

ELNA CO.,LTD. and its consolidated subsidiaries

Consolidated Balance Sheets
As of December 31,2004 and 2003

Assets	Millions of Yen		Thousands of U.S.Dollars (1US\$= ¥ 104.21)
	2003	2004	2004
Current assets:			
Cash on hand and in banks	¥1,603	¥1,335	\$12,812
Notes and accounts receivable	8,080	7,645	73,362
	<u>9,683</u>	<u>8,980</u>	<u>86,175</u>
Less: allowance for doubtful accounts	(11)	(16)	(154)
	<u>9,672</u>	<u>8,964</u>	<u>86,020</u>
Inventories	4,671	5,023	48,202
Other receivables	214	191	1,833
Consumption tax refund	67	81	778
Deferred tax assets - current	282	278	2,672
Other current assets	145	156	1,501
Total current assets	<u>15,052</u>	<u>14,694</u>	<u>141,008</u>
Property,Plant and equipment:			
Land	2,523	2,868	27,525
Property,Plant and equipment - At cost	26,687	26,701	256,223
Construction in progress	292	350	3,363
	<u>29,503</u>	<u>29,920</u>	<u>287,112</u>
Less: accumulated depreciation	(16,873)	(17,762)	(170,445)
Total property,plant and equipment	<u>12,630</u>	<u>12,157</u>	<u>116,667</u>
Intangible assets:			
Land leasehold	76	72	695
Right for using facilities	20	19	184
Consolidation adjust account	123	47	459
Other intangible assets	6	5	50
Total intangible assets	<u>226</u>	<u>144</u>	<u>1,390</u>
Investments and other assets:			
Investments in securities	421	420	4,035
Long-term loans	430	349	3,350
Deferred tax assets	28	34	332
Other investments	140	1,027	9,861
	<u>1,020</u>	<u>1,832</u>	<u>17,580</u>
Less: allowance for doubtful accounts	(14)	(12)	(120)
Total investments and other assets	<u>1,005</u>	<u>1,819</u>	<u>17,459</u>
Total assets	<u>¥28,915</u>	<u>¥28,816</u>	<u>\$276,526</u>

ELNA CO.,LTD. and its consolidated subsidiaries

Consolidated Balance Sheets
As of December 31,2004 and 2003

Liabilities and Stockholders'equity	Millions of Yen		Thousands of U.S.Dollars (1US\$= ¥ 104.21)
	2003	2004	2004
Current liabilities:			
Notes and accounts payable	¥6,623	¥6,603	\$63,366
Short-term loans	8,135	8,150	78,210
Current-portion of long-term debt	2,245	2,209	21,199
Consumption tax payable	71	44	425
Income taxes payable	27	51	491
Notes payable for facilities	177	234	2,246
Other current liabilities	1,108	1,062	10,196
Total current liabilities	<u>18,389</u>	<u>18,355</u>	<u>176,138</u>
Fixed liabilities:			
Long-term loans	4,185	3,947	37,877
Deferred tax liabilities - fixed -	76	208	1,997
Deferred tax liabilities for revaluation	323	322	3,093
Accrued retirement benefits	1,996	2,337	22,428
Accrued retirement benefits to directors	118	87	841
Other long-term liabilities	12	84	807
Total fixed liabilities	<u>6,712</u>	<u>6,986</u>	<u>67,044</u>
Minority interests	760	765	7,342
Stockholders'equity:			
Common stock			
Authorized: 52,800,000 shares at December 31,2003 and 2004			
Issued: 26,611,458 shares at December 31,2003 and 2004	2,008	2,008	19,276
Capital surplus	1,515	1,435	13,775
Retained earnings(Accumulated loss)	(471)	(726)	(6,968)
Land revaluation excess	484	483	4,640
Net unrealized holding gains on securities	44	76	736
Foreign currency translation adjustments	(527)	(566)	(5,437)
Treasury stock	(1)	(2)	(21)
Total stockholders'equity	<u>3,053</u>	<u>2,709</u>	<u>26,000</u>
Total liabilities and stockholders'equity	<u>¥28,915</u>	<u>¥28,816</u>	<u>\$276,526</u>

ELNA CO.,LTD. and its consolidated subsidiaries

Consolidated Statements of Income
For the years ended December 31,2004 and 2003

	Millions of Yen		Thousands of U.S.Dollars (1US\$= ¥ 104.21)
	2003	2004	2004
Net sales	¥33,303	¥37,315	\$358,080
Cost of sales	28,101	31,767	304,842
Gross profit	5,202	5,547	53,238
Selling,general and administrative expenses	4,434	4,775	45,823
Operating profit	767	772	7,414
Non-operating income:			
Interest and dividend income	23	26	250
Income from rent & leasehold	10	11	106
Material supplying income	5	14	136
Other	55	42	410
	94	94	903
Non-operating expenses:			
Interest expenses	399	365	3,510
Foreign exchange losses	48	26	251
Equity in earnings(losses) of affiliated companies	133	132	1,266
Other	69	89	856
	651	613	5,885
Ordinary income	210	253	2,432
Extraordinary gains:			
Gain on sale of property,plant and equipment	4	-	-
Reversal of allowance for doubtful accounts	6	-	-
	11	-	-
Extraordinary losses:			
Loss on disposal of inventories	69	58	562
Loss on sale or disposal of property and equipment	77	14	137
Cumulative effect of the application of new accounting standard for retirement benefits	332	332	3,187
Loss on business reorganization	446	9	88
	925	414	3,975
Income (loss) before income taxes	(704)	(160)	(1,542)
Income taxes - Current	40	68	657
Income taxes - Deferred	(70)	0	7
Minority interests in income of consolidated subsidiaries	70	26	251
Net income (loss)	(¥744)	(¥256)	(\$2,458)
	Yen		U.S.Dollars
Per share:			
Net income (loss)	(¥27.99)	(¥9.63)	(\$0.09)
Weighted average number of shares	26,605,431	26,604,433	