



August 7, 2017

**Summary of Consolidated Financial Results**  
**for the First Quarter of Fiscal Year Ending March 31, 2018 (FY2017)**  
**(Three Months Ended June 30, 2017)**

**[Japanese GAAP]**

Company name: ZUKEN Inc. Listing: Tokyo Stock Exchange, First Section  
 Stock code: 6947 URL: <http://www.zuken.co.jp>  
 Representative: Makoto Kaneko, President and Representative Director  
 Contact: Susumu Yoshida, General Manager of Finance Department Tel: +81-45-942-1511  
 Scheduled date of filing of Quarterly Report: August 9, 2017  
 Scheduled date of payment of dividend: -  
 Preparation of supplementary materials for quarterly financial results: None  
 Holding of quarterly financial results meeting: None

*(All amounts are rounded down to the nearest million yen)*

**1. Consolidated Financial Results for the First Quarter Ended June 30, 2017 (Apr. 1, 2017 – Jun. 30, 2017)**

**(1) Consolidated results of operations**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Jun. 30, 2017	4,849	5.7	32	-	75	-	26	-
Jun. 30, 2016	4,590	2.5	(186)	-	(284)	-	(251)	-

Note: Comprehensive income (Millions of yen) Three months ended Jun. 30, 2017: 265 (n.a.)

Three months ended Jun. 30, 2016: (405) (n.a.)

	Net income per share	Diluted net income per share
Three months ended	Yen	Yen
Jun. 30, 2017	1.13	-
Jun. 30, 2016	(10.80)	-

**(2) Consolidated financial position**

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2017	40,817	28,544	69.0
As of Mar. 31, 2017	40,530	28,535	69.3

Reference: Shareholders' equity (Millions of yen) As of Jun. 30, 2017: 28,145 As of Mar. 31, 2017: 28,106

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2017	-	10.00	-	10.00	20.00
Fiscal year ending Mar. 31, 2018	-				
Fiscal year ending Mar. 31, 2018 (forecast)		10.00	-	10.00	20.00

Note: Revisions to the most recently announced dividend forecast: None

**3. Consolidated Forecast for the Fiscal Year Ending March 31, 2018 (Apr. 1, 2017 – Mar. 31, 2018)**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	24,000	8.1	1,900	19.0	2,000	27.2	1,400	16.1	60.21

Note: Revisions to the most recently announced consolidated forecast: None

Only the full-year forecast is shown because Zuken manages performance on a fiscal year basis.

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

(a) Changes in accounting policies due to revisions in accounting standards, others: None

(b) Changes in accounting policies other than (a) above: None

(c) Changes in accounting-based estimates: None

(d) Restatements: None

(4) Number of outstanding shares (common stock)

(a) Number of shares outstanding at the end of the period (including treasury shares)

As of Jun. 30, 2017:	23,267,169 shares	As of Mar. 31, 2017:	23,267,169 shares
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(b) Number of treasury shares at the end of the period

As of Jun. 30, 2017:	16,853 shares	As of Mar. 31, 2017:	16,715 shares
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(c) Average number of shares outstanding during the period

Three months ended Jun. 30, 2017:	23,250,395 shares	Three months ended Jun. 30, 2016:	23,250,876 shares
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\* The current quarterly financial report is not subject to quarterly review procedures.

\* Cautionary statement with respect to forward-looking statements and other special items

Forecasts of future performance in this report are based on assumption judged to be valid and information available to the Company's management at the time this report was prepared, but are not promises by the Company regarding future performance. Actual results may differ substantially from the forecasts for a number of reasons. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 2 for forecast assumptions and notes of caution for usage.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first quarter of the fiscal year ending on March 31, 2018, gradual economic recoveries continued to take place in Japan, Europe and the United States. However, the overall outlook remained uncertain because of concerns about U.S. policies, slowing economic growth in emerging Asian countries and other reasons. In the electronic equipment, automotive and industrial equipment manufacturing sectors which are the major customer segments of the Zuken Group, although capital investment among businesses in certain industries is showing signs of improvement, businesses in general continued to take cautious stance because of growing uncertainty over future economic outlook.

