

Non-consolidated Financial Statements
for the First Three Months of the Fiscal Year Ending March 31, 2010

Company name: Zuken Elmic, Inc.	Listing: TSE Mothers Market
Stock code: 4770	URL: http://www.elwsc.co.jp/
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(1) Balance Sheets

(Thousands of yen)

	1Q of FY2009 (As of Jun. 30, 2009)	FY2008 selected data (As of Mar. 31, 2009)
Assets		
Current assets		
Cash and deposits	286,997	372,093
Notes and accounts receivable - trade	300,294	435,445
Securities	346,834	346,671
Finished goods	20,383	19,890
Work in process	21,594	42,928
Raw materials	936	938
Other current assets	128,676	21,289
Reserve for doubtful receivables	(2,310)	(3,000)
Total current assets	1,103,406	1,236,255
Fixed assets		
Property, plant and equipment	125,334	99,918
Intangible assets	37,625	30,711
Investments and other assets		
Investment securities	553,253	536,162
Other investments and other assets	48,122	47,713
Reserve for doubtful receivables	(17,305)	(17,305)
Total other investments and other assets	584,070	566,570
Total fixed assets	747,030	697,200
Total assets	1,850,437	1,933,456

(Thousands of yen)

	1Q of FY2009 (As of Jun. 30, 2009)	FY2008 selected data (As of Mar. 31, 2009)
Liabilities		
Current liabilities		
Accounts payable - trade	32,007	85,437
Income tax payable	2,753	8,159
Reserve for accrued bonuses	44,832	23,049
Allowance for product warranty	16,550	15,690
Allowance for loss on order received	-	4,232
Other current liabilities	131,417	125,489
Total current liabilities	227,561	262,059
Long-term liabilities		
Reserve for employees' retirement benefits	3,770	3,770
Reserve for directors' retirement benefits	-	24,384
Other long-term liabilities	15,264	190
Total long-term liabilities	19,034	28,345
Total liabilities	246,596	290,405
Net assets		
Shareholders' equity		
Common stock	1,202,036	1,202,036
Capital surplus	1,077,567	1,031,862
Retained earnings	(588,743)	(385,358)
Treasury stock	-	(99,236)
Total shareholders' equity	1,690,860	1,749,303
Valuation and translation adjustments		
Net unrealized gain (loss) on other securities	(87,019)	(106,251)
Total valuation and translation adjustments	(87,019)	(106,251)
Total net assets	1,603,840	1,643,051
Total liabilities and net assets	1,850,437	1,933,456

(2) Statements of Income

(Thousands of yen)

	1Q of FY2008 (Apr. 1, 2008 – Jun. 30, 2008)	1Q of FY2009 (Apr. 1, 2009 – Jun. 30, 2009)
Net sales	211,155	213,396
Cost of sales	181,536	162,184
Gross profit	29,619	51,212
SG&A expenses	177,105	250,590
Operating loss	(147,485)	(199,378)
Non-operating income		
Interest income	4,437	5,086
Dividend income	90	110
Foreign exchange gain	155	-
Others	1,243	1,575
Total non-operating income	5,927	6,772
Non-operating expenses		
Foreign exchange losses	-	73
Total non-operating expenses	-	73
Ordinary loss	(141,558)	(192,679)
Extraordinary income		
Reversal of allowance for doubtful accounts	-	690
Reversal of provision for directors' retirement benefits	-	2,676
Gain on sales of investment securities	-	108
Total extraordinary income	-	3,474
Extraordinary loss		
Loss on removal of fixed assets	10	42
Corporate divestiture expenses	-	12,485
Total extraordinary loss	10	12,527
Net loss before income taxes	(141,568)	(201,732)
Income taxes –current	1,440	1,651
Income taxes –deferred	(657)	-
Total income taxes	782	1,651
Net loss	(142,351)	(203,384)

(3) Statements of Cash Flows

(Thousands of yen)

	1Q of FY2008 (Apr. 1, 2008 – Jun. 30, 2008)	1Q of FY2009 (Apr. 1, 2009 – Jun. 30, 2009)
Cash flows from operating activities		
Net loss before income taxes	(141,568)	(201,732)
Depreciation and amortization	7,078	6,890
Amortization of goodwill	4,181	-
Increase (decrease) in allowance for doubtful accounts	-	(690)
Increase (decrease) in reserve for accrued bonuses	(15,902)	10,439
Increase (decrease) in allowance for product warranty	(779)	860
Increase (decrease) in allowance for loss on order received	16,400	(4,232)
Increase (decrease) in reserve for employees' retirement benefits	(592)	-
Increase (decrease) in reserve for directors' retirement benefits	(31,983)	(9,310)
Interest and dividend income	(4,527)	(5,196)
Foreign exchange loss (gain)	(214)	76
Loss (gain) on sales of investment securities	-	(108)
Loss on removal of fixed assets	10	42
Decrease (increase) in accounts receivable	268,533	206,197
Decrease (increase) in inventories	(94,834)	22,927
Increase (decrease) in accounts payable	(17,683)	(55,406)
Others	(7,227)	(2,989)
Subtotal	(19,108)	(32,231)
Interests and dividends received	4,495	5,188
Payments for extra retirement payments	-	(46,862)
Income taxes paid	(6,601)	(6,343)
Net cash used in operating activities	(21,214)	(80,249)
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment	(961)	(1,364)
Payments for acquisition of intangible assets	(393)	(5,000)
Purchase of investment securities	-	(296,550)
Proceeds from sales of investment securities	-	298,800
Proceeds from collection of loans receivable	229	85
Payments for leasehold and security deposits	(5,482)	(1,104)
Proceeds from collection of lease and guarantee deposits	-	610
Net cash provided by investing activities	(6,607)	(4,523)
Cash flows from financing activities		
Payments for acquisition of treasury stock	(30)	-
Cash dividends paid	(32,513)	(83)
Net cash used in financing activities	(32,544)	(83)
Effect of exchange rate changes on cash and cash equivalents	214	(76)
Increase (decrease) in cash and cash equivalents	(60,152)	(84,932)
Cash and cash equivalents at beginning of period	1,158,947	718,764
Cash and cash equivalents at end of period	1,098,795	633,831