NIPPON CHEMI-CON CORPORATION

REPORT OF CONSOLIDATED FINANCIAL STATEMENTS

For the years ended
March 31, 2012 and 2011

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

	Millions of yen except for per share amounts									
	2012		2011		2010		2009		2008	
Net sales	¥	100,290	¥	127,790	¥	105,896	¥	114,578	¥	143,206
Net income (loss)	¥	(4,909)	¥	3,297	¥	(4,294)	¥	(12,700)	¥	2,512
Net income (loss) per share:										
Basic	¥	(34.49)	¥	23.17	¥	(36.11)	¥	(103.29)	¥	19.89
Diluted	¥	-	¥	-	¥	-	¥	-	¥	-
Net assets per share	¥	388.49	¥	429.82	¥	423.85	¥	485.33	¥	618.26

	Thousands of U.S. dollars except for per share amounts									
	2012		2011		2010		2009		2008	
Net sales	$	1,220,229	$	1,554,815	$	1,288,429	$	1,394,065	$	1,742,387
Net income (loss)	$	(59,733)	$	40,123	$	(52,250)	$	(154,522)	$	30,573
Net income (loss) per share:										
Basic	$	(0.42)	$	0.28	$	(0.44)	$	(1.26)	$	0.24
Diluted	$	-	$	-	$	-	$	-	$	-
Net assets per share	$	4.73	$	5.23	$	5.16	$	5.90	$	7.52

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 ¥82.19= U.S. $1, as referred to in Note 1 to the consolidated financial statements.

To Our Stakeholders

Ikuo Uchiyama

Overview of Operating Results

The market environment surrounding Nippon Chemi-Con Group during FY2012 (the year ended March 31, 2012) remained severe with overall decrease in demand for electronic components accompanied with weak demand in consumer electronics equipment including digital appliances and PC.

We strengthened our sales expansion system to secure sales, further reduced costs for profit improvement, and increased production overseas as foreign exchange countermeasures, while at the same time set up Cost Structural Reform Task Force this January to embark on fundamental profit structural reform.

Based on the Sixth Mid-Term Management Plan which started in April 2011, we accelerated decision making through integrated operation of sales, development, production and staff, and strived to expand sales in the strategic five markets including automotive electronics market, industrial use inverter market, new energy market, home appliances market, and ICT market.

As for new products, we launched snap-in type aluminum electrolytic capacitors, the LXS series, which has expanded its rated voltage to 500V, as a product optimal for PV power conditioner. We also enhanced lineup of SMD type aluminum electrolytic capacitor, the MZJ series as a product targeted for automobile and communications infrastructure market, and for lead-type aluminum electrolytic capacitor, we developed the KHE series, which has reduced the size up to 25% compared to the earlier product, for digital appliances, general use power supply, and adapters. While maintaining the characteristics of earlier products, we strengthened lineup of conductive polymer aluminum solid capacitors with smaller size and lower height to be used for PC and other digital appliances becoming smaller and thinner.

To accelerate R&D of next generation storage device and its materials, we opened Kanagawa Research Center (located in Kawasaki city, Kanagawa prefecture) and began research activities aiming to develop new markets.

With regard to the Great East Japan Earthquake which occurred in March 2011, we put utmost efforts to restore our damaged production bases and resume production at an early stage. As a result, we were able to return our production status back to pre-earthquake level on May 19, 2011.

However, the impact of the Great East Japan Earthquake including power shortages and slowdown in demand due to inventory adjustment severely affected our earnings, followed with drop in sales price and exchange fluctuations.

As a consequence, consolidated financial results for the year ended March 31, 2012 recorded net sales of 100,290 million yen (a decrease of 21.5% year on year), operating loss of 2,596 million yen (operating income of 8,155 million yen in the previous year), and ordinary loss of 2,633 million yen (ordinary income of 6,744 million yen in the previous year). Net loss recorded 4,909 million yen (net income of 3,297 million yen in the previous year), including extraordinary loss related to the Great East Japan Earthquake.

Operating Performance by Business Segment

The following presents a breakdown of sales by segment.

1. Capacitors (89,594 million yen, accounting for 89.3% of total net sales)
   Sales of capacitors decreased by 20.7% year on year mainly due to decrease in demand for PC and digital appliances, as well as inverters and industrial equipment applications, which had been strong in China and other Asian market.

2. Electro-mechanical parts and other parts (3,074 million yen, accounting for 3.1% of total net sales)
   Sales of this segment decreased by 8.5% year on year mainly due to decrease in demand for amorphous choke coils and mechanical components.

3. Capacitors materials (5,426 million yen, accounting for 5.4% of total net sales)
   Sales of capacitors materials decreased by 19.4% year on year mainly due to decrease in demand for aluminum electrolytic capacitors electrode foil in Japan and Asian market.

4. Other products (2,195 million yen, accounting for 2.2% of total net sales)
   Sales of other products decreased by 52.7% year on year mainly due to changing of CU TECH CORPORATION from Nippon Chemi-Con's consolidated affiliate to equity method affiliate, though sales of resale products increased.

Outlook for FY 2012

Business environment is expected to remain severe with concerns over strong yen trend and crude oil price hovering at a high level, in addition to the slowdown in overseas economy.

In the mid-to-long term perspective, we will reinforce our business infrastructure based on the Sixth Mid-Term Management Plan, and expand our sales through early development of new products that match the strategic five markets. By regions, we will further strengthen overseas businesses centered in emerging countries. Especially in China, we will develop a new business model that covers from materials procurement, product development, and production to sales in China. By opening an R&D office in China and developing locally based development system at an early stage, we will further strengthen our competitiveness in the Chinese market.

