Financial Summary for First 2 Quarters of Fiscal 2017
[Japanese GAAP] [Consolidated]

October 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

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Scheduled date of submission of quarterly securities report: October 31, 2016

Scheduled date of commencement of dividend payments: December 2, 2016

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 2017

ZENRIN's first 2 quarters of fiscal 2017 is the period from April 1, 2016 to September 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 2 quarters of fiscal 2017	24,783	0.2	(378)	—	(207)	—	(387)	—
First 2 quarters of fiscal 2016	24,734	9.7	176	—	422	—	119	(38.3)

[Note] Comprehensive income First 2 quarters of fiscal 2017: (728 million yen) [—%]
First 2 quarters of fiscal 2016: 20 million yen [—%]

	Earnings per share	Diluted earnings per share
	yen	yen
First 2 quarters of fiscal 2017	(10.57)	—
First 2 quarters of fiscal 2016	3.31	—

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of equity to total assets
	million yen	million yen	%
First 2 quarters of fiscal 2017	57,650	40,142	67.3
Fiscal 2016	59,810	41,496	67.1

[Reference] Equity First 2 quarters of fiscal 2017: 38,805 million yen 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	—	17.00			
Fiscal 2017 [forecast]			—	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 represent the increase (decrease) compared to the previous fiscal year]

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
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 2 quarters of fiscal 2017 (from April 1, 2016 to September 30, 2016), the Japanese economy continued on a moderate recovery trend, as the employment and income situations improved and personal consumption also maintained a steady pace. Meanwhile, the effects of the slowdown of the Asian economies including the Chinese economy and other factors continued to put downward pressure on the domestic economy.

In such an environment, the ZENRIN Group in the first 2 quarters of fiscal 2017 reported net sales of 24,783 million yen (increased 49 million yen, or up 0.2%, compared to the same period of the previous fiscal year), operating loss of 378 million yen (downturn of 555 million yen compared to the same period of the previous fiscal year), ordinary loss of 207 million yen (downturn of 630 million yen compared to the same period of the previous fiscal year) and loss attributable to owners of parent of 387 million yen (downturn of 507 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, reported robust sales related to GIS-utilizing residential map databases, despite the decrease in sales from projects commissioned by the local governments, among others. In terms of expenses, increases including increases in the amortization of the ZENRIN integrated geospatial system were reported, in addition to an increase in selling, general and administrative expenses including personnel expenses.

As a result of the foregoing, the Map Database segment reported net sales of 20,668 million yen (increased 162 million yen, or up 0.8%, compared to the same period of the previous fiscal year) and segment loss of 385 million yen (downturn of 487 million yen compared to the same period of the previous fiscal year).

General Printing Segment

The General Printing segment reported net sales of 1,655 million yen (decreased 83 million yen, or down 4.8%, compared to the same period of the previous fiscal year) and segment loss of 71 million yen (downturn of 34 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 2,459 million yen (decreased 30 million yen, or down 1.2%, compared to the same period of the previous fiscal year) and segment income of 35 million yen (decreased 30 million yen, or down 46.4%, compared to the same period of the previous fiscal year).

(2) Explanation of Financial Position

Total assets at the end of the second quarter of fiscal 2017 amounted to 57,650 million yen (decreased 2,159 million yen, or down 3.6% compared to the end of the previous fiscal year). This was attributable to the increase in goodwill in the amount of 813 million yen due to the inclusion of Abalta Technologies, Inc. and its subsidiary, Abalta Technologies EOOD, in the scope of consolidation in conjunction with the acquisition of the shares of Abalta Technologies, Inc., in addition to decrease in trade notes and accounts receivable in the amount of 3,094 million yen due to net sales in the second quarter of fiscal 2017 decreasing compared to the fourth quarter of fiscal 2016 as a result of seasonal fluctuations.

Liabilities amounted to 17,508 million yen (decreased 806 million yen, or down 4.4% compared to the end of the previous fiscal year). This was attributable to a decrease in trade accounts

payable in the amount of 987 million yen due to payment and the decrease in income taxes payable in the amount of 823 million yen due to tax payment, which were offset by the net increase in short-term loans payable used as working capital in the amount 834 million yen.

Net assets amounted to 40,142 million yen (decreased 1,353 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 1,011 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 387 million yen, in addition to an increase in capital surplus in the amount of 47 million yen due to the establishment of the Board Benefit Trust (BBT) and an increase in treasury shares in the amount of 48 million yen.

As a result, the ratio of equity to total assets at the end of the second quarter of fiscal 2017 was 67.3% (up 0.2 points compared to the end of the previous fiscal year).

The following outlines the status of cash flows in the first 2 quarters of fiscal 2017.

Cash and cash equivalents at the end of the second quarter of fiscal year 2017 were 4,719 million yen (decreased 380 million yen, or down 7.5 %, compared to the end of the previous fiscal year)

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to 3,636 million yen (decreased 148 million yen compared to the same period of the previous fiscal year). This was attributable to loss before income taxes in the amount of 268 million yen, income taxes paid in the amount of 1,070 million yen, and a decrease in trade notes and accounts payable in the amount of 981 million yen and other factors of decrease being offset by a decrease in trade notes and accounts receivable in the amount of 3,149 million yen and depreciation in the amount of 2,714 million yen and other factors of increase.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to 2,954 million yen (increased 419 million 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 2,099 million yen and purchase of shares of subsidiaries resulting in change in scope of consolidation in the amount of 809 million yen.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to 908 million yen (decreased 2,263 million yen compared to the same period of the previous fiscal year). This was mainly attributable to proceeds from long-term loans payable in the amount of 500 million yen, which was offset by cash dividends paid in the amount of 622 million yen and repayments of lease obligations in the amount of 611 million yen.

