

Financial Summary for First 2 Quarters of Fiscal 2015 [Japanese GAAP] [Consolidated]

October 31, 2014

Name of listed company: **ZENRIN Co., Ltd.** Stock exchange listings: Tokyo and Fukuoka
 Securities code: 9474 URL: <http://www.zenrin.co.jp/>
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 Contact: [Title] Executive Officer, and Head of Corporate Management Division [Name] Masami Matsuo
 Scheduled date of submission of quarterly securities report: November 4, 2014
 Scheduled date of commencement of dividend payouts: December 2, 2014
 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 2015

ZENRIN's first 2 quarters of fiscal 2015 is the period from April 1, 2014 to September 30, 2014.

(1) Consolidated Business Performance [Cumulative]

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

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
First 2 quarters of fiscal 2015	22,556	(6.1)	(308)	–	(18)	–	194	–
First 2 quarters of fiscal 2014	24,010	(7.1)	39	(98.5)	225	(91.8)	(250)	–

[Note] Comprehensive income First 2 quarters of fiscal 2015: 506 million yen [107.0%]
 First 2 quarters of fiscal 2014: 244 million yen [(81.1%)]

	Net income per share	Diluted net income per share
	yen	yen
First 2 quarters of fiscal 2015	5.39	–
First 2 quarters of fiscal 2014	(6.82)	–

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of equity to total assets
	million yen	million yen	%
First 2 quarters of fiscal 2015	56,283	39,487	66.0
Fiscal 2014	57,989	37,939	61.7

[Reference] Equity First 2 quarters of fiscal 2015: 37,126 million yen Fiscal 2014: 35,777 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 2014	–	15.00	–	15.00	30.00
Fiscal 2015	–	15.00	–	–	–
Fiscal 2015 [forecast]	–	–	–	15.00	30.00

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

3. Forecast for Consolidated Results of Operations in Fiscal 2015

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

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Fiscal year	52,300	(2.4)	2,800	(12.0)	3,100	(15.4)	2,100	65.1	58.23

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

ATTACHMENT

1. Qualitative Information on Quarterly Results

(1) Explanation of Business Performance

In the first 2 quarters of fiscal 2015 (from April 1, 2014 to September 30, 2014), the Japanese economy continued to be on a moderate recovery trend, as evident by such factors as improvement in the employment situation due in part to the effects of the government's and Bank of Japan's various policies. On the other hand, in addition to lingering temporary impact on personal spending and corporate earnings on the rebound of the last-minute surge in demand ahead of the consumption tax hike implemented in April 2014, such factors as downward swings in overseas economies continued to still pose downside risks to the Japanese economy.

In such an environment, in addition to decrease in such sales as services for smartphones, a subsidiary's withdrawal from the sales promotion business and other factors led to net sales of 22,556 million yen (decreased 1,453 million yen, or down 6.1%, compared to the same period of the previous fiscal year), operating loss of 308 million yen (downturn of 348 million yen compared to the same period of the previous fiscal year) and ordinary loss of 18 million yen (downturn of 244 million yen compared to the same period of the previous fiscal year). In addition, the recording of -735 million yen in deferred income taxes due in part to the impact of deferred tax assets associated with loss carried forward of subsidiaries following restructuring led to net income of 194 million yen (improvement of 445 million yen compared to the same period of the previous fiscal year).

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

[Segment Results of Operations]

Map Database Segment

The Map Database segment, which is the ZENRIN Group's core business, saw robust sales related to GIS utilizing residential map databases. On the other hand, in addition to decrease in the number of fee-paying subscribers to services for smartphones related to ICT, the selling of printed residential maps also decreased.

The above resulted in Map Database segment net sales of 19,705 million yen (decreased 753 million yen, or down 3.7%, compared to the same period of the previous fiscal year) and segment loss of 442 million yen (downturn of 351 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 1,806 million yen (decreased 82 million yen, or down 4.3%, compared to the same period of the previous fiscal year) and segment loss of 0 million yen (downturn of 27 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 1,045 million yen (decreased 617 million yen, or down 37.1%, compared to the same period of the previous fiscal year) and segment income of 52 million yen (increased 23 million yen, or up 83.1%, compared to the same period of the previous fiscal year), which were mainly attributable to withdrawal from the selling of sales promotion products and commissioned CAD processing operations.

