

TAIYO YUDEN CO., LTD.
and **SUBSIDIARIES**

Consolidated Financial Statements for the
Years Ended March 31, 2008 and 2007
with Independent Auditors' Report

Independent Auditors' Report

To the Board of Directors of
Taiyo Yuden Co., Ltd.:

We have audited the accompanying consolidated balance sheet of Taiyo Yuden Co., Ltd. and consolidated subsidiaries as of March 31, 2008, and the related consolidated statements of income, changes in net assets and cash flows for the year then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of Taiyo Yuden Co., Ltd. and consolidated subsidiaries for the year ended March 31, 2007 were audited by the other auditors whose report, dated June 28, 2007, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Taiyo Yuden Co., Ltd. and subsidiaries as of March 31, 2008, and the consolidated results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Tokyo, Japan
June 27, 2008

Taiyo Yuden Co., Ltd. and Subsidiaries

Consolidated Balance Sheets
March 31, 2008 and 2007

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Current assets:			
Cash and cash equivalents	¥35,402	¥39,436	\$354,016
Time deposits	2,903	4,199	29,033
Receivables:			
Trade notes and accounts receivable	52,629	57,261	526,287
Allowance for doubtful receivables	(228)	(333)	(2,279)
Inventories (Note 4)	40,458	32,219	404,584
Deferred tax assets (Note 8)	2,631	3,824	26,306
Prepaid expenses and other current assets	7,321	7,426	73,217
Total current assets	<u>141,116</u>	<u>144,032</u>	<u>1,411,164</u>
Property, plant and equipment (Note 10):			
Land	7,961	5,949	79,609
Buildings and structures	64,121	56,716	641,208
Machinery and equipment	174,519	160,808	1,745,194
Tools, furniture and fixtures	16,928	15,459	169,284
Construction in progress	14,202	10,351	142,020
Total	<u>277,731</u>	<u>249,283</u>	<u>2,777,315</u>
Accumulated depreciation	<u>(159,579)</u>	<u>(149,597)</u>	<u>(1,595,792)</u>
Net property, plant and equipment	<u>118,152</u>	<u>99,686</u>	<u>1,181,523</u>
Investments and other assets:			
Investment securities (Note 3)	4,677	6,279	46,773
Investments in affiliates	489	1,959	4,894
Goodwill	975	1,219	9,749
Deferred tax assets (Note 8)	3,140	1,959	31,404
Other	3,067	3,419	30,659
Allowance for doubtful receivables	(11)	-	(114)
Total investments and other assets	<u>12,337</u>	<u>14,835</u>	<u>123,365</u>
Total assets	<u>¥271,605</u>	<u>¥258,553</u>	<u>\$2,716,052</u>

See accompanying Notes to Consolidated Financial Statements.

Taiyo Yuden Co., Ltd. and Subsidiaries

Consolidated Balance Sheets
March 31, 2008 and 2007

LIABILITIES AND NET ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Current liabilities:			
Short-term borrowings (Note 5)	¥13,003	¥9,353	\$130,034
Current portion of long-term borrowings (Note 5)	36	9,476	363
Current portion of convertible bonds (Note 5)	6,707	-	67,070
Payables:			
Trade notes and accounts payable	23,811	21,953	238,114
Accrued amount payable	8,974	7,739	89,741
Income taxes payable	3,406	4,566	34,062
Accrued bonuses for employees	2,938	2,794	29,382
Accrued bonuses for directors and corporate auditors	82	40	823
Deferred tax liabilities (Note 8)	10	51	104
Other	7,047	7,676	70,450
Total current liabilities	66,014	63,648	660,143
Long-term liabilities:			
Long-term borrowings (Note 5)	6,561	6,625	65,613
Convertible bonds (Note 5)	-	6,773	-
Convertible bonds with stock acquisition rights (Note 5)	20,000	-	200,000
Accrued retirement benefits for employees (Note 6)	1,889	2,248	18,886
Accrued retirement benefits for directors and corporate auditors	179	134	1,788
Deferred tax liabilities (Note 8)	8,068	8,730	80,681
Other	1,127	897	11,274
Total long-term liabilities	37,824	25,407	378,242
Total liabilities	103,838	89,055	1,038,385
Commitment and Contingent liabilities (Notes 9 and 11):	-	-	-
Net assets (Note 7)			
Shareholders' equity:			
Common stock			
Authorized - 300,000,000 shares			
Issued - 120,478,119 shares in 2008 and 120,424,065 shares in 2007	23,555	23,522	235,552
Capital surplus	41,449	41,416	414,487
Retained earnings (Note 16)	113,470	104,047	1,134,700
Treasury stock, at cost - 1,281,821 shares in 2008 and 1,230,877 shares in 2007	(1,600)	(1,480)	(16,002)
Total shareholders' equity	176,874	167,505	1,768,737
Valuation, translation adjustments and others:			
Net unrealized holding gains on securities	108	1,163	1,076
Deferred gains (losses) on hedges	13	(12)	133
Foreign currency translation adjustments - net	(9,734)	771	(97,336)
Total valuation, translation adjustments and others	(9,613)	1,922	(96,127)
Stock acquisition rights (Note 13):	259	44	2,592
Minority interests:	247	27	2,465
Total net assets	167,767	169,498	1,677,667
Total liabilities and net assets	¥271,605	¥258,553	\$2,716,052

See accompanying Notes to Consolidated Financial Statements.

