Financial Summary for Fiscal 2016
[Japanese GAAP] [Consolidated]

May 9, 2016

Name of listed company:	**ZENRIN Co., Ltd.**	Stock exchange listings: Tokyo and Fukuoka
Securities code:	9474	URL: http://www.zenrin.co.jp/
Representative: [Title]	President and CEO	TEL: +81-93-882-9050
[Name]	Zenshi Takayama	
Contact: [Title]	Executive Officer, and Head of Corporate Management Division	
[Name]	Masami Matsuo	

Scheduled date of holding of ordinary general meeting of shareholders: June 17, 2016
Scheduled date of submission of annual securities report: June 20, 2016
Scheduled date of commencement of dividend payouts: June 20, 2016
Preparation of supplementary explanatory materials on financial results: Yes
Holding of briefing session on financial results: Yes (briefing for institutional investors and analysts)

[Amounts are rounded down to the nearest million yen]

1. Consolidated Results of Operations in Fiscal 2016

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

(1) Consolidated Business Performance

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal 2016	54,970	5.1	3,038	27.2	3,427	24.6	1,610	10.1
Fiscal 2015	52,286	(2.4)	2,389	(24.9)	2,751	(24.9)	1,464	15.1

[Note] Comprehensive income Fiscal 2016: 768 million yen [(78.1%)] Fiscal 2015: 3,052 million yen [73.1%]

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
Fiscal 2016	44.21	–	4.0	5.7	5.5
Fiscal 2015	40.61	–	3.9	4.6	4.6

[Reference] Share of (profit) loss of entities accounted for using equity method Fiscal 2016: 102 million yen
Fiscal 2015: 12 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of equity to total assets	Net assets per share
	million yen	million yen	%	yen
Fiscal 2016	59,810	41,496	67.1	1,094.22
Fiscal 2015	61,322	41,963	64.4	1,094.70

[Reference] Equity Fiscal 2016: 40,143 million yen Fiscal 2015: 39,478 million yen

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal 2016	8,604	(4,945)	(4,900)	5,099
Fiscal 2015	7,122	(4,761)	(2,931)	6,393

2. Dividends

	Annual dividend					Total dividends	Payout ratio [Consolidated]	Ratio of dividends to net assets [Consolidated]
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal 2015	–	15.00	–	16.00	31.00	1,117	76.3	3.0
Fiscal 2016	–	15.50	–	17.00	32.50	1,187	73.5	3.0
Fiscal 2017 [forecast]	–	17.00	–	17.00	34.00		56.7	

3. Forecast for Consolidated Results of Operations in Fiscal 2017

ZENRIN's fiscal 2017 is the period from April 1, 2016 to March 31, 2017.

[% 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		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First 2 quarters [cumulative]	25,000	1.1	0	(100.0)	200	(52.7)	100	(16.6)	2.73
Fiscal year	57,000	3.7	3,400	11.9	3,700	7.9	2,200	36.6	59.97

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1. Analysis of Business Performance and Financial Position

(1) Analysis of Business Performance

1) Business Performance for Fiscal 2016

In fiscal 2016 (from April 1, 2015 to March 31, 2016), the Japanese economy was on a moderate recovery trend with the improvement in the employment and income situation as well as in corporate earnings partly due to the effects of various government and Bank of Japan policies, etc. despite economic slowdown in emerging Asian countries including China and resource-rich countries, etc.

In such an environment, the ZENRIN Group saw the 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 led to net sales of 54,970 million yen (increased 2,683 million yen, or up 5.1%, compared to the previous fiscal year), operating income of 3,038 million yen (increased 649 million yen, or up 27.2％, compared to the previous fiscal year), ordinary income of 3,427 million yen (increased 676 million yen, or up 24.6％, compared to the previous fiscal year) and profit attributable to owners of parent of 1,610 million yen (increased 145 million yen, or up 10.0%, compared to the previous fiscal year).

Starting from fiscal 2016, “net income” has been changed to “profit attributable to owners of parent” by applying the Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ASBJ) Statement No. 21, issued on September 13, 2013), etc.

[Segment Results of Operations]

① 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 46,140 million yen (increased 1,421 million yen, or up 3.2%, compared to the previous fiscal year) and segment income of 2,571 million yen (increased 574 million yen, or up 28.8%, compared to the previous fiscal year).

② General Printing Segment

The results of the General Printing segment were net sales of 3,649 million yen (decreased 105 million yen, or down 2.8%, compared to the previous fiscal year) and segment income of 82 million yen (increased 5 million yen, or up 6.9%, compared to the previous fiscal year).

③ Other

The results of other than that of the Map Database segment and General Printing segment were net sales of 5,179 million yen (increased 1,367 million yen, or up 35.9％, compared to the previous fiscal year) and segment income of 294 million yen (increased 117 million yen, or up 66.3％, compared to the previous fiscal year), which were due in part to the aforementioned impact of the subsidiary engaging in in-ship (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]

(a) Overview of Reportable Segments

Reportable segments of the ZENRIN Group are components of the ZENRIN Group for which discrete financial information is available and which are regularly reviewed by ZENRIN's board of directors in deciding how to allocate resources and in assessing performance.

The ZENRIN Group, mainly upon selling products related to map database to external customers, engages in an integrated map database business in which production (research/input and editing/processing, etc.) and sales (product sales/distribution, etc.) are divided among ZENRIN and the subsidiaries. On top of this, the Group is engaged in general printing business which conducts planning and designing as well as manufacturing and selling of commercial printing goods and other businesses.

Accordingly, the ZENRIN Group sets two segments - the Map Database segment and the General Printing segment – as its reportable segments, and other businesses are classified as "Other".

The Map Database segment manufactures and sells printed residential maps, special-purpose maps, residential map databases, map data for internet services, data for in-car navigation systems, etc., and provides services for smartphone. The General Printing segment manufactures and sells general printing goods.

(b) Basis for Calculating Reportable Segment Net Sales, Income or Loss, Assets, Liabilities and Other Account Items

Reportable segment income is the value on an operating income basis.
Intersegment sales or transfers are based on actual market price.

