NIPPON CHEMI-CON CORPORATION

REPORT OF CONSOLIDATED FINANCIAL STATEMENTS

For the years ended
March 31, 2014 and 2013

Building a better
working world

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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 sheet as at March 31, 2014, 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, 2014, 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 27, 2014

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

	Millions of yen except for per share amounts									
	2014		2013		2012		2011		2010	
Net sales	¥	113,962	¥	92,959	¥	100,290	¥	127,790	¥	105,896
Net income (loss)	¥	3,315	¥	(9,252)	¥	(4,909)	¥	3,297	¥	(4,294)
Net income (loss) per share:										
Basic	¥	22.34	¥	(65.01)	¥	(34.49)	¥	23.17	¥	(36.11)
Diluted	¥	-	¥	-	¥	-	¥	-	¥	-
Net assets per share	¥	390.16	¥	355.46	¥	388.49	¥	429.82	¥	423.85

	Thousands of U.S. dollars except for per share amounts									
	2014		2013		2012		2011		2010	
Net sales	$	1,107,295	$	903,219	$	974,452	$	1,241,646	$	1,028,915
Net income (loss)	$	32,217	$	(89,899)	$	(47,701)	$	32,041	$	(41,726)
Net income (loss) per share:										
Basic	$	0.22	$	(0.63)	$	(0.34)	$	0.23	$	(0.35)
Diluted	$	-	$	-	$	-	$	-	$	-
Net assets per share	$	3.79	$	3.45	$	3.77	$	4.18	$	4.12

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. As stated in Change in accounting policies, Nippon Chemi-con Corporation adopted the Accounting Standard for Retirement Benefits, etc. and implemented transitional handling as provided in clause of Section 37 of the Accounting Standard for Retirement Benefits. As a result, net assets per share for the consolidated fiscal year under review downed ¥20.90.
4. U.S. dollar amounts have been translated from yen at the rate of ¥102.92= U.S. $1, as referred to in Note 1 to the consolidated financial statements.

To Our Stakeholders

Ikuo Uchiyama

Overview of Operating Results

This term saw the global economy on the road to recovery spurred on by an increase in consumer spending in the U.S.A. and by a modest upswing in the health of troubled European economies. The Chinese economy remained relatively steady despite a decline in the growth rate. The Japanese economy is also showing signs of recovery due to the economic measures and monetary easing policy implemented by the government, which have succeeded in correcting the high yen, improving consumer sentiment thereby boosting consumer spending, and raising corporate profits.

The market environment surrounding the Nippon Chemi-Con Group has improved steadily, led by the strong demand for refrigerators, washing machines, air conditioners and other home appliance products ahead of the consumption tax increase in April. Demand for electronic components generally remained strong fueled by growth in automotive and related markets and solar power and other new energy markets.

The Nippon Chemi-Con Group has continued implementing the structural reforms announced in October 2012 focused on increasing earning power and promoting a shift to a management structure capable of generating stable profits. In an effort to reduce fixed costs, we have taken measures including withdrawing from unprofitable businesses, eliminating and consolidating production facilities, improving productivity, and reducing personnel costs. At the same time, we have reduced interest-bearing debt by reducing inventory and capital investment, to strengthen our financial base.

Looking at product development, we have been engaged in developing products for favorable markets such as automotive electronics, industrial use inverters, and home appliances. For automotive applications, we launched the LBK series of large-capacitance radial lead type aluminum electrolytic capacitors for airbags and expanded our lineup of high-temperature tolerant SMD type aluminum electrolytic capacitors for engine compartments. For industrial equipment, home appliances and new energy related equipment, we enhanced our lineup of large can type aluminum electrolytic capacitors such as RHA series which achieved the highest rated voltage in the world as a mass-produced model, and low-profile KMQ series. We also developed and commercialized electric double-layer capacitors with higher capacity and lower resistance for brake energy regeneration applications.

As a result, our consolidated net sales for this term were 113,962 million yen (up 22.6 % from the previous term), our operating income was 4,933 million yen (compared to an operating loss of 6,990 million yen in the previous term), our ordinary income was 4,304 million yen (compared to an ordinary loss of 6,685 million yen in the previous term), and our net income was 3,315 million yen (compared to a net loss of 9,252 million yen in the previous term).

However, in view of the current financial base, the Nippon Chemi-Con Group deeply regrets that it has decided to pay no year-end dividend for this term.

Operating Results by Segment

The following presents a breakdown of sales per business segment.
1. Capacitors (104,429 million yen, accounting for 91.6% of total net sales)
Sales of capacitors increased by 25.1% from the previous term mainly due to an increase in demand for home appliances, including air conditioners, inverters and related industrial equipment, and also due to an increase in sales of electric double-layer capacitors.

2. Electro-Mechanical Parts and Other Parts (2,771 million yen, accounting for 2.4% of total net sales)
Sales of this segment decreased by 13.5% from the previous term mainly due to a decrease in sales of mechanical components.

3. Capacitors Materials (4,923 million yen, accounting for 4.3% of total net sales)
Sales of capacitor materials increased by 4.0% from the previous term mainly due to an increase in demand for electrode foil for aluminum electrolytic capacitors.

4. Other Products (1,837 million yen, accounting for 1.7% of total net sales)
Sales of other products increased by 17.2% from the previous term mainly due to an increase in demand for resale products.

Outlook for Fiscal 2014

Looking to the future, the business environment is expected to continue its modest recovery although global business prospects in China and newly emerging economies remain uncertain. In Japan, the business environment is expected to remain uncertain due to concerns such as the dampening effect of the consumption tax increase on consumer spending.

In April 2014, the Nippon Chemi-Con Group launched its seventh medium-term management plan aiming to revitalize the company and prepare to take great strides forward by switching emphasis from structural reform to management innovations, thereby becoming a robust company that can withstand changes in the business environment of the global marketplace.

We will continue to enhance our financial base by reducing interest-bearing debt and boosting profitability by examining the fundamental cost structure of our main products, aluminum electrolytic capacitors. Our strategy is to aggressively expand sales of new products in the five markets of automotive electronics, industrial use inverters, new energy, home appliances and ICT. For the second pillar of our business operations, electric double-layer capacitors, we will promote further expansion and establish a firm position in automotive field while expanding business in the industrial equipment market and entering global markets such as Europe and Asia. We will also strive to create new business by leveraging technological assets such as conductive assistants for battery electrode and transparent polymer electrodes. To this end, in December 2013 and January 2014, we issued new shares to raise capital for investment in these and other fields with high profit potential.

