NIPPON CHEMI-CON CORPORATION

REPORT OF CONSOLIDATED FINANCIAL STATEMENTS

For the years ended
March 31, 2011 and 2010

ERNST & YOUNG

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Report of Independent Auditors

The Board of Directors
Nippon Chemi-Con Corporation

We have audited the accompanying consolidated balance sheets of Nippon Chemi-Con Corporation and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended and consolidated statement of comprehensive income for the year ended March 31,2011, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Chemi-Con Corporation and consolidated subsidiaries at March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years 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, 2011 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.

Ernst & Young ShinNihon LLC

June 29, 2011

FINANCIAL HIGHLIGHTS
NIPPON CHEMI-CON CORPORATION
Five years ended March 31

	Millions of yen except for per share amounts									
	2011		2010		2009		2008		2007	
Net sales	¥	127,790	¥	105,896	¥	114,578	¥	143,206	¥	135,105
Net income (loss)	¥	3,297	¥	(4,294)	¥	(12,700)	¥	2,512	¥	5,572
Net income (loss) per share:										
Basic	¥	23.17	¥	(36.11)	¥	(103.29)	¥	19.89	¥	44.07
Diluted	¥	-	¥	-	¥	-	¥	-	¥	-
Net assets per share	¥	429.82	¥	423.85	¥	485.33	¥	618.26	¥	648.43

	Thousands of U.S. dollars except for per share amounts									
	2011		2010		2009		2008		2007	
Net sales	$	1,536,864	$	1,273,553	$	1,377,970	$	1,722,270	$	1,624,844
Net income (loss)	$	39,660	$	(51,647)	$	(152,738)	$	30,220	$	67,018
Net income (loss) per share:										
Basic	$	0.28	$	(0.43)	$	(1.24)	$	0.24	$	0.53
Diluted	$	-	$	-	$	-	$	-	$	-
Net assets per share	$	5.17	$	5.10	$	5.84	$	7.44	$	7.80

Notes:
1. Basic net income (loss) per share amounts are based on the average number of common shares outstanding during each year.
2. Net assets per share amounts are based on the number of common shares outstanding at the end of each year.
3. U.S. dollar amounts have been translated from yen at the rate of ¥83.15= U.S. $1, as referred to in Note 1 to the consolidated financial statements.

To Our Stakeholders

Ikuo Uchiyama

Overview of Operating Results

In the market environment surrounding Nippon Chemi-Con Group during FY 2010 (from April 1, 2010 to March 31, 2011), demand for electronic components remained strong with the effect of economic stimulus packages and economic recovery in foreign countries, although steep rise of the yen affected corporate earnings since last summer.

In this business environment, Nippon Chemi-Con Group further promoted sales activities centered on emerging markets. To improve profitability, we developed PI (Productivity Innovation) Project, focusing on improvement of capacity utilization and yield.

With regard to the appreciating yen, we carried out measures to increase overseas production ratio and ratio of raw materials procurement in foreign currencies, while also continued with price revisions.

As for new products in this period, we developed various high-value added aluminum electrolytic capacitors optimal to be used in fields including digital consumer electronics, automotive electronics and power electronics.

In view of the expanding new energy related market, we relocated Chemi-Con (Malaysia) Sdn. Bhd. to a new factory built in the adjacent area to enhance output of large can type aluminum electrolytic capacitors. The plant started production at the new location in February, 2011.

With regard to the effect of the Great East Japan Earthquake, some of the buildings and production facilities of our production bases were damaged, and production were temporarily suspended. We exerted our utmost efforts to restore our damaged bases, and at the same time raised output at overseas production bases to make up for production decrease in Japan. The most severely damaged Nippon Chemi-Con Takahagi Plant (Takahagi, Ibaraki Prefecture) partially resumed production in late April and Chemi-Con Miyagi Corp. (Osaki, Miyagi Prefecture) in mid April. While the earthquake also damaged some of the other bases, we were able to bring them back to normal in a relatively short period. Supply shortages of raw materials, electricity and fuels however resulted in production reduction at some bases which had already been back to normal status.

As a consequence, financial results for FY 2010 recorded net sales of 127,790 million yen (increased 20.7% compared to the previous year), operating income of 8,155 million yen (operating loss of 3,036 million yen in the previous year), and ordinary income of 6,744 million yen (ordinary loss of 3,475 million yen in the previous year). Net income recorded 3,297 million yen (net loss of 4,294 million yen in the previous year), including extraordinary loss of 1,732 million yen related to the Great East Japan Earthquake.

Operating Performance by Business Segment

1. Capacitors (113,049 million yen, accounting for 88.5% of the Group's total sales)
   Sales of capacitors increased by 24.1% from the previous year, mainly due to the strong demand for digital consumer electronics such as PC and flat-panel TV, and inverters and industrial equipment in Asian market especially in China.

2. Electro-mechanical parts and other parts (3,361 million yen, accounting for 2.6% of the Group's total sales)
   Sales of this segment decreased by 4.5% from the previous year, mainly due to a decrease in sales of mechanical parts though sales of amorphous choke coils increased.

3. Capacitor materials (6,736 million yen, accounting for 5.3% of the Group's total sales)
   Sales of capacitor materials increased by 20.2% from the previous year, primarily due to the strong demand for electrode foil for aluminum electrolytic capacitor in Japanese and Asian markets.

4. Other products (4,642 million yen, accounting for 3.6% of the Group's total sales)
   Sales of other products dropped by 18.6% from previous year, mainly due to a decrease in sales of resale products.

Note: Nippon Chemi-Con has changed its business segment classification from this year. "Circuit units, electro-mechanical parts and other parts" segment has been changed to "Electro-mechanical parts and other parts" segment. Sales of circuit units has been reported in "Other products" segment this year. In calculating year-to-year comparison, we used breakdown of sales for last year in line with new business segments.

The Sixth Mid-Term Management Plan

The future of the economy is expected to have some uncertain factors affecting the management circumstances. There are concerns about sluggish production activities and decline in personal consumption, affected by the Great East Japan Earthquake, and concerns over rise in the price of crude oil and raw materials.

Nippon Chemi-Con Group has given the highest priority to the recovery of the manufacturing sites damaged by the earthquake. We will take prompt measures necessary to respond to electricity consumption restriction which is expected to affect our operation.

Nippon Chemi-Con Group's "The Sixth Mid-term Management Plan" started in April 2011. Environment-related market is expected to see a sustainable growth in the mid to long term.
We will focus on energy generation-related markets such as solar photovoltaic and wind power generation, energy saving-related markets such as LED lighting, inverters, eco-friendly cars market, and new markets to be created by realization of smart grid. Nippon Chemi-Con Group will actively expand sales of our new products in those markets and create many number-one products by further developing the technologies for aluminum electrolytic capacitors, EDLC, and nanomaterials. We will also further work on the measures to reduce the risk of exchange rate fluctuations, such as increased production capacity in overseas manufacturing sites, and increase in raw materials procurement in foreign currencies.

Thank you for your continued support.

