

ELNA CO.,LTD. and its consolidated subsidiaries

Consolidated Balance Sheets  
As of December 31,2007 and 2006

Assets	Millions of Yen		Thousands of U.S.Dollars (1US\$= ¥114.15)
	2006	2007	2007
<b>Current assets:</b>			
Cash on hand and in banks	¥4,852	¥1,513	\$13,263
Notes and accounts receivable	7,162	7,626	66,810
	<u>12,015</u>	<u>9,140</u>	<u>80,073</u>
Less: allowance for doubtful accounts	(13)	(55)	(486)
	<u>12,001</u>	<u>9,084</u>	<u>79,586</u>
Inventories	6,239	7,015	61,455
Consumption tax refund	120	59	521
Deferred tax assets - current	13	328	2,879
Other current assets	469	236	2,073
Total current assets	<u>18,844</u>	<u>16,724</u>	<u>146,516</u>
<b>Property,Plant and equipment:</b>			
Land	2,960	3,031	26,557
Property,Plant and equipment - At cost	31,744	33,640	294,702
Construction in progress	840	367	3,215
	<u>35,546</u>	<u>37,038</u>	<u>324,476</u>
Less: accumulated depreciation	(21,019)	(22,548)	(197,535)
Total property,plant and equipment	<u>14,526</u>	<u>14,490</u>	<u>126,940</u>
<b>Intangible fixed assets:</b>			
Land leasehold	85	85	748
Right for using facilities	16	14	127
Consolidation adjust account	23	11	104
Other intangible assets	3	7	65
Total intangible assets	<u>128</u>	<u>119</u>	<u>1,045</u>
<b>Investments and other assets:</b>			
Investments in securities	246	209	1,839
Long-term loans	455	303	2,659
Deferred tax assets	7	137	1,206
Other investments	962	1,095	9,598
	<u>1,672</u>	<u>1,746</u>	<u>15,303</u>
Less: allowance for doubtful accounts	(3)	(3)	(30)
Total investments and other assets	<u>1,668</u>	<u>1,743</u>	<u>15,273</u>
Total assets	<u>¥35,168</u>	<u>¥33,077</u>	<u>\$289,775</u>

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Consolidated Balance Sheets  
As of December 31,2007 and 2006

	Millions of Yen		Thousands of U.S.Dollars (1US\$= ¥ 114.15)
	2006	2007	2007
<b>Liabilities and Net assets</b>			
<b>Current liabilities:</b>			
Notes and accounts payable	¥7,953	¥7,937	\$69,538
Short-term loans payable	7,150	3,298	28,899
Current-portion of long-term loans payable	3,602	3,849	33,721
Consumption tax payable	8	26	229
Income taxes payable	55	109	961
Notes payable for facilities	301	274	2,408
Other current liabilities	1,277	1,491	13,064
Total current liabilities	<u>20,349</u>	<u>16,988</u>	<u>148,822</u>
<b>Long-term liabilities:</b>			
Long-term loans payable	5,511	5,202	45,577
Deferred tax liabilities - fixed	251	589	5,167
Deferred tax liabilities for revaluation	265	259	2,273
Reserve for retirement benefits	1,954	1,840	16,120
Reserve for directors' retirement benefits	81	54	480
Other long-term liabilities	44	15	132
Total long-term liabilities	<u>8,107</u>	<u>7,962</u>	<u>69,753</u>
<b>Net assets:</b>			
<b>Owners' equity:</b>			
Paid-in capital	3,508	3,508	30,738
Capital surplus	2,009	1,979	17,341
Earned surplus	(217)	1,083	9,494
Treasury stock	(3)	(3)	(30)
Total owners' equity	<u>5,297</u>	<u>6,568</u>	<u>57,542</u>
<b>Valuation and translation adjustments:</b>			
Net unrealized holding gains on securities	18	(5)	(50)
Deferred gains or losses on hedges	(2)	-	-
Land revaluation excess	397	389	3,410
Foreign currency translation adjustments	(51)	88	774
Total valuation and translation adjustments	<u>362</u>	<u>471</u>	<u>4,134</u>
<b>Minority interests</b>	<u>1,051</u>	<u>1,086</u>	<u>9,522</u>
Total net assets	<u>6,711</u>	<u>8,127</u>	<u>71,199</u>
 Total liabilities and net assets	 <u>¥35,168</u>	 <u>¥33,077</u>	 <u>\$289,775</u>