The Nippon Chemi-Con Group will make concerted efforts to promote management innovation to achieve the goals of its seventh medium-term management plan.

On June 24, 2014, our head office and other relevant sales offices were subjected to an on-site investigation conducted by the Japan Fair Trade Commission (JFTC), due to a suspected violation of the Antimonopoly Act of

Japan with respect to sales of capacitors. Our group is also being subjected to investigations conducted by competition authorities of the USA, China and other countries, with respect to capacitors. We are cooperating fully with the investigations conducted by the JFTC and the respective competition authorities of other countries.

Thank you for your continued support.
June 27, 2014

I. Uchiyama

Ikuo Uchiyama
President

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Balance Sheets
For the years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
Assets	**2014**	2013	**2014**
Current assets:			
Cash on hand and in banks (Note 5)	¥ **24,628**	¥ 16,292	$ **239,294**
Notes and accounts receivable -trade	**25,577**	22,053	**248,515**
Marketable securities	**-**	3,000	**-**
Inventories (Note 6)	**20,879**	21,769	**202,873**
Accounts receivable – other	**4,851**	5,176	**47,141**
Deferred tax assets (Note 9)	**188**	249	**1,834**
Other current assets	**557**	526	**5,421**
Less allowance for doubtful accounts	**(64)**	(62)	**(627)**
Total current assets	**76,619**	69,007	**744,453**
Property, plant and equipment:			
Buildings and structures	**37,648**	36,484	**365,805**
Machinery, equipment and others	**122,289**	121,107	**1,188,195**
Land	**7,018**	7,219	**68,198**
Lease assets	**662**	577	**6,439**
Construction in progress	**1,319**	2,292	**12,816**
Sub total	**168,938**	167,681	**1,641,454**
Less accumulated depreciation	**(124,682)**	(119,655)	**(1,211,450)**
Property, plant and equipment, net	**44,255**	48,025	**430,003**
Intangible fixed assets	**2,016**	2,430	**19,595**
Investments and other assets :			
Investment securities (Notes 7 and 15)	**15,381**	12,649	**149,448**
Long-term loans receivable	**38**	22	**371**
Deferred tax assets (Note 9)	**242**	132	**2,355**
Other	**1,247**	2,218	**12,117**
Less allowance for doubtful accounts	**(31)**	(31)	**(309)**
Total investments and other assets	**16,877**	14,990	**163,983**
Total assets	¥ **139,769**	¥ 134,454	$ **1,358,036**

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

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Balance Sheets
For the years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
Liabilities and Net Assets	**2014**	2013	**2014**
Current liabilities:			
Notes and accounts payable - trade	**¥ 6,854**	¥ 5,581	**$ 66,597**
Short-term debt (Note 8)	**14,383**	26,916	**139,756**
Accounts payable-other	**6,873**	6,684	**66,789**
Income taxes payable (Note 9)	**638**	372	**6,200**
Accrued expenses	**1,894**	1,885	**18,407**
Bonus reserve	**1,587**	1,118	**15,424**
Provision for loss on disaster	**51**	92	**504**
Provision for structure reform	**53**	144	**522**
Notes payable – equipments	**36**	222	**351**
Other current liabilities	**356**	896	**3,463**
Total current liabilities	**32,730**	43,915	**318,018**
Long-term liabilities:			
Long-term debt (Note 8)	**30,985**	31,194	**301,059**
Deferred tax liabilities (Note 9)	**747**	580	**7,262**
Provision for retirement benefits(Note 10)	**-**	7,399	**-**
Provision for environmental safety measures	**202**	203	**1,972**
Net defined benefit liability(Note 10)	**10,900**	-	**105,915**
Other long-term liabilities	**358**	406	**3,479**
Total long-term liabilities	**43,194**	39,784	**419,689**
Total liabilities	**75,924**	83,700	**737,708**
Net assets:			
Shareholders' equity			
Common stock Authorized 396,132,000 shares issued and outstanding, 142,448,334 shares in 2013 and 163,148,334 shares in 2014	**21,526**	17,884	**209,152**
Capital surplus	**39,838**	36,196	**387,078**
Retained earnings	**4,059**	743	**39,442**
Treasury shares (Note 13)	**(53)**	(42)	**(523)**
Total shareholders' equity	**65,369**	54,782	**635,150**
Accumulated other comprehensive income			
Net unrealized gains on securities	**1,317**	956	**12,798**
Foreign currency translation adjustments	**306**	(5,153)	**2,975**
Remeasurements of defined benefit plans	**(3,406)**	-	**(33,094)**
Total accumulated other comprehensive income	**(1,782)**	(4,197)	**(17,320)**
Minority interests	**257**	168	**2,498**
Total net assets	**63,844**	50,754	**620,327**
Total liabilities and net assets	**¥ 139,769**	¥ 134,454	**$ 1,358,036**

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, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Net sales	**¥ 113,962**	¥ 92,959	**$ 1,107,295**
Cost of sales	**90,452**	82,880	**878,858**
Gross profit	**23,510**	10,078	**228,437**
Selling, general and administrative expenses (Notes 16 and 17)	**18,577**	17,068	**180,501**
Operating income (loss)	**4,933**	(6,990)	**47,935**
Non-operating income:			
Interest income	**62**	45	**608**
Dividend earned	**86**	70	**840**
Foreign exchange gains	**-**	884	**-**
Equity in earnings of affiliated companies	**386**	239	**3,752**
Other	**148**	191	**1,441**
Total non-operating income	**683**	1,432	**6,643**
Non-operating expenses:			
Interest expense	**654**	774	**6,354**
Financing expenses	**299**	317	**2,909**
Foreign exchange losses	**286**	-	**2,780**
Other	**72**	35	**707**
Total non-operating expenses	**1,312**	1,127	**12,751**
Ordinary income (loss)	**4,304**	(6,685)	**41,826**
Extraordinary income:			
Gain on sales of property, plant and equipment (Note 18)	**364**	2	**3,539**
Gain on sales of investments in affiliated companies	**-**	138	**-**
Subsidy	**79**	325	**771**
Other	**35**	0	**345**
Total extraordinary income	**479**	466	**4,656**
Extraordinary loss:			
Loss on disposal of property, plant and equipment (Note 19)	**109**	223	**1,060**
Loss on devaluation of investment securities	**-**	90	**-**
Impairment loss	**65**	-	**638**
Loss on structure reform	**-**	2,260	**-**
Other	**8**	66	**83**
Total extraordinary loss	**183**	2,640	**1,782**
Loss before income taxes and minority interests	**4,600**	(8,860)	**44,701**
Income taxes (Note 9):			
Current	**1,175**	642	**11,422**
Deferred	**29**	(77)	**290**
	1,205	565	**11,712**
Income (loss) before minority interest	**3,395**	(9,425)	**32,988**
Minority interests	**79**	(173)	**771**
Net income (loss)	**¥ 3,315**	¥ (9,252)	**$ 32,217**