For our new businesses, we will develop our electric double layer capacitors business to a full-fledged business, such as by supplying our new product with largely reduced internal resistance for automotive applications.

Thank you for your continued support.

June 28, 2012

I. Uchiyama

Ikuo Uchiyama
President

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Balance Sheets
As of March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
Assets	**2012**	2011	**2012**
Current assets:			
Cash on hand and in banks (Note 6)	**¥ 17,671**	¥ 16,047	**$ 215,012**
Trade receivables:			
Notes	**933**	1,226	**11,358**
Accounts	**18,681**	26,452	**227,302**
Inventories (Note 7)	**27,128**	20,964	**330,075**
Accounts receivable – other	**5,351**	6,444	**65,117**
Deferred tax assets (Note 10)	**229**	159	**2,796**
Other current assets	**722**	606	**8,788**
Less allowance for doubtful accounts	**(63)**	(77)	**(766)**
Total current assets	**70,657**	71,824	**859,684**
Property, plant and equipment:			
Buildings and structures	**35,755**	34,341	**435,032**
Machinery, equipment and others	**121,495**	117,097	**1,478,229**
Land	**7,073**	7,079	**86,066**
Lease assets	**557**	468	**6,787**
Construction in progress	**4,415**	2,365	**53,725**
Sub total	**169,298**	161,352	**2,059,841**
Less accumulated depreciation	**(117,597)**	(113,602)	**(1,430,801)**
Property, plant and equipment, net	**51,700**	47,750	**629,040**
Intangible fixed assets (Note 20)	**2,227**	1,929	**27,101**
Investments and other assets :			
Investment securities (Notes 8 and 17)	**10,695**	10,696	**130,127**
Long-term loans receivable	**10**	19	**125**
Deferred tax assets (Note 10)	**81**	17	**985**
Other	**2,229**	2,494	**27,122**
Less allowance for doubtful accounts	**(42)**	(39)	**(512)**
Total investments and other assets	**12,973**	13,189	**157,848**
Total assets	**¥ 137,559**	¥ 134,693	**$ 1,673,675**

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

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Balance Sheets
As of March 31, 2012 and 2011

Liabilities and Net Assets	Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars (Note 1) 2012
Current liabilities:			
Trade payables:			
Notes	**¥ 420**	¥ 418	**$ 5,120**
Accounts	**4,410**	6,279	**53,662**
Short-term debt (Note 9)	**10,007**	13,033	**121,762**
Accounts payable-other	**8,678**	10,729	**105,589**
Accrued expenses	**1,688**	1,831	**20,549**
Income taxes payable (Note 10)	**384**	680	**4,673**
Bonus reserve	**1,515**	1,775	**18,439**
Directors' bonus reserve	**-**	30	**-**
Provision for loss on disaster	**124**	498	**1,508**
Notes payable – equipments	**365**	250	**4,448**
Other current liabilities	**480**	513	**5,843**
Total current liabilities	**28,076**	36,041	**341,599**
Long-term liabilities:			
Long-term debt (Note 9)	**45,675**	29,335	**555,734**
Deferred tax liabilities (Note 10)	**380**	493	**4,625**
Provision for retirement benefits (Note 11)	**7,012**	6,513	**85,318**
Provision for environmental safety measures	**320**	361	**3,898**
Other long-term liabilities	**484**	449	**5,889**
Total long-term liabilities	**53,872**	37,153	**655,467**
Total liabilities	**81,948**	73,194	**997,066**
Net assets:			
Shareholders' equity			
Common stock			
Authorized 396,132,000 shares issued and outstanding			
142,448,334 shares in 2012 and 142,448,334 shares in 2011	**17,884**	17,884	**217,598**
Capital surplus	**36,196**	36,196	**440,401**
Retained earnings	**9,996**	15,332	**121,621**
Treasury stock, at cost (Note 15)	**(39)**	(32)	**(475)**
Total shareholders' equity	**64,038**	69,381	**779,146**
Accumulated other comprehensive income			
Net unrealized gains on securities	**502**	549	**6,112**
Foreign currency translation adjustments	**(9,250)**	(8,749)	**(112,544)**
Total accumulated other comprehensive income	**(8,747)**	(8,200)	**(106,432)**
Minority interests	**320**	317	**3,895**
Total net assets	**55,610**	61,498	**676,609**
Total liabilities and net assets	**¥ 137,559**	¥ 134,693	**$ 1,673,675**

