

Financial Summary for First 2 Quarters of Fiscal 2016 [Japanese GAAP] [Consolidated]

October 30, 2015

Name of listed company: **ZENRIN Co., Ltd.** Stock exchange listings: Tokyo and Fukuoka
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 [Name] Masami Matsuo
 Scheduled date of submission of quarterly securities report: November 2, 2015
 Scheduled date of commencement of dividend payouts: December 2, 2015
 Preparation of supplementary explanatory materials on quarterly results: Yes
 Holding of briefing session on quarterly results: Yes (briefing for institutional investors and analysts)

[Amounts are rounded down to the nearest million yen]

1. Consolidated Results of Operations in First 2 Quarters of Fiscal 2016

ZENRIN's first 2 quarters of fiscal 2016 is the period from April 1, 2015 to September 30, 2015.

(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		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
First 2 quarters of fiscal 2016	24,734	9.7	176	—	422	—	119	(38.3)
First 2 quarters of fiscal 2015	22,556	(6.1)	(308)	—	(18)	—	194	—

[Note] Comprehensive income First 2 quarters of fiscal 2016: 20 million yen [(96.0%)]
 First 2 quarters of fiscal 2015: 506 million yen [107.0%]

	Earnings per share	Diluted earnings per share
	yen	yen
First 2 quarters of fiscal 2016	3.31	—
First 2 quarters of fiscal 2015	5.39	—

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of equity to total assets
	million yen	million yen	%
First 2 quarters of fiscal 2016	57,002	41,313	69.1
Fiscal 2015	61,322	41,963	64.4

[Reference] Equity First 2 quarters of fiscal 2016: 39,377 million yen Fiscal 2015: 39,478 million yen

2. Dividends

	Annual dividend				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal 2015	—	15.00	—	16.00	31.00
Fiscal 2016	—	15.50			
Fiscal 2016 [forecast]			—	15.50	31.00

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

3. Forecast for Consolidated Results of Operations in Fiscal 2016

ZENRIN's fiscal 2016 is the period from April 1, 2015 to March 31, 2016.

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	
Fiscal year	55,500	6.1	2,500	4.6	2,800	1.8	1,500	2.4	41.35

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

ZENRIN disposed of treasury shares by third-party allotment in the first quarter of fiscal 2016. In the forecast for consolidated results of operations, "Earnings per share" is calculated based on the number of shares issued and outstanding (excluding treasury shares) after factoring in the disposal of treasury shares.

ATTACHMENT

1. Qualitative Information on Quarterly Results

(1) Explanation of Business Performance

In the first 2 quarters of fiscal 2016 (from April 1, 2015 to September 30, 2015), the Japanese economy saw not only the trend toward improvement in the employment and income situation continue due in part to the effects of the government's and Bank of Japan's various policies, but also the moderate recovery in corporate earnings continue as evident by such factors as capital investment picking up. On the other hand, consumer sentiment showing standstill for personal spending, slowdown in Asian economies, including the Chinese economy, and other factors continued to still pose downside risks to the Japanese economy.

In such an environment, the ZENRIN Group saw addition of the sales of a subsidiary that was newly included in the scope of consolidation, starting from the third quarter of fiscal 2015, and other factors lead to business performance in the first 2 quarters of fiscal 2016 of net sales of 24,734 million yen (increased 2,177 million yen, or up 9.7%, compared to the same period of the previous fiscal year), operating income of 176 million yen (improvement of 485 million yen compared to the same period of the previous fiscal year), ordinary income of 422 million yen (improvement of 441 million yen compared to the same period of the previous fiscal year) and profit attributable to owners of parent of 119 million yen (decreased 74 million yen, or down 38.3%, compared to the same period of the previous fiscal year). Profit attributable to owners of parent was a downturn compared to the same period of the previous fiscal year due in part to there no longer being deferred income taxes associated with loss carried forward of subsidiaries following restructuring, which had been recognized in 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 an ongoing trend of decrease in the number of fee-paying subscribers to services for smartphones related to ICT. On the other hand, in addition to robust sales related to GIS utilizing residential map databases, projects commissioned by local governments, among other factors, led to increase in sales.