Net income (loss) per share:	Yen		U.S. dollars (Note 1)
	2014	2013	**2014**
Basic	¥ 22.34	¥ (65.01)	$ 0.22
Diluted	**-**	-	**-**
Cash dividends per share (Note 21)	**-**	-	**-**

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

NIPPON CHEMI-CON CORPORATION and its consolidated subsidiaries

Consolidated Statements of Comprehensive Income
For the years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Loss before minority interests	**¥ 3,395**	¥ (9,425)	**$ 32,988**
Other comprehensive income (loss)			
Net unrealized holding gains on securities	**347**	451	**3,376**
Foreign currency translation adjustments	**5,305**	4,136	**51,551**
Share in other comprehensive income of associates accounted for using equity method	**187**	(16)	**1,818**
Total other comprehensive income	**5,840**	4,572	**56,746**
Comprehensive income (loss)	**¥ 9,235**	¥ (4,853)	**$ 89,735**
Attributable to:			
Shareholders of Nippon Chemi-Con Corporation	**9,136**	(4,702)	**88,771**
Minority interests	**99**	(151)	**963**

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

Consolidated Statements of Changes in Net Assets
For the years ended March 31, 2014 and 2013

For the Year Ended March 31, 2014

	Shareholders' equity (Note 12) Millions of yen				
	Common stock	Capital surplus	Retained earnings	Treasury shares (Note 13)	Total shareholders' equity
Balance at beginning of current year	¥ **17,884**	¥ **36,196**	¥ **743**	¥ **(42)**	¥ **54,782**
Changes of items during year					
Issuance of new shares	**3,641**	**3,641**			**7,283**
Net income			**3,315**		**3,315**
Purchase of treasury shares				**(11)**	**(11)**
Net changes of items other than shareholders' equity					
Total changes of items during year	**3,641**	**3,641**	**3,315**	**(11)**	**10,587**
Total net assets at end of current year	¥ **21,526**	¥ **39,838**	¥ **4,059**	¥ **(53)**	¥ **65,369**

	Accumulated other comprehensive income (Note 20) Millions of yen					
	Net unrealized gains on securities	Foreign currency translation adjustments:	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets at end of current year
Balance at beginning of current year	¥ **956**	¥ **(5,153)**	¥ **-**	¥ **(4,197)**	¥ **168**	¥ **50,754**
Changes of items during year						
Issuance of new shares						**7,283**
Net income						**3,315**
Purchase of treasury shares						**(11)**
Net changes of items other than shareholders' equity	**360**	**5,459**	**(3,406)**	**2,414**	**88**	**2,502**
Total changes of items during year	**360**	**5,459**	**(3,406)**	**2,414**	**88**	**13,090**
Total net assets at end of current year	¥ **1,317**	¥ **306**	¥ **(3,406)**	¥ **(1,782)**	¥ **257**	¥ **63,884**

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, 2014 and 2013

	Shareholders' equity (Note 12) Thousands of U.S. dollars (Note 1)				
	Common stock	Capital surplus	Retained earnings	Treasury shares (Note 13)	Total shareholders' equity
Balance at beginning of current year	**$ 173,770**	**$ 351,696**	**$ 7,224**	**$ (408)**	**$ 532,283**
Changes of items during year					
Issuance of new shares	**35,382**	**35,382**			**70,764**
Net income			**32,217**		**32,217**
Purchase of treasury shares				**(114)**	**(114)**
Net changes of items other than shareholders' equity					
Total changes of items during year	**35,382**	**35,382**	**32,217**	**(114)**	**102,866**
Total net assets at end of current year	**$ 209,152**	**$ 387,078**	**$ 39,442**	**$ (523)**	**$ 635,150**

	Accumulated other comprehensive income (Note 20) Thousands of U.S. dollars (Note 1)					
	Net unrealized gains on securities	Foreign currency translation adjustments:	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets at end of current year
Balance at beginning of current year	**$ 9,292**	**$ (50,073)**	**$ -**	**$ (40,781)**	**$ 1,638**	**$ 493,141**
Changes of items during year						
Issuance of new shares						**70,764**
Net income						**32,217**
Purchase of treasury shares						**(114)**
Net changes of items other than shareholders' equity	**3,505**	**53,048**	**(33,094)**	**23,460**	**859**	**24,319**
Total changes of items during year	**3,505**	**53,048**	**(33,094)**	**23,460**	**859**	**127,186**
Total net assets at end of current year	**$ 12,798**	**$ 2,975**	**$ (33,094)**	**$ (17,320)**	**$ 2,498**	**$ 620,327**

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, 2014 and 2013

For the Year Ended March 31, 2013

	Shareholders' equity (Note 12) Millions of yen				
	Common stock	Capital surplus	Retained earnings	Treasury shares (Note 13)	Total shareholders' equity
Balance at beginning of current year	¥ 17,884	¥ 36,196	¥ 9,996	¥ (39)	¥ 64,038
Changes of items during year					
Net loss			(9,252)		(9,252)
Purchase of treasury shares				(2)	(2)
Net changes of items other than shareholders' equity					
Total changes of items during year	-	-	(9,252)	(2)	(9,255)
Total net assets at end of current year	¥ 17,884	¥ 36,196	¥ 743	¥ (42)	¥ 54,782

