



Financial Summary for First Quarter of Fiscal 2017 [Japanese GAAP] [Consolidated]

July 28, 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 [Name] Zenshi Takayama
 Contact [Title] Executive Officer and Head of Corporate Management Division [Name] Masami Matsuo TEL +81-93-882-9050
 Scheduled date of submission of quarterly securities report: July 29, 2016
 Scheduled date of commencement of dividend payments: —
 Preparation of supplementary explanatory materials on quarterly results: Yes
 Holding of briefing session on quarterly results: No

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results of Operations in First Quarter of Fiscal 2017

ZENRIN's first quarter of fiscal 2017 is the period from April 1, 2016 to June 30, 2016.

(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 quarter of fiscal 2017	11,163	(0.3)	(557)	—	(429)	—	(406)	—
First quarter of fiscal 2016	11,199	8.3	(284)	—	(121)	—	(134)	—

[Note] Comprehensive income First quarter of fiscal 2017: (698 million yen) [—%]
 First quarter of fiscal 2016: (126 million yen) [—%]

	Earnings per share	Diluted earnings per share
	yen	yen
First quarter of fiscal 2017	(11.09)	—
First quarter of fiscal 2016	(3.72)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of equity to total assets
	million yen	million yen	%
First quarter of fiscal 2017	55,186	40,143	70.4
Fiscal 2016	59,810	41,496	67.1

[Reference] Equity First quarter of fiscal 2017: 38,862million yen First quarter of fiscal 2016: 40,143 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 2016	—	15.50	—	17.00	32.50
Fiscal 2017	—				
Fiscal 2017 [forecast]		17.00	—	17.00	34.00

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

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 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	%	million yen	%
First 2 quarters	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

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

1. Qualitative Information on Quarterly Results

(1) Explanation of Business Performance

In the first quarter of fiscal 2017 (from April 1, 2016 to June 30, 2016), the Japanese economy was on a moderate recovery trend on the back of improvements in the employment and income situations. Meanwhile, uncertainty over the future of the nation's economy continued to prevail, as evidenced by the increasing concerns for the slowdown of the global economy.

In such an environment, the ZENRIN Group in the first quarter of fiscal 2017 reported net sales of 11,163 million yen (decreased 36 million yen, or down 0.3%, compared to the same period of the previous fiscal year), operating loss of 557 million yen (downturn of 272 million yen compared to the same period of the previous fiscal year), ordinary loss of 429 million yen (downturn of 307 million yen compared to the same period of the previous fiscal year) and loss attributable to owners of parent of 406 million yen (downturn of 272 million 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, reported robust sales related to GIS-utilizing residential map databases, despite the continuing decrease in the number of fee-paying subscribers to services for smartphones related to ICT. In terms of expenses, increases were reported in the amortization of the ZENRIN integrated geospatial system and the costs of product development.

As a result of the foregoing, the Map Database segment reported net sales of 9,208 million yen (increased 53 million yen, or up 0.6%, compared to the same period of the previous fiscal year) and segment loss of 542 million yen (downturn of 254 million yen compared to the same period of the previous fiscal year).

General Printing Segment

The General Printing segment reported net sales of 832 million yen (decreased 28 million yen, or down 3.3%, compared to the same period of the previous fiscal year) and segment loss of 41 million yen (improvement of 0 million yen compared to the same period of the previous fiscal year).

Other

The segment other than the Map Database segment and the General Printing segment reported net sales of 1,122 million yen (decreased 60 million yen, or down 5.1%, compared to the same period of the previous fiscal year) and segment income of 4 million yen (decreased 18 million yen, or down 79.6%, compared to the same period of the previous fiscal year).

(2) Explanation of Financial Position

Total assets at the end of the first quarter of fiscal 2017 amounted to 55,186 million yen (decreased 4,624 million yen, or down 7.7%, compared to the end of the previous fiscal year). This was attributable to the decrease in trade notes and accounts receivable in the amount of 4,749 million yen due to net sales in the first quarter of fiscal 2017 decreasing compared to the fourth quarter of fiscal 2016 as a result of seasonal fluctuations, which was offset by the increase in work in progress in the amount of 315 million yen.