The above resulted in Map Database segment net sales of 20,506 million yen (increased 800 million yen, or up 4.1%, compared to the same period of the previous fiscal year) and segment income of 102 million yen (improvement of 545 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 1,738 million yen (decreased 68 million yen, or down 3.8%, compared to the same period of the previous fiscal year) and segment loss of 36 million yen (downturn of 35 million yen compared to the same period of the previous fiscal year).

Other

The results other than that of the Map Database segment and General Printing segment were net sales of 2,489 million yen (increased 1,444 million yen, or up 138.2%, compared to the same period of the previous fiscal year) and segment income of 65 million yen (increased 12 million yen, or up 24.5%, compared to the same period of the previous fiscal year), which were due in part to the abovementioned impact of the subsidiary engaging in in-shop (enclosing in mail/packages) advertising, etc. that was newly included in the scope of consolidation, starting from the third quarter of fiscal 2015.

[Reportable Segment Information]**I. First 2 Quarters of Fiscal 2015 (from April 1, 2014 to September 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	19,705	1,806	21,511	1,045	22,556
Intersegment net sales or transfers	31	145	177	7	184
Total	19,736	1,952	21,688	1,053	22,741
Segment income (loss)	(442)	(0)	(443)	52	(391)

[Note] The "Other" item encompasses the selling of purchased products 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 Statement of Income, and Principal Components of the Difference in Amount (Matters Concerning Reconciliation of Differences)

[Unit: million yen]

Income	Amount
Total for reportable segments	(443)
Income of "Other" item	52
Eliminations of intersegment transactions	82
Operating income (loss) on quarterly consolidated statement of income	(308)

(c) Information on Reportable Segment Impairment Loss on Non-Current Assets or Goodwill, Etc.**Significant Impairment Loss on Non-Current Assets**

In the "Map Database segment," impairment loss was recorded. The amount of impairment loss recorded was 185 million yen in the first 2 quarters of fiscal 2015.

II. First 2 Quarters of Fiscal 2016 (from April 1, 2015 to September 30, 2015)**(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	20,506	1,738	22,244	2,489	24,734
Intersegment net sales or transfers	38	180	219	29	248
Total	20,544	1,919	22,463	2,519	24,982
Segment income (loss)	102	(36)	66	65	131

[Note] The "Other" item encompasses the selling of purchased products, direct mail delivery services 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 Statement of Income, and Principal Components of the Difference in Amount (Matters Concerning Reconciliation of Differences)

[Unit: million yen]

Income	Amount
Total for reportable segments	66
Income of "Other" item	65
Eliminations of intersegment transactions	45
Operating income on quarterly consolidated statement of income	176

(c) Information on Reportable Segment Impairment Loss on Non-Current Assets or Goodwill, Etc.**Significant Impairment Loss on Non-Current Assets**

Not applicable.

(2) Explanation of Financial Position

Total assets at the end of the second quarter of fiscal 2016 amounted to 57,002 million yen (decreased 4,319 million yen, or down 7.0%, compared to at the end of the previous fiscal year). This was attributable to decrease in trade notes and accounts receivable in the amount of 2,370 million yen, which was due to net sales in the second quarter of fiscal 2016 decreasing compared to the fourth quarter of fiscal 2015 owing to seasonal fluctuations, and decrease in cash and deposits in the amount of 1,904 million yen, which was due in part to repayment of short-term loans payable.

Liabilities amounted to 15,689 million yen (decreased 3,670 million yen, or down 19.0%, compared to at the end of the previous fiscal year). This was attributable to decrease in short-term loans payable in the amount of 1,827 million yen, which was due to repayment, decrease in trade accounts payable in the amount of 738 million yen, which was due to payment, and decrease in income taxes payable in the amount of 341 million yen, which was due to tax payment.

