Consolidated Financial Results for the Six Months Ended June 30, 2016 [Japanese GAAP]

August 9, 2016

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Stock exchange listing: Tokyo Stock Exchange
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Scheduled date of filing quarterly securities report: August 10, 2016
Scheduled date of commencing dividend payments: ―
Availability of supplementary briefing material on quarterly financial results: Available
Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and securities analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended June 30, 2016 (January 1, 2016 to June 30, 2016)

(1) Consolidated Operating Results (Cumulative) (% indicates changes from the previous corresponding period.)

	Sales volume		Operating profit		Ordinary profit		Net profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2016	4,480	42.0	1,481	132.1	1,433	96.0	1,089	69.3
June 30, 2015	3,156	58.9	638	466.1	731	908.8	643	357.4

(Note) Comprehensive income: Six months ended June 30, 2016: ¥(1,001) million [- %]
Six months ended June 30, 2015: ¥678 million [277.6 %]

	Net profit per share	Diluted net profit per share
Six months ended	Yen	Yen
June 30, 2016	38.06	35.79
June 30, 2015	22.72	22.32

(Note)The Company conducted a stock split of common stock on July 1, 2016 at the ratio of one to two shares. Net profit per share and diluted net profit per share are calculated based on the assumption that such stock split was implemented at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2016	26,790	18,278	68.0
As of December 31, 2015	17,047	12,405	72.5

(Reference) Equity: As of June 30, 2016: ¥18,216 million
As of December 31, 2015: ¥12,360 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2015	-	0.00		10.00	10.00
Fiscal year ending December 31, 2016	-	0.00			
Fiscal year ending December 31, 2016 (Forecast)				2.50	2.50

(Note) Revision to the forecast for dividends announced most recently: No
Breakdown of year-end dividend for fiscal year ended December 31, 2015:
Normal dividend: ¥5.00 Commemorative dividend: ¥5.00
The Company conducted a stock split of common stock on July 1, 2016 at the ratio of one to two shares. Dividends paid in or before the second quarter of the fiscal year ending December 31, 2016 refer to the actually paid dividends before such stock split.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2016 (January 1, 2016 to December 31, 2016)

(% indicates changes from the previous corresponding period.)

	Sales volume		Operating profit		Ordinary profit		Net profit attributable to owners of parent		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	10,000	34.3	2,600	31.1	2,500	21.7	2,300	25.7	80.32

(Note) Revision to the financial results forecast announced most recently: No
The Company conducted a stock split of common stock on July 1, 2016 at the ratio of one to two shares. Net profit per share in the consolidated financial results forecast is calculated based on the total number of outstanding shares (excluding treasury shares) after such stock split.

*** Notes:**

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
New: - companies (company name), Excluded: - companies (company name)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: Yes
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Retrospective restatement: No

(4) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
June 30, 2016: 30,946,600 shares
December 31, 2015: 28,413,200 shares

2) Total number of treasury shares at the end of the period:
June 30, 2016: 180 shares
December 31, 2015: 86 shares

3) Average number of shares during the period:
Six months ended June 30, 2016: 28,634,821 shares
Six months ended June 30, 2015: 28,343,200 shares

(Note) As the Company conducted a stock split on July 1, 2016, the total number of outstanding shares (common shares) is calculated based on the assumption that such stock split was implemented at the beginning of the previous fiscal year.

* Presentation regarding the implementation status of the quarterly review procedures

These quarterly financial results are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these quarterly financial results, review procedures for the quarterly consolidated financial statements under the Financial Instruments and Exchange Act have not been completed.

* Explanation of the proper use of financial results forecast and other notes

(Notes concerning forward-looking statements)

Forward-looking statements concerning financial forecasts contained in these documents are based on information the Company has currently obtained and certain assumptions judged to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual results may differ significantly from the forecasts due to a variety of factors. For information concerning the assumptions used for financial forecasts and notes on the use of financial forecasts, please refer to "1. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 3 of the Appendix.

