Consolidated Financial Results
for the Nine Months Ended September 30, 2016
[Japanese GAAP]

November 9, 2016

Company name: W-SCOPE Corporation
Stock exchange listing: Tokyo Stock Exchange
Code number: 6619
URL: http://w-scope.co.jp/
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Scheduled date of filing quarterly securities report: November 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 Nine Months Ended September 30, 2016 (January 1, 2016 to September 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	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2016	6,654	23.5	1,844	34.4	1,551	9.8	1,154	(6.0)
September 30, 2015	5,387	73.7	1,373	486.5	1,412	352.0	1,227	268.9

(Note) Comprehensive income: Nine months ended September 30, 2016: ¥(214) million [(152.8) %]
Nine months ended September 30, 2015: ¥405 million [(41.2) %]

	Net profit per share	Diluted net profit per share
Nine months ended	Yen	Yen
September 30, 2016	39.25	36.93
September 30, 2015	43.31	42.10

(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 September 30, 2016	27,405	19,065	69.3
As of December 31, 2015	17,047	12,405	72.5

(Reference) Equity: As of September 30, 2016: ¥19,003 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	9,000	20.8	2,300	16.0	2,100	2.2	1,700	(7.1)	57.80

(Note) Revision to the financial results forecast announced most recently: Yes
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.
Consolidated financial results forecast for the full year ending December 31, 2016 was revised. For details, please refer to "Notice of Adjustments to Earnings Forecast" announced today on November 9, 2016.

*** 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):
September 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:
September 30, 2016: 223 shares
December 31, 2015: 86 shares

3) Average number of shares during the period:
Nine months ended September 30, 2016: 29,410,966 shares
Nine months ended September 30, 2015: 28,350,464 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 Friday, November 11, 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 nine months ended September 30, 2016, while the US economy recovered steadily, the future outlook is uncertain with concerns of economic downturn mainly resulting from geopolitical risks in Europe, economic stagnation in China and stagnation in consumer spending in Japan.

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 grew by more than 10%, mainly reflecting the expanded application and 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, despite an impact of handling changes in subsidies for EV (electric vehicles) and EV buses still remains in China, China's promotion policies for EV and EV buses have not been changed. Therefore, the demand continues to expand. In Europe, the US and Japan, demand for EV and HEV (hybrid vehicles) is increasing and is expected to enter a stage of full-fledged expansion driven by Europe.

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 nine months ended September 30, 2016 remained at ¥3,539,963 thousand, up 14.4% compared to the same period of the previous fiscal year due to our production capacity despite the robust demand. Sales in South Korea were ¥2,558,830 thousand, up 98.9% compared to the same period of the previous fiscal year, thanks to the contribution of the expansion of models sold to the LG Group. Sales in the US continued to recover since the second quarter ended June 30, 2016 after bottoming out in the first quarter ended March 31, 2016 mainly due to the temporary adjustment of the Company's customers, recording sales of ¥407,786 thousand, down 57.7% compared to the same period of the previous fiscal year. Shipments of coated-type products in Japan started from April and have smoothly expanded, recording sales of ¥147,980 thousand, up 237.8% compared to the same period of the previous fiscal year, and these sales levels are expected to continue going forward.

The Group is working to augment production capacity in order to support a brisk increase in demand from customers. Accordingly, the transition to mass production in Lines #6 and #7 was completed in September. On the other hand, while set up have commenced in Line #5, the transition to mass production will delay for about six months compared to the initial plan. While this delay was mainly due to technical factors such as productivity improvements and are scheduled to be resolved, the actual production volume fell below the scheduled volume as a result.

Due to the above factors, during the nine months ended September 30, 2016, sales volume fell below initial plans. As for operating profit, the operating profit margin was up compared to the same period of the previous fiscal year, thanks to increased production efficiency in existing lines, despite certain factors including 1) an increase in initial costs and fixed costs accompanying commencement of operations in new lines, and 2) an increase in sample production to expand models to be adopted from the next fiscal year. In addition, 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.

Non-operating expenses recorded during the nine months ended September 30, 2016 mainly consisted of foreign exchange losses on accounts receivable – trade, bank loan related expenses, and new share issuance cost. 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 nine months ended September 30, 2016 were ¥108.40 to the US dollar, an appreciation of approximately ¥12.53 compared to the same period of the previous fiscal year, 1,161.60 Korean won to the US dollar, a depreciation of 39.18 Korean won compared to the same period of the previous fiscal year and ¥93.3 for 1,000 Korean won, an appreciation of approximately ¥14.4 compared to the same period of the previous fiscal year.