ELNA CO.,LTD. and its consolidated subsidiaries

Consolidated Statements of Income

For the years ended December 31,2007 and 2006

	Millions of Yen		Thousands of U.S.Dollars (1US\$= ¥ 114.15)
	2006	2007	2007
Net sales	¥37,273	¥39,203	\$343,434
Cost of sales	31,935	32,642	285,962
Gross profit	5,337	6,560	57,471
Selling,general and administrative expenses	4,470	4,429	38,800
Operating income	867	2,131	18,671
Non-operating income:			
Interest and dividend income	38	44	388
Income from rent & leasehold	11	11	102
Material supplying income	7	12	113
Foreign exchange gains	125	-	-
Other	92	93	821
	275	162	1,425
Non-operating expenses:			
Interest expenses	467	468	4,101
Equity in net losses of affiliated company	49	136	1,197
Stock issuance expenses	145	-	-
Foreign exchange losses	-	16	147
Other	164	237	2,079
	826	859	7,525
Ordinary income	316	1,435	12,571
Extraordinary gains:			
Gain on sales of fixed assets	2	8	73
Gain on sales of investments in securities	253	-	-
Reversal of reserve for directors' retirement benefits	4	-	-
	261	8	73
Extraordinary losses:			
Loss on disposal of inventories	26	-	-
Loss on sales or disposal of fixed assets	15	54	476
Impairment loss	231	74	656
Loss on sales of stocks of affiliates	-	13	118
	273	142	1,251
Income before income taxes	303	1,300	11,393
Income taxes - Current	35	186	1,633
Income taxes - Deferred	27	(97)	(854)
Minority interests in income(loss) of consolidated subsidiaries	50	(81)	(712)
Net income	¥189	¥1,292	\$11,326
	Yen		U.S.Dollars
Per share:			
Net income	¥5.12	¥31.08	\$0.27
Weighted average number of shares	36,985,528	41,598,906	

**Consolidated Statements of Changes in Net Assets**

For the years ended December 31,2007 ( January 1, 2007 - December 31, 2007 )

(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 31,2006	¥3,508	¥2,009	¥(217)	¥(3)	¥5,297	¥18	¥(2)	¥397	¥(51)	¥362	¥1,051	¥6,711
Changes of items during the fiscal year												
Dividends from surplus		(30)			(30)							(30)
Net income			1,292		1,292							1,292
Reversal of land revaluation excess			8		8			(8)		(8)		-
Purchase of treasury stock				(0)	(0)							(0)
Net changes of items other than owners' equity						(24)	2	-	139	117	35	153
Total changes of items during the fiscal year	-	(30)	1,301	(0)	1,270	(24)	2	(8)	139	109	35	1,415
Balance as of December 31,2007	¥3,508	¥1,979	¥1,083	¥(3)	¥6,568	¥(5)	-	¥389	¥88	¥471	¥1,086	¥8,127

(Thousands of U.S.Dollars (1US\$=¥114.15))

	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 31,2006	\$30,738	\$17,603	\$(1,904)	\$(27)	\$46,410	\$164	\$(23)	\$3,482	\$(449)	\$3,173	\$9,211	\$58,795
Changes of items during the fiscal year												
Dividends from surplus		(262)			(262)							(262)
Net income			11,326		11,326							11,326
Reversal of land revaluation excess			71		71			(71)		(71)		-
Purchase of treasury stock				(3)	(3)							(3)
Net changes of items other than owners' equity						(214)	23	-	1,224	1,032	310	1,343
Total changes of items during the fiscal year	-	(262)	11,398	(3)	11,131	(214)	23	(71)	1,224	961	310	12,403
Balance as of December 31,2007	\$30,738	\$17,341	\$9,494	\$(30)	\$57,542	\$(50)	-	\$3,410	\$774	\$4,134	\$9,522	\$71,199

