



May 13, 2019

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (FY2018)

[Japanese GAAP]

Company name: ZUKEN Inc. Listing: Tokyo Stock Exchange, First Section
 Stock code: 6947 URL: <https://www.zuken.co.jp>
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 Scheduled date of Annual General Shareholders' Meeting: June 27, 2019
 Scheduled date of payment of dividend: June 28, 2019
 Scheduled date of filing of Annual Securities Report: June 27, 2019
 Preparation of supplementary materials for financial results: None
 Holding of financial results meeting: None

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)

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

Fiscal years ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Mar. 31, 2019	26,787	13.6	3,050	50.6	3,191	50.9	2,113	39.8
Mar. 31, 2018	23,582	6.2	2,025	26.9	2,114	34.6	1,511	25.3

Note: Comprehensive income (Millions of yen) Fiscal year ended Mar. 31, 2019: 3,078 (up 22.5%)
 Fiscal year ended Mar. 31, 2018: 2,512 (up 379.5%)

Fiscal years ended	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Mar. 31, 2019	90.88	-	6.7	7.0	11.4
Mar. 31, 2018	65.01	-	5.2	5.0	8.6

Reference: Equity in earnings of associates (Millions of yen) Fiscal year ended Mar. 31, 2019: -
 Fiscal year ended Mar. 31, 2018: (3)

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2019	47,190	33,050	69.1	1,402.49
As of Mar. 31, 2018	43,647	30,547	69.0	1,295.47

Reference: Shareholders' equity (Millions of yen) As of Mar. 31, 2019: 32,607 As of Mar. 31, 2018: 30,119

(3) Consolidated cash flows

Fiscal years ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Mar. 31, 2019	3,425	(1,176)	(588)	18,137
Mar. 31, 2018	3,547	(592)	(558)	16,609

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2018	Yen -	Yen 10.00	Yen -	Yen 12.00	Yen 22.00	Millions of yen 511	% 33.8	% 1.8
Fiscal year ended Mar. 31, 2019	Yen -	Yen 12.00	Yen -	Yen 14.00	Yen 26.00	Millions of yen 604	% 28.6	% 1.9
Fiscal year ending Mar. 31, 2020 (forecast)	Yen -	Yen 14.00	Yen -	Yen 14.00	Yen 28.00		% 30.0	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(Percentages represent year-on-year changes)

Full year	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
	27,800	3.8	2,900	(4.9)	3,000	(6.0)	2,170	2.7	93.33

Note: 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) 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

(3) Number of outstanding shares (common stock)

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

As of Mar. 31, 2019: 23,267,169 shares As of Mar. 31, 2018: 23,267,169 shares

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

As of Mar. 31, 2019: 17,480 shares As of Mar. 31, 2018: 17,057 shares

(c) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2019: 23,249,972 shares Fiscal year ended Mar. 31, 2018: 23,250,220 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)

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

Fiscal years ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Mar. 31, 2019	11,235	12.6	1,456	73.9	2,154	37.9	1,783	32.6
Mar. 31, 2018	9,977	3.2	837	53.2	1,562	70.2	1,344	31.6

Fiscal years ended	Net income per share	Diluted net income per share
	Yen	Yen
Mar. 31, 2019	76.69	-
Mar. 31, 2018	57.84	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2019	37,344	31,556	84.5	1,357.29
As of Mar. 31, 2018	34,726	29,434	84.8	1,265.99

Reference: Shareholders' equity (Millions of yen) As of Mar. 31, 2019: 31,556 As of Mar. 31, 2018: 29,434

* This financial report is not subject to audit by certified public accountants or auditing firms.

* 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. Overview of Results of Operations, etc., (4) Outlook" on page 4 for forecast assumptions and notes of caution for usage.

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1. Overview of Results of Operations, etc.

(1) Results of Operations

In the fiscal year that ended on March 31, 2019, economies in Japan, Europe and the United States recovered slowly. However, there were increasing signs of slowing economic growth late in the fiscal year caused by concerns about U.S. economic policies and other reasons.

In the electronic equipment, automotive and industrial equipment manufacturing sectors, which are the major customer segments of the Zuken Group, there were clear signs of an aggressive approach to capital investments backed by recovering corporate earnings.

The Zuken Group has the goal of becoming a “truly global company” able to supply the best-in-class solutions to manufacturers worldwide. During the fiscal year, we stepped up activities for increasing sales of our core products, increased the speed of new product development, entered new fields of technology and took other actions for accomplishing this goal. Major initiatives of the fiscal year were as follows.

(i) Increase Sales of Core Products

In the electronic equipment manufacturing sector, there were many activities aimed at increasing the sales of the CR-8000 Design Force, a PCB design and analysis solution. Another priority was increasing the sales of our DS-CR design data management system. In the automotive and industrial equipment manufacturing sectors, we took steps to increase the sales of the E3.series wire harness design systems as companies increase the use of electric components in their products. Another highlight of this category was the start of full-scale sales activities for our new DS-E3 design data management system, developed for use with the E3.series.

During the fiscal year, we combined these core solutions to supply integrated systems encompassing design, manufacturing and data management for an increase in sales worldwide.

(ii) Development of New Products

We increased the speed of development activities for eCADSTAR, a new PCB design system for manufacturers of electronic equipment. This new system is ideal for relatively small design teams. We conducted sales activities that targeted market segments requiring small and midsize designs. In the automotive and industrial equipment manufacturing sectors, we continued to work on the development of a new wire harness design system. By combining our Japanese and German products and pushing their performance to a higher level, we aim to create a system that is compatible with many types of design environments.

(iii) Activities for Medium- and Long-term Growth

A growing number of manufacturing companies are reexamining their design processes from the ground up in response to the increasing technical sophistication and complexity. Propelled by this momentum, there is a growing interest in the development methodology called model-based systems engineering (MBSE). This approach is based on the formalized application of the systems modeling process (that uses a common language for electrical, mechanical, software and other fields) beginning at the conceptual design phase. MBSE makes it possible to execute large and complex development projects, including design and verification, more efficiently. Due to this, MBSE can make a significant contribution to innovations involving design and production processes at manufacturers.

Zuken is one of the first companies to start performing MBSE studies and research. During the fiscal year, we further increased the speed of activities for establishing a position in this new field of technology. Significant actions include the purchase of stock of a U.S. company at the forefront of MBSE progress, with the plan of making this company a subsidiary, and the establishment of partnership for cooperation with multiple companies.