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, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Net sales (Notes 27)	¥ **100,290**	¥ 127,790	$ **1,220,229**
Cost of sales	**85,527**	100,943	**1,040,604**
Gross profit	**14,763**	26,846	**179,625**
Selling, general and administrative expenses (Notes 18 and 19)	**17,360**	18,690	**211,222**
Operating income (loss)	**(2,596)**	8,155	**(31,597)**
Non-operating income:			
Interest income	**39**	52	**482**
Dividend earned	**68**	67	**832**
Foreign exchange gain	**41**	-	**508**
Subsidies for employment adjustment	**120**	-	**1,466**
Equity in earnings of affiliated companies	**394**	515	**4,800**
Other	**181**	86	**2,202**
Total non-operating income	**845**	721	**10,292**
Non-operating expenses:			
Interest expense	**695**	733	**8,459**
Commission for syndicate loan	**158**	49	**1,929**
Foreign exchange loss	**-**	1,310	**-**
Other	**27**	40	**338**
Total non-operating expenses	**882**	2,133	**10,731**
Ordinary income (loss)	**(2,633)**	6,744	**(32,036)**
Extraordinary income:			
Gain on sale of property, plant and equipment (Note 21)	**5**	18	**72**
Gain on sale of investment securities	**152**	10	**1,860**
Other	**-**	0	**-**
Total extraordinary income	**158**	29	**1,932**
Extraordinary loss:			
Loss on disposal of property, plant and equipment (Note 21)	**134**	269	**1,641**
Loss on devaluation of investments in securities	**0**	1	**2**
Loss on disaster (Note 22)	**1,053**	1,732	**12,816**
Loss on abolishment of retirement benefit plan	**270**	-	**3,289**
Other	**0**	4	**0**
Total extraordinary loss	**1,458**	2,008	**17,749**
Income (Loss) before income taxes and minority interests	**(3,933)**	4,764	**(47,852)**
Income taxes (Note 10):			
Current	**1,110**	1,417	**13,514**
Deferred	**(147)**	38	**(1,790)**
	963	1,456	**11,723**
Income (Loss) before minority interests	**(4,896)**	3,308	**(59,576)**
Minority interests	**12**	10	**156**
Net income (loss)	¥ **(4,909)**	¥ 3,297	$ **(59,733)**

Net income (loss) per share:	Yen		U.S. dollars (Note 1)
	2012	2011	**2012**
Basic	¥ **(34.49)**	¥ 23.17	$ **(0.42)**
Diluted	**-**	-	**-**
Cash dividends per share (Note 24)	**-**	3.00	**-**

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

Consolidated Statements of Comprehensive Income
For the years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Income (Loss) before minority interests	¥ **(4,896)**	3,308	$ **(59,576)**
Other comprehensive income (loss)			
Net unrealized holding gains (losses) on securities	**(42)**	(347)	**(520)**
Foreign currency translation adjustments	**(673)**	(2,083)	**(8,196)**
Share in other comprehensive income of associates accounted for using the equity method	**167**	(19)	**2,035**
Total other comprehensive loss	**(549)**	(2,450)	**(6,681)**
Comprehensive income (loss)	**(5,445)**	857	**(66,257)**
Attributable to:			
Shareholders of Nippon Chemi-Con Corporation	**(5,456)**	853	**(66,392)**
Minority interests	**11**	3	**135**

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NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Statements of Changes in Net Assets
For the years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Shareholders' equity (Note 14)			
Common stock:			
Balance at beginning of year	**¥ 17,884**	¥ 17,884	**$ 217,598**
Balance at end of year	**17,884**	17,884	**217,598**
Capital surplus:			
Balance at beginning of year	**36,196**	36,196	**440,401**
Balance at end of year	**36,196**	36,196	**440,401**
Retained earnings:			
Balance at beginning of year	**15,332**	12,034	**186,550**
Cash dividends	**(427)**	-	**(5,195)**
Net income (loss) for the year	**(4,909)**	3,297	**(59,733)**
Balance at end of year	**9,996**	15,332	**121,621**
Treasury stock, at cost (Note 15):			
Balance at beginning of year	**(32)**	(19)	**(390)**
Acquisition of treasury stock	**(6)**	(12)	**(84)**
Balance at end of year	**(39)**	(32)	**(475)**
Total shareholders' equity	**64,038**	69,381	**779,146**
Accumulated other comprehensive income (Note 23)			
Net unrealized gains on securities:			
Balance at beginning of year	**549**	887	**6,680**
Decrease during the year	**(46)**	(338)	**(568)**
Balance at end of year	**502**	549	**6,112**
Foreign currency translation adjustments:			
Balance at beginning of year	**(8,749)**	(6,639)	**(106,453)**
Decrease during the year	**(500)**	(2,109)	**(6,091)**
Balance at end of year	**(9,250)**	(8,749)	**(112,544)**
Total accumulated other comprehensive income	**(8,747)**	(8,200)	**(106,432)**
Minority interests:			
Balance at beginning of year	**317**	453	**3,863**
Increase (decrease) during the year	**2**	(136)	**31**
Balance at end of year	**320**	317	**3,895**
Total net assets:			
Balance at beginning of year	**61,498**	60,797	**748,250**
Cash dividends	**(427)**	-	**(5,195)**
Net income (loss)	**(4,909)**	3,297	**(59,733)**
Acquisition of treasury stock	**(6)**	(12)	**(84)**
Net change in items other than shareholders' equity	**(544)**	(2,584)	**(6,627)**
Total changes during the year	**(5,888)**	701	**(71,641)**
Total net assets at end of year	**¥ 55,610**	¥ 61,498	**$ 676,609**