(Method for acquiring supplementary briefing material on quarterly financial results and details of annual financial results briefing session)

The Company plans to hold a briefing session for institutional investors and securities analysts on Wednesday, August 10, 2016. A video of this briefing session and briefing material on quarterly financial results used on that day will be posted on the Company's website promptly after the briefing session.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

In the global economy during the six months ended June 30, 2016, while the US economy recovered steadily, the future outlook is uncertain with geopolitical risks due to factors such as the UK leaving the EU in Europe and concerns of economic downturn resulting from economic stagnation in China.

Under these circumstances, sales volume continued to expand in the W-SCOPE Group's (hereinafter, the "Group") core lithium-ion secondary battery separators business. In consumer electronics applications that account for 70% of the entire market, annual growth in sales volume was stable at approximately 10%, mainly reflecting the expanded capacity of batteries. Transportation equipment applications that account for 30% of the market showed conspicuous annual growth in sales volume of more than 30%. In transportation equipment applications, although there was some impact from handling changes in subsidies for EV (electric vehicles) and EV buses in China, China's promotion policies for EV and EV buses have not been changed. Therefore, the demand continues to expand. In Japan, Europe and the US as well, demand for EV and HEV (hybrid vehicles) is increasing and is expected to enter a stage of full-fledged expansion after environmental regulation changes in the US, etc.

Owing to these factors, demand expanded steadily in the separator market.

Sales volume in the Chinese market, the Group's main sales region, for the six months ended June 30, 2016 was ¥2,543,469 thousand, up 42.1% compared to the same period of the previous fiscal year. Sales in South Korea were ¥1,607,066 thousand, up 134.6% compared to the same period of the previous fiscal year, thanks to the contribution of increased sales to the LG Group. Meanwhile, sales in the US were ¥275,024 thousand, down 59.3% compared to the same period of the previous fiscal year. This was mainly due to temporary adjustment of the Company's major customers and sales are recovering from the second quarter ended June 30, 2016. Shipment of coated-type products for Japanese customers started from April, and is proceeding as planned.

Due to the above factors, during the six months ended June 30, 2016, both sales volume and unit prices remained solid. As for operating profit, there was a decrease in initial operation rate after the Lines #6 and #7 commenced operation as well as an increase in fixed costs, as expected. Meanwhile, the rate of the Korean won against the US dollar, which affects manufacturing costs, continued to depreciate more than expected. These factors contributed to the upswing in operating profit margin.

In addition, the increased tax burden in the Company's subsidiary in South Korea was caused by a decrease in tax incentives during a downtime in capital investments.

Average exchange rates for the six months ended June 30, 2016 were ¥111.57 to the US dollar, an appreciation of approximately ¥8.68 compared to the same period of the previous fiscal year, and 1,182.21 Korean won to the US dollar, a depreciation of 83.22 Korean won compared to the same period of the previous fiscal year, and ¥94.4 for 1,000 Korean won, an appreciation of approximately ¥15.0 compared to the same period of the previous fiscal year.

In this environment, sales volume grew by ¥1,324,235 thousand or 42.0% compared to the same period of the previous fiscal year to ¥4,480,328 thousand. Meanwhile, operating profit increased by ¥843,498 thousand or 132.1% compared to the same period of the previous fiscal year to ¥1,481,916 thousand, net profit before taxes and other adjustment grew by ¥701,972 thousand or 96.0% compared to the same period of the previous fiscal year to ¥1,433,033 thousand, and net profit attributable to owners of parent grew by ¥446,015 thousand or 69.3% compared to the same period of the previous fiscal year to ¥1,089,928 thousand.

(2) Explanation of Financial Position

Total assets as of June 30, 2016 stood at ¥26,790,926 thousand, up ¥9,742,980 thousand from the end of the previous fiscal year. The main causes are as follows.

(Assets)

Current assets stood at ¥13,838,920 thousand, a ¥7,399,165 thousand increase from the end of the previous fiscal year. This was mainly due to a ¥7,296,343 thousand increase in cash and bank deposits and a ¥60,749

thousand increase in merchandise and finished goods. Fixed assets were ¥12,952,006 thousand, a ¥2,343,814 thousand increase from the end of the previous fiscal year. This was mainly due to a ¥897,549 thousand increase in buildings and structures, and a ¥2,730,172 thousand increase in construction in progress.