June 29, 2011

Ikuo Uchiyama
President

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Balance Sheets
As of March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
Assets	**2011**	2010	**2011**
Current assets:			
Cash on hand and in banks (Note 4)	**¥ 16,047**	¥ 21,023	**$ 192,996**
Trade receivables:			
Notes	**1,226**	1,154	**14,749**
Accounts	**26,452**	24,746	**318,134**
Inventories (Note 6)	**20,964**	19,532	**252,124**
Accounts receivable - other	**6,444**	5,566	**77,505**
Deferred tax assets (Note 9)	**159**	98	**1,921**
Other current assets	**606**	592	**7,294**
Less allowance for doubtful accounts	**(77)**	(67)	**(928)**
Total current assets	**71,824**	72,648	**863,798**
Property, plant and equipment:			
Buildings and structures	**34,341**	34,715	**413,004**
Machinery, equipment and others	**117,097**	117,407	**1,408,269**
Land	**7,079**	7,109	**85,144**
Lease assets	**468**	368	**5,632**
Construction in progress	**2,365**	1,695	**28,445**
	161,352	161,297	**1,940,496**
Less accumulated depreciation	**(113,602)**	(112,047)	**(1,366,232)**
Property, plant and equipment, net	**47,750**	49,249	**574,263**
Intangible fixed assets (Note 19)	**1,929**	1,805	**23,199**
Investments and other assets :			
Investment securities (Notes 7 and 16)	**10,696**	10,979	**128,638**
Long-term loans receivable	**19**	34	**239**
Deferred tax assets (Note 9)	**17**	62	**211**
Other	**2,494**	3,302	**30,004**
Less allowance for doubtful accounts	**(39)**	(185)	**(471)**
Total investments and other assets	**13,189**	14,194	**158,623**
Total assets	**¥ 134,693**	¥ 137,897	**$ 1,619,885**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets
As of March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
Liabilities and Net Assets	**2011**	2010	**2011**
Current liabilities:			
Trade payables:			
Notes	¥ **418**	¥ 401	$ **5,037**
Accounts	**6,279**	7,143	**75,522**
Short-term debt (Note 8)	**13,033**	17,032	**156,748**
Accounts payable-other	**10,729**	10,099	**129,032**
Accrued expenses	**1,831**	1,882	**22,026**
Income taxes payable (Note 9)	**680**	940	**8,187**
Bonus reserve	**1,775**	1,114	**21,351**
Directors' bonus reserve	**30**	-	**360**
Provision for loss on disaster	**498**	-	**5,997**
Notes payable - equipments	**250**	206	**3,010**
Other current liabilities	**513**	699	**6,171**
Total current liabilities	**36,041**	39,521	**433,448**
Long-term liabilities:			
Long-term debt (Note 8)	**29,335**	29,812	**352,806**
Deferred tax liabilities (Note 9)	**493**	656	**5,931**
Provision for retirement benefits (Note 10)	**6,513**	6,230	**78,329**
Provision for environmental safety measures	**361**	438	**4,350**
Other long-term liabilities	**449**	440	**5,407**
Total long-term liabilities	**37,153**	37,578	**446,825**
Total liabilities	**73,194**	77,100	**880,273**
Net assets:			
Shareholders' equity			
Common stock			
Authorized 396,132,000 shares issued and outstanding,			
142,448,334 shares in 2011 and 142,448,334 shares in 2010	**17,884**	17,884	**215,086**
Capital surplus	**36,196**	36,196	**435,316**
Retained earnings	**15,332**	12,034	**184,396**
Treasury stock, at cost (Note 14)	**(32)**	(19)	**(386)**
Total shareholders' equity	**69,381**	66,095	**834,413**
Accumulated other comprehensive income			
Net unrealized gains on securities	**549**	887	**6,603**
Foreign currency translation adjustments	**(8,749)**	(6,639)	**(105,224)**
Total accumulated other comprehensive income	**(8,200)**	(5,752)	**(98,620)**
Minority interests	**317**	453	**3,818**
Total net assets	**61,498**	60,797	**739,612**
Total liabilities and net assets	¥ **134,693**	¥ 137,897	$ **1,619,885**

The accompanying notes are an integral part of these consolidated financial statements.

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Statements of Operations
For the years ended March 31, 2011 and 2010

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2011		2010		2011
Net sales (Notes 26 and 27)	¥	**127,790**	¥	105,896	$	**1,536,864**
Cost of sales		**100,943**		91,650		**1,213,998**
Gross profit		**26,846**		14,245		**322,865**
Selling, general and administrative expenses (Notes 17and18)		**18,690**		17,282		**224,777**
Operating income (loss)		**8,155**		(3,036)		**98,087**
Non-operating income:						
Interest income		**52**		40		**629**
Dividend earned		**67**		53		**815**
Equity in earnings of affiliated companies		**515**		382		**6,197**
Other		**86**		66		**1,035**
Total non-operating income		**721**		543		**8,678**
Non-operating expenses:						
Interest expense		**733**		856		**8,817**
Foreign exchange loss		**1,310**		6		**15,760**
Other		**90**		119		**1,082**
Total non-operating expenses		**2,133**		981		**25,659**
Ordinary income (loss)		**6,744**		(3,475)		**81,106**
Extraordinary income						
Gain on sale of property, plant and equipment (Note 20)		**18**		9		**218**
Gain on sale of investment securities		**10**		-		**121**
Reversal of allowance for doubtful accounts		**-**		3		**-**
Other		**0**		23		**11**
Total extraordinary income		**29**		36		**351**
Extraordinary loss						
Loss on disposal of property, plant and equipment (Note 20)		**269**		180		**3,245**
Loss on devaluation of investments in securities		**1**		3		**14**
Loss on disaster (Note 21)		**1,732**		-		**20,835**
Other		**4**		17		**57**
Total extraordinary loss		**2,008**		201		**24,153**
Income (Loss) before income taxes and minority interests		**4,764**		(3,639)		**57,305**
Income taxes (Note 9):						
Current		**1,417**		618		**17,047**
Deferred		**38**		(39)		**468**
		1,456		578		**17,515**
Income before minority interest		**3,308**		(4,217)		**39,784**
Minority interests		**10**		75		**129**
Net income (loss)	¥	**3,297**	¥	(4,294)	$	**39,660**

Net income (loss) per share:	Yen				U.S. dollars (Note 1)	
		2011		2010		2011
Basic	¥	**23.17**	¥	(36.11)	$	**0.28**
Diluted		**-**		-		**-**
Cash dividends per share (Note 23)		**3.00**		-		**0.04**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income
For the years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Income before minority interests	**¥ 3,308**	-	**$ 39,789**
Other comprehensive income (loss)		-	
Net unrealized holding gains (losses) on securities	**(347)**	-	**(4,179)**
Foreign currency translation adjustments	**(2,083)**	-	**(25,056)**
Share in other comprehensive income of associates accounted for using the equity method	**(19)**	-	**(239)**
Total other comprehensive income (loss)	**(2,450)**	-	**(29,474)**
Comprehensive income (loss)	**857**	-	**10,314**
Attributable to:			
Shareholders of Nippon Chemi-Con Corporation	**853**	-	**10,268**
Minority interests	**3**	-	**46**

The accompanying notes are an integral part of these consolidated financial statements.