In this environment, sales volume grew by ¥1,267,009 thousand or 23.5% compared to the same period of the previous fiscal year to ¥6,654,559 thousand. Meanwhile, operating profit increased by ¥471,782 thousand or

34.4% compared to the same period of the previous fiscal year to ¥1,844,914 thousand, net profit before taxes and other adjustment grew by ¥138,845 thousand or 9.8% compared to the same period of the previous fiscal year to ¥1,551,711 thousand, and net profit attributable to owners of parent decreased by ¥73,375 thousand or 6.0% compared to the same period of the previous fiscal year to ¥1,154,344 thousand.

(2) Explanation of Financial Position

Total assets as of September 30, 2016 stood at ¥27,405,394 thousand, up ¥10,357,448 thousand from the end of the previous fiscal year. The main causes are as follows.

(Assets)

Current assets stood at ¥13,392,149 thousand, a ¥6,952,395 thousand increase from the end of the previous fiscal year. This was mainly due to a ¥6,837,846 thousand increase in cash and bank deposits and a ¥48,349 thousand increase in raw materials and supplies. Fixed assets were ¥14,013,245 thousand, a ¥3,405,053 thousand increase from the end of the previous fiscal year. This was mainly due to a ¥1,001,009 thousand increase in buildings and structures, a ¥1,196,463 thousand increase in machinery, equipment and vehicles and a ¥1,244,116 thousand increase in construction in progress.

(Liabilities)

Liabilities stood at ¥8,339,544 thousand, up ¥3,696,684 thousand from the end of the previous fiscal year. Current liabilities as of September 30, 2016 stood at ¥2,087,712 thousand, up ¥779,599 thousand from the end of the previous fiscal year. This was mainly due to a ¥1,029,766 thousand increase in current portion of long-term debt despite a ¥296,078 thousand decrease in accounts payable – other. Fixed liabilities stood at ¥6,251,831 thousand, up ¥2,917,084 thousand from the end of the previous fiscal year. This was due mainly to a ¥2,770,233 thousand increase in long-term debt.

(Net assets)

Net assets stood at ¥19,065,850 thousand, up ¥6,660,763 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 ¥1,368,421 thousand decrease in foreign currency translation adjustment.

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

The global economy for the nine months ended 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 nine months ended September 30, 2016. High growth is expected to continue even over the long term supported by the expansion of consumer electronics applications and of demand for transportation equipment.

Under such circumstances, despite the Group is expected to receive high levels of demand from main customers, sales will only increase gradually due to limited production capacity.

Production Lines #6 and #7 at the Company’s subsidiary in South Korea have already commenced their operations and are in a transition process towards stable mass production. Installation of Production Line #5 has been completed in June 2016 and preparation for mass production is under way. In addition, the construction of Production Line #2 for coating separators has also started.

Capital investment plans currently in progress are as follows.

	Installation location	Scheduled start-up date
#8 and #9	Plant No.2	During 2017
#10 to #13 (Note)	Chungju factory	During 2018
Coating #3 and #4	Plant No. 3	During the second quarter of FY 2017

(Note) Capital investments in Lines #10 and #11 have commenced. The commencement timing for Lines #12 and #13 are under adjustment.

The projected average exchange rates for the fourth quarter ending December 31, 2016 and thereafter as the premise for the financial results forecast are ¥100.0 to the US dollar, 1,050.0 Korean won to the US dollar, and ¥95.2 for 1,000 Korean won.

In light of this environment, consolidated financial results forecast for the full year ending December 31, 2016 was revised. For details, please refer to “Notice of Adjustments to Earnings Forecast” announced today on November 9, 2016.

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 nine months ended September 30, 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 third quarter ended September 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 nine months ended September 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, ¥53,103 thousand presented as gain on sales of scraps under non-operating revenue in the Quarterly Consolidated Statements of Income for the nine months ended September 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 September 30, 2016
Assets		
Current assets		
Cash and bank deposits	3,948,636	10,786,482
Notes and accounts receivable - trade	1,546,383	1,589,053
Merchandise and finished goods	530,828	533,805
Raw materials and supplies	197,071	245,421
Other	216,834	237,386
Total current assets	6,439,754	13,392,149
Fixed assets		
Tangible fixed assets		
Buildings and structures	2,161,205	3,199,419
Accumulated depreciation	(370,539)	(407,744)
Buildings and structures, net	1,790,665	2,791,675
Machinery, equipment and vehicles	10,066,876	11,564,040
Accumulated depreciation	(3,673,481)	(3,974,182)
Machinery, equipment and vehicles, net	6,393,394	7,589,857
Construction in progress	2,077,069	3,321,186
Other	194,201	238,394
Accumulated depreciation	(126,720)	(133,263)
Other, net	67,481	105,130
Total tangible fixed assets	10,328,610	13,807,849
Intangible fixed assets		
Other	61,297	53,273
Total intangible fixed assets	61,297	53,273
Investments and other assets		
Deferred tax assets	197,633	126,682
Other	20,650	25,440
Total investments and other assets	218,284	152,122
Total fixed assets	10,608,192	14,013,245
Total assets	17,047,946	27,405,394