Net sales in the first quarter were 4,849 million yen, 5.7% higher than one year earlier. One reason was growth in sales of Printed Circuit Board design solutions, chiefly the CR-8000 Design Force, which is a key product in this category. Higher sales of the E3.series of electrical wire harness design solution in Europe and the United States also contributed to the first quarter sales growth.

Earnings improved significantly due to the growth in sales. Ordinary profit was 75 million yen, compared with a loss of 284 million yen one year earlier, and profit attributable to owners of parent was 26 million yen, compared with a loss of 251 million yen one year earlier.

### (2) Explanation of Financial Position

Total assets at the end of the first quarter of the current fiscal year increased 287 million yen from the end of the previous fiscal year to 40,817 million yen.

Current assets increased 209 million yen. The main factors were increases of 1,494 million yen in cash and deposits and 313 million yen in other current assets due to an increase in prepaid expenses, while there was a 1,742 million yen decrease in notes and accounts receivable-trade. Non-current assets increased 77 million yen. The main factors include an increase of 99 million yen in investments and other assets, while there was a 22 million yen decrease in property, plant and equipment.

Total liabilities increased 278 million yen from the end of the previous fiscal year to 12,273 million yen. Current liabilities increased 196 million yen. The main factors include an increase of 977 million yen in advances received, while there were decreases of 376 million yen in provision for bonuses and 375 million yen in accounts payable-trade. Non-current liabilities increased 82 million yen mainly due to an increase in net defined benefit liability.

Net assets increased 8 million yen from the end of the previous fiscal year to 28,544 million yen, and the shareholders' equity ratio was 69.0%.

### (3) Explanation of Consolidated Forecast and Other Forward-looking Statements

We currently maintain the consolidated forecast for the fiscal year ending March 31, 2018 that was released on May 8, 2017. Many of the Zuken Group's customers use a fiscal year that ends in March. As a result, a large percentage of the deliveries and final acceptances of our products occur in March each year. Consequently, sales and profits tend to be disproportionately concentrated in the fourth quarter in each fiscal year.

2. Quarterly Consolidated Financial Statements and Notes(1) **Quarterly Consolidated Balance Sheet**

	(Thousands of yen)	
	FY2016	First quarter of FY2017
	(As of Mar. 31, 2017)	(As of Jun. 30, 2017)
Assets		
Current assets		
Cash and deposits	14,253,644	15,748,377
Notes and accounts receivable-trade	5,195,460	3,453,029
Securities	6,700,000	6,700,000
Merchandise and finished goods	285,834	325,808
Work in process	54,826	158,362
Raw materials and supplies	2,809	2,595
Other	2,531,561	2,845,029
Allowance for doubtful accounts	(23,323)	(23,122)
Total current assets	29,000,814	29,210,080
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,954,451	2,924,144
Land	3,009,821	3,009,821
Other, net	415,239	423,140
Total property, plant and equipment	6,379,512	6,357,107
Intangible assets		
Goodwill	790,754	776,125
Other	739,373	754,960
Total intangible assets	1,530,127	1,531,085
Investments and other assets	3,620,238	3,719,616
Total non-current assets	11,529,879	11,607,809
Total assets	40,530,693	40,817,889

	(Thousands of yen)	
	FY2016 (As of Mar. 31, 2017)	First quarter of FY2017 (As of Jun. 30, 2017)
Liabilities		
Current liabilities		
Accounts payable-trade	823,903	448,315
Income taxes payable	250,629	82,706
Advances received	4,759,402	5,736,465
Provision for bonuses	793,761	417,056
Provision for directors' bonuses	38,400	-
Provision for loss on business liquidation	1,518	1,536
Other provision	9,047	8,842
Other	1,559,521	1,737,369
Total current liabilities	8,236,184	8,432,292
Non-current liabilities		
Net defined benefit liability	3,506,552	3,584,522
Other	252,125	256,928
Total non-current liabilities	3,758,678	3,841,451
Total liabilities	11,994,863	12,273,744
Net assets		
Shareholders' equity		
Capital stock	10,117,065	10,117,065
Capital surplus	8,657,736	8,657,736
Retained earnings	9,629,044	9,422,779
Treasury shares	(15,169)	(15,385)
Total shareholders' equity	28,388,676	28,182,196
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	851,340	940,590
Foreign currency translation adjustment	(32,391)	82,883
Remeasurements of defined benefit plans	(1,101,576)	(1,060,159)
Total accumulated other comprehensive income	(282,628)	(36,685)
Non-controlling interests	429,781	398,634
Total net assets	28,535,829	28,544,145
Total liabilities and net assets	40,530,693	40,817,889

