



February 13, 2018

**Summary of Consolidated Financial Results**  
**for the Third Quarter of Fiscal Year Ending March 31, 2018 (FY2017)**  
**(Nine Months Ended December 31, 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: February 13, 2018  
 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 Third Quarter Ended December 31, 2017 (Apr. 1, 2017 – Dec. 31, 2017)**

**(1) Consolidated results of operations**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Dec. 31, 2017	16,178	8.0	773	96.7	868	128.1	479	103.4
Dec. 31, 2016	14,985	(1.0)	393	-	380	-	235	-

Note: Comprehensive income (Millions of yen) Nine months ended Dec. 31, 2017: 1,203 (up 988.9%)

Nine months ended Dec. 31, 2016: 110 (n.a.)

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
Dec. 31, 2017	20.63	-
Dec. 31, 2016	10.14	-

**(2) Consolidated financial position**

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2017	41,499	29,238	69.5
As of Mar. 31, 2017	40,530	28,535	69.3

Reference: Shareholders' equity (Millions of yen) As of Dec. 31, 2017: 28,852 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	-	10.00	-	-	-
Fiscal year ending Mar. 31, 2018 (forecast)	-	-	-	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

**\* 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 Dec. 31, 2017:	23,267,169 shares	As of Mar. 31, 2017:	23,267,169 shares
----------------------	-------------------	----------------------	-------------------

(b) Number of treasury shares at the end of the period

As of Dec. 31, 2017:	17,047 shares	As of Mar. 31, 2017:	16,715 shares
----------------------	---------------	----------------------	---------------

(c) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2017:	23,250,254 shares	Nine months ended Dec. 31, 2016:	23,250,826 shares
----------------------------------	-------------------	----------------------------------	-------------------

\* 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.

## Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance .....	2
(1) Explanation of Results of Operations .....	2
(2) Explanation of Financial Position .....	2
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements.....	2
2. Quarterly Consolidated Financial Statements and Notes .....	3
(1) Quarterly Consolidated Balance Sheet .....	3
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	5
Quarterly Consolidated Statement of Income .....	5
Quarterly Consolidated Statement of Comprehensive Income.....	6
(3) Notes to Quarterly Consolidated Financial Statements.....	7
Going Concern Assumption.....	7
Significant Changes in Shareholders' Equity.....	7
Segment Information .....	7
3. Supplementary Information .....	8
(1) Sales and Orders.....	8

## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first nine months 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 outlook remained uncertain because of concerns about slowing economic growth in China and other emerging Asian countries, U.S. policies and other reasons. In the electronic equipment, automotive and industrial equipment manufacturing sectors which are the major customer segments of the Zuken Group, although businesses in certain industries continue to hold down capital investment, there are clear signs of recovery among businesses in general.

Net sales in the first nine months were 16,178 million yen, 8.0% higher than one year earlier. Sales of Circuit design and IC solutions remained strong led by the E3.series of electrical wire harness design solution. Furthermore, there was a strong demand for the engineer temporary staffing service and higher sales of network systems in Japan.

Earnings increased significantly due to the growth in sales. Ordinary profit was 868 million yen, 128.1% higher than one year earlier, and profit attributable to owners of parent was 479 million yen, 103.4% higher than one year earlier.

### (2) Explanation of Financial Position

Total assets at the end of the third quarter of the current fiscal year increased 968 million yen from the end of the previous fiscal year to 41,499 million yen.

Current assets increased 808 million yen. The main factors were increases of 1,745 million yen in cash and deposits and 212 million yen in work in process, while there was a 1,235 million yen decrease in notes and accounts receivable-trade. Non-current assets increased 160 million yen. The main factors include an increase of 309 million yen in investments and other assets and a decrease of 113 million yen in intangible assets.

Total liabilities increased 266 million yen from the end of the previous fiscal year to 12,261 million yen. Current liabilities increased 38 million yen. The main factors include an increase of 486 million yen in advances received, while there was a decrease of 327 million yen in provision for bonuses. Non-current liabilities increased 228 million yen mainly due to an increase in net defined benefit liability.

Net assets increased 702 million yen from the end of the previous fiscal year to 29,238 million yen, and the shareholders' equity ratio was 69.5%.

