

ELNA CO.,LTD. and its consolidated subsidiaries

Consolidated Balance Sheets  
As of December 31,2008 and 2007

Assets	Millions of Yen		Thousands of U.S.Dollars (1US\$=¥91.03)
	2007	2008	2008
<b>Current assets:</b>			
Cash on hand and in banks	¥1,513	¥1,353	\$14,868
Notes and accounts receivable-trade	7,626	5,376	59,063
	9,140	6,730	73,932
Less: allowance for doubtful accounts	(55)	(8)	(93)
	9,084	6,721	73,838
Inventories	7,015	6,083	66,825
Consumption tax refund	59	-	-
Deferred tax assets	328	102	1,121
Other current assets	236	330	3,634
Total current assets	16,724	13,237	145,420
<b>Property,Plant and equipment:</b>			
Land	3,031	2,775	30,489
Buildings and structures	8,930	8,668	95,221
Machinery, equipment and vehicles	24,709	21,347	234,506
Construction in progress	367	1,148	12,620
	37,038	33,939	372,838
Less: accumulated depreciation	(22,548)	(20,076)	(220,548)
Total property,plant and equipment	14,490	13,862	152,289
<b>Intangible fixed assets:</b>			
Leasehold right	85	63	697
Right of using facilities	14	12	142
Consolidation adjust account	11	-	-
Other intangible fixed assets	7	22	244
Total intangible fixed assets	119	98	1,084
<b>Investments and other assets:</b>			
Investment securities	209	164	1,812
Long-term loans receivable	303	2	32
Deferred tax assets	137	21	234
Other investments	1,095	1,253	13,769
	1,746	1,442	15,848
Less: allowance for doubtful accounts	(3)	(1,009)	(11,084)
Total investments and other assets	1,743	433	4,764
Total assets	¥33,077	¥27,633	\$303,559

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Consolidated Balance Sheets

As of December 31,2008 and 2007

	Millions of Yen		Thousands of U.S.Dollars (1US\$=¥91.03)
	2007	2008	2008
<b>Liabilities and Net assets</b>			
<b>Current liabilities:</b>			
Notes and accounts payable-trade	¥7,937	¥6,036	\$66,309
Short-term loans payable	3,298	3,076	33,791
Current portion of long-term loans payable	3,849	3,825	42,024
Accrued consumption taxes	26	-	-
Income taxes payable	109	46	514
Notes payable-facilities	274	513	5,636
Other current liabilities	1,491	920	10,115
Total current liabilities	<u>16,988</u>	<u>14,418</u>	<u>158,391</u>
<b>Long-term liabilities:</b>			
Long-term loans payable	5,202	5,542	60,888
Deferred tax liabilities	589	444	4,884
Deferred tax liabilities for land revaluation	259	259	2,851
Reserve for retirement benefits	1,840	1,853	20,366
Reserve for directors' retirement benefits	54	64	712
Other long-term liabilities	15	237	2,604
Total long-term liabilities	<u>7,962</u>	<u>8,402</u>	<u>92,308</u>
<b>Net assets:</b>			
Shareholders' equity			
Capital stock	3,508	3,508	38,545
Capital surplus	1,979	1,824	20,044
Retained earnings	1,083	(848)	(9,324)
Treasury stock	(3)	(3)	(41)
Total shareholders' equity	<u>6,568</u>	<u>4,480</u>	<u>49,224</u>
<b>Valuation and translation adjustments:</b>			
Net unrealized losses(gains) on securities	(5)	(3)	(33)
Revaluation reserve for land	389	389	4,276
Foreign currency translation adjustments	88	(863)	(9,488)
Total valuation and translation adjustments	<u>471</u>	<u>(477)</u>	<u>(5,245)</u>
<b>Minority interests</b>	<u>1,086</u>	<u>808</u>	<u>8,882</u>
Total net assets	<u>8,127</u>	<u>4,811</u>	<u>52,860</u>
 Total liabilities and net assets	<u>¥33,077</u>	<u>¥27,633</u>	<u>\$303,559</u>

ELNA CO.,LTD. and its consolidated subsidiaries

Consolidated Statements of Income  
For the years ended December 31,2008 and 2007