Net assets amounted to 41,313 million yen (decreased 649 million yen, or down 1.5%, compared to at the end of the previous fiscal year). This was attributable to increase in capital surplus in the amount of 20 million yen, which was due to gain on disposal of treasury shares by third-party allotment in the amount of 97 million yen and deduction for additional purchase of consolidated subsidiary shares in the amount of 76 million yen, being offset by decrease in retained earnings in the amount of 457 million yen, which was due to profit attributable to owners of parent in the amount of 119 million yen but dividends of surplus in the amount of 577 million yen, decrease in treasury shares in the amount of 445 million yen, which was due in part to the third-party allotment, and decrease in non-controlling interests in the amount of 548 million yen, which was due in part to the additional purchase of consolidated subsidiary shares.

As a result, the ratio of equity to total assets at the end of the second quarter of fiscal 2016 was 69.1% (up 4.7 points compared to at the end of the previous fiscal year).

The following outlines the status of cash flows in the first 2 quarters of fiscal 2016.

Cash and cash equivalents at the end of the second quarter of fiscal 2016 were 4,484 million yen (decreased 1,908 million yen, or down 29.9%, compared to at the end of the previous fiscal year).

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to 3,784 million yen (increased 1,292 million yen compared to the same period of the previous fiscal year). This was attributable to income before income taxes and minority interests in the amount of 403 million yen, decrease in trade notes and accounts payable in the amount of 738 million yen, income taxes paid in the amount of 621 million yen and other factors of decrease being offset by depreciation in the amount of 2,478 million yen, decrease in trade notes and accounts receivable in the amount of 2,354 million yen and other factors of increase.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to 2,535 million yen (increased 488 million yen compared to the same period of the previous fiscal year). This was mainly attributable to purchase of property, plant and equipment and intangible assets in the amount of 2,238 million yen.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to 3,172 million yen (increased 712 million yen compared to the same period of the previous fiscal year). This was mainly attributable to net decrease in short-term loans payable in the amount of 1,828 million yen, cash dividends paid in the amount of 576 million yen and repayments of lease obligations in the amount of 427 million yen.

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

Given the many uncertainties over the environment surrounding the ZENRIN Group in and after the third quarter, the forecast for consolidated results of operations in fiscal 2016 is left unchanged from that announced on May 8, 2015.

2. Matters Concerning Summary Information (Notes)

(1) Changes in Significant Subsidiaries in Consolidated Fiscal Year to Date

Not applicable.

The consolidated subsidiary DAIKEI DATA PROCESSING (SHENZHEN) CO., LTD. passed a resolution on dissolution at the meeting of the board of directors held on August 27, 2013 and is currently in liquidation proceedings.

(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements

Changes in Accounting Policies

Application of Accounting Standard for Business Combinations, Etc.

ZENRIN has applied the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No. 21; issued on September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22; issued on September 13, 2013), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7; issued on September 13, 2013), etc., starting from the first quarter of fiscal 2016. Accordingly, the method of recognition of the amount of difference arising from change in ZENRIN's equity in subsidiaries that remain under the control of ZENRIN was changed to recognition as capital surplus, and the method of recognition of acquisition-related expenses was changed to recognition as expenses in the fiscal year in which the expenses are incurred. In addition, concerning business combinations implemented at or after the beginning of the first quarter of fiscal 2016, the method of reflecting the adjustment of the allocated amount of the acquisition cost by the finalization of provisional accounting was changed to reflecting such on the quarterly consolidated financial statements of the fiscal quarter in which the date of business combination falls. Moreover, the presentation of net income, etc. was changed, and the presentation was changed from minority interests to non-controlling interests. To reflect the changes in presentation, the quarterly consolidated financial statements and consolidated financial statements of the first 2 quarters of fiscal 2015 and fiscal 2015 have been restated.

On the quarterly consolidated statement of cash flows of the first 2 quarters of fiscal 2016, cash flows associated with purchase or sale of subsidiary shares (changes in ownership interests in subsidiaries) that do not result in change in scope of consolidation are classified under "Cash flows from financing activities," and cash flows associated with expenses related to purchase of subsidiary shares resulting in change in scope of consolidation or expenses incurred in relation to purchase or sale of subsidiary shares that do not result in change in scope of consolidation are classified under "Cash flows from operating activities."

