

**Non-consolidated Financial Statements**  
**for the First Half of the Fiscal Year Ending March 31, 2016**

Company name:	Zuken Elmic, Inc.	Listing:	TSE Second(2nd) Section
Stock code:	4770	URL:	<a href="http://www.elwsc.co.jp/">http://www.elwsc.co.jp/</a>
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Contact:	Shinichi Eguchi, Director, Administration		

**(1) Balance Sheets**

(Thousands of yen)

	FY2014 selected data (As of Mar. 31, 2015)	First half of FY2015 (As of Sep. 30, 2015)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	277,466	268,837
Notes and accounts receivable - trade	366,677	351,444
Short-term investment securities	63,176	63,184
Merchandise and finished goods	31,753	29,605
Work in process	1,947	13,846
Raw materials	619	2,488
Prepaid expenses	53,833	48,085
Other current assets	7,193	6,873
Allowance for doubtful accounts	(100)	(100)
<b>Total current assets</b>	<b>802,568</b>	<b>784,265</b>
<b>Noncurrent assets</b>		
Property, plant and equipment	16,124	17,483
Intangible assets	25,034	26,208
<b>Investments and other assets</b>		
Investment securities	4,631	3,500
Other investments and other assets	17,442	16,667
Allowance for doubtful accounts	(1,850)	(1,850)
<b>Total investments and other assets</b>	<b>20,223</b>	<b>18,317</b>
<b>Total noncurrent assets</b>	<b>61,382</b>	<b>62,009</b>
<b>Total assets</b>	<b>863,951</b>	<b>846,275</b>

(Thousands of yen)

	FY2014 selected data (As of Mar. 31, 2015)	First half of FY2015 (As of Sep. 30, 2015)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	71,390	52,809
Income taxes payable	12,499	9,812
Unearned revenue	65,653	54,009
Provision for bonuses	45,621	47,821
Provision for product warranties	12,738	12,973
Other current liabilities	44,791	32,527
<b>Total current liabilities</b>	<b>252,694</b>	<b>209,953</b>
<b>Noncurrent liabilities</b>		
Long-term unearned revenue	1,065	1,715
Provision for retirement benefits	2,998	2,998
Other long-term liabilities	10,699	10,617
<b>Total noncurrent liabilities</b>	<b>14,762</b>	<b>15,331</b>
<b>Total liabilities</b>	<b>267,457</b>	<b>225,285</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,202,036	1,202,036
Capital surplus	81,886	81,886
Retained earnings	(687,378)	(662,882)
Treasury shares	(49)	(49)
<b>Total shareholders' equity</b>	<b>596,493</b>	<b>620,990</b>
<b>Total net assets</b>	<b>596,493</b>	<b>620,990</b>
<b>Total liabilities and net assets</b>	<b>863,951</b>	<b>846,275</b>

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

(Thousands of yen)

	First half of FY2014 (Apr. 1, 2014 – Sep. 30, 2014)	First half of FY2015 (Apr. 1, 2015 – Sep. 30, 2015)
Net sales	526,699	523,076
Cost of sales	244,081	266,222
Gross profit	282,618	256,854
SG&A expenses	277,823	243,984
Operating income	4,795	12,870
Non-operating income		
Interest income	54	40
Reversal of allowance for doubtful accounts	140	—
Commission fee	75	57
Subsidy income	—	150
Other	8	14
Total non-operating income	278	262
Non-operating expenses		
Interest expenses	42	47
Foreign exchange losses	388	50
Commission fee	—	114
Total non-operating expenses	430	211
Ordinary income	4,642	12,920
Extraordinary income		
Gain on sales of investment securities	—	16,932
Directors' retirement benefits long-term accounts payable gain on forgiveness of debts	1,029	—
Total extraordinary income	1,029	16,932
Extraordinary loss		
Loss on retirement of noncurrent assets	6	0
Total extraordinary losses	6	0
Income before income taxes	5,665	29,852
Income taxes –current	5,069	5,394
Income taxes-deferred	(129)	(38)
Total income taxes	4,940	5,356
Net income	725	24,496

### (3) Statements of Cash Flows

(Thousands of yen)

	First half of FY2014 (Apr. 1, 2014 – Sep. 30, 2014)	First half of FY2015 (Apr. 1, 2015 – Sep. 30, 2015)
Cash provided by (used in) operating activities		
Income (loss) before income taxes	5,665	29,852
Depreciation and amortization	7,890	9,128
Increase (decrease) in allowance for doubtful accounts	(140)	—
Increase (decrease) in provision for bonuses	40,091	2,200
Increase (decrease) in provision for product warranties	(1,087)	234
Interest and dividends income	(54)	(40)
Subsidy income	—	(150)
Interest expenses	42	47
Foreign exchange losses (gains)	(224)	(58)
Loss on retirement of noncurrent assets	6	0
Loss (gain) on sales of investment securities	—	(16,932)
Directors' retirement benefits long-term accounts payable gain on forgiveness of debts	(1,029)	—
Decrease (increase) in notes and accounts receivable-trade	11,722	15,232
Decrease (increase) in inventories	(5,076)	(11,619)
Increase (decrease) in notes and accounts payable-trade	(5,832)	(18,098)
Decrease (increase) in prepaid expenses	10,709	6,322
Increase (decrease) in unearned revenue	(12,695)	(10,993)
Increase (decrease) in accrued consumption taxes	8,669	(10,803)
Other, net	(4,611)	(709)
Subtotal	54,046	(6,386)
Interests and dividends income received	54	40
Proceeds from subsidy income	—	150
Interest expenses paid	(42)	(47)
Income taxes paid	(3,755)	(8,740)
Net cash provided by (used in) operating activities	50,302	(14,984)

(Thousands of yen)

	First half of FY2014 (Apr. 1, 2014 – Sep. 30, 2014)	First half of FY2015 (Apr. 1, 2015 – Sep. 30, 2015)
Cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(746)	(3,080)
Purchase of intangible assets	(5,067)	(8,136)
Proceeds from sales of investment securities	—	18,063
Payments of loans receivable	(800)	—
Collection of loans receivable	239	199
Payments for asset retirement obligations	(1,850)	—
Payments for lease and guarantee deposits	(1,620)	(118)
Proceeds from collection of lease and guarantee deposits	69	218
Net cash provided by (used in) investing activities	(9,775)	7,145
Cash provided by (used in) financing activities		
Repayments of lease obligations	(605)	(841)
Net cash provided by (used in) financing activities	(605)	(841)
Effect of exchange rate changes on cash and cash equivalents	224	58
Increase (decrease) in cash and cash equivalents	40,146	(8,622)
Cash and cash equivalents at beginning of period	359,444	340,643
Cash and cash equivalents at end of period	399,591	332,021