Taiyo Yuden Co., Ltd. and Subsidiaries

Consolidated Statements of Income
March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
NET SALES (Note 14)	¥238,275	¥221,230	\$2,382,750
COST OF SALES	179,380	165,026	1,793,799
Gross profit	58,895	56,204	588,951
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	37,591	34,186	375,909
Operating income	21,304	22,018	213,042
OTHER INCOME (EXPENSES):			
Interest and dividends income	1,256	1,163	12,559
Interest expense	(417)	(429)	(4,167)
Equity in earnings of affiliates – net	96	197	957
Loss on foreign exchange	(3,461)	(871)	(34,606)
Gain on sales of by-product	283	282	2,830
Compensation expense	(72)	(716)	(723)
Gain on sales of property, plant and equipment	232	164	2,319
Loss on disposal and sales of property, plant and equipment	(337)	(967)	(3,370)
Loss on disposal of inventories	(441)	(351)	(4,407)
Impairment loss on property, plant and equipment (Note 10)	(175)	–	(1,746)
Subsidy income	530	–	5,300
Restructuring charges	(1,569)	–	(15,694)
Others – net	(43)	(13)	(430)
Other income (expenses) – net	(4,118)	(1,541)	(41,178)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	17,186	20,477	171,864
INCOME TAXES (Note 8)			
Current	6,635	5,943	66,352
Deferred	(97)	1,580	(972)
Total income taxes	6,538	7,523	65,380
INCOME BEFORE MINORITY INTERESTS	10,648	12,954	106,484
MINORITY INTERESTS	14	9	139
NET INCOME	¥10,634	¥12,945	\$106,345
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 15):			
Basic net income	¥89.22	¥108.58	\$0.89
Diluted net income	82.06	104.09	0.82
Cash dividends applicable to the year	10.00	10.00	0.10

See accompanying Notes to Consolidated Financial Statements.

Taiyo Yuden Co., Ltd. and Subsidiaries

Consolidated Statement of Changes in Net Assets
March 31, 2008

	Thousands	Millions of Yen				
	Number of Shares of Common Stock Issued	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock, at Cost	Total Shareholders' Equity
BALANCE, MARCH 31, 2007	120,424	¥23,522	¥41,416	¥104,047	(¥1,480)	¥167,505
Changes during the year						
Issuance of new shares	54	33	33			66
Cash dividends, ¥10.00 per share				(1,192)		(1,192)
Contribution to overseas subsidiary employee welfare fund				(19)		(19)
Net income				10,634		10,634
Treasury stock acquired (50,944 shares)					(120)	(120)
Changes other than shareholders' equity – net						
Total changes	54	33	33	9,423	(120)	9,369
BALANCE, MARCH 31, 2008	120,478	¥23,555	¥41,449	¥113,470	(¥1,600)	¥176,874

	Millions of Yen						
	Net Unrealized Holding Gains on Securities	Deferred Gains (Losses) on Hedges	Foreign Currency Translation Adjustments – net	Total Valuation, Translation Adjustments and Others	Stock Acquisition Rights	Minority Interests	Total Net Assets
BALANCE, MARCH 31, 2007	¥1,163	(¥12)	¥771	¥1,922	¥44	¥27	¥169,498
Changes during the year							
Issuance of new shares							66
Cash dividends, ¥10.00 per share							(1,192)
Contribution to overseas subsidiary employee welfare fund							(19)
Net income							10,634
Treasury stock acquired (50,944 shares)							(120)
Changes other than shareholders' equity – net	(1,055)	25	(10,505)	(11,535)	215	220	(11,100)
Total changes	(1,055)	25	(10,505)	(11,535)	215	220	(1,731)
BALANCE, MARCH 31, 2008	¥108	¥13	(¥9,734)	(¥9,613)	¥259	¥247	¥167,767

	Thousands of U.S. Dollars (Note 1)					
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock, at Cost	Total Shareholders' Equity	
BALANCE, MARCH 31, 2007	\$235,222	\$414,157	\$1,040,467	(\$14,801)	\$1,675,045	
Changes during the year						
Issuance of new shares	330	330			660	
Cash dividends, \$0.1 per share			(11,919)		(11,918)	
Contribution to overseas subsidiary employee welfare fund			(193)		(194)	
Net income			106,345		106,345	
Treasury stock acquired (50,944 shares)				(1,201)	(1,201)	
Changes other than shareholders' equity – net						
Total changes	330	330	94,233	(1,201)	93,692	
BALANCE, MARCH 31, 2008	\$235,552	\$414,487	\$1,134,700	(\$16,002)	\$1,768,737	

	Thousands of U.S. Dollars (Note 1)						
	Net Unrealized Holding Gains on Securities	Deferred Gains (Losses) on Hedges	Foreign Currency Translation Adjustments – net	Total Valuation, Translation Adjustments and Others	Stock Acquisition Rights	Minority Interests	Total Net Assets
BALANCE, MARCH 31, 2007	\$11,633	(\$120)	\$7,713	\$19,226	\$439	\$268	\$1,694,978
Changes during the year							
Issuance of new shares							660
Cash dividends, \$0.1 per share							(11,918)
Contribution to overseas subsidiary employee welfare fund							(194)
Net income							106,345
Treasury stock acquired (50,944 shares)							(1,201)
Changes other than shareholders' equity – net	(10,557)	253	(105,049)	(115,353)	2,153	2,197	(11,003)
Total changes	(10,557)	253	(105,049)	(115,353)	2,153	2,197	(17,310)
BALANCE, MARCH 31, 2008	\$1,076	\$133	(\$97,336)	(\$96,127)	\$2,592	\$2,465	\$1,677,667

See accompanying Notes to Consolidated Financial Statements.

