

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

July 31, 2015

Name of listed company: **ZENRIN Co., Ltd.** Stock exchange listings: Tokyo and Fukuoka
 Securities code: 9474 URL: <http://www.zenrin.co.jp/>
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 [Name] Zenshi Takayama
 Contact: [Title] Executive Officer, and Head of Corporate Management Division
 [Name] Masami Matsuo
 Scheduled date of submission of quarterly securities report: August 3, 2015
 Scheduled date of commencement of dividend payouts: –
 Preparation of supplementary explanatory materials on quarterly results: Yes
 Holding of briefing session on quarterly results: None

[Amounts are rounded down to the nearest million yen]

1. Consolidated Results of Operations in First Quarter of Fiscal 2016

ZENRIN's first quarter of fiscal 2016 is the period from April 1, 2015 to June 30, 2015.

(1) Consolidated Business Performance [cumulative]

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
First quarter of fiscal 2016	11,199	8.3	(284)	–	(121)	–	(134)	–
First quarter of fiscal 2015	10,340	(8.7)	(707)	–	(476)	–	42	–

[Note] Comprehensive income First quarter of fiscal 2016: (126 million yen) [–%]
 First quarter of fiscal 2015: 230 million yen [516.6%]

	Earnings per share yen	Diluted earnings per share yen
First quarter of fiscal 2016	(3.72)	–
First quarter of fiscal 2015	1.17	–

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of equity to total assets
	million yen	million yen	%
First quarter of fiscal 2016	56,617	41,166	69.3
Fiscal 2015	61,322	41,963	64.4

[Reference] Equity First quarter of fiscal 2016: 39,244 million yen Fiscal 2015: 39,478 million yen

2. Dividends

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

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

3. Forecast for Consolidated Results of Operations in Fiscal 2016

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

[% figures 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	%	yen
First 2 quarters	24,700	9.5	(300)	–	(100)	–	(300)	–	(8.30)
Fiscal year	55,500	6.1	2,500	4.6	2,800	1.8	1,500	2.4	41.49

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

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

ATTACHMENT

1. Qualitative Information on Quarterly Results

(1) Explanation of Business Performance

In the first quarter of fiscal 2016 (from April 1, 2015 to June 30, 2015), the Japanese economy was on a moderate recovery trend, as evident by such factors as upturn in the earnings environment of export-oriented companies and corporate capital investment also picking up. On the other hand, slowdown in the growth of emerging economies and government debt problems in various countries, among other factors, continued to still pose downside risks to the Japanese economy and the state of uncertainty over the outlook therefor still persists.

In such an environment, the ZENRIN Group saw addition of the sales of a subsidiary that was newly included in the scope of consolidation, starting from the third quarter of fiscal 2015, and other factors lead to business performance in the first quarter of fiscal 2016 of net sales of 11,199 million yen (increased 859 million yen, or up 8.3%, compared to the same period of the previous fiscal year), operating loss of 284 million yen (improvement of 423 million yen compared to the same period of the previous fiscal year), ordinary loss of 121 million yen (improvement of 354 million yen compared to the same period of the previous fiscal year) and loss attributable to owners of parent of 134 million yen (downturn of 176 million yen compared to the same period of the previous fiscal year). Loss attributable to owners of parent was a downturn compared to the same period of the previous fiscal year due in part to there no longer being deferred income taxes associated with loss carried forward of subsidiaries following restructuring, which had been recognized in the same period of the previous fiscal year.

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

[Segment Results of Operations]

Map Database Segment

The Map Database segment, which is the ZENRIN Group's core business, saw an ongoing trend of decrease in the number of fee-paying subscribers to services for smartphones related to ICT, but robust sales related to GIS utilizing residential map databases.

