

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

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

**(1) Balance Sheets**

(Thousands of yen)

	FY2012 selected data (As of Mar. 31, 2013)	1Q of FY2013 (As of Jun. 30, 2013)
<b>Assets</b>		
Current assets		
Cash and deposits	304,650	323,924
Notes and accounts receivable - trade	418,992	313,071
Short-term investment securities	63,115	63,123
Merchandise and finished goods	14,172	14,725
Work in process	16,553	18,111
Raw materials	930	858
Other current assets	23,763	68,558
Allowance for doubtful accounts	(443)	(443)
Total current assets	841,735	801,930
Noncurrent assets		
Property, plant and equipment	11,945	11,224
Intangible assets	25,425	23,624
Investments and other assets		
Investment securities	13,010	4,800
Other investments and other assets	18,996	73,104
Allowance for doubtful accounts	(6,649)	(6,649)
Total investments and other assets	25,356	71,254
Total noncurrent assets	62,726	106,104
Total assets	904,461	908,035

(Thousands of yen)

	FY2012 selected data (As of Mar. 31, 2013)	1Q of FY2013 (As of Jun. 30, 2013)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	90,866	62,032
Income taxes payable	6,982	2,156
Provision for bonuses	46,440	27,131
Provision for product warranties	43,439	26,239
Provision for loss on litigation	72,320	-
Other current liabilities	63,527	149,764
<b>Total current liabilities</b>	<b>323,576</b>	<b>267,324</b>
<b>Noncurrent liabilities</b>		
Long-term accounts payable-other	3,431	3,431
Long-term unearned revenue	264	85,517
Provision for retirement benefits	2,998	2,998
Other long-term liabilities	6,655	6,416
<b>Total noncurrent liabilities</b>	<b>13,349</b>	<b>98,363</b>
<b>Total liabilities</b>	<b>336,926</b>	<b>365,687</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	(716,483)	(741,575)
<b>Total shareholders' equity</b>	<b>567,438</b>	<b>542,347</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	96	-
<b>Total valuation and translation adjustments</b>	<b>96</b>	<b>-</b>
<b>Total net assets</b>	<b>567,535</b>	<b>542,347</b>
<b>Total liabilities and net assets</b>	<b>904,461</b>	<b>908,035</b>

**(2) Statements of Income**

(Thousands of yen)

	1Q of FY2012 (Apr. 1, 2012 – Jun. 30, 2012)	1Q of FY2013 (Apr. 1, 2013 – Jun. 30, 2013)
Net sales	321,787	303,520
Cost of sales	214,528	180,664
Gross profit	107,258	122,856
SG&A expenses	167,586	158,322
Operating loss	(60,327)	(35,465)
Non-operating income		
Interest income	15	19
Dividends income	140	160
Subsidy income	1,155	-
Other	1,023	113
Total non-operating income	2,334	292
Non-operating expenses		
Foreign exchange losses	1,010	283
Other	691	38
Total non-operating expenses	1,702	322
Ordinary loss	(59,695)	(35,496)
Extraordinary income		
Gain on sales of investment securities	-	1,655
Pay back of directors' retirement benefits	-	9,670
Total extraordinary losses	-	11,325
Extraordinary loss		
Loss on retirement of noncurrent assets	-	0
Total extraordinary losses	-	0
Net loss before income taxes	(59,695)	(24,171)
Income taxes –current	945	945
Income taxes-deferred	(27)	(25)
Total income taxes	917	919
Net loss	(60,612)	(25,091)