Taiyo Yuden Co., Ltd. and Subsidiaries

Consolidated Statement of Changes in Net Assets
March 31, 2007

	Thousands	Millions of Yen					Total Shareholders' Equity
	Number of Shares of Common Stock Issued	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock, at Cost		
BALANCE, MARCH 31, 2006	120,414	¥23,516	¥41,410	¥92,353	(¥1,371)	¥155,908	
Changes during the year							
Exercise of stock acquisition rights (Including conversion of convertible bonds)	10	6	6			12	
Cash dividends, ¥10.00 per share				(1,192)		(1,192)	
Bonuses to directors				(51)		(51)	
Contribution to overseas subsidiary employee welfare fund				(8)		(8)	
Net income				12,945		12,945	
Treasury stock acquired (57,249 shares)					(109)	(109)	
Changes other than shareholders' equity - net							
Total changes	10	6	6	11,694	(109)	11,597	
BALANCE, MARCH 31, 2007	<u>120,424</u>	<u>¥23,522</u>	<u>¥41,416</u>	<u>¥104,047</u>	<u>(¥1,480)</u>	<u>¥167,505</u>	

	Millions of Yen						
	Net Unrealized Holding Gains on Securities	Deferred Gains (Losses) on Hedges	Foreign Currency Translation Adjustments - net	Valuation, Translation Adjustments and Others	Stock Acquisition Rights	Minority Interests	Total Net Assets
BALANCE, MARCH 31, 2006	¥1,059	¥-	(¥3,093)	(¥2,034)	¥-	¥169	¥154,043
Changes during the year							
Exercise of stock acquisition rights (Including conversion of convertible bonds)							12
Cash dividends, ¥10.00 per share							(1,192)
Bonuses to directors							(51)
Contribution to overseas subsidiary employee welfare fund							(8)
Net income							12,945
Treasury stock acquired (57,249 shares)							(109)
Changes other than shareholders' equity - net							
Total changes	104	(12)	3,864	3,956	44	(142)	3,858
BALANCE, MARCH 31, 2007	<u>¥1,163</u>	<u>(¥12)</u>	<u>¥771</u>	<u>¥1,922</u>	<u>¥44</u>	<u>¥27</u>	<u>¥169,498</u>

Taiyo Yuden Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows
March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Operating activities:			
Income before income taxes and minority interests	¥17,186	¥20,477	\$171,864
Adjustments to reconcile income before income tax and minority interests to net cash provided by operating activities:			
Depreciation and amortization	23,294	18,376	232,944
Impairment loss on property, plant and equipment	175	-	1,746
Amortization of goodwill	248	-	2,485
Increase(decrease) in allowance for doubtful receivables	(64)	68	(636)
Interest and dividend income	(1,256)	(1,163)	(12,559)
Interest expense	417	429	4,167
Equity in earnings of affiliates - net	(96)	(197)	(957)
Loss on disposal and sales of property, plant and equipment	687	967	6,869
Decrease in payable for obligations of change in retirement benefit plan	(721)	(750)	(7,208)
Changes in operating assets and liabilities:			
Trade receivables	(94)	(6,178)	(937)
Inventories	(10,133)	(3,578)	(101,331)
Trade payables	5,418	2,389	54,179
Others - net	1,060	665	10,582
Subtotal	36,121	31,505	361,208
Interest and dividends received	1,939	1,207	19,385
Interest paid	(449)	(406)	(4,476)
Income taxes paid	(7,820)	(3,326)	(78,203)
Net cash provided by operating activities	¥29,791	¥28,980	\$297,914
Investing activities:			
Purchase of investment in subsidiaries	(¥269)	(¥2,010)	(\$2,691)
Purchases of property, plant and equipment	(44,584)	(30,244)	(445,841)
Proceeds from sales of property, plant and equipment	632	243	6,319
Purchases of investment securities	(443)	(501)	(4,433)
Proceeds from sales of investment securities	-	2	-
Net (increase) decrease in time deposits	639	(837)	6,390
Others - net	257	(434)	2,574
Net cash used in investing activities	(¥43,768)	(¥33,781)	(\$437,682)
Financing activities:			
Net increase in short-term borrowings	¥3,790	¥4,464	\$37,899
Proceeds from long-term borrowings	-	6,000	-
Repayments of long-term borrowings	(9,550)	(1,577)	(95,503)
Proceeds from issuance of convertible bonds with stock acquisition rights	19,934	-	199,343
Payments of cash dividends	(1,192)	(1,192)	(11,919)
Purchases of treasury stock	(120)	(109)	(1,201)
Others-net	(6)	-	(62)
Net cash provided by financing activities	¥12,856	¥7,586	\$128,557
Effect of exchange rate changes on cash and cash equivalents	(2,913)	979	(29,131)
Net increase (decrease) in cash and cash equivalents	(4,034)	3,764	(40,342)
Cash and cash equivalents, beginning of year	39,436	35,672	394,358
Cash and cash equivalents, end of year	¥35,402	¥39,436	\$354,016

See accompanying Notes to Consolidated Financial Statements.