(c) Information on Reportable Segment Net Sales, Income or Loss, Assets, Liabilities and Other Account Items

Fiscal 2015 (from April 1, 2014 to March 31, 2015)

[Unit: million yen]

	Reportable segments			Other [Note]	Total
	Map Database segment	General Printing segment	Total		
Net sales					
Net sales to external customers	44,718	3,754	48,473	3,812	52,286
Intersegment net sales or transfers	70	522	592	87	680
Total	44,789	4,276	49,066	3,900	52,967
Segment income (loss)	1,996	76	2,073	176	2,250
Segment assets	43,325	4,638	47,964	2,390	50,354
Other account items					
Depreciation and amortization	4,670	153	4,824	42	4,866
Amortization of goodwill	78	–	78	147	226
Investments in affiliates accounted for by equity method	471	–	471	–	471
Additions to property, plant and equipment and intangible assets	6,134	287	6,421	59	6,480

[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.

Fiscal 2016 (from April 1, 2015 to March 31, 2016)

[Unit: million yen]

	Reportable segments			Other [Note]	Total
	Map Database segment	General Printing segment	Total		
Net sales					
Net sales to external customers	46,140	3,649	49,790	5,179	54,970
Intersegment net sales or transfers	85	549	635	104	739
Total	46,226	4,199	50,425	5,283	55,709
Segment income (loss)	2,571	82	2,653	294	2,947
Segment assets	42,266	4,701	46,967	2,215	49,182
Other account items					
Depreciation and amortization	4,899	160	5,060	46	5,106
Amortization of goodwill	83	—	83	230	314
Investments in affiliates accounted for by equity method	532	—	532	—	532
Additions to property, plant and equipment and intangible assets	5,278	265	5,543	32	5,575

[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.

(d) Difference between Total for Reportable Segments and Amount on Consolidated Financial Statements, and Principal Components of the Difference in Amount (Matters Concerning Reconciliation of Differences)

[Unit: million yen]

Net sales	Fiscal 2015	Fiscal 2016
Total for reportable segments	49,066	50,425
Net sales of “Other” item	3,900	5,283
Eliminations of intersegment transactions	(680)	(739)
Net sales on consolidated financial statements	52,286	54,970

[Unit: million yen]

Income	Fiscal 2015	Fiscal 2016
Total for reportable segments	2,073	2,653
Income of “Other” item	176	294
Eliminations of intersegment transactions	138	90
Operating income on consolidated financial statements	2,389	3,038

[Unit: million yen]

Assets	Fiscal 2015	Fiscal 2016
Total for reportable segments	47,964	46,967
Assets of “Other” item	2,390	2,215
Corporate assets [Note]	11,293	10,906
Eliminations of intersegment transactions	(324)	(278)
Total assets on consolidated financial statements	61,322	59,810

[Note] Corporate assets are primarily surplus management funds (cash and deposits), long-term investment funds (investment securities) and assets related to administrative departments that are not attributable to reportable segments.

[Unit: million yen]

Other account items	Total for reportable segments		Other		Reconciliation		Amount on consolidated financial statements	
	Fiscal 2015	Fiscal 2016	Fiscal 2015	Fiscal 2016	Fiscal 2015	Fiscal 2016	Fiscal 2015	Fiscal 2016
Depreciation and amortization	4,824	5,060	42	46	138	74	5,005	5,181
Amortization of goodwill	78	83	147	230	–	–	226	314
Investments in affiliates accounted for by equity method	471	532	–	–	–	–	471	532
Additions to property, plant and equipment and intangible assets	6,421	5,543	59	32	38	–	6,519	5,575

[Note] Reconciliation of additions to property, plant and equipment and intangible assets is for capital investments in buildings, etc. that are not attributable to reportable segments.

(e) Related Information

Fiscal 2015 (from April 1, 2014 to March 31, 2015)

1. **Information by Product and Service**
   Disclosure is omitted because the product and service categories are the same as reportable segments.
2. **Information by Geographic Location**
   (1) Net Sales
   Disclosure is omitted because net sales to external customers in Japan account for over 90% of the net sales on consolidated statement of income.
   (2) Property, Plant and Equipment
   Disclosure is omitted because the amount of property, plant and equipment located in Japan accounts for over 90% of the amount of property, plant and equipment on consolidated balance sheets.
3. **Information by Major Customer**

[Unit: million yen]

Name of customer	Net sales	Name of related segment
NTT DOCOMO, INC.	7,389	Map Database segment

Fiscal 2016 (from April 1, 2015 to March 31, 2016)

1. **Information by Product and Service**
   Disclosure is omitted because the product and service categories are the same as reportable segments.
2. **Information by Geographic Location**
   (1) Net Sales
   Disclosure is omitted because net sales to external customers in Japan account for over 90% of the net sales on consolidated statement of income.
   (2) Property, Plant and Equipment
   Disclosure is omitted because the amount of property, plant and equipment located in Japan accounts for over 90% of the amount of property, plant and equipment on consolidated balance sheets.

3. Information by Major Customer

[Unit: million yen]

Name of customer	Net sales	Name of related segment
NTT DOCOMO, INC.	6,280	Map Database segment

(f) Information on Impairment Loss on Non-Current Assets by Reportable Segment

Fiscal 2015 (from April 1, 2014 to March 31, 2015)

[Unit: million yen]

	Map Database segment	General Printing segment	Other	Eliminations and/or corporate	Total
Impairment loss	236	–	–	1	238

[Note] The amount of “Eliminations and/or corporate” is the impairment loss associated with corporate assets that are not attributable to a specific segment.

Fiscal 2016 (from April 1, 2015 to March 31, 2016)

[Unit: million yen]

	Map Database segment	General Printing segment	Other	Eliminations and/or corporate	Total
Impairment loss	209	–	–	0	209

[Note] The amount of “Eliminations and/or corporate” is the impairment loss associated with corporate assets that are not attributable to a specific segment.