	Accumulated other comprehensive income (Note 20) Millions of yen				
	Net unrealized gains on securities	Foreign currency translation adjustments:	Total accumulated other comprehensive income	Minority interests	Total net assets at end of current year
Balance at beginning of current year	¥ 502	¥ (9,250)	¥ (8,747)	¥ 320	¥ 55,610
Changes of items during year					
Net loss					(9,252)
Purchase of treasury shares					(2)
Net changes of items other than shareholders' equity	454	4,096	4,550	(151)	4,398
Total changes of items during year	454	4,096	4,550	(151)	(4,856)
Total net assets at end of current year	¥ 956	¥ (5,153)	¥ (4,197)	¥ 168	¥ 50,754

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, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ **4,600**	¥ (8,860)	$ **44,701**
Depreciation and amortization	**8,560**	9,458	**83,172**
Loss on structure reform	**-**	2,260	**-**
Amortization of goodwill and consolidation goodwill	**0**	2	**5**
Increase in provision for retirement benefits	**-**	340	**-**
Increase in net defined benefit liability	**495**	-	**4,809**
Decrease in allowance for doubtful accounts	**(2)**	(17)	**(19)**
Decrease in provision for environmental safety measures	**(0)**	(116)	**(4)**
Interest and dividend income	**(149)**	(116)	**(1,449)**
Interest expense	**654**	774	**6,354**
Foreign exchange gains	**(485)**	(635)	**(4,713)**
Equity in earnings of affiliated companies	**(386)**	(239)	**(3,752)**
Loss (gain) on sales of shares of subsidiaries and associates	**(255)**	221	**(2,479)**
Gain on sales of investments in affiliated companies	**-**	(138)	**-**
Loss on valuation of investment securities	**-**	90	**-**
Increase in notes and accounts receivable	**(2,998)**	(2,087)	**(29,134)**
Decrease in inventories	**2,397**	6,767	**23,299**
Increase in notes and accounts payable	**430**	33	**4,182**
Increase (decrease) in accounts payable – other	**651**	(2,095)	**6,330**
Other	**125**	214	**1,217**
Sub total	**13,638**	5,857	**132,519**
Interest and dividends received	**262**	208	**2,546**
Interest paid	**(753)**	(776)	**(7,318)**
Income taxes paid	**(986)**	(638)	**(9,580)**
Net cash provided by (used in) operating activities	**12,161**	4,651	**118,167**
Cash flows from investing activities:			
Increase in time deposit	**(1,533)**	(1,246)	**(14,895)**
Decrease in time deposit	**2,241**	386	**21,780**
Purchase of property, plant and equipment	**(3,503)**	(5,524)	**(34,043)**
Proceeds from sales of property, plant and equipment	**664**	8	**6,453**
Purchase of intangible fixed assets	**(112)**	(601)	**(1,089)**
Purchase of investment securities	**(1)**	(1)	**(12)**
Proceeds from sales of investment securities	**84**	2	**821**
Proceeds from sales of investments in affiliated companies	**-**	98	**-**
Payments of loans receivable	**(54)**	(41)	**(527)**
Collection of loans receivable	**39**	30	**384**
Other	**553**	(35)	**5,381**
Net cash provided by (used in) investing activities	**(1,620)**	(6,925)	**(15,747)**
Cash flows from financing activities:			
Increase (decrease) in short-term debt, net	**(4,350)**	6,480	**(42,270)**
Proceeds from long-term debt	**4,000**	-	**38,869**
Repayments of long-term debt	**(14,469)**	(4,506)	**(140,590)**
Proceeds from issuance of common shares	**7,283**	-	**70,764**
Purchase of treasury shares	**(11)**	(2)	**(114)**
Repayments of lease obligations	**(592)**	(245)	**(5,761)**
Proceeds from sales and leasebacks	**1,997**	-	**19,407**
Net cash provided by (used in) financing activities	**(6,143)**	1,725	**(59,695)**
Effect of exchange rate changes on cash and cash equivalents	**1,408**	1,193	**13,688**
Net increase in cash and cash equivalents	**5,806**	644	**56,412**
Cash and cash equivalents at beginning of year	**18,065**	17,420	**175,531**
Cash and cash equivalents at end of year (Note 5)	¥ **23,871**	¥ 18,065	$ **231,944**

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

Notes to Consolidated Statements
For the years ended March 31, 2014 and 2013

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 ¥102.92= U.S. $1, the rate of exchange on March 31, 2014 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 consolidated 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 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:

	2014
Consolidated subsidiaries	**30**
Affiliated companies	**2**

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

(2) Financial Instruments

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.

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.

(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) 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.

(6) Bonus Reserve

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

(7) 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.

(8) Provision for structure reform

Based on the structure reform, the Company provides an allowance for the future needs of expenses.

(9) Provision for Environmental Safety Measures

In accordance with the "Law Concerning Special Measures for Promotion of Proper Treatment of Poly Chlorinated Biphenyl Waste (PCB 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) Retirement benefit

The retirement benefit obligation for employee is attributed to each period by the straight-line method over the estimated years of service of the eligible employees.
Unrecognized prior service costs are amortized on a straight-line basis over the period, which are shorter than the average remaining year of service of employees (primarily 16 years) from the year in which they arise. The unrecognized actuarial differences are amortized on a straight-line basis over the period, which are shorter than the average remaining year of service of employees (primarily 16 years) from the year following the year in which they arise.

(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, liabilities and those as reported in the consolidated financial statements.

(14) Consumption taxes

Consumption taxes are 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

(New Accounting Pronouncements and changing Accounting for Retirement Benefits)

The Company adopted “Accounting Standard for Retirement Benefits” (ASBJ Statement No.26 of May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No.25 of May 17, 2012) (except for certain provisions described in the main clause of Section 35 of the standard and in the main clause of Section 67 of the guidance) as of the end of the fiscal year ended March 31, 2014. These accounting standards require entities to apply a revised method for recording the retirement benefit obligation, after deducting pension plan assets, as a liability for retirement benefits. In addition, unrecognized actuarial differences and unrecognized prior service costs are recorded as a liability for retirement benefits. Concerning the application of the Accounting Standard for Retirement Benefits, based on the provisional treatment set out in Clause 37 of the standard, the effects of such changes in the current fiscal year have been recorded in retirement benefits liability adjustments through accumulated other comprehensive income. As a result of this change, a liability for retirement benefits was recognized in the amount of ¥10,900 million ($105,915 thousand) and accumulated other comprehensive income decreased by ¥3,406 million ($33,094 thousand) as of March 31, 2014. In addition, minority interests decreased by ¥10 million ($103 thousand).