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Statements of Changes in Net Assets
For the years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Shareholders' equity (Note 13)			
Common stock:			
Balance at beginning of year	**¥ 17,884**	¥ 15,751	**$ 215,086**
Issuance of stock	**-**	2,132	**-**
Balance at end of year	**17,884**	17,884	**215,086**
Capital surplus:			
Balance at beginning of year	**36,196**	33,819	**435,316**
Issuance of stock	**-**	2,132	**-**
Disposal of treasury stock	**-**	244	**-**
Balance at end of year	**36,196**	36,196	**435,316**
Retained earnings:			
Balance at beginning of year	**12,034**	16,329	**144,736**
Net income (loss) for the year	**3,297**	(4,294)	**39,660**
Balance at end of year	**15,332**	12,034	**184,396**
Treasury stock, at cost (Note 14):			
Balance at beginning of year	**(19)**	(2,559)	**(239)**
Acquisition of treasury stock	**(12)**	(6)	**(146)**
Disposal of treasury stock	**-**	2,545	**-**
Balance at end of year	**(32)**	(19)	**(386)**
Total shareholders' equity	**69,381**	66,095	**834,413**
Accumulated other comprehensive income (Note 22)			
Net unrealized gains on securities:			
Balance at beginning of year	**887**	450	**10,671**
Increase (decrease) during the year	**(338)**	437	**(4,067)**
Balance at end of year	**549**	887	**6,603**
Foreign currency translation adjustments:			
Balance at beginning of year	**(6,639)**	(6,958)	**(79,849)**
Increase (decrease) during the year	**(2,109)**	318	**(25,374)**
Balance at end of year	**(8,749)**	(6,639)	**(105,224)**
Total accumulated other comprehensive income	**(8,200)**	(5,752)	**(98,620)**
Minority interests:			
Balance at beginning of year	**453**	425	**5,459**
Increase (decrease) during the year	**(136)**	28	**(1,640)**
Balance at end of year	**317**	453	**3,818**
Total equity:			
Balance at beginning of year	**60,797**	57,258	**731,181**
Issuance of stock	**-**	4,265	**-**
Net income	**3,297**	(4,294)	**39,660**
Acquisition of treasury stock	**(12)**	(6)	**(146)**
Disposal of treasury stock	**-**	2,790	**-**
Increase (decrease) during the year	**(2,584)**	784	**(31,082)**
Balance at end of year	**701**	3,538	**8,430**
Total net assets at end of year	**¥ 61,498**	¥ 60,797	**$ 739,612**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows
For the years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Cash flows from operating activities:			
Income (Loss) before income taxes and minority interests	**¥ 4,764**	¥ (3,639)	**$ 57,305**
Depreciation and amortization	**9,115**	9,486	**109,626**
Amortization of goodwill and consolidation goodwill	**(0)**	(0)	**(0)**
Increase in provision for retirement benefits	**301**	516	**3,623**
Decrease in allowance for doubtful accounts	**(132)**	(17)	**(1,590)**
Decrease in provision for environmental safety measures	**(77)**	(90)	**(928)**
Interest and dividend income	**(120)**	(94)	**(1,445)**
Interest expense	**733**	856	**8,817**
Foreign exchange loss	**326**	208	**3,922**
Equity in earnings of affiliated companies	**(515)**	(382)	**(6,197)**
Loss on disposal of property, plant and equipment, net	**251**	170	**3,026**
Gain on sale of investment securities	**(9)**	-	**(117)**
Loss on devaluation of investment securities	**1**	3	**14**
Increase in notes and accounts receivable	**(4,447)**	(9,793)	**(53,483)**
Decrease (increase) in inventories	**(2,519)**	2,700	**(30,306)**
Increase in notes and accounts payable	**1,896**	4,575	**22,808**
Increase in accounts payable – other	**747**	3,513	**8,987**
Other	**406**	691	**4,883**
Sub total	**10,721**	8,704	**128,945**
Interest and dividends received	**193**	191	**2,325**
Interest paid	**(708)**	(846)	**(8,520)**
Income taxes paid	**(1,570)**	(1,534)	**(18,888)**
Net cash provided by operating activities	**8,636**	6,514	**103,863**
Cash flows from investing activities:			
Increase in time deposit	**(800)**	(814)	**(9,621)**
Decrease in time deposit	**1,602**	13	**19,270**
Purchase of property, plant and equipment	**(9,022)**	(3,600)	**(108,504)**
Proceeds from sales of property, plant and equipment	**55**	295	**668**
Purchase of intangible fixed assets	**(448)**	(652)	**(5,391)**
Purchase of investment securities	**(554)**	(1)	**(6,671)**
Proceeds from sale of investment securities	**3**	-	**44**
Payments of loans receivable	**(93)**	(75)	**(1,124)**
Collection of loans receivable	**243**	30	**2,934**
Proceeds from sale of investment in a subsidiary (Note 5)	**16**	-	**197**
Other	**325**	(86)	**3,914**
Net cash used in investing activities	**(8,671)**	(4,891)	**(104,283)**
Cash flows from financing activities:			
Decrease in short-term debt, net	**(10,382)**	(6,241)	**(124,861)**
Proceeds from long-term debt	**7,598**	-	**91,381**
Repayments of long-term debt	**(493)**	(10,092)	**(5,938)**
Redemption of bonds	**-**	(1,000)	**-**
Proceeds from sale and leaseback	**499**	-	**6,010**
Repayments of lease obligations	**(183)**	(75)	**(2,201)**
Proceeds from issuance of stock	**-**	4,265	**-**
Purchases of treasury stock	**(12)**	(6)	**(146)**
Proceeds from sale of treasury stock	**-**	2,790	**-**
Cash dividends paid to minority shareholders	**(45)**	(45)	**(541)**
Net cash used in financing activities	**(3,018)**	(10,405)	**(36,297)**
Effect of exchange rate changes on cash and cash equivalents	**(1,120)**	(267)	**(13,480)**
Net decrease in cash and cash equivalents	**(4,173)**	(9,050)	**(50,198)**
Cash and cash equivalents at beginning of year	**20,216**	29,267	**243,133**
Cash and cash equivalents at end of year (Note 4)	**¥ 16,042**	¥ 20,216	**$ 192,935**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Statements
For the years ended March 31, 2011 and 2010

1. Basis of Presenting the Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by Nippon Chemi-con Corporation (the "Company") and its subsidiaries. The Company and its domestic subsidiaries maintain their accounts in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of the Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥83.15= U.S. $1, the rate of exchange on March 31, 2011 has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this or any other rates.

As permitted by the Japanese Financial Instruments and Exchange Law, amounts presented in millions of yen are rounded down to the nearest complete million yen. The U.S. dollar amounts shown are equivalent to the Japanese yen amounts as rounded, translated at the rate stated above and then rounded down to the nearest complete thousand dollars.

2. Summary of Significant Accounting Policies

(1) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and, with minor exceptions, all of its subsidiaries. The accounts of certain subsidiaries are included in the financial statements on the basis of a December 31 fiscal year end. These financial statements are prepared in conformity with financial accounting standards in Japan which require elimination of intercompany accounts and transactions. The assets and liabilities of consolidated subsidiaries are included in the financial statements at fair value and the difference between the net assets at fair value and the investment amount is amortized using the straight-line method over 5 years.

The number of consolidated subsidiaries and affiliated companies for 2011 and 2010 is as follows:

	2011	2010
Consolidated subsidiaries	**31**	31
Affiliated companies	**3**	2

Investments in all affiliated companies, with minor exceptions, are stated at their underlying equity value.

(2) Financial Instruments

Derivatives
All derivatives are stated at fair value, with changes in fair value included in net profit or loss for the period in which they arise. However for interest rate swap contracts meeting certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is, as permitted under the “Accounting Standard for Financial Instruments”, added to or deducted from the interest on the assets or liabilities for which the swap contract is executed.

Securities
Securities held by the Company and its subsidiaries are classified into three categories:

Trading securities, which are held for the purpose of generating profits on short-term differences in prices, are stated at fair value, with changes in fair value included in the net profit or loss for the period in which they arise. Additionally, securities held in trusts for trading purposes are accounted for in the same manner as trading securities.

Held-to-maturity debt securities that the Company and its subsidiaries intend to hold to maturity are stated at cost after accounting for any premium or discount on acquisition, which is amortized over the period to maturity.

Other securities for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate item in net assets at a net-of-tax amount.

Other securities for which market quotations are unavailable are stated at cost, except as stated in the paragraph below.

In cases where the fair value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliates, or other securities has declined significantly and such impairment of value is not deemed temporary, those securities are written down to fair value and the resulting losses are included in the net profit or loss for the period.
The cost of securities sold is determined by the moving average method.

(3) Inventories

Merchandise is stated at cost, determined by the last purchase price method, but written down based on the declines in profitability.

Inventories other than merchandise are stated at cost, but written down based on the declines in profitability. In determining cost, either the total average method or the first-in, first-out method for finished goods and work in process, and either the first-in first-out method or the last purchase price method for raw materials are used.

(4) Depreciation

Depreciation for property, plant and equipment (except for lease assets) is computed primarily using the declining-balance method over the estimated useful lives of the assets, except for buildings owned by the Company and its domestic subsidiaries (excluding leasehold improvements) for which the straight-line method is applied. Intangible fixed assets are primarily amortized using the straight-line method.

Finance lease assets that transfer ownership are depreciated as the same method as property, plant and equipment is adopted. Finance lease assets that do not transfer ownership are depreciated or amortized on a straight-line basis over the period of the lease with no residual value.

(5) Provision for Retirement Benefits

The provision for retirement benefits as at the balance sheet date represents the estimated present value of projected benefit obligations in excess of the fair value of the plan assets excluding unrecognized actuarial differences. Unrecognized prior service costs are amortized on a straight-line basis over 16 years from the year in which they arise and the unrecognized actuarial differences are amortized on a straight-line basis primarily over 16 years from the year following the year in which they arise.

(6) Allowance for doubtful accounts

The Company and its consolidated subsidiaries provide an allowance for doubtful accounts using a percentage of their own actual experience of bad debt loss against the balance of total receivables plus the amount deemed necessary to cover individual accounts estimated to be uncollectible.

(7) Bonus reserve

The Company and its consolidated subsidiaries provide for estimated bonus payments attributable to the services provided by the employees during the year.

