock	¥743	¥798	¥(55)
Other	-	-	-
Subtotal	¥743	¥798	¥(55)
Total	¥4,075	¥2,629	¥1,446

	Thousands of U.S. Dollars 2017 Book value	Acquisition cost	Unrealized Gain/loss
Securities for which book value of consolidated balance sheets exceeds acquisition cost			
Stock	$48,349	$22,509	$25,840
Other	610	377	233
Subtotal	$48,959	$22,886	$26,073
Securities for which book value of consolidated balance sheets does not exceed acquisition cost			
Stock	$721	$923	$(202)
Other	-	-	-
Subtotal	$721	$923	$(202)
Total	$49,680	$23,809	$25,871

(2) Impaired securities

For the years ended March 31, 2017 and 2016, the Company recorded an impairment loss on "Available-for-sale securities". The Company recorded impairment loss of 160 million yen (1,429 thousand dollar), 1,463 million yen respectively. The loss in the year ended March 2017 is all for other marketable securities, and that in the year ended March 2016 is divided to 34 million yen and 1,429 million yen on other marketable securities and investments in affiliate respectively.

The Company posts an impairment loss on all securities whose fair value at the end of the fiscal year is less than 50% of the acquisition cost.

For securities whose fair value at the end of the fiscal year decreases by 30% to 50% from their acquisition cost, the Company posts an impairment loss when it is judged necessary, by examining the impact and recoverability of the amount.

5. INDEBTEDNESS

Short-term borrowing at March 31, 2017 and 2016 principally consist of borrowings from banks at average annual rates of approximately 0.67% and 0.64% respectively.

Long-term debts at March 31, 2017 and 2016 consisted of the following:

	Millions of Yen 2017	Millions of Yen 2016	Thousands of U.S. Dollars 2017
Long-term borrowings from banks and other financial institutions			
Due within one year, weighted average interest rate 0.84% at March 31, 2017, and 0.74% at March 31, 2016	¥11,074	¥6,201	$98,875
Due after one year, weighted average interest rate 0.53% at March 31, 2017, and 0.76% at March 31, 2016	4,056	15,146	36,216
Euro Yen zero coupon convertible bonds due 2021			
Due within one year	-	-	-
Due after one year	20,000	20,000	178,571
Lease liabilities			
Due within one year	63	291	560
Due after one year	228	270	2,032
Total	35,421	41,908	316,254
Less current portion	(11,137)	(6,492)	(99,435)
Long-term debts, less current portion	¥24,284	¥35,416	$216,819

The average interest rate per annum for lease that do not transfer ownership to lessee is not presented since lease liabilities are stated at the amounts before deducting interest portion which is included in total lease liabilities.

The conversion price per share of Euro Yen zero coupon convertible bonds due 2021 for the years ended March 31, 2017 and 2016 were 2,066 yen (18.44 dollar) and 2,069 yen.

The aggregate annual maturities of long-term debts other than lease liabilities as of March 31, 2017 are as follows:

For the year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2018	¥11,074	$98,875
2019	3,936	35,148
2020	16	142
2021	20,015	178,708
2022	15	131
2023 and thereafter	74	658
Total	¥35,130	$313,662

The annual maturities of lease liabilities as of March 31, 2017 are as follows:

For the year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2018	¥63	$560
2019	59	526
2020	27	241
2021	18	164
2022	19	168
2023 and thereafter	105	933
Total	¥291	$2,592

6. RETIREMENT BENEFITS

Outline of retirement benefit plans

The Company and certain domestic subsidiaries have defined contribution pension plans, prepaid retirement plans.

Certain overseas subsidiaries mainly adopted lump-sum retirement benefit plans.