The above resulted in Map Database segment net sales of 9,155 million yen (increased 83 million yen, or up 0.9%, compared to the same period of the previous fiscal year) and segment loss of 288 million yen (improvement of 452 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 861 million yen (decreased 45 million yen, or down 5.0%, compared to the same period of the previous fiscal year) and segment loss of 41 million yen (downturn of 22 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 1,182 million yen (increased 821 million yen, or up 227.5%, compared to the same period of the previous fiscal year) and segment income of 23 million yen (increased 15 million yen, or up 178.9%, compared to the same period of the previous fiscal year), which were due in part to the abovementioned impact of the subsidiary engaging in in-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]**I. First Quarter of Fiscal 2015 (from April 1, 2014 to June 30, 2014)****(a) Information on Reportable Segment Net Sales and Income or Loss Amount**

[Unit: million yen]

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

[Note] The "Other" item encompasses the selling of purchased products 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	(760)
Income of "Other" item	8
Eliminations of intersegment transactions	44
Operating income (loss) on quarterly consolidated statement of income	(707)

II. 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)

(2) Explanation of Financial Position

Total assets at the end of the first quarter of fiscal 2016 amounted to 56,617 million yen (decreased 4,705 million yen, or down 7.7%, compared to at the end of the previous fiscal year). This was attributable to decrease in trade notes and accounts receivable in the amount of 3,760 million yen, which was due to net sales in the first quarter of fiscal 2016 decreasing compared to the fourth quarter of fiscal 2015 owing to seasonal fluctuations, and decrease in cash and deposits in the amount of 1,517 million yen, which was due in part to payment of trade accounts payable and capital investment.

Liabilities amounted to 15,450 million yen (decreased 3,909 million yen, or down 20.2%, compared to at the end of the previous fiscal year). This was attributable to decrease in short-term loans payable in the amount of 1,950 million yen, which was due to repayment, decrease in trade accounts payable in the amount of 1,128 million yen, which was due to payment, and decrease in income taxes payable in the amount of 409 million yen, which was due to tax payment.

Net assets amounted to 41,166 million yen (decreased 796 million yen, or down 1.9%, compared to at the end of the previous fiscal year). This was attributable to increase in capital surplus in the amount of 20 million yen, which was due to gain on disposal of treasury shares by third-party allotment in the amount of 97 million yen and deduction for additional purchase of consolidated subsidiary shares in the amount of 76 million yen, being offset by decrease in retained earnings in the amount of 711 million yen, which was due to dividends of surplus in the amount of 577 million yen and loss attributable to owners of parent in the amount of 134 million yen, decrease in treasury shares in the amount of 446 million yen, which was due in part to the third-party allotment, and decrease in non-controlling interests in the amount of 561 million yen, which was due in part to the additional purchase of consolidated subsidiary shares.

As a result, the ratio of equity to total assets at the end of the first quarter of fiscal 2016 was 69.3% (up 4.9 points compared to at 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 2016 and in fiscal 2016 remain unchanged from that announced on May 8, 2015.

2. Matters Concerning Summary Information (Notes)

(1) Changes in Significant Subsidiaries in cumulative

Not applicable.

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

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

Changes in Accounting Policies

Application of Accounting Standard for Business Combinations, Etc.

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

As a result, capital surplus at the end of the first quarter of fiscal 2016 decreased by 76 million yen.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

	[Unit: million yen]	
	Fiscal 2015	First quarter of fiscal 2016
	As of March 31, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	6,627	5,110
Notes and accounts receivable – trade	12,155	8,395
Electronically recorded monetary claims – operating	61	44
Securities	2	2
Merchandise and finished goods	1,011	1,014
Work in process	406	652
Raw materials and supplies	64	59
Other	2,828	3,042
Allowance for doubtful accounts	(9)	(6)
Total current assets	23,147	18,314
Non-current assets		
Property, plant and equipment		
Land	6,745	6,745
Other, net	8,303	8,149
Total property, plant and equipment	15,048	14,894
Intangible assets		
Goodwill	1,348	1,259
Software	8,963	9,217
Other	4,981	4,722
Total intangible assets	15,293	15,199
Investments and other assets		
Other	7,947	8,310
Allowance for doubtful accounts	(113)	(101)
Total investments and other assets	7,833	8,208
Total non-current assets	38,175	38,303
Total assets	61,322	56,617