(8) Directors' bonus reserve

The Company provides for estimated bonus payments attributable to the services provided by directors during the year.

(9) Provision for environmental safety measures

In accordance with the "Law Concerning Special Measures for Promotion of Proper Treatment of Poly Chlorinated Biphenyl Waste," the Company provides the estimated amount which will be required at the balance sheet date for the disposal of PCB waste that will be generated through the Company's operations.

(10) Provision for loss on disaster

The Company and certain of its domestic subsidiaries provide for mainly expenses of assets damaged by the Great East Japan Earthquake and expenses for related recovery work.

(11) Significant hedge accounting

1) Hedge accounting

The exceptional accounting method is adopted to the interest swap, interest cap agreements which conform to the special regulated terms.

The recognition of gains and losses on foreign monetary rights or obligations at a preset price is adopted to currency swap agreements which conform to a certain terms.

2) Hedging instruments and hedged items

Hedging instruments

Interest swap, interest cap and currency swap

Hedged items

Interest of loans and loans denominated in foreign currencies

3) Hedge policy

The Company and its consolidated subsidiaries enter into interest swap, interest cap and currency swap agreements to hedge risks from fluctuation in interest rate of loans and risks from foreign exchange.

The hedged items are assessed at each contract.

4) Assessment of hedge effectiveness

Interest swap and interest cap contracts are executed according to the risk control policy of the Company.

These contracts meet the terms and conditions below:

i) Notional amount of interest swap agrees with the principal amount of long-term debt.
ii) The contract term and maturity of interest swap agrees with those of loans.
iii) The index of variable interest from interest swap agrees with that of variable interest from loans.
iv) The revised condition of interest swap agrees with that of loans.
v) The receipt and payment conditions about interest swap are fixed through the swap contract period.

Currency swap agreement is correspond to loans denominated in foreign currencies in its principal and term.

Interest swap, interest cap and currency cap agreements are omitted to assess their effectiveness due to conforming to the special regulated terms.

(12) Foreign Currency Translation

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in the net profit or loss for the period.

Assets and liabilities of foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the balance sheet date.

Shareholders' equity at the beginning of the year is translated into Japanese yen at historical rates. Profit and loss accounts for the year are translated into Japanese yen using the average rate during the year. Differences in the yen amounts, arising from the use of different rates, are presented as "foreign currency translation adjustments" in Net Assets.

(13) Income Taxes

Income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local inhabitants' taxes and enterprise taxes. The company and its wholly-owned domestic subsidiaries adopt the Japanese consolidated taxation system. Deferred income taxes are provided for in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements.

(14) Consumption tax

Consumption tax is excluded from presentation of sales, cost of sales, income and expenses.

(15) Amortization of Goodwill and Negative Goodwill

Goodwill and negative goodwill acquired before March 31, 2010 are amortized by an equal amount over a period of 5 years.

(16) Net income and Cash dividends per Share

Basic net income per share is based on the average number of common shares outstanding during each year.
Cash dividends per share shown for each year in the accompanying Consolidated Statements of Income represent dividends approved by shareholders in the respective years.

(17) Research and Development Expense and Computer Software

Research and development expense is charged to income when incurred. Expenditure relating to computer software developed for internal use is charged to income when incurred, except where it contributes to the generation of income or to future cost savings. Such expenditure is capitalized as an intangible asset and is amortized using the straight-line method over its estimated useful life of 5 years.

(18) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows comprise cash on hand, bank deposits capable of being withdrawn on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuations in value.

(19) Reclassification

Certain reclassifications have been made to the prior years' consolidated financial statements to conform to the presentation used for year ended March 31, 2011.

3. Changes in accounting policies

(Application of Accounting Standard for Equity Method of Accounting for Investments)
Effective the year ended March 31, 2011, "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No.16 issued on March 10, 2008) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (PITF No.24 issued on March 10, 2008) were applied.
These changes had no effect on the consolidated statement of income.

(Application of Accounting Standard for Asset Retirement Obligations)
Effective the year ended March 31, 2011, "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18 issued on March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21 issued on March 31, 2008) were applied.
The effect of these changes was immaterial.

(Application of Accounting Standard for Business Combinations)
Effective the year ended March 31, 2011, the following standards were applied.

- "Accounting Standard for Business Combinations "(ASBJ Statement No.21 issued on December 26, 2008)
- "Accounting Standard for Consolidated Financial Statements "(ASBJ Statement No.22 issued on December 26, 2008)
- "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No.23 issued on December 26, 2008)
- "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7 issued on December 26, 2008)
- "Revised Accounting Standard for Equity Method of Accounting for Investments "(ASBJ Statement No. 16 issued on December 26, 2008)
- "Revised Guidance on Accounting Standard for Business Combinations Accounting Standard for Business Combinations" (ASBJ Guidance No.10 issued on December 26, 2008)

4. Cash and cash equivalents

Reconciliation of cash and cash equivalents to the amount disclosed on the balance sheets at March 31, 2011 and 2010 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Cash on hand and in banks	¥ **16,047**	¥ 21,023	$ **192,996**
Time deposits with a deposit term of over 3 months	**(5)**	(807)	**(60)**
Cash and cash equivalents	¥ **16,042**	¥ 20,216	$ **192,935**

5. The assets and liabilities of subsidiaries which were excluded from the consolidation

The assets and liabilities of CU TECH CORPORATION, which were excluded from the consolidation due to the sale of shares of common stock for the fiscal year ended March 31, 2011, were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Current assets	¥ 1,090	$ 13,118
Fixed assets	794	9,552
Current liabilities	(1,482)	(17,831)
Long-term liabilities	(221)	(2,664)
Minority interests	(82)	(987)
Foreign currency translation adjustments	9	119
Investment account after sale of shares of common stock	(52)	(637)
Gain on sale of securities	8	105
The sales amount of shares of common stock	64	775
Cash and cash equivalents held by the subsidiary	(48)	(578)
Proceeds from sale of shares of common stock	¥ 16	$ 197

6. Inventories

Inventories at March 31, 2011 and 2010 comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Finished goods and merchandise	¥ **7,500**	¥ 7,450	$ **90,207**
Work-in-process	**8,819**	4,869	**106,065**
Raw materials and supplies	**4,644**	7,212	**55,852**
Total	¥ **20,964**	¥ 19,532	$ **252,124**

7. Investment securities

At March 31, 2011 and 2010, the carrying value, fair value and unrealized gains (losses) of investment securities, whose fair value is available, were as follows:

	Millions of yen							
	2011				2010			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair value	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair value
Other securities:								
Equity securities	**¥ 2,484**	**¥ 869**	**¥ 48**	**¥ 3,304**	¥ 2,386	¥ 1,443	¥ 43	¥ 3,785
Other securities	**104**	**-**	**11**	**92**	104	-	10	93
Total	**¥ 2,588**	**¥ 869**	**¥ 60**	**¥ 3,397**	¥ 2,490	¥ 1,443	¥ 54	¥ 3,879

	Thousands of U.S. dollars (Note 1)			
	2011			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair value
Other securities:				
Equity securities	**$ 29,879**	**$ 10,456**	**$ 589**	**$ 39,746**
Other securities	**1,252**	**-**	**142**	**1,109**
Total	**$ 31,131**	**$ 10,456**	**$ 732**	**$ 40,856**

8. Short-term and long-term debt

The weighted average interest rates applicable to loans for the years ended March 31, 2011 and 2010 were 1.48% and 1.60%, respectively.

Short-term debt at March 31, 2011 and 2010 comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Bank loans and overdrafts	**¥ 4,659**	¥ 16,553	**$ 56,032**
Current portion of long-term debt	**7,164**	392	**86,161**
Unsecured bonds due within one year	**1,000**	-	**12,026**
Lease obligations (Short-term)	**210**	86	**2,527**
Total	**¥ 13,033**	¥ 17,032	**$ 156,748**

Long-term debt at March 31, 2011 and 2010 comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Loans:			
Loans, principally from banks and insurance companies due from 2011 to 2020 with interest rates ranging from 0.84% to 5.22%	**¥ 35,992**	¥ 28,994	**$ 432,858**
Bonds:			
Unsecured bonds, due from 2011 to 2010 with interest rates 1.529%	**1,000**	1,000	**12,026**
Lease obligations (Long-term)	**507**	210	**6,109**
	37,500	30,204	**450,994**
Less: current portion	**(8,164)**	(392)	**(98,187)**
Total	**¥ 29,335**	¥ 29,812	**$ 352,806**

9. Income Taxes

The Company is subject to a number of taxes based on income, which in aggregate resulted in a statutory tax rate of approximately 40.26% for the years ended March 31, 2011 and 2010. The effective tax rates on the statements of income differ from the statutory tax rates primarily because of the effect of expenses not deductible for tax purposes.