The effects on per share information are stated in the relevant place.

4. Standards issued but not effective

Accounting Standard for Retirement Benefits (ASBJ Statement No. 26 on May 17, 2012)

Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25. on May 17, 2012)

(1) Outline

The standard provides guidance for the accounting for unrecognized actuarial differences and unrecognized prior service costs, the calculation methods for retirement benefit obligation and service costs, and enhancement of disclosure taking into consideration improvement to financial reporting and international tends.

(2) Scheduled date of adoption

The revised accounting standard and guidance were adopted as of the end of the fiscal year ended March 31, 2014. However, revisions to the calculation methods for the retirement benefit obligation and service costs are scheduled to be adopted from the beginning of the fiscal year ending March 31, 2015.

(3) Effect of adoption of new accounting standard

The effect in the consolidated financial statements as a result of the adoption of this accounting standard is currently being evaluated.

5. Cash and cash equivalents

Reconciliation of cash and cash equivalents to the amount disclosed on the balance sheets at March 31, 2014 and 2013 is as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2014		2013		**2014**
Cash on hand and in banks	**¥**	**24,628**	¥	16,292	**$**	**239,294**
Marketable securities		**-**		3,000		**-**
Time deposits with a deposit term of over 3 months		**(756)**		(1,227)		**(7,350)**
Cash and cash equivalents	**¥**	**23,871**	¥	18,065	**$**	**231,944**

6. Inventories

Inventories at March 31, 2014 and 2013 comprised the following:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2014		2013		**2014**
Finished goods and merchandise	**¥**	**8,191**	¥	7,921	**$**	**79,595**
Work-in-process		**8,593**		9,692		**83,498**
Raw materials and supplies		**4,094**		4,155		**39,779**
Total	**¥**	**20,879**	¥	21,769	**$**	**202,873**

7. Investment securities

At March 31, 2014 and 2013, the acquisition cost, fair value and unrealized gains or losses of investment securities, whose fair value is available, were as follows:

	Millions of yen							
	2014				2013			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair value	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair value
Other securities:								
Equity securities	**¥ 2,342**	**¥ 1,960**	**¥ 48**	**¥ 4,255**	¥ 2,391	¥ 1,496	¥ 125	¥ 3,763
Marketable securities	**-**	**-**	**-**	**-**	3,000	-	-	3,000
Others	**109**	**-**	**1**	**108**	108	-	3	104
Total	**¥ 2,452**	**¥ 1,960**	**¥ 49**	**¥ 4,363**	¥ 5,500	¥ 1,496	¥ 128	¥ 6,868

	Thousands of U.S. dollars (Note 1)			
	2014			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Fair value
Other securities:				
Equity securities	**$ 22,763**	**$ 19,048**	**$ 466**	**$ 41,345**
Marketable securities	**-**	**-**	**-**	**-**
Others	**1,065**	**-**	**11**	**1,053**
Total	**$ 23,829**	**$ 19,048**	**$ 478**	**$ 42,399**

8. Short-term and long-term debt

The weighted average interest rates applicable to loans for the years ended March 31, 2014 and 2013 were 1.01% and 1.36%, respectively.

Short-term debt at March 31, 2014 and 2013 comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Bank loans and overdrafts	**¥ 8,427**	¥ 12,407	**$ 81,884**
Current portion of long-term debt	**5,337**	14,302	**51,858**
Lease obligations (Short-term)	**618**	205	**6,013**
Total	**¥ 14,383**	¥ 26,916	**$ 139,756**

Long-term debt at March 31, 2014 and 2013 comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Loans:			
Loans, principally from banks and insurance companies due from 2014 to 2020 with interest rates ranging from 0.79% to 5.22%	**¥ 34,857**	¥ 45,324	**$ 338,684**
Lease obligations (Long-term)	**1,464**	173	**14,233**
	36,322	45,498	**352,918**
Less: current portion	**(5,337)**	(14,302)	**(51,858)**
Total	**¥ 30,985**	¥ 31,194	**$ 301,059**

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 37.81 % for the years ended March 31, 2014. 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, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Deferred tax assets:			
Bonus reserve	**¥ 523**	¥ 379	**$ 5,088**
Provision for retirement benefits	**-**	2,592	**-**
Net defined benefit liability	**3,747**	-	**36,409**
Tax loss carry forwards	**10,792**	10,990	**104,862**
Unrealized gain on inventories	**68**	101	**663**
Loss on devaluation of investments in subsidiaries	**1,791**	1,805	**17,408**
Loss on devaluation of inventories	**209**	380	**2,031**
Accrued expenses	**135**	215	**1,314**
Other	**730**	974	**7,095**
Total gross deferred tax assets	**17,997**	17,439	**174,873**
Valuation allowance	**(17,317)**	(16,750)	**(168,261)**
Total deferred tax assets	**680**	689	**6,612**
Deferred tax liabilities:			
Net unrealized gains on securities	**(677)**	(481)	**(6,581)**
Depreciation recorded by foreign subsidiaries	**(250)**	(332)	**(2,430)**
Other	**(106)**	(111)	**(1,030)**
Total deferred tax liabilities	**(1,033)**	(926)	**(10,041)**
Net deferred tax liabilities	**¥ (352)**	¥ (236)	**$ (3,429)**

For the year ended March 31, 2013 and 2014 the reconciliation of the statutory tax rate to the effective income tax rate is as follows:

	2014		2013	
Statutory tax rate	**37.81**	**%**	-	%
Increase (decrease) in taxes resulting from:			-	
Expenses not deductible for income tax purposes	**0.54**		-	
Capita levy on inhabitant tax	**0.92**		-	
Overseas withholding taxes	**2.95**		-	
Revenues not taxable such as dividend income	**(6.52)**		-	
Change in the valuation allowance	**(9.44)**		-	
Difference in subsidiaries' tax rates	**(8.95)**		-	
Effect of eliminated dividends	**6.51**		-	
Other	**2.38**		-	
Effective income tax rate	**26.20**	**%**	-	%

Due to the recording of a loss before income taxes and minority interests, a reconciliation of the difference between the statutory tax rate and the effective tax rate for the years ended March 31, 2013 had been omitted.