	[Unit: million yen]	
	Fiscal 2015	First quarter of fiscal 2016
	As of March 31, 2015	As of June 30, 2015
Liabilities		
Current liabilities		
Accounts payable – trade	2,514	1,386
Short-term loans payable	4,436	2,486
Income taxes payable	483	74
Provision for directors' bonuses	99	21
Other	7,447	7,267
Total current liabilities	14,983	11,236
Non-current liabilities		
Long-term loans payable	1,732	1,610
Provision for directors' retirement benefits	132	132
Net defined benefit liability	233	236
Asset retirement obligations	36	36
Other	2,241	2,197
Total non-current liabilities	4,376	4,213
Total liabilities	19,359	15,450
Net assets		
Shareholders' equity		
Capital stock	6,557	6,557
Capital surplus	13,111	13,132
Retained earnings	21,068	20,356
Treasury shares	(2,842)	(2,395)
Total shareholders' equity	37,894	37,650
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	478	509
Foreign currency translation adjustment	183	166
Remeasurements of defined benefit plans	921	917
Total accumulated other comprehensive income	1,583	1,593
Non-controlling interests	2,484	1,922
Total net assets	41,963	41,166
Total liabilities and net assets	61,322	56,617

(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 2015 From: April 1, 2014 To: June 30, 2014	First quarter of fiscal 2016 From: April 1, 2015 To: June 30, 2015
Net sales	10,340	11,199
Cost of sales	6,445	6,992
Gross profit	3,895	4,207
Selling, general and administrative expenses		
Personnel expenses	2,473	2,542
Provision for directors' bonuses	18	17
Retirement benefit expenses	71	63
Other	2,040	1,868
Total selling, general and administrative expenses	4,603	4,491
Operating loss	(707)	(284)
Non-operating income		
Interest income	6	5
Dividend income	159	93
Share of profit of entities accounted for using equity method	-	29
Other	88	48
Total non-operating income	253	176
Non-operating expenses		
Interest expenses	8	8
Share of loss of entities accounted for using equity method	0	-
Other	13	5
Total non-operating expenses	21	14
Ordinary loss	(476)	(121)
Extraordinary income		
Gain on sales of non-current assets	258	0
Total extraordinary income	258	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	80	2
Loss on valuation of investment securities	7	3
Impairment loss	0	-
Total extraordinary losses	88	5
Loss before income taxes and minority interests	(305)	(127)
Income taxes – current	167	100
Income taxes – deferred	(723)	(93)
Total income taxes	(555)	6
Profit (loss)	250	(133)
Profit attributable to non-controlling interests	207	0
Profit (loss) attributable to owners of parent	42	(134)

Quarterly Consolidated Statement of Comprehensive Income [cumulative]

	[Unit: million yen]	
	First quarter of fiscal 2015 From: April 1, 2014 To: June 30, 2014	First quarter of fiscal 2016 From: April 1, 2015 To: June 30, 2015
Profit (loss)	250	(133)
Other comprehensive income		
Valuation difference on available-for-sale securities	34	31
Foreign currency translation adjustment	(50)	(20)
Remeasurements of defined benefit plans, net of tax	3	(4)
Share of other comprehensive income of entities accounted for using equity method	(7)	0
Total other comprehensive income	(19)	7
Comprehensive income	230	(126)
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of parent	23	(124)
Comprehensive income attributable to non-controlling interests	207	(2)

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

Not applicable.

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

Not applicable.

4. Supplementary Information***Sales Turnover based on Business Composition under Medium- to Long-Term Business Plan ZGP2020***

Business composition	First quarter of fiscal 2015	First quarter of fiscal 2016	Amount of increase (decrease)	Rate of increase (decrease)	Main items
	million yen	million yen	million yen	%	
Publishing business	1,559	1,449	(109)	(7.0)	Printed residential maps, special-purpose maps, purchased products, and various media
GIS business	1,913	2,348	435	22.7	Residential map databases
ICT business	2,920	2,519	(401)	(13.7)	Services for smartphones, and map data provision for internet services
ITS business	2,357	2,521	164	7.0	Data for Japanese in-car navigation systems
Global business	508	508	0	0.1	Data for overseas in-car navigation systems, and various overseas content
Other business	1,082	1,852	770	71.2	General printing goods, direct mail delivery services, in-ship (enclosing in mail/packages) advertising, ...etc.
Total	10,340	11,199	859	8.3	