(g) Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment

Fiscal 2015 (from April 1, 2014 to March 31, 2015)

[Unit: million yen]

	Map Database segment	General Printing segment	Other	Eliminations and/or corporate	Total
Amortization during the period	78	–	147	–	226
Balance at the end of current period	308	–	1,040	–	1,348

[Note] The amounts in “Other” are amounts for direct mail delivery services and other business activities.

Fiscal 2016 (from April 1, 2015 to March 31, 2016)

[Unit: million yen]

	Map Database segment	General Printing segment	Other	Eliminations and/or corporate	Total
Amortization during the period	83	–	230	–	314
Balance at the end of current period	51	–	809	–	860

[Note] The amounts in “Other” are amounts for direct mail delivery services and other business activities.

(h) Information on Gain on Negative Goodwill by Reportable Segment

Not applicable.

2) Forecast for Fiscal 2017

In the Japanese economy ahead, although careful attention should be paid to overseas economic trends, the recovery trend is anticipated to continue partially owing to the effects of various policies.

Under such an environment, the forecast of consolidated results for fiscal 2017 expects net sales of 57,000 million yen (increase of 2,029 million yen, or up 3.7%, compared to fiscal 2016), operating income of 3,400 million yen (increase of 361 million yen, or up 11.9%, compared to fiscal 2016), ordinary income of 3,700 million yen (increase of 272 million yen, or up 7.9%, compared to fiscal 2016) and profit attributable to owners of parent of 2,200 million yen (increase of 589 million yen, or up 36.6%, compared to fiscal 2016).

(2) Analysis of Financial Position

1) Overview of Fiscal 2016

Total assets at the end of fiscal 2016 stood at 59,810 million yen (decreased 1,512 million yen, or down 2.5%, compared to at the end of fiscal 2015). This was attributable to a decrease in cash and deposits in the amount of 1,522 million yen due to repayment of short-term loans, etc. as well as a decrease in other intangible assets in the amount of 2,294 million yen and an increase in software in the amount of 2,694 million yen due to change of software in progress to software in line with partial operation of ZENRIN integrated geospatial system and other factors.

Liabilities stood at 18,314 million yen (decreased 1,045 million yen, or down 5.4%, compared to at the end of fiscal 2015). This was attributable to increases in other and in income taxes payable of current liabilities in the amounts of 483 million yen and 467 million yen respectively, being offset by a decrease of short-term loans in the amount of 2,282 million yen.

Net assets stood at 41,496 million yen (decreased 467 million yen, or down 1.1%, compared to at the end of fiscal 2015). This was attributable to an increase in capital surplus in the amount of 202 million yen, which was due to disposal of treasury shares by third-party allotment in the amount of 374 million yen and deduction for additional purchase of consolidated subsidiary shares in the amount of 171 million yen, offset by a decrease in treasury shares in the amount of 828 million yen, which was due in part to the third-party allotment, and a decrease in non-controlling interests in the amount of 1,132 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 fiscal 2016 was up 2.7 points compared to at the end of fiscal 2015 to 67.1%.

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

Cash and cash equivalents at the end of fiscal 2016 stood at 5,099 million yen (decreased 1,294 million yen, or down 20.2%, compared to at the end of fiscal 2015).

Cash Flows from Operating Activities

Net cash provided by operating activities stood at 8,604 million yen (increased 1,481 million yen compared to the previous fiscal year). This was attributable to profit before income taxes in the amount of 3,042 million yen, income taxes paid in the amount of 861 million yen, an increase in notes and accounts receivable – trade in the amount of 668 million yen and other factors being offset by depreciation and amortization in the amount of 5,181 million yen, increases in accrued expenses and in notes and accounts payable - trade in the amounts of 384 million yen and 366 million yen respectively, and other factors of increase.

Cash Flows from Investing Activities

Net cash used in investing activities stood at 4,945 million yen (increased 183 million yen compared to the previous fiscal year). This was mainly attributable to purchase of property, plant and equipment and intangible assets in amount of 4,582 million yen.

Cash Flows from Financing Activities

Net cash used in financing activities stood at 4,900 million yen (increased 1,968 million yen compared to the previous fiscal year). This was mainly attributable to net decrease in short-term loans payable in the amount of 2,180 million yen, cash dividends paid in the amount of 1,140 million yen and repayments of lease obligations in the amount of 992 million yen.

2) Changes in Cash Flow Indicators

	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016
Ratio of equity to total assets [%]	65.8	63.9	61.7	64.4	67.1
Ratio of equity to total assets [%] (market value basis)	58.2	83.4	64.8	87.2	138.7
Ratio of interest-bearing liabilities to operating cash flows [years]	0.6	0.3	1.7	0.9	0.4
Interest coverage ratio [times]	134.2	254.8	137.5	189.6	243.5

[Notes] Each indicator is calculated in accordance with the following formulas, using consolidated financial figures.

- Ratio of equity to total assets: Equity / Total assets
- Ratio of equity to total assets (market value basis): Market capitalization / Total assets
  *Market capitalization is calculated by multiplying the number of shares issued and outstanding at the end of the fiscal year (excluding treasury shares) by the closing price per share at the end of the fiscal year.
- Ratio of interest-bearing liabilities to operating cash flows: Interest-bearing liabilities / Operating cash flows
  *Operating cash flows are the net cash provided by (used in) operating activities recorded on consolidated statement of cash flows.
  *Interest-bearing liabilities include all liabilities recorded on consolidated balance sheets on which interest is paid.
- Interest coverage ratio: Operating cash flows / Interest paid
  *Interest paid is the interest expenses paid recorded on consolidated statement of cash flows.

(3) Basic Policy on Distribution of Income, and Payment of Dividends in Fiscal 2015 and 2016

Positioning the returning of income to shareholders as a top priority, ZENRIN strives for sustainable corporate value enhancement, while adopting a basic policy of realizing stable, uninterrupted payments of dividends derived from income growth based on the medium- to long-term business plan on a consolidated basis. Under this policy, ZENRIN will aim for a dividend equity (DOE) [Note] on a consolidated basis of 3% or higher while maintaining dividends at the current level.