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

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Statements of Cash Flows
For the years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Cash flows from operating activities:			
Income (Loss) before income taxes and minority interests	**¥ (3,933)**	¥ 4,764	**$ (47,852)**
Depreciation and amortization	**9,200**	9,115	**111,942**
Amortization of goodwill and consolidation goodwill	**2**	(0)	**28**
Increase in provision for retirement benefits	**500**	301	**6,086**
Decrease in allowance for doubtful accounts	**(10)**	(132)	**(122)**
Decrease in provision for environmental safety measures	**(41)**	(77)	**(502)**
Interest and dividend income	**(108)**	(120)	**(1,314)**
Interest expense	**695**	733	**8,459**
Foreign exchange loss (gain)	**(20)**	326	**(253)**
Equity in earnings of affiliated companies	**(394)**	(515)	**(4,800)**
Loss on disposal of property, plant and equipment, net	**128**	251	**1,568**
Gain on sale of investment securities	**(152)**	(9)	**(1,860)**
Loss on devaluation of investment securities	**0**	1	**2**
Decrease (Increase) in notes and accounts receivable	**7,502**	(4,447)	**91,288**
Increase in inventories	**(6,295)**	(2,519)	**(76,600)**
Increase (Decrease) in notes and accounts payable	**(1,251)**	1,896	**(15,228)**
Increase (Decrease) in accounts payable – other	**(2,320)**	747	**(28,234)**
Other	**209**	406	**2,548**
Sub total	**3,711**	10,721	**45,153**
Interest and dividends received	**209**	193	**2,549**
Interest paid	**(717)**	(708)	**(8,724)**
Income taxes paid	**(1,382)**	(1,570)	**(16,825)**
Net cash provided by operating activities	**1,820**	8,636	**22,153**
Cash flows from investing activities:			
Increase in time deposit	**(741)**	(800)	**(9,016)**
Decrease in time deposit	**494**	1,602	**6,010**
Purchase of property, plant and equipment	**(12,452)**	(9,022)	**(151,508)**
Proceeds from sales of property, plant and equipment	**16**	55	**203**
Purchase of intangible fixed assets	**(590)**	(448)	**(7,185)**
Purchase of investment securities	**(1)**	(554)	**(17)**
Proceeds from sale of investment securities	**158**	3	**1,923**
Payments of loans receivable	**(62)**	(93)	**(755)**
Collection of loans receivable	**148**	243	**1,807**
Proceeds from sale of investment in a subsidiary	**-**	16	**-**
Other	**78**	325	**953**
Net cash used in investing activities	**(12,951)**	(8,671)	**(157,583)**
Cash flows from financing activities:			
Increase (Decrease) in short-term debt, net	**623**	(10,382)	**7,586**
Proceeds from long-term debt	**21,000**	7,598	**255,505**
Repayments of long-term debt	**(7,164)**	(493)	**(87,166)**
Redemption of bonds	**(1,000)**	-	**(12,166)**
Proceeds from sale and leaseback	**-**	499	**-**
Repayments of lease obligations	**(226)**	(183)	**(2,755)**
Purchases of treasury stock	**(6)**	(12)	**(84)**
Cash dividends paid	**(427)**	-	**(5,195)**
Cash dividends paid to minority shareholders	**(8)**	(45)	**(103)**
Net cash provided by (used in) financing activities	**12,790**	(3,018)	**155,620**
Effect of exchange rate changes on cash and cash equivalents	**(281)**	(1,120)	**(3,422)**
Net decrease in cash and cash equivalents	**1,378**	(4,173)	**16,766**
Cash and cash equivalents at beginning of year	**16,042**	20,216	**195,189**
Cash and cash equivalents at end of year (Note 6)	**¥ 17,420**	¥ 16,042	**$ 211,956**

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

Notes to Consolidated Statements
For the years ended March 31, 2012 and 2011

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, financial performance 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 ¥82.19= U.S. $1, the rate of exchange on March 31, 2012 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 is as follows:

	2012
Consolidated subsidiaries	**31**
Affiliated companies	**3**

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 and supplies are stated at cost, determined by the last purchase price method, but written down based on the declines in profitability.
Inventories other than merchandise and supplies 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 consolidated 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 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 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 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 currency swap 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 of 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.

Assessment of hedge effectiveness of interest swap and currency swap agreements are omitted 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 Operations represents 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 fixed 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.

3. Changes in accounting policies

None

4. Reclassification

(Consolidated Statements of Operations)
"Commission for syndicate loan" was included in "Other" account of non-operating expenses for the previous fiscal year, but because its amount exceeded over 10% of total non-operating expenses for the current fiscal year, it was changed to be presented as a separate account. The amounts of "Commission for syndicate loan" was ¥ 49 million for the previous fiscal year.

5. Additional information

The Company applied the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24, issued by the ASBJ on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24, issued by the ASBJ on December 4, 2009) to accounting changes and corrections of prior errors made after the beginning of the fiscal year ended March 31, 2012.

6. Cash and cash equivalents

Reconciliation of cash and cash equivalents to the amount disclosed on the balance sheets at March 31, 2012 and 2011 is as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2012		2011		**2012**	
Cash on hand and in banks	**¥**	**17,671**	¥	16,047	**$**	**215,012**
Time deposits with a deposit term of over 3 months		**(251)**		(5)		**(3,056)**
Cash and cash equivalents	**¥**	**17,420**	¥	16,042	**$**	**211,956**

7. Inventories

Inventories at March 31, 2012 and 2011 comprised the following:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2012		2011		**2012**	
Finished goods and merchandise	**¥**	**9,369**	¥	7,500	**$**	**114,000**
Work-in-process		**13,417**		8,819		**163,250**
Raw materials and supplies		**4,341**		4,644		**52,824**
Total	**¥**	**27,128**	¥	20,964	**$**	**330,075**

8. Investment securities

At March 31, 2012 and 2011, the carrying value, fair value and unrealized gains (losses) of investment securities, whose fair value is available, were as follows:

	Millions of yen							
	2012				2011			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair value	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair value
Other securities:								
Equity securities	**¥ 2,483**	**¥ 820**	**¥ 138**	**¥ 3,165**	¥ 2,484	¥ 869	¥ 48	¥ 3,304
Others	**106**	**-**	**9**	**96**	104	-	11	92
Total	**¥ 2,590**	**¥ 820**	**¥ 148**	**¥ 3,261**	¥ 2,588	¥ 869	¥ 60	¥ 3,397

	Thousands of U.S. dollars (Note 1)			
	2012			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair value
Other securities:				
Equity securities	**$ 30,220**	**$ 9,978**	**$ 1,685**	**$ 38,512**
Others	**1,292**	**-**	**121**	**1,171**
Total	**$ 31,512**	**$ 9,978**	**$ 1,806**	**$ 39,684**

9. Short-term and long-term debt

The weighted average interest rates applicable to loans for the years ended March 31, 2012 and 2011 were 1.36% and 1.48%, respectively.

Short-term debt at March 31, 2012 and 2011 comprised the following:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2012		2011		**2012**
Bank loans and overdrafts	¥	**5,266**	¥	4,659	$	**64,076**
Current portion of long-term debt		**4,506**		7,164		**54,828**
Unsecured bonds due within one year		**-**		1,000		**-**
Lease obligations (Short-term)		**234**		210		**2,857**
Total	¥	**10,007**	¥	13,033	$	**121,762**

Long-term debt at March 31, 2012 and 2011 comprised the following:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2012		2011		**2012**
Loans:						
Loans, principally from banks and insurance companies due from 2013 to 2020 with interest rates ranging from 0.70% to 5.22%	¥	**49,827**	¥	35,992	$	**606,249**
Bonds:						
Unsecured bonds, due from 2011 to 2010 with interest rates 1.529%		**-**		1,000		**-**
Lease obligations (Long-term)		**354**		507		**4,314**
		50,182		37,500		**610,563**
Less: current portion		**(4,506)**		(8,164)		**(54,828)**
Total	¥	**45,675**	¥	29,335	$	**555,734**

10. Income Taxes

(Adjustments of deferred tax assets and liabilities due to change in statutory tax rate)
Following the promulgation on December 2, 2011 of the “Act for Partial Revision of the Income Tax Act etc.for the purpose of Creating Taxation System Responding to Changes in Economic and Social Structures” (Act No.114 of 2011) and the “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake” (Act No.117 of 2011), corporation tax rates will be changed for the fiscal years beginning on or after April 1, 2012. In addition, the Special Reconstruction Corporation Tax, a surtax for reconstruction funding after the Great East Japan Earthquake, will be imposed for the fiscal years beginning in the period from April 1, 2012 to March 31, 2015.
In line with these changes, the effective statutory rate used to measure deferred tax assets and liabilities was changed from 40.26% to 37.61% for temporary differences expected to be utilized in the fiscal years from April 1, 2012 to March 31, 2015. The rate was also changed to 35.23% for temporary differences expected to be utilized in the fiscal years beginning on or after April 1, 2015.
This change resulted in slight effect.

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, 2012 and 2011. The effective tax rates on the statements of operations 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, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Deferred tax assets:			
Bonus reserve	**¥ 542**	¥ 690	**$ 6,602**
Provision for retirement benefits	**2,500**	2,572	**30,421**
Tax loss carry forwards	**8,616**	6,536	**104,839**
Unrealized gain on inventories	**106**	239	**1,292**
Loss on devaluation of investments in subsidiaries	**1,876**	2,098	**22,826**
Provision for environmental safety measures	**120**	145	**1,466**
Loss on devaluation of inventories	**300**	250	**3,659**
Accrued expenses	**94**	283	**1,151**
Other	**207**	258	**2,520**
Total gross deferred tax assets	**14,365**	13,075	**174,778**
Valuation allowance	**(13,772)**	(12,742)	**(167,565)**
Total deferred tax assets	**592**	333	**7,213**
Deferred tax liabilities:			
Net unrealized gains on securities	**(236)**	(324)	**(2,875)**
Depreciation recorded by foreign subsidiaries	**(308)**	(228)	**(3,754)**
Other	**(122)**	(95)	**(1,490)**
Total deferred tax liabilities	**(667)**	(648)	**(8,120)**
Net deferred tax liabilities	**¥ (74)**	¥ (315)	**$ (906)**

For the year ended March 31, 2012 and 2011 the reconciliation of the statutory tax rate to the effective income tax rate is as follows:

	2012	2011
Statutory tax rate	**40.26 %**	40.26 %
Increase (decrease) in taxes resulting from:		
Expenses not deductible for income tax purposes	**(1.19)**	1.03
Revenues not taxable such as dividend income	**19.98**	(26.37)
Effect of eliminated dividends	**(20.79)**	29.32
Difference in subsidiaries' tax rates	**9.49**	(18.68)
Equity in earnings of affiliates	**4.04**	(4.35)
Change in the valuation allowance	**(26.18)**	0.90
Unrealized gain on inventories	**(3.68)**	(0.72)
Overseas withholding taxes	**(8.05)**	4.00
Capita levy on inhabitant tax	**(1.13)**	0.95
Adjustments due to change in statutory tax rate	**(37.00)**	-
Other	**(0.25)**	4.22
Effective income tax rate	**(24.50) %**	30.56 %

11. 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, lump-sum retirement payment plans and defined contribution 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.

In addition, in certain cases, the Company pays special retirement allowances to retiring employees, which are not covered by employee retirement regulations.

