

Consolidated Balance Sheets

As of December 31,2016 and 2015

Assets	Millions of Yen		Thousands of U.S.Dollars (1US\$=¥116.49)
	2015	2016	2016
Current assets:			
Cash on hand and in banks	¥2,839	¥1,702	\$14,611
Notes and accounts receivable-trade	5,814	8,044	69,054
	<u>8,654</u>	<u>9,746</u>	<u>83,665</u>
Less: allowance for doubtful accounts	(9)	(9)	(77)
	<u>8,644</u>	<u>9,737</u>	<u>83,588</u>
Merchandise and finished goods	2,231	2,346	20,147
Work in process	1,655	1,704	14,635
Raw materials and supplies	1,686	1,800	15,453
Deferred tax assets	32	28	246
Other current assets	501	367	3,158
Total current assets	<u>14,751</u>	<u>15,985</u>	<u>137,229</u>
Property,plant and equipment:			
Land	2,173	2,171	18,638
Buildings and structures	9,464	9,700	83,276
Machinery, equipment and vehicles	19,266	18,574	159,451
Lease assets	1,198	1,197	10,275
Construction in progress	405	148	1,275
Other	2,857	2,920	25,074
	<u>35,365</u>	<u>34,713</u>	<u>297,992</u>
Less: accumulated depreciation	(25,745)	(25,879)	(222,157)
Total property,plant and equipment	<u>9,620</u>	<u>8,834</u>	<u>75,835</u>
Intangible fixed assets:			
Leasehold right	95	86	738
Right of using facilities	12	12	104
Other intangible fixed assets	21	37	319
Total intangible fixed assets	<u>129</u>	<u>135</u>	<u>1,162</u>
Investments and other assets:			
Investment securities	93	83	718
Long-term loans receivable	8	8	71
Long-term accounts receivable-other	81	78	677
Deferred tax assets	112	153	1,313
Other investments	77	103	886
	<u>372</u>	<u>427</u>	<u>3,667</u>
Less: allowance for doubtful accounts	(1)	-	-
Total investments and other assets	<u>371</u>	<u>427</u>	<u>3,667</u>
Total assets	<u>¥24,873</u>	<u>¥25,382</u>	<u>\$217,895</u>

Consolidated Balance Sheets

As of December 31,2016 and 2015

Liabilities and Net assets	Millions of Yen		Thousands of U.S.Dollars (1US\$=¥116.49)
	2015	2016	2016
Current liabilities:			
Notes and accounts payable-trade	¥5,566	¥5,290	\$45,412
Short-term loans payable	5,915	4,936	42,373
Current portion of long-term loans payable	3,907	518	4,453
Lease obligations	190	91	787
Income taxes payable	139	178	1,530
Provision for product compensation	-	30	265
Notes payable-facilities	92	80	694
Other current liabilities	1,086	1,330	11,418
Total current liabilities	<u>16,898</u>	<u>12,457</u>	<u>106,936</u>
Long-term liabilities:			
Long-term loans payable	3,877	9,847	84,530
Lease obligations	406	354	3,043
Deferred tax liabilities	81	87	749
Deferred tax liabilities for land revaluation	142	133	1,148
Net defined benefit liability	1,279	839	7,210
Reserve for directors' retirement benefits	2	2	22
Other long-term liabilities	481	868	7,455
Total long-term liabilities	<u>6,272</u>	<u>12,133</u>	<u>104,160</u>
Net assets:			
Shareholders' equity:			
Capital stock	3,511	3,511	30,144
Capital surplus	498	498	4,282
Retained earnings	(2,424)	(3,569)	(30,644)
Treasury stock	(4)	(4)	(40)
Total shareholders' equity	<u>1,581</u>	<u>435</u>	<u>3,741</u>
Accumulated other comprehensive income:			
Net unrealized gains on securities	16	8	76
Deferred gains or losses on hedges	-	(3)	(26)
Revaluation reserve for land	301	310	2,666
Foreign currency translation adjustments	(223)	0	3
Remeasurements of defined benefit plans	4	16	138
Total accumulated other comprehensive income	<u>98</u>	<u>333</u>	<u>2,858</u>
Subscription rights to shares	<u>23</u>	<u>23</u>	<u>197</u>
Total net assets	<u>1,703</u>	<u>791</u>	<u>6,798</u>
 Total liabilities and net assets	 <u>¥24,873</u>	 <u>¥25,382</u>	 <u>\$217,895</u>