Liabilities amounted to 15,042 million yen (decreased 3,272 million yen, or down 17.9%, compared to the end of the previous fiscal year). This was attributable to a decrease in trade accounts payable in the amount of 1,412 million yen due to payment, a decrease in short-term loans payable in the amount of 1,113 million yen due to repayment, and a decrease in income taxes payable in the amount of 888 million yen due to tax payment.

Net assets amounted to 40,143 million yen (decreased 1,352 million yen, or down 3.3%, compared to the end of the previous fiscal year). This was attributable to a decrease in retained earnings in the amount of 1,030 million yen due to dividends of surplus in the amount of 623 million

yen and loss attributable to owners of parent in the amount of 406 million yen.

As a result, the ratio of equity to total assets at the end of the first quarter of fiscal 2017 was 70.4% (up 3.3 points compared to the end of the previous fiscal year).

(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 2017 and in fiscal 2017 remain unchanged from that announced on May 9, 2016.

2. Matters Concerning Summary Information (Notes)

(1) Changes in Significant Subsidiaries in the First Quarter of Fiscal 2017

Not applicable.

While not qualifying as a change in specified subsidiary, ZENRIN GEO INTELLIGENCE CO., LTD. (former JPS Marketing Ltd.) has been included in the scope of the Company's consolidation starting from the first quarter of fiscal 2017, due to the acquisition of its shares.

INFOTRACK TELEMATICS PTE.LTD. has been excluded from the Company's scope of consolidation and included in the scope of companies accounted for using the equity method, as at the end of the first quarter of fiscal 2017, in conjunction with the partial disposal of the said company's shares, while INFOTRACK TELEMATICS PRIVATE LIMITED, a subsidiary of the said company has also been excluded from the scope of consolidation.

Additionally, during the first quarter of fiscal 2017, the Company made equity investments for the establishment of Dynamic Map Planning Co, Ltd. (an affiliate not accounted for by the equity method).

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

Changes in accounting policy that are difficult to distinguish from changes in accounting estimates

Change in the depreciation method of property, plant and equipment

Previously the Company and its domestic consolidated subsidiaries had primarily adopted the declining-balance method in the depreciation of property, plant and equipment (excluding lease assets). However, starting from the first quarter of fiscal 2017, the Company and its domestic consolidated subsidiaries, have changed the method of depreciation to the straight-line method.

In recent years, the focus of the ZENRIN Group's core business has been shifting from the sales of printed materials such as residential maps to flat-rate services associated with map data distribution. Furthermore, with the development of map databases based on the integrated geospatial information system in the first quarter of fiscal 2017, more efficient production of map data has become possible.

In conjunction with these changes, the Company, upon examination of the status of usage of its non-current assets, concluded that going forward it expects to use its property, plant and equipment stably in the long-term throughout their useful lives and that allocating the depreciation of property, plant and equipment evenly over their useful lives would appropriately reflect the status of their use; and accordingly, determined that changing its depreciation method to the straight-line method would be the most reasonable course of action.

As a result, in the first quarter of fiscal 2017, operating loss, ordinary loss and loss before income taxes improved by 28 million yen, respectively, compared with the amounts calculated using the previous method.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

[Unit: million yen]

	Fiscal 2016	First quarter of fiscal 2017
	As of March 31, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	5,105	4,889
Notes and accounts receivable – trade	12,806	8,056
Electronically recorded monetary claims – operating	68	43
Securities	3	3
Merchandise and finished goods	829	906
Work in process	318	633
Raw materials and supplies	83	83
Other	2,572	2,984
Allowance for doubtful accounts	(8)	(6)
Total current assets	21,777	17,594
Non-current assets		
Property, plant and equipment		
Land	6,744	6,743
Other, net	8,008	7,873
Total property, plant and equipment	14,753	14,617
Intangible assets		
Goodwill	860	946
Software	11,657	11,811
Other	2,708	2,264
Total intangible assets	15,226	15,022
Investments and other assets		
Other	8,174	8,054
Allowance for doubtful accounts	(120)	(102)
Total investments and other assets	8,053	7,951
Total non-current assets	38,032	37,591
Total assets	59,810	55,186

