

Financial Summary for First Quarter of Fiscal 2015 [Japanese GAAP] [Consolidated]

July 31, 2014

Name of listed company: **ZENRIN Co., Ltd.** Stock exchange listings: Tokyo and Fukuoka
 Securities code: 9474 URL: <http://www.zenrin.co.jp/>
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 [Name] Zenshi Takayama
 Contact: [Title] Executive Officer, and Head of Corporate Management Division
 [Name] Masami Matsuo
 Scheduled date of submission of quarterly securities report: August 1, 2014
 Scheduled date of commencement of dividend payouts: –
 Preparation of supplementary explanatory materials on quarterly results: Yes
 Holding of briefing session on quarterly results: None

[Amounts are rounded down to the nearest million yen]

1. Consolidated Results of Operations in First Quarter of Fiscal 2015

ZENRIN's first quarter of fiscal 2015 is the period from April 1, 2014 to June 30, 2014.

(1) Consolidated Business Performance [Cumulative]

[% figures represent the increase (decrease) compared to the same period of the previous fiscal year]

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
First quarter of fiscal 2015	10,340	(8.7)	(707)	–	(476)	–	42	–
First quarter of fiscal 2014	11,320	(6.2)	(240)	–	(130)	–	(236)	–

[Note] Comprehensive income First quarter of fiscal 2015: 230 million yen [516.6%]
 First quarter of fiscal 2014: 37 million yen [(90.7%)]

	Net income per share yen	Diluted net income per share yen
First quarter of fiscal 2015	1.17	–
First quarter of fiscal 2014	(6.43)	–

(2) Consolidated Financial Position

	Total assets million yen	Net assets million yen	Ratio of equity to total assets %
First quarter of fiscal 2015	55,436	39,211	66.5
Fiscal 2014	57,989	37,939	61.7

[Reference] Equity First quarter of fiscal 2015: 36,883 million yen Fiscal 2014: 35,777 million yen

2. Dividends

	Annual dividend				
	End of first quarter yen	End of second quarter yen	End of third quarter yen	Year-end yen	Total yen
Fiscal 2014	–	15.00	–	15.00	30.00
Fiscal 2015	–				
Fiscal 2015 [forecast]		15.00	–	15.00	30.00

[Note] Revision from most recently announced forecast for dividends: None

3. Forecast for Consolidated Results of Operations in Fiscal 2015

ZENRIN's fiscal 2015 is the period from April 1, 2014 to March 31, 2015.

[% figures for the fiscal year represent the increase (decrease) compared to the previous fiscal year; % figures for the first 2 quarters [cumulative] represent the increase (decrease) compared to the same period of the previous fiscal year]

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First 2 quarters [cumulative]	22,500	(6.3)	(1,000)	–	(800)	–	(300)	–	(8.32)
Fiscal year	52,300	(2.4)	2,800	(12.0)	3,100	(15.4)	2,100	65.1	58.23

[Note] Revision from most recently announced forecast for results of operations: None

ATTACHMENT

1. Qualitative Information on Quarterly Results

(1) Explanation of Business Performance

In the first quarter of fiscal 2015 (from April 1, 2014 to June 30, 2014), the Japanese economy has been continuously on a mild recovery trend as is evident by such factors as improvements in corporate earnings and the employment situation due to the effects from various policies of the government and the Bank of Japan. However, in addition to the lingering temporal impact on personal consumption and housing construction from the backlash of the last-minute demand in line with the consumption tax hike implemented in April 2014, overseas risks remained such as government debt problems in some countries and the uncertain outlook of emerging nations, that may put downward pressure on the Japanese economy.

Under such an environment, in addition to the decrease in sales of smartphone services and such, the subsidiary's withdrawal from the sales promotion business and other factors have resulted in net sales of 10,340 million yen (decreased 979 million yen, or down 8.7%, compared to the same period of the previous fiscal year), operating loss of 707 million yen (downturn of 467 million yen compared to the same period of the previous fiscal year), ordinary loss of 476 million yen (downturn of 345 million yen compared to the same period of the previous fiscal year). Furthermore, posting of -723 million yen in income taxes-deferred due to such as the impact of deferred tax assets related to the subsidiary's loss carried forward generated in line with the restructuring and other factors resulted in net income of 42 million yen (improved 278 million yen compared to the same period of the previous fiscal year).

Please note that past net sales of the ZENRIN Group have shown trends of large seasonal fluctuations and sales concentrating in the fourth quarter.

[Segment Results of Operations]

Map Database Segment

The Map Database segment, which is the ZENRIN Group's core business, saw robust sales related to GIS utilizing residential map databases. On the other hand, the number of fee-paying members for smartphone services related to ICT declined as well as the sales of printed residential maps.