Consolidated results

Net sales	26,787 million yen	(up 13.6% year on year)
Ordinary profit	3,191 million yen	(up 50.9% year on year)
Profit attributable to owners of parent	2,113 million yen	(up 39.8% year on year)

Net sales were much higher than the previous fiscal year and reached a record high for the third consecutive fiscal year. A big increase in our CR-8000 Design Force PCB design and analysis solution sales, our core product, and our DS-CR design data management system combined with a steady growth in sales of our E3.series wire harness design systems contributed to the sales growth.

Due to the higher sales, operating profit and ordinary profit reached record highs.

Sales by product category were as follows.

Sales by product

Printed Circuit Board design solutions	4,221 million yen	(up 11.9% year on year)
Circuit design solutions	6,121 million yen	(up 23.7% year on year)
IT solutions	5,918 million yen	(up 23.3% year on year)
Client services	10,517 million yen	(up 4.6% year on year)

Major products of Printed Circuit Board design solutions	CR-8000 Design Force CR-8000 DFM Center CADSTAR eCADSTAR	CR-5000 Board Designer
Major products of Circuit design 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-CR DS-2 Espresso DS-E3	

(2) Financial Position

Total assets at the end of the fiscal year under review increased 3,543 million yen from the end of the previous fiscal year to 47,190 million yen. The main factors were increases of 1,829 million yen in investment securities and 1,654 million yen in cash and deposits.

Liabilities at the end of the fiscal year under review increased 1,041 million yen from the end of the previous fiscal year to 14,140 million yen. The main factors were increases of 300 million yen in retirement benefit liability and 199 million yen in advances received.

Net assets at the end of the fiscal year under review increased 2,502 million yen from the end of the previous fiscal year to 33,050 million yen and the shareholders' equity ratio was 69.1%.

(3) Cash Flows

Cash and cash equivalents (hereafter "cash") at the end of the fiscal year under review increased 1,528 million yen over the end of the previous fiscal year to 18,137 million yen.

Cash flows by category were as follows.

Cash flows from operating activities

Net cash provided by operating activities decreased 121 million yen from the previous fiscal year to 3,425 million yen. The main cash inflows were profit before income taxes of 3,100 million yen (a year-on-year increase of 1,006 million yen), depreciation of 668 million yen (a year-on-year decrease of 13 million yen), and an increase in retirement benefit asset or liability of 441 million yen (a year-on-year decrease of 186 million yen). The main cash outflow was income taxes paid of 929 million yen (a year-on-year increase of 469 million yen).

Cash flows from investing activities

Net cash used in investing activities increased 583 million yen from the previous fiscal year to 1,176 million yen. The main cash outflows include purchase of investment securities of 549 million yen (a year-on-year increase of 549 million yen) and purchase of non-current assets of 494 million yen (a year-on-year decrease of 58 million yen).

Cash flows from financing activities

Net cash used in financing activities increased 29 million yen from the previous fiscal year to 588 million yen. This was mainly due to cash dividends paid of 558 million yen (a year-on-year increase of 92 million yen).

Cash flow indicators were as follows:

Fiscal years ended	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Shareholders' equity ratio	71.7%	69.3%	69.0%	69.1%
Shareholders' equity ratio based on market prices	70.6%	78.2%	78.1%	73.8%
Interest-bearing debt to cash flow ratio	11.1%	0.9%	0.9%	0.9%
Interest coverage ratio	3,275.1	36,726.9	28,300.6	11,290.9

Calculation formula: Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market prices: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest payments

Notes: 1. All indicators are calculated based on consolidated figures.

2. Market capitalization is calculated based on the number of shares outstanding (excluding treasury shares).

3. Operating cash flows are calculated using the figures for operating cash flows on the consolidated statement of cash flows.

4. Interest-bearing debt includes all liabilities on the consolidated balance sheet that incur interest.

(4) Outlook

We expect the economic outlook to become increasingly uncertain because of U.S. economic policies, concerns about slowing economic growth in China and other reasons. Dramatic changes are taking place worldwide in how products are manufactured along with advances in artificial intelligence and progress in manufacturing with the effective use of virtual space systems. These changes are creating an urgent need for innovations involving design and manufacturing processes. We believe that the result will be an expansion of the business domains where there are opportunities for the Zuken Group.

The Zuken Group is determined to achieve more growth in corporate value by supplying innovative solutions that help client companies upgrade their manufacturing operations.

We forecast net sales of 27,800 million yen, ordinary profit of 3,000 million yen, and profit attributable to owners of parent of 2,170 million yen in the fiscal year ending March 31, 2020.

* The above forecasts are based on information available at the time this report was prepared and actual results may differ from these forecasts for a number of reasons.

2. Basic Approach for the Selection of Accounting Standards

The Zuken Group will continue to prepare consolidated financial statements in accordance with generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards by taking into account associated factors in Japan and other countries.

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

	(Thousands of yen)	
	FY2017	FY2018
	(As of Mar. 31, 2018)	(As of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposits	16,868,686	18,523,202
Notes and accounts receivable-trade	5,375,965	5,870,720
Securities	6,700,000	6,700,000
Merchandise and finished goods	269,857	345,764
Work in process	95,659	109,325
Raw materials and supplies	3,908	3,761
Other	2,172,359	2,336,168
Allowance for doubtful accounts	(44,416)	(25,786)
Total current assets	31,442,019	33,863,156
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,273,296	9,249,118
Accumulated depreciation	(6,383,419)	(6,466,880)
Buildings and structures, net	2,889,876	2,782,237
Machinery, equipment and vehicles	94,375	96,860
Accumulated depreciation	(46,995)	(56,087)
Machinery, equipment and vehicles, net	47,380	40,772
Tools, furniture and fixtures	1,885,042	1,947,425
Accumulated depreciation	(1,503,203)	(1,567,051)
Tools, furniture and fixtures, net	381,839	380,374
Land	3,015,103	3,015,103
Leased assets	52,694	56,046
Accumulated depreciation	(26,475)	(29,722)
Leased assets, net	26,218	26,323
Total property, plant and equipment	6,360,419	6,244,812
Intangible assets		
Goodwill	661,482	492,088
Other	699,954	628,999
Total intangible assets	1,361,437	1,121,088
Investments and other assets		
Investment securities	3,089,690	4,919,667
Deferred tax assets	921,518	532,100
Other	487,166	525,050
Allowance for doubtful accounts	(14,962)	(14,908)
Total investments and other assets	4,483,412	5,961,910
Total non-current assets	12,205,268	13,327,811
Total assets	43,647,287	47,190,967