Significant components of deferred tax assets and liabilities as at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Deferred tax assets:			
Bonus Reserve	¥ **690**	¥ 423	$ **8,306**
Provision for retirement benefits	**2,572**	2,448	**30,933**
Tax loss carry forwards	**6,536**	7,014	**78,610**
Allowance for doubtful accounts	**15**	101	**189**
Unrealized gain on inventories	**239**	23	**2,883**
Loss on devaluation of investments in subsidiaries	**2,098**	2,098	**25,241**
Provision for environmental safety measures	**145**	176	**1,751**
Loss on devaluation of inventories	**250**	256	**3,014**
Accrued enterprise tax	**42**	72	**511**
Accrued expenses	**283**	109	**3,407**
Other	**199**	363	**2,404**
Total gross deferred tax assets	**13,075**	13,091	**157,305**
Valuation allowance	**(12,742)**	(12,699)	**(153,248)**
Total deferred tax assets	**333**	391	**4,006**
Deferred tax liabilities:			
Prepaid expenses	**-**	(10)	**-**
Net unrealized gains on securities	**(324)**	(559)	**(3,908)**
Depreciation recorded by foreign subsidiaries	**(228)**	(228)	**(2,749)**
Other	**(95)**	(97)	**(1,147)**
Total deferred tax liabilities	**(648)**	(896)	**(7,804)**
Net deferred tax assets (liabilities)	¥ **(315)**	¥ (504)	$ **(3,797)**

For the year ended March 31, 2010 and 2011 the reconciliation of the statutory tax rate to the effective income tax rate is as follows:

	2011	2010
Statutory tax rate	**40.26** %	40.26 %
Increase (decrease) in taxes resulting from:		
Expenses not deductible for income tax purposes	**1.03**	(0.56)
Revenues not taxable such as dividend income	**(26.37)**	0.69
Effect of eliminated dividends	**29.32**	(1.41)
Difference in subsidiaries' tax rates	**(18.68)**	5.04
Equity in earnings of affiliates	**(4.35)**	4.24
Change in the valuation allowance	**0.90**	(67.32)
Unrealized gain on inventories	**(0.72)**	0.85
Overseas withholding taxes	**4.00**	-
Capita levy on inhabitant tax	**0.95**	-
Other	**4.22**	2.31
Effective income tax rate	**30.56** %	(15.90) %

10. Retirement Benefit Plan

The Company, its domestic consolidated subsidiaries and certain overseas consolidated subsidiaries have defined benefit plans which consist of defined benefit pension plans, tax-qualified pension plans and lump-sum retirement payment plans covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs.
Certain of its consolidated overseas subsidiaries have defined contribution pension plans.
In addition, in certain cases, the Company pays special retirement allowances to retiring employees, which are not covered by employee retirement regulations.

The funded statuses of retirement benefit plans as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Projected benefit obligation (note)	¥ **(23,653)**	¥ (23,473)	$ **(284,463)**
Plan assets at fair value	**13,035**	13,375	**156,766**
Unfunded benefit obligation	**(10,617)**	(10,098)	**(127,696)**
Unrecognized actuarial loss	**6,099**	5,998	**73,352**
Unrecognized prior service cost	**(1,653)**	(1,818)	**(19,891)**
Total	**(6,172)**	(5,918)	**(74,235)**
Prepaid pension cost	**340**	311	**4,094**
Reserve for retirement benefits	**(6,513)**	(6,230)	**(78,329)**

Note: Certain of consolidated domestic subsidiaries adopt a simplified method in calculating of benefit obligation.

The net periodic retirement expenses for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Service cost (note)	¥ **890**	¥ 860	$ **10,713**
Interest cost	**457**	435	**5,507**
Expected return on plan assets	**(163)**	(82)	**(1,969)**
Amortization of prior service cost	**(165)**	(165)	**(1,989)**
Amortization of unrecognized actuarial loss	**540**	624	**6,498**
Contribution to defined contribution pension plan	**52**	18	**634**
Net periodic retirement expense	**1,612**	1,690	**19,394**

Note: Retirement expenses incurred by consolidated domestic subsidiaries which apply a simplified method in calculating permitted by the Japanese accounting standard for retirement benefits are included in "Service cost" in the above table.

Assumptions used in the calculation of the above information are as follows:

	2011	2010
Discount rate	**Primarily 2.0%**	Primarily 2.0%
Expected rate of return on plan assets	**1.25%**	0.75%
Method of attributing the projected benefits to periods of service	**Straight-line basis**	Straight-line basis
Amortization period of unrecognized prior service cost	**16 years**	16 years
Amortization period of unrecognized actuarial gain/loss	**Primarily 16 years**	Primarily 16 years

11. Contingent Liabilities

The contingent liabilities as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Guarantees of borrowings of affiliates	**¥ 263**	¥ -	**$ 3,163**

12. Derivatives

The Company and its consolidated subsidiaries selectively engage in derivative financial instrument transactions in order to manage the market risks from fluctuations in foreign currency exchange rates and interest rates. The Company and its consolidated subsidiaries do not hold or issue derivative financial instruments for speculative trading purposes.

(1) Derivative transactions to which hedge accounting is applied

Currency-related transactions

	Millions of yen					
	March 31, 2011			March 31, 2010		
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts						
Sell:						
US$	**¥ 7,916**	**¥ 39**	**¥ 39**	¥ 9,845	¥ (84)	¥ (84)
Euro	**813**	**(18)**	**(18)**	1,018	57	57
Buy:						
US$	**690**	**(6)**	**(6)**	186	0	0
	¥ 9,420	**¥ 14**	**¥ 14**	¥ 11,050	¥ (26)	¥ (26)

	Thousands of U.S. dollars (Note 1)		
	March 31, 2011		
	Notional amount	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts			
Sell:			
US$	**$ 95,206**	**$ 474**	**$ 474**
Euro	**9,784**	**(227)**	**(227)**
Buy:			
US$	**8,309**	**(72)**	**(72)**
	$ 113,300	**$ 175**	**$ 175**

(2) Derivative transactions to which hedge accounting is not applied

1) Currency-related transactions

Classification	Item	Hedged liabilities	Millions of yen March 31, 2011 Notional amount	 Notional amount due after one year	 Fair value	 March 31, 2010 Notional amount	 Notional amount due after one year	 Fair value
Exceptional treatment for an interest rate swap and currency swap	Currency rate swap: U.S. dollar receipt / Japanese yen payment	Long - term debt	**1,000**	**1,000**	**(*)**	-	-	-

Classification	Item	Hedged liabilities	Thousands of U.S. dollars (Note 1) March 31, 2011 Notional amount	 Notional amount due after one year	 Fair value
Exceptional treatment for an interest rate and currency swap	Currency rate swap: U.S. dollar receipt / Japanese yen payment	Long - term debt	**12,026**	**12,026**	**(*)**

(*) Fair value of interest rate and currency swaps by exceptional treatment is included in fair value of the corresponding long-term debt to which hedge accounting is applied.

2) Interest-related transactions

Classification	Item	Hedged liabilities	Millions of yen March 31, 2011 Notional amount	 Notional amount due after one year	 Fair value	 March 31, 2010 Notional amount	 Notional amount due after one year	 Fair value
Exceptional treatment for an interest rate swap	Interest rate swap: Fixed rate payment / floating rate receipt	Long - term debt	**21,500**	**15,500**	**(*)**	18,000	18,000	(*)

Classification	Item	Hedged liabilities	Thousands of U.S. dollars (Note 1) March 31, 2011 Notional amount	 Notional amount due after one year	 Fair value
Exceptional treatment for an interest rate swap	Interest rate swap: Fixed rate payment / floating rate receipt	Long - term debt	**258,569**	**186,410**	**(*)**

(*) Fair value of interest rate swaps by exceptional treatment is included in fair value of the corresponding long-term debt to which hedge accounting is applied.