(Liabilities)

Liabilities stood at ¥8,512,070 thousand, up ¥3,869,210 thousand from the end of the previous fiscal year. Current liabilities as of June 30, 2016 stood at ¥1,905,272 thousand, up ¥597,160 thousand from the end of the previous fiscal year. This was mainly due to a ¥725,400 thousand increase in the current portion of long-term debt despite a ¥122,332 thousand decrease in accounts payable – other. Fixed liabilities stood at ¥6,606,797 thousand, up ¥3,272,050 thousand from the end of the previous fiscal year. This was due mainly to a ¥3,174,600 thousand increase in long-term debt.

(Net assets)

Net assets stood at ¥18,278,856 thousand, up ¥5,873,769 thousand from the end of the previous fiscal year. This was due mainly to ¥3,500,111 thousand increases both in capital and capital surplus, resulting from new share issuance, etc., despite a ¥2,091,073 thousand decrease in foreign currency translation adjustment.

As for analysis of cash flows, cash and cash equivalents (hereinafter, “cash”) as of June 30, 2016 increased by ¥7,296,343 thousand from the end of the previous fiscal year to ¥11,244,979 thousand. The main causes are as follows.

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities during the six months ended June 30, 2016 amounted to ¥1,461,937 thousand (compared with ¥871,089 thousand provided in the same period of the previous fiscal year). This was due mainly to a ¥209,010 thousand increase in notes and accounts receivable – trade and a ¥183,861 thousand increase in inventories while there were ¥1,433,033 thousand of net profit before taxes and other adjustment and ¥498,188 thousand of depreciation.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities during the six months ended June 30, 2016 amounted to ¥4,681,999 thousand (compared with ¥1,848,975 thousand used in the same period of the previous fiscal year). This was due mainly to ¥4,673,458 thousand of purchase of tangible fixed assets.

(Net cash provided by (used in) financing activities)

Net cash provided by financing activities during the six months ended June 30, 2016 amounted to ¥10,738,214 thousand (compared with ¥1,500,124 thousand used in the same period of the previous fiscal year). This was due mainly to ¥4,000,000 thousand of proceeds from long-term debt and ¥6,959,142 thousand of proceeds from issuance of common shares while there was ¥142,065 thousand of cash dividends paid.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The global economy for the nine months ending September 30, 2016 and thereafter is expected to continue on a recovery trend, despite the uncertain trend in the European as well as Chinese economy.

In the separators market, the expansion of volume is expected to continue as in the six months ended June 30, 2016. High growth is anticipated to continue for separators even over the long term against a backdrop of the expansion of demand for transportation equipment.

Under such circumstances, the Group plans to increase sales volume backed by stable sales to main customers and enhanced production capacity with the commencement of operation of the new production lines.

Production Lines #6 and #7 at the Company’s subsidiary in South Korea have already commenced their operation and are in a transition process towards stable mass production. Installation of Production Line #5 has been completed in June this year and preparation for mass production is under way.

Capital investment plans currently in progress are as follows.

	Installation location	Scheduled start-up date
#8 and #9	Section No.2	During 2017
#10 to #13	Section No.3	During 2018

The projected average exchange rates for the nine months ending September 30, 2016 and thereafter as the premise for the financial results forecast are ¥105.0 to the US dollar, 1,050.0 Korean won to the US dollar, and ¥100.0 for 1,000 Korean won.

2. Matters Concerning Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period under Review

There is no relevant information.

(2) Accounting Policies Adopted Specially for the Preparation of Quarterly Consolidated Financial Statements

(Calculation of tax expenses)

Tax expenses are calculated by first reasonably estimating the effective tax rate after applying tax effect accounting against net profit before taxes and other adjustment for the current fiscal year, and then multiplying net profit before taxes and other adjustment by the estimated effective tax rate.

In case it is impossible to reasonably estimate the effective tax rate, tax expenses are calculated in a manner similar to the calculation of tax expenses for the fiscal year. Deferred tax assets and deferred tax liabilities are recorded on the Quarterly Consolidated Balance Sheets after assessing recoverability and other factors.

(3) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement

(Changes in accounting policies)

(Application of Accounting Standard for Business Combinations, etc.)

