

# 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/
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#### (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