	(Thousands of yen)	
	FY2017	FY2018
	(As of Mar. 31, 2018)	(As of Mar. 31, 2019)
Liabilities		
Current liabilities		
Accounts payable-trade	726,558	827,244
Income taxes payable	573,228	630,106
Advances received	5,256,136	5,455,151
Provision for bonuses	799,513	846,582
Provision for bonuses for directors (and other officers)	53,370	73,650
Provision for loss on business liquidation	1,576	950
Other provision	7,940	9,933
Other	1,864,426	2,273,360
Total current liabilities	9,282,751	10,116,979
Non-current liabilities		
Retirement benefit liability	3,541,427	3,842,064
Other	275,473	181,867
Total non-current liabilities	3,816,901	4,023,931
Total liabilities	13,099,652	14,140,911
Net assets		
Shareholders' equity		
Capital stock	10,117,065	10,117,065
Capital surplus	8,659,021	8,659,016
Retained earnings	10,675,443	12,230,462
Treasury shares	(15,716)	(16,365)
Total shareholders' equity	29,435,814	30,990,177
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,124,695	2,022,397
Foreign currency translation adjustment	146,943	22,984
Remeasurements of defined benefit plans	(587,708)	(428,220)
Total accumulated other comprehensive income	683,930	1,617,162
Non-controlling interests	427,891	442,715
Total net assets	30,547,635	33,050,055
Total liabilities and net assets	43,647,287	47,190,967

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Thousands of yen)

	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)
Net sales	23,582,473	26,787,267
Cost of sales	6,413,787	7,561,172
Gross profit	17,168,686	19,226,094
Selling, general and administrative expenses	15,143,361	16,175,918
Operating profit	2,025,324	3,050,176
Non-operating income		
Interest income	17,878	9,686
Dividend income	31,628	34,707
Rent income	47,670	38,508
Received incentive	7,525	19,462
Reversal of allowance for doubtful accounts	-	17,610
Subsidy income	13,285	17,533
Other	24,445	35,012
Total non-operating income	142,434	172,521
Non-operating expenses		
Foreign exchange losses	45,339	27,959
Share of loss of entities accounted for using equity method	3,906	-
Other	3,728	3,165
Total non-operating expenses	52,974	31,125
Ordinary profit	2,114,785	3,191,571
Extraordinary income		
Gain on sales of non-current assets	2,329	2,056
Gain on liquidation of subsidiaries	-	23,321
Surrender value of insurance	36,537	-
Gain on bargain purchase	35,996	-
Gain on sales of investment securities	3,317	-
Total extraordinary income	78,180	25,377
Extraordinary losses		
Loss on disposal of non-current assets	8,876	3,885
Retirement benefit expenses	90,265	112,756
Total extraordinary losses	99,142	116,642
Profit before income taxes	2,093,823	3,100,307
Income taxes-current	709,679	1,003,689
Income taxes-deferred	(161,852)	(48,160)
Total income taxes	547,827	955,528
Profit	1,545,995	2,144,778
Profit attributable to non-controlling interests	34,589	31,758
Profit attributable to owners of parent	1,511,406	2,113,020

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY2017	FY2018
	(Apr. 1, 2017 – Mar. 31, 2018)	(Apr. 1, 2018 – Mar. 31, 2019)
Profit	1,545,995	2,144,778
Other comprehensive income		
Valuation difference on available-for-sale securities	273,354	897,702
Foreign currency translation adjustment	187,670	(123,959)
Remeasurements of defined benefit plans, net of tax	513,867	159,488
Share of other comprehensive income of entities accounted for using equity method	(8,334)	-
Total other comprehensive income	966,558	933,232
Comprehensive income	2,512,554	3,078,010
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,477,964	3,046,252
Comprehensive income attributable to non-controlling interests	34,589	31,758

(3) Consolidated Statement of Changes in Equity

FY2017 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,117,065	8,657,736	9,629,044	(15,169)	28,388,676
Changes of items during period					
Dividends of surplus			(465,006)		(465,006)
Profit attributable to owners of parent			1,511,406		1,511,406
Other		1,285			1,285
Purchase of treasury shares				(546)	(546)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	1,285	1,046,399	(546)	1,047,138
Balance at end of current period	10,117,065	8,659,021	10,675,443	(15,716)	29,435,814

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	851,340	(32,391)	(1,101,576)	(282,628)	429,781	28,535,829
Changes of items during period						
Dividends of surplus						(465,006)
Profit attributable to owners of parent						1,511,406
Other						1,285
Purchase of treasury shares						(546)
Net changes of items other than shareholders' equity	273,354	179,335	513,867	966,558	(1,890)	964,668
Total changes of items during period	273,354	179,335	513,867	966,558	(1,890)	2,011,806
Balance at end of current period	1,124,695	146,943	(587,708)	683,930	427,891	30,547,635

FY2018 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,117,065	8,659,021	10,675,443	(15,716)	29,435,814
Changes of items during period					
Dividends of surplus			(558,001)		(558,001)
Profit attributable to owners of parent			2,113,020		2,113,020
Other		(5)			(5)
Purchase of treasury shares				(649)	(649)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(5)	1,555,018	(649)	1,554,363
Balance at end of current period	10,117,065	8,659,016	12,230,462	(16,365)	30,990,177

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,124,695	146,943	(587,708)	683,930	427,891	30,547,635
Changes of items during period						
Dividends of surplus						(558,001)
Profit attributable to owners of parent						2,113,020
Other						(5)
Purchase of treasury shares						(649)
Net changes of items other than shareholders' equity	897,702	(123,959)	159,488	933,232	14,823	948,056
Total changes of items during period	897,702	(123,959)	159,488	933,232	14,823	2,502,419
Balance at end of current period	2,022,397	22,984	(428,220)	1,617,162	442,715	33,050,055