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income****(For the Three-month Period)**

(Thousands of yen)

	First three months of FY2016 (Apr. 1, 2016 – Jun. 30, 2016)	First three months of FY2017 (Apr. 1, 2017 – Jun. 30, 2017)
Net sales	4,590,147	4,849,812
Cost of sales	1,200,374	1,232,486
Gross profit	3,389,772	3,617,325
Selling, general and administrative expenses	3,576,011	3,584,837
Operating profit (loss)	(186,238)	32,488
Non-operating income		
Interest income	1,012	1,082
Dividend income	15,307	20,389
Rent income	11,136	11,566
Other	15,749	12,589
Total non-operating income	43,205	45,627
Non-operating expenses		
Share of loss of entities accounted for using equity method	9,167	2,369
Foreign exchange losses	132,194	56
Other	597	315
Total non-operating expenses	141,959	2,742
Ordinary profit (loss)	(284,991)	75,374
Extraordinary income		
Gain on sales of non-current assets	67	1,002
Gain on sales of investment securities	870	-
Total extraordinary income	937	1,002
Extraordinary losses		
Loss on disposal of non-current assets	-	2,219
Loss on liquidation of business	59,362	-
Total extraordinary losses	59,362	2,219
Profit (loss) before income taxes	(343,417)	74,157
Income taxes-current	35,922	28,360
Income taxes-deferred	(86,051)	25,803
Total income taxes	(50,128)	54,164
Profit (loss)	(293,288)	19,992
Loss attributable to non-controlling interests	(42,125)	(6,246)
Profit (loss) attributable to owners of parent	(251,162)	26,239

**Quarterly Consolidated Statement of Comprehensive Income****(For the Three-month Period)**

	(Thousands of yen)	
	First three months of FY2016 (Apr. 1, 2016 – Jun. 30, 2016)	First three months of FY2017 (Apr. 1, 2017 – Jun. 30, 2017)
Profit (loss)	(293,288)	19,992
Other comprehensive income		
Valuation difference on available-for-sale securities	(20,177)	89,250
Foreign currency translation adjustment	(167,805)	114,590
Remeasurements of defined benefit plans, net of tax	74,647	41,416
Share of other comprehensive income of entities accounted for using equity method	1,001	684
Total other comprehensive income	(112,334)	245,942
Comprehensive income	(405,622)	265,935
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(363,497)	272,182
Comprehensive income attributable to non-controlling interests	(42,125)	(6,246)



**(3) Notes to Quarterly Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Segment Information****I. First three months of FY2016 (Apr. 1, 2016 – Jun. 30, 2016)**

Information about reportable segment net sales and profit or loss

(Thousands of yen)

	Reportable segment					Adjustment amount (Note 1)	Appropriated amount in the quarterly consolidated statement of income (Note 2)
	Japan	Europe	Americas	Asia	Total		
Net sales							
Sales to third parties	3,077,512	909,817	280,888	321,928	4,590,147	-	4,590,147
Intersegment sales or transfers	190,100	179,509	21,294	28,753	419,657	(419,657)	-
Total	3,267,612	1,089,326	302,183	350,682	5,009,805	(419,657)	4,590,147
Segment profit (loss)	(172,151)	(80,617)	(49,109)	91,788	(210,089)	23,851	(186,238)

Notes: 1. Adjustment amount in segment profit (loss) includes amount of 23,851 thousand yen eliminated for intersegment transactions.