	Millions of Yen		Thousands of U.S.Dollars (1US\$=¥91.03)
	2007	2008	2008
Net sales	¥39,203	¥38,712	\$425,270
Cost of sales	32,642	32,713	359,365
Gross profit	6,560	5,999	65,905
Selling,general and administrative expenses	4,429	4,368	47,990
Operating income	2,131	1,630	17,914
Non-operating income:			
Interest and dividend income	44	35	388
Rent income	11	4	51
Material supplying income	12	11	124
Other	93	112	1,231
	162	163	1,795
Non-operating expenses:			
Interest expenses	468	417	4,581
Equity in loss of an affiliate	136	914	10,045
Foreign exchange loss	16	330	3,633
Other	237	222	2,444
	859	1,884	20,704
Ordinary income(loss)	1,435	(90)	(994)
Extraordinary income:			
Gain on sale of fixed assets	8	1	13
Reversal of allowance for doubtful accounts	-	51	561
	8	52	574
Extraordinary losses:			
Loss on sale or disposal of fixed assets	54	18	206
Impairment loss	74	-	-
Loss on valuation of investment securities	-	55	610
Loss on sale of stocks of a subsidiary	13	-	-
Loss on litigation	-	148	1,631
Business structure improvement expenses	-	255	2,803
Provision of allowance for doubtful accounts	-	1,009	11,084
	142	1,487	16,336
Income(loss) before income taxes	1,300	(1,525)	(16,755)
Income taxes - Current	186	118	1,305
Income taxes - Deferred	(97)	271	2,981
Minority interests in income(loss) of consolidated subsidiaries	(81)	(7)	(86)
Net income(loss)	¥1,292	(¥1,907)	(\$20,956)
		Yen	U.S.Dollars
Per share:			
Net income(loss)	¥31.08	(¥45.86)	(\$0.50)
Weighted average number of shares	41,598,906	41,596,885	

**Consolidated Statements of Changes in Net Assets**

For the years ended December 31,2008 ( January 1, 2008 - December 31, 2008 )

(Millions of Yen)

	Shareholders' equity					Valuation and translation adjustments				Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized (losses)gains on securities	Revaluation reserve for land	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of December 31,2007	¥3,508	¥1,979	¥1,083	¥(3)	¥6,568	¥(5)	¥389	¥88	¥471	¥1,086	¥8,127
Changes of items during the fiscal year											
Dividends from surplus		(154)			(154)						(154)
Net income(loss)			(1,907)		(1,907)						(1,907)
Other			(24)		(24)						(24)
Purchase of treasury stock				(0)	(0)						(0)
Net changes of items other than shareholders' equity						2	-	(952)	(949)	(278)	(1,227)
Total changes of items during the fiscal year	-	(154)	(1,932)	(0)	(2,087)	2	-	(952)	(949)	(278)	(3,315)
Balance as of December 31,2008	¥3,508	¥1,824	¥(848)	¥(3)	¥4,480	¥(3)	¥389	¥(863)	¥(477)	¥808	¥4,811

(Thousands of U.S.Dollars (1US\$=¥91.03))

	Shareholders' equity					Valuation and translation adjustments				Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized (losses)gains on securities	Revaluation reserve for land	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of December 31,2007	\$38,545	\$21,745	\$11,905	\$(38)	\$72,157	\$(62)	\$4,276	\$970	\$5,184	\$11,940	\$89,283
Changes of items during the fiscal year											
Dividends from surplus		(1,700)			(1,700)						(1,700)
Net income(loss)			(20,956)		(20,956)						(20,956)
Other			(274)		(274)						(274)
Purchase of treasury stock				(3)	(3)						(3)
Net changes of items other than shareholders' equity						29	-	(10,459)	(10,430)	(3,058)	(13,489)
Total changes of items during the fiscal year	-	(1,700)	(21,230)	(3)	(22,933)	29	-	(10,459)	(10,430)	(3,058)	(36,423)
Balance as of December 31,2008	\$38,545	\$20,044	\$(9,324)	\$(41)	\$49,224	\$(33)	\$4,276	\$(9,488)	\$(5,245)	\$8,882	\$52,860

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

(Millions of Yen)

	Shareholders' equity					Valuation and translation adjustments					Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized (losses)gains on securities	Deferred gains or losses on hedges	Revaluation reserve for land	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 revaluation reserve for land			8		8			(8)		(8)		-
Purchase of treasury stock				(0)	(0)							(0)
Net changes of items other than shareholders' 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