Consolidated Statements of Income and Comprehensive Income

For the years ended December 31,2016 and 2015

	Millions of Yen		Thousands of U.S.Dollars
	Jan'15-Dec'15	Jan'16-Dec'16	(1US\$=¥116.49) Jan'16-Dec'16
Net sales	¥30,842	¥28,542	\$245,025
Cost of sales	27,398	24,834	213,191
Gross profit	3,444	3,708	31,833
Selling,general and administrative expenses	3,099	2,918	25,050
Operating income	344	790	6,782
Non-operating income:			
Interest income	4	4	39
Foreign exchange gains	50	62	537
Other	23	12	111
	<u>79</u>	<u>80</u>	<u>689</u>
Non-operating expenses:			
Interest expenses	667	737	6,331
Commission fee	75	231	1,985
Other	158	187	1,607
	<u>901</u>	<u>1,156</u>	<u>9,924</u>
Ordinary (loss)	(477)	(285)	(2,453)
Extraordinary gains:			
Gain on sales of fixed assets	10	7	66
Gain on revision of retirement benefit plan	-	261	2,245
	<u>10</u>	<u>269</u>	<u>2,311</u>
Extraordinary losses:			
Loss on sales or disposal of fixed assets	8	26	223
Loss on devaluation of investments in securities	11	-	-
Loss on anti monopoly act	910	938	8,057
	<u>930</u>	<u>964</u>	<u>8,281</u>
(Loss) before income taxes	(1,397)	(981)	(8,422)
Income taxes - Current	181	191	1,644
Income taxes - Deferred	396	(27)	(233)
	<u>578</u>	<u>164</u>	<u>1,410</u>
(Loss) before minority interests	(1,975)	(1,145)	(9,833)
Net (loss)	¥(1,975)	¥(1,145)	\$(9,833)
(Loss) before minority interests	(1,975)	(1,145)	(9,833)
Other comprehensive income			
Net unrealized gains on securities	5	(7)	(60)
Deferred gains or losses on hedges	-	(3)	(26)
Revaluation reserve for land	12	8	76
Foreign currency translation adjustments	519	224	1,925
Remeasurements of defined benefit plans, net of tax	78	11	98
	<u>617</u>	<u>234</u>	<u>2,013</u>
Comprehensive income	(1,358)	(911)	(7,820)
Comprehensive income attributable to:			
owners of the parent	(1,358)	(911)	(7,820)
minority interests	-	-	-
	<u>Yen</u>	<u>Yen</u>	<u>Yen</u>
Per share:			
Net (loss)	¥(46.73)	¥(20.23)	\$(0.17)
Weighted average number of shares	42,276,326	56,617,024	

Consolidated Statements of Changes in Net Assets

For the years ended December 31,2016 (January 1, 2016 - December 31, 2016)

(Millions of Yen)

	Shareholders' equity					Accumulated other comprehensive income						Subscription rights to shares	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	¥3,511	¥498	¥(2,424)	¥(4)	¥1,581	¥16	-	¥301	¥(223)	¥4	¥98	¥23	¥1,703
Changes of items during the fiscal year													
Net (loss)			(1,145)		(1,145)								(1,145)
Purchase of treasury stock				(0)	(0)								(0)
Net changes of items other than shareholders' equity						(7)	(3)	8	224	11	234	-	234
Total changes of items during the fiscal year	-	-	(1,145)	(0)	(1,145)	(7)	(3)	8	224	11	234	-	(911)
Balance at the end of current period	¥3,511	¥498	¥(3,569)	¥(4)	¥435	¥8	¥(3)	¥310	¥0	¥16	¥333	¥23	¥791

(Thousands of U.S.Dollars (1US\$=¥116.49))

	Shareholders' equity					Accumulated other comprehensive income						Subscription rights to shares	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	\$30,144	\$4,282	\$(20,810)	\$(39)	\$13,576	\$137	-	\$2,590	\$(1,922)	\$39	\$845	\$197	\$14,620
Changes of items during the fiscal year													
Net (loss)			(9,833)		(9,833)								(9,833)
Purchase of treasury stock				(1)	(1)								(1)
Net changes of items other than shareholders' equity						(60)	(26)	76	1,925	98	2,013	-	2,013
Total changes of items during the fiscal year	-	-	(9,833)	(1)	(9,835)	(60)	(26)	76	1,925	98	2,013	-	(7,821)
Balance at the end of current period	\$30,144	\$4,282	\$(30,644)	\$(40)	\$3,741	\$76	\$(26)	\$2,666	\$3	\$138	\$2,858	\$197	\$6,798

For the years ended December 31,2015 (January 1, 2015 - December 31, 2015)

(Millions of Yen)

	Shareholders' equity					Accumulated other comprehensive income						Subscription rights to shares	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	¥3,511	¥498	¥(448)	¥(4)	¥3,557	¥10	-	¥288	¥(743)	¥(74)	¥(518)	¥23	¥3,061
Changes of items during the fiscal year													
Net (loss)			(1,975)		(1,975)								(1,975)
Purchase of treasury stock				(0)	(0)								(0)
Net changes of items other than shareholders' equity						5	-	12	519	78	617	-	617
Total changes of items during the fiscal year	-	-	(1,975)	(0)	(1,975)	5	-	12	519	78	617	-	(1,358)
Balance at the end of current period	¥3,511	¥498	¥(2,424)	¥(4)	¥1,581	¥16	-	¥301	¥(223)	¥4	¥98	¥23	¥1,703