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

**Consolidated Statements of Cash Flows**

For the years ended December 31,2007 and 2006

	Millions of Yen		Thousands of U.S.Dollars (1US\$=¥114.15)
	Jan'06-Dec'06	Jan'07-Dec'07	Jan'07-Dec'07
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥303	¥1,300	\$11,393
Depreciation	1,722	1,874	16,419
Impairment loss	231	74	656
Amortization of goodwill	11	11	104
Equity in losses of affiliated company	49	136	1,197
Increase in allowance for doubtful accounts	-	42	371
(decrease) in reserve for retirement benefits	(90)	(114)	(1,000)
(decrease) in reserve for directors' retirement benefits	(23)	(26)	(230)
Interest and dividend income	(38)	(44)	(388)
Interest expenses	467	468	4,101
Stock issuance expenses	145	-	-
Foreign exchange (gains) losses	4	(58)	(510)
Loss on sales or disposal of fixed assets	13	38	339
Gain on sales of investments in securities	(253)	-	-
Loss on sales of stocks of affiliates	-	13	118
(Increase)decrease in notes and accounts receivable	771	(540)	(4,739)
(increase) in inventories	(362)	(644)	(5,642)
increase (decrease) in notes and accounts payable	(193)	28	252
Other	(90)	359	3,150
Subtotal	2,666	2,921	25,593
Interest and dividend income received	38	44	388
Interest expenses paid	(465)	(440)	(3,857)
Income taxes paid	(31)	(131)	(1,149)
Net cash provided by operating activities	2,208	2,394	20,975
<b>Cash flows from investing activities:</b>			
Payments into time deposits	(3,300)	-	-
Proceeds from withdrawal of time deposits	-	3,000	26,281
Payments for purchase of investments in securities	(4)	(3)	(34)
Proceeds from sales of investments in securities	341	0	0
Payments for purchase of fixed assets	(2,675)	(1,754)	(15,373)
Proceeds from sales of fixed assets	13	32	287
Proceeds from sales of stocks of affiliates	-	98	859
Payments of long-term loans receivable	-	(1)	(13)
Proceeds from collection of long-term loans receivable	0	0	6
Other	7	27	236
Net cash provided by(used in) investing activities	(5,617)	1,398	12,249
<b>Cash flows from financing activities:</b>			
(decrease) in short-term loans payable	(2,444)	(3,837)	(33,617)
Proceeds from long-term loans payable	6,093	3,453	30,257
Repayments of long-term loans payable	(2,832)	(3,623)	(31,746)
Proceeds from issuance of common stock	2,854	-	-
Cash dividends paid	-	(30)	(262)
Cash dividends paid to minority shareholders	(11)	(13)	(120)
Other	(0)	(0)	(3)
Net cash (used in)provided by financing activities	3,658	(4,051)	(35,493)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(69)	(79)	(699)
<b>Net (decrease)increase in cash and cash equivalents</b>	180	(338)	(2,967)
<b>Cash and cash equivalents at beginning of the year</b>	1,203	1,384	12,130
<b>Cash and cash equivalents at end of the year</b>	¥1,384	¥1,045	\$9,163

**Business Segment Information**

For the years ended December 31,2007 ( January 1, 2007 - December 31, 2007 )

	Millions of Yen				Consolidated
	Capacitor	Printed circuit boards	Total	Elimination or corporate	
Sales :					
Outside customers	¥13,394	¥25,808	¥39,203	-	¥39,203
Intersegment	-	-	-	-	-
Total sales	13,394	25,808	39,203	-	39,203
Operating expenses	13,079	23,992	37,071	-	37,071
Operating income	¥315	¥1,815	¥2,131	-	¥2,131

	Thousands of U.S.Dollars (1US\$=¥114.15)				Consolidated
	Capacitor	Printed circuit boards	Total	Elimination or corporate	
Sales :					
Outside customers	\$117,343	\$226,091	\$343,434	-	\$343,434
Intersegment	-	-	-	-	-
Total sales	117,343	226,091	343,434	-	343,434
Operating expenses	114,578	210,184	324,763	-	324,763
Operating income	\$2,764	\$15,906	\$18,671	-	\$18,671

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

	Millions of Yen				Consolidated
	Capacitor	Printed circuit boards	Total	Elimination or corporate	
Sales :					
Outside customers	¥13,674	¥23,598	¥37,273	-	¥37,273
Intersegment	-	-	-	-	-
Total sales	13,674	23,598	37,273	-	37,273
Operating expenses	13,988	22,417	36,406	-	36,406
Operating income(loss)	¥(314)	¥1,181	¥867	-	¥867