**Consolidated Statements of Cash Flows**

For the years ended December 31,2008 and 2007

	Millions of Yen		Thousands of U.S.Dollars (1US\$=¥91.03)
	Jan'07-Dec'07	Jan'08-Dec'08	Jan'08-Dec'08
<b>Cash flows from operating activities:</b>			
Income (loss) before income taxes	¥1,300	(¥1,525)	(\$16,755)
Depreciation and amortization	1,874	1,933	21,238
Impairment loss	74	-	-
Amortization of consolidation adjust accounts	11	11	131
Equity in loss of an affiliate	136	914	10,045
Increase in allowance for doubtful accounts	42	960	10,552
Increase (decrease) in reserve for retirement benefits	(114)	13	151
Increase (decrease) in reserve for directors' retirement benefits	(26)	9	109
Interest and dividend income	(44)	(35)	(388)
Interest expenses	468	417	4,581
Foreign exchange gain	(58)	(117)	(1,292)
Loss (gain) on sale or disposal of fixed assets	38	114	1,255
Loss on valuation of investments securities	-	55	610
Loss on sale of stocks of a subsidiary	13	-	-
Decrease (increase) in notes and accounts receivable-trade	(540)	1,043	11,464
Decrease (increase) in inventories	(644)	3	36
(Decrease)increase in notes and accounts payable-trade	28	(1,084)	(11,916)
Other, net	359	(591)	(6,496)
Subtotal	2,921	2,123	23,328
Interest and dividend income received	44	35	388
Interest expenses paid	(440)	(438)	(4,818)
Income taxes paid	(131)	(192)	(2,117)
Net cash provided by operating activities	2,394	1,527	16,780
<b>Cash flows from investing activities:</b>			
Proceeds from withdrawal of time deposits	3,000	-	-
Payments for purchase of investments securities	(3)	(6)	(68)
Proceeds from sale of investments securities	0	-	-
Payments for purchase of fixed assets	(1,754)	(2,461)	(27,041)
Proceeds from sale of fixed assets	32	4	45
Proceeds from sale of stocks of a subsidiary	98	-	-
Payments of long-term loans receivable	(1)	-	-
Proceeds from collection of long-term loans receivable	0	0	9
Other, net	27	11	127
Net cash (used in) provided by investing activities	1,398	(2,451)	(26,926)
<b>Cash flows from financing activities:</b>			
Increase (decrease) in short-term loans payable,net	(3,837)	433	4,761
Proceeds from long-term loans payable	3,453	5,441	59,775
Repayments of long-term loans payable	(3,623)	(4,779)	(52,499)
Cash dividends paid	(30)	(154)	(1,700)
Cash dividends paid to minority shareholders	(13)	(13)	(151)
Other, net	(0)	(0)	(3)
Net cash provided by (used in) financing activities	(4,051)	926	10,182
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(79)	(163)	(1,798)
<b>Net (decrease) in cash and cash equivalents</b>	(338)	(160)	(1,762)
<b>Cash and cash equivalents at beginning of year</b>	1,384	1,045	11,490
<b>Cash and cash equivalents at end of year</b>	¥1,045	¥885	\$9,727

**Business Segment Information**

For the years ended December 31,2008 ( January 1, 2008 - December 31, 2008 )

	Millions of Yen				
	Capacitor	Printed circuit boards	Total	Elimination or corporate	Consolidated
Sales :					
Outside customers	¥10,752	¥27,959	¥38,712	-	¥38,712
Intersegment	-	-	-	-	-
Total sales	10,752	27,959	38,712	-	38,712
Operating expenses	11,004	26,076	37,081	-	37,081
Operating income(loss)	(¥251)	¥1,882	¥1,630	-	¥1,630

	Thousands of U.S.Dollars (1US\$=¥91. 03)				
	Capacitor	Printed circuit boards	Total	Elimination or corporate	Consolidated
Sales :					
Outside customers	\$118,123	\$307,147	\$425,270	-	\$425,270
Intersegment	-	-	-	-	-
Total sales	118,123	307,147	425,270	-	425,270
Operating expenses	120,890	286,464	407,355	-	407,355
Operating income(loss)	(\$2,767)	\$20,682	\$17,914	-	\$17,914

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

	Millions of Yen				
	Capacitor	Printed circuit boards	Total	Elimination or corporate	Consolidated
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