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)
Cash flows from operating activities		
Profit before income taxes	2,093,823	3,100,307
Depreciation	681,921	668,769
Gain on bargain purchase	(35,996)	-
Amortization of goodwill	157,798	157,376
Interest and dividend income	(49,506)	(44,393)
Foreign exchange losses (gains)	(576)	461
Share of loss (profit) of entities accounted for using equity method	3,906	-
Loss (gain) on liquidation of subsidiaries	-	(23,321)
Loss (gain) on sales of investment securities	(3,317)	-
Decrease (increase) in notes and accounts receivable-trade	(48,567)	(513,764)
Increase (decrease) in notes and accounts payable-trade	49,139	406,714
Increase (decrease) in retirement benefit asset or liability	628,443	441,839
Other, net	481,557	117,519
Subtotal	3,958,625	4,311,508
Interest and dividend income received	48,825	44,042
Interest expenses paid	(125)	(303)
Income taxes paid	(459,960)	(929,422)
Net cash provided by (used in) operating activities	3,547,365	3,425,824
Cash flows from investing activities		
Decrease (increase) in time deposits	(33,120)	(128,280)
Purchase of property, plant and equipment	(272,910)	(260,642)
Purchase of intangible assets	(280,958)	(234,238)
Purchase of investment securities	-	(549,000)
Proceeds from sales and redemption of investment securities	32,750	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(43,710)	-
Other, net	5,545	(3,932)
Net cash provided by (used in) investing activities	(592,404)	(1,176,093)
Cash flows from financing activities		
Decrease in short-term loans payable	(18,207)	-
Repayments of long-term loans payable	(34,459)	-
Purchase of treasury shares	(546)	(649)
Cash dividends paid	(465,006)	(558,001)
Other, net	(40,341)	(29,845)
Net cash provided by (used in) financing activities	(558,560)	(588,496)
Effect of exchange rate change on cash and cash equivalents	166,115	(132,610)
Net increase (decrease) in cash and cash equivalents	2,562,515	1,528,624
Cash and cash equivalents at beginning of period	14,046,756	16,609,271
Cash and cash equivalents at end of period	16,609,271	18,137,895

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Basis of Presenting the Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 21

Main consolidated subsidiaries: Zuken USA Inc., Zuken GmbH, Zuken Limited, Zuken Tec Inc., Zuken NetWave Inc.

(2) Number of non-consolidated subsidiaries: 1

This subsidiary is not included in the scope of consolidation since it is a small-scale business whose total assets, net sales, profit (equity in earnings) and retained earnings (equity in earnings) have no significant effect on the overall results of consolidated financial statements.

2. Application of equity method

Number of non-consolidated subsidiaries not accounted for under the equity method: 1

This subsidiary is not included in the scope of application of the equity method since it is a small-scale business whose profit (equity in earnings) and retained earnings (equity in earnings) have no significant effect on the overall results of consolidated financial statements.

3. Fiscal year-end of consolidated subsidiaries

Among the consolidated subsidiaries, the fiscal year-end of Zuken Korea Inc., Zuken Singapore Pte. Ltd. and Zuken Taiwan Inc. is the end of February, and the fiscal year-end of Zuken Shanghai Technical Center Co., Ltd. and one other company is the end of December.

The consolidated financial statements include the financial statements of consolidated subsidiaries as of their fiscal year-end. However, adjustments to the consolidated financial statements are made as needed for significant transactions at the above five subsidiaries with different fiscal year-ends that occur between their fiscal year-ends and the fiscal year-end for the consolidated financial statements.

4. Accounting standards

(1) Valuation standards and methods for principal assets

(a) Securities

Available-for-sale securities

Marketable securities: Stated at fair value using quoted market price on the balance sheet date. (Unrealized gain or loss is included in net assets. Cost of securities sold is determined by the moving-average method.)

Non-marketable securities: Stated at cost determined by the moving-average method.

(b) Inventories

Valued at the cost method (the book value on the balance sheet is written down to reflect the effect of lower profitability).

Merchandise: Primarily stated at cost, determined by the moving-average method.

Finished goods and work in process: Stated at cost, determined by the specific identification method at the Company and its major consolidated subsidiaries, and stated at cost, determined by the periodic average method at some consolidated subsidiaries.

Raw materials: Stated at cost, determined by the moving-average method at the Company, and stated at cost, determined by the specific identification method at major consolidated subsidiaries.

Supplies: Stated at cost, determined by the last purchased price method at the Company and its major consolidated subsidiaries.

(2) Depreciation and amortization of significant depreciable assets

(a) Property, plant and equipment (excluding leased assets)

Depreciation of property, plant and equipment at the Company and its domestic consolidated subsidiaries is calculated by the declining-balance method, except for facilities attached to buildings and structures acquired on or after April 1, 2016 and buildings (excluding attached facilities) of which depreciation is calculated by the straight-line method. Overseas consolidated subsidiaries compute depreciation mainly by the straight-line method.

Estimated useful lives of principle assets are as follows:

Buildings and structures:	3 years to 60 years
Tools, furniture and fixtures:	2 years to 20 years

(b) Intangible assets (excluding leased assets)

Software for sale at the Company and its domestic consolidated subsidiaries is amortized using the straight-line method over the period of validity starting when sales begin (not more than three years) and software for internal use at these companies is amortized using the straight-line method over the estimated useful lives (not more than five years).

Amortization of other intangible assets is calculated by the straight-line method.

(c) Leased assets

Depreciation of finance lease transaction where there is no transfer of ownership is calculated based on the straight-line method, assuming the lease period to be the useful lives and a residual value of zero.

(3) Recognition of significant allowances

(a) Allowance for doubtful accounts

To prepare for losses on doubtful accounts such as notes and account receivables-trade and loans receivable, allowances equal to the estimated amount of uncollectible receivables are booked for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibility.

(b) Provision for bonuses

To provide for employee bonus obligation, the Company and some consolidated subsidiaries provide an allowance at the amount based on the estimated bonus obligations.

(c) Provision for bonuses for directors (and other officers)

To provide for bonuses for directors (and other officers), the Company and some consolidated subsidiaries provide an allowance at the amount based on the estimated bonus obligations.

(d) Provision for loss on business liquidation

To provide for losses on business liquidation and rationalization, the Company provides an allowance at the amount based on the estimated loss.

(4) Accounting for retirement benefit

(a) Allocation method for the estimated retirement benefit obligations

For the determination of retirement benefit obligations, the benefit formula standard is used as the method for allocating estimated retirement payments over the period ending in the fiscal year under review.

(b) Accounting for actuarial gain or loss and past service cost

Past service cost is charged to expenses for the fiscal year when they were incurred.

Actuarial gain or loss is amortized and charged to expenses in the year following the fiscal year in which such gain or loss is recognized by the straight-line method over five years.

(5) Recognition of significant income and expenses

Recognition criteria for net sales and cost of sales of completed construction contracts

(a) The portion of contracted work deemed to have been completed by the end of the fiscal year under review

The percentage-of-completion standard (with the percentage of completion estimated on the cost-to-cost basis).

(b) Other contracted works

The completed-contract standard.

(6) Translation of significant foreign currency-denominated assets and liabilities

Foreign currency receivables and payables are translated into Japanese yen at year-end exchange rates and resulting exchange gains or losses are recognized in earnings currently. All assets and liabilities of overseas consolidated subsidiaries and affiliates are translated into Japanese yen at year-end exchange rates, and income and expenses into Japanese yen at the average of the exchange rates in effect during each fiscal period, and resulting exchange gains or losses are included in foreign currency translation adjustment and non-controlling interests under the net assets section.