Starting from the three months ended March 31, 2016, the Company has applied the “Revised Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), the “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), the “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and others. Accordingly, the Company has changed the presentation of net profit and other related items, and the presentation of “minority interests” to “non-controlling interests.” To reflect this change in presentation, reclassifications of accounts have been made to the Quarterly Consolidated Financial Statements for the three months ended March 31, 2015 and the Consolidated Financial Statements for the fiscal year ended December 31, 2015.

(Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)

Following the revision of the Corporation Tax Act, the Company has applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (ASBJ Practical Issues Task Force (PITF) No. 32, June 17, 2016) starting from the second quarter ended June 30, 2016. Accordingly, the depreciation method of facilities attached to buildings and structures acquired on or after April 1, 2016 was changed from the declining-balance method to the straight-line method.

This change has no impact on the quarterly financial statements for the six months ended June 30, 2016.

(4) Additional Information

(Changes in the method of presentation)

Starting from the three months ended March 31, 2016, gain on sales of scraps, which was previously stated under non-operating revenue, is now a deduction item from cost of goods sold. This change in presentation is in line with the modification to the Company’s policy for cost management including scraps as part of cost components, in keeping with an increase in the amount of such gain led by production growth in recent years, and also due to an expected rise in the volume of scraps boosted by future expansion of production lines.

As a result, ¥34,765 thousand presented as gain on sales of scraps under non-operating revenue in the Quarterly Consolidated Statements of Income for the six months ended June 30, 2015 was deducted from cost of goods sold.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of December 31, 2015	As of June 30, 2016
Assets		
Current assets		
Cash and bank deposits	3,948,636	11,244,979
Notes and accounts receivable - trade	1,546,383	1,552,546
Merchandise and finished goods	530,828	591,578
Raw materials and supplies	197,071	204,746
Other	216,834	245,069
Total current assets	6,439,754	13,838,920
Fixed assets		
Tangible fixed assets		
Buildings and structures	2,161,205	3,048,199
Accumulated depreciation	(370,539)	(359,984)
Buildings and structures, net	1,790,665	2,688,215
Machinery, equipment and vehicles	10,066,876	8,736,645
Accumulated depreciation	(3,673,481)	(3,566,722)
Machinery, equipment and vehicles, net	6,393,394	5,169,922
Construction in progress	2,077,069	4,807,241
Other	194,201	217,316
Accumulated depreciation	(126,720)	(120,671)
Other, net	67,481	96,645
Total tangible fixed assets	10,328,610	12,762,024
Intangible fixed assets		
Other	61,297	51,757
Total intangible fixed assets	61,297	51,757
Investments and other assets		
Deferred tax assets	197,633	114,774
Other	20,650	23,451
Total investments and other assets	218,284	138,225
Total fixed assets	10,608,192	12,952,006
Total assets	17,047,946	26,790,926

(Thousand yen)

	As of December 31, 2015	As of June 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	57,679	52,909
Short-term debt	100,000	100,000
Current portion of long-term debt	287,700	1,013,100
Accounts payable - other	483,277	360,945
Income taxes payable	226,746	237,142
Deferred tax liabilities	38,942	63,780
Other	113,766	77,395
Total current liabilities	1,308,112	1,905,272
Fixed liabilities		
Long-term debt	3,112,300	6,286,900
Net defined benefit liability	104,571	166,208
Deferred tax liabilities	92	45
Other	117,783	153,643
Total fixed liabilities	3,334,747	6,606,797
Total liabilities	4,642,859	8,512,070
Net assets		
Shareholders' equity		
Capital	4,131,720	7,631,831
Capital surplus	4,077,720	7,577,831
Retained earnings	2,328,962	3,276,825
Treasury shares	(72)	(286)
Total shareholders' equity	10,538,330	18,486,200
Accumulated other comprehensive income		
Foreign currency translation adjustment	1,821,756	(269,316)
Total accumulated other comprehensive income	1,821,756	(269,316)
Stock warrants	45,000	61,972
Total net assets	12,405,087	18,278,856
Total liabilities and net assets	17,047,946	26,790,926

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Six months ended June 30

(Thousand yen)

