

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

Company name:	Zuken Elmic, Inc.	Listing:	TSE Second(2nd) Section
Stock code:	4770	URL:	http://www.elwsc.co.jp/
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(1) Balance Sheets

(Thousands of yen)

	FY2014 selected data (As of Mar. 31, 2015)	3Q of FY2015 (As of Dec. 31, 2015)
Assets		
Current assets		
Cash and deposits	277,466	239,361
Notes and accounts receivable - trade	366,677	275,631
Short-term investment securities	63,176	63,188
Merchandise and finished goods	31,753	31,686
Work in process	1,947	21,201
Raw materials	619	2,407
Prepaid expenses	53,833	29,521
Other current assets	7,193	10,016
Allowance for doubtful accounts	(100)	(100)
Total current assets	802,568	672,915
Noncurrent assets		
Property, plant and equipment	16,124	15,598
Intangible assets	25,034	25,232
Investments and other assets		
Investment securities	4,631	3,500
Other investments and other assets	17,442	16,597
Allowance for doubtful accounts	(1,850)	(1,850)
Total investments and other assets	20,223	18,247
Total noncurrent assets	61,382	59,079
Total assets	863,951	731,994

(Thousands of yen)

	FY2014 selected data (As of Mar. 31, 2015)	3Q of FY2015 (As of Dec. 31, 2015)
Liabilities		
Current liabilities		
Accounts payable - trade	71,390	25,922
Income taxes payable	12,499	420
Unearned revenue	65,653	35,696
Provision for bonuses	45,621	22,321
Provision for product warranties	12,738	12,546
Other current liabilities	44,791	47,700
Total current liabilities	252,694	144,608
Noncurrent liabilities		
Long-term unearned revenue	1,065	1,562
Provision for retirement benefits	2,998	2,998
Other long-term liabilities	10,699	9,622
Total noncurrent liabilities	14,762	14,183
Total liabilities	267,457	158,791
Net assets		
Shareholders' equity		
Capital stock	1,202,036	1,202,036
Capital surplus	81,886	81,886
Retained earnings	(687,378)	(710,669)
Treasury shares	(49)	(49)
Total shareholders' equity	596,493	573,203
Total net assets	596,493	573,203
Total liabilities and net assets	863,951	731,994

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

(Thousands of yen)

	3Q of FY2014 (Apr. 1, 2014 – Dec. 31, 2014)	3Q of FY2015 (Apr. 1, 2015 – Dec. 31, 2015)
Net sales	703,730	719,293
Cost of sales	334,753	382,595
Gross profit	368,976	336,698
SG&A expenses	428,166	374,604
Operating income (loss)	(59,190)	(37,906)
Non-operating income		
Interest income	63	46
Dividend income	182	—
Reversal of allowance for doubtful accounts	140	—
Commission fee	104	86
Subsidy income	—	740
Other	21	22
Total non-operating income	511	895
Non-operating expenses		
Interest expenses	68	70
Foreign exchange losses	92	258
Commission fee	—	114
Total non-operating expenses	160	442
Ordinary income (loss)	(58,839)	(37,453)
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 (loss) before income taxes	(57,816)	(20,521)
Income taxes –current	2,918	2,953
Income taxes-deferred	(152)	(183)
Total income taxes	2,766	2,769
Net income (loss)	(60,582)	(23,290)