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared from the consolidated financial statements which have been filed with the appropriate Local Finance Bureau of the Ministry of Finance of Japan as required by the Financial Instruments and Exchange Law of Japan and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to users outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of users outside Japan and have been made at the rate of ¥100 to \$1, the approximate rate of exchange at March 31, 2008.

Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. *Consolidation Policies* – The consolidated financial statements include the accounts of Taiyo Yuden Co., Ltd. (the “Company”) and all of its subsidiaries (together the “Companies”). The Japanese accounting standards for consolidation requires the control or influence concept for the consolidation scope of subsidiaries and affiliates.
Chuki Seiki Co., Ltd. became consolidated subsidiary from equity-method affiliate in the current fiscal year, and thus is included in the scope of consolidation.
S.E.T. Co., Ltd. was merged into Sun Vertex Co., Ltd. in the current fiscal year, and thus is excluded from the scope of consolidation.
SAN MARCOS ADVANCED DEVELOPMENT, INC was liquidated in the current fiscal year, and thus is excluded from the scope of consolidation.
Significant intercompany accounts, transactions and unrealized profits have been eliminated in consolidation.
The excess of cost of the Company’s investments in subsidiaries over its equity in their net assets at the dates of acquisition (“goodwill”) is being amortized over the subsequent five-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.
- b. *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.
- c. *Translation of Foreign Currency Items in the Company’s Balance Sheets* – Short-term and long-term foreign currency monetary items are translated into Japanese yen at appropriate year-end current rates. The resulting net gains (losses) are shown as “Gain (loss) on foreign exchange” in the accompanying consolidated statements of income.

- d. *Translation of Financial Statements of Foreign Consolidated Subsidiaries* – In translating the financial statements of foreign subsidiaries for the purpose of consolidation, all assets and liabilities are translated into Japanese yen at appropriate 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 year. The resulting translation differences are shown as “Foreign currency translation adjustments – net” in net assets at March 31, 2008 and 2007 in the accompanying consolidated balance sheets.
- e. *Debt and Equity Securities* – The Companies classify debt and equity securities, depending on management’s intent, as follows:
- (i) Held-to-maturity debt securities, for which management has the positive intent and ability to hold to maturity, are reported at amortized cost.
 - (ii) Available-for-sale securities represent securities not classified as either trading securities or held-to-maturity debt securities. Available-for-sale securities, which have market value, are reported with unrealized gains and losses, net of applicable assets at March 31, 2008 and 2007, respectively. Available-for-sale securities, which do not have market value, are stated at cost using the moving-average method.
 - (iii) 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 Law) 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.
- f. *Inventories* – Inventories are stated at cost, determined by the average method for finished products and work in process and by the first-in, first-out (FIFO) method for raw materials and supplies.
- g. *Property, Plant and Equipment* – Property, plant and equipment are stated at cost. For the Company and domestic 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 after April 1, 1998. Useful lives of the assets and salvage 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.
- (Change in accounting policies) Effective from this fiscal year, the Company and its domestic consolidated subsidiaries have changed their depreciation method in terms of the property, plant and equipment acquired after April 1, 2007 in accordance with the corporation tax law as amended. The impact of this change to operating income and income before income taxes and minority interests is immaterial.
- (Additional information) Effective from this fiscal year, after having depreciated property, plant and equipment acquired before March 31, 2007 up to 5% of the acquisition cost based on the prior corporate tax law, the Company and its certain domestic consolidated subsidiaries have depreciated difference between 5% of the acquisition cost and the memorandum value, using a straight-line method over 5 years and expensed as depreciation. Such straight-line depreciation starts from the following year when the book value of property, plant and equipment acquired before March 31, 2007 reaches 5% of the acquisition cost. The impact of this change to operating income and income before income taxes and minority interests is immaterial.
- h. *Leases* – All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that do not transfer ownership of the leased property to the lessee are permitted to be accounted for as rental transactions if certain “as if capitalized” information is disclosed in the notes to the lessee’s consolidated financial statements.
- i. *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.
- j. *Accrued Retirement Benefits for Employees* – Certain subsidiaries of the Company provide retirement benefits for employees and lump-sum severance benefits. Allowance for employees’ retirement benefits of the those subsidiaries are provided at the amounts to be paid if all eligible employees had voluntarily terminated at the consolidated balance sheet date.