Overseas subsidiaries have applied International Financial Reporting Standards ("IFRS"). "Employee Benefits" ("IAS" No. 19 amended on June 16, 2011) became effective from the fiscal year beginning on and after January 1, 2013. Effective from the fiscal year ended March 31, 2014, certain overseas subsidiaries have adopted the standard.

a. Defined benefit pension plans

(1) The reconciliation of defined benefit obligation for the years ended March 31, 2017 and 2016 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Defined benefit obligation at beginning of year	¥4,735	¥4,472	$42,280
Service costs	686	803	6,122
Interest cost	118	112	1,053
Actuarial (gain) loss	(146)	(73)	(1,307)
Benefits paid	(719)	(211)	(6,421)
Other	(4)	(368)	(33)
Defined benefit obligation at end of year	¥4,670	¥4,735	$41,694

(2) The reconciliation of plan assets for the years ended March 31, 2017 and 2016 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Fair value of plan assets at beginning of year	¥1,620	¥1,622	$14,462
Interest income	53	53	477
Actuarial gain (loss)	(49)	(51)	(442)
Employer's contribution	403	155	3,601
Benefits paid	(454)	(47)	(4,060)
Other	(52)	(112)	(461)
Fair value of plan assets at end of year	¥1,521	¥1,620	$13,577

(3) Reconciliation between the balances of defined benefits obligation and plan assets and net defined benefit liability and net defined benefit asset recorded in the consolidated balance sheets as of March 31, 2017 and 2016 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Funded defined benefits obligation	¥1,924	¥2,187	$17,178
Plan assets	(1,521)	(1,620)	(13,577)
	403	567	3,601
Unfunded defined benefits obligation	2,746	2,549	24,516
Total net liability (asset) for retirement benefit	¥3,149	¥3,116	$28,117
Net defined benefit liability	¥3,208	¥3,116	$28,644
Net defined benefit asset	(59)	-	(527)
Total net liability (asset) for retirement benefit	¥3,149	¥3,116	$28,117

(4) Components of retirement benefit costs for the years ended March 31, 2017 and 2016 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Service costs	¥686	¥804	$6,122
Net interest	64	59	576
Amortization of actuarial differences	59	62	523
Total retirement benefit cost for the fiscal year	¥809	¥925	$7,221

i) The Company applied "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No.18).

Accordingly, the total amounts of actuarial differences have been amortized by a certain period of fixed years within average expected future service years.

ii) Other than the above retirement benefit costs in defined benefit pension plan, overseas subsidiaries record voluntary retirements cost amounts to 2,210 million yen as "Business structure improvement expenses" in Other expenses in this fiscal year.

(5) Adjustments in defined benefit obligation of overseas subsidiaries, excluding the income tax effect accounting, for the years ended March 31, 2017 and 2016 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Actuarial differences	¥155	¥(19)	$1,388

(6) Accumulated amounts of adjustments in defined benefit obligation of overseas subsidiaries, excluding the income tax effect, as of March 31, 2017 and 2016 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Unrecognized actuarial differences	¥(379)	¥(535)	$(3,385)

(7) Plan assets

(i) The proportions of plan assets as of March 31, 2017 and 2016 were as follows:

	2017	2016	
Debt securities	64	59	%
Equity securities	19	19	
Cash and deposit with bank	11	18	
Other	6	4	
Total	100	100	%

76% and 77% of plan assets are retirement benefit trusts established for lump-sum retirement plans as of March 31, 2017 and 2016, respectively.

(ii) Rates of expected return

The rates of expected return are not set since the overseas subsidiaries applied the IAS No. 19.

(8) Actuarial assumptions

	2017	2016
Discount rates (overseas subsidiaries)	1.90 - 5.05 %	2.00 - 5.34 %
Expected rate of salary increase	2.24 - 5.00 %	3.48 - 5.00 %

b. Defined contribution pension plans

The required contribution amounts to the defined contribution pension plans by the Companies were 1,241 million yen (11,076 thousand dollar) and 1,224 million yen as of March 31, 2017 and 2016, respectively.

7. NET ASSETS

Under the Companies Act of Japan ("the Act") , in cases where dividend distribution of surplus is made, the lesser of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve, must be set aside as additional paid-in capital or legal earnings reserve. Additional paid-in capital and legal earnings reserve are included in capital surplus and retained earnings, respectively, in the accompanying consolidated balance sheets. Under the Act, all additional paid-in capital and legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends. The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Act. Appropriations are not accrued in the consolidated financial statements for the corresponding period, but are recorded in the subsequent accounting period after shareholders' approval has been obtained.