### (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	Third quarter of FY2017
	(As of Mar. 31, 2017)	(As of Dec. 31, 2017)
Assets		
Current assets		
Cash and deposits	14,253,644	15,999,219
Notes and accounts receivable-trade	5,195,460	3,959,769
Securities	6,700,000	6,700,000
Merchandise and finished goods	285,834	311,947
Work in process	54,826	267,199
Raw materials and supplies	2,809	2,706
Other	2,531,561	2,593,990
Allowance for doubtful accounts	(23,323)	(25,798)
Total current assets	29,000,814	29,809,034
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,954,451	2,870,916
Land	3,009,821	3,015,103
Other, net	415,239	457,647
Total property, plant and equipment	6,379,512	6,343,667
Intangible assets		
Goodwill	790,754	717,485
Other	739,373	699,493
Total intangible assets	1,530,127	1,416,978
Investments and other assets	3,620,238	3,929,733
Total non-current assets	11,529,879	11,690,380
Total assets	40,530,693	41,499,414

	(Thousands of yen)	
	FY2016 (As of Mar. 31, 2017)	Third quarter of FY2017 (As of Dec. 31, 2017)
Liabilities		
Current liabilities		
Accounts payable-trade	823,903	542,074
Income taxes payable	250,629	138,510
Advances received	4,759,402	5,246,120
Provision for bonuses	793,761	466,551
Provision for directors' bonuses	38,400	-
Provision for loss on business liquidation	1,518	1,611
Other provision	9,047	9,052
Other	1,559,521	1,870,580
Total current liabilities	8,236,184	8,274,503
Non-current liabilities		
Net defined benefit liability	3,506,552	3,691,063
Other	252,125	295,670
Total non-current liabilities	3,758,678	3,986,733
Total liabilities	11,994,863	12,261,236
Net assets		
Shareholders' equity		
Capital stock	10,117,065	10,117,065
Capital surplus	8,657,736	8,659,021
Retained earnings	9,629,044	9,643,598
Treasury shares	(15,169)	(15,700)
Total shareholders' equity	28,388,676	28,403,984
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	851,340	1,055,546
Foreign currency translation adjustment	(32,391)	223,497
Remeasurements of defined benefit plans	(1,101,576)	(830,112)
Total accumulated other comprehensive income	(282,628)	448,932
Non-controlling interests	429,781	385,261
Total net assets	28,535,829	29,238,178
Total liabilities and net assets	40,530,693	41,499,414

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

(Thousands of yen)

	First nine months of FY2016 (Apr. 1, 2016 – Dec. 31, 2016)	First nine months of FY2017 (Apr. 1, 2017 – Dec. 31, 2017)
Net sales	14,985,880	16,178,494
Cost of sales	4,066,656	4,407,957
Gross profit	10,919,223	11,770,536
Selling, general and administrative expenses	10,526,053	10,997,146
Operating profit	393,170	773,390
Non-operating income		
Interest income	6,033	3,902
Dividend income	24,031	31,628
Rent income	30,700	35,312
Other	39,442	34,129
Total non-operating income	100,208	104,973
Non-operating expenses		
Foreign exchange losses	106,982	4,462
Share of loss of entities accounted for using equity method	4,265	3,870
Other	1,163	1,186
Total non-operating expenses	112,411	9,520
Ordinary profit	380,966	868,843
Extraordinary income		
Gain on sales of non-current assets	5,616	2,295
Gain on bargain purchase	-	35,996
Gain on sales of investment securities	851	-
Total extraordinary income	6,468	38,291
Extraordinary losses		
Loss on disposal of non-current assets	1,468	6,806
Retirement benefit expenses	-	90,208
Loss on litigation	89,154	-
Loss on liquidation of business	57,416	-
Total extraordinary losses	148,039	97,015
Profit before income taxes	239,396	810,119
Income taxes-current	151,809	257,520
Income taxes-deferred	(28,175)	81,079
Total income taxes	123,634	338,599
Profit	115,761	471,519
Loss attributable to non-controlling interests	(120,021)	(8,040)
Profit attributable to owners of parent	235,783	479,560

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

(Thousands of yen)