[Reportable Segment Information]**I. First 2 Quarters of Fiscal 2014 (from April 1, 2013 to September 30, 2013)****(a) Information on Reportable Segment Net Sales and Income or Loss Amount**

[Unit: million yen]

	Reportable segments			Other [Note]	Total
	Map Database segment	General Printing segment	Total		
Net sales					
Net sales to external customers	20,458	1,888	22,347	1,662	24,010
Intersegment net sales or transfers	36	137	174	94	268
Total	20,495	2,026	22,521	1,757	24,278
Segment income (loss)	(91)	26	(65)	28	(36)

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

(b) Total Amount of Reportable Segment Income or Loss Amount and its Difference in Amount with Amount on Quarterly Consolidated 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	(65)
Income of "Other" item	28
Eliminations of intersegment transactions	76
Operating income on quarterly consolidated statement of income	39

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

In the "Map Database segment," with acquisition of INFOTRACK TELEMATICS PTE. LTD. shares, the company and its subsidiary INFOTRACK TELEMATICS PRIVATE LIMITED are included in the scope of consolidation, starting from the second quarter of fiscal 2014. The amount of increase in goodwill arising from the concerned event was 290 million yen in the first 2 quarters of fiscal 2014.

II. 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.

(2) Explanation of Financial Position

Total assets at the end of the second quarter of fiscal 2015 amounted to 56,283 million yen (decreased 1,706 million yen, or down 2.9%, compared to at the end of the previous fiscal year). This was attributable to increase in software in the amount of 427 million yen being offset by decrease in cash and deposits in the amount of 1,760 million yen, which was due in part to payment of trade accounts payable and capital investment, and decrease in trade notes and accounts receivable in the amount of 2,758 million yen, which was due to net sales in the second quarter of fiscal 2015 decreasing compared to the fourth quarter of fiscal 2014 owing to seasonal fluctuations.

Liabilities amounted to 16,795 million yen (decreased 3,254 million yen, or down 16.2%, compared to at the end of the previous fiscal year). This was attributable to decrease in trade accounts payable in the amount of 630 million yen, which was due in part to payment, decrease in short-term loans payable in the amount of 1,186 million yen, which was due in part to repayment, and decrease in income taxes payable in the amount of 656 million yen, which was due in part to tax payment.

Net assets amounted to 39,487 million yen (increased 1,548 million yen, or up 4.1%, compared to at the end of the previous fiscal year). This was attributable to decrease in the amount of 540 million yen due to dividends of surplus being offset by addition of the amount of the effect of application of the Accounting Standard for Retirement Benefits, etc. to retained earnings at the beginning of the period as the initial fiscal year of application in the amount of 1,377 million yen.

As a result, the ratio of equity to total assets at the end of the second quarter of fiscal 2015 was 66.0% (up 4.3 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 2015.

Cash and cash equivalents at the end of the second quarter of fiscal 2015 were 4,706 million yen (decreased 1,750 million yen, or down 27.1%, compared to at the end of the previous fiscal year).

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to 2,492 million yen (increased 2,159 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 77 million yen, income taxes paid in the amount of 1,027 million yen, decrease in trade notes and accounts payable in the amount of 650 million yen and other factors of decrease being offset by decrease in trade notes and accounts receivable in the amount of 2,855 million yen, depreciation and amortization in the amount of 2,500 million yen and other factors of increase.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to 2,047 million yen (decreased 1,981 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 2,619 million yen.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to 2,459 million yen (increased 1,997 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 1,189 million yen, cash dividends paid in the amount of 540 million yen and repayments of lease obligations in the amount of 439 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 2015 is left unchanged from that announced on May 8, 2014.

2. Matters Concerning Summary Information (Notes)

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

Not applicable.

Although not falling under the category of changes in specified subsidiaries, a total of four companies that were non-consolidated subsidiaries of ZENRIN until fiscal 2014 (ZENRIN INTERMAP CO., LTD., ZENRIN PlusOne Co., Ltd., Will Smart Co., Ltd. and MRC CO., LTD.) are newly included in the scope of consolidation, starting from the first quarter of fiscal 2015. Of these, MRC CO., LTD. is excluded from the scope of consolidation in the second quarter of fiscal 2015 due to completion of liquidation on August 11, 2014.

ZENRIN PROMO Co., Ltd., which was a consolidated subsidiary in fiscal 2014, is excluded from the scope of consolidation due to an absorption-type merger into the consolidated subsidiary ZENRIN DataCom Co., Ltd. on April 1, 2014.

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.

ZENRIN acquired SEPTENI DIRECT MARKETING CO., LTD. stocks and changed the trade name from SEPTENI DIRECT MARKETING CO., LTD. to ZENRIN BIZNEXUS CO., LTD. on October 1, 2014. Furthermore, the company is scheduled to be included in the scope of consolidation, starting from the third quarter of fiscal 2015.

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

Changes in Accounting Policies

Application of Accounting Standard for Retirement Benefits, Etc.