[Unit: million yen]

	Fiscal 2016 As of March 31, 2016	First quarter of fiscal 2017 As of June 30, 2016
Liabilities		
Current liabilities		
Accounts payable – trade	2,875	1,462
Short-term loans payable	2,154	1,041
Income taxes payable	951	62
Provision for directors' bonuses	111	25
Provision for sales returns	4	4
Other	8,265	8,651
Total current liabilities	14,363	11,246
Non-current liabilities		
Long-term loans payable	1,344	1,290
Provision for directors' retirement benefits	132	132
Net defined benefit liability	237	232
Asset retirement obligations	36	36
Other	2,198	2,103
Total non-current liabilities	3,950	3,795
Total liabilities	18,314	15,042
Net assets		
Shareholders' equity		
Capital stock	6,557	6,557
Capital surplus	13,314	13,314
Retained earnings	21,537	20,506
Treasury shares	(2,013)	(2,013)
Total shareholders' equity	39,395	38,364
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	355	229
Foreign currency translation adjustment	(26)	(144)
Remeasurements of defined benefit plans	419	412
Total accumulated other comprehensive income	748	497
Non-controlling interests	1,352	1,281
Total net assets	41,496	40,143
Total liabilities and net assets	59,810	55,186

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

[Unit: million yen]

	First quarter of fiscal 2016 From: April 1, 2015 To: June 30, 2016	First quarter of fiscal 2017 From: April 1, 2016 To: June 30, 2016
Net sales	11,199	11,163
Cost of sales	6,992	7,174
Gross profit	4,207	3,988
Selling, general and administrative expenses		
Personnel expenses	2,542	2,592
Provision for directors' bonuses	17	19
Retirement benefit expenses	63	68
Other	1,868	1,865
Total selling, general and administrative expenses	4,491	4,545
Operating loss	(284)	(557)
Non-operating income		
Interest income	5	2
Dividend income	93	93
Share of profit of entities accounted for using equity method	29	12
Other	48	30
Total non-operating income	176	139
Non-operating expenses		
Interest expenses	8	8
Other	5	2
Total non-operating expenses	14	11
Ordinary loss	(121)	(429)
Extraordinary income		
Gain on sales of investment securities	—	10
Gain on sales of non-current assets	0	—
Total extraordinary income	0	10
Extraordinary losses		
Loss on sales and retirement of non-current assets	2	48
Loss on valuation of investment securities	3	—
Other	—	4
Total extraordinary losses	5	52
Loss before income taxes	(127)	(471)
Income taxes – current	100	110
Income taxes – deferred	(93)	(157)
Total income taxes	6	(46)
Loss	(133)	(424)
Profit (loss) attributable to non-controlling interests	0	(17)
Loss attributable to owners of parent	(134)	(406)

Quarterly Consolidated Statement of Comprehensive Income [cumulative]

[Unit: million yen]

	First quarter of fiscal 2016 From: April 1, 2015 To: June 30, 2016	First quarter of fiscal 2017 From: April 1, 2016 To: June 30, 2016
Loss	(133)	(424)
Other comprehensive income		
Valuation difference on available-for-sale securities	31	(126)
Foreign currency translation adjustment	(20)	(114)
Remeasurements of defined benefit plans, net of tax	(4)	(7)
Share of other comprehensive income of entities accounted for using equity method	0	(24)
Total other comprehensive income	7	(273)
Comprehensive income	(126)	(698)
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of parent	(124)	(657)
Comprehensive income attributable to non-controlling interests	(2)	(40)

(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.

