

ELNA CO.,LTD. and its consolidated subsidiaries

Consolidated Balance Sheets
As of December 31,2006 and 2005

Assets	Millions of Yen		Thousands of U.S.Dollars (1US\$= ¥ 119.11)
	2005	2006	2006
Current assets:			
Cash on hand and in banks	¥1,371	¥4,852	\$40,741
Notes and accounts receivable	7,807	7,162	60,131
	9,179	12,015	100,873
Less: allowance for doubtful accounts	(10)	(13)	(112)
	9,168	12,001	100,760
Inventories	5,591	6,239	52,385
Other receivables	206	253	2,132
Consumption tax refund	90	120	1,014
Deferred tax assets - current	51	13	112
Other current assets	162	215	1,806
Total current assets	15,270	18,844	158,211
Property,Plant and equipment:			
Land	2,956	2,960	24,855
Property,Plant and equipment - At cost	28,504	31,744	266,516
Construction in progress	1,137	840	7,059
	32,598	35,546	298,431
Less: accumulated depreciation	(19,331)	(21,019)	(176,474)
Total property,plant and equipment	13,266	14,526	121,956
Intangible assets:			
Land leasehold	81	85	719
Right for using facilities	17	16	135
Consolidation adjust account	35	23	201
Other intangible assets	3	3	26
Total intangible assets	138	128	1,082
Investments and other assets:			
Investments in securities	594	246	2,072
Long-term loans	495	455	3,825
Deferred tax assets	7	7	60
Other investments	989	962	8,080
	2,087	1,672	14,038
Less: allowance for doubtful accounts	(3)	(3)	(29)
Total investments and other assets	2,083	1,668	14,009
Total assets	¥30,759	¥35,168	\$295,259

ELNA CO.,LTD. and its consolidated subsidiaries

Consolidated Balance Sheets
As of December 31,2006 and 2005

	Millions of Yen		Thousands of U.S.Dollars (1US\$= ¥ 119.11)
	2005	2006	2006
Liabilities and Net assets			
Current liabilities:			
Notes and accounts payable	¥7,933	¥7,953	\$66,775
Short-term loans	9,382	7,150	60,030
Current-portion of long-term debt	2,732	3,602	30,246
Consumption tax payable	0	8	70
Income taxes payable	55	55	465
Notes payable for facilities	330	301	2,532
Other current liabilities	1,255	1,277	10,723
Total current liabilities	21,690	20,349	170,844
Long-term liabilities:			
Long-term loans	2,903	5,511	46,270
Deferred tax liabilities - fixed -	313	251	2,111
Deferred tax liabilities for revaluation	322	265	2,224
Accrued retirement benefits	2,044	1,954	16,408
Accrued retirement benefits to directors	104	81	681
Other long-term liabilities	62	44	370
Total long-term liabilities	5,750	8,107	68,068
Minority interests	933	-	-
Stockholders' equity:			
Common stock	2,008	-	-
Authorized: 52,800,000 shares at December 31,2005			
Issued: 26,611,458 shares at December 31,2005			
Capital surplus	1,435	-	-
Retained earnings(Accumulated loss)	(1,419)	-	-
Land revaluation excess	483	-	-
Net unrealized holding gains on securities	177	-	-
Foreign currency translation adjustments	(298)	-	-
Treasury stock	(2)	-	-
Total stockholders'equity	2,384	-	-
Total liabilities,minority interests and stockholders'equity	¥30,759	-	-
Net assets:			
Owners' equity:			
Paid-in capital	-	3,508	29,458
Capital surplus	-	2,009	16,870
Earned surplus	-	(217)	(1,824)
Treasury stock	-	(3)	(26)
Total owners' equity	-	5,297	44,478
Valuation and translation adjustments:			
Net unrealized holding gains on securities	-	18	157
Deferred gains or losses on hedges	-	(2)	(22)
Land revaluation excess	-	397	3,337
Foreign currency translation adjustments	-	(51)	(431)
Total valuation and translation adjustments:	-	362	3,041
Minority interests	-	1,051	8,827
Total net assets	-	6,711	56,347
Total liabilities and net assets	-	¥35,168	\$295,259

ELNA CO.,LTD. and its consolidated subsidiaries

Consolidated Statements of Income

For the years ended December 31,2006 and 2005

	Millions of Yen		Thousands of U.S.Dollars (1US\$= ¥ 119.11)
	2005	2006	2006
Net sales	¥36,565	¥37,273	\$312,931
Cost of sales	32,157	31,935	268,121
Gross profit	4,407	5,337	44,809
Selling,general and administrative expenses	4,746	4,470	37,529
Operating income(loss)	(338)	867	7,280
Non-operating income:			
Interest and dividend income	30	38	326
Income from rent & leasehold	11	11	93
Material supplying income	6	7	65
Foreign exchange gains	192	125	1,056
Equity in net gains of affiliated company	2	-	-
Other	92	92	772
	336	275	2,313
Non-operating expenses:			
Interest expenses	398	467	3,926
Equity in net losses of affiliated company	-	49	414
Stock issuance expenses	-	145	1,219
Other	74	164	1,380
	473	826	6,941
Ordinary income(loss)	(475)	316	2,653
Extraordinary gains:			
Gain on sale of property,plant and equipment	5	2	24
Gain on sale of investments in securities	-	253	2,128
Reversal of accrued retirement benefits to directors	-	4	38
Gain on return of substitutional portion of the employees pension fund	663	-	-
	669	261	2,191
Extraordinary losses:			
Loss on disposal of inventories	70	26	221
Loss on sale or disposal of property and equipment	68	15	133
Impairment loss	-	231	1,942
Cumulative effect of the application of new accounting standard for retirement benefits	320	-	-
	458	273	2,297
Income(loss) before income taxes	(264)	303	2,546
Income taxes - Current	57	35	294
Income taxes - Deferred	293	27	234
Minority interests in income of consolidated subsidiaries	78	50	425
Net income(loss)	(¥692)	¥189	\$1,592
		Yen	U.S.Dollars
Per share:			
Net income(loss)	(¥26.04)	¥5.12	\$0.04
Weighted average number of shares	26,602,364	36,985,528	

ELNA CO.,LTD. and its consolidated subsidiaries

Consolidated Statement of Changes in Net Assets

For the years ended December 31,2006 (January 1, 2006 - December 31, 2006)

(Millions of Yen)

	Owners' equity					Valuation and translation adjustments					Minority interests	Total net assets
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total owners' equity	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Land revaluation excess	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of December 31,2005	2,008	1,435	(1,419)	(2)	2,022	177	-	483	(298)	362	933	3,318
Changes of items during the fiscal year												
Issue of new shares	1,500	1,500			3,000							3,000
Transfer of capital surplus		(926)	926		-							-
Net income			189		189							189
Reversal of land revaluation excess			86		86			(86)		(86)		-
Purchase of treasury stock				(0)	(0)							(0)
Net changes of items other than owners' equity						(158)	(2)	-	247	85	118	204
Total changes of items during the fiscal year	1,500	573	1,201	(0)	3,275	(158)	(2)	(86)	247	(0)	118	3,393
Balance as of December 31,2006	3,508	2,009	(217)	(3)	5,297	18	(2)	397	(51)	362	1,051	6,711