	For the six months ended June 30, 2015	For the six months ended June 30, 2016
Sales volume	3,156,093	4,480,328
Cost of goods sold	2,064,233	2,455,025
Gross profit	1,091,859	2,025,303
Selling, general and administrative expenses	453,442	543,387
Operating profit	638,417	1,481,916
Non-operating revenue		
Interest income	1,329	1,543
Foreign exchange gains	37,035	-
Subsidy income	50,237	56,866
Other	12,398	7,732
Total non-operating revenue	101,000	66,141
Non-operating expenses		
Interest expenses	7,791	18,615
Foreign exchange losses	-	51,464
Share issuance cost	-	36,479
Commission fee	429	7,455
Other	136	1,009
Total non-operating expenses	8,357	115,024
Ordinary profit	731,060	1,433,033
Net profit before taxes and other adjustment	731,060	1,433,033
Income taxes	87,147	343,105
Net profit	643,913	1,089,928
Net profit attributable to non-controlling interests	-	-
Net profit attributable to owners of parent	643,913	1,089,928

Quarterly Consolidated Statements of Comprehensive Income

Six months ended June 30

(Thousand yen)

	For the six months ended June 30, 2015	For the six months ended June 30, 2016
Net profit	643,913	1,089,928
Other comprehensive income		
Foreign currency translation adjustment	34,340	(2,091,073)
Total other comprehensive income	34,340	(2,091,073)
Comprehensive income	678,253	(1,001,145)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	678,253	(1,001,145)
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended June 30, 2015	For the six months ended June 30, 2016
Cash flows from operating activities		
Net profit before taxes and other adjustment	731,060	1,433,033
Depreciation	400,038	498,188
Interest and dividends income	(1,329)	(1,543)
Interest expenses	7,791	18,615
Share issuance cost	-	36,479
Foreign exchange losses (gains)	(30,414)	91,680
Decrease (increase) in notes and accounts receivable - trade	(347,525)	(209,010)
Decrease (increase) in inventories	133,089	(183,861)
Increase (decrease) in notes and accounts payable - trade	25,015	3,649
Increase (decrease) in accounts payable - other	(26,123)	11,036
Other, net	22,119	465
Subtotal	913,722	1,698,732
Interest and dividend income received	1,329	1,543
Interest expenses paid	(4,568)	(15,608)
Income taxes paid	(39,393)	(222,729)
Net cash provided by (used in) operating activities	871,089	1,461,937
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,862,366)	(4,673,458)
Other, net	13,391	(8,541)
Net cash provided by (used in) investing activities	(1,848,975)	(4,681,999)
Cash flows from financing activities		
Net increase (decrease) in short-term debt	(2,500,000)	-
Proceeds from long-term debt	1,000,000	4,000,000
Repayment of long-term debt	-	(100,000)
Proceeds from issuance of common shares	-	6,959,142
Proceeds from exercise of share options	-	4,600
Proceeds from issuance of subscription rights to shares	-	16,972
Cash dividends paid	-	(142,065)
Other, net	(124)	(435)
Net cash provided by (used in) financing activities	(1,500,124)	10,738,214
Effect of exchange rate change on cash and cash equivalents	18,937	(221,809)
Net increase (decrease) in cash and cash equivalents	(2,459,072)	7,296,343
Cash and cash equivalents at beginning of period	3,998,403	3,948,636
Cash and cash equivalents at end of period	1,539,331	11,244,979

(4) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the case of significant changes in shareholders' equity)

During the six months ended June 30, 2016, the Company issued new shares and payments were received through third-party allocation of shares based on the resolution of the Board of Directors' meeting held on May 30, 2016. In addition, stock acquisition rights were exercised, and both capital and legal capital surplus increased by ¥3,500,111 thousand.

As a result, capital and legal capital surplus as of June 30, 2016 amounted to ¥7,631,831 thousand and ¥7,577,831 thousand, respectively.

(Segment information)

For the six months ended June 30, 2016 (January 1, 2016 to June 30, 2016)

The Company and its consolidated subsidiaries comprise a single segment of lithium-ion secondary battery separators business. Hence the statement is omitted, as there are no other segments to be disclosed.

(Significant subsequent events)

(Stock split)

With the aim to increase the liquidity of shares of the Company and to broaden the investor base, the Company conducted a stock split as follows based on the resolution of the Board of Directors' meeting held on May 30, 2016.

