

ELNA CO.,LTD.

Non-Consolidated Balance Sheets
As of December 31,2017 and 2016

Assets	Millions of Yen		Thousands of U.S.Dollars (1US\$=¥113.00)
	2016	2017	2017
Current assets:			
Cash on hand and in banks	¥826	¥1,395	\$12,348
Notes receivable-trade	673	265	2,351
Accounts receivable-trade	8,499	5,864	51,896
Accounts receivable-other	481	278	2,462
	<u>10,480</u>	<u>7,803</u>	<u>69,059</u>
Less: allowance for doubtful accounts	(4,514)	(4,491)	(39,743)
	<u>5,966</u>	<u>3,312</u>	<u>29,316</u>
Inventories	2,424	252	2,235
Short-term loan receivable to a subsidiary	8,297	9,801	86,737
Other current assets	232	247	2,187
Total current assets	<u>16,921</u>	<u>13,613</u>	<u>120,477</u>
Property,plant and equipment:			
Buildings, net	1,400	677	5,994
Structures, net	122	111	988
Machinery and equipment, net	385	84	748
Vehicles, net	3	-	-
Tools, furniture and fixtures, net	42	13	118
Construction in progress	10	27	242
Lease assets, net	108	48	428
Land	1,815	632	5,597
Total property,plant and equipment	<u>3,890</u>	<u>1,595</u>	<u>14,119</u>
Intangible fixed assets:	43	29	262
Investments and other assets:			
Investments securities	83	101	901
Stocks of subsidiaries and an affiliate	991	4,872	43,116
Long-term loan to subsidiaries and an affiliate	528	705	6,245
Long-term other receivable to an affiliate	78	76	676
Other investments	45	34	306
	<u>1,726</u>	<u>5,790</u>	<u>51,246</u>
Less: allowance for doubtful accounts	-	-	-
Total investments and other assets	<u>1,726</u>	<u>5,790</u>	<u>51,246</u>
Total assets	<u>¥22,581</u>	<u>¥21,030</u>	<u>\$186,107</u>

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	Millions of Yen		Thousands of U.S.Dollars (1US\$=¥113.00)
	2016	2017	2017
Liabilities and Net assets			
Current liabilities:			
Short-term loans payable	¥3,848	¥2,707	\$23,955
Current portion of long-term loans payable	422	283	2,504
Lease obligations	49	34	306
Asset retirement obligations	22	22	194
Notes payable-trade	3,029	2,371	20,982
Accounts payable-trade	2,857	3,768	33,351
Provision for loss on business restructuring	-	1,014	8,973
Notes payable-facilities	80	-	-
Accrued liabilities	210	173	1,531
	<u>10,521</u>	<u>10,373</u>	<u>91,799</u>
Accrued expenses	468	90	798
Income taxes payable	27	25	225
Deposits received	14	18	162
Other	0	256	2,274
Total current liabilities	<u>11,032</u>	<u>10,764</u>	<u>95,260</u>
Long-term liabilities:			
Long-term loans payable	9,831	9,548	84,495
Lease obligations	79	24	214
Reserve for retirement benefits	506	147	1,301
Deferred tax liabilities	3	9	82
Deferred tax liabilities for land revaluation	133	133	1,183
Provision for loss of subsidiaries and affiliates	144	371	3,283
Other long-term liabilities	812	617	5,465
Total long-term liabilities	<u>11,511</u>	<u>10,851</u>	<u>96,026</u>
Net assets:			
Shareholders' equity:			
Capital stock	3,511	4,011	35,500
Capital surplus			
Legal capital surplus	498	998	8,839
Total capital surplus	<u>498</u>	<u>998</u>	<u>8,839</u>
Retained earnings			
Legal retained earnings	381	381	3,372
Other retained earnings			
Retained earnings brought forward	(4,689)	(6,325)	(55,980)
Total retained earnings	<u>(4,308)</u>	<u>(5,944)</u>	<u>(52,608)</u>
Treasury stock	(4)	(4)	(42)
Total shareholders' equity	<u>(302)</u>	<u>(939)</u>	<u>(8,312)</u>
Valuation and translation adjustments:			
Net unrealized gains on securities	8	21	191
Deferred gains or losses on hedges	(3)	(1)	(12)
Revaluation reserve for land	310	310	2,748
Total valuation and translation adjustments:	<u>316</u>	<u>330</u>	<u>2,928</u>
Subscription rights to shares	23	23	204
Total net assets	<u>37</u>	<u>(585)</u>	<u>(5,179)</u>
Total liabilities and net assets	<u>¥22,581</u>	<u>¥21,030</u>	<u>\$186,107</u>

Non-Consolidated Statements of Income
For the years ended December 31,2017 and 2016

