

**Non-consolidated Financial Statements**  
**for the First Nine Months of the Fiscal Year Ending March 31, 2017**

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>
President: Joe Asakura	
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**(1) Balance Sheets**

(Thousands of yen)

	FY2015 selected data (As of Mar. 31, 2016)	3Q of FY2016 (As of Dec. 31, 2016)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	249,167	295,982
Notes and accounts receivable - trade	421,798	150,979
Short-term investment securities	63,192	—
Merchandise and finished goods	12,140	10,389
Work in process	812	40,567
Raw materials	1,682	1,531
Prepaid expenses	10,589	50,781
Other current assets	5,587	8,671
Allowance for doubtful accounts	(100)	(100)
<b>Total current assets</b>	<b>764,870</b>	<b>558,802</b>
<b>Noncurrent assets</b>		
Property, plant and equipment	14,116	13,734
Intangible assets	26,416	22,149
<b>Investments and other assets</b>		
Investment securities	3,500	3,500
Long-term prepaid expenses	—	36,902
Other investments and other assets	16,597	5,249
Allowance for doubtful accounts	(1,850)	(1,850)
<b>Total investments and other assets</b>	<b>18,247</b>	<b>43,801</b>
<b>Total noncurrent assets</b>	<b>58,781</b>	<b>79,685</b>
<b>Total assets</b>	<b>823,651</b>	<b>638,488</b>

(Thousands of yen)

	FY2015 selected data (As of Mar. 31, 2016)	3Q of FY2016 (As of Dec. 31, 2016)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	52,324	29,893
Income taxes payable	9,694	—
Unearned revenue	19,308	73,100
Provision for bonuses	44,923	15,447
Provision for product warranties	11,402	8,457
Other current liabilities	35,608	31,391
<b>Total current liabilities</b>	<b>173,262</b>	<b>158,291</b>
<b>Noncurrent liabilities</b>		
Long-term unearned revenue	2,325	52,141
Provision for retirement benefits	2,998	2,729
Other long-term liabilities	9,116	8,025
<b>Total noncurrent liabilities</b>	<b>14,440</b>	<b>62,896</b>
<b>Total liabilities</b>	<b>187,703</b>	<b>221,187</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,202,036	500,000
Capital surplus	81,886	135,998
Retained earnings	(647,924)	(218,606)
Treasury shares	(49)	(91)
<b>Total shareholders' equity</b>	<b>635,948</b>	<b>417,300</b>
<b>Total net assets</b>	<b>635,948</b>	<b>417,300</b>
<b>Total liabilities and net assets</b>	<b>823,651</b>	<b>638,488</b>

**(2) Statements of Income**

(Thousands of yen)

	3Q of FY2015 (Apr. 1, 2015 – Dec. 31, 2015)	3Q of FY2016 (Apr. 1, 2016 – Dec. 31, 2016)
Net sales	719,293	484,374
Cost of sales	382,595	242,800
Gross profit	336,698	241,573
SG&A expenses	374,604	363,935
Operating income (loss)	(37,906)	(122,361)
Non-operating income		
Interest income	46	3
Commission fee	86	83
Subsidy income	740	—
Other	22	6
Total non-operating income	895	93
Non-operating expenses		
Interest expenses	70	54
Foreign exchange losses	258	632
Commission fee	114	—
Total non-operating expenses	442	687
Ordinary income (loss)	(37,453)	(122,955)
Extraordinary income		
Gain on sales of investment securities	16,932	—
Total extraordinary income	16,932	—
Extraordinary loss		
Loss on retirement of noncurrent assets	0	17
Special retirement expenses	—	3,570
Loss on litigation	—	89,154
Total extraordinary losses	0	92,741
Net loss before income taxes	(20,521)	(215,697)
Income taxes –current	2,953	2,953
Income taxes-deferred	(183)	(43)
Total income taxes	2,769	2,909
Net loss	(23,290)	(218,606)