



November 9, 2015

Summary of Consolidated Financial Results
for the Second Quarter of Fiscal Year Ending March 31, 2016 (FY2015)
(Six Months Ended September 30, 2015)

[Japanese GAAP]

Company name: ZUKEN Inc. Listing: Tokyo Stock Exchange, First Section
 Stock code: 6947 URL: <http://www.zuken.co.jp>
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 Scheduled date of filing of Quarterly Report: November 11, 2015
 Scheduled date of payment of dividend: December 2, 2015
 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 Second Quarter Ended September 30, 2015 (Apr. 1, 2015–Sep. 30, 2015)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
Sep. 30, 2015	10,174	7.3	158	-	195	305.6	48	-
Sep. 30, 2014	9,479	8.3	(37)	-	48	-	(87)	-

Note: Comprehensive income (Millions of yen) Six months ended Sep. 30, 2015: 89 (up 771.0%)
 Six months ended Sep. 30, 2014: 10 (n.a.)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended				
Sep. 30, 2015	2.10		-	
Sep. 30, 2014	(3.77)		-	

(2) Consolidated financial position

	Total assets		Net assets		Shareholders' equity ratio	
	Millions of yen		Millions of yen		%	
As of Sep. 30, 2015	39,996		28,229		69.5	
As of Mar. 31, 2015	40,463		28,377		69.0	

Reference: Shareholders' equity (Millions of yen) As of Sep. 30, 2015: 27,781 As of Mar. 31, 2015: 27,938

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2015	-	7.00	-	10.00	17.00
Fiscal year ending Mar. 31, 2016	-	20.00			
Fiscal year ending Mar. 31, 2016 (forecast)			-	10.00	30.00

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

The dividends forecast for 2Q-end of Fiscal year ending March 31, 2016 includes commemorative dividend of 10 yen.

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2016 (Apr. 1, 2015–Mar. 31, 2016)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		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	22,700	6.6	1,500	48.6	1,580	35.5	1,080	111.9	46.45

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: | Yes |
| (b) Changes in accounting policies other than (a) above: | None |
| (c) Changes in accounting-based estimates: | None |
| (d) Restatements: | None |

Note: Please refer to “2. Matters Related to Summary Information (Notes) (3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements” on page 3 for further information.

(4) Number of outstanding shares (common stock)

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

As of Sep. 30, 2015:	23,267,169 shares	As of Mar. 31, 2015:	23,267,169 shares
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(b) Number of treasury shares at the end of period

As of Sep. 30, 2015:	16,016 shares	As of Mar. 31, 2015:	15,836 shares
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(c) Average number of shares outstanding during the period

Six months ended Sep. 30, 2015:	23,251,231 shares	Six months ended Sep. 30, 2014:	23,251,986 shares
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* Information regarding the implementation of quarterly review procedures

The current quarterly financial statements in this report are exempted from quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the review procedures for these quarterly financial statements have not been completed.

* 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 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 half of the fiscal year ending on March 31, 2016, the outlook for the global economy was unclear. Although the U.S. and Japanese economies continue to recover, there are uncertainties caused by China's slowing economic growth and other sources of concern. Companies in the electronic equipment, automobile and industrial equipment manufacturing sectors are the major customer segments of the Zuken Group. Although capital expenditures are recovering in these three sectors, companies are remaining cautious because of the uncertain outlook.

First half sales were 10,174 million yen, 7.3% higher than one year earlier. Circuit design and IC solutions sales and IT solutions sales were about the same as one year earlier. On the other hand, Printed Circuit Board design solutions sales were much higher. Sales of the CR-8000/Design Force, the latest version of this electronic design system, rose sharply in Japan. There were also strong sales of the CR-8000 series in Europe and Asia.

There was an increase in expenses because of extensive product development activities aimed at future earnings growth. However, first half earnings were higher due to the growth in sales. As a result, the ordinary income was 195 million yen, 305.6% higher than one year earlier, and the profit attributable to owners of parent improved from an 87 million yen loss to a profit of 48 million yen.

(2) Explanation of Financial Position

Total assets at the end of the second quarter of the fiscal year under review decreased 466 million yen from the end of the previous fiscal year to 39,996 million yen.