- k. *Accrued Retirement Benefits for Directors and Corporate Auditors* – Certain subsidiaries of the Company provide lump-sum severance benefits for directors and corporate auditors. While the subsidiaries have no legal obligation, they make lump-sum payments to directors and corporate auditors upon retirement. Annual provisions are made in the accounts for the estimated costs of this termination plan, which is not fully funded.
- l. *Accrued Bonuses for Employees* – Allowance for bonuses to employees are provided by the estimated amounts, which the Companies are obligated to pay to employees after the fiscal year-end, based on services provided during the current period.
- m. *Accrued Bonuses for Directors and Corporate Auditors* – Allowance for bonuses to directors are provided by the estimated amounts, which the Companies are obligated to pay to directors after the fiscal year-end, based on services provided during the current period.
- n. *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 when it is more likely than not that a tax benefit will not be realized.
- o. *Research and Development Costs* – Expenditures by the Company and certain subsidiaries for development of specified new products are charged to income as incurred.
- p. *Derivative and Hedging Activities* – 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. However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner,
- (i) If a forward foreign exchange contract is executed to hedge an existing foreign currency receivables,
- (1) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable translated using the spot rate at the inception date of the contract and the book value of the receivable is recognized in the income statement in the period which includes the inception date, and
- (2) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.
- (ii) If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.
- Also, 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 and accounting division in accordance with the established policies and within the specified limits on the amounts of derivative transactions allowed.
- q. *Per Share Information* – Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding in each period, retroactively adjusted for stock splits.
- Diluted net income per share reflects the potential dilution that could occur if securities were exercised or convertible bonds are converted into common stock. Diluted net income 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. Basic net income and diluted net income per share for the years ended March 31, 2008 and 2007 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.
- r. *Certain Reclassifications* – Certain reclassifications of prior year's amounts have been made to conform to the presentation for 2008.

3. DEBT AND EQUITY SECURITIES

(1) Available-for-sale securities which have market value

March 31, 2008

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	¥4,482	¥943	¥892	¥4,533
Other	42	3	-	45
Total	¥4,524	¥946	¥892	¥4,578

March 31, 2007

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	¥4,314	¥2,192	¥343	¥6,163
Other	42	15	-	57
Total	¥4,356	¥2,207	¥343	¥6,220

March 31, 2008

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	\$44,820	\$9,429	\$8,917	\$45,332
Other	423	29	-	452
Total	\$45,243	\$9,458	\$8,917	\$45,784

(2) Available-for-sale and held-to-maturity securities which have market value

	Carrying Values		
	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Securities classified as:			
Available-for-sale:			
Unlisted equity securities	¥17	¥22	\$167
Equity of limited liability partnerships	80	35	800
Held-to-maturity:			
Other	2	2	22
Total	¥99	¥59	\$989

(3) The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity

	Carrying Values		
	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Due in 1 year or less	-	-	-
Due after 1 year through 5 years	¥2	¥2	\$22
Total	¥2	¥2	\$22

4. INVENTORIES

Inventories at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Finished products	¥14,646	¥12,338	\$146,462
Work in process	13,161	9,691	131,611
Raw materials and supplies	12,651	10,190	126,511
Total	¥40,458	¥32,219	\$404,584

5. SHORT-TERM BORROWINGS AND LONG-TERM BORROWINGS

Short-term borrowing at March 31, 2008 and 2007 are consisted principally of borrowings from banks at average annual rates of approximately 1.77% and 1.89%, respectively.

Long-term debts at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Long-term borrowings from banks and other financial institutions			
(Borrowings due within one year, weighted average interest rate 3.43)	¥36	¥9,476	\$363
(Borrowings due after one year, weighted average interest rate 1.75)	6,561	6,625	65,613
1.15% convertible bonds due 2008	6,707	6,773	67,070
Euro Yen zero coupon convertible bonds due 2014	20,000	–	200,000
Total	33,304	22,874	333,046
Less current portion	(6,743)	(9,476)	(67,433)
Long-term debts, less current portion	¥26,561	¥13,398	\$265,613

The conversion price per share of 1.15% convertible bonds for the year ended March 31, 2008 was ¥1,221 (\$12.21) – fixed price.

The conversion price per share of Euro Yen zero coupon convertible bonds for the year ended March 31, 2008 was ¥3,746 (\$37.46) – fixed price.

The aggregate annual maturities of long-term debts as of March 31, 2008 are as follows:

For the year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	¥6,743	\$67,433
2010	6,036	60,362
2011	36	362
2012	36	356
2013	35	349
2014 and thereafter	20,418	204,184
Total	¥33,304	\$333,046

6. RETIREMENT BENEFITS

(1) Outline of retirement benefit plans

The Company and certain domestic subsidiaries have a defined contribution pension plan, prepaid retirement plan, and lump-sum payments at the time of termination. Certain foreign subsidiaries mainly adopted lump-sum payments at the time of termination.

(2) Retirement benefit obligation for the years ended March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Retirement benefits obligation	¥128	¥89	\$1,281
Accrued retirement benefits for employees	¥128	¥89	\$1,281

Certain domestic consolidated subsidiaries adopted the simplification method to calculate retirement benefit obligation. In addition to the above accrued retirement benefits for employees, cost, ¥1,760 million (\$17,605 thousand) and ¥2,159 million were incurred by certain foreign subsidiaries in accordance with the accounting standards of each country for the years ended March 31, 2008 and 2007, respectively.

Also, ¥28 million (\$280 thousand) of prepaid pension cost incurred by them were included in "Investments and other assets - other" in the consolidated balance sheet as of March 31, 2008.