13. Shareholders' equity

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (of retained earnings) or as additional paid-in capital (of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

14. Treasury stock

		2010		Increase during fiscal year		Decrease during fiscal year		2011
Number of shares		77,750		30,685		-		108,435
Total price (Millions of yen)	¥	19	¥	12	¥	-	¥	32
Total price (Thousands of U.S. dollars)	$	239	$	146	$	-	$	386

15. Pledged assets

There are no pledged assets.

16. Related party transactions

Samyoung Electronics Co., Ltd.（Samyoung）is substantively a 33.4%-owned affiliated company of the Company. The Company principally purchases Samyoung's products and the Company sells its products and materials.

Transaction's terms and policy

(1) Purchase prices of Samyoung's products are determined in accordance with the general transaction's terms in consideration of the market prices and total costs.

(2) Sales prices of materials for capacitors and equipments are determined in accordance with the general transaction's terms in consideration of the market prices and total costs.

(3) Sales prices of the Company's products are determined in accordance with the general transaction's terms in consideration of the market prices and total costs.

(4) The transaction prices of materials supplied to Samyoung are determined in accordance with the general transaction's terms in consideration of the market prices and total costs.

Significant balances at March 31, 2011 and 2010 and transactions for the years ended March 31, 2011 and 2010 with related parties are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Investment securities	**¥ 7,111**	¥ 6,910	**$ 85,530**

	Millions of yen					
	2011			2010		
	Transaction amount	Account title	Balance at end of year	Transaction amount	Account title	Balance at end of year
Purchase of affiliates' products	**¥ 2,976**	Accounts payable	**¥ 267**	¥ 1,581	Accounts payable	¥ 233
Sales of materials and equipments	**1,123**	Accounts receivable	**62**	846	Accounts receivable	56
Supply of materials	**¥ 753**	Accounts receivable other	**¥ 8**	¥ 550	Accounts receivable other	¥ 13

	Thousands of U.S. dollars (Note 1)		
	2011		
	Transaction amount	Account title	Balance at end of year
Purchase of affiliates' products	**$ 35,800**	Accounts payable	**$ 3,220**
Sales of materials and equipments	**13,516**	Accounts receivable	**755**
Supply of materials	**$ 9,056**	Accounts receivable other	**$ 103**

17. Selling, General Administrative expenses

The following are the major elements of selling, general and administrative expenses for the years ended March 31, 2011 and 2010.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Freight and transportation	**¥ 3,728**	¥ 3,051	**$ 44,844**
Salaries and wages	**4,000**	3,756	**48,110**
Retirement benefit expenses	**675**	719	**8,122**
Depreciation	**686**	849	**8,261**
Research and development expenses	**3,642**	3,590	**43,801**
Provision for bonus reserve	**834**	508	**10,033**
Provision for directors' bonus reserve	**30**	-	**360**
Provision for doubtful account	**13**	111	**165**

18. Research and Development expenses

The total amounts of research and development expenses for the years ended March 31, 2011 and 2010 are as follows and all of them are charged to income as incurred.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Research and development expenses	**¥ 3,642**	¥ 3,590	**$ 43,801**

19. Goodwill

The goodwill included in intangible fixed assets for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Goodwill	¥ **5**	¥ 5	$ **64**

20. Gain or loss on disposal of property, plant and equipment

Gain on sale of property, plant and equipment for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Buildings	¥ **11**	¥ -	$ **141**
Machinery, equipment and others	**0**	9	**0**
Land	**6**	-	**76**
Total	¥ **18**	¥ 9	$ **218**

Loss on sale of property, plant and equipment for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Machinery, equipment and others	¥ **16**	¥ 0	$ **196**

Loss from retirement of property, plant and equipment for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Buildings	¥ **145**	¥ 9	$ **1,745**
Machinery, equipment and others	**108**	169	**1,303**
Total	¥ **253**	¥ 179	$ **3,048**

21. Loss on disaster

The Company recognized loss associated with the Great East Japan Earthquake for the year ended March 31, 2011 as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Fixed expenses during downtime owing to the earthquake	¥ 703	$ 8,464
Loss on damaged inventories and property, plant and equipment	411	4,943
Restoration costs	513	6,177
Contribution to damaged local governments	103	1,249
Total	¥ 1,732	$ 20,835

22. Other comprehensive income

Effective the year ended March 31, 2011, “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No.25 issued on June 30, 2010) was applied by the company and its consolidated subsidiaries.

For the fiscal year ended March 31, 2010, comprehensive income attributable to shareholders of Nippon Chemi-Con Corporation and minority interests were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)	
Shareholders of Nippon Chemi-Con Corporation	¥	(3,538)	$	(42,556)
Minority interests		73		884
Comprehensive income	¥	(3,465)	$	(41,672)

For the year ended March 31, 2010, other comprehensive income (loss) was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)	
Net unrealized gains on securities, net of taxes	¥	437	$	5,256
Foreign currency translation adjustments		395		4,751
Share in other comprehensive income of associates accounted for using the equity-method		(78)		(946)
Total other comprehensive income	¥	753	$	9,062

23. Dividend

(1) Year ended March 31, 2011（April 1, 2010 to March 31, 2011）

1) Dividends paid

None

2) At the 64th Shareholders' meeting held on June 29, 2011, appropriations of retained earnings for year-end dividends applicable to the year ended March 31, 2011, were duly approved as follows:

Dividends for which the record date came during the year ended March 31, 2011, but for which the effective date will come after said period.

Dividend on common stock:

	Millions of yen		Thousands of U.S. dollars (Note 1)	
Total dividends to be paid	¥	427	$	5,135
Dividend per share (Yen and Dollar)	¥	3.00	$	0.04
Date of record		March 31, 2011		
Effective date		June 30,2011		

(2) Year ended March 31, 2010（April 1, 2009 to March 31, 2010）

None

24. Financial Instruments

(1) Status of financial instruments

1) Policies for financial instruments

The Company and its consolidated subsidiaries invest only in short-term deposits and raise funds by borrowing from banks, issuing corporate bonds and capital increase. The Company and certain consolidated subsidiaries use derivative financial instruments for the purpose of reducing risk of fluctuation of exchange rates and interest rates.

2) Detail of financial instruments and related risk

Trade receivables are exposed to the credit risk of customers. In addition, trade receivables denominated in foreign currencies generated by worldwide operations are exposed to the risk of exchange rate fluctuations. This risk is hedged by using forward exchange contracts for, in principle, the net position after offsetting trade receivables denominated in foreign currencies with trade payables denominated in foreign currencies.

Investments in securities, which primarily consist of shares of the companies with which the Companies have operational relationships, are exposed to market volatility risk.

Trade payables are mostly due within one year.

Short-term debt and long-term debt are used for the Company's operation and capital expenditure. Variable interest rate loans are exposed to the risk of interest rate fluctuations. Interest rate swap transactions are used as hedges to fix interest expenses for a portion of long-term variable interest rate debts.

Trade payable, account payables – other and debts are exposed to liquidity risk.

Derivative transactions primarily consist of foreign exchange forward contracts for the purpose of hedging exchange rate fluctuation risk related to trade receivables and payables denominated in foreign currencies.

3) Risk management of financial instruments

i) Management of credit risk (customers or counterparties' default risk)

The credit risk monitoring activities of the Company and its consolidated subsidiaries include review of overdue and balance amounts of each customer as well as review of credit worthiness of major customers on a regular basis in accordance with the sales credit management regulation etc.

The Company enters into derivative transaction with highly rated financial institutions to reduce counterparty risk.

ii) Management of market risk (fluctuation risk of currencies and interests)

The Company hedges foreign currency fluctuation risk of trade receivables and payables denominated in foreign companies by entering into foreign exchange forward contracts with limited contact periods of a half year in principle.

The Company enters into the interest swap contract to mitigate the risk of interest rate fluctuations on debts.