(Additional information)

The Company and its domestic consolidated subsidiaries terminated tax-qualified pension plans on April 1, 2011 and integrated it into defined contribution plans and lump-sum retirement payment plans.

Then the Company applied "Accounting for Transfers between Retirement Benefit Plans" (ASBJ Guidance No. 1 on January 31, 2002). As a result, extraordinary loss increased by ¥270 million for the year ended March 31, 2012.

The funded statuses of retirement benefit plans as of March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Projected benefit obligation (note)	¥ **(23,557)**	¥ (23,653)	$ **(286,619)**
Plan assets at fair value	**11,180**	13,035	**136,027**
Unfunded benefit obligation	**(12,377)**	(10,617)	**(150,591)**
Unrecognized actuarial loss	**7,081**	6,099	**86,155**
Unrecognized prior service cost	**(1,328)**	(1,653)	**(16,159)**
Total	**(6,624)**	(6,172)	**(80,595)**
Prepaid pension cost	**388**	340	**4,723**
Provision for retirement benefits	**(7,012)**	(6,513)	**(85,318)**

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

The net periodic retirement expenses for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Service cost (note)	¥ **774**	¥ 890	$ **9,421**
Interest cost	**429**	457	**5,219**
Expected return on plan assets	**(136)**	(163)	**(1,655)**
Amortization of prior service cost	**(154)**	(165)	**(1,883)**
Amortization of unrecognized actuarial loss	**557**	540	**6,782**
Contribution to defined contribution pension plan	**128**	52	**1,560**
Net periodic retirement expense	**1,598**	1,612	**19,445**

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:

	2012	2011
Discount rate	**Primarily 1.5%**	Primarily 2.0%
Expected rate of return on plan assets	**1.25%**	1.25%
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

12. Contingent Liabilities

The contingent liabilities as of March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Guarantees of borrowings of affiliates	**¥ 855**	¥ 263	**$ 10,403**

13. 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 not applied

Currency-related transactions

	Millions of yen					
	March 31, 2012			March 31, 2011		
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts						
Sell:						
US$	**¥ 2,823**	**¥ (95)**	**¥ (95)**	¥ 7,916	¥ 39	¥ 39
Euro	**496**	**(22)**	**(22)**	813	(18)	(18)
Buy:						
US$	**137**	**(1)**	**(1)**	690	(6)	(6)
	¥ 3,456	**¥ (120)**	**¥ (120)**	¥ 9,420	¥ 14	¥ 14

	Thousands of U.S. dollars (Note 1)		
	March 31, 2012		
	Notional amount	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts			
Sell:			
US$	**$ 34,347**	**$ (1,162)**	**$ (1,162)**
Euro	**6,037**	**(279)**	**(279)**
Buy:			
US$	**1,674**	**(21)**	**(21)**
	$ 42,058	**$ (1,463)**	**$ (1,463)**

(2) Derivative transactions to which hedge accounting is applied

1) Currency-related transactions

			Millions of yen					
			March 31, 2012			March 31, 2011		
Classification	Item	Hedged liabilities	Notional amount	Notional amount due after one year	Fair value	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**	**(*)**	1,000	1,000	(*)

			Thousands of U.S. dollars (Note 1)		
			March 31, 2012		
Classification	Item	Hedged liabilities	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	**12,166**	**12,166**	(*)

(*) 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

			Millions of yen					
			March 31, 2012			March 31, 2011		
Classification	Item	Hedged liabilities	Notional amount	Notional amount due after one year	Fair value	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	**30,500**	**26,500**	(*)	21,500	15,500	(*)

			Thousands of U.S. dollars (Note 1)		
			March 31, 2012		
Classification	Item	Hedged liabilities	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	**371,091**	**322,423**	(*)

(*) 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.

14. 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.

15. Treasury stock

		2011		Increase during the year		Decrease during the year		2012
Number of shares		108,435		16,893		-		125,328
Total price (Millions of yen)	¥	32	¥	6	¥	-	¥	39
Total price (Thousands of U.S. dollars)	$	390	$	84	$	-	$	475

16. Pledged assets

There are no pledged assets.

17. 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) 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, 2012 and 2011 and transactions for the years ended March 31, 2012 and 2011 with related parties are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Investment securities	¥ **7,250**	¥ 7,111	$ **88,222**

	Millions of yen					
	2012			2011		
	Transaction amount	Account title	Balance at end of year	Transaction amount	Account title	Balance at end of year
Purchase of affiliates' products	¥ **3,069**	Accounts payable	¥ **282**	¥ 2,976	Accounts payable	¥ 267
Sales of materials and equipments	**671**	Accounts receivable	**49**	1,123	Accounts receivable	62
Supply of materials	¥ **978**	Accounts receivable - other	¥ **63**	¥ 753	Accounts receivable - other	¥ 8

	Thousands of U.S. dollars (Note 1)		
	2012		
	Transaction amount	Account title	Balance at end of year
Purchase of affiliates' products	$ **37,341**	Accounts payable	$ **3,442**
Sales of materials and equipments	**8,166**	Accounts receivable	**604**
Supply of materials	$ **11,902**	Accounts receivable - other	$ **772**

18. Selling, General Administrative expenses

The following are the major elements of selling, general and administrative expenses for the years ended March 31, 2012 and 2011.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Freight and transportation	¥ **2,249**	¥ 3,728	$ **27,372**
Salaries and wages	**3,963**	4,000	**48,228**
Retirement benefit expenses	**660**	675	**8,041**
Depreciation	**726**	686	**8,835**
Research and development expenses	**3,966**	3,642	**48,265**
Provision for bonus reserve	**825**	834	**10,049**
Provision for directors' bonus reserve	**-**	30	**-**
Provision for doubtful account	**4**	13	**49**