(3) Retirement benefit costs for the years ended March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Service cost	¥47	-	\$466
Contribution to defined contribution pension plan	988	¥931	\$9,876
	<u>¥1,035</u>	<u>¥931</u>	<u>\$10,342</u>

Retirement benefit costs incurred by the domestic consolidated subsidiaries that adopted the simplification method were recorded as service cost.

In addition to the above retirement benefit costs, ¥666 million (\$6,663 thousand) and ¥846 million were incurred by certain foreign subsidiaries in accordance with the accounting standards of each country for the years ended March 31, 2008 and 2007, respectively.

7. NET ASSETS

The Corporate Law ("the Law") became effective on May 1, 2006, replacing the Commercial Code ("the Code"). Under the Law, 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 is included in capital surplus and retained earnings, respectively, in the accompanying consolidated balance sheets. Under the Law, 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 Law. 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 for the years ended March 31, 2008 and 2007 were comprised of (1) a corporation tax at the rates of 30.0% on taxable income, (2) enterprise tax of approximately 7% on taxable income and (3) prefectural and residence taxes of approximately 21% of the amount of the corporation tax. Enterprise tax is deductible for income tax purposes when paid.

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, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of
	2008	2007	U.S. Dollars
Deferred tax assets			2008
Inventories	¥722	¥779	\$7,218
Retirement benefits	3,265	3,202	32,649
Enterprise tax payables	300	485	3,000
Accrued bonuses	1,018	1,050	10,181
Foreign tax credits carry forwards	1,326	586	13,255
Net unrealized holding gains on securities	52	-	517
Excess depreciation	83	-	830
Other	1,588	1,846	15,884
Offset	(1,134)	(1,792)	(11,339)
Subtotal	¥7,220	¥6,156	\$72,195
Valuation allowance	(1,449)	(373)	(14,485)
Total deferred tax assets	¥5,771	¥5,783	\$57,710
Deferred tax liabilities			
Allowance for doubtful receivables	¥9	¥6	\$95
Undistributed earnings of foreign subsidiaries	7,743	8,575	77,427
Reserves	1,185	977	11,843
Other	275	1,015	2,759
Offset	(1,134)	(1,792)	(11,339)
Total deferred tax liabilities	¥8,078	¥8,781	\$80,785

Reconciliation of the normal income tax rates to the effective income tax rates were as follows:

	2008	2007
Statutory tax rate	40.4 %	40.4 %
Differences in statutory tax rates of consolidated subsidiaries	2.7	(9.0)
Undistributed earnings of foreign subsidiaries	(4.8)	2.9
Impact of consolidation elimination of dividends from foreign subsidiaries	7.2	12.0
Foreign tax credit	(10.6)	(7.9)
Valuation allowance	6.3	-
Tax credit for research and development costs	(4.1)	(3.1)
Others - net	0.9	1.4
Effective income tax rate	38.0 %	36.7 %

9. LEASE TRANSACTIONS

The followings were "as if capitalized" information on finance lease contracts without ownership-transfer.

The amounts corresponding to acquisition cost, accumulated depreciation, and net book value at March 31, 2008 and 2007, were summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
The amount corresponding to acquisition cost	¥2,296	¥2,579	\$22,956
The amount corresponding to accumulated depreciation	1,207	1,090	12,070
The amount corresponding to net book value	¥1,089	¥1,489	\$10,886

The amounts of outstanding future lease payments due at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Future lease payments			
Within one year	¥393	¥445	\$3,931
Over one year	696	1,044	6,955
Total	¥1,089	¥1,489	\$10,886

Lease payments and the amounts corresponding to depreciation for the years ended March 31, 2008 and 2007 were summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Lease payments	¥372	¥483	\$3,721
The amount corresponding to depreciation expense	372	483	3,721

The imputed interest expense portion is included in the above future lease payments under finance leases.

The amount corresponding to depreciation expense was calculated by the straight-line method over the lease term with no residual value.

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 idle assets with no specific utilization plan or 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, 2008, the Companies recognized impairment loss on property, plant and equipment as follows:

Classification	Description	Location	Millions of Yen	Thousands of U.S. Dollars
Building	Idle asset	Haruna, Gunma, Japan Sannokura, Gunma	¥8	\$88
Machinery and Equipment	Idle asset	Haruna, Gunma Sannokura, Gunma Nakanojo, Gunma R&D center, Gunma Tamamura, Gunma Yawatabara, Gunma	159	1,594
Other	Idle asset	Haruna, Gunma Sannokura, Gunma Nakanojo, Gunma R&D center, Gunma	6	64

11. CONTINGENT LIABILITIES

At March 31, 2008 and 2007, the Companies had the following contingent liabilities:

	Millions of Yen		Thousands of
	2008	2007	U.S. Dollars
As guarantor of bank loans and indebtedness	¥24	¥24	\$237

12. DERIVATIVE FINANCIAL INSTRUMENT

The Company enters into interest rate swaps as interest rate-related derivatives and forward foreign exchange contracts as currency related derivatives. The Company utilizes derivatives solely for the purpose of hedging its exposure of financial liabilities to interest rate risk and exposure of underlying assets generated in the actual trades to foreign currency exchange risk, and does not intend to execute speculative dealings as a matter of policy. Hedged items are receivables denominated in foreign currencies and forecasted foreign-currency-denominated transactions, and interest on loan payables. Hedging instruments are forward foreign exchange contracts and interest rate swaps which forward exchange contracts and interest rate risk exposed to interest rate swaps are minimized, since all of these derivatives are intended to avoid market risk. In addition, the management considers that counterparty risk is extremely minimized since the Company enters into such derivative contracts with financial institutions with high credit ratings. The financing and accounting division is responsible for the management of derivatives in accordance with the internal rules defined for trading authorities, trading limits, reporting and others. The division manager reports CFO about the performance and the related risks connected with derivatives, and CFO reports these information to the board of directors of the Company.