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, 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.

The funded status of retirement benefit plans as of March 31, 2013 was follows:

		2013
		Millions of yen
Projected benefit obligation (Note)	¥	(24,475)
Plan assets at fair value		12,580
Unfunded benefit obligation		(11,895)
Unrecognized actuarial loss		6,064
Unrecognized prior service cost		(1,172)
Total		(7,003)
Prepaid pension cost		395
Provision for retirement benefit	¥	(7,399)

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, 2013 was follows:

		2013
		Millions of yen
Service cost (Note)	¥	886
Interest cost		393
Expected return on plan assets		(157)
Amortization of unrecognized actuarial loss		729
Amortization of prior service cost		(154)
Contribution to defined contribution pension plan		106
Net periodic retirement expense	¥	1,803

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 were follows:

	2013
Discount rate	Primarily 1.5%
Expected rate of return on plan assets	1.25%
Method of attributing the projected benefits to periods of service	Straight-line basis
Amortization period of unrecognized prior service cost	Primarily 16 years
Amortization period of unrecognized actuarial gain/loss	Primarily 16 years

The change in the defined benefit obligation for during year ended March 31, 2014, is as follows:

	2014			
	Millions of yen		Thousands of U.S. dollars (Note 1)	
As of April 1, 2013	¥	**24,475**	$	**237,813**
Service cost		**998**		**9,696**
Interest cost		**383**		**3,723**
Actuarial loss		**(46)**		**(448)**
Retirement benefit paid		**(912)**		**(8,865)**
Other		**27**		**267**
As of March 31, 2014	¥	**24,925**	$	**242,187**

The change in the plan assets for during year ended March 31, 2014, is as follows:

	2014			
	Millions of yen		Thousands of U.S. dollars (Note 1)	
As of April 1, 2013	¥	**12,580**	$	**122,232**
Expected return on plan assets		**161**		**1,572**
Actuarial loss		**925**		**8,991**
Contributions by the company		**919**		**8,936**
Retirement benefit paid		**(597)**		**(5,802)**
Other		**35**		**340**
As of March 31, 2014	¥	**14,025**	$	**136,271**

The reconciliation of the defined benefit obligations and pension assets to the liabilities and assets on retirement benefits recognized in the consolidated balance sheet as of March 31, 2014, is as follows:

	2014	
	Millions of yen	Thousands of U.S. dollars (Note 1)
Funded defined benefit obligation	¥ **17,063**	$ **165,790**
Pension assets	**(14,025)**	**(136,271)**
	3,038	**29,518**
Unfunded defined benefit obligations	**7,862**	**76,396**
Net amount of liabilities and assets in consolidated balance sheet	**10,900**	**105,915**
Net defined benefit liability	**10,900**	**105,915**
Net amount of liabilities and assets recognized in consolidated balance sheet.	¥ **10,900**	$ **105,915**

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

The profits and losses related to retirement benefits for the 3-month fiscal period ended March 31, 2014, are as follows:

	2014	
	Millions of yen	Thousands of U.S. dollars (Note 1)
Service cost	¥ **998**	$ **9,696**
Interest cost	**383**	**3,723**
Expected return on plan assets	**(161)**	**(1,572)**
Amortization of unrecognized actuarial loss	**644**	**6,262**
Amortization of prior service cost	**(154)**	**(1,503)**
Periodic benefit costs of retirement benefit plan	¥ **1,709**	$ **16,605**

The breakdown of items in other comprehensive income before tax effect is as follows:

	2014	
	Millions of yen	Thousands of U.S. dollars (Note 1)
Unrecognized prior service cost	¥ **4,431**	$ **43,060**
Unrecognized actuarial loss	**(1,018)**	**(9,895)**
Total	¥ **3,413**	$ **33,164**

The breakdown of pension assets by major category as of March 31, 2014, was as follows:

	2014
Bonds	**24%**
Equities	**34%**
Cash on hand and in banks	**1%**
General account	**30%**
other	**11%**
Total	**100%**

(Note) Pension plan assets include 5% employee pension trust which has been contributed to the company's pension plan.

The items of actuarial assumptions as of the 3-month fiscal period ended March 31, 2014, were as follows:

	2014
Discount rate	**Primarily 1.5%**
Expected long-term return on plan assets	**Primarily 1.25%**

Contribution to defined contribution pension plan was ¥95 million.

11. 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, 2014			March 31, 2013		
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts						
Sell:						
US$	**¥ 3,877**	**¥ 89**	**¥ 89**	¥ 7,002	¥ (274)	¥ (274)
Euro	**256**	**4**	**4**	693	(21)	(21)
Buy:						
US$	**519**	**(4)**	**(4)**	382	(1)	(1)
	¥ 4,653	**¥ 89**	**¥ 89**	¥ 8,078	¥ (297)	¥ (297)

	Thousands of U.S. dollars (Note 1)		
	March 31, 2014		
	Notional amount	Fair value	Unrealized gain (loss)
Foreign exchange forward contracts			
Sell:			
US$	**$ 37,671**	**$ 869**	**$ 869**
Euro	**2,493**	**46**	**46**
Buy:			
US$	**5,047**	**(47)**	**(47)**
	$ 45,212	**$ 868**	**$ 868**

(2) Derivative transactions to which hedge accounting is applied

1) Currency-related transactions

Classification	Item	Hedged liabilities	Millions of yen					
			March 31, 2014			March 31, 2013		
			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	(*)

Classification	Item	Hedged liabilities	Thousands of U.S. dollars (Note 1)		
			March 31, 2014		
			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	**9,716**	**9,716**	**(*)**

(*) 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, 2014			March 31, 2013		
			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	**22,000**	**18,498**	**(*)**	26,500	19,000	(*)

Classification	Item	Hedged liabilities	Thousands of U.S. dollars (Note 1)		
			March 31, 2014		
			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	**213,758**	**179,731**	**(*)**

(*) 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.

12. 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.