In addition, by continuing to consider purchasing treasury shares and other undertakings with the aim of ensuring an agile capital policy and enhancing capital efficiency, ZENRIN will return income to shareholders in accordance with the level of income on a consolidated basis while taking into account the maintaining of an adequate amount of internal reserves.

The internal reserves will be used for capital investment, research and development investment and other expenditures that are indispensable for business development in the future in order to keep pace with the rapid market changes.

ZENRIN expects 17 yen as the year-end dividend per share in fiscal 2016 based on the above policy. Combined with 15.5 yen already paid as the interim dividend per share, annual dividend per share is expected to be 32.5 yen.

Please note that this matter will be decided by resolution at ZENRIN's 56th ordinary general meeting of shareholders that is scheduled to be held on June 17, 2016.

Moreover, ZENRIN expects 34 yen as the annual dividend per share in fiscal 2017, with 17 yen as both the interim dividend per share and the year-end dividend per share.

[Note] Dividend on equity on a consolidated basis (DOE) = Total amount of dividends / Shareholders' equity

Shareholders' equity is the amount arrived at when the amount of treasury shares is subtracted from the sum total of common stock, capital surplus and retained earnings.

(4) Business and Other Risks

The following is a compilation of business and other risks to the ZENRIN Group that could materially impact the judgment of investors. The ZENRIN Group recognizes the existence of these risks, and is determined to do our utmost to prevent them from occurring and to respond appropriately should they occur. Furthermore, the following contains forward-looking statements, which are based on our judgment as of the end of fiscal 2016.

1) Risks Specific to Management Policies

(a) Securing and Nurturing Human Resources

The Map Database segment, which is the ZENRIN Group's core business, requires such human resources as highly-capable engineers and management personnel in charge of development to commercialize products, as top-flight skills are needed to link map databases and computer systems for developing databases and software tailored to customer specifications.

The map databases of the ZENRIN Group, which are based on highly detailed surveys conducted throughout Japan, also requires human resources who can efficiently manage a large number of surveyors working throughout the country, appropriately grasp revised information collected and delivered centrally to the production department and accurately incorporate it into the production process, thereby shortening the updating cycle and securing the accuracy of map data as expected of map databases.

Accordingly, failure to secure or nurture such human resources may adversely impact the ZENRIN Group's future growth, operating results and/or business development.

(b) Management of Personal Information

In addition to information on the ZENRIN Group's customers and employees, we handle names, addresses and other personal information relating to residents to be published or recorded on our residential maps and other products. Accordingly, we recognize the appropriate management of personal information as one of the fundamental principles of our business activities, as well as a social responsibility we bear.

With this recognition, the ZENRIN Group establishes regulations, procedures and other internal rules to govern the collection, use, storage and disposal of personal information, provides training for employees, and implements facility access control and other physical measures as well as computer system access control and other information security measures.

In the unlikely event of a personal information leak from the ZENRIN Group or a contracted supplier, however, there is the possibility that our operations may be restricted and that costs may increase to ensure compliance with applicable laws and regulations. Moreover, should a claim for damages and/or charge of insufficient management of personal information be brought against us resulting in a decline in public trust, there is a possibility that it may adversely impact the ZENRIN Group's operating results and/or business development.

(c) Obstacles in Overseas Markets

The ZENRIN Group has expanded our business into overseas markets in the fields of in-car navigation systems, GIS and data distribution, and has operations in North America, Europe and Asia. Although due consideration is given to such risks as those listed below, the respective region's various political, economic or legal barriers may adversely impact the ZENRIN Group's operating results and/or business development.

In addition, such factors as changes in the business strategies and development schedules of manufacturers in these regions may also result in failure to achieve operations as planned and thereby failure to secure profitability.

1) Unfavorable political or economic factors
2) Legal and regulatory changes
3) Restrictions on financing and the transmission of funds to Japan
4) Difficulties in recruiting and retaining excellent human resources
5) Terrorism, wars, epidemics, natural disasters, etc.
6) Religious and cultural differences
7) International currency fluctuations

(d) Expansion into Emerging Markets

The ZENRIN Group has expanded our business into emerging markets overseas where economic growth and market size are expected to expand.

Demand in emerging markets is susceptible to social and political risks, such as internal legislative changes and financial conditions, and may differ significantly from demand in Japan and other developed countries in such aspects as social infrastructure, consumer preferences and consumption behavior.

Going forward, due in part to such factors if we fail to accurately grasp market trends or fail to maintain good relationships with business partners, we may be unable to recover our investment to expand in emerging markets, which may adversely impact the ZENRIN Group’s operating results and/or business development.

(e) Production by Subsidiaries in the PRC

With the aim of reducing production costs, the ZENRIN Group has established a subsidiary in the People’s Republic of China (PRC). This subsidiary is responsible for inputting data, a part of the map database production process. There is a possibility that data input work at this subsidiary may be disrupted by political developments in the PRC, legal and regulatory changes, labor strikes and other unforeseen events.

In addition, large-scale earthquakes, floods or other natural disasters, epidemics, fires, power failures or political factors could force this subsidiary to suspend work. Such an occurrence would delay data input and thus may adversely impact the ZENRIN Group’s efforts to expand the Map Database segment.

2) Unusual Fluctuations in Financial Position or Operating Results

(a) Seasonal Fluctuations in Operating Results

The Map Database segment, which is the ZENRIN Group’s core business, is subject to significant seasonal demand fluctuations, and net sales tend to be concentrated in the second half of the fiscal year. The average breakdown of annual net sales for the past three fiscal years is 44.3% in the first half and 55.7% in the second half.

(b) Fluctuations in Retirement Benefit Obligations

The ZENRIN Group’s employee retirement benefit obligations and retirement benefit expenses are calculated based on assumptions regarding discount rates, future compensation levels and retirement rates, among others. The differences between these assumptions and actual figures are immediately recognized as obligations and, in principle, expensed over future accounting periods. Although we believe such assumptions to be appropriate, differences between actual figures and the assumptions or changes in the assumptions themselves, particularly further decline in discount rates and deterioration of investment yields, impact retirement benefit liabilities and retirement benefit expenses and, as a consequence, may adversely impact the ZENRIN Group’s operating results.