The disclosure of fair value of outstanding derivative financial instruments was omitted as they were accounted for as hedges.

13. STOCK OPTION PLAN

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

Expenses for stock options amounting to ¥215 million (\$2,154 thousand) and ¥44 million were recognized in selling, general and administrative expenses in 2008 and 2007, respectively.

For the years ended March 31, 2008 and 2007, a standard option pricing model (i.e., Black-Scholes) was used to measure the fair value of stock options granted to its directors. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with risk-free interest rates of 1.97% in 2008 and 1.851% in 2007, dividends per share of ¥10 in both years and volatility factor of the expected market value of the Company's common stock of 50.8% in both years determined by daily historical prices for the past ten years and a expected life of the option of 10 years in both years.

A summary of the Company's stock options outstanding at March 31, 2008 is as follows:

Date of resolution	June 29, 2005	June 29, 2006	June 28, 2007	June 28, 2007
Date of grant	June 29, 2005	August 23, 2006	July 13, 2007	July 13, 2007
Number of options	26,000 shares of Common stock	29,000 shares of Common stock	32,000 shares of Common stock	46,000 shares of Common stock
Exercise price	¥1(\$0.01)	¥1(\$0.01)	¥1(\$0.01)	¥1(\$0.01)
Exercise period	From June 30, 2005 to July 31, 2025	From August 24, 2006 to August 23, 2026	From July 14, 2007 to July 13, 2027	From July 14, 2007 to July 13, 2027
Fair value (per share)	-	¥1,511.4(\$15.11)	¥2,761(\$27.61)	¥2,761(\$27.61)
Options outstanding at March 31, 2006	16,000	-	-	-
Granted	-	29,000	-	-
Exercised	-	-	-	-
Forfeited/Expired	-	-	-	-
Options outstanding at March 31, 2007	16,000	29,000	-	-
Granted	-	-	32,000	46,000
Exercised	-	-	-	-
Forfeited/Expired	-	-	-	-
Options outstanding at March 31, 2008	16,000	29,000	32,000	32,000

14. SEGMENT INFORMATION

For the years ended March 31, 2008 and 2007

(1) Industry Segment Information

The Companies conduct manufacturing operations predominantly in the electronic parts industry. The sales and operating income from such operations and related assets exceeded 90% of the consolidated sales, operating income, and total assets. Therefore, the disclosure of industry segment information was omitted.

(2) Geographic Segment Information

March 31, 2008

	Millions of Yen				Elimination and Corporate	Consolidated
	Japan	Asia	Other	Total		
Sales:						
Customers	¥79,838	¥123,683	¥34,754	¥238,275	–	¥238,275
Intersegment	158,613	79,791	1,864	240,268	(¥240,268)	–
Total	238,451	203,474	36,618	478,543	(240,268)	238,275
Operating expenses	222,724	201,025	34,533	458,282	(241,311)	216,971
Operating income	¥15,727	¥2,449	¥2,085	¥20,261	¥1,043	¥21,304
Assets	¥217,178	¥112,581	¥10,140	¥339,899	(¥68,294)	¥271,605

March 31, 2007

	Millions of Yen				Elimination and Corporate	Consolidated
	Japan	Asia	Other	Total		
Sales:						
Customers	¥69,851	¥120,120	¥31,259	¥221,230	–	¥221,230
Intersegment	144,061	77,299	1,666	223,026	(¥223,026)	–
Total	213,912	197,419	32,925	444,256	(223,026)	221,230
Operating expenses	198,297	190,882	32,603	421,782	(222,570)	199,212
Operating income	¥15,615	¥6,537	¥322	¥22,474	(¥456)	¥22,018
Assets	¥192,720	¥128,551	¥9,789	¥331,060	(¥72,507)	¥258,553

March 31, 2008

	Thousands of U.S. Dollars				Elimination and Corporate	Consolidated
	Japan	Asia	Other	Total		
Sales:						
Customers	\$798,381	\$1,236,829	\$347,540	\$2,382,750	–	\$2,382,750
Intersegment	1,586,126	797,912	18,640	2,402,678	(\$2,402,678)	–
Total	2,384,507	2,034,741	366,180	4,785,428	(2,402,678)	2,382,750
Operating expenses	2,227,239	2,010,252	345,328	4,582,819	(2,413,111)	2,169,708
Operating income	\$157,268	\$24,489	\$20,852	\$202,609	\$10,433	\$213,042
Assets	\$2,171,787	\$1,125,807	\$101,400	\$3,398,994	(\$682,942)	\$2,716,052

(a) The above segments are classified geographically.