(Thousand yen)

	As of December 31, 2015	As of September 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	57,679	67,117
Short-term debt	100,000	100,000
Current portion of long-term debt	287,700	1,317,466
Accounts payable - other	483,277	187,198
Income taxes payable	226,746	265,315
Deferred tax liabilities	38,942	75,150
Other	113,766	75,463
Total current liabilities	1,308,112	2,087,712
Fixed liabilities		
Long-term debt	3,112,300	5,882,533
Net defined benefit liability	104,571	204,945
Deferred tax liabilities	92	27
Other	117,783	164,325
Total fixed liabilities	3,334,747	6,251,831
Total liabilities	4,642,859	8,339,544
Net assets		
Shareholders’ equity		
Capital	4,131,720	7,631,831
Capital surplus	4,077,720	7,577,831
Retained earnings	2,328,962	3,341,241
Treasury shares	(72)	(360)
Total shareholders’ equity	10,538,330	18,550,543
Accumulated other comprehensive income		
Foreign currency translation adjustment	1,821,756	453,334
Total accumulated other comprehensive income	1,821,756	453,334
Stock warrants	45,000	61,972
Total net assets	12,405,087	19,065,850
Total liabilities and net assets	17,047,946	27,405,394

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine months ended September 30

(Thousand yen)

	For the nine months ended September 30, 2015	For the nine months ended September 30, 2016
Sales volume	5,387,550	6,654,559
Cost of goods sold	3,322,252	4,032,911
Gross profit	2,065,298	2,621,648
Selling, general and administrative expenses	692,166	776,734
Operating profit	1,373,132	1,844,914
Non-operating revenue		
Interest income	2,708	1,798
Foreign exchange gains	701	-
Subsidy income	49,456	56,203
Other	14,622	12,514
Total non-operating revenue	67,489	70,516
Non-operating expenses		
Interest expenses	10,893	29,624
Foreign exchange losses	-	220,747
Share issuance cost	-	38,787
Commission fee	16,501	73,510
Other	361	1,047
Total non-operating expenses	27,756	363,718
Ordinary profit	1,412,865	1,551,711
Net profit before taxes and other adjustment	1,412,865	1,551,711
Income taxes	185,145	397,366
Net profit	1,227,720	1,154,344
Net profit attributable to non-controlling interests	-	-
Net profit attributable to owners of parent	1,227,720	1,154,344

Quarterly Consolidated Statements of Comprehensive Income

Nine months ended September 30

(Thousand yen)

	For the nine months ended September 30, 2015	For the nine months ended September 30, 2016
Net profit	1,227,720	1,154,344
Other comprehensive income		
Foreign currency translation adjustment	(822,421)	(1,368,421)
Total other comprehensive income	(822,421)	(1,368,421)
Comprehensive income	405,298	(214,077)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	405,298	(214,077)
Comprehensive income attributable to non-controlling interests	-	-

(3) 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 nine months ended September 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 September 30, 2016 amounted to ¥7,631,831 thousand and ¥7,577,831 thousand, respectively.

(Segment information)

For the nine months ended September 30, 2016 (January 1, 2016 to September 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)

1 Establishment of subsidiary

At the Board of Directors' meeting held on October 13, 2016, the Company resolved to establish a second production subsidiary in South Korea, and the subsidiary has been established as below.

(1) Purpose of establishing a subsidiary

The Company is working aggressively to expand the production scale as announced in the medium-term management plan, "Vision2018." To cope with such expansion, the Company has established a new company in South Korea, North Chungcheong Province, Chungju region, in addition to W-SCOPE KOREA CO., LTD. (hereinafter "WSK"), the South Korean base of the Group. In the new company, the Company will specifically start to work on a factory land acquisition and production capital investment in the Chungju region, which was announced on May 30, 2016.

It should be noted regarding the new company, it is possible to enjoy a variety of incentives, such as tax reductions and exemptions just as the existing company, WSK. By coupling those incentives with the Company's third generation production process, the Company will further enhance its cost competitiveness, and will aim to be a leading company specializing in membrane film manufacturing.

(2) Outline of the subsidiary to be established in South Korea

1) Name	W-SCOPE CHUNGJU PLANT CO., LTD.
2) Domicile	Daesowon-myeon, Chungju-si, Chungcheong-pukto, the Republic of Korea
3) Name of the president	Won-Kun Choi (Representative Director of the Company)
4) Major business line	Development, manufacturing and sales of parts and materials for automotive energy storage batteries and related additional businesses
5) Date of establishment	October 26, 2016
6) Capital	950,000,000 Korean won (Approx. ¥88,000,000)
7) Shareholder	100% owned subsidiary of W-SCOPE Corporation

2 Land lease agreement

On October 21, 2016, the Company concluded the following land lease agreement regarding the premises for the Factory No. 3.

