

Non-consolidated Financial Statements for the First Half of the Fiscal Year Ending March 31, 2019

Company name:	Zuken Elmic, Inc.	Listing:	TSE Second(2nd) Section
Stock code:	4770	URL:	http://www.elwsc.co.jp/
President: Contact:	Joe Asakura Shinichi Eguchi, Director, Administration	Telephone:	+81-(0)-45-624-8111

(1) Balance Sheets

		(Thousands of yen
	FY2017 selected data	First half of FY2018
	(As of Mar. 31, 2018)	(As of Sep. 30, 2018)
Assets		
Current assets		
Cash and deposits	381,833	433,18
Notes and accounts receivable - trade	279,845	257,21
Merchandise and finished goods	4,839	5,36
Work in process	2,787	10,30
Raw materials	560	20
Prepaid expenses	36,197	42,21
Other current assets	1,828	1,55
Allowance for doubtful accounts	(100)	(100
Total current assets	707,792	749,94
Noncurrent assets		
Property, plant and equipment	7,654	14,49
Intangible assets	30,436	26,78
Investments and other assets		
Investment securities	3,500	3,50
Long-term prepaid expenses	480	-
Deferred tax assets	21,809	22,20
Other investments and other assets	5,087	5,11
Allowance for doubtful accounts	(1,850)	(1,850
Total investments and other assets	29,027	28,96
Total noncurrent assets	67,117	70,25
Total assets	774,909	820,19

