



February 8, 2016

Summary of Consolidated Financial Results
for the Third Quarter of Fiscal Year Ending March 31, 2016 (FY2015)
(Nine Months Ended December 31, 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: February 10, 2016
 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, 2015 (Apr. 1, 2015–Dec. 31, 2015)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Dec. 31, 2015	15,129	6.9	(29)	-	30	-	(83)	-
Dec. 31, 2014	14,158	6.2	(183)	-	(31)	-	(163)	-

Note: Comprehensive income (Millions of yen)

Nine months ended Dec. 31, 2015: (110) (n.a.)

Nine months ended Dec. 31, 2014: 186 (n.a.)

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
Dec. 31, 2015	(3.60)	-
Dec. 31, 2014	(7.02)	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2015	39,086	27,564	69.5
As of Mar. 31, 2015	40,463	28,377	69.0

Reference: Shareholders' equity (Millions of yen)

As of Dec. 31, 2015: 27,145

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 the 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 Dec. 31, 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 Dec. 31, 2015:	16,213 shares	As of Mar. 31, 2015:	15,836 shares
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(c) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2015:	23,251,158 shares	Nine months ended Dec. 31, 2014:	23,251,866 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 nine months 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 certain sectors, businesses continue to be cautious because of concerns about a possible downturn in the overall economy.

Net sales in the first nine months were 15,129 million yen, 6.9% higher than one year earlier. Printed Circuit Board design solutions sales increased as sales of the electronic design system CR-8000 series, driven by the latest version CR-8000/Design Force, stayed favorable. In Circuit design and IC solutions, sales of wiring design systems for transportation and industrial equipment advanced.

There was an increase in expenses because of further extensive product development activities aimed at future earnings growth. However, earnings were higher due to the growth in sales. As a result, the ordinary income was 30 million yen, compared with an ordinary loss of 31 million yen in the same period of the previous fiscal year, and loss attributable to owners of parent was 83 million yen, compared with a loss of 163 million yen in the same period of the previous fiscal year.

(2) Explanation of Financial Position

Total assets at the end of the third quarter of the fiscal year under review decreased 1,377 million yen from the end of the previous fiscal year to 39,086 million yen.

Current assets decreased 1,525 million yen. The main factor was a 2,263 million yen decrease in notes and accounts receivable-trade, while there were increases of 438 million yen in securities and 293 million yen in work in process. Non-current assets increased 148 million yen, mainly due to an increase in goodwill.

Total liabilities decreased 564 million yen from the end of the previous fiscal year to 11,522 million yen. Current liabilities decreased 855 million yen. The main factors were decreases of 472 million yen in accounts payable-trade, 304 million yen in provision for bonuses, and 263 million yen in income taxes payable while there was a 379 million yen increase in advances received. Non-current liabilities increased 291 million yen, mainly due to an increase in net defined benefit liability.

Net assets decreased 812 million yen from the end of the previous fiscal year to 27,564 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 nine months 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 profit and loss.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY2014 (As of Mar. 31, 2015)	Third quarter of FY2015 (As of Dec. 31, 2015)
Assets		
Current assets		
Cash and deposits	5,252,859	4,977,396
Notes and accounts receivable-trade	5,705,030	3,441,597
Securities	15,696,959	16,135,106
Merchandise and finished goods	271,201	281,639
Work in process	67,494	361,012
Raw materials and supplies	3,567	6,123
Other	1,992,188	2,268,251
Allowance for doubtful accounts	(35,124)	(42,361)
Total current assets	28,954,177	27,428,766
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,052,564	3,073,255
Land	3,009,821	3,009,821
Other, net	416,658	399,328
Total property, plant and equipment	6,479,044	6,482,405
Intangible assets		
Goodwill	836,119	1,079,828
Other	724,828	665,214
Total intangible assets	1,560,947	1,745,043
Investments and other assets	3,469,502	3,430,394
Total non-current assets	11,509,495	11,657,843
Total assets	40,463,672	39,086,609

	(Thousands of yen)	
	FY2014 (As of Mar. 31, 2015)	Third quarter of FY2015 (As of Dec. 31, 2015)
Liabilities		
Current liabilities		
Accounts payable-trade	938,362	466,054
Income taxes payable	373,341	110,213
Advances received	3,715,976	4,095,077
Provision for bonuses	765,653	461,300
Provision for directors' bonuses	26,268	-
Other provision	12,738	12,546
Other	1,736,218	1,567,931
Total current liabilities	7,568,558	6,713,123
Non-current liabilities		
Net defined benefit liability	4,308,728	4,557,136
Other	209,319	252,248
Total non-current liabilities	4,518,048	4,809,385
Total liabilities	12,086,607	11,522,509
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	8,533,346
Treasury shares	(14,159)	(14,589)
Total shareholders' equity	28,075,286	27,293,575
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	672,273	624,614
Foreign currency translation adjustment	79,341	86,652
Remeasurements of defined benefit plans	(888,358)	(858,954)
Total accumulated other comprehensive income	(136,743)	(147,686)
Non-controlling interests	438,522	418,211
Total net assets	28,377,065	27,564,100
Total liabilities and net assets	40,463,672	39,086,609