3) Dependence on Particular Business Partners

(a) Dependence on Particular Client Companies

Of the ZENRIN Group’s net sales, sales to particular telecommunications carriers in the field of data distribution, such as those for smartphones, account for a high proportion. In addition, in-car navigation sales are also primarily to companies that are affiliated with automobile manufacturers.

We have long-standing business relationships with these client companies and have mutual collaborative relationships with them to determine product specifications, develop technologies and improve map databases, among others. The ZENRIN Group intends to continue maintaining and developing solid collaborative relationships by keeping up efforts to satisfy customer needs through these client companies.

At the same time, however, we recognize that sales to these client companies are affected by their business policies and performance trends, etc. Should such client companies demand price reductions, terminate contracts, seek to amend contract terms, etc., the ZENRIN Group’s operating results and/or business development may be adversely impacted. Furthermore, there are inherent risks of potential decrease in end-consumers arising from changes in the market environment.

(b) Dependence on Particular Suppliers

Products provided by the ZENRIN Group in the Map Database segment include data for overseas in-car navigation systems. While we develop basic map databases in-house in the case of data for Japanese in-car navigation systems, we depend on particular suppliers for basic map databases in the case of data for overseas in-car navigation systems. The suspension of supplies may disrupt our continuous provision of data for overseas in-car navigation systems to our existing client companies and, as a result, the ZENRIN Group's operating results and/or business development may be adversely impacted.

4) Dependence on Particular Products and Technologies

(a) Dependence on Products Derived from Map Databases

To a significant degree, the ZENRIN Group's sales are dependent on sales of products derived from map databases. We are confident that sales of products derived from residential map databases and data for in-car navigation systems (hereafter, "map database-derived products") and from selling these map databases themselves will continue to grow, and we recognize that our future growth will depend primarily on the development of technologies and the enrichment of new content for the Map Database segment.

Going forward, the ZENRIN Group will continue working to develop new products that respond to the needs of the times. However, the production of map database-derived products necessitates specific technologies, while the planning of new content requires originality. In addition, a sophisticated and complex management approach is needed in future business development, including response to increasingly diverse customer needs.

As a consequence, we recognize the following inherent risks:

1) There is no guarantee that advance investments to facilitate the development of new services and content will enable us to respond to customer needs and yield significant results.
2) The increasing prevalence of PCs and the enhanced network environment are driving the diversification of customer needs. Failure to accurately and promptly provide the products and services that customers are seeking may place us in a situation that is disadvantageous to the ZENRIN Group's business development.
3) Despite our efforts to develop new products and technologies, there is no guarantee such products and technologies will be protected legally as intellectual property unique to ZENRIN, or that their competitive advantages will be secured long term.
4) As rapid technological innovation and drastic changes in customer needs occur, newly established production methods may rapidly become obsolete.
5) New entrants into the market for map database-derived products are increasing, and increased alternatives for customers may lead to intensified competition.

In addition to the above-mentioned risks, the ZENRIN Group's future growth, operating results and/or business development may be adversely impacted if the ZENRIN Group is unable to respond effectively to the increasing diversification of the Map Database segment and falls behind in the development of new products utilizing map databases.

(b) Potential for Recovering Costs of Surveying Necessary to Maintain the Accuracy and Freshness of Map Databases

Recent advances in the network environment are spurring the need for map database-derived products provided by the ZENRIN Group to have up-to-date map data. Recognizing that our ability to respond accurately to market needs is one of the major factors that have a significant impact on the ZENRIN Group's business development prospects, we continuously make substantial investments every fiscal year to cover the cost of surveying efforts to ensure map databases are updated. Surveying costs for developing map databases, which are the basis of our businesses, will continue to account for a large, fixed portion of cost of production, regardless of increases or decreases in net sales.

Accordingly, if we are unable to launch a steady stream of products that earn the support of customers, there is a possibility we may be unable to fully recover surveying costs, and this may adversely impact our operating results.

(c) Business Alliances with Other Companies

As part of our product development strategy, the ZENRIN Group is working to further enhance partnerships and business relations through business alliances with companies affiliated with automobile manufacturers, software developers, etc. Our aim is to realize synergies with external management resources and enhance management efficiency by concentrating technologies in high-priority businesses, thereby assisting our efforts to develop new technologies in the area of map databases, enhance content and expand into new business fields.

Should business strategies, trade terms or other factors prevent the establishment of such business alliances, etc., or result in their suspension, we may not reap the benefits of strong collaborations, which may adversely impact the ZENRIN Group's operating results and/or business development.

5) Laws and Regulations

(a) Infringement of Intellectual Property Rights

The ZENRIN Group files and registers patents and trademarks as needed for proprietary production technologies, newly developed products and other intellectual property eligible for protection by such rights. However, there is a possibility that we may fail to secure such rights. Should the ZENRIN Group's technologies, know-how or product names, etc. not be protected by patents and trademarks and used by other companies before us, the ZENRIN Group's product development and selling may be impeded.

The ZENRIN Group also conducts thorough studies and exercises caution to ensure that we do not infringe on the intellectual property rights of third parties. However, there is no guarantee that such scope of studies of the ZENRIN Group will be sufficient and complete. Furthermore, it would be difficult to completely and accurately predict how patents and other intellectual property rights will be applied to the ZENRIN Group's operations. In the unlikely event that the ZENRIN Group were to infringe on third party intellectual property rights, there is a possibility that we would be sued for damages, suspension of use exacted, etc. by said third party, and that we would be forced to compensate for the right in question.

Accordingly, this may adversely impact the ZENRIN Group's operating results and/or business development.

(b) Violation of the Antimonopoly Act

The ZENRIN Group recognizes compliance with Japan's Antimonopoly Act as a basic policy of operations. To ensure compliance, we are promoting employee education on such compliance of the Act, internal audits, etc. as main activities of the Group's organizational promotion of CSR.

In the unlikely event that a violation of the Antimonopoly Act occurs, however, it may result not only in legal sanctions, but also in a decline in public trust, both of which may adversely impact the ZENRIN Group's operating results and/or business development.