Current assets decreased 552 million yen. The main factor was a 1,906 million yen decrease in notes and accounts receivable-trade, while there were increases of 1,157 million yen in securities and 269 million yen in other current assets due to an increase in prepaid expenses. Non-current assets increased 85 million yen, mainly due to a 107 million yen increase in goodwill.

Total liabilities decreased 319 million yen from the end of the previous fiscal year to 11,766 million yen. Current liabilities decreased 550 million yen. The main factors were decreases of 565 million yen in other current liabilities mainly due to a decrease in accrued consumption taxes, 382 million yen in accounts payable-trade, and 158 million yen in income taxes payable while there was a 571 million yen increase in advances received. Non-current liabilities increased 230 million yen, mainly due to an increase in net defined benefit liability.

Net assets decreased 147 million yen from the end of the previous fiscal year to 28,229 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, 2016 that was released on May 11, 2015. 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. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

Changes in Accounting Policies

Application of the Accounting Standards for Business Combinations

The Company has applied the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. from the first quarter of the current fiscal year. Accordingly, difference arising from changes in the Company’s ownership interests in subsidiaries in cases where control is retained is recognized in capital surplus, and the acquisition costs in connection with business combinations are recognized as expenses in the fiscal year in which they arise. Regarding business combinations that take place on or after the beginning of the first quarter of the current fiscal year, the Company has revised the method to reflect reviewed allocation of the acquisition costs arising from determination of the provisional accounting treatment on the quarterly consolidated financial statements to which the date of the business combination belongs. In addition, the presentation of net income and other items has been revised and the minority interests item has been renamed non-controlling interests. For consistency with these changes, the consolidated financial statements for the first half of the previous fiscal year and the previous fiscal year have been revised.

The Company has adopted these accounting standards, etc. from the beginning of the first quarter of the current fiscal year, in accordance with the transitional accounting treatments set forth in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of the Accounting Standard for Business Divestitures.

The application of these standards does not have a material effect on earnings.

3. Quarterly Consolidated Financial Statements(1) **Quarterly Consolidated Balance Sheet**

	(Thousands of yen)	
	FY2014 (As of Mar. 31, 2015)	Second quarter of FY2015 (As of Sep. 30, 2015)
Assets		
Current assets		
Cash and deposits	5,252,859	5,071,186
Notes and accounts receivable-trade	5,705,030	3,798,754
Securities	15,696,959	16,854,135
Merchandise and finished goods	271,201	266,643
Work in process	67,494	180,303
Raw materials and supplies	3,567	5,273
Other	1,992,188	2,262,117
Allowance for doubtful accounts	(35,124)	(36,373)
Total current assets	28,954,177	28,402,040
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,052,564	2,988,515
Land	3,009,821	3,009,821
Other, net	416,658	422,202
Total property, plant and equipment	6,479,044	6,420,538
Intangible assets		
Goodwill	836,119	943,307
Other	724,828	676,366
Total intangible assets	1,560,947	1,619,674
Investments and other assets	3,469,502	3,554,426
Total non-current assets	11,509,495	11,594,640
Total assets	40,463,672	39,996,680

	(Thousands of yen)	
	FY2014 (As of Mar. 31, 2015)	Second quarter of FY2015 (As of Sep. 30, 2015)
Liabilities		
Current liabilities		
Accounts payable-trade	938,362	556,160
Income taxes payable	373,341	214,646
Advances received	3,715,976	4,287,234
Provision for bonuses	765,653	776,887
Provision for directors' bonuses	26,268	-
Other provision	12,738	12,973
Other	1,736,218	1,170,547
Total current liabilities	7,568,558	7,018,449
Non-current liabilities		
Net defined benefit liability	4,308,728	4,559,336
Other	209,319	188,990
Total non-current liabilities	4,518,048	4,748,326
Total liabilities	12,086,607	11,766,776
Net assets		
Shareholders' equity		
Capital stock	10,117,065	10,117,065
Capital surplus	8,657,753	8,657,753
Retained earnings	9,314,627	9,130,850
Treasury shares	(14,159)	(14,364)
Total shareholders' equity	28,075,286	27,891,304
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	672,273	754,199
Foreign currency translation adjustment	79,341	80,473
Remeasurements of defined benefit plans	(888,358)	(944,267)
Total accumulated other comprehensive income	(136,743)	(109,595)
Non-controlling interests	438,522	448,194
Total net assets	28,377,065	28,229,903
Total liabilities and net assets	40,463,672	39,996,680