(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 FY2014 (Apr. 1, 2014 – Dec. 31, 2014)	First nine months of FY2015 (Apr. 1, 2015 – Dec. 31, 2015)
Net sales	14,158,342	15,129,889
Cost of sales	3,696,194	3,998,835
Gross profit	10,462,148	11,131,054
Selling, general and administrative expenses	10,645,373	11,160,763
Operating loss	(183,224)	(29,709)
Non-operating income		
Interest income	16,339	11,549
Rent income	36,411	39,131
Foreign exchange gains	82,755	-
Other	43,180	52,890
Total non-operating income	178,687	103,571
Non-operating expenses		
Share of loss of entities accounted for using equity method	26,431	20,383
Foreign exchange losses	-	13,223
Loss on investments in partnership	-	8,169
Other	852	1,717
Total non-operating expenses	27,284	43,493
Ordinary income (loss)	(31,821)	30,369
Extraordinary income		
Gain on sales of non-current assets	267	4,574
Gain on sales of investment securities	-	19,967
Total extraordinary income	267	24,542
Extraordinary losses		
Loss on disposal of non-current assets	2,424	610
Loss on valuation of golf club membership	-	11,330
Provision of allowance for doubtful accounts of golf club membership	5,200	-
Total extraordinary losses	7,624	11,940
Income (loss) before income taxes and non-controlling interests	(39,178)	42,971
Income taxes-current	95,992	138,688
Income taxes-deferred	61,133	4,187
Total income taxes	157,126	142,875
Loss	(196,304)	(99,904)
Loss attributable to non-controlling interests	(33,150)	(16,160)
Loss attributable to owners of parent	(163,153)	(83,743)

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

	(Thousands of yen)	
	First nine months of FY2014 (Apr. 1, 2014 – Dec. 31, 2014)	First nine months of FY2015 (Apr. 1, 2015 – Dec. 31, 2015)
Loss	(196,304)	(99,904)
Other comprehensive income		
Valuation difference on available-for-sale securities	225,355	(47,658)
Foreign currency translation adjustment	11,664	6,534
Remeasurements of defined benefit plans, net of tax	144,802	29,403
Share of other comprehensive income of entities accounted for using equity method	1,224	777
Total other comprehensive income	383,046	(10,943)
Comprehensive income	186,742	(110,848)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	219,893	(94,687)
Comprehensive income attributable to non-controlling interests	(33,150)	(16,160)

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment Information

Segment Information

I. First nine months of FY2014 (Apr. 1, 2014 – Dec. 31, 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	9,389,273	3,178,822	799,740	790,506	14,158,342	-	14,158,342
Intersegment sales or transfers	590,255	485,934	39,918	64,193	1,180,301	(1,180,301)	-
Total	9,979,528	3,664,757	839,658	854,699	15,338,643	(1,180,301)	14,158,342
Segment profit (loss)	(414)	(305,278)	(104,375)	231,662	(178,406)	(4,818)	(183,224)

Notes: 1. Adjustment amount in segment profit (loss) includes amount of -4,818 thousand yen eliminated for intersegment transactions.

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

II. First nine months of FY2015 (Apr. 1, 2015 – Dec. 31, 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	9,926,418	3,160,772	869,625	1,173,074	15,129,889	-	15,129,889
Intersegment sales or transfers	759,088	551,310	50,904	73,162	1,434,466	(1,434,466)	-
Total	10,685,506	3,712,083	920,529	1,246,236	16,564,355	(1,434,466)	15,129,889
Segment profit (loss)	(25,283)	(250,875)	(149,036)	373,044	(52,150)	22,441	(29,709)

Notes: 1. Adjustment amount in segment profit (loss) includes amount of 22,441 thousand yen eliminated for intersegment transactions.

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

4. Supplementary Information

(1) Sales and Orders

(a) Sales

(Thousands of yen)

Segment	First nine months of FY2014 (Apr. 1, 2014 – Dec. 31, 2014)		First nine months of FY2015 (Apr. 1, 2015 – Dec. 31, 2015)	
	Amount	Composition (%)	Amount	Composition (%)
Japan	9,389,273	66.3	9,926,418	65.6
Europe	3,178,822	22.5	3,160,772	20.9
Americas	799,740	5.6	869,625	5.7
Asia	790,506	5.6	1,173,074	7.8
Total	14,158,342	100.0	15,129,889	100.0

(b) Orders received and order backlog

(Thousands of yen)

Segment	First nine months of FY2014 (Apr. 1, 2014 – Dec. 31, 2014)		First nine months of FY2015 (Apr. 1, 2015 – Dec. 31, 2015)	
	Orders received	Order backlog	Orders received	Order backlog
Japan	10,549,228	5,542,127	10,869,673	5,674,058
Europe	2,596,176	945,994	2,619,660	875,927
Americas	618,298	586,248	810,086	650,575
Asia	962,883	431,760	1,094,116	385,474
Total	14,726,586	7,506,130	15,393,537	7,586,036

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 FY2014 (Apr. 1, 2014 – Dec. 31, 2014)		First nine months of FY2015 (Apr. 1, 2015 – Dec. 31, 2015)	
	Amount	Composition (%)	Amount	Composition (%)
Printed Circuit Board design solutions	2,278,083	16.1	2,573,962	17.0
Circuit design and IC solutions	2,797,408	19.8	3,008,788	19.9
IT solutions	2,840,423	20.1	2,800,299	18.5
Client services	6,238,833	44.0	6,744,233	44.6
Others	3,592	0.0	2,604	0.0
Total	14,158,342	100.0	15,129,889	100.0

(b) Orders received and order backlog

(Thousands of yen)

Product category	First nine months of FY2014 (Apr. 1, 2014 – Dec. 31, 2014)		First nine months of FY2015 (Apr. 1, 2015 – Dec. 31, 2015)	
	Orders received	Order backlog	Orders received	Order backlog
Printed Circuit Board design solutions	2,325,029	757,255	2,475,170	599,911
Circuit design and IC solutions	3,047,360	933,890	3,422,192	1,070,961
IT solutions	3,644,861	1,323,054	3,306,700	1,061,716
Client services	5,701,724	4,487,913	6,187,008	4,852,904
Others	7,610	4,017	2,465	542
Total	14,726,586	7,506,130	15,393,537	7,586,036

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.