6) Other

(a) Possibility of Fluctuations in Market Share

Since launching ZENRIN Navisoft data for in-car navigation systems in 1992, the ZENRIN Group has expanded our business to command a top market share in Japan in the area of data for in-car navigation systems. Today, our in-car navigation business is evolving further and is expected to develop even more.

In IT-related businesses, companies from industries other than mapping, such as computers, telecommunications and content providers, are emerging as new market entrants. In the area of data for in-car navigation systems in which the ZENRIN Group strives, in particular, there is a possibility that other in-car navigation data producers, map database companies and in-car navigation system manufacturers may newly enter the market or expand their presence. Among these companies, there are companies that are larger than the ZENRIN Group and/or have more abundant management resources.

Going forward, should other companies capitalize on technological innovation to release new data for in-car navigation systems and gain market share, or should business alliances or other arrangements be established among competing companies, there is no guarantee the ZENRIN Group will be able to maintain our current market share. Such a situation may adversely impact the ZENRIN Group's operating results and/or business development.

(b) Risks of Product Defects and the Need for Recall

The products of the ZENRIN Group represent the integration of information gathered through in-house surveys, various information procured from external sources and production know-how, among others. The commercialization of such products requires sophisticated technologies and information processing capabilities.

The ZENRIN Group takes the utmost care in production of these products and conducts stringent quality inspections at each stage of the production process to ensure no defective products, including purchased products, are shipped. However, these efforts do not guarantee that defective products never make it into the market.

Should a defect be discovered in any product provided by the ZENRIN Group, additional costs may be incurred to implement a recall of the product, and in some cases we may be required to pay compensation to customers who have purchased the product in question. Such an incident may also result in a loss of trust and in public sanctions against the ZENRIN Group.

Furthermore, any occurrence of a defect that might lead to huge compensations or a loss of trust may adversely impact the ZENRIN Group's operating results and/or business development.

(c) Risks of Natural Disasters

If natural disasters, fires, epidemics or other incidents damage the ZENRIN Group's marketing and production bases, there is a possibility that our operations may be affected.

ZENRIN has taken precautions for disasters. These include preparing disaster prevention manuals on large-scale earthquakes and other natural disasters. However, these precautions may not fully protect us from damage caused by natural disasters and other incidents. If any damage occurs, it may adversely impact the ZENRIN Group's operating results and/or business development.

2. Management Policy

(1) Basic Policy on Corporate Management

Since its founding, ZENRIN has expanded the scope of its operations while ceaselessly contributing to society through the provision of map-related information as a leading company in the mapping business as the basis of its activities. The ZENRIN Group operates its businesses by setting the corporate philosophy of "Contributing to people’s lives by creating ZENRIN Geospatial Information" and adopting the mission of creating the future with map information under the slogan of "Maps to the Future." By also offering "better suited value" in these times when the value and needs demanded of map information keep changing significantly with the development of the information society, we aspire to be the "World’s No.1 Company in organizing information for mapping".

As a result of these endeavors, the ZENRIN Group will enhance corporate value in pursuit to be a corporate group that is attractive to shareholders as well as in the hopes to be a corporate group that keeps taking good care of its customers and employees and ceaselessly contributing to society.

(2) Medium- to Long-Term Corporate Management Strategy, and Tasks

[Year 2015-2019 ZENRIN Group Medium- to Long-Term Business Plan (announced on May 8, 2015)]

The ZENRIN group established and went ahead with “ZENRIN GROWTH PLAN 2020” (ZGP2020), a medium- to long-term business plan for the 5 years of year 2015 through year 2019 (fiscal year ended March 31, 2016 to fiscal year ending March 31, 2020) in order to realize ZENRIN’s management vision of becoming the " World’s No.1 Company in organizing information for mapping". The contents we announced on May 8, 2015 are as of the followings.

Under ZGP2020, ZENRIN aims to “make all maps in Japan based on ZENRIN” by achieving information differentiation and cost leadership to accommodate diversifying use of map information, such as expansion of location information service, response to heightening awareness of disaster prevention/mitigation and safety support of driving.

(Theme of ZGP2020)

“Make all maps in Japan based on ZENRIN”

(Basic structure)

Under ZGP2020, ZENRIN will put forth efforts based on the following three basic structures centering on the shift from “goods” to “activities” with an aim of not only providing services to accommodate needs but also creating new utility value of map information.

I. Earnings expansion through development of application by creating “scenes for using”

II. Stable operation of ZENRIN integrated geospatial System pursuing “QCDDS” (*1)

III. Reduction of the fixed cost ratio by realizing “productivity reform”

(*1) QCDDS: Quality, Cost, Delivery, Diversity, Scalability

(Basic policy for capital policy)

In an aim for sustainable corporate value enhancement, the ZENRIN Group will strive to improve return on equity (ROE), setting as a priority the task of increasing the operating margin by focusing on maintenance and business development of map DB, which is the earnings base, while also taking into account the balance between capital efficiency and financial soundness.

ROE of 8% will be set as the target until fiscal 2018 (year ending March 31, 2018) in light of ongoing prior maintenance and business development of map DB, and ROE of 12% or higher will be aimed in fiscal 2020 (year ending March 31, 2020).

(3) Target Management Indicators

The following are the numerical targets (on a consolidated basis) of ZGP2020 announced on May 8, 2015.