1. Ratio and date of the stock split: On July 1, 2016, shares held by the shareholders recorded in the shareholder register on June 30, 2016 shall be split at the ratio of one to two shares.
2. Number of shares to be increased upon the split: 15,473,300 shares of common stock

(Commitment-type term loan agreement)

The Company concluded on July 4, 2016 the following commitment-type term loan agreements amounting to ¥14.0 billion in total, to finance the expected active investment for the coating equipment for the purpose of meeting a surge in demand for high-capacity batteries from a wide range of customers.

(1) Commitment-type term loan
   1) Lender: Mizuho Bank, Ltd.
   2) Borrowing limit: ¥5.0 billion
   3) Maturity date: June 2025

(2) Commitment-type term loan
   1) Lender: Sumitomo Mitsui Banking Corporation
   2) Borrowing limit: ¥5.0 billion
   3) Maturity date: June 2025

(3) Commitment-type term loan
   1) Lender: The Bank of Tokyo-Mitsubishi UFJ, Ltd.
   2) Borrowing limit: ¥2.5 billion
   3) Maturity date: June 2025

(4) Commitment-type term loan
   1) Lender: The Bank of Yokohama, Ltd.
   2) Borrowing limit: ¥1.5 billion
   3) Maturity date: June 2025

4. Supplementary Information

(1) Sales

(i) Sales

Sales for the six months ended June 30, 2016 were as follows.

Business segment	For the six months ended June 30, 2016	
	Sales amount (Thousand yen)	Y-o-Y ratio (%)
Lithium-ion secondary battery separators	4,480,328	142.0
Total	4,480,328	142.0

(Notes) 1. Statement regarding sales associated with segment information is omitted, as the Company and its consolidated subsidiaries comprise a single segment of lithium-ion secondary battery separators business.

2. Sales to major customers and ratio of such sales to total sales were as follows.

Customer	For the six months ended June 30, 2015		For the six months ended June 30, 2016	
	Sales amount (Thousand yen)	Ratio (%)	Sales amount (Thousand yen)	Ratio (%)
Dongguan Xuran Electronics Co., Ltd.	1,051,846	33.3	1,539,457	34.4
LG Group	589,706	18.7	1,517,438	33.9
A123 Systems, LLC	351,648	11.1	―	―
XALT Energy MI, LLC	324,223	10.3	―	―

3. The amounts indicated above do not include consumption taxes and other taxes.
4. Information on sales to A123 systems, LLC and XALT Energy MI, LLC for the six months ended June 30, 2016 is omitted as the ratio of such sales to total sales was less than 10%.
5. LG Group includes LG Chem, Ltd.

(2) Estimated Capital Investments

Estimated capital investments

Name of company	Name of office (Location)	Details of the facilities	Scheduled investment amount		Financing method	Commence-ment date	Scheduled completion date	Increase in capacity after completion
			Total (Thousand yen)	Amount already paid (Thousand yen)				
W-SCOPE KOREA CO., LTD.	Head Office (Cheonju-si, Chungbuk, Republic of Korea)	Production Line #5	2,347,155	1,830,089	Own funds and borrowings from banks	July 2015	August 2016	Approx. 15% increase in production
W-SCOPE KOREA CO., LTD.	Head Office (Cheonju-si, Chungbuk, Republic of Korea)	Production Lines #6 and #7	3,332,282	3,202,568	Own funds and borrowings from banks	October 2015	September 2016	Approx. 15% increase in production
W-SCOPE KOREA CO., LTD.	Head Office (Cheonju-si, Chungbuk, Republic of Korea)	Production Lines #8 and #9	4,763,078	1,135,216	Own funds and borrowings from banks	February 2016	During 2017	Approx. 40% increase in production

(Notes) 1. The amounts indicated above do not include consumption taxes and other taxes.
2. Statement by segment is omitted, as the Company and its consolidated subsidiaries comprise a single segment of lithium-ion secondary battery separators business.
3. “Increase in capacity after completion” is stated relative to the end of the previous fiscal year.
4. Production Lines #6 and #7 have started test run as well as shipment to some of the main customers.