(7) Amortization method and amortization period of goodwill

Goodwill is amortized using the straight-line method within 15 years, with the number of years determined by the origin of the goodwill.

(8) Scope of cash and cash equivalents on consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand and readily available deposits and short-term investments which can be easily converted to cash and are exposed to little risk of change in value.

(9) Other significant accounting policies in the preparation of consolidated financial statements

(a) Accounting for consumption taxes, etc.

Consumption taxes, etc. are accounted by the tax-exclusion method.

Reclassifications

Application of Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.

Effective from the beginning of the current fiscal year, the Company applied Partial Amendments to Accounting Standard for Tax Effect Accounting (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) and other related pronouncements. Accordingly, deferred tax assets and deferred tax liabilities have been presented in the investments and other assets section and the non-current liabilities section of the balance sheet, respectively.

Notes to Consolidated Balance Sheet

Investments and other assets for non-consolidated subsidiaries are as follows.

	(Thousands of yen)	
	FY2017 (As of Mar. 31, 2018)	FY2018 (As of Mar. 31, 2019)
Other (Investments in capital)	14,500	11,500

Notes to Consolidated Statement of Income

1. Major items of selling, general and administrative expenses are as follows.

	(Thousands of yen)	
	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)
Salaries and allowances	5,142,067	5,678,902
Depreciation	575,727	555,566
Provision for bonuses	525,972	563,754
Provision for bonuses for directors (and other officers)	53,370	73,650
Retirement benefit expenses	573,919	403,098
Research and development expenses	3,458,539	3,717,081

2. Total amount of research and development expenses included in general and administrative expenses

	(Thousands of yen)	
	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)
	3,458,539	3,717,081

3. Breakdown of gain on sales of non-current assets is as follows.

	(Thousands of yen)	
	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)
Vehicles	2,299	2,042
Tools, furniture and fixtures, and others	29	13
Total	2,329	2,056

4. Breakdown of loss on disposal of non-current assets is as follows.

	(Thousands of yen)	
	FY2017	FY2018
	(Apr. 1, 2017 – Mar. 31, 2018)	(Apr. 1, 2018 – Mar. 31, 2019)
Buildings, etc.	1,975	1,336
Tools, furniture and fixtures, and others	6,901	2,549
Total	8,876	3,885

Notes to Consolidated Statement of Comprehensive Income

Re-classification adjustments and tax effect with respect to other comprehensive income

	(Thousands of yen)	
	FY2017	FY2018
	(Apr. 1, 2017 – Mar. 31, 2018)	(Apr. 1, 2018 – Mar. 31, 2019)
Valuation difference on available-for-sale securities:		
Amount incurred during the period	397,200	1,280,977
Re-classification adjustments	(3,317)	-
Before tax effect adjustments	393,883	1,280,977
Tax effect	(120,528)	(383,274)
Valuation difference on available-for-sale securities	273,354	897,702
Foreign currency translation adjustment:		
Amount incurred during the period	187,670	(123,959)
Remeasurements of defined benefit plans, net of tax:		
Amount incurred during the period	133,794	1,768
Re-classification adjustments	440,342	133,640
Before tax effect adjustments	574,136	135,409
Tax effect	(60,269)	24,079
Remeasurements of defined benefit plans, net of tax	513,867	159,488
Share of other comprehensive income of entities accounted for using equity method:		
Amount incurred during the period	(8,334)	-
Total other comprehensive income	966,558	933,232

Notes to Consolidated Statement of Changes in Equity

FY2017 (Apr. 1, 2017 – Mar. 31, 2018)

1. Type of share and number of shares of outstanding shares and treasury shares (Shares)

	Number of shares as of Apr. 1, 2017	Increase	Decrease	Number of shares as of Mar. 31, 2018
Outstanding shares				
Common stock	23,267,169	-	-	23,267,169
Total	23,267,169	-	-	23,267,169
Treasury shares				
Common stock (Note)	16,715	342	-	17,057
Total	16,715	342	-	17,057

Note: Number of treasury shares of common stock increased 342 shares due to the acquisition of odd-lot shares.

2. Dividends

(1) Dividend payment

Resolution	Type of share	Total dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
General Shareholders' Meeting on Jun. 29, 2017	Common stock	232,504	10	Mar. 31, 2017	Jun. 30, 2017
Board of Directors' meeting on Nov. 6, 2017	Common stock	232,501	10	Sep. 30, 2017	Dec. 4, 2017

(2) Dividends with a record date in the fiscal year under review but an effective date in the following fiscal year

Resolution	Type of share	Total dividends (Thousands of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
General Shareholders' Meeting on Jun. 28, 2018	Common stock	279,001	Retained earnings	12	Mar. 31, 2018	Jun. 29, 2018

FY2018 (Apr. 1, 2018 – Mar. 31, 2019)

1. Type of share and number of shares of outstanding shares and treasury shares (Shares)

	Number of shares as of Apr. 1, 2018	Increase	Decrease	Number of shares as of Mar. 31, 2019
Outstanding shares				
Common stock	23,267,169	-	-	23,267,169
Total	23,267,169	-	-	23,267,169
Treasury shares				
Common stock (Note)	17,057	423	-	17,480
Total	17,057	423	-	17,480

Note: Number of treasury shares of common stock increased 423 shares due to the acquisition of odd-lot shares.

2. Dividends

(1) Dividend payment

Resolution	Type of share	Total dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
General Shareholders' Meeting on Jun. 28, 2018	Common stock	279,001	12	Mar. 31, 2018	Jun. 29, 2018
Board of Directors' meeting on Nov. 5, 2018	Common stock	279,000	12	Sep. 30, 2018	Dec. 4, 2018

(2) Dividends with a record date in the fiscal year under review but an effective date in the following fiscal year

Resolution	Type of share	Total dividends (Thousands of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
General Shareholders' Meeting on Jun. 27, 2019	Common stock	325,495	Retained earnings	14	Mar. 31, 2019	Jun. 28, 2019

Notes to Consolidated Statement of Cash Flows

Reconciliation of cash and cash equivalents at end of period and amount of consolidated balance sheet is made as follows.

	(Thousands of yen)	
	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)
Cash and deposits	16,868,686	18,523,202
Time deposit with maturities over three months	(259,415)	(385,306)
Cash and cash equivalents	16,609,271	18,137,895

Financial Instruments

1. Conditions of financial instruments

(1) Policy for handling financial instruments

Safety is the highest priority of the Zuken Group when investing funds in financial instruments, while also taking into account credit risk, interest rates and other factors. Funds are invested in financial instruments that are believed to have an extremely small risk of the value falling below face value.

