

Non-consolidated Financial Statements
for the First Half of the Fiscal Year Ending March 31, 2013

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

(1) Balance Sheets

(Thousands of yen)

	FY2011 selected data (As of Mar. 31, 2012)	First half of FY2012 (As of Sep. 30, 2012)
Assets		
Current assets		
Cash and deposits	274,998	305,041
Notes and accounts receivable - trade	457,411	360,399
Short-term investment securities	63,069	63,093
Merchandise and finished goods	9,812	10,404
Work in process	39,346	77,620
Raw materials	1,610	1,272
Other current assets	53,522	58,594
Allowance for doubtful accounts	(513)	(443)
Total current assets	899,257	875,983
Noncurrent assets		
Property, plant and equipment	18,792	15,369
Intangible assets	32,574	29,281
Investments and other assets		
Investment securities	12,310	12,240
Other investments and other assets	80,863	23,472
Allowance for doubtful accounts	(6,649)	(6,649)
Total investments and other assets	86,523	29,062
Total noncurrent assets	137,891	73,713
Total assets	1,037,148	949,696

(Thousands of yen)

	FY2011 selected data (As of Mar. 31, 2012)	First half of FY2012 (As of Sep. 30, 2012)
Liabilities		
Current liabilities		
Accounts payable - trade	86,955	85,874
Income taxes payable	8,278	5,046
Provision for bonuses	50,771	52,321
Provision for product warranties	53,569	40,565
Other current liabilities	132,530	95,735
Total current liabilities	332,105	279,543
Noncurrent liabilities		
Long-term accounts payable-other	3,431	3,431
Provision for retirement benefits	2,998	2,998
Other long-term liabilities	7,971	6,612
Total noncurrent liabilities	14,401	13,042
Total liabilities	346,506	292,585
Net assets		
Shareholders' equity		
Common stock	1,202,036	1,202,036
Capital surplus	81,886	81,886
Retained earnings	(592,731)	(626,191)
Total shareholders' equity	691,191	657,731
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(550)	(620)
Total valuation and translation adjustments	(550)	(620)
Total net assets	690,641	657,111
Total liabilities and net assets	1,037,148	949,696

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

(Thousands of yen)

	First half of FY2011 (Apr. 1, 2011 – Sep. 30, 2011)	First half of FY2012 (Apr. 1, 2012 – Sep. 30, 2012)
Net sales	666,954	688,035
Cost of sales	399,274	403,322
Gross profit	267,679	284,713
SG&A expenses	291,674	319,787
Operating loss	(23,995)	(35,074)
Non-operating income		
Interest income	1,882	64
Dividend income	120	140
Subsidy income	3,049	1,833
Rent income	2,180	1,170
Other	1,904	224
Total non-operating income	9,136	3,432
Non-operating expenses		
Loss on investments in partnership	3,232	-
Foreign exchange losses	1,635	1,808
Rent expenses	1,453	1,157
Total non-operating expenses	6,321	2,965
Ordinary loss	(21,180)	(34,607)
Extraordinary income		
Gain on sales of real estate for investment	-	2,981
Total extraordinary income	-	2,981
Extraordinary loss		
Loss on retirement of noncurrent assets	143	0
Total extraordinary losses	143	0
Net loss before income taxes	(21,323)	(31,625)
Income taxes –current	1,890	1,890
Income taxes-deferred	14	(55)
Total income taxes	1,904	1,834
Net loss	(23,227)	(33,460)

(3) Statements of Cash Flows

(Thousands of yen)

	First half of FY2011 (Apr. 1, 2011 – Sep. 30, 2011)	First half of FY2012 (Apr. 1, 2012 – Sep. 30, 2012)
Cash provided by (used in) operating activities		
Net loss before income taxes	(21,323)	(31,625)
Depreciation and amortization	14,173	10,521
Increase (decrease) in allowance for doubtful	(940)	(70)
Increase (decrease) in provision for bonuses	11,159	1,550
Increase (decrease) in provision for product warranties	5,963	(13,004)
Interest and dividend income	(2,002)	(204)
Rent income	(2,180)	(1,170)
Rent expenses	1,453	1,157
Loss (gain) on investments in partnership	3,232	-
Foreign exchange losses (gains)	223	157
Loss on retirement of noncurrent assets	143	0
Loss (gain) on sales of real estate for investment	-	(2,981)
Decrease (increase) in notes and accounts	(11,327)	96,323
Decrease (increase) in inventories	6,932	(38,528)
Increase (decrease) in notes and accounts	(6,362)	(1,081)
Decrease (increase) in prepaid expenses	(20,232)	(5,003)
Increase (decrease) in accrued consumption taxes	12,501	(20,816)
Others	2,387	(16,863)
Subtotal	(6,197)	(21,638)
Interests and dividends income received	1,323	204
Payments for extra retirement payments	(22,799)	-
Income taxes paid	(1,280)	(3,302)
Net cash provided by (used in) operating activities	(28,953)	(24,736)
Cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,410)	(540)
Purchase of intangible assets	(2,708)	(3,805)
Proceeds from sales of property, plant and equipment	30	-
Proceeds from sales of investments in real estates	-	59,325
Payment From Rental Of Real Estate For Investment	(558)	(532)
Proceeds from rental of real estate for investment	2,180	1,170
Collection of loans receivable	-	37
Repayments of guarantee deposits received	-	(630)
Payments for lease and guarantee deposits	(103)	(178)
Proceeds from collection of lease and guarantee	3,487	115
Proceeds from redemption of membership	433	-
Net cash provided by (used in) investing activities	1,350	54,961
Effect of exchange rate changes on cash and cash	(223)	(157)
Increase (decrease) in cash and cash equivalents	(27,826)	30,067
Cash and cash equivalents at beginning of period	272,260	338,067
Cash and cash equivalents at end of period	244,433	368,134