Current liabilities 30,682 46,034 Accounts payable - trade 30,682 46,034 Income taxes payable 11,950 9,894 Unearned revenue 53,944 61,400 Provision for bonuses 35,944 38,011 Provision for product warranties 7,940 9,060 Other current liabilities 29,933 36,784 Total current liabilities 170,396 201,193 Noncurrent liabilities 170,396 201,193 Long-term unearned revenue 1,776 733 Provision for retirement benefits 2,729 2,724 Other long-term liabilities 3,058 17,674 Total noncurrent liabilities 13,058 17,674 Total noncurrent liabilities 13,058 17,674 Net assets 130,058 135,998 135,998 Shareholders' equity 135,998 135,998 135,998 Capital stock 500,000 500,000 500,000 Capital surplus 135,998 135,998 135,998 135,99			(Thousands of yen)
Liabilities Current liabilities Accounts payable - trade 30,682 46,030 Income taxes payable 11,950 9,893 Unearned revenue 53,944 61,402 Provision for bonuses 35,944 38,011 Provision for product warranties 7,940 9,062 Other current liabilities 29,933 36,782 Total current liabilities 170,396 201,193 Noncurrent liabilities 1776 732 Long-term unearned revenue 1,776 732 Provision for retirement benefits 2,729 2,729 Other long-term liabilities 8,552 14,212 Total noncurrent liabilities 13,058 17,67 Total iabilities 13,058 17,67 Net assets 13,058 17,67 Shareholders' equity 135,998 135,998 Capital stock 500,000 500,000 Capital surplus 135,998 135,998 Retained earnings (44,452) (34,575 Treasu			
Current liabilities 30,682 46,034 Accounts payable - trade 30,682 46,034 Income taxes payable 11,950 9,894 Unearned revenue 53,944 61,400 Provision for bonuses 35,944 38,011 Provision for product warranties 7,940 9,060 Other current liabilities 29,933 36,784 Total current liabilities 170,396 201,193 Noncurrent liabilities 170,396 201,193 Long-term unearned revenue 1,776 733 Provision for retirement benefits 2,729 2,724 Other long-term liabilities 3,058 17,674 Total noncurrent liabilities 13,058 17,674 Total noncurrent liabilities 13,058 17,674 Net assets 130,058 135,998 135,998 Shareholders' equity 135,998 135,998 135,998 Capital stock 500,000 500,000 500,000 Capital surplus 135,998 135,998 135,998 135,99		(As of Mar. 31, 2018)	(As of Sep. 30, 2018)
Accounts payable - trade 30,682 46,033 Income taxes payable 11,950 9,899 Unearned revenue 53,944 61,402 Provision for bonuses 35,944 38,011 Provision for poduct warranties 7,940 9,062 Other current liabilities 29,933 36,784 Total current liabilities 170,396 201,192 Noncurrent liabilities 1,776 733 Provision for retirement benefits 2,729 2,729 Other long-term unearned revenue 1,776 733 Provision for retirement benefits 2,729 2,729 Other long-term liabilities 8,552 14,212 Total noncurrent liabilities 13,058 17,674 Total liabilities 130,058 17,674 Shareholders' equity 200,000 500,000 Capital stock 500,000 500,000 Capital stock 500,000 500,000 Capital surplus 135,998 135,998 Retained earnings (44,452) (34,575	Liabilities		
Income taxes payable 11,950 9,899 Unearned revenue 53,944 61,400 Provision for bonuses 35,944 38,011 Provision for product warranties 7,940 9,062 Other current liabilities 29,933 36,784 Total current liabilities 29,933 36,784 Noncurrent liabilities 170,396 201,193 Noncurrent liabilities 2,729 2,729 Other long-term unearned revenue 1,776 733 Provision for retirement benefits 2,729 2,729 Other long-term liabilities 8,552 14,213 Total noncurrent liabilities 13,058 17,674 Total liabilities 13,058 17,674 Total liabilities 500,000 500,000 Capital stock 500,000 500,000 Capital stock 500,000 500,000 Capital surplus 135,998 135,998 Retained earnings (44,452) (34,575 Treasury shares (91) (91 Ot	Current liabilities		
Unearned revenue 53,944 61,400 Provision for bonuses 35,944 38,011 Provision for product warranties 7,940 9,062 Other current liabilities 29,933 36,784 Total current liabilities 170,396 201,192 Noncurrent liabilities 170,396 201,192 Noncurrent liabilities 1,776 732 Provision for retirement benefits 2,729 2,729 Other long-term liabilities 8,552 14,212 Total noncurrent liabilities 13,058 17,674 Total liabilities 13,058 17,674 Net assets 133,058 17,674 Shareholders' equity 133,998 135,998 Capital stock 500,000 500,000 Capital stock 501,454 601,33 Treasury shares	Accounts payable - trade	30,682	46,036
Provision for bonuses 35,944 38,01 Provision for product warranties 7,940 9,062 Other current liabilities 29,933 36,784 Total current liabilities 170,396 201,192 Noncurrent liabilities 170,396 201,192 Noncurrent liabilities 2,729 2,729 Other long-term unearned revenue 1,776 733 Provision for retirement benefits 2,729 2,729 Other long-term liabilities 8,552 14,212 Total noncurrent liabilities 13,058 17,674 Total liabilities 133,058 17,674 Net assets 183,454 218,867 Shareholders' equity 200,000 500,000 Capital stock 500,000 500,000 Treasur	Income taxes payable	11,950	9,895
Provision for product warranties 7,940 9,062 Other current liabilities 29,933 36,784 Total current liabilities 170,396 201,192 Noncurrent liabilities 170,396 201,192 Noncurrent liabilities 170,396 201,192 Long-term unearned revenue 1,776 732 Provision for retirement benefits 2,729 2,729 Other long-term liabilities 8,552 14,212 Total noncurrent liabilities 13,058 17,674 Total liabilities 13,058 17,674 Total liabilities 133,058 17,674 Total liabilities 133,454 218,867 Net assets 500,000 500,000 Capital stock 500,000 500,000 Capital stock 500,000 500,000 Capital stock 500,000 500,000 Capital stork 135,998 135,998 Retained earnings (44,452) (34,575 Treasury shares (91) (91 Total sharehold	Unearned revenue	53,944	61,402