Consolidated Statements of Cash Flows

For the years ended December 31,2016 and 2015

	Millions of Yen		Thousands of U.S.Dollars (1US\$=¥116.49)
	Jan'15-Dec'15	Jan'16-Dec'16	Jan'16-Dec'16
Cash flows from operating activities:			
(Loss) before income taxes	(¥1,397)	(¥981)	(\$8,422)
Depreciation and amortization	1,507	1,371	11,776
Amortization of consolidation adjust accounts	0	-	-
(Decrease) in allowance for doubtful accounts	(47)	(1)	(10)
Increase in provision for product compensation	-	31	272
(Decrease) in remeasurements of defined benefit plans	(71)	(437)	(3,757)
Interest and dividend income	(6)	(5)	(50)
Interest expenses	667	737	6,331
Foreign exchange (gains) losses	63	(66)	(570)
Loss (gains) on sales or disposal of fixed assets	(1)	18	157
(Gains) loss on valuation of investments securities	11	-	-
Loss on anti monopoly act	910	938	8,057
(Increase) decrease in notes and accounts receivable-trade	121	(2,405)	(20,653)
(Increase) decrease in inventories	(65)	(433)	(3,724)
(Decrease) in notes and accounts payable-trade	(167)	(116)	(1,003)
Other, net	37	244	2,095
Subtotal	1,563	(1,107)	(9,504)
Interest and dividend income received	6	5	50
Interest expenses paid	(659)	(718)	(6,169)
Antimonopoly act related loss paid	(719)	(612)	(5,254)
Income taxes paid	(178)	(163)	(1,404)
Net cash (used in) provided by operating activities	11	(2,595)	(22,281)
Cash flows from investing activities:			
Payments for purchase of investments securities	(5)	(1)	(14)
Payments for purchase of fixed assets	(1,718)	(890)	(7,641)
Proceeds from sales of fixed assets	9	2	23
Other, net	0	(26)	(226)
Net cash (used in) investing activities	(1,714)	(915)	(7,858)
Cash flows from financing activities:			
(Decrease) increase in short-term loans payable,net	2,200	(838)	(7,199)
Proceeds from long-term loans payable	4,708	9,998	85,827
Repayments of long-term loans payable	(4,703)	(7,386)	(63,411)
Redemption of bonds	(220)	-	-
Repayments of lease obligations	(203)	(193)	(1,665)
Proceeds from sales and installment back transaction	299	-	-
Repayments of sales and installment back transaction	(53)	(58)	(506)
Other, net	(0)	(0)	(1)
Net cash provided by financing activities	2,028	1,519	13,042
Effect of exchange rate changes on cash and cash equivalents	106	853	7,329
Net (decrease) increase in cash and cash equivalents	431	(1,137)	(9,768)
Cash and cash equivalents at beginning of current period	1,958	2,389	20,516
Cash and cash equivalents at end of current period	¥2,389	¥1,252	\$10,748

Business Segment Information

For the years ended December 31,2016 (January 1, 2016 - December 31, 2016)

	Millions of Yen					Consolidated
	Capacitor	Printed circuit boards	Other	Total	Adjustments	
Sales :						
Outside customers	¥12,339	¥16,105	¥97	¥28,542	-	¥28,542
Intersegment	-	-	-	-	-	-
Total sales	12,339	16,105	97	28,542	-	28,542
Operating income(loss)	¥1,260	(¥513)	¥42	¥790	-	¥790

	Thousands of U.S.Dollars (1US\$=¥116.49)					Consolidated
	Capacitor	Printed circuit boards	Other	Total	Adjustments	
Sales :						
Outside customers	\$105,929	\$138,259	\$835	\$245,025	-	\$245,025
Intersegment	-	-	-	-	-	-
Total sales	105,929	138,259	835	245,025	-	245,025
Operating income(loss)	\$10,823	(\$4,404)	\$363	\$6,782	-	\$6,782

For the years ended December 31,2015 (January 1, 2015 - December 31, 2015)

	Millions of Yen					Consolidated
	Capacitor	Printed circuit boards	Other	Total	Adjustments	
Sales :						
Outside customers	¥13,098	¥17,644	¥98	¥30,842	-	¥30,842
Intersegment	-	-	-	-	-	-
Total sales	13,098	17,644	98	30,842	-	30,842
Operating income(loss)	¥1,292	(¥991)	¥44	¥344	-	¥344