8. INCOME TAXES

Income taxes in Japan applicable to the Company and domestic subsidiaries for the years ended March 31, 2017 and 2016 were comprised of (1) a corporation tax at the rate of 24.4% and 25.0% on taxable income, respectively, (2) enterprise tax of approximately 4% and 6% on taxable income, respectively, and (3) prefectural and residence taxes of approximately 16% of the amount of the corporation tax. Enterprise tax is deductible for income tax purposes when Income taxes of foreign subsidiaries are generally based on tax rates applicable in the country of incorporation.

Significant components of the deferred tax assets and liabilities as of March 31, 2017 and 2016 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Deferred tax assets			
Inventories	¥956	¥744	$8,535
Accrued expenses	266	361	2,378
Retirement benefits	1,774	1,846	15,836
Net defined benefit liability	774	777	6,914
Enterprise tax payables	328	268	2,928
Accrued bonuses	969	1,022	8,648
Investment securities	808	761	7,216
Excess depreciation	970	864	8,665
Lump-sum depreciable assets	312	231	2,784
Allowance for doubtful receivables	94	102	835
Unused tax loss carry-forward	14,652	12,655	130,825
Other	1,493	1,223	13,329
Subtotal	23,396	20,854	208,893
Valuation allowance	(21,035)	(18,965)	(187,813)
Offset	(294)	(154)	(2,621)
Total deferred tax assets	¥2,067	¥1,735	$18,459
Deferred tax liabilities			
Undistributed earnings of foreign subsidiaries	¥2,315	¥3,516	$20,666
Inventories	650	608	5,802
Reserves	730	723	6,517
Unrealized holding gains on investment securities	702	397	6,266
Other	1,508	1,494	13,469
Offset	(294)	(154)	(2,621)
Total deferred tax liabilities	¥5,611	¥6,584	$50,099

Main items of the reconciliations of the normal income tax rate to the effective income tax rates are as follows:

	2017	2016
Statutory tax rate	30.7 %	32.8 %
(Reconciliations)		
Differences in statutory tax rates of foreign subsidiaries	(11.2)	(6.0)
Undistributed earnings of foreign subsidiaries	(16.0)	0.3
Valuation allowance	10.3	(6.7)
Foreign tax	1.0	0.3
Unrealized profit included in inventories	(0.8)	(2.3)
Decrease of deferred tax assets and liabilities due to income tax rates change	(2.0)	(0.5)
Non-deductible expenses	11.6	0.1
Others - net	4.1	1.8
Effective income tax rate	27.7 %	19.8 %

Previously, "Non-deductible expenses" was included in "Others - net" for the year ended March 31, 2016. However, the Company has changed its method of presentation to state separately "Non-deductible expenses" as it is material from the year ended March 31, 2017. Also, prior year information was rearranged in order to reflect the changes in presentation.

Revisions to the amounts of deferred tax assets and liabilities due to changes in the tax rates of the Japanese Corporation Tax.

Since amendments to the Japanese tax regulations were enacted into law on November 18, 2016, a scheduled increase in the consumption tax rate to 10% was postponed from April 1, 2017 to October 1, 2019. Accordingly, scheduled abolishment of special local corporation tax, reimposition of corporate enterprise tax, amendment of local corporation tax rate and amendment of corporation tax rate for inhabitant tax were also postponed from the fiscal year beginning on or after April 1, 2017 to the fiscal year beginning on or after October 1, 2019.
The effective statutory tax rate utilized for the measurement of deferred tax assets and liabilities for the current fiscal year was not changed. However, as a result of the reclassification of national tax rate and local tax rate, deferred tax assets (net of deferred tax liabilities) increased by 152 million yen (1,363 thousand dollar) and income taxes -deferred increased by the same amount.

9. LEASE TRANSACTIONS

Operating Lease
The amounts of noncancellable future lease payments as of March 31, 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Future lease payments			
Within one year	¥164	¥79	$1,461
Over one year	381	205	3,403
Total	¥545	¥284	$4,864

10. IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT

The Companies categorize their business assets by segmentation for management accounting, and idle assets by individual asset. Property, plant and equipment such as head office and laboratories are categorized as common assets.