Other current liabilities 29,933 36,78 Total current liabilities 170,396 201,193 Noncurrent liabilities 170,396 201,193 Long-term unearned revenue 1,776 733 Provision for retirement benefits 2,729 2,729 Other long-term liabilities 8,552 14,213 Total noncurrent liabilities 13,058 17,674 Total iabilities 13,058 17,674 Total iabilities 13,058 17,674 Total iabilities 133,058 17,674 Shareholders' equity 2 2 Capital stock 500,000 500,000 Capital stock 500,000 500,000 Capital surplus 135,998 135,998 Retained earnings (44,452) (34,575 Treasury shares (91) (91 Total shareholders' equity 591,454 601,333 Total net assets 591,454 601,335	Provision for bonuses	35,944	38,011
Total current liabilities 170,396 201,192 Noncurrent liabilities 1,776 732 Long-term unearned revenue 1,776 732 Provision for retirement benefits 2,729 2,729 Other long-term liabilities 8,552 14,212 Total noncurrent liabilities 13,058 17,674 Total iabilities 133,058 17,674 Total liabilities 183,454 218,867 Net assets 135,998 135,998 Shareholders' equity 500,000 500,000 Capital stock 500,000 500,000 Capital stock 500,000 500,000 Capital surplus 135,998 135,998 Retained earnings (44,452) (34,575 Treasury shares (91) (91 Total shareholders' equity 591,454 601,337 Total net assets 591,454 601,337	Provision for product warranties	7,940	9,062
Noncurrent liabilitiesLong-term unearned revenue1,776Provision for retirement benefits2,729Other long-term liabilities8,552Total noncurrent liabilities13,058Total liabilities183,454Net assets183,454Shareholders' equity500,000Capital stock500,000Capital stock135,998Retained earnings(44,452)Total shareholders' equity91)Total shareholders' equity601,337Total net assets591,454Total net assets591,454	Other current liabilities	29,933	36,784
Long-term unearned revenue 1,776 732 Provision for retirement benefits 2,729 2,729 Other long-term liabilities 8,552 14,212 Total noncurrent liabilities 13,058 17,674 Total liabilities 13,058 17,674 Total noncurrent liabilities 183,454 218,867 Net assets Shareholders' equity 2 Capital stock 500,000 500,000 Capital stock 500,000 500,000 Capital surplus 135,998 135,998 Retained earnings (44,452) (34,575 Treasury shares (91) (91 Total shareholders' equity 591,454 601,337 Total net assets 591,454 601,337	Total current liabilities	170,396	201,193
Provision for retirement benefits2,7292,729Other long-term liabilities8,55214,212Total noncurrent liabilities13,05817,674Total liabilities183,454218,861Net assetsShareholders' equity500,000500,000Capital stock500,000500,000Capital surplus135,998135,998Retained earnings(44,452)(34,575)Treasury shares(91)(91)Total shareholders' equity591,454601,333Total net assets591,454601,335	Noncurrent liabilities		
Other long-term liabilities8,55214,212Total noncurrent liabilities13,05817,674Total liabilities183,454218,867Net assetsShareholders' equity200,000500,000Capital stock500,000500,000Capital surplus135,998135,998Retained earnings(44,452)(34,575)Treasury shares(91)(91)Total shareholders' equity591,454601,333Total net assets591,454601,333	Long-term unearned revenue	1,776	732
Total noncurrent liabilities13,05817,674Total liabilities183,454218,867Net assets183,454218,867Shareholders' equity2apital stock500,000Capital stock500,000500,000Capital surplus135,998135,998Retained earnings(44,452)(34,575Treasury shares(91)(91Total shareholders' equity591,454601,337Total net assets591,454601,337	Provision for retirement benefits	2,729	2,729
Total liabilities183,454218,867Net assetsShareholders' equityCapital stock500,000Capital surplus135,998Retained earnings(44,452)Treasury shares(91)Total shareholders' equity591,454Total net assets591,454	Other long-term liabilities	8,552	14,212
Net assetsShareholders' equityCapital stock500,000Capital surplus135,998Retained earnings(44,452)Treasury shares(91)Total shareholders' equity591,454Total net assets591,454	Total noncurrent liabilities	13,058	17,674
Shareholders' equity 500,000 500,000 Capital stock 500,000 500,000 Capital surplus 135,998 135,998 Retained earnings (44,452) (34,575 Treasury shares (91) (91 Total shareholders' equity 591,454 601,337 Total net assets 591,454 601,337	Total liabilities	183,454	218,867
Capital stock 500,000 500,000 Capital surplus 135,998 135,998 Retained earnings (44,452) (34,575 Treasury shares (91) (91 Total shareholders' equity 591,454 601,337 Total net assets 591,454 601,337	Net assets		
Capital surplus 135,998 135,998 Retained earnings (44,452) (34,575 Treasury shares (91) (91) Total shareholders' equity 591,454 601,335 Total net assets 591,454 601,335	Shareholders' equity		
Retained earnings (44,452) (34,575 Treasury shares (91) (91 Total shareholders' equity 591,454 601,337 Total net assets 591,454 601,337	Capital stock	500,000	500,000
Treasury shares(91)Total shareholders' equity591,454Total net assets591,454601,33	Capital surplus	135,998	135,998
Total shareholders' equity591,454601,33Total net assets591,454601,33	Retained earnings	(44,452)	(34,575)
Total net assets 591,454 601,33	Treasury shares	(91)	(91)
	Total shareholders' equity	591,454	601,331
Total liabilities and net assets 774,909 820,198	Total net assets	591,454	601,331
	Total liabilities and net assets	774,909	820,198