	Fiscal 2016 Forecast (Year Ending March 31, 2016)	Fiscal 2018 Target (Year Ending March 31, 2018)	Fiscal 2020 Target (Year Ending March 31, 2020)
Net sales	55.5 billion yen	60.0 billion yen	70.0 billion yen
Operating income	2.5 billion yen	5.0 billion yen	10.0 billion yen
Operating margin	4.5%	8.3%	14.2%
ROE	4%	8%	12% or higher
DOE (*2)	3% or higher	3% or higher	3% or higher

(*2) DOE: Dividend on equity on a consolidated basis = Total amount of dividends / Shareholders' equity
Shareholders' equity is the amount arrived at when the amount of treasury shares is subtracted from the sum total of common stock, capital surplus and retained earnings.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

[Unit: million yen]

	Fiscal 2015 As of March 31, 2015	Fiscal 2016 As of March 31, 2016
Assets		
Current assets		
Cash and deposits	6,627	5,105
Notes and accounts receivable – trade	12,155	12,806
Electronically recorded monetary claims – operating	61	68
Securities	2	3
Merchandise and finished goods	1,011	829
Work in process	406	318
Raw materials and supplies	64	83
Deferred tax assets	1,547	1,543
Other	1,280	1,029
Allowance for doubtful accounts	(9)	(8)
Total current assets	23,147	21,777
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,595	5,230
Machinery, equipment and vehicles, net	118	141
Land	6,745	6,744
Leased assets, net	1,841	2,034
Construction in progress	1	11
Other, net	746	590
Total property, plant and equipment	15,048	14,753
Intangible assets		
Goodwill	1,348	860
Software	8,963	11,657
Leased assets	12	34
Other	4,968	2,673
Total intangible assets	15,293	15,226
Investments and other assets		
Investment securities	3,150	3,431
Long-term loans receivable	9	9
Net defined benefit asset	3,299	2,657
Deferred tax assets	141	284
Other	1,346	1,791
Allowance for doubtful accounts	(113)	(120)
Total investments and other assets	7,833	8,053
Total non-current assets	38,175	38,032
Total assets	61,322	59,810

[Unit: million yen]

	Fiscal 2015	Fiscal 2016
	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Accounts payable – trade	2,514	2,875
Short-term loans payable	4,436	2,154
Lease obligations	806	759
Accrued expenses	3,021	3,403
Income taxes payable	483	951
Deferred tax liabilities	–	0
Provision for directors' bonuses	99	111
Provision for sales returns	–	4
Other	3,618	4,102
Total current liabilities	14,983	14,363
Non-current liabilities		
Long-term loans payable	1,732	1,344
Lease obligations	1,128	1,311
Deferred tax liabilities	122	102
Provision for directors' retirement benefits	132	132
Net defined benefit liability	233	237
Asset retirement obligations	36	36
Other	990	784
Total non-current liabilities	4,376	3,950
Total liabilities	19,359	18,314
Net assets		
Shareholders' equity		
Capital stock	6,557	6,557
Capital surplus	13,111	13,314
Retained earnings	21,068	21,537
Treasury shares	(2,842)	(2,013)
Total shareholders' equity	37,894	39,395
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	478	355
Foreign currency translation adjustment	183	(26)
Remeasurements of defined benefit plans	921	419
Total accumulated other comprehensive income	1,583	748
Non-controlling interests	2,484	1,352
Total net assets	41,963	41,496
Total liabilities and net assets	61,322	59,810

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

Consolidated Statement of Income

[Unit: million yen]

	Fiscal 2015 From: April 1, 2014 To: March 31, 2015	Fiscal 2016 From: April 1, 2015 To: March 31, 2016
Net sales	52,286	54,970
Cost of sales	30,824	33,092
Gross profit	21,462	21,877
Selling, general and administrative expenses		
Personnel expenses	10,449	10,688
Provision for directors' bonuses	99	113
Retirement benefit expenses	288	254
Provision of allowance for doubtful accounts	–	19
Other	8,235	7,762
Total selling, general and administrative expenses	19,072	18,839
Operating income	2,389	3,038
Non-operating income		
Interest income	24	18
Dividend income	179	114
Share of profit of entities accounted for using equity method	12	102
Real estate rent	88	51
Other	172	158
Total non-operating income	477	445
Non-operating expenses		
Interest expenses	38	35
Depreciation of assets for rent	17	7
Loss on cancellation of leases	0	10
Foreign exchange losses	49	–
Other	10	3
Total non-operating expenses	115	56
Ordinary income	2,751	3,427
Extraordinary income		
Gain on sales of non-current assets	417	0
Gain on sales of investment securities	–	6
Gain on liquidation of subsidiaries	–	16
Gain on change in equity	–	28
Other	0	3
Total extraordinary income	417	54
Extraordinary losses		
Loss on sales and retirement of non-current assets	244	217
Impairment loss	238	209
Other	68	12
Total extraordinary losses	551	440
Profit before income taxes	2,616	3,042
Income taxes – current	809	1,363
Income taxes – deferred	18	61
Total income taxes	828	1,425
Profit	1,788	1,616
Profit attributable to non-controlling interests	323	6
Profit attributable to owners of parent	1,464	1,610

Consolidated Statement of Comprehensive Income

[Unit: million yen]

	Fiscal 2015 From: April 1, 2014 To: March 31, 2015	Fiscal 2016 From: April 1, 2015 To: March 31, 2016
Profit	1,788	1,616
Other comprehensive income		
Valuation difference on available-for-sale securities	332	(127)
Foreign currency translation adjustment	234	(148)
Remeasurements of defined benefit plans, net of tax	1,096	(501)
Share of other comprehensive income of entities accounted for using equity method	50	(70)
Total other comprehensive income	1,714	(847)
Comprehensive income	3,502	768
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of parent	3,160	774
Comprehensive income attributable to non-controlling interests	342	(6)

(3) Consolidated Statement of Changes in Equity

Fiscal 2015 (from April 1, 2014 to March 31, 2015)

[Unit: million yen]

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,557	13,111	19,061	(2,840)	35,890
Cumulative effects of changes in accounting policies			1,377		1,377
Restated balance	6,557	13,111	20,439	(2,840)	37,267
Changes of items during period					
Dividends of surplus			(1,081)		(1,081)
Profit attributable to owners of parent			1,464		1,464
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares					–
Changes of scope of consolidation			246		246
Change in treasury shares of parent arising from transactions with non-controlling shareholders					–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	628	(1)	627
Balance at end of current period	6,557	13,111	21,068	(2,842)	37,894