With respect to investments in securities, the Company assesses the fair value and financial status of the issuing entities (transaction partner) at each quarter, and periodically reviews the necessity of such securities, taking into account the Company's relationship with respective transaction partners.

The Company enters into and manages the derivative transactions in accordance with internal rules stipulating authorization and maximum limits of transactions. The accounting division makes journal entries and performs direct confirmation of transaction balances with counterparties.

iii) Management of liquidity risk in financing activities (the risk that the Company may not be able to meet its obligations on scheduled due dates)

The Company manages the liquidity risk by preparing the financial plans on a semiannual and monthly basis, and by entering into commitment line agreements with transacting financial institutions.

4) Supplementary explanation of fair value of financial instruments

The fair value of financial instruments is based on quoted market prices, or, if there are no market prices, based on reasonably estimated prices. Because estimations of the said prices incorporate fluctuating factors, applying different assumptions can in some cases change the said prices. The notional amount of derivatives that are shown in Note 12 "Derivatives" does not represent the amounts exchanged by the parties and do not measure the Company's exposure to market risk.

5) Concentration of credit risk

There is no operating credit for a specific large customer as of the consolidated balance sheet date.

(2) Fair value of financial instruments

The carrying amounts recognized on the consolidated balance sheets, fair values and the differences between them on March 31, 2011 and 2010 are as shown below. Financial instruments for which it is extremely difficult to determine the fair value is not included in the following table (refer "Notes: 2").

Millions of yen

	March 31, 2011			March 31, 2010		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
1) Cash on hand and in banks	**¥ 16,047**	**¥ 16,047**	**¥ -**	¥ 21,023	¥ 21,023	¥ -
2) Trade receivables	**27,679**	**27,679**	**-**	25,901	25,901	-
3) Marketable securities and investment securities						
i) Investments in securities	**3,397**	**3,397**	**-**	3,879	3,879	-
ii)Investments in stock of subsidiaries and affiliates	**7,010**	**5,787**	**(1,222)**	6,863	5,669	(1,194)
Total assets	**¥ 54,134**	**¥ 52,911**	**¥ (1,222)**	¥ 57,666	¥ 56,472	¥ (1,194)
1) Trade payables	**¥ 6,698**	**¥ 6,698**	**¥ -**	¥ 7,545	¥ 7,545	¥ -
2) Accounts payable - other	**10,729**	**10,729**	**-**	10,099	10,099	-
3) Short-term debt	**11,823**	**11,823**	**-**	16,945	16,945	-
4) Bonds	**1,000**	**1,000**	**-**	1,000	995	(4)
5) Long-term debt	**28,827**	**29,472**	**644**	28,601	28,819	217
Total liabilities	**¥ 59,079**	**¥ 59,723**	**¥ 644**	¥ 64,191	¥ 64,404	¥ 212
Derivative transaction	**¥ 14**	**¥ 14**	**¥ -**	¥ (26)	¥ (26)	¥ -

Thousands of U.S. dollars (Note 1)

	March 31, 2011		
	Carrying amount	Fair value	Difference
1) Cash on hand and in banks	**$ 192,996**	**$ 192,996**	**$ -**
2) Trade receivables	**332,884**	**332,884**	**-**
3) Marketable securities and investment securities			
i) Investments in securities	**40,856**	**40,856**	**-**
ii)Investments in stock of subsidiaries and affiliates	**84,305**	**69,603**	**(14,702)**
Total assets	**$ 651,042**	**$ 636,339**	**$ (14,702)**
1) Trade payables	**$ 90,740**	**$ 90,740**	**$ -**
2) Accounts payable - other	**129,032**	**129,032**	**-**
3) Short-term debt	**142,194**	**142,194**	**-**
4) Bonds	**12,026**	**12,026**	**-**
5) Long-term debt	**346,697**	**354,448**	**7,751**
Total liabilities	**$ 720,691**	**$ 728,442**	**$ 7,751**
Derivative transaction	**$ 175**	**$ 175**	**$ -**

The value of assets and liabilities arising from derivatives is shown at net value, and with the amount in parentheses representing a net liability position.

Notes: 1 Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Assets

1) Cash on hand and in banks and 2) Trade receivables

As their fair value approximates book value due to their short maturity, the corresponding book value is used as fair value.

3) Marketable securities and investments in securities

These fair values are based on quoted market prices of stock exchanges.

Liabilities

1) Trade payables and 2) Accounts payables - other

As their fair value approximates book value due to their short maturity, the corresponding book value amount is used as fair value.

3) Short-term debt

The fair value of current portion of long-term debt is based on the total amount of the principal and interest discounted by the rationally estimated interest rate that would be applied to an equivalent new debt.

As a result, the book value is used as fair value as their fair value approximates book value due to their short maturity.

The fair value of short-term debt except for current portion of long-term debt is recorded at book value as the fair value approximates book value due to their short maturity.

4) Bonds

The fair value of bonds issued by the Company is based on the total amount of the principal and interest discounted by the rationally estimated rate that would be applied to an equivalent new bond.

5) Long-term debt

The fair value of long-term debt is based on the total amount of the principal and interest discounted by the rationally estimated interest rate that would be applied to an equivalent new debt.

Derivative transaction

Refer "Note 12. Derivatives".

Notes: 2 Financial instruments of which fair value is extremely difficult to determine

	Consolidated balance sheet		Consolidated balance sheet
	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Unlisted shares	**¥ 289**	¥ 236	**$ 3,476**

These items are excluded from "(3) Marketable securities and investments in securities" since there are no quoted market prices and it is extremely difficult to determine the fair value of such items.

Notes: 3 Monetary claims

	2011	2012 and thereafter	2011	2012 and thereafter
	Millions of yen		Thousands of U.S. dollars (Note 1)	
Cash on hand and in banks	¥ 16,047	¥ -	$ 192,996	$ -
Trade receivables	27,679	-	332,884	-
Total	¥ 43,726	¥ -	$ 525,880	$ -

Notes: 4 Redemption schedules of corporate long-term debt and bonds with maturities at March 31, 2011

	Long-term debt	Corporate bonds	Total	Long-term debt	Corporate bonds	Total
	Millions of yen			Thousands of U.S. dollars (Note 1)		
2012	¥ 7,164	¥ 1,000	¥ 8,164	$ 86,161	$ 12,026	$ 98,187
2013	4,006	-	4,006	48,181	-	48,181
2014	14,802	-	14,802	178,019	-	178,019
2015	2	-	2	27	-	27
2016	10,002	-	10,002	120,292	-	120,292
2017 and thereafter	¥ 14	¥ -	¥ 14	$ 176	$ -	$ 176

25. Lease

Lease transactions that do not transfer ownership, whose transaction dates are before March 31, 2008 are as follows:

(1) Acquisition cost, accumulated depreciation and net balance of leased assets at March 31, 2010 and 2011

	Millions of yen					
	2011			2010		
	Acquisition cost	Accumulated depreciation	Net balance	Acquisition cost	Accumulated depreciation	Net balance
Machinery and equipment	**¥ 139**	**¥ 100**	**¥ 38**	¥ 308	¥ 234	¥ 73
Other	**-**	**-**	**-**	-	-	-
Total	**¥ 139**	**¥ 100**	**¥ 38**	¥ 308	¥ 234	¥ 73

	Thousands of U.S. dollars (Note 1)		
	2011		
	Acquisition cost	Accumulated depreciation	Net balance
Machinery and equipment	**$ 1,677**	**$ 1,214**	**$ 463**
Other	**-**	**-**	**-**
Total	**$ 1,677**	**$ 1,214**	**$ 463**

(2) Amount of outstanding future lease payments at March 31, 2010 and 2011, including the portion of interest thereon, categorized by contractual maturity:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Within one year	**¥ 21**	¥ 36	**$ 254**
Over one year	**19**	41	**240**
Total	**¥ 41**	¥ 77	**$ 494**

(3) Lease expenses, depreciation and interest expense for the years ended March 31, 2009 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Lease expenses	**¥ 38**	¥ 115	**$ 457**
Depreciation	**34**	100	**419**
Interest expense	**1**	3	**23**

Depreciation is calculated using the straight-line method. The useful economic lives of the leased assets are equal to the lease term and the residual value is assumed to be zero.