The result was Map Database segment net sales of 9,072 million yen (decreased 600 million yen, or down 6.2%, compared to the same period of the previous fiscal year) and segment loss of 741 million yen (downturn of 435 million yen compared to the same period of the previous fiscal year).

General Printing Segment

The results of the General Printing segment were net sales of 907 million yen (decreased 33 million yen, or down 3.6%, compared to the same period of the previous fiscal year) and segment loss of 19 million yen (downturn 18 million yen compared to the same period of the previous fiscal year).

Other

Concerning the results other than that of the Map Database segment and General Printing segment, due mainly to withdrawals from sales promotion business and commissioned CAD processing operations, net sales was 361 million yen (decreased 345 million yen, or down 48.9%, compared to the same period of the previous fiscal year) and segment income was 8 million yen (decreased 19 million yen, or down 70.0%, compared to the same period of the previous fiscal year).

[Reportable Segment Information]**I. First Quarter of Fiscal 2014 (from April 1, 2013 to June 30, 2013)****(a) Information on Reportable Segment Net Sales and Income or Loss Amount**

[Unit: million yen]

	Reportable segments			Other [Note]	Total
	Map Database segment	General Printing segment	Total		
Net sales					
Net sales to external customers	9,672	941	10,613	706	11,320
Intersegment net sales or transfers	20	41	61	40	101
Total	9,693	982	10,675	746	11,422
Segment income (loss)	(305)	(0)	(306)	28	(278)

[Note] The "Other" item encompasses the selling of purchased products, commissioned CAD processing and other business activities that are not attributable to reportable segments.

(b) Total Amount of Reportable Segment Income or Loss Amount and its Difference in Amount with Amount on Quarterly Consolidated Statements of Income, and Principal Components of the Difference in Amount (Matters Concerning Reconciliation of Differences)

[Unit: million yen]

Income	Amount
Total for reportable segments	(306)
Income of "Other" item	28
Eliminations of intersegment transactions	38
Operating income on quarterly consolidated statements of income	(240)

II. First Quarter of Fiscal 2015 (from April 1, 2014 to June 30, 2014)**(a) Information on Reportable Segment Net Sales and Income or Loss Amount**

[Unit: million yen]

	Reportable segments			Other [Note]	Total
	Map Database segment	General Printing segment	Total		
Net sales					
Net sales to external customers	9,072	907	9,979	361	10,340
Intersegment net sales or transfers	14	46	60	3	63
Total	9,086	953	10,040	364	10,404
Segment income (loss)	(741)	(19)	(760)	8	(751)

[Note] The "Other" item encompasses the selling of purchased products, commissioned CAD processing and other business activities that are not attributable to reportable segments.

(b) Total Amount of Reportable Segment Income or Loss Amount and its Difference in Amount with Amount on Quarterly Consolidated Statements of Income, and Principal Components of the Difference in Amount (Matters Concerning Reconciliation of Differences)

[Unit: million yen]

Income	Amount
Total for reportable segments	(760)
Income of "Other" item	8
Eliminations of intersegment transactions	44
Operating income (loss) on quarterly consolidated statements of income	(707)

(Matters Related to Business Combination, Etc.)
(Transaction under Common Control, Etc.)

1. Outline of Transaction**(1) Name of Combining Enterprises and Description of Their Business**

Name of enterprise: ZENRIN DataCom Co., Ltd

Description of business: Map information distribution services for mobile terminals
Map data provision for internet services

Name of enterprise: ZENRIN PROMO Co., Ltd.

Description of business: Sales promotion business

(2) Date of Business Combination

April 1, 2014

(3) Legal Form of Business Combination

Absorption-type merger in which ZENRIN DataCom Co., Ltd. is the company surviving the merger and ZENRIN PROMO Co., Ltd. is the company extinguished in the merger

(4) Name of Combined Enterprise

ZENRIN DataCom Co., Ltd.

(5) Other Matters Concerning Outline of Transaction

The purpose is to withdraw from an unprofitable business and to consolidate subsidiaries, and thereby achieve streamlining of the consolidated management structure and concentration of the managerial resources of the ZENRIN Group.

2. Overview of Accounting Applied

The transaction is accounted for as a transaction under common control in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21; issued on December 26, 2008) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10; issued on December 26, 2008).

(2) Explanation of Financial Position

Total assets at the end of the first quarter of fiscal 2015 decreased 2,552 million yen (4.4%) compared to at the end of fiscal 2014 to 55,436 million yen. This was mainly attributable to increase in software in the amount of 482 million yen being offset by decrease in cash and deposits in the amount of 655 million yen, which was due in part to payment of trade accounts payable and capital investment, as well as decrease in trade notes and accounts receivable in the amount of 3,995 million yen, which was due to decrease in net sales in the first quarter of fiscal 2015 compared to the fourth quarter of fiscal 2014 owing to seasonal fluctuations.