ZENRIN has applied the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26; issued on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25; issued on May 17, 2012) for the provisions of the main clause of Paragraph 35 of the Accounting Standard for Retirement Benefits and the main clause of Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits, starting from the first quarter of fiscal 2015. Accordingly, the calculation method for retirement benefit obligations and service costs was revised, and the method of attributing expected retirement benefits to periods was changed from the straight-line basis to the benefit formula basis. In addition, the method for determining the discount rate was changed from the method using the discount rate based on the number of years approximate to the expected average remaining working life of employees to the method using the single weighted average discount rate reflecting the estimated timing of retirement benefit payment and amount per estimated timing of retirement benefit payment.

Application of the Accounting Standard for Retirement Benefits, etc. is in accordance with the transitional treatment provided in Paragraph 37 of the Accounting Standard for Retirement Benefits, based on which, at the beginning of the first 2 quarters of fiscal 2015, the amount of the effect accompanying the change in the calculation method for retirement benefit obligations and service costs is added to or deducted from retained earnings.

As a result, at the beginning of the first 2 quarters of fiscal 2015, net defined benefit asset of 1,675 million yen was recorded and net defined benefit liability decreased by 458 million yen, while retained earnings increased by 1,377 million yen. The impact on income (loss) and segment information in the first 2 quarters of fiscal 2015 is minimal.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

	[Unit: million yen]	
	Fiscal 2014	Second quarter of fiscal 2015
	As of March 31, 2014	As of Sept. 30, 2014
Assets		
Current assets		
Cash and deposits	6,631	4,871
Notes and accounts receivable – trade	12,070	9,312
Electronically recorded monetary claims – operating	24	52
Securities	–	2
Merchandise and finished goods	979	981
Work in process	277	598
Raw materials and supplies	52	61
Other	2,583	3,112
Allowance for doubtful accounts	(12)	(9)
Total current assets	22,607	18,982
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,140	6,124
Land	8,199	8,087
Other, net	2,570	3,095
Total property, plant and equipment	16,910	17,308
Intangible assets		
Goodwill	367	321
Software	8,388	8,815
Other	4,049	4,158
Total intangible assets	12,804	13,295
Investments and other assets		
Other	5,804	6,815
Allowance for doubtful accounts	(137)	(118)
Total investments and other assets	5,666	6,696
Total non-current assets	35,381	37,300
Total assets	57,989	56,283

	[Unit: million yen]	
	Fiscal 2014	Second quarter of fiscal 2015
	As of March 31, 2014	As of Sept. 30, 2014
Liabilities		
Current liabilities		
Accounts payable – trade	2,278	1,648
Short-term loans payable	5,774	4,587
Income taxes payable	853	196
Provision for directors' bonuses	84	43
Other	6,639	6,026
Total current liabilities	15,630	12,503
Non-current liabilities		
Long-term loans payable	1,304	1,076
Provision for directors' retirement benefits	127	132
Net defined benefit liability	1,797	1,504
Asset retirement obligations	20	20
Other	1,170	1,558
Total non-current liabilities	4,419	4,292
Total liabilities	20,050	16,795
Net assets		
Shareholders' equity		
Capital stock	6,557	6,557
Capital surplus	13,111	13,111
Retained earnings	19,061	20,339
Treasury shares	(2,840)	(2,841)
Total shareholders' equity	35,890	37,166
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	144	261
Foreign currency translation adjustment	(82)	(134)
Remeasurements of defined benefit plans	(174)	(167)
Total accumulated other comprehensive income	(112)	(40)
Minority interests	2,161	2,360
Total net assets	37,939	39,487
Total liabilities and net assets	57,989	56,283

(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 2014	First 2 quarters of fiscal 2015
	From: April 1, 2013 To: Sept. 30, 2013	From: April 1, 2014 To: Sept. 30, 2014
Net sales	24,010	22,556
Cost of sales	14,874	13,764
Gross profit	9,135	8,791
Selling, general and administrative expenses		
Personnel expenses	5,013	4,924
Provision for directors' bonuses	25	41
Provision for retirement benefits	172	-
Retirement benefit expenses	-	143
Provision of allowance for doubtful accounts	22	-
Other	3,862	3,992
Total selling, general and administrative expenses	9,096	9,100
Operating income (loss)	39	(308)
Non-operating income		
Interest income	7	11
Dividend income	68	164
Share of profit of entities accounted for using equity method	6	4
Other	156	144
Total non-operating income	239	324
Non-operating expenses		
Interest expenses	13	17
Depreciation of assets for rent	12	11
Foreign exchange losses	20	-
Other	7	6
Total non-operating expenses	53	35
Ordinary income (loss)	225	(18)
Extraordinary income		
Gain on sales of non-current assets	97	403
Other	-	0
Total extraordinary income	97	403
Extraordinary losses		
Loss on sales and retirement of non-current assets	57	112
Impairment loss	-	187
Loss on sales of shares of subsidiaries and associates	46	-
Other	51	7
Total extraordinary losses	154	307
Income before income taxes and minority interests	168	77
Income taxes – current	453	375
Income taxes – deferred	(275)	(735)
Total income taxes	178	(359)
Income (loss) before minority interests	(9)	437
Minority interests in income	240	243
Net income (loss)	(250)	194