The assumed interest expense is computed using the interest method over the lease terms based on the difference between the acquisition cost of the leased assets and the total lease payments.

(4) The amounts of outstanding future lease payments on operating leases at March 31, 2011 and 2010 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Within one year	**¥ -**	¥ 1	**$ -**

26. Segment Information under the previous accounting standard

The segment information for the years ended March 31, 2010 disclosed below that was prepared in accordance with the accounting standards that were effective as of March 31, 2010 was for the supplemental information only. This information is not reclassified in accordance with the new accounting standards that are effective as of March 31, 2011 as it is impracticable.

(1) Industry segments:

The Company and its consolidated subsidiaries are principally engaged in the manufacture and sale of capacitors and other electronic equipment. As net sales and operating profit (loss) from the above business activities exceeded 90% of consolidated net sales and operating profit (loss) for the years ended March 31, 2010, no information on industry segment has been presented.

(2) Geographical segments

Information by geographic area for the years ended March 31, 2010 is as follows:

	Millions of yen						
	2010						
	Japan	North America	Europe	Asia and others	Total	Elimination / Corporate	Consolidated
Net sales							
Sales to unaffiliated customers	¥ 31,109	¥ 7,091	¥ 7,315	¥ 60,380	¥ 105,896	¥ -	¥ 105,896
Intersegment sales	71,561	2,548	8	23,762	97,880	(97,880)	-
Total	102,671	9,639	7,323	84,142	203,776	(97,880)	105,896
Operating expenses	100,959	10,123	7,256	83,304	201,643	(92,710)	108,932
Operating profit (loss)	¥ 1,711	¥ (483)	¥ 67	¥ 837	¥ 2,133	¥ (5,170)	¥ (3,036)
Total assets	¥ 119,396	¥ 9,780	¥ 3,968	¥ 48,428	¥ 181,573	¥ (43,675)	¥ 137,897

Notes: 1. The above segments include the following countries and areas:

(1) North America …………… The United States of America
(2) Europe …………………… Germany
(3) Asia and others…………… Singapore, Malaysia, Hong Kong, Taiwan, South Korea, People's Republic of China

2. Unallocated operating expenses, which mainly consist of expenses related to the management division at the parent company's head office, and are included in the "Elimination / Corporate" column above, was ¥5,083 million for the years ended March 31, 2010.

3. Corporate assets, which mainly consist of cash and marketable securities (short-term surplus funds) and investments in securities (long-term investments) at the parent company as well as the assets held by the Corporate division, and are included in the "Elimination / Corporate" column above, was ¥11,143 million for the years ended March 31, 2010.

(3) Overseas sales

Overseas sales of the Company and its consolidated subsidiaries for the year ended March 31, 2010 is as follows:

	Millions of yen			
	2010			
	North America	Europe	Asia and others	Total
Overseas sales	¥ 5,962	¥ 7,955	¥ 65,859	¥ 79,777
Consolidated net sales				105,896
Ratio of overseas sales to consolidated net sales (%)	5.6	7.5	62.2	75.3

Notes: 1. The above segments include the following countries and areas:

(1) North America …………… The United States of America, Canada

(2) Europe …………………… Germany, France, Finland, the United Kingdom

(3) Asia and others ……………Singapore, Malaysia, Hong Kong, Taiwan, South Korea, People's Republic of China

2. Overseas sales include export sales by the Company and its domestic consolidated subsidiaries to overseas unaffiliated customers, as well as all sales to overseas unaffiliated customers by overseas subsidiaries.

27. Segment Information

(1) Overview of reportable segments

The Company has classified its reportable segments as the discrete units from which it obtains financial information, and for which the Board of Directors periodically allocates resources and evaluates performance.

The Company has established a functional business division for the capacitor business that mainly manufactures and sells capacitors. The business division formulates comprehensive strategies for Japan and overseas. Accordingly, the Company has a single segment "Capacitor".

The "capacitor" business mainly manufactures and sells aluminum capacitors related products including processed aluminum foils that are used as raw materials.

(2) Method of calculating amounts of net sales, income (loss), assets, and other items

The accounting policies of the segments are substantially the same as those described in the significant policies in Note 1 **"**Basis of Presenting the Consolidated Financial Statements". Profits of reportable segments correspond to operating income.

(3) Information concerning net sale and income (loss), assets and other items by reportable segment

	Millions of yen					
	2011			2010		
	Capacitor	Other	Consolidated	Capacitor	Other	Consolidated
Net sales						
Sales to unaffiliated customers	**¥ 119,786**	**¥ 8,003**	**¥ 127,790**	¥ 96,674	¥ 9,221	¥ 105,896
Intersegment sales	-	-	-	-	-	-
Total	**119,786**	**8,003**	**127,790**	96,674	9,221	105,896
Segment profit (loss)	**8,363**	**(207)**	**8,155**	(2,721)	(315)	(3,036)
Other						
Depreciation	**8,550**	**223**	**8,773**	9,046	280	9,326
Increase in fixed assets	**9,519**	**94**	**9,614**	3,735	278	4,013

	Thousands of U.S. dollars (Note 1)		
	2011		
	Capacitor	Other	Consolidated
Net sales			
Sales to unaffiliated customers	**$ 1,440,606**	**$ 96,258**	**$ 1,536,864**
Intersegment sales	**-**	**-**	**-**
Total	**1,440,606**	**96,258**	**1,536,864**
Segment profit (loss)	**100,584**	**(2,496)**	**98,087**
Other			
Depreciation	**102,826**	**2,685**	**105,512**
Increase in fixed assets	**114,484**	**1,138**	**115,622**

Notes: 1. “Other” includes business segments other than the reportable segment such as CMOS Camera modules and Amorphous Choke Coils.
2. Total segment profit (loss) corresponds to operating income in the consolidated income statements.
3. Segment assets are not disclosed since the assets are not allocated to each business segment.

(Change of Accounting Standard)

Effective the fiscal year ended March 31, 2011, the Company adopted “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No.20, March 21, 2008).

(4) Related information

Related information for the year ended March 31, 2011 is as follows:

1) Information by products and services

Information by products and services is omitted because the information is same as that of reporting segments.

2) Information by geographic area

1) Sales

	Million of yen					
	2011					
	Japan	China	America	Europe	Others	Total
Sales	**¥ 31,262**	**¥ 47,683**	**¥ 7,988**	**¥ 11,096**	**¥ 29,759**	**¥ 127,790**

Notes: “Sales” is categorized by countries and regional areas based on locations of customers.

	Thousands of U.S. dollars (Note 1)					
	2011					
	Japan	China	America	Europe	Others	Total
Sales	**$ 375,972**	**$ 573,469**	**$ 96,070**	**$ 133,445**	**$ 357,905**	**$ 1,536,864**

2) Fixed assets

	Million of yen					
	2011					
	Japan	China	America	Europe	Others	Total
Fixed assets	**¥ 35,149**	**¥ 3,213**	**¥ 3,861**	**¥ 62**	**¥ 5,462**	**¥ 47,750**

	Thousands of U.S. dollars (Note 1)					
	2011					
	Japan	China	America	Europe	Others	Total
Fixed assets	**$ 422,728**	**$ 38,645**	**$ 46,439**	**$ 754**	**$ 65,696**	**$ 574,263**

3) Information about major customer

Information about major customer for the year ended March 31, 2011 is not presented as there is no customer to whom sales is over 10% in the consolidated income statement.

28. Subsequent events

Fiscal year 2011

Until March 31, 2011, the Company and certain of its consolidated domestic subsidiaries had the defined benefit pension plans, tax-qualified pension plans and lump-sum retirement payment plans. However, with effect from April 1, 2011, the tax-qualified pension plans were abolished and transferred to the defined contribution pension plans and lump-sum retirement payment plans. Accordingly, the Company will apply the “Accounting for Transfer between Retirement Benefit Plans” (Accounting Standards Board of Japan Implementation Guidance No. 1), and account for the closure of the retirement benefits transferred to the defined contribution pension plans. The impact of this transfer in plans on the consolidated income before income taxes and minority interests for the fiscal year ending March 31, 2012, is estimated at ¥270 million as extraordinary loss.

Fiscal year 2010

None