13. Treasury shares

A reconciliation of the beginning and ending amount of treasury shares is as follows:

		2013		Increase during the year		Decrease during the year		2014
Number of shares		140,465		29,558		-		**170,023**
Total price (Millions of yen)	¥	42	¥	11	¥	-	**¥**	**53**
Total price (Thousands of U.S. dollars)	$	408	$	114	$	-	**$**	**523**

14. Pledged assets

There are no pledged assets.

15. 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 consideration of the market prices and total costs.
(2) Sales prices of materials for capacitors and equipments are determined in consideration of the market prices and total costs.
(3) The transaction prices of materials supplied to Samyoung are determined in consideration of the market prices and total costs.

Significant balances at March 31, 2014 and 2013 and transactions for the years ended March 31, 2014 and 2013 with related parties are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Investment securities	¥ **10,835**	¥ 8,598	$ **105,276**

	Millions of yen					
	2014			2013		
	Transaction amount	Account title	Balance at end of year	Transaction amount	Account title	Balance at end of year
Purchase of affiliates' products	¥ **3,331**	Accounts payable	¥ **335**	¥ 2,604	Accounts payable	¥ 222
Sales of materials and equipments	**666**	Accounts receivable	**74**	600	Accounts receivable	71
Supply of materials	¥ **1,442**	Accounts receivable - other	¥ **88**	¥ 857	Accounts receivable - other	¥ 100

	Thousands of U.S. dollars (Note 1)		
	2014		
	Transaction amount	Account title	Balance at end of year
Purchase of affiliates' products	$ **32,369**	Accounts payable	$ **3,259**
Sales of materials and equipments	**6,478**	Accounts receivable	**723**
Supply of materials	$ **14,013**	Accounts receivable - other	$ **857**

16. Selling, general and administrative expenses

The following are the major elements of selling, general and administrative expenses for the years ended March 31, 2014 and 2013.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Freight and transportation	¥ **3,360**	¥ 2,309	$ **32,652**
Salaries and wages	**3,861**	3,835	**37,515**
Provision for bonus reserve	**679**	580	**6,600**
Retirement benefit expenses	**698**	783	**6,788**
Depreciation	**998**	899	**9,702**
Research and development expenses	**3,872**	3,981	**37,626**

17. Research and Development expenses

The total amounts of research and development expenses for the years ended March 31, 2014 and 2013 are as follows and all of them are charged to income as incurred.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Research and development expenses	¥ **3,872**	¥ 3,981	$ **37,626**

18. Gain on sales of property, plant and equipment

Gain from retirement of property, plant and equipment for the years ended March 31, 2014 and 2013 are as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2014		2013		**2014**	
Buildings and structures	¥	**357**	¥	-	$	**3,469**
Machinery, equipment and others		**7**		2		**70**
Total	¥	**364**	¥	2	$	**3,539**

19. Loss on disposal of property, plant and equipment

Loss from retirement of property, plant and equipment for the years ended March 31, 2014 and 2013 are as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2014		2013		**2014**	
Buildings and structures	¥	**7**	¥	24	$	**72**
Machinery, equipment and others		**101**		198		**987**
Total	¥	**109**	¥	223	$	**1,060**

20. Other comprehensive income (loss)

For the year ended March 31, 2014 and 2013, other comprehensive income (loss) is as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2014		2013		**2014**	
Net unrealized holding gains on securities						
Increase during the year	¥	**578**	¥	606	$	**5,621**
Reclassification adjustments		**(35)**		90		**(345)**
Before deferred tax adjustments		**543**		697		**5,276**
Deferred tax amounts		**(195)**		(245)		**(1,899)**
Net unrealized holding gains on securities		**347**		451		**3,376**
Foreign currency translation adjustments						
Increase during the year		**5,305**		4,137		**51,551**
Reclassification adjustments		**-**		(0)		**-**
Foreign currency translation adjustments		**5,305**		4,136		**51,551**
Share in other comprehensive income of associates accounted for using the equity method						
Increase (decrease) during the year		**187**		(9)		**1,818**
Reclassification adjustments		**-**		(7)		**0**
Share in other comprehensive income of associates accounted for using the equity method		**187**		(16)		**1,818**
Total other comprehensive income	¥	**5,840**	¥	4,572	$	**56,746**

21. Dividends

(1) Year ended March 31, 2014（April 1, 2013 to March 31, 2014）

1) Dividends paid

None

2) Dividends for which the record date came during the year ended March 31, 2014, but for which the effective date will come after said period.

None

(2) Year ended March 31, 2013（April 1, 2012 to March 31, 2013）

1) Dividends paid

None

2) Dividends for which the record date came during the year ended March 31, 2013, but for which the effective date will come after said period.

None

22. 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 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 11 "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, 2014 and 2013 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. Summary of significant Accounting Policies".

	Millions of yen					
	March 31, 2014			March 31, 2013		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
1) Cash on hand and in banks	**¥ 24,628**	**¥ 24,628**	**¥ -**	¥ 16,292	¥ 16,292	¥ -
2) Trade receivables	**25,577**	**25,577**	**-**	22,053	22,053	-
3) Marketable securities and investment securities						
i) Marketable securities	**-**	**-**	**-**	3,000	3,000	-
ii) Investments in securities	**4,363**	**4,363**	**-**	3,868	3,868	-
iii)Investments in stock of subsidiaries and affiliates	**10,785**	**6,717**	**(4,067)**	8,517	5,121	(3,395)
Total assets	**¥ 65,354**	**¥ 61,287**	**¥ (4,067)**	¥ 53,731	¥ 50,336	¥ (3,395)
1) Short-term debt	**13,764**	**13,764**	**-**	26,710	26,710	-
2) Long-term debt	**29,520**	**29,444**	**(76)**	31,021	30,755	(265)
Total liabilities	**¥ 43,284**	**¥ 43,208**	**¥ (76)**	¥ 57,731	¥ 57,466	¥ (265)
Derivative transactions	**¥ 89**	**¥ 89**	**¥ -**	¥ (297)	¥ (297)	¥ -

	Thousands of U.S. dollars (Note 1)		
	March 31, 2014		
	Carrying amount	Fair value	Difference
1) Cash on hand and in banks	**$ 239,294**	**$ 239,294**	**$ -**
2) Trade receivables	**248,515**	**248,515**	**-**
3) Marketable securities and investment securities			
i) Marketable securities	**-**	**-**	**-**
ii) Investments in securities	**42,399**	**42,399**	**-**
iii)Investments in stock of subsidiaries and affiliates	**104,792**	**65,273**	**(39,519)**
Total assets	**$ 635,002**	**$ 595,482**	**$ (39,519)**
1) Short-term debt	**$ 133,743**	**$ 133,743**	**$ 0**
2) Long-term debt	**286,825**	**286,087**	**(738)**
Total liabilities	**$ 420,568**	**$ 419,830**	**$ (738)**
Derivative transactions	**$ 868**	**$ 868**	**$ -**

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

Marketable securities are negotiable certificate of deposit by a credible financial institution. As the fair value approximates book value due to their short maturity, the corresponding book value is used as fair value.

