

**Non-consolidated Financial Statements**  
**for the First Three Months of the Fiscal Year Ending March 31, 2018**

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)

	FY2016 selected data (As of Mar. 31, 2017)	1Q of FY2017 (As of Jun. 30, 2017)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	290,257	396,149
Notes and accounts receivable - trade	355,371	197,970
Merchandise and finished goods	6,782	16,240
Work in process	14,071	17,054
Raw materials	1,070	1,047
Prepaid expenses	38,796	68,829
Other current assets	9,931	5,085
Allowance for doubtful accounts	(100)	(100)
<b>Total current assets</b>	716,182	702,277
<b>Noncurrent assets</b>		
Property, plant and equipment	12,100	11,347
Intangible assets	20,492	29,231
<b>Investments and other assets</b>		
Investment securities	3,500	3,500
Long-term prepaid expenses	29,697	22,413
Other investments and other assets	5,249	5,199
Allowance for doubtful accounts	(1,850)	(1,850)
<b>Total investments and other assets</b>	36,597	29,262
<b>Total noncurrent assets</b>	69,190	69,842
<b>Total assets</b>	785,373	772,119

(Thousands of yen)

	FY2016 selected data (As of Mar. 31, 2017)	1Q of FY2017 (As of Jun. 30, 2017)
Liabilities		
Current liabilities		
Accounts payable - trade	48,642	38,051
Income taxes payable	3,181	3,237
Unearned revenue	60,233	88,623
Provision for bonuses	34,578	16,525
Provision for product warranties	9,047	8,842
Other current liabilities	25,372	36,981
Total current liabilities	181,056	192,261
Noncurrent liabilities		
Long-term unearned revenue	41,497	31,076
Provision for retirement benefits	2,729	2,729
Other long-term liabilities	7,526	7,211
Total noncurrent liabilities	51,753	41,017
Total liabilities	232,809	233,279
Net assets		
Shareholders' equity		
Capital stock	500,000	500,000
Capital surplus	135,998	135,998
Retained earnings	(83,343)	(97,067)
Treasury shares	(91)	(91)
Total shareholders' equity	552,563	538,839
Total net assets	552,563	538,839
Total liabilities and net assets	785,373	772,119

**(2) Statements of Income**

(Thousands of yen)

	1Q of FY2016 (Apr. 1, 2016 – Jun. 30, 2016)	1Q of FY2017 (Apr. 1, 2017 – Jun. 30, 2017)
Net sales	128,813	171,593
Cost of sales	65,179	82,292
Gross profit	63,634	89,300
Selling, general and administrative expenses	133,453	102,059
Operating profit (loss)	(69,819)	(12,758)
Non-operating income		
Interest income	0	0
Commission fee	27	88
Other	2	2
Total non-operating income	30	90
Non-operating expenses		
Interest expenses	19	14
Foreign exchange losses	627	10
Total non-operating expenses	646	24
Ordinary profit (loss)	(70,435)	(12,693)
Extraordinary loss		
Loss on retirement of noncurrent assets	—	58
Total extraordinary losses	—	58
Profit (loss) before income taxes	(70,435)	(12,751)
Income taxes –current	984	984
Income taxes-deferred	(13)	(12)
Total income taxes	971	972
Net profit (loss)	(71,406)	(13,724)