Liabilities decreased 3,825 million yen (19.1%) compared to at the end of fiscal 2014 to 16,224 million yen. This was attributable to decrease in trade accounts payable in the amount of 964 million yen, which was due in part to payment, decrease in short-term loans payable the amount of 2,287 million yen, which was due in part to repayment, and decrease in income taxes payable in the amount of 746 million yen, which was due in part to tax payment.

Net assets increased 1,272 million yen (3.4%) compared to at the end of fiscal 2014 to 39,211 million yen. This was attributable to decrease in the amount of 540 million yen due to dividends from surplus being offset by increase in the amount of 1,377 million yen due to the effect of the change in calculation method for retirement benefit obligations and service costs.

As a result, the ratio of equity to total assets at the end of the first quarter of fiscal 2015 was up 4.8 points compared to at the end of fiscal 2014 to 66.5%.

(3) Explanation of Forecast for Consolidated Results of Operations and Other Forward-Looking Statements

The forecast for consolidated results of operations in the first 2 quarters of fiscal 2015 and in fiscal 2015 remain unchanged from that announced on May 8, 2014.

2. Matters Concerning Summary Information (Notes)**(1) Changes in Significant Subsidiaries in Consolidated Fiscal Year to Date**

Not applicable.

Although not falling under the category of changes in specified subsidiaries, a total of four companies (ZENRIN INTERMAP CO., LTD., ZENRIN PlusOne Co., Ltd., Will Smart Co., Ltd. and MRC CO., LTD.) that were non-consolidated companies until the previous fiscal year, are newly included in the scope of consolidation in the first quarter of fiscal 2015. ZENRIN PROMO Co., Ltd., which was a consolidated subsidiary in the previous fiscal year is excluded from the scope of consolidation due to an absorption-type merger with ZENRIN DataCom Co., Ltd., which is a consolidated subsidiary, as of April 1, 2014. Furthermore, the consolidated subsidiary DAIKEI DATA PROCESSING (SHENZHEN) CO., LTD. and MRC CO., LTD. respectively passed resolutions on dissolution at the meeting of the board of directors held on August 27, 2013 and the extraordinary general meeting of shareholders held on March 29, 2013, and both are currently in liquidation proceedings.

(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements**Changes in Accounting Policies****Application of Accounting Standard for Retirement Benefits, Etc.**

Concerning the statements in the main clause of Paragraph 35 of "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26; issued on May 17, 2012) and the main clause of Paragraph 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25; issued on May 17, 2012), ZENRIN has applied the Accounting

Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits starting from the first quarter of fiscal 2015, and reviewed the calculation method for retirement benefit obligations and service costs. In addition, the method of attributing expected retirement benefits to periods was changed from the straight-line basis to the benefit formula basis, while the discount rate determination method was also changed from the method using the discount rate based on the number of years approximate to the expected average remaining working life of employees to the method using the single weighted average discount rate reflecting the estimated timing of retirement benefit payment and amount per estimated timing of retirement benefit payment.

Application of the Accounting Standard for Retirement Benefits, etc. is in accordance with the transitional treatment provided in Paragraph 37 of the Accounting Standard for retirement Benefits, based on which, at the beginning of the first quarter of fiscal 2015, the amount of the effect accompanying the change in the calculation method for retirement benefit obligations and service costs is added to or deducted from retained earnings.

As a result, net defined benefit assets of 1,675 million yen at the beginning of the first quarter of fiscal 2015 was recorded and net defined benefit liabilities decreased by 458 million yen while retained earnings increased by 1,377 million yen. The impact on the gain or loss and on segment information in the first quarter of fiscal 2015 will be minimal.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

[Unit: million yen]

	Fiscal 2014	First quarter of fiscal 2015
	As of March 31, 2014	As of June 30, 2014
Assets		
Current assets		
Cash and deposits	6,631	5,976
Notes and accounts receivable – trade	12,070	8,075
Electronically recorded monetary claims - operating	24	36
Merchandise and finished goods	979	1,053
Work in Process	277	476
Raw materials and supplies	52	50
Other	2,583	3,331
Allowance for doubtful accounts	(12)	(8)
Total current assets	22,607	18,992
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	6,140	6,066
Land	8,199	8,281
Other, net	2,570	2,801
Total property, plant and equipment	16,910	17,149
Intangible assets		
Goodwill	367	343
Software	8,388	8,870
Other	4,049	3,634
Total intangible assets	12,804	12,848
Investments and other assets		
Other	5,804	6,558
Allowance for doubtful accounts	(137)	(113)
Total investments and other assets	5,666	6,445
Total noncurrent assets	35,381	36,444
Total assets	57,989	55,436

[Unit: million yen]