The value of investments in securities is based on quoted market prices of stock exchanges.

Liabilities:

1) 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.

2) 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 to “Note 11. 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)
	2014	2013	**2014**
Unlisted shares	**¥ 232**	¥ 263	**$ 2,256**

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

	2014	
	Millions of yen	Thousands of U.S. dollars (Note 1)
Cash on hand and in banks	¥ **24,628**	$ 239,294
Trade receivables	**25,577**	248,515
Total	¥ **50,205**	$ 487,810

Notes: 4 Redemption schedules of corporate long-term debt with maturities at March 31, 2014

	Long-term debt	
	Millions of yen	Thousands of U.S. dollars (Note 1)
2015	¥ 5,337	$ 51,858
2016	14,337	139,307
2017	15,169	147,392
2018	3	37
2019	4	39
2020 and thereafter	8	82

23. 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, 2014 and 2013

	Millions of yen					
	2014			2013		
	Acquisition cost	Accumulated depreciation	Net balance	Acquisition cost	Accumulated depreciation	Net balance
Machinery, equipment and others	**¥ 18**	**¥ 15**	**¥ 2**	¥ 56	¥ 49	¥ 7

	Thousands of U.S. dollars (Note 1)		
	2014		
	Acquisition cost	Accumulated depreciation	Net balance
Machinery, equipment and others	**$ 179**	**$ 155**	**$ 24**

(2) Amount of outstanding future lease payments at March 31, 2014 and 2013, including the portion of interest thereon, categorized by contractual maturity:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Within one year	**¥ 2**	¥ 5	**$ 26**
Over one year	**0**	2	**2**
Total	**¥ 2**	¥ 8	**$ 28**

(3) Lease expenses, depreciation and interest expense for the years ended March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Lease expenses	**¥ 5**	¥ 12	**$ 53**
Depreciation	**4**	11	**45**
Interest expense	**0**	0	**2**

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.

24. 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					
	2014			2013		
	Capacitor	Other	Consolidated	Capacitor	Other	Consolidated
Net sales						
Sales to unaffiliated customers	**¥ 109,353**	**¥ 4,609**	**¥ 113,962**	¥ 88,185	¥ 4,773	¥ 92,959
Intersegment sales	-	-	-	-	-	-
Total	**109,353**	**4,609**	**113,962**	88,185	4,773	92,959
Segment profit (loss)	**5,092**	**(158)**	**4,933**	(6,716)	(273)	(6,990)
Other						
Depreciation	**8,503**	**48**	**8,552**	9,223	168	9,392
Increase in fixed assets	**3,010**	**57**	**3,067**	5,876	76	5,953

	Thousands of U.S. dollars (Note 1)		
	2014		
	Capacitor	Other	Consolidated
Net sales			
Sales to unaffiliated customers	**$ 1,062,511**	**$ 44,784**	**$ 1,107,295**
Intersegment sales	-	-	-
Total	**1,062,511**	**44,784**	**1,107,295**
Segment profit (loss)	**49,476**	**(1,541)**	**47,935**
Other			
Depreciation	**82,621**	**473**	**83,095**
Increase in fixed assets	**29,247**	**560**	**29,807**

Notes:
1. "Other" includes business segments other than the reportable segment such as CMOS Camera modules and Amorphous Choke Coils.
2. Total segment loss corresponds to operating 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 years ended March 31, 2014 and 2013 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)
	2014	2013	**2014**
Japan	¥ **28,427**	¥ 24,902	$ **276,206**
China	**39,651**	32,388	**385,267**
America	**10,443**	7,480	**101,471**
Europe	**10,400**	7,581	**101,052**
Others	**25,040**	20,605	**243,298**
Total	¥ **113,962**	¥ 92,959	$ **1,107,295**

ii) Fixed assets

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2013	**2014**
Japan	¥ **29,070**	¥ 32,522	$ **282,453**
China	**3,315**	3,164	**32,214**
America	**3,930**	4,389	**38,187**
Europe	**42**	48	**416**
Others	**7,897**	7,902	**76,732**
Total	¥ **44,255**	¥ 48,025	$ **430,003**

iii) Information about major customer

Information about major customer for the year ended March 31, 2014 and 2013 are not presented as there is no customer to whom sales is over 10% in the consolidated statements of operations.

(5) Information about impairment loss on non-current assets by reportable segment

	Millions of yen		
	2013		
	Capacitor	Other	Consolidated
Impairment loss	¥ 1,595	¥ 87	¥ 1,683

Note1: "Other" is mainly the electro-mechanical component business.

Note2: Due to the minor consequence, this information for the years ended March 31, 2014 is omitted.

25. Subsequent events

Appropriation of the surplus was approved at the 67th shareholders' meeting held on June 27, 2014.

1. Purpose of appropriation of the surplus

In order to make up for loss carried forwards, realign capital structure and ensure flexible capital strategy in the future, the capital surplus is reduced and that the reduced amount is allocated to "retained earnings brought forward" pursuant to Article 452, Paragraph 1 of the Corporate Law.

2. Amount of appropriation of the surplus

(1) Amount of reduction of the capital surplus	¥11,269,976,409
(2) Amount of increase in the retained earnings brought forward	¥11,269,976,409

3. Schedule for appropriation of the surplus

May 16, 2014	Resolution at the board of directors
June 27, 2014	Resolution at the 67th shareholders' meeting
June 27, 2014	Effective date of appropriation