For the year ended March 31, 2017, the Companies recognized impairment loss on property, plant and equipment as follows:

Classification	Description	Location	Millions of Yen	Thousands of U.S. Dollars
Machinery and Equipment	Idle assets	Nakanojo, Gunma Yawatabara, Gunma Others	¥613	$5,477
Buildings and structures	Idle assets	Haruna, Gunma Others	101	897
Others	Idle assets	Takasaki, Gunma Haruna, Gunma Others	35	315
	Total		¥749	$6,689

For the idle assets with no specific utilization plan and low profitability, their book values have been written down to the memorandum value and such reduction was recorded as impairment loss on property, plant and equipment.

For the year ended March 31, 2016, the Companies recognized impairment loss on property, plant and equipment as follows:

Classification	Description	Location	Millions of Yen
Machinery and Equipment, Buildings, Construction in Progress, Intangible Assets, Others	Business assets (Optical media business)	Date, Fukushima, Others	¥178
Machinery and Equipment	Idle assets	Tamamura, Gunma Nakanojo, Gunma Others	194
Others	Idle assets	Tamamura, Gunma Others	28
	Total		¥400

For the business assets with no specific utilization plan and low profitability, due to withdrawal from "Optical media" business, their book values have been written down to the memorandum value and such reduction (178 million yen) was included in business structure improvement expenses in other income (expenses). This consists of 85 million yen for machinery and equipment, 29 million yen for buildings, 25 million yen for intangible assets, 22 million yen for construction in progress and 17 million yen for others.

For the idle assets with no specific utilization plan and low profitability, their book values have been written down to the memorandum value and such reduction was recorded as impairment loss on property, plant and equipment.

11. DERIVATIVE TRANSACTIONS

The fair values of derivatives held by the Companies as of March 31, 2017 and 2016 are summarized as follows. Fair value is computed based on quotes and others by financial institutions and others.

(1) Derivative transactions for which hedge accounting is not applied

	Millions of Yen			
	2017			
	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts: Selling: U.S. Dollar	¥28,483	-	¥383	¥383
Foreign exchange forward contracts: Buying: U.S. Dollar	¥2,256	-	¥(14)	¥(14)

	Millions of Yen			
	2016			
	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts: Selling: U.S. Dollar	¥17,095	-	¥791	¥791
Foreign exchange forward contracts: Buying: U.S. Dollar	¥1,150	-	¥(25)	¥(25)

	Thousands of U.S. Dollars			
	2017			
	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts: Selling: U.S. Dollar	$254,310	-	$3,418	$3,418
Foreign exchange forward contracts: Buying: U.S. Dollar	$20,146	-	$(129)	$(129)

(2) Derivative transactions for which hedge accounting is applied

		Millions of Yen		
		2017		
		Contract amount	Due after one year	Fair value
Foreign exchange forward contracts: Selling: U.S. Dollar	Future transaction	¥7,300	-	¥42
Foreign exchange forward contracts: Buying: U.S. Dollar	Future transaction	¥1,691	-	¥(12)
Interest-rate swaps: Fixed interest payment and floating interest receipt	Long-term borrowings	¥10,000	-	-

		Millions of Yen		
		2016		
		Contract amount	Due after one year	Fair value
Foreign exchange forward contracts: Selling: U.S. Dollar	Future transaction	¥6,187	-	¥13
Foreign exchange forward contracts: Buying: U.S. Dollar	Future transaction	¥1,128	-	¥(4)
Interest-rate swaps: Fixed interest payment and floating interest receipt	Long-term borrowings	¥10,500	¥10,000	-

		Thousands of U.S. Dollars		
		2017		
		Contract amount	Due after one year	Fair value
Foreign exchange forward contracts: Selling: U.S. Dollar	Future transaction	$65,182	-	$378
Foreign exchange forward contracts: Buying: U.S. Dollar	Future transaction	$15,100	-	$(105)
Interest-rate swaps: Fixed interest payment and floating interest receipt	Long-term borrowings	$89,286	-	-

For the exceptional accounting method for interest-rate swaps, because they are account for in combination with the hedged long-term borrowings, their fair value is included in the fair value of the long-term borrowings.

12. STOCK OPTION PLAN

The Company grants stock options to its directors and operating officers in line with resolutions of the board of directors meetings.