Application of the Accounting Standard for Business Combinations, etc. is in accordance with the transitional treatment provided in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures, based on which these are applied prospectively from the beginning of the first quarter of fiscal 2016.

As a result, capital surplus at the end of the second quarter of fiscal 2016 decreased by 76 million yen. The impact on income/profit (loss) in the first 2 quarters of fiscal 2016 is minimal.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

[Unit: million yen]		
	Fiscal 2015	Second quarter of fiscal 2016
	As of March 31, 2015	As of Sept. 30, 2015
Assets		
Current assets		
Cash and deposits	6,627	4,723
Notes and accounts receivable – trade	12,155	9,785
Electronically recorded monetary claims – operating	61	80
Securities	2	–
Merchandise and finished goods	1,011	892
Work in process	406	531
Raw materials and supplies	64	68
Other	2,828	2,658
Allowance for doubtful accounts	(9)	(7)
Total current assets	23,147	18,732
Non-current assets		
Property, plant and equipment		
Land	6,745	6,745
Other, net	8,303	8,133
Total property, plant and equipment	15,048	14,878
Intangible assets		
Goodwill	1,348	1,189
Software	8,963	8,715
Other	4,981	5,412
Total intangible assets	15,293	15,317
Investments and other assets		
Other	7,947	8,179
Allowance for doubtful accounts	(113)	(104)
Total investments and other assets	7,833	8,074
Total non-current assets	38,175	38,270
Total assets	61,322	57,002

[Unit: million yen]		
	Fiscal 2015	Second quarter of fiscal 2016
	As of March 31, 2015	As of Sept. 30, 2015
Liabilities		
Current liabilities		
Accounts payable – trade	2,514	1,776
Short-term loans payable	4,436	2,609
Income taxes payable	483	142
Provision for directors' bonuses	99	41
Other	7,447	6,824
Total current liabilities	14,983	11,394
Non-current liabilities		
Long-term loans payable	1,732	1,488
Provision for directors' retirement benefits	132	132
Net defined benefit liability	233	240
Asset retirement obligations	36	36
Other	2,241	2,396
Total non-current liabilities	4,376	4,294
Total liabilities	19,359	15,689
Net assets		
Shareholders' equity		
Capital stock	6,557	6,557
Capital surplus	13,111	13,132
Retained earnings	21,068	20,611
Treasury shares	(2,842)	(2,396)
Total shareholders' equity	37,894	37,904
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	478	382
Foreign currency translation adjustment	183	177
Remeasurements of defined benefit plans	921	912
Total accumulated other comprehensive income	1,583	1,472
Non-controlling interests	2,484	1,936
Total net assets	41,963	41,313
Total liabilities and net assets	61,322	57,002

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

	[Unit: million yen]	
	First 2 quarters of fiscal 2015 From: April 1, 2014 To: Sept. 30, 2014	First 2 quarters of fiscal 2016 From: April 1, 2015 To: Sept. 30, 2015
Net sales	22,556	24,734
Cost of sales	13,764	15,333
Gross profit	8,791	9,400
Selling, general and administrative expenses		
Personnel expenses	4,924	5,227
Provision for directors' bonuses	41	38
Retirement benefit expenses	143	127
Other	3,992	3,830
Total selling, general and administrative expenses	9,100	9,223
Operating income (loss)	(308)	176
Non-operating income		
Interest income	11	10
Dividend income	164	98
Share of profit of entities accounted for using equity method	4	45
Other	144	116
Total non-operating income	324	271
Non-operating expenses		
Interest expenses	17	16
Other	17	8
Total non-operating expenses	35	25
Ordinary income (loss)	(18)	422
Extraordinary income		
Gain on sales of non-current assets	403	0
Gain on sales of investment securities	—	6
Gain on redemption of golf club membership	—	3
Other	0	—
Total extraordinary income	403	9
Extraordinary losses		
Loss on sales and retirement of non-current assets	112	23
Impairment loss	187	—
Other	7	5
Total extraordinary losses	307	28
Income before income taxes and minority interests	77	403
Income taxes – current	375	219
Income taxes – deferred	(735)	46
Total income taxes	(359)	266
Profit	437	136
Profit attributable to non-controlling interests	243	16
Profit attributable to owners of parent	194	119