	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	144	(82)	(174)	(112)	2,161	37,939
Cumulative effects of changes in accounting policies						1,377
Restated balance	144	(82)	(174)	(112)	2,161	39,316
Changes of items during period						
Dividends of surplus						(1,081)
Profit attributable to owners of parent						1,464
Purchase of treasury shares						(1)
Disposal of treasury shares						–
Changes of scope of consolidation						246
Change in treasury shares of parent arising from transactions with non-controlling shareholders						–
Net changes of items other than shareholders' equity	333	266	1,096	1,696	322	2,019
Total changes of items during period	333	266	1,096	1,696	322	2,646
Balance at end of current period	478	183	921	1,583	2,484	41,963

Fiscal 2016 (from April 1, 2015 to March 31, 2016)

[Unit: million yen]

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,557	13,111	21,068	(2,842)	37,894
Cumulative effects of changes in accounting policies					–
Restated balance	6,557	13,111	21,068	(2,842)	37,894
Changes of items during period					
Dividends of surplus			(1,141)		(1,141)
Profit attributable to owners of parent			1,610		1,610
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		374		831	1,205
Changes of scope of consolidation					–
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(171)			(171)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	202	469	828	1,500
Balance at end of current period	6,557	13,314	21,537	(2,013)	39,395

	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	478	183	921	1,583	2,484	41,963
Cumulative effects of changes in accounting policies						–
Restated balance	478	183	921	1,583	2,484	41,963
Changes of items during period						
Dividends of surplus						(1,141)
Profit attributable to owners of parent						1,610
Purchase of treasury shares						(2)
Disposal of treasury shares						1,205
Changes of scope of consolidation						–
Change in treasury shares of parent arising from transactions with non-controlling shareholders						(171)
Net changes of items other than shareholders' equity	(122)	(210)	(501)	(835)	(1,132)	(1,967)
Total changes of items during period	(122)	(210)	(501)	(835)	(1,132)	(467)
Balance at end of current period	355	(26)	419	748	1,352	41,496

(4) Consolidated Statement of Cash Flows

[Unit: million yen]

	Fiscal 2015 From: April 1, 2014 To: March 31, 2015	Fiscal 2016 From: April 1, 2015 To: March 31, 2016
Cash flows from operating activities		
Profit before income taxes	2,616	3,042
Depreciation	5,005	5,181
Impairment loss	238	209
Amortization of goodwill	226	314
Increase (decrease) in net defined benefit asset	156	(115)
Increase (decrease) in net defined benefit liability	(1,382)	4
Interest and dividend income	(203)	(132)
Interest expenses	38	35
Share of (profit) loss of entities accounted for using equity method	(12)	(102)
Loss (gain) on sales and retirement of non-current assets	(172)	217
Loss (gain) on sales of investment securities	–	(6)
Loss (gain) on change in equity	–	(28)
Loss (gain) on liquidation of subsidiaries	–	(16)
Decrease (increase) in notes and accounts receivable – trade	312	(668)
Decrease (increase) in inventories	(123)	249
Increase (decrease) in notes and accounts payable – trade	85	366
Increase (decrease) in accrued expenses	36	384
Increase (decrease) in accrued consumption taxes	804	(326)
Other, net	612	758
Subtotal	8,238	9,367
Interest and dividend income received	226	133
Interest expenses paid	(37)	(35)
Income taxes paid	(1,304)	(861)
Net cash provided by (used in) operating activities	7,122	8,604
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(5,737)	(4,582)
Purchase of investment securities	(0)	(330)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,255)	–
Other, net	2,231	(31)
Net cash provided by (used in) investing activities	(4,761)	(4,945)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,340)	(2,180)
Proceeds from long-term loans payable	900	–
Repayment of long-term loans payable	(492)	(486)
Repayments of lease obligations	(871)	(992)
Proceeds from sales of treasury shares	–	299
Cash dividends paid	(1,081)	(1,140)
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	(7)	(8)
Net cash provided by (used in) financing activities	(2,931)	(4,900)
Effect of exchange rate change on cash and cash equivalents	178	(53)
Net increase (decrease) in cash and cash equivalents	(391)	(1,294)
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	6,393	5,099

(5) Notes to Consolidated Financial Statements

Notes on the Going Concern Assumption

Not applicable.

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), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, issued on September 13, 2013), the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, issued on September 13, 2013), etc., starting from 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 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 consolidated financial statements of the fiscal year 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 consolidated financial statements of fiscal 2015 have been restated.

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 fiscal 2016.

As a result, capital surplus at the end of fiscal 2016 decreased by 171 million yen. The impact on income/profit (loss) in fiscal 2016 is minimal.

In the consolidated statement of cash flows for fiscal 2016, cash flows due to acquisition or sale of subsidiaries not resulting in change in scope of consolidation are stated in net cash provided by (used in) financing activities while cash flows due to expenses related to acquisition of subsidiaries resulting in change in scope of consolidation or expenses arisen in relation to acquisition or sale of subsidiaries not resulting in change in scope of consolidation are stated in net cash provided by (used in) operating activities.

The balance of capital surplus at the end of the period stated in the consolidated statement of changes in equity of fiscal 2016 decreased 171 million yen.

Furthermore, the impact on net assets per share and earnings per share is minimal.

Significant Subsequent Events

Not applicable.

4. Other

Sales Turnover based on Business Composition under Medium- to Long-Term Business Plan ZGP2020

Business composition	Fiscal 2015	Fiscal 2016	Amount of increase (decrease)	Rate of increase (decrease)	Main items
	million yen	million yen	million yen	%	
Publishing business	9,048	9,427	378	4.2	Printed residential maps, special-purpose maps, and purchased products
GIS business	11,002	12,026	1,023	9.3	Residential map databases
ICT business	12,054	11,433	(620)	(5.1)	Services for smartphones / mobile phones, and map data provision for internet services
ITS business	11,241	11,654	412	3.7	Data for Japanese in-car navigation systems
Global business	2,725	2,926	200	7.4	Data for overseas in-car navigation systems, and various overseas content
Other business	6,213	7,501	1,288	20.7	General printing goods, direct mail delivery services, in-ship (enclosing in mail/packages) advertising, etc.
Total	52,286	54,970	2,683	5.1	