(2) Details of financial instruments, their risks and risk management system

Notes and accounts receivable-trade, which are operating receivables, are vulnerable to credit risk associated with customers. The Company performs rigorous credit management for each customer and supervise payment dates and balances. In addition, there are measures to quickly identify doubtful receivables caused by a decline in a customer's financial soundness or other event and to reduce the amount of these receivables.

Marketable securities and investment securities are mainly stock of companies with relationships with the Zuken Group. These securities are vulnerable to risk associated with changes in their market prices. The Company periodically checks fair values, the financial condition of issuers and other items in order to quickly identify securities that may need to be written down and reduce the amount of these securities.

Accounts payable-trade, which is operating debt, is mostly due within one year.

(3) Supplemental explanation concerning fair values, etc. of financial instruments

Fair value of the financial instrument is measured at a quoted market price, if available, or reasonably assessed value if a quoted market price is not available. As the calculation of the reasonably assessed value incorporates varying factors, the amount may vary if different assumptions are used.

2. Items related to fair values of financial instruments

The book value, fair value, and their differences are shown as follows. However, financial instruments whose fair value is deemed to be extremely difficult to measure are not included (please refer to Note 2 below.)

FY2017 (As of Mar. 31, 2018)

	Book value	Fair value	Difference
(1) Cash and deposits	16,868,686	16,868,686	-
(2) Notes and accounts receivable-trade	5,375,965	5,375,965	-
(3) Marketable securities and investment securities	9,497,190	9,497,190	-
Assets total	31,741,842	31,741,842	-
(1) Accounts payable-trade	726,558	726,558	-
Liabilities total	726,558	726,558	-

FY2018 (As of Mar. 31, 2019)

	Book value	Fair value	Difference
(1) Cash and deposits	18,523,202	18,523,202	-
(2) Notes and accounts receivable-trade	5,870,720	5,870,720	-
(3) Marketable securities and investment securities	11,327,167	11,327,167	-
Assets total	35,721,089	35,721,089	-
(1) Accounts payable-trade	827,244	827,244	-
Liabilities total	827,244	827,244	-

Notes 1. Matters concerning determination of fair value of financial instruments and marketable securities

Assets

(1) Cash and deposits, and (2) Notes and accounts receivable-trade

Fair value of the financial instruments in these categories is deemed to be equal to their carrying amount.

(3) Marketable securities and investment securities

For fair value of the financial instruments in these categories, stocks are valued based on their prices on securities exchanges. Fair value of bond investment trust is deemed to be equal to its carrying amount. Please refer to the section "Marketable Securities" for information about securities categorized by purpose.

Liabilities

(1) Accounts payable-trade

Fair value of the financial instrument in this category is deemed to be equal to their carrying amount because they are settled within a short period of time.

2. Financial instruments whose fair values are deemed to be extremely difficult to measure

Item	FY2017 (As of Mar. 31, 2018)	FY2018 (As of Mar. 31, 2019)
Unlisted stocks	292,500	292,500

These instruments are not included in the above table because there are no market prices and the fair values are deemed to be extremely difficult to measure.

3. Balance of money claims and marketable securities with maturity scheduled to be redeemed in the subsequent fiscal years

FY2017 (As of Mar. 31, 2018)

	(Thousands of yen)			
	Due within one year	One to five years	Five to ten years	Over ten years
Cash and deposits	16,868,686	-	-	-
Notes and accounts receivable-trade	5,375,965	-	-	-
Total	22,244,652	-	-	-

FY2018 (As of Mar. 31, 2019)

	(Thousands of yen)			
	Due within one year	One to five years	Five to ten years	Over ten years
Cash and deposits	18,523,202	-	-	-
Notes and accounts receivable-trade	5,870,720	-	-	-
Total	24,393,922	-	-	-

Marketable Securities

1. Available-for-sale securities

FY2017 (As of Mar. 31, 2018)

(Thousands of yen)

Type	Book value	Acquisition cost	Unrealized gains (losses)
Securities with book value exceeds acquisition cost			
(1) Shares	2,797,190	1,176,592	1,620,598
(2) Bonds	-	-	-
(3) Others	-	-	-
Sub-total	2,797,190	1,176,592	1,620,598
Securities with book value not exceeding acquisition cost			
(1) Shares	-	-	-
(2) Bonds	-	-	-
(3) Others	6,700,000	6,700,000	-
Sub-total	6,700,000	6,700,000	-
Total	9,497,190	7,876,592	1,620,598

Note: Unlisted stocks (book value of 292,500 thousand yen) are not included in available-for-sale securities in the above table because there are no market prices and the fair values are deemed to be extremely difficult to measure.

FY2018 (As of Mar. 31, 2019)

(Thousands of yen)

Type	Book value	Acquisition cost	Unrealized gains (losses)
Securities with book value exceeds acquisition cost			
(1) Shares	4,627,167	1,725,592	2,901,575
(2) Bonds	-	-	-
(3) Others	-	-	-
Sub-total	4,627,167	1,725,592	2,901,575
Securities with book value not exceeding acquisition cost			
(1) Shares	-	-	-
(2) Bonds	-	-	-
(3) Others	6,700,000	6,700,000	-
Sub-total	6,700,000	6,700,000	-
Total	11,327,167	8,425,592	2,901,575

Note: Unlisted stocks (book value of 292,500 thousand yen) are not included in available-for-sale securities in the above table because there are no market prices and the fair values are deemed to be extremely difficult to measure.

2. Available-for-sale securities sold

FY2017 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

Type	Sales amount	Aggregate gains	Aggregate losses
(1) Shares	32,750	3,317	-
(2) Bonds	-	-	-
(3) Others	-	-	-
Total	32,750	3,317	-

FY2018 (Apr. 1, 2018 – Mar. 31, 2019)

Not applicable.

Segment Information

1. General information about reportable segments

Reportable segments of the Zuken Group are based on the group's components from which financial information can be obtained separately, so that CEO can judge how to distribute management resources and to periodically evaluate its performance.

The group is engaged in solutions business including research and development, manufacturing and sales activities involving processes from design to production in related client services especially in electronics, automotive, and industrial equipment manufacturing sectors. In the domestic market, the Company and its domestic affiliates are in charge and in overseas, each sales subsidiary which is an independent management unit in each country is in charge in Europe (mainly UK, Germany, and France), Americas, and Asia (mainly Korea, Singapore, and China).