Quarterly Consolidated Statement of Comprehensive Income [Cumulative]

	[Unit: million yen]	
	First 2 quarters of fiscal 2015 From: April 1, 2014 To: Sept. 30, 2014	First 2 quarters of fiscal 2016 From: April 1, 2015 To: Sept. 30, 2015
Profit	437	136
Other comprehensive income		
Valuation difference on available-for-sale securities	117	(100)
Foreign currency translation adjustment	(72)	22
Remeasurements of defined benefit plans, net of tax	7	(9)
Share of other comprehensive income of entities accounted for using equity method	16	(28)
Total other comprehensive income	68	(116)
Comprehensive income	506	20
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of parent	266	8
Comprehensive income attributable to non-controlling interests	239	11

(3) Quarterly Consolidated Statement of Cash Flows

[Unit: million yen]

	First 2 quarters of fiscal 2015 From: April 1, 2014 To: Sept. 30, 2014	First 2 quarters of fiscal 2016 From: April 1, 2015 To: Sept. 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	77	403
Depreciation	2,500	2,478
Impairment loss	187	–
Amortization of goodwill	48	157
Increase (decrease) in provision for directors' bonuses	(43)	(58)
Decrease (increase) in net defined benefit asset	181	(58)
Increase (decrease) in net defined benefit liability	(143)	7
Interest and dividend income	(176)	(109)
Interest expenses	17	16
Share of (profit) loss of entities accounted for using equity method	(4)	(45)
Loss (gain) on sales and retirement of non-current assets	(291)	23
Loss (gain) on sales of investment securities	–	(6)
Decrease (increase) in notes and accounts receivable – trade	2,855	2,354
Decrease (increase) in inventories	(306)	(8)
Increase (decrease) in notes and accounts payable – trade	(650)	(738)
Increase (decrease) in accrued expenses	(630)	(324)
Increase (decrease) in accrued consumption taxes	195	(618)
Other, net	(454)	843
Subtotal	3,364	4,316
Interest and dividend income received	172	106
Interest expenses paid	(17)	(16)
Income taxes paid	(1,027)	(621)
Net cash provided by (used in) operating activities	2,492	3,784
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(2,619)	(2,238)
Purchase of investment securities	(0)	(310)
Other, net	572	13
Net cash provided by (used in) investing activities	(2,047)	(2,535)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,189)	(1,828)
Repayments of long-term loans payable	(248)	(243)
Repayments of lease obligations	(439)	(427)
Proceeds from sales of treasury shares	–	299
Cash dividends paid	(540)	(576)
Dividends paid to non-controlling interests	(39)	(79)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(312)
Other, net	(3)	(3)
Net cash provided by (used in) financing activities	(2,459)	(3,172)
Effect of exchange rate change on cash and cash equivalents	(64)	14
Net increase (decrease) in cash and cash equivalents	(2,079)	(1,908)
Cash and cash equivalents at beginning of period	6,456	6,393
Increase in cash and cash equivalents from newly consolidated subsidiary	329	–
Cash and cash equivalents at end of period	4,706	4,484

(4) 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- to Long-Term Business Plan ZGP2020***

Business composition	First 2 quarters of fiscal 2015	First 2 quarters of fiscal 2016	Amount of increase (decrease)	Rate of increase (decrease)	Main items
	million yen	million yen	million yen	%	
Publishing business	3,619	3,742	122	3.4	Printed residential maps, special-purpose maps, purchased products, and various media
GIS business	4,608	5,305	696	15.1	Residential map databases
ICT business	5,745	5,537	(207)	(3.6)	Services for smartphones, and map data provision for internet services
ITS business	5,302	5,337	34	0.6	Data for Japanese in-car navigation systems
Global business	1,124	1,258	133	11.9	Data for overseas in-car navigation systems, and various overseas content
Other business	2,155	3,552	1,396	64.8	General printing goods, direct mail delivery services, in-ship (enclosing in mail/packages) advertising, ...etc.
Total	22,556	24,734	2,177	9.7	