[Reportable Segment Information]

Segment Information

I. First Quarter of Fiscal 2016 (from April 1, 2015 to June 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	9,155	861	10,017	1,182	11,199
Intersegment net sales or transfers	17	55	73	7	80
Total	9,173	917	10,090	1,190	11,280
Segment income (loss)	(288)	(41)	(330)	23	(306)

[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	(330)
Income of "Other" item	23
Eliminations of intersegment transactions	22
Operating income (loss) on quarterly consolidated statement of income	(284)

II. First Quarter of Fiscal 2017 (from April 1, 2016 to June 30, 2016)

(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	9,208	832	10,041	1,122	11,163
Intersegment net sales or transfers	18	43	61	16	78
Total	9,227	875	10,103	1,139	11,242
Segment income (loss)	(542)	(41)	(584)	4	(579)

[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	(584)
Income of "Other" item	4
Eliminations of intersegment transactions	22
Operating income (loss) on quarterly consolidated statement of income	(557)

(c) Changes to Reportable Segments and Other

Change in the Depreciation Method of Property, Plant and Equipment

As stated in "Changes in accounting policy that are difficult to distinguish from changes in accounting estimates," previously, the Company and its domestic consolidated subsidiaries had primarily adopted the declining-balance method in the depreciation of property, plant and equipment (excluding lease assets). However, starting from the first quarter of fiscal 2017, the Company and its domestic consolidated subsidiaries, have changed the method of depreciation to the straight-line method.

As a result, in the first quarter of fiscal 2017, segment loss improved by 25 million yen in the Map Database segment and by 2 million yen in the General Printing segment, and segment income increased by 0 million yen in the Other segment, compared with the amounts calculated using the previous method.

(d) Information on Impairment Loss on Non-Current Assets and Goodwill by Reportable Segment

Material Change in the Amount of Goodwill

In the Map Database segment, ZENRIN GEO INTELLIGENCE CO., LTD. (former JPS Marketing Ltd.) has been included in the scope of consolidation starting from the first quarter of fiscal 2017, due to the acquisition of its shares. As a result of this event the amount of goodwill stood at 147 million yen in the first quarter of fiscal 2017.

Business Combination

Business Combination through Acquisition

1. Outline of the business combination
 - a. Name and business of the acquired entity
Name of acquired entity: JPS Marketing Ltd.
Business of acquired entity: GIS marketing consulting services; and research, development and sales of GIS / marketing contents
 - b. Main reason for undertaking business combination
In order to strengthen the ZENRIN Group's GIS business by leveraging the know-how and various contents held by JPS Marketing Ltd., which is engaged in the GIS marketing business.
 - c. Date of business combination
April 1, 2016
 - d. Legal form of the business combination
Acquisition of shares for cash consideration
 - e. Name of entity after business combination
ZENRIN GEO INTELLIGENCE CO., LTD.
 - f. Ratio of acquired voting rights
100.0%
 - g. Main basis for determining the acquired entity
The Company acquired the shares of JPS Marketing Ltd. for cash consideration.
2. Period of results of operations of the acquired entity in the consolidated statement of income
From April 1, 2016 to June 30, 2016
3. Acquisition cost of the acquired entity and breakdown by type of consideration

Consideration for acquisition	Cash	177 million yen
Acquisition cost		177 million yen
4. Amount, cause and amortization method and amortization period of goodwill
 - a. Amount of goodwill
155 million yen
 - b. Cause of goodwill
Profitability anticipated in the future as a result of future business development exceeds net asset value.
 - c. Amortization method and amortization period
Straight-line method over five years

4. Supplementary Information

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

Business category	First quarter of fiscal 2016	First quarter of fiscal 2017	Amount of increase (decrease)	Rate of increase (decrease)	Main products
	million yen	million yen	million yen	%	
Publishing business	1,449	1,436	(13)	(0.9)	Printed residential maps, special-purpose maps, purchased products, and various media
GIS business	2,348	2,432	83	3.6	Residential map databases
ICT business	2,519	2,451	(67)	(2.7)	Services for smartphones, and map data provision for internet services
ITS business	2,521	2,553	32	1.3	Data for Japanese in-car navigation systems
Global business	508	534	25	5.1	Data for overseas in-car navigation systems, and various overseas content
Other business	1,852	1,755	(96)	(5.2)	General printing goods, direct mail delivery services, in-ship (enclosing in mail/packages) advertising, ...etc.
Total	11,199	11,163	(36)	(0.3)	