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

	(Thousands of yen)	
	First six months of FY2014 (Apr. 1, 2014 – Sep. 30, 2014)	First six months of FY2015 (Apr. 1, 2015 – Sep. 30, 2015)
Net sales	9,479,078	10,174,535
Cost of sales	2,513,253	2,658,044
Gross profit	6,965,824	7,516,491
Selling, general and administrative expenses	7,003,086	7,357,821
Operating income (loss)	(37,261)	158,669
Non-operating income		
Interest income	10,049	7,051
Rent income	24,026	26,172
Foreign exchange gains	11,361	-
Other	58,241	31,235
Total non-operating income	103,679	64,459
Non-operating expenses		
Share of loss of entities accounted for using equity method	17,319	14,264
Loss on investments in partnership	-	8,169
Foreign exchange losses	-	3,347
Other	842	1,617
Total non-operating expenses	18,162	27,398
Ordinary income	48,255	195,730
Extraordinary income		
Gain on sales of non-current assets	148	4,051
Gain on sales of investment securities	-	16,932
Total extraordinary income	148	20,983
Extraordinary losses		
Loss on disposal of non-current assets	2,014	496
Loss on valuation of golf club membership	-	10,530
Provision of allowance for doubtful accounts of golf club membership	4,800	-
Total extraordinary losses	6,814	11,026
Income before income taxes and non-controlling interests	41,588	205,686
Income taxes-current	156,867	223,417
Income taxes-deferred	(30,194)	(80,289)
Total income taxes	126,672	143,127
Profit (loss)	(85,084)	62,558
Profit attributable to non-controlling interests	2,484	13,822
Profit (loss) attributable to owners of parent	(87,568)	48,736

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

	(Thousands of yen)	
	First six months of FY2014 (Apr. 1, 2014 – Sep. 30, 2014)	First six months of FY2015 (Apr. 1, 2015 – Sep. 30, 2015)
Profit (loss)	(85,084)	62,558
Other comprehensive income		
Valuation difference on available-for-sale securities	71,845	81,925
Foreign currency translation adjustment	(71,439)	(111)
Remeasurements of defined benefit plans, net of tax	96,335	(55,909)
Share of other comprehensive income of entities accounted for using equity method	(1,357)	1,243
Total other comprehensive income	95,384	27,147
Comprehensive income	10,299	89,706
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,815	75,884
Comprehensive income attributable to non-controlling interests	2,484	13,822

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY2014 (Apr. 1, 2014 – Sep. 30, 2014)	First six months of FY2015 (Apr. 1, 2015 – Sep. 30, 2015)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	41,588	205,686
Depreciation	370,566	354,461
Decrease (increase) in notes and accounts receivable-trade	1,305,892	1,934,050
Increase (decrease) in notes and accounts payable-trade	(172,477)	(560,576)
Increase (decrease) in net defined benefit liability	125,790	79,011
Other, net	(270,332)	(240,855)
Subtotal	1,401,028	1,771,777
Interest and dividend income received	17,844	18,264
Interest expenses paid	(42)	(47)
Income taxes paid	(299,060)	(397,873)
Net cash provided by (used in) operating activities	1,119,769	1,392,121
Cash flows from investing activities		
Decrease (increase) in time deposits	99,100	-
Purchase of securities	(1,999,900)	-
Proceeds from redemption of securities	2,000,000	-
Purchase of property, plant and equipment	(142,329)	(81,735)
Purchase of intangible assets	(181,421)	(142,694)
Proceeds from sales and redemption of investment securities	16,000	18,063
Payments for transfer of business	-	(37,980)
Other, net	2,363	15,623
Net cash provided by (used in) investing activities	(206,187)	(228,723)
Cash flows from financing activities		
Cash dividends paid	(162,766)	(232,513)
Other, net	(10,932)	(11,222)
Net cash provided by (used in) financing activities	(173,698)	(243,735)
Effect of exchange rate change on cash and cash equivalents	12,755	77,621
Net increase (decrease) in cash and cash equivalents	752,639	997,283
Cash and cash equivalents at beginning of period	12,306,774	14,046,366
Cash and cash equivalents at end of period	13,059,413	15,043,649