(b) Main countries or areas other than Japan:

Asia Taiwan, Hong Kong, Korea, China, Malaysia, Singapore

Other U.S.A., Germany

(c) Corporate assets were ¥14,184 million (\$141,837 thousand) and ¥17,732 million at March 31, 2008 and 2007, respectively.

They are principally comprised of cash and cash equivalents and investments of the Company.

(3) Foreign Sales Information

March 31, 2008

	Millions of Yen				
	Asia	North America	Europe	Other	Total
Foreign sales	¥135,416	¥18,306	¥12,176	¥337	¥166,235
Consolidated sales					¥238,275
Percentage of foreign sales in proportion to consolidated sales	56.8%	7.7%	5.1%	0.2%	69.8%

March 31, 2007

	Millions of Yen				
	Asia	North America	Europe	Other	Total
Foreign sales	¥128,910	¥16,272	¥10,562	¥276	¥156,020
Consolidated sales					¥221,230
Percentage of foreign sales in proportion to consolidated sales	58.3%	7.3%	4.8%	0.1%	70.5%

March 31, 2008

	Thousands of U.S. Dollars				
	Asia	North America	Europe	Other	Total
Foreign sales	\$1,354,161	\$183,056	\$121,759	\$3,378	\$1,662,354
Consolidated sales					\$2,382,750

- (a) The above segments are classified geographically.
- (b) Main countries or areas other than Japan:
Asia Taiwan, Hong Kong, Korea, China, Malaysia, Singapore
North America U.S.A., Canada, Mexico
Europe Germany, U.K., Finland, Sweden, France, Italy
Other South America, the Middle East
- (c) Foreign sales are the total of export sales of the Company and its subsidiaries to countries and regions outside of Japan.

15. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2008 and 2007 were as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted Average Shares	EPS	
For the year ended March 31, 2008				
Basic EPS				
Net income allocated to common shareholders	¥10,634	119,195	¥89.22	\$0.89
Effect of dilutive securities				
Convertible bonds	47	5,517	-	-
Convertible bonds with stock acquisition rights	-	5,339	-	-
Stock acquisition rights	-	103	-	-
Diluted EPS				
Net income for computation	<u>¥10,681</u>	<u>130,154</u>	<u>¥82.06</u>	<u>\$0.82</u>
For the year ended March 31, 2007				
Basic EPS				
Net income allocated to common shareholders	¥12,945	119,220	¥108.58	
Effect of dilutive securities				
Convertible bonds	46	5,554	-	
Stock acquisition rights	-	35	-	
Diluted EPS				
Net income for computation	<u>¥12,991</u>	<u>124,809</u>	<u>¥104.09</u>	

16. SUBSEQUENT EVENT

1. The following appropriations of retained earnings at March 31, 2008 were approved at the Company's shareholders' meeting held on June 27, 2008:

	<u>Millions of Yen</u>	<u>Thousands of U.S. Dollars</u>
Cash dividend, ¥5.00 (\$0.05) per share	¥596	\$5,960

2. Based on a resolution approved by the Board of Directors on May 14, 2008, the Company decided acquisition of its treasury stocks under Article 156 (1) of the Law, as applied pursuant to Article 165 (3) of the Law, as detailed below:

- (1) Class of shares to be acquired: Shares of common stock
- (2) Number of shares to be acquired: Up to 3,000,000 shares (2.49% of outstanding shares including treasury stocks)
- (3) Total amount of shares to be acquired: Up to ¥2,000 million (\$20,000 thousand)
- (4) Schedule of acquisition: From May 15, 2008 to November 15, 2008

SUBSIDIARIES and AFFILIATE

SUBSIDIARIES

<u>Domestic (Japan)</u>	<u>Ownership</u>
Taiyo Chemical Industry Co., Ltd.	100.0%
Tsukiyono Denshi Co., Ltd.	100.0%
Akagi Electronics Co., Ltd.	100.0%
Taiyo Fukushi Co., Ltd.	100.0%
Sun Vertex Co., Ltd.	100.0%
That's Fukushima Co., Ltd.	100.0%
Kankyo Assist Co., Ltd.	100.0%
Bifrostec Inc.	66.7%
Niigata Taiyo Yuden Co., Ltd.	100.0%
Shoei Electronics Co., Ltd.	100.0%
Chuki Seiki Co., Ltd.	88.1%
 <u>Overseas</u>	
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%
KOREA TONG YANG YUJUN CO., LTD.	100.0%
TAIYO YUDEN (PHILIPPINES) INC.	100.0%
TAIYO YUDEN ENTERPRISES CO., LTD.	100.0%
DONGGUAN TAIYO YUDEN CO., LTD.	100.0%
TAIYO YUDEN (SARAWAK) SDN. BHD.	100.0%
TAIYO YUDEN (MALAYSIA) SDN. BHD.	53.3%
TAIYO YUDEN (GUANGDONG) CO., LTD.	100.0%
KOREA KYONG NAM TAIYO YUDEN CO., LTD.	100.0%
TRDA INC.	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 (SUZHOU) CO., LTD.	100.0%

AFFILIATE

START Lab Inc.	49.9%
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