Therefore, the group consists of segments based on the sales structure. Reportable segments are divided into following four areas: Japan, Europe, Americas, and Asia. Each reportable segment consists of sales of solutions for processes extending from designs to production and related client services especially in electronics, automotive, and industrial equipment manufacturing sectors.

2. Basis of measurement for net sales, profit or loss, segment assets, and other material items for each reportable segment

The accounting treatment methods for reportable segments are the same as those listed in the section "Basis of Presenting the Consolidated Financial Statements."

Profits for reportable segments are operating profit figures in the consolidated statement of income.

Intersegment sales or transfers are based on market price.

3. Information about net sales, profit or loss, segment assets, and other material items for each reportable segment

FY2017 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

	Reportable segment					Adjustment amount (Note 1)	Appropriated amount in the consolidated financial statements (Note 2)
	Japan	Europe	Americas	Asia	Total		
Net sales							
Sales to third parties	16,282,344	4,420,846	1,615,282	1,264,000	23,582,473	-	23,582,473
Intersegment sales or transfers	927,021	949,069	50,958	68,536	1,995,586	(1,995,586)	-
Total	17,209,365	5,369,916	1,666,240	1,332,536	25,578,059	(1,995,586)	23,582,473
Segment profit	1,516,597	112,069	62,559	346,122	2,037,348	(12,023)	2,025,324
Segment assets	19,598,028	5,893,632	1,027,760	1,545,778	28,065,199	15,582,088	43,647,287
Other items							
Depreciation and amortization	538,837	122,387	13,397	7,298	681,921	-	681,921
Amortization of goodwill	29,806	101,609	26,382	-	157,798	-	157,798
Increase in property, plant and equipment and intangible assets	458,853	92,984	11,966	3,514	567,319	-	567,319

Notes: 1. Contents of adjustments are as follows.

(1) Adjustment amount in segment profit includes amount of -12,023 thousand yen eliminated for intersegment transactions.

(2) Adjustment amount in segment assets includes amount of -4,514,100 thousand yen eliminated for intersegment transactions and total company assets of 20,096,189 thousand yen. The total company assets are mainly composed of surplus funds (deposits and marketable securities), and long-term invested assets (investment securities) of the Company.

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

FY2018 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

	Reportable segment					Adjustment amount (Note 1)	Appropriated amount in the consolidated financial statements (Note 2)
	Japan	Europe	Americas	Asia	Total		
Net sales							
Sales to third parties	18,969,942	4,674,988	1,728,838	1,413,498	26,787,267	-	26,787,267
Intersegment sales or transfers	1,127,051	928,563	44,127	89,080	2,188,822	(2,188,822)	-
Total	20,096,994	5,603,552	1,772,965	1,502,578	28,976,090	(2,188,822)	26,787,267
Segment profit	2,336,295	232,083	84,639	387,641	3,040,660	9,515	3,050,176
Segment assets	20,171,981	5,909,217	1,094,188	1,457,676	28,633,063	18,557,903	47,190,967
Other items							
Depreciation and amortization	545,059	101,806	15,503	6,399	668,769	-	668,769
Amortization of goodwill	29,806	101,172	26,396	-	157,376	-	157,376
Increase in property, plant and equipment and intangible assets	343,733	124,903	12,440	4,663	485,741	-	485,741

Notes: 1. Contents of adjustments are as follows.

(1) Adjustment amount in segment profit includes amount of 9,515 thousand yen eliminated for intersegment transactions.

(2) Adjustment amount in segment assets includes amount of -4,201,398 thousand yen eliminated for intersegment transactions and total company assets of 22,759,302 thousand yen. The total company assets are mainly composed of surplus funds (deposits and marketable securities), and long-term invested assets (investment securities) of the Company.

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

Per-share Information

(Yen)

	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)
Net assets per share	1,295.47	1,402.49
Net income per share	65.01	90.88

Notes: 1. Diluted net income per share is not presented since there is no dilutive share.

2. Basis for calculation of net income per share is as follows.

	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	1,511,406	2,113,020
Amount not available to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Thousands of yen)	1,511,406	2,113,020
Average number of shares outstanding during period (Shares)	23,250,220	23,249,972

Subsequent Events

Not applicable.

4. Production, Orders and Sales

(1) Sales and Orders

(a) Sales

(Thousands of yen)

Segment	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)		FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	
	Amount	Composition (%)	Amount	Composition (%)
Japan	16,282,344	69.0	18,969,942	70.8
Europe	4,420,846	18.7	4,674,988	17.5
Americas	1,615,282	6.8	1,728,838	6.5
Asia	1,264,000	5.5	1,413,498	5.2
Total	23,582,473	100.0	26,787,267	100.0

(b) Orders received and order backlog

(Thousands of yen)

Segment	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)		FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	
	Orders received	Order backlog	Orders received	Order backlog
Japan	16,727,717	6,202,639	19,558,177	6,790,874
Europe	4,578,519	1,682,579	4,721,708	1,654,721
Americas	1,623,691	1,054,301	1,994,316	1,367,109
Asia	1,267,923	610,561	1,173,237	366,344
Total	24,197,851	9,550,082	27,447,439	10,179,049

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	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)		FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	
	Amount	Composition (%)	Amount	Composition (%)
Printed Circuit Board design solutions	3,772,334	16.0	4,221,589	15.8
Circuit design solutions	4,947,766	21.0	6,121,850	22.9
IT solutions	4,799,749	20.4	5,918,626	22.1
Client services	10,058,851	42.6	10,517,058	39.2
Others	3,771	0.0	8,142	0.0
Total	23,582,473	100.0	26,787,267	100.0

(b) Orders received and order backlog

(Thousands of yen)

Product category	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)		FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	
	Orders received	Order backlog	Orders received	Order backlog
Printed Circuit Board design solutions	3,770,536	671,566	4,244,941	695,935
Circuit design solutions	4,948,779	855,631	6,462,662	1,193,974
IT solutions	5,076,399	849,428	6,122,386	1,053,754
Client services	10,398,198	7,173,290	10,608,428	7,234,342
Others	3,937	165	9,020	1,043
Total	24,197,851	9,550,082	27,447,439	10,179,049

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

2. Name 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 CADSTAR eCADSTAR	CR-5000 Board Designer
Major products of Circuit design 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-CR DS-2 Espresso DS-E3	