Expenses for stock options amounting to 53 million yen (477 thousand dollar) and 99 million yen were recognized in selling, general and administrative expenses in 2017 and 2016, respectively.

For the years ended March 31, 2017 and 2016, a standard option pricing model (i.e., Black-Scholes) was used to measure the fair value of stock options granted to its directors and operating officers.

The fair value for these options was estimated at the date of grant using the Black-Scholes option pricing model with risk-free interest rates of (0.39%) in 2017, 0.12% and 0.05% in 2016, dividends per share of 15 yen (0.13 dollar) in 2017, 10 yen in 2016, and volatility factor of the expected market value of the Company's common stock of 45.8% in 2017, 45.1% and 44.5% in 2016, determined by weekly historical price for the past 6.0 years in 2017, 6.1 years in 2016, which is the same period as expected life of the option.

A summary of the Company's stock options outstanding at March 31, 2017 is as follows:

Date of resolution	June 28, 2007	June 28, 2007	June 27, 2008	May 25, 2009
Date of grant	July 13, 2007	July 13, 2007	July 14, 2008	June 9, 2009
Number of options	32,000 shares of Common stock	46,000 shares of Common stock	46,000 shares of Common stock	37,000 shares of Common stock
Exercise price	¥1	¥1	¥1	¥1
Exercise period	From July 14, 2007 to July 13, 2027	From July 14, 2007 to July 13, 2027	From July 15, 2008 to July 14, 2028	From June 10, 2009 to June 9, 2029
Fair value (per share)	¥2,761	¥2,761	¥966	¥947
Options outstanding at March 31, 2016 (share)	3,000	6,000	6,000	6,000
Granted (share)	-	-	-	-
Exercised (share)	-	-	-	-
Forfeited/Expired (share)	-	-	-	-
Options outstanding at March 31, 2017 (share)	3,000	6,000	6,000	6,000

Date of resolution	June 29, 2010	June 29, 2011	April 25, 2012	May 24, 2013
Date of grant	July 21, 2010	July 14, 2011	May 11, 2012	June 10, 2013
Number of options	39,000 shares of Common stock	44,000 shares of Common stock	38,000 shares of Common stock	10,000 shares of Common stock
Exercise price	¥1	¥1	¥1	¥1
Exercise period	From July 22, 2010 to July 21, 2030	From July 14, 2011 to July 13, 2031	From May 11, 2012 to May 10, 2032	From June 10, 2013 to June 9, 2033
Fair value (per share)	¥1,013	¥948	¥739	¥1,625
Options outstanding at March 31, 2016 (share)	9,000	13,000	13,000	3,000
Granted (share)	-	-	-	-
Exercised (share)	-	-	-	-
Forfeited/Expired (share)	-	-	-	-
Options outstanding at March 31, 2017 (share)	9,000	13,000	13,000	3,000

Date of resolution	June 27, 2013	June 27, 2014	June 26, 2015	November 5, 2015
Date of grant	July 12, 2013	July 14, 2014	July 13, 2015	November 20, 2015
Number of options	31,000 shares of Common stock	55,000 shares of Common stock	62,000 shares of Common stock	2,000 shares of Common stock
Exercise price	¥1	¥1	¥1	¥1
Exercise period	From July 12, 2013 to July 11, 2033	From July 14, 2014 to July 13, 2034	From July 13, 2015 to July 12, 2035	From November 20, 2015 to November 19, 2035
Fair value (per share)	¥1,476	¥1,032	¥1,543	¥1,914
Options outstanding at March 31, 2016 (share)	21,000	42,000	57,000	2,000
Granted (share)	-	-	-	-
Exercised (share)	4,000	5,000	5,000	-
Forfeited/Expired (share)	-	-	3,000	-
Options outstanding at March 31, 2017 (share)	17,000	37,000	49,000	2,000

Date of resolution	June 29, 2016
Date of grant	July 15, 2016
Number of options	64,000 shares of Common stock
Exercise price	¥1
Exercise period	From July 15, 2016 to July 14, 2036
Fair value (per share)	¥834
Options outstanding at March 31, 2016 (share)	-
Granted (share)	64,000
Exercised (share)	-
Forfeited/Expired (share)	-
Options outstanding at March 31, 2017 (share)	64,000