Quarterly Consolidated Statement of Comprehensive Income [Cumulative]

	[Unit: million yen]	
	First 2 quarters of fiscal 2014	First 2 quarters of fiscal 2015
	From: April 1, 2013 To: Sept. 30, 2013	From: April 1, 2014 To: Sept. 30, 2014
Income (loss) before minority interests	(9)	437
Other comprehensive income		
Valuation difference on available-for-sale securities	132	117
Foreign currency translation adjustment	162	(72)
Remeasurements of defined benefit plans, net of tax	-	7
Share of other comprehensive income of entities accounted for using equity method	(40)	16
Total other comprehensive income	254	68
Comprehensive income	244	506
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of parent	(27)	266
Comprehensive income attributable to minority interests	272	239

(3) Quarterly Consolidated Statement of Cash Flows

	[Unit: million yen]	
	First 2 quarters of fiscal 2014	First 2 quarters of fiscal 2015
	From: April 1, 2013 To: Sept. 30, 2013	From: April 1, 2014 To: Sept. 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	168	77
Depreciation and amortization	2,167	2,500
Impairment loss	–	187
Amortization of goodwill	–	48
Increase (decrease) in provision for directors' bonuses	(135)	(43)
Increase (decrease) in provision for retirement benefits	(8)	–
Decrease (increase) in net defined benefit asset	–	181
Increase (decrease) in net defined benefit liability	–	(143)
Interest and dividend income	(76)	(176)
Interest expenses	13	17
Share of (profit) loss of entities accounted for using equity method	(6)	(4)
Loss (gain) on sales and retirement of non-current assets	(40)	(291)
Loss (gain) on sales of shares of subsidiaries and associates	46	–
Decrease (increase) in notes and accounts receivable – trade	2,624	2,855
Decrease (increase) in inventories	(261)	(306)
Increase (decrease) in notes and accounts payable – trade	(487)	(650)
Increase (decrease) in accrued expenses	(1,059)	(630)
Increase (decrease) in accrued consumption taxes	(240)	195
Other, net	(569)	(454)
Subtotal	2,132	3,364
Interest and dividend income received	75	172
Interest expenses paid	(13)	(17)
Income taxes paid	(1,862)	(1,027)
Net cash provided by (used in) operating activities	332	2,492
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(4,058)	(2,619)
Proceeds from sales of property, plant and equipment and intangible assets	102	471
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(126)	–
Other, net	54	100
Net cash provided by (used in) investing activities	(4,028)	(2,047)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	720	(1,189)
Repayments of long-term loans payable	(204)	(248)
Repayments of lease obligations	(423)	(439)
Proceeds from sales of treasury shares	103	–
Cash dividends paid	(551)	(540)
Cash dividends paid to minority shareholders	(105)	(39)
Other, net	(0)	(3)
Net cash provided by (used in) financing activities	(462)	(2,459)
Effect of exchange rate change on cash and cash equivalents	124	(64)
Net increase (decrease) in cash and cash equivalents	(4,034)	(2,079)
Cash and cash equivalents at beginning of period	8,154	6,456
Increase in cash and cash equivalents from newly consolidated subsidiary	–	329
Cash and cash equivalents at end of period	4,120	4,706

(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-Term Business Plan ZGP2015***

Business composition	First 2 quarters of fiscal 2014	First 2 quarters of fiscal 2015	Amount of increase (decrease)	Rate of increase (decrease)	Main items
	million yen	million yen	million yen	%	
Advertising business	317	359	41	13.2	Various media
Publishing business	3,548	3,201	(347)	(9.8)	Printed residential maps, special-purpose maps, and purchased products
GIS business	4,457	4,839	381	8.6	Residential map databases
ICT business	6,739	5,858	(881)	(13.1)	Services for smartphones, and map data provision for internet services
ITS business	4,986	5,180	194	3.9	Data for Japanese in-car navigation systems
Global business	1,059	959	(99)	(9.4)	Data for overseas in-car navigation systems, and various overseas content
Other business	2,900	2,157	(742)	(25.6)	General printing goods, commissioned CAD processing ^{*1} , sales promotion products ^{*2} , etc.
Total	24,010	22,556	(1,453)	(6.1)	

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

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