19. Research and Development expenses

The total amounts of research and development expenses for the years ended March 31, 2012 and 2011 are as follows and all of them are charged to income as incurred.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Research and development expenses	¥ **3,966**	¥ 3,642	$ **48,265**

20. Goodwill

The goodwill included in intangible fixed assets for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2012		2011		**2012**	
Goodwill	¥	**2**	¥	5	$	**36**

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

Gain on sale of property, plant and equipment for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2012		2011		**2012**	
Buildings and structures	¥	**-**	¥	11	$	**-**
Machinery, equipment and others		**5**		0		**72**
Land		**-**		6		**-**
Total	¥	**5**	¥	18	$	**72**

Loss on sale of property, plant and equipment for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2012		2011		**2012**	
Buildings and structures	¥	**0**	¥	-	$	**0**
Machinery, equipment and others		**2**		16		**26**
Total	¥	**2**	¥	16	$	**27**

Loss from retirement of property, plant and equipment for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2012		2011		**2012**	
Buildings and structures	¥	**34**	¥	145	$	**421**
Machinery, equipment and others		**98**		108		**1,192**
Total	¥	**132**	¥	253	$	**1,614**

22. Loss on disaster

The Company recognized loss associated with the Great East Japan Earthquake for the year ended March 31, 2012 and 2011 as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2012		2011		**2012**	
Fixed expenses during downtime owing to the earthquake	¥	**443**	¥	703	$	**5,395**
Loss on damaged inventories and property, plant and equipment		**74**		411		**903**
Restoration costs		**535**		513		**6,517**
Contribution to damaged local governments		**-**		103		**-**
Total	¥	**1,053**	¥	1,732	$	**12,816**

23. Other comprehensive income

For the year ended March 31, 2012, other comprehensive income (loss) was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)	
Net unrealized holding gains on securities				
Increase during the year	¥	16	$	199
Reclassification adjustments		(152)		(1,857)
Before deferred tax adjustments		(136)		(1,658)
Deferred tax amounts		93		1,137
Net unrealized holding gains on securities		(42)		(520)
Foreign currency translation adjustments				
Decrease during the year		(673)		(8,196)
Foreign currency translation adjustments		(673)		(8,196)
Share in other comprehensive income of associates accounted for using the equity method				
Increase during the year		167		2,035
Total other comprehensive income	¥	(549)	$	(6,681)

24. Dividend

(1) Year ended March 31, 2012（April 1, 2011 to March 31, 2012）

1) Dividends paid

Dividend on common stock:

	Millions of yen		Thousands of U.S. dollars (Note 1)	
Total dividends to be paid	¥	427	$	5,195
Dividend per share (Yen and Dollar)	¥	3.00	$	0.03
Date of record	March 31, 2011			
Effective date	June 30, 2011			

2) Dividends for which the record date came during the year ended March 31, 2012, but for which the effective date will come after said period.

None

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

1) Dividends paid

None

2) 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.

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:

Dividend on common stock:

		Millions of yen
Total dividends to be paid	¥	427
Dividend per share (Yen)	¥	3.00
Date of record		March 31, 2011
Effective date		June 30, 2011

25. 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 currencies by entering into foreign exchange forward contracts with contact periods within 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 13 "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, 2012 and 2011 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 to "Notes: 2").

	Millions of yen					
	March 31, 2012			March 31, 2011		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
1) Cash on hand and in banks	**¥ 17,671**	**¥ 17,671**	**¥ -**	¥ 16,047	¥ 16,047	¥ -
2) Trade receivables	**19,615**	**19,615**	**-**	27,679	27,679	-
3) Marketable securities and investment securities						
i) Investments in securities	**3,261**	**3,261**	**-**	3,397	3,397	-
ii)Investments in stock of subsidiaries and affiliates	**7,176**	**4,715**	**(2,461)**	7,010	5,787	(1,222)
Total assets	**¥ 47,726**	**¥ 45,264**	**¥ (2,461)**	¥ 54,134	¥ 52,911	¥ (1,222)
1) Accounts payable – other	**¥ 8,678**	**¥ 8,678**	**¥ -**	¥ 10,729	¥ 10,729	¥ -
2) Short-term debt	**9,772**	**9,772**	**-**	11,823	11,823	-
3) Bonds	**-**	**-**	**-**	1,000	1,000	-
4) Long-term debt	**45,321**	**45,788**	**466**	28,827	29,472	644
Total liabilities	**¥ 63,772**	**¥ 64,239**	**¥ 466**	¥ 52,380	¥ 53,024	¥ 644
Derivative transactions	**¥ (120)**	**¥ (120)**	**¥ -**	¥ 14	¥ 14	¥ -

	Thousands of U.S. dollars (Note 1)		
	March 31, 2012		
	Carrying amount	Fair value	Difference
1) Cash on hand and in banks	$ **215,012**	$ **215,012**	$ **-**
2) Trade receivables	**238,660**	**238,660**	**-**
3) Marketable securities and investment securities			
i) Investments in securities	**39,684**	**39,684**	**-**
ii)Investments in stock of subsidiaries and affiliates	**87,322**	**57,372**	**(29,949)**
Total assets	$ **580,679**	$ **550,730**	$ **(29,949)**
1) Accounts payable – other	$ **105,589**	$ **105,589**	$ **-**
2) Short-term debt	**118,905**	**118,905**	**-**
3) Bonds	**-**	**-**	**-**
4) Long-term debt	**551,420**	**557,101**	**5,681**
Total liabilities	$ **775,914**	$ **781,596**	$ **5,681**
Derivative transactions	$ **(1,463)**	$ **(1,463)**	$ **-**

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) 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.