	First nine months of FY2016 (Apr. 1, 2016 – Dec. 31, 2016)	First nine months of FY2017 (Apr. 1, 2017 – Dec. 31, 2017)
Profit	115,761	471,519
Other comprehensive income		
Valuation difference on available-for-sale securities	131,089	204,206
Foreign currency translation adjustment	(59,069)	264,224
Remeasurements of defined benefit plans, net of tax	(76,252)	271,464
Share of other comprehensive income of entities accounted for using equity method	(1,041)	(8,334)
Total other comprehensive income	(5,274)	731,560
Comprehensive income	110,487	1,203,080
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	230,509	1,211,120
Comprehensive income attributable to non-controlling interests	(120,021)	(8,040)



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

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Segment Information****I. First nine months of FY2016 (Apr. 1, 2016 – Dec. 31, 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	10,191,356	2,832,287	1,014,909	947,326	14,985,880	-	14,985,880
Intersegment sales or transfers	528,943	567,425	51,151	59,830	1,207,350	(1,207,350)	-
Total	10,720,300	3,399,712	1,066,060	1,007,156	16,193,230	(1,207,350)	14,985,880
Segment profit	29,625	13,599	10,587	297,531	351,344	41,825	393,170

Notes: 1. Adjustment amount in segment profit includes amount of 41,825 thousand yen eliminated for intersegment transactions.

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

**II. First nine months of FY2017 (Apr. 1, 2017 – Dec. 31, 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	10,900,017	3,247,162	1,140,164	891,150	16,178,494	-	16,178,494
Intersegment sales or transfers	645,965	642,288	39,633	48,896	1,376,783	(1,376,783)	-
Total	11,545,982	3,889,450	1,179,798	940,046	17,555,278	(1,376,783)	16,178,494
Segment profit	470,878	40,501	13,565	257,824	782,770	(9,380)	773,390

Notes: 1. Adjustment amount in segment profit includes amount of -9,380 thousand yen eliminated for intersegment transactions.

2. Segment profit 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 nine months of FY2016 (Apr. 1, 2016 – Dec. 31, 2016)		First nine months of FY2017 (Apr. 1, 2017 – Dec. 31, 2017)	
	Amount	Composition (%)	Amount	Composition (%)
Japan	10,191,356	68.0	10,900,017	67.4
Europe	2,832,287	18.9	3,247,162	20.1
Americas	1,014,909	6.8	1,140,164	7.0
Asia	947,326	6.3	891,150	5.5
Total	14,985,880	100.0	16,178,494	100.0

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

(Thousands of yen)

Segment	First nine months of FY2016 (Apr. 1, 2016 – Dec. 31, 2016)		First nine months of FY2017 (Apr. 1, 2017 – Dec. 31, 2017)	
	Orders received	Order backlog	Orders received	Order backlog
Japan	11,069,321	6,172,659	11,761,305	6,637,911
Europe	2,426,086	927,877	2,777,023	1,080,159
Americas	1,089,464	891,805	881,523	851,163
Asia	848,837	247,956	843,298	577,900
Total	15,433,709	8,240,298	16,263,150	9,147,134

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 nine months of FY2016 (Apr. 1, 2016 – Dec. 31, 2016)		First nine months of FY2017 (Apr. 1, 2017 – Dec. 31, 2017)	
	Amount	Composition (%)	Amount	Composition (%)
Printed Circuit Board design solutions	2,396,895	16.0	2,477,941	15.3
Circuit design and IC solutions	2,860,714	19.1	3,131,250	19.4
IT solutions	2,828,830	18.9	2,974,550	18.4
Client services	6,897,308	46.0	7,593,884	46.9
Others	2,130	0.0	867	0.0
Total	14,985,880	100.0	16,178,494	100.0

(b) Orders received and order backlog

(Thousands of yen)

Product category	First nine months of FY2016 (Apr. 1, 2016 – Dec. 31, 2016)		First nine months of FY2017 (Apr. 1, 2017 – Dec. 31, 2017)	
	Orders received	Order backlog	Orders received	Order backlog
Printed Circuit Board design solutions	2,340,973	589,269	2,350,352	558,199
Circuit design and IC solutions	3,246,210	1,201,651	3,369,437	1,110,759
IT solutions	3,427,878	1,242,977	3,733,941	1,340,555
Client services	6,415,537	5,205,420	6,807,981	6,137,049
Others	3,110	980	1,438	570
Total	15,433,709	8,240,298	16,263,150	9,147,134

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.*