5. Non-consolidated Financial Statements(1) **Balance Sheet**

	(Thousands of yen)	
	FY2017	FY2018
	(As of Mar. 31, 2018)	(As of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposits	10,309,999	11,143,135
Notes receivable-trade	103,561	229,516
Accounts receivable-trade	2,525,670	2,874,739
Securities	6,700,000	6,700,000
Inventories	45,451	68,706
Short-term loans receivable from subsidiaries and associates	-	20,810
Other	214,467	229,675
Allowance for doubtful accounts	(520)	(620)
Total current assets	19,898,630	21,265,963
Non-current assets		
Property, plant and equipment		
Buildings	2,759,773	2,653,589
Structures	37,097	34,162
Vehicles	25,134	16,563
Tools, furniture and fixtures	122,953	103,275
Land	3,009,559	3,009,559
Leased assets	11,740	8,922
Total property, plant and equipment	5,966,257	5,826,072
Intangible assets		
Other	339,946	296,722
Total intangible assets	339,946	296,722
Investments and other assets		
Investment securities	3,086,190	4,916,167
Shares of subsidiaries and associates	1,478,786	1,479,526
Investments in capital of subsidiaries and associates	2,429,229	2,429,229
Long-term loans receivable from subsidiaries and associates	39,840	-
Long-term trade accounts receivables from subsidiaries and associates	712,705	617,185
Deferred tax assets	499,792	211,665
Other	324,673	333,260
Allowance for doubtful accounts	(49,537)	(31,612)
Total investments and other assets	8,521,679	9,955,421
Total non-current assets	14,827,883	16,078,216
Total assets	34,726,514	37,344,179

	(Thousands of yen)	
	FY2017 (As of Mar. 31, 2018)	FY2018 (As of Mar. 31, 2019)
Liabilities		
Current liabilities		
Accounts payable-trade	425,206	466,853
Accounts payable-other	586,747	938,623
Income taxes payable	305,323	394,790
Advances received	639,810	647,921
Provision for bonuses	344,626	350,614
Provision for bonuses for directors (and other officers)	42,000	50,000
Provision for loss on business liquidation	1,576	950
Other	206,464	199,607
Total current liabilities	2,551,755	3,049,359
Non-current liabilities		
Provision for retirement benefits	2,392,935	2,443,118
Provision for loss on business of subsidiaries and associates	230,000	177,000
Long-term accounts payable-other	96,850	96,850
Other	20,650	21,383
Total non-current liabilities	2,740,436	2,738,351
Total liabilities	5,292,192	5,787,711
Net assets		
Shareholders' equity		
Capital stock	10,117,065	10,117,065
Capital surplus		
Legal capital surplus	8,657,753	8,657,753
Total capital surpluses	8,657,753	8,657,753
Retained earnings		
Legal retained earnings	311,082	311,082
Other retained earnings		
General reserve	7,325,000	8,325,000
Retained earnings brought forward	1,914,442	2,139,534
Total retained earnings	9,550,525	10,775,617
Treasury shares	(15,716)	(16,365)
Total shareholders' equity	28,309,627	29,534,070
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,124,695	2,022,397
Total valuation and translation adjustments	1,124,695	2,022,397
Total net assets	29,434,322	31,556,468
Total liabilities and net assets	34,726,514	37,344,179

(2) Statement of Income

(Thousands of yen)

	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)
Net sales	9,977,689	11,235,386
Cost of sales	2,708,305	2,998,862
Gross profit	7,269,384	8,236,523
Selling, general and administrative expenses	6,431,744	6,779,777
Operating profit	837,639	1,456,745
Non-operating income		
Interest income	1,107	888
Dividend income	567,303	598,594
Rent income	162,023	156,615
Foreign exchange gains	33,624	-
Other	56,149	74,675
Total non-operating income	820,208	830,773
Non-operating expenses		
Foreign exchange losses	-	13,511
Rent cost of real estate	94,360	117,689
Other	1,113	1,976
Total non-operating expenses	95,474	133,177
Ordinary profit	1,562,373	2,154,342
Extraordinary income		
Gain on sales of non-current assets	535	-
Reversal of provision for loss on business of subsidiaries and associates	45,000	53,000
Reversal of allowance for doubtful accounts for subsidiaries and associates	22,495	17,870
Total extraordinary income	68,030	70,870
Extraordinary losses		
Loss on disposal of non-current assets	2,036	1,357
Total extraordinary losses	2,036	1,357
Profit before income taxes	1,628,367	2,223,854
Income taxes-current	306,098	535,907
Income taxes-deferred	(22,445)	(95,146)
Total income taxes	283,652	440,760
Profit	1,344,714	1,783,094

(3) Statement of Changes in Equity

FY2017 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of current period	10,117,065	8,657,753	8,657,753	311,082	6,825,000	1,534,733	8,670,816
Changes of items during period							
Provision of general reserve					500,000	(500,000)	
Dividends of surplus						(465,006)	(465,006)
Profit						1,344,714	1,344,714
Purchase of treasury shares							
Net changes of items other than shareholders' equity							
Total changes of items during period	-	-	-	-	500,000	379,708	879,708
Balance at end of current period	10,117,065	8,657,753	8,657,753	311,082	7,325,000	1,914,442	9,550,525

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(15,169)	27,430,465	851,340	851,340	28,281,805
Changes of items during period					
Provision of general reserve					
Dividends of surplus		(465,006)			(465,006)
Profit		1,344,714			1,344,714
Purchase of treasury shares	(546)	(546)			(546)
Net changes of items other than shareholders' equity			273,354	273,354	273,354
Total changes of items during period	(546)	879,161	273,354	273,354	1,152,516
Balance at end of current period	(15,716)	28,309,627	1,124,695	1,124,695	29,434,322

FY2018 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of current period	10,117,065	8,657,753	8,657,753	311,082	7,325,000	1,914,442	9,550,525
Changes of items during period							
Provision of general reserve					1,000,000	(1,000,000)	
Dividends of surplus						(558,001)	(558,001)
Profit						1,783,094	1,783,094
Purchase of treasury shares							
Net changes of items other than shareholders' equity							
Total changes of items during period	-	-	-	-	1,000,000	225,092	1,225,092
Balance at end of current period	10,117,065	8,657,753	8,657,753	311,082	8,325,000	2,139,534	10,775,617

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(15,716)	28,309,627	1,124,695	1,124,695	29,434,322
Changes of items during period					
Provision of general reserve					
Dividends of surplus		(558,001)			(558,001)
Profit		1,783,094			1,783,094
Purchase of treasury shares	(649)	(649)			(649)
Net changes of items other than shareholders' equity			897,702	897,702	897,702
Total changes of items during period	(649)	1,224,443	897,702	897,702	2,122,145
Balance at end of current period	(16,365)	29,534,070	2,022,397	2,022,397	31,556,468

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.