13. COMPREHENSIVE INCOME

Reclassification and income tax effects attributable to other comprehensive income for the years ended March 31, 2017 and 2016 were as follows:

	Millions of Yen		Thousands of U.S. dollars
	2017	2016	2017
Net unrealized holding gains (losses) on securities:			
Gains (losses) arising during the year	¥1,470	¥(1,540)	$13,127
Reclassifications and adjustments	6	139	57
Before income tax effects	1,476	(1,401)	13,184
Income tax effects	(305)	343	(2,725)
Net unrealized holding gains (losses) on securities	1,171	(1,058)	10,459
Deferred gains (losses) on hedges:			
Losses arising during the year	(274)	(68)	(2,452)
Reclassifications and adjustments	296	66	2,647
Before income tax effects	22	(2)	195
Income tax effects	(7)	1	(60)
Deferred gains (losses) on hedges	15	(1)	135
Foreign currency translation adjustments:			
Adjustments arising during the year	(3,690)	(9,931)	(32,950)
Reclassifications and adjustments	40	-	354
Before income tax effects	(3,650)	(9,931)	(32,596)
Income tax effects	17	(17)	153
Foreign currency translation adjustments	(3,633)	(9,948)	(32,443)
Adjustment in defined benefit obligation of overseas subsidiaries:			
Gains (losses) arising during the year	97	(81)	865
Reclassifications and adjustments	58	62	523
Before income tax effects	155	(19)	1,388
Income tax effects	(46)	(62)	(413)
Adjustment in defined benefit obligation of overseas subsidiaries	109	(81)	975
Total other comprehensive income	¥(2,338)	¥(11,088)	$(20,874)

14. SEGMENT INFORMATION

(1) General information about reportable segments
The Companies’ reportable segments are those for which separately financial information is available and regular evaluation by the Company's Board of Directors is performed in order to decide how resources are allocated among the Companies.
The Companies have omitted the disclosure of segment information since the Companies have single segment.

(2) Basis of measurement about reportable segment income or loss, segment assets and other material items
Information have been omitted since the Companies have the single segment.

(3) Information related to the amounts of net sales, profit and loss, assets, liabilities and other items by reportable segments
As the Companies have a single business segment, there're no items to report.

(4) Information by products classification

The Companies set four product classifications ; "Capacitors", "Ferrite and applied products", "Integrated modules & devices", and "Others".

Net sales by product classifications is as follows

Millions of Yen				
2017				
Capacitors	Ferrite and applied products	Integrated modules & devices	Others	Total
¥117,666	¥41,273	¥65,581	¥6,197	¥230,717

Millions of Yen				
2016				
Capacitors	Ferrite and applied products	Integrated modules & devices	Others	Total
¥123,675	¥46,464	¥57,696	¥12,551	¥240,386

Thousands of U.S. dollars				
2017				
Capacitors	Ferrite and applied products	Integrated modules & devices	Others	Total
$1,050,592	$368,511	$585,544	$55,323	$2,059,970

(5) Transactions by geographical areas

(i) Sales

Millions of Yen				
2017				
Japan	China	Hong Kong	Other areas	Total
¥22,115	¥100,326	¥37,460	¥70,816	¥230,717

Millions of Yen				
2016				
Japan	China	Hong Kong	Other areas	Total
¥24,910	¥107,995	¥29,713	¥77,768	¥240,386

Thousands of U.S. dollars				
2017				
Japan	China	Hong Kong	Other areas	Total
$197,451	$895,772	$334,464	$632,283	$2,059,970

(ii) Property, plant and equipment

Millions of Yen				
2017				
Japan	China	Malaysia	Other areas	Total
¥76,716	¥10,907	¥11,596	¥11,877	¥111,096

Millions of Yen				
2016				
Japan	China	Malaysia	Other areas	Total
¥66,784	¥14,212	¥14,135	¥11,916	¥107,047

Thousands of U.S. dollars				
2017				
Japan	China	Malaysia	Other areas	Total
$684,963	$97,384	$103,539	$106,049	$991,935

(6) Information about impairment loss on property, plant and equipment by reportable segments

The disclosure of Information about impairment loss on property, plant and equipment by reportable segments has been omitted since the Companies have single segment.