	Millions of Yen		Thousands of U.S.Dollars (1US\$=¥113.00)
	Jan'16-Dec'16	Jan'17-Dec'17	Jan'17-Dec'17
Net sales	¥26,461	¥25,573	\$226,310
Cost of sales	24,814	23,770	210,361
Gross profit	<u>1,647</u>	<u>1,802</u>	<u>15,948</u>
Selling,general and administrative expenses	2,296	1,718	15,211
Operating income	<u>(648)</u>	<u>83</u>	<u>736</u>
Non-operating income:			
Interest income	364	397	3,515
Dividend income	1,202	408	3,613
Rent income	76	88	779
Foreign exchange gains	32	-	-
Other	2	19	171
	<u>1,679</u>	<u>913</u>	<u>8,080</u>
Non-operating expenses:			
Interest expenses	641	573	5,071
Commission fee	231	266	2,354
Depreciation of assets for rent	71	79	700
Foreign exchange loss	-	135	1,198
Other	154	202	1,790
	<u>1,098</u>	<u>1,256</u>	<u>11,115</u>
Ordinary (loss)	<u>(67)</u>	<u>(259)</u>	<u>(2,298)</u>
Extraordinary income:			
Gain on revision of retirement benefit plan	261	-	-
Reversal of loss on anti monopoly act	-	19	175
	<u>261</u>	<u>19</u>	<u>175</u>
Extraordinary losses:			
Loss on sales or disposal of fixed assets	1	0	4
Business restructuring loss	-	1,014	8,973
Loss on anti monopoly act	766	194	1,718
Provision for loss on subsidiaries and affiliates	107	227	2,008
	<u>874</u>	<u>1,435</u>	<u>12,705</u>
(Loss) before income taxes	<u>(680)</u>	<u>(1,675)</u>	<u>(14,828)</u>
Income taxes - Current	(57)	(38)	(344)
Net (loss)	<u>(¥623)</u>	<u>(¥1,636)</u>	<u>(\$14,484)</u>
	Yen		
Per share:			
Net (loss)	(¥11.00)	(¥25.58)	(\$0.22)
Cash dividends	-	-	-
Weighted average number of shares	56,617,024	63,960,119	

ELNA CO.,LTD.

Non-Consolidated Statements of Changes in Net Assets

For the years ended December 31,2017(January 1, 2017 - December 31, 2017)

(Millions of Yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
					Retained earnings brought forward			
Balance at the beginning of current period	¥3,511	¥498	¥498	¥381	¥(4,689)	¥(4,308)	¥(4)	¥(302)
Issuance of new shares	499	499	499					999
Net(loss)					(1,636)	(1,636)		(0)
Purchase of treasury stock								
Total changes of items during the fiscal year	499	499	499	—	(1,636)	(1,636)	(0)	(636)
Balance at the end of current period	¥4,011	¥998	¥998	¥381	¥(6,325)	¥(5,944)	¥(4)	¥(939)

	Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Net unrealized gains on securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at the beginning of current period	¥8	(3)	¥310	¥316	¥23	¥37
Issuance of new shares						999
Net(loss)						(1,636)
Purchase of treasury stock						(0)
Net changes of items other than shareholders' equity	12	1	—	14	—	14
Total changes of items during the fiscal year	12	1	—	14	—	(622)
Balance at the end of current period	¥21	¥(1)	¥310	¥330	¥23	¥(585)

ELNA CO.,LTD.

Non-Consolidated Statements of Changes in Net Assets

For the years ended December 31,2017 (January 1, 2017 - December 31, 2017)

(Thousands of U.S.Dollars (1US\$=¥113.00))

	Shareholders' equity							
	Capital stock	Capital surplus		Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at the beginning of current period	\$31,075	\$4,414	\$4,414	\$3,372	\$(41,496)	\$(38,124)	\$(41)	\$(2,676)
Issuance of new shares	4,424	4,424	4,424					8,849
Net(loss)					(14,484)	(14,484)		(14,484)
Purchase of treasury stock							(0)	(0)
Net changes of items other than shareholders' equity								
Total changes of items during the fiscal year	4,424	4,424	4,424	0	(14,484)	(14,484)	(0)	(5,635)
Balance at the end of current period	\$35,500	\$8,839	\$8,839	\$3,372	\$(55,980)	\$(52,608)	\$(42)	\$(8,312)

	Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Net unrealized gains on securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at the beginning of current period	\$79	(27)	\$2,748	\$2,801	\$204	\$328
Issuance of new shares						8,849
Net(loss)						(14,484)
Purchase of treasury stock						(0)
Net changes of items other than shareholders' equity	112	14	—	127	0	127
Total changes of items during the fiscal year	112	14	—	127	0	(5,508)
Balance at the end of current period	\$191	\$(12)	\$2,748	\$2,928	\$204	\$(5,179)

ELNA CO.,LTD.

Non-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							
	Capital stock	Capital surplus		Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
Balance at the beginning of current period	¥3,511	¥498	¥498	¥381	¥(4,065)	¥(3,684)	¥(4)	¥320
Changes of items during the fiscal year								
Net (loss)					(623)	(623)		(623)
Purchase of treasury stock							(0)	(0)
Net changes of items other than shareholders' equity								
Total changes of items during the fiscal year	-	-	-	-	(623)	(623)	(0)	(623)
Balance at the end of current period	¥3,511	¥498	¥498	¥381	¥(4,689)	¥(4,308)	¥(4)	¥(302)

	Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Net unrealized gains on securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at the beginning of current period	¥16	-	¥301	¥317	¥23	¥661
Changes of items during the fiscal year						
Net (loss)						(623)
Purchase of treasury stock						(0)
Net changes of items other than shareholders' equity	(7)	(3)	8	(1)	-	(1)
Total changes of items during the fiscal year	(7)	(3)	8	(1)	-	(624)
Balance at the end of current period	¥8	¥(3)	¥310	¥316	¥23	¥37