	Fiscal 2014	First quarter of fiscal 2015
	As of March 31, 2014	As of June 30, 2014
Liabilities		
Current liabilities		
Accounts payable – trade	2,278	1,313
Short-term loans payable	5,774	3,486
Income taxes payable	853	107
Provision for directors' bonuses	84	20
Other	6,639	7,043
Total current liabilities	15,630	11,972
Noncurrent liabilities		
Long-term loans payable	1,304	1,197
Provision for directors' retirement benefits	127	132
Net defined benefit liabilities	1,797	1,490
Asset retirement liabilities	20	20
Other	1,170	1,410
Total noncurrent liabilities	4,419	4,252
Total liabilities	20,050	16,224
Net assets		
Shareholders' equity		
Capital stock	6,557	6,557
Capital surplus	13,111	13,111
Retained earnings	19,061	20,186
Treasury stock	(2,840)	(2,840)
Total shareholders' equity	35,890	37,015
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	144	177
Foreign currency translation adjustment	(82)	(138)
Remeasurements of defined benefit plans	(174)	(171)
Total accumulated other comprehensive income	(112)	(131)
Minority interests	2,161	2,328
Total net assets	37,939	39,211
Total liabilities and net assets	57,989	55,436

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income**Quarterly Consolidated Statements of Income [Cumulative]**

[Unit: million yen]

	First quarter of fiscal 2014 From: April 1, 2013 To: June 30, 2013	First quarter of fiscal 2015 From: April 1, 2014 To: June 30, 2014
Net sales	11,320	10,340
Cost of sales	7,041	6,445
Gross profit	4,279	3,895
Selling, general and administrative expenses		
Personnel expenses	2,508	2,473
Provision of allowance for directors' bonuses	12	18
Provision of allowance for retirement benefits	85	-
Retirement benefit expenses	-	71
Other	1,912	2,040
Total selling, general and administrative expenses	4,519	4,603
Operating loss	(240)	(707)
Non-operating income		
Interest income	3	6
Dividends income	63	159
Equity in earnings of affiliates	4	-
Other	67	88
Total non-operating income	139	253
Non-operating expenses		
Interest expenses	5	8
Equity in losses of affiliates	-	0
Depreciation of assets for rent	6	5
Other	17	7
Total non-operating expenses	29	21
Ordinary loss	(130)	(476)
Extraordinary income		
Gain on sales of noncurrent assets	93	258
Total extraordinary income	93	258
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	31	80
Impairment loss	-	0
Other	2	7
Total extraordinary losses	34	88
Income (loss) before income taxes and minority interests	(70)	(305)
Income taxes – current	205	167
Income taxes – deferred	(203)	(723)
Total income taxes	2	(555)
Income (loss) before minority interests	(73)	250
Minority interests in income	163	207
Net income (loss)	(236)	42

Quarterly Consolidated Statements of Comprehensive Income [Cumulative]

[Unit: million yen]

	First quarter of fiscal 2014 From: April 1, 2013 To: June 30, 2013	First quarter of fiscal 2015 From: April 1, 2014 To: June 30, 2014
Income (loss) before minority interests	(73)	250
Other comprehensive income		
Valuation difference on available-for-sale securities	33	34
Foreign currency translation adjustment	100	(50)
Retirement benefits adjustment	-	3
Share of other comprehensive income of associates accounted for using equity method	(23)	(7)
Total other comprehensive income	110	(19)
Comprehensive income	37	230
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of the parent	(149)	23
Comprehensive income attributable to minority interests	186	207

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

Not applicable.

Notes in the Event of Material Change in the Amount of Shareholders' Equity

Not applicable.

4. Supplementary Information***Sales Turnover based on Business Composition under Medium-Term Business Plan ZGP2015***

Business composition	First quarter of fiscal 2014	First quarter of fiscal 2015	Amount of increase (decrease)	Rate of increase (decrease)	Main items
	million yen	million yen	million yen	%	
Advertising business	68	101	33	48.8	Various media
Publishing business	1,599	1,425	(174)	(10.9)	Printed residential maps, special-purpose maps, and purchased products
GIS business	1,955	2,025	70	3.6	Residential map databases
ICT business	3,410	2,933	(477)	(14.0)	Services for smartphones, and map data provision for internet services
ITS business	2,393	2,335	(58)	(2.5)	Data for Japanese in-car navigation systems
Global business	408	446	37	9.2	Data for overseas in-car navigation systems, and various overseas content
Other business	1,483	1,072	(411)	(27.7)	General printing goods, commissioned CAD*1 processing, sales promotion products*2, etc.
Total	11,320	10,340	(979)	(8.7)	

*1. ZENRIN withdrew from commissioned CAD processing in the previous fiscal period and no longer conduct the business.

*2. ZENRIN withdrew from sales promotion products in the previous fiscal period and no longer conduct the sales.