2) 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.

3) 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.

4) 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 13. Derivatives”.

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

	Consolidated balance sheet					
	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2012		2011		**2012**	
Unlisted shares	**¥**	**256**	¥	289	**$**	**3,120**

These items are excluded from "(3) Marketable securities and investment 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

	2012			
	Millions of yen		Thousands of U.S. dollars (Note 1)	
Cash on hand and in banks	¥	17,671	$	215,012
Trade receivables		19,615		238,660
Total	¥	37,287	$	453,673

Notes: 4 Redemption schedules of corporate long-term debt and bonds with maturities at March 31, 2012

	Long-term debt			
	Millions of yen		Thousands of U.S. dollars (Note 1)	
2013	¥	4,506	$	54,828
2014		14,302		174,017
2015		4,002		48,700
2016		13,002		158,204
2017		14,002		170,372
2018 and thereafter		10		125

26. 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, 2012 and 2011

	Millions of yen											
	2012						2011					
	Acquisition cost		Accumulated depreciation		Net balance		Acquisition cost		Accumulated depreciation		Net balance	
Machinery, equipment and others	**¥**	**93**	**¥**	**75**	**¥**	**18**	¥	139	¥	100	¥	38

	Thousands of U.S. dollars (Note 1)					
	2012					
	Acquisition cost		Accumulated depreciation		Net balance	
Machinery, equipment and others	**$**	**1,141**	**$**	**919**	**$**	**221**

(2) Amount of outstanding future lease payments at March 31, 2012 and 2011, including the portion of interest thereon, categorized by contractual maturity:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2012		2011		**2012**	
Within one year	**¥**	**11**	¥	**21**	**$**	**143**
Over one year		**8**		**19**		**98**
Total	**¥**	**19**	¥	**41**	**$**	**242**

(3) Lease expenses, depreciation and interest expense for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2012		2011		**2012**	
Lease expenses	**¥**	**22**	¥	38	**$**	**271**
Depreciation		**20**		34		**246**
Interest expense		**1**		1		**13**

Depreciation is calculated using the straight-line method. The useful economic lives of the lease 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 lease assets and the total lease payments.

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 2 **"**Summary of Significant Accounting Policies". Profits of reportable segments correspond to operating income.

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

	Millions of yen					
	2012			2011		
	Capacitor	Other	Consolidated	Capacitor	Other	Consolidated
Net sales						
Sales to unaffiliated customers	**¥ 95,021**	**¥ 5,269**	**¥ 100,290**	¥ 119,786	¥ 8,003	¥ 127,790
Intersegment sales	**-**	**-**	**-**	-	-	-
Total	**95,021**	**5,269**	**100,290**	119,786	8,003	127,790
Segment profit (loss)	**(2,345)**	**(251)**	**(2,596)**	8,363	(207)	8,155
Other						
Depreciation	**8,794**	**162**	**8,956**	8,550	223	8,773
Increase in fixed assets	**13,392**	**128**	**13,521**	9,519	94	9,614

	Thousands of U.S. dollars (Note 1)		
	2012		
	Capacitor	Other	Consolidated
Net sales			
Sales to unaffiliated customers	**$ 1,156,114**	**$ 64,115**	**$ 1,220,229**
Intersegment sales	**-**	**-**	**-**
Total	**1,156,114**	**64,115**	**1,220,229**
Segment profit (loss)	**(28,536)**	**(3,061)**	**(31,597)**
Other			
Depreciation	**106,997**	**1,977**	**108,974**
Increase in fixed assets	**162,942**	**1,568**	**164,510**

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 (loss) in the consolidated statements of operations.
3. Segment assets are not disclosed since the assets are not allocated to each business segment.

(4) Related information

Related information for the year ended March 31, 2012 and 2011 are 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

i) Net Sales

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Japan	**¥ 27,133**	¥ 31,262	**$ 330,125**
China	**36,422**	47,683	**443,151**
America	**7,470**	7,988	**90,894**
Europe	**9,915**	11,096	**120,642**
Others	**19,348**	29,759	**235,415**
Total	**¥ 100,290**	¥ 127,790	**$ 1,220,229**

ii) Fixed assets

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2012		2011		**2012**	
Japan	**¥**	**37,284**	¥	35,149	**$**	**453,642**
China		**3,063**		3,213		**37,278**
America		**4,274**		3,861		**52,002**
Europe		**55**		62		**675**
Others		**7,022**		5,462		**85,442**
Total	**¥**	**51,700**	¥	47,750	**$**	**629,040**

iii) Information about major customer

Information about major customer for the year ended March 31, 2012 and 2011 are not presented as there is no customer to whom sales is over 10% in the consolidated statements of operations.

28. Subsequent events

None

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Independent Auditor's Report

The Board of Directors
Nippon Chemi-Con Corporation

We have audited the accompanying consolidated financial statements of Nippon Chemi-Con Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2012, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Chemi-Con Corporation and its consolidated subsidiaries as at March 31, 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 28, 2012