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment Information

Segment Information

I. First six months of FY2014 (Apr. 1, 2014 – Sep. 30, 2014)

1. 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	6,510,839	1,959,544	505,763	502,930	9,479,078	-	9,479,078
Intersegment sales or transfers	374,739	320,934	25,969	32,565	754,208	(754,208)	-
Total	6,885,578	2,280,478	531,732	535,496	10,233,286	(754,208)	9,479,078
Segment profit (loss)	176,506	(275,086)	(82,120)	145,531	(35,169)	(2,092)	(37,261)

Notes: 1. Adjustment amount in segment profit (loss) includes amount of -2,092 thousand yen eliminated for intersegment transactions.

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

II. First six months of FY2015 (Apr. 1, 2015 – Sep. 30, 2015)

1. 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	6,972,501	1,970,269	560,149	671,614	10,174,535	-	10,174,535
Intersegment sales or transfers	550,195	364,399	31,071	48,042	993,708	(993,708)	-
Total	7,522,697	2,334,669	591,221	719,656	11,168,243	(993,708)	10,174,535
Segment profit (loss)	388,593	(265,631)	(104,285)	199,661	218,337	(59,668)	158,669

Notes: 1. Adjustment amount in segment profit (loss) includes amount of -59,668 thousand yen eliminated for intersegment transactions.

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

4. Supplementary Information

(1) Sales and Orders

(a) Sales

(Thousands of yen)

Segment	First six months of FY2014 (Apr. 1, 2014 – Sep. 30, 2014)		First six months of FY2015 (Apr. 1, 2015 – Sep. 30, 2015)	
	Amount	Composition (%)	Amount	Composition (%)
Japan	6,510,839	68.7	6,972,501	68.5
Europe	1,959,544	20.7	1,970,269	19.4
Americas	505,763	5.3	560,149	5.5
Asia	502,930	5.3	671,614	6.6
Total	9,479,078	100.0	10,174,535	100.0

(b) Orders received and order backlog

(Thousands of yen)

Segment	First six months of FY2014 (Apr. 1, 2014 – Sep. 30, 2014)		First six months of FY2015 (Apr. 1, 2015 – Sep. 30, 2015)	
	Orders received	Order backlog	Orders received	Order backlog
Japan	7,748,741	5,620,074	8,128,442	5,886,743
Europe	1,499,763	1,013,349	1,675,344	1,142,960
Americas	325,216	526,311	276,686	426,575
Asia	750,050	483,788	814,372	590,382
Total	10,323,772	7,643,523	10,894,846	8,046,662

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 six months of FY2014 (Apr. 1, 2014 – Sep. 30, 2014)		First six months of FY2015 (Apr. 1, 2015 – Sep. 30, 2015)	
	Amount	Composition (%)	Amount	Composition (%)
Printed Circuit Board design solutions	1,458,018	15.4	1,824,107	17.9
Circuit design and IC solutions	1,925,768	20.3	2,034,262	20.0
IT solutions	1,972,377	20.8	1,866,436	18.3
Client services	4,120,221	43.5	4,447,861	43.8
Others	2,691	0.0	1,867	0.0
Total	9,479,078	100.0	10,174,535	100.0

(b) Orders received and order backlog

(Thousands of yen)

Product category	First six months of FY2014 (Apr. 1, 2014 – Sep. 30, 2014)		First six months of FY2015 (Apr. 1, 2015 – Sep. 30, 2015)	
	Orders received	Order backlog	Orders received	Order backlog
Printed Circuit Board design solutions	1,502,913	740,604	1,826,096	698,522
Circuit design and IC solutions	2,040,999	777,226	2,360,155	987,459
IT solutions	2,534,366	1,078,111	2,345,219	1,029,834
Client services	4,241,566	5,046,345	4,361,687	5,330,343
Others	3,926	1,235	1,688	502
Total	10,323,772	7,643,523	10,894,846	8,046,662

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 E3.series Cabling Designer Harness Designer	CR-5000/System Designer
Major products of IT solutions	PreSight/visual BOM DS-2	

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.