

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 (As of Mar. 31, 2018)	First half of FY2018 (As of Sep. 30, 2018)
Assets		
Current assets		
Cash and deposits	381,833	433,187
Notes and accounts receivable - trade	279,845	257,218
Merchandise and finished goods	4,839	5,360
Work in process	2,787	10,308
Raw materials	560	202
Prepaid expenses	36,197	42,218
Other current assets	1,828	1,552
Allowance for doubtful accounts	(100)	(100)
Total current assets	707,792	749,948
Noncurrent assets		
Property, plant and equipment	7,654	14,495
Intangible assets	30,436	26,787
Investments and other assets		
Investment securities	3,500	3,500
Long-term prepaid expenses	480	—
Deferred tax assets	21,809	22,203
Other investments and other assets	5,087	5,113
Allowance for doubtful accounts	(1,850)	(1,850)
Total investments and other assets	29,027	28,967
Total noncurrent assets	67,117	70,250
Total assets	774,909	820,198

(Thousands of yen)

	FY2017 selected data (As of Mar. 31, 2018)	First half of FY2018 (As of Sep. 30, 2018)
Liabilities		
Current liabilities		
Accounts payable - trade	30,682	46,036
Income taxes payable	11,950	9,895
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	36,784
Total current liabilities	170,396	201,193
Noncurrent liabilities		
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	183,454	218,867
Net assets		
Shareholders' equity		
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	601,331
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 (Apr. 1, 2017 – Sep. 30, 2017)	First half of FY2018 (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

(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		
Income (loss) before income taxes	(17,789)	13,606
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	—
Decrease (increase) in notes and accounts receivable-trade	143,803	22,626
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	3
Interest expenses paid	(26)	(82)
Income taxes (paid) refund	812	(6,118)
Net cash provided by (used in) operating activities	110,386	56,544
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	106
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