(2) Statements of Income

(For the Six-month Period)

		(Thousands of yen)
	First half of FY2017	First half of FY2018
	(Apr. 1, 2017 – Sep. 30, 2017)	(Apr. 1, 2018 – Sep. 30, 2018)
Net sales	370,152	400,727
Cost of sales	184,842	189,276
Gross profit	185,310	211,451
Selling, general and administrative expenses	203,147	197,952
Operating profit (loss)	(17,837)	13,499
Non-operating income		
Interest income	3	3
Commission fee	100	79
Foreign exchange gains	_	106
Other	29	-
Total non-operating income	133	189
Non-operating expenses		
Interest expenses	26	82
Foreign exchange losses	0	-
Total non-operating expenses	26	82
Ordinary profit (loss)	(17,730)	13,606
Extraordinary loss		
Loss on retirement of noncurrent assets	58	_
Total extraordinary losses	58	
Profit (loss) before income taxes	(17,789)	13,606
Income taxes –current	1,968	4,123
Income taxes-deferred	(128)	(394)
Total income taxes	1,840	3,729
Net profit (loss)	(19,629)	9,876
Net profit (loss)	(19,629)	

(3) Statements of Cash Flows

		(Thousands of yen)
	First half of FY2017 (Apr. 1, 2017 – Sep. 30, 2017)	First half of FY2018 (Apr. 1, 2018 – Sep. 30, 2018)
Cash provided by (used in) operating activities	(Apr. 1, 2017 – Sep. 30, 2017)	(Apr. 1, 2010 – Sep. 30, 2010)
Income (loss) before income taxes	(17,789)	13,600
Depreciation and amortization	8,345	8,316
Increase (decrease) in provision for bonuses	(1,363)	2,066
Increase (decrease) in provision for product warranties	(510)	1,121
Interest and dividends income	(3)	(3
Interest expenses	26	82
Foreign exchange losses (gains)	(7)	(106
Loss on retirement of noncurrent assets	58	(100)
Decrease (increase) in notes and accounts receivable-trade	143,803	22,620
Decrease (increase) in inventories	(10,735)	(7,683
Increase (decrease) in notes and accounts payable-trade	(8,703)	15,353
Decrease (increase) in prepaid expenses	(4,162)	(5,540
Increase (decrease) in unearned revenue	(7,489)	6,413
Increase (decrease) in accrued consumption taxes	(2,767)	4,603
Other, net	10,895	1,885
Subtotal	109,596	62,742
Interests and dividends income received	3	, ,
Interest expenses paid	(26)	(82
Income taxes (paid) refund	812	(6,118
Net cash provided by (used in) operating activities	110,386	56,54
Cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(796)	(1,289
Purchase of intangible assets	(14,912)	(2,373
Other, net	24	(26
Net cash provided by (used in) investing activities	(15,684)	(3,689
Cash provided by (used in) financing activities		
Repayments of lease obligations	(1,058)	(1,607
Net cash provided by (used in) financing activities	(1,058)	(1,607
Effect of exchange rate changes on cash and cash equivalents	7	100
Increase (decrease) in cash and cash equivalents	93,651	51,354
Cash and cash equivalents at beginning of period	290,257	381,833
Cash and cash equivalents at end of period	383,909	433,187