

Non-consolidated Financial Statements
for the First Nine Months of the Fiscal Year Ending March 31, 2014

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)

	FY2012 selected data (As of Mar. 31, 2013)	3Q of FY2013 (As of Dec. 31, 2013)
Assets		
Current assets		
Cash and deposits	304,650	278,244
Notes and accounts receivable - trade	418,992	221,347
Short-term investment securities	63,115	63,141
Merchandise and finished goods	14,172	10,430
Work in process	16,553	21,982
Raw materials	930	312
Prepaid expenses	19,272	65,465
Other current assets	4,491	1,038
Allowance for doubtful accounts	(443)	(380)
Total current assets	841,735	661,582
Noncurrent assets		
Property, plant and equipment	11,945	14,893
Intangible assets	25,425	20,004
Investments and other assets		
Investment securities	13,010	4,631
Long-term prepaid expenses	-	44,260
Other investments and other assets	18,996	11,216
Allowance for doubtful accounts	(6,649)	(6,649)
Total investments and other assets	25,356	53,458
Total noncurrent assets	62,726	88,356
Total assets	904,461	749,938

(Thousands of yen)

	FY2012 selected data (As of Mar. 31, 2013)	3Q of FY2013 (As of Dec. 31, 2013)
Liabilities		
Current liabilities		
Accounts payable - trade	90,866	35,569
Income taxes payable	6,982	3,718
Unearned revenue	18,634	69,565
Provision for bonuses	46,440	26,713
Provision for product warranties	43,439	17,462
Provision for loss on litigation	72,320	-
Other current liabilities	44,892	43,813
Total current liabilities	323,576	196,842
Noncurrent liabilities		
Long-term accounts payable-other	3,431	3,431
Long-term unearned revenue	264	61,057
Provision for retirement benefits	2,998	2,998
Other long-term liabilities	6,655	10,177
Total noncurrent liabilities	13,349	77,664
Total liabilities	336,926	274,507
Net assets		
Shareholders' equity		
Common stock	1,202,036	1,202,036
Capital surplus	81,886	81,886
Retained earnings	(716,483)	(808,490)
Total shareholders' equity	567,438	475,431
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	96	-
Total valuation and translation adjustments	96	-
Total net assets	567,535	475,431
Total liabilities and net assets	904,461	749,938

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

(Thousands of yen)

	3Q of FY2012 (Apr. 1, 2012 – Dec. 31, 2012)	3Q of FY2013 (Apr. 1, 2013 – Dec. 31, 2013)
Net sales	1,008,047	891,515
Cost of sales	599,016	532,079
Gross profit	409,031	359,436
SG&A expenses	475,136	459,740
Operating loss	(66,105)	(100,304)
Non-operating income		
Interest income	118	97
Dividends income	300	160
Subsidy income	1,833	-
Commission fee	158	148
Other	1,676	166
Total non-operating income	4,087	573
Non-operating expenses		
Interest expenses	-	42
Foreign exchange losses	2,201	730
Other	1,508	38
Total non-operating expenses	3,710	811
Ordinary loss	(65,727)	(100,542)
Extraordinary income		
Gain on sales of investment securities	-	1,655
Gain on sales of real estate for investment	2,981	-
Pay back of directors' retirement benefits	-	9,670
Total extraordinary income	2,981	11,325
Extraordinary loss		
Loss on retirement of noncurrent assets	0	29
Total extraordinary losses	0	29
Net loss before income taxes	(62,745)	(89,247)
Income taxes –current	2,835	2,835
Income taxes-deferred	(83)	(75)
Total income taxes	2,751	2,759
Net loss	(65,497)	(92,006)