2. Segment profit (loss) is adjusted with operating loss in the quarterly consolidated statement of income.

**II. First three months of FY2017 (Apr. 1, 2017 – Jun. 30, 2017)**

Information about reportable segment net sales and profit or loss

(Thousands of yen)

	Reportable segment					Adjustment amount (Note 1)	Appropriated amount in the quarterly consolidated statement of income (Note 2)
	Japan	Europe	Americas	Asia	Total		
Net sales							
Sales to third parties	3,228,444	919,943	418,187	283,237	4,849,812	-	4,849,812
Intersegment sales or transfers	228,686	199,460	19,264	12,258	459,668	(459,668)	-
Total	3,457,130	1,119,403	437,451	295,495	5,309,481	(459,668)	4,849,812
Segment profit (loss)	520	(79,068)	28,238	80,108	29,799	2,689	32,488

Notes: 1. Adjustment amount in segment profit (loss) includes amount of 2,689 thousand yen eliminated for intersegment transactions.

2. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statement of income.

### 3. Supplementary Information

#### (1) Sales and Orders

##### (a) Sales

(Thousands of yen)

Segment	First three months of FY2016 (Apr. 1, 2016 – Jun. 30, 2016)		First three months of FY2017 (Apr. 1, 2017 – Jun. 30, 2017)	
	Amount	Composition (%)	Amount	Composition (%)
Japan	3,077,512	67.0	3,228,444	66.6
Europe	909,817	19.8	919,943	19.0
Americas	280,888	6.1	418,187	8.6
Asia	321,928	7.1	283,237	5.8
Total	4,590,147	100.0	4,849,812	100.0

##### (b) Orders received and order backlog

(Thousands of yen)

Segment	First three months of FY2016 (Apr. 1, 2016 – Jun. 30, 2016)		First three months of FY2017 (Apr. 1, 2017 – Jun. 30, 2017)	
	Orders received	Order backlog	Orders received	Order backlog
Japan	4,324,930	6,542,113	4,725,607	7,149,316
Europe	953,744	1,301,122	854,492	1,426,292
Americas	338,980	771,170	210,799	893,879
Asia	305,984	333,856	326,899	645,854
Total	5,923,641	8,948,262	6,117,799	10,115,343

Notes: 1. Intersegment transactions have been eliminated.

2. The above amounts are based on selling prices and the amounts do not include consumption taxes.

(Reference) Results by product category are as follows.

(a) Sales

(Thousands of yen)

Product category	First three months of FY2016 (Apr. 1, 2016 – Jun. 30, 2016)		First three months of FY2017 (Apr. 1, 2017 – Jun. 30, 2017)	
	Amount	Composition (%)	Amount	Composition (%)
Printed Circuit Board design solutions	761,908	16.6	802,409	16.5
Circuit design and IC solutions	880,363	19.2	888,189	18.3
IT solutions	703,621	15.3	737,594	15.2
Client services	2,244,243	48.9	2,421,528	50.0
Others	10	0.0	90	0.0
Total	4,590,147	100.0	4,849,812	100.0

(b) Orders received and order backlog

(Thousands of yen)

Product category	First three months of FY2016 (Apr. 1, 2016 – Jun. 30, 2016)		First three months of FY2017 (Apr. 1, 2017 – Jun. 30, 2017)	
	Orders received	Order backlog	Orders received	Order backlog
Printed Circuit Board design solutions	900,537	764,534	882,745	761,373
Circuit design and IC solutions	1,216,880	1,112,427	1,206,462	1,157,735
IT solutions	906,772	839,925	1,047,722	888,416
Client services	2,898,327	6,230,263	2,980,369	7,307,408
Others	1,122	1,112	500	410
Total	5,923,641	8,948,262	6,117,799	10,115,343

Notes: 1. The above amounts are based on selling prices and the amounts do not include consumption taxes.

2. Names of major products by product category are as follows.

Major products of Printed Circuit Board design solutions	CR-8000 Design Force CR-8000 DFM Center	CR-5000 Board Designer
Major products of Circuit design and IC solutions	CR-8000 Design Gateway CR-8000 System Planner Architecture Planner E3.series Cabling Designer Harness Designer	CR-5000 System Designer
Major products of IT solutions	PreSight visual BOM DS-2 DS-2 Espresso	

*This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*