

**Non-consolidated Financial Statements**  
**for the First Half of the Fiscal Year Ending March 31, 2012**

Company name:	Zuken Elmic, Inc.	Listing:	TSE Mothers Market
Stock code:	4770	URL:	<a href="http://www.elwsc.co.jp/">http://www.elwsc.co.jp/</a>
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**(1) Balance Sheets**

(Thousands of yen)

	FY2010 selected data (As of Mar. 31, 2011)	First half of FY2011 (As of Sep. 30, 2011)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	209,246	181,391
Notes and accounts receivable - trade	325,858	330,907
Short-term investment securities	133,005	63,042
Merchandise and finished goods	38,373	20,581
Work in process	12,749	24,679
Raw materials	3,855	2,784
Other current assets	50,197	139,974
Allowance for doubtful accounts	(1,040)	(100)
<b>Total current assets</b>	<b>772,244</b>	<b>763,261</b>
<b>Noncurrent assets</b>		
Property, plant and equipment	98,780	23,444
Intangible assets	41,078	36,062
<b>Investments and other assets</b>		
Investment securities	113,010	112,730
Real estate for investment	-	70,139
Other investments and other assets	45,365	25,647
Allowance for doubtful accounts	(3,925)	(3,925)
<b>Total investments and other assets</b>	<b>154,450</b>	<b>204,592</b>
<b>Total noncurrent assets</b>	<b>294,309</b>	<b>264,100</b>
<b>Total assets</b>	<b>1,066,554</b>	<b>1,027,361</b>

(Thousands of yen)

	FY2010 selected data (As of Mar. 31, 2011)	First half of FY2011 (As of Sep. 30, 2011)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	64,552	58,189
Income taxes payable	6,311	5,339
Provision for bonuses	38,359	49,518
Provision for product warranties	40,291	46,255
Other current liabilities	113,645	110,046
<b>Total current liabilities</b>	<b>263,160</b>	<b>269,349</b>
<b>Noncurrent liabilities</b>		
Provision for retirement benefits	2,998	2,998
Long-term accounts payable-other	3,431	3,431
Long-term unearned revenue	42,633	22,013
Other long-term liabilities	8,973	8,006
<b>Total noncurrent liabilities</b>	<b>58,036</b>	<b>36,449</b>
<b>Total liabilities</b>	<b>321,197</b>	<b>305,798</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	1,202,036	1,202,036
Capital surplus	81,886	81,886
Retained earnings	(540,000)	(563,228)
<b>Total shareholders' equity</b>	<b>743,921</b>	<b>720,694</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	1,434	869
<b>Total valuation and translation adjustments</b>	<b>1,434</b>	<b>869</b>
<b>Total net assets</b>	<b>745,356</b>	<b>721,563</b>
<b>Total liabilities and net assets</b>	<b>1,066,554</b>	<b>1,027,361</b>

**(2) Statements of Income**  
**(For the Six-month Period)**

(Thousands of yen)

	First half of FY2010 (Apr. 1, 2010 – Sep. 30, 2010)	First half of FY2011 (Apr. 1, 2011 – Sep. 30, 2011)
Net sales	464,070	666,954
Cost of sales	272,254	399,274
Gross profit	191,815	267,679
SG&A expenses	444,985	291,674
Operating loss	(253,169)	(23,995)
Non-operating income		
Interest income	12,858	1,882
Dividend income	120	120
Subsidy income	2,878	3,049
Rent income	-	2,180
Other	1,478	1,904
Total non-operating income	17,334	9,136
Non-operating expenses		
Foreign exchange losses	1,079	1,635
Loss on investments in partnership	1,593	3,232
Rent expenses	-	1,453
Total non-operating expenses	2,672	6,321
Ordinary loss	(238,508)	(21,180)
Extraordinary income		
Reversal of allowance for doubtful accounts	4,401	-
Reversal of provision for bonuses	15,566	-
Gain on sales of subsidiaries and affiliates' stocks	850	-
Gain on sales of investment securities	6,884	-
Directors' retirement benefits long-term accounts payable gain on forgiveness of debts	4,115	-
Total extraordinary income	31,818	-
Extraordinary loss		
Loss on sales of noncurrent assets	723	-
Loss on retirement of noncurrent assets	1,224	143
Loss on valuation of investment securities	321	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,659	-
Total extraordinary losses	3,929	143
Net loss before income taxes	(210,619)	(21,323)
Income taxes –current	1,732	1,890
Income taxes-deferred	-	14
Total income taxes	1,732	1,904
Net loss	(212,351)	(23,227)

### (3) Statements of Cash Flows

(Thousands of yen)

	First half of FY2010 (Apr. 1, 2010 – Sep. 30, 2010)	First half of FY2011 (Apr. 1, 2011 – Sep. 30, 2011)
Cash provided by (used in) operating activities		
Net loss before income taxes	(210,619)	(21,323)
Depreciation and amortization	17,400	14,173
Increase (decrease) in allowance for doubtful accounts	(13,056)	(940)
Increase (decrease) in provision for bonuses	(35,792)	11,159
Increase (decrease) in provision for product warranties	(6,810)	5,963
Interest and dividend income	(12,978)	(2,002)
Rent income	-	(2,180)
Rent expenses	-	1,453
Loss (gain) on investments in partnership	1,593	3,232
Foreign exchange losses (gains)	317	223
Loss on retirement of noncurrent assets	1,224	143
Loss (gain) on sales of stocks of subsidiaries and affiliates	(850)	-
Loss (gain) on valuation of investment securities	321	-
Loss (gain) on sales of investment securities	(6,884)	-
Loss (gain) on sales of noncurrent assets	723	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,659	-
Decrease (increase) in notes and accounts receivable-trade	96,580	(11,327)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	12,026	-
Decrease (increase) in inventories	(15,919)	6,932
Increase (decrease) in notes and accounts payable-trade	(17,764)	(6,362)
Decrease (increase) in prepaid expenses	(30,512)	(20,232)
Decrease/increase in consumption taxes receivable/payable	3,666	17,447
Others	21,422	(2,558)
Subtotal	(194,251)	(6,197)
Interests and dividends income received	10,131	1,323
Payments for extra retirement payments	-	(22,799)
Income taxes paid	(4,171)	(1,280)
Net cash provided by (used in) operating activities	(188,292)	(28,953)

(Thousands of yen)

	First half of FY2010 (Apr. 1, 2010 – Sep. 30, 2010)	First half of FY2011 (Apr. 1, 2011 – Sep. 30, 2011)
Cash provided by (used in) investing activities		
Proceeds from sales of stocks of subsidiaries and affiliates	4,350	-
Purchase of property, plant and equipment	(6,899)	(1,410)
Purchase of intangible assets	(7,183)	(2,708)
Proceeds from sales of property, plant and equipment	1,300	30
Proceeds from sales of investment securities	217,500	-
Payment From Rental Of Real Estate For Investment	-	(558)
Proceeds from rental of real estate for investment	-	2,180
Collection of loans receivable	115	-
Payments for lease and guarantee deposits	(50)	(103)
Proceeds from collection of lease and guarantee deposits	-	3,487
Proceeds from redemption of membership	-	433
Net cash provided by (used in) investing activities	209,132	1,350
Cash provided by (used in) financing activities		
Cash dividends paid	(46)	-
Net cash provided by (used in) financing activities	(46)	-
Effect of exchange rate changes on cash and cash equivalents	(317)	(223)
Increase (decrease) in cash and cash equivalents	20,476	(27,826)
Cash and cash equivalents at beginning of period	210,756	272,260
Cash and cash equivalents at end of period	231,232	244,433