(7) Information about amortization and the balance of (negative) goodwill by reportable segments

The disclosure of Information about amortization and the balance of (negative) goodwill by reportable segments has been omitted since the Companies have single segment.

(8) Information about major customers

Information for major customers has been omitted since there are no major customers accounts with more than 10% of net sales on consolidated statements of income for the years ended March 31, 2017 and 2016.

15. EARNINGS PER SHARE

Reconciliation of the basic and diluted earnings per share ("EPS") for the years ended March 31, 2017 and 2016 were as follows:

For the year ended March 31, 2017	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Earnings	Weighted Average Shares	EPS	
Basic EPS				
Net income attributable to common shareholders of the parent	¥5,429	117,826	¥46.08	$0.41
Effect of dilutive securities				
Convertible bonds with stock acquisition rights	(10)	9,680	-	-
Stock acquisition rights	-	212	-	-
Diluted EPS				
Earnings for computation	¥5,419	127,718	¥42.43	$0.38

For the year ended March 31, 2016	Millions of Yen	Thousands of Shares	Yen
	Net Earnings	Weighted Average Shares	EPS
Basic EPS			
Net income attributable to common shareholders of the parent	¥14,751	117,754	¥125.27
Effect of dilutive securities			
Convertible bonds with stock acquisition rights	(10)	9,667	-
Stock acquisition rights	-	165	-
Diluted EPS			
Earnings for computation	¥14,741	127,586	¥115.54

16. SUBSEQUENT EVENT

The following appropriations of retained earnings at March 31, 2017 were approved at the Company's shareholders' meeting held on June 29, 2017:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividend, 10.00 yen (0.09 dollar) per share	¥1,178	$10,521

CONSOLIDATED SUBSIDIARIES and EQUITY-METHOD AFFILIATES

CONSOLIDATED SUBSIDIARIES

Domestic (Japan)	Ownership
TAIYO YUDEN CHEMICAL TECHNOLOGY CO., LTD.	100.0%
TAIYO YUDEN TECHNO SOLUTIONS CO., LTD.	100.0%
Sun Vertex Co., Ltd.	100.0%
FUKUSHIMA TAIYO YUDEN CO., LTD.	100.0%
Kankyo Assist Co., Ltd.	100.0%
Niigata Taiyo Yuden Co., Ltd.	100.0%
TAIYO YUDEN ENERGY DEVICE CO., LTD.	100.0%
WAKAYAMA TAIYO YUDEN CO., LTD.	100.0%
Victor Advanced Media Co., Ltd.	100.0%
TAIYO YUDEN Mobile Technology Co., Ltd.	100.0%

Overseas	Ownership
TAIWAN TAIYO YUDEN CO., LTD.	100.0%
KOREA TAIYO YUDEN CO., LTD.	100.0%
TAIYO YUDEN (SINGAPORE) PTE. LTD.	100.0%
HONG KONG TAIYO YUDEN CO., LTD.	100.0%
TAIYO YUDEN (U.S.A.) INC.	100.0%
TAIYO YUDEN EUROPE GmbH	100.0%
TAIYO YUDEN (PHILIPPINES), INC.	100.0%
TAIYO YUDEN (SARAWAK) SDN. BHD.	100.0%
TAIYO YUDEN (MALAYSIA) SDN. BHD.	100.0%
TAIYO YUDEN (GUANGDONG) CO., LTD.	100.0%
KOREA KYONG NAM TAIYO YUDEN CO., LTD.	100.0%
TAIYO YUDEN (SHANGHAI) TRADING CO., LTD.	100.0%
TAIYO YUDEN (TIANJIN) ELECTRONICS CO., LTD.	100.0%
TAIYO YUDEN (SHENZHEN) ELECTRONICS TRADING CO., LTD.	100.0%
TAIYO YUDEN (CHINA) CO., LTD.	100.0%
TAIYO YUDEN TRADING (THAILAND) CO., LTD	100.0%

EQUITY-METHOD AFFILIATES

Domestic (Japan)	Ownership
ELNA CO., LTD.	26.5%