Name of the contracting entity	W-SCOPE KOREA CO., LTD.
Name of the agreement	Ochang Foreign Investment Zone Tenancy Agreement (land lease)
Counterparty of the agreement	South Korean Industrial Complex Corporation
Date of the agreement	October 21, 2016
Term of the agreement	From October 21, 2016 to November 6, 2055 (termination of the tenancy agreement for the premises of the Factory No. 1), subject to extension after every ten years.
Contents of the agreement	1) W-SCOPE KOREA CO., LTD. shall rent the premises with an area of 32,205.50 square meters located at 653-10, Gang-ri, Ochang-eup, Cheongwon-gun, Chungbuk, Korea. 2) Annual rent per square meter shall basically be determined at 1% of the individually posted land price for the year (that is "acquisition value" if acquisition value is higher than the individually posted land price, or alternatively the standard posted land price if individually posted land price is not verifiable; hereinafter the same shall apply where this provision is quoted), which shall, however, be superseded by the specifically determined rent for the year, if applicable, as decided separately by the Minister of Trade, Industry and Energy in consultation with the Minister of Strategy and Finance, as well as the governors of the local municipalities, in accordance with the Guidelines for the Administration of the Foreign Investment Zone (hereinafter the "Guidelines") officially published by the Ministry of Trade, Industry and Energy. 3) In case a "tenant corporation" completes the foreign investment in excess of the threshold prescribed under Article 15 of the Guidelines, the rent may be exempted or reduced in accordance with the provisions of the Foreign Investment Promotion Act, Special Tax Treatment Act, Basic Scheme for the Administration of the Foreign Investment Zone, or Ordinance for Special Exemption or Reduction of Municipality Tax. 4) If, after the South Korean Industrial Complex Corporation decided to apply exemption or reduction of rent, the tenant corporation is found to have given the benefit of such special treatment based on a false premise, or fails to continuously meet the criteria for such treatment, or becomes applicable to the payment of rent as prescribed under Article 17, Paragraph 3 of the Guidelines, the amount of rent exempted or reduced shall be collected, on a retroactive basis for the period from the date on which the decision to apply such treatment is made, or the date on which the circumstance that qualifies for such treatment arises.

(Note) Exemption or reduction of rent refers to the special treatment whereby land rent is exempted or reduced if the investment made by the concerned foreign investor exceeds $7,896,651 prior to October 20, 2021.

The tenancy agreement may be cancelled, if the foreign investment plan committed under the business agreement on the establishment of the factory submitted upon applying for the tenancy agreement is not fulfilled, or if the foreign investor's equity interest ratio fails to maintain 30% mark during the tenancy term. In the event of such cancellation, the tenant shall not be permitted to claim compensation for the damage or loss resulting therefrom, but become liable for the cost to restore the premises to its original condition.

4. Supplementary Information

(1) Sales

(i) Sales

Sales for the nine months ended September 30, 2016 were as follows.

Business segment	For the nine months ended September 30, 2016	
	Sales amount (Thousand yen)	Y-o-Y ratio (%)
Lithium-ion secondary battery separators	6,654,559	123.5
Total	6,654,559	123.5

(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 nine months ended September 30, 2015		For the nine months ended September 30, 2016	
	Sales amount (Thousand yen)	Ratio (%)	Sales amount (Thousand yen)	Ratio (%)
LG Group	1,122,778	20.8	2,457,753	36.9
Dongguan Xuran Electronics Co., Ltd.	1,770,162	32.9	2,134,930	32.1

3. The amounts indicated above do not include consumption taxes and other taxes.
4. 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	2,371,917	1,728,460	Own funds and bank borrowings	July 2015	December 2016	Approx. 15% increase in production
W-SCOPE KOREA CO., LTD.	Head Office (Cheonju-si, Chungbuk, Republic of Korea)	Production Lines #8 and #9	4,921,101	1,614,943	Own funds and bank borrowings	February 2016	During 2017	Approx. 40% increase in production
W-SCOPE KOREA CO., LTD.	Head Office (Cheonju-si, Chungbuk, Republic of Korea)	Coating Production Lines #3 and #4	1,151,732	153,225	Own funds and bank borrowings	September 2016	During the second quarter of FY2017	Approx. 200% increase in processing 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. The major new facilities whose establishment was scheduled at the end of the previous fiscal year and have been completed are as follows:

Name of company	Name of office (Location)	Details of the facilities	Investment amount (Thousand yen)	Completion date	Increase in capacity
W-SCOPE KOREA CO., LTD.	Head Office (Cheonju-si, Chungbuk, Republic of Korea)	Production Lines #6 and #7	3,597,627	September 2016	Approx. 15% increase in production

4. “Increase in capacity after completion” is stated relative to the end of the previous fiscal year.