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

The forecast for the consolidated results of operations in fiscal 2017 remains unchanged from the forecast 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.

Abalta Technologies, Inc. and its subsidiary, Abalta Technologies EOOD have been included in the scope of consolidation starting from the second quarter of fiscal 2017, in conjunction with 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 2 quarters of fiscal 2017, operating loss, ordinary loss and loss before income taxes improved by 59 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 As of March 31, 2016	Second quarter of fiscal 2017 As of September 30, 2016
Assets		
Current assets		
Cash and deposits	5,105	4,725
Notes and accounts receivable – trade	12,806	9,711
Electronically recorded monetary claims – operating	68	56
Securities	3	—
Merchandise and finished goods	829	842
Work in process	318	572
Raw materials and supplies	83	78
Other	2,572	2,774
Allowance for doubtful accounts	(8)	(8)
Total current assets	21,777	18,754
Non-current assets		
Property, plant and equipment		
Land	6,744	6,743
Other, net	8,008	8,481
Total property, plant and equipment	14,753	15,225
Intangible assets		
Goodwill	860	1,674
Software	11,657	11,203
Other	2,708	2,823
Total intangible assets	15,226	15,701
Investments and other assets		
Other	8,174	8,083
Allowance for doubtful accounts	(120)	(113)
Total investments and other assets	8,053	7,969
Total non-current assets	38,032	38,896
Total assets	59,810	57,650

[Unit: million yen]

	Fiscal 2016 As of March 31, 2016	Second quarter of fiscal 2017 As of September 30, 2016
Liabilities		
Current liabilities		
Accounts payable – trade	2,875	1,888
Short-term loans payable	2,154	2,989
Income taxes payable	951	127
Provision for directors' bonuses	111	45
Provision for sales returns	4	4
Other	8,265	8,570
Total current liabilities	14,363	13,625
Non-current liabilities		
Long-term loans payable	1,344	818
Provision for directors' retirement benefits	132	132
Net defined benefit liability	237	237
Asset retirement obligations	36	36
Other	2,198	2,656
Total non-current liabilities	3,950	3,882
Total liabilities	18,314	17,508
Net assets		
Shareholders' equity		
Capital stock	6,557	6,557
Capital surplus	13,314	13,362
Retained earnings	21,537	20,525
Treasury shares	(2,013)	(2,061)
Total shareholders' equity	39,395	38,383
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	355	272
Foreign currency translation adjustment	(26)	(255)
Remeasurements of defined benefit plans	419	404
Total accumulated other comprehensive income	748	422
Non-controlling interests	1,352	1,336
Total net assets	41,496	40,142
Total liabilities and net assets	59,810	57,650

(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 2016 From: April 1, 2015 To: September 30, 2016	First 2 quarters of fiscal 2017 From: April 1, 2016 To: September 30, 2016
Net sales	24,734	24,783
Cost of sales	15,333	15,683
Gross profit	9,400	9,099
Selling, general and administrative expenses		
Personnel expenses	5,227	5,463
Provision for directors' bonuses	38	43
Retirement benefit expenses	127	137
Provision of allowance for doubtful accounts	—	11
Other	3,830	3,822
Total selling, general and administrative expenses	9,223	9,478
Operating income (loss)	176	(378)
Non-operating income		
Interest income	10	5
Dividend income	98	101
Share of profit of entities accounted for using equity method	45	—
Other	116	95
Total non-operating income	271	202
Non-operating expenses		
Interest expenses	16	16
Share of loss of entities accounted for using equity method	—	8
Other	8	6
Total non-operating expenses	25	31
Ordinary income (loss)	422	(207)
Extraordinary income		
Gain on sales of non-current assets	0	1
Gain on sales of investment securities	6	10
Gain on redemption of golf memberships	3	—
Total extraordinary income	9	12
Extraordinary losses		
Loss on sales and retirement of non-current assets	23	68
Other	5	4
Total extraordinary losses	28	73
Income (loss) before income taxes and minority interest	403	(268)
Income taxes – current	219	225
Income taxes – deferred	46	(114)
Total income taxes	266	110
Profit (loss)	136	(378)
Profit attributable to non-controlling interests	16	8
Profit (loss) attributable to owners of parent	119	(387)

Quarterly Consolidated Statement of Comprehensive Income [cumulative]

[Unit: million yen]

	First 2 quarters of fiscal 2016 From: April 1, 2015 To: September 30, 2016	First 2 quarters of fiscal 2017 From: April 1, 2016 To: September 30, 2016
Profit (loss)	136	(378)
Other comprehensive income		
Valuation difference on available-for-sale securities	(100)	(84)
Foreign currency translation adjustment	22	(212)
Remeasurements of defined benefit plans, net of tax	(9)	(15)
Share of other comprehensive income of entities accounted for using equity method	(28)	(37)
Total other comprehensive income	(116)	(349)
Comprehensive income	20	(728)
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of parent	8	(714)
Comprehensive income attributable to non-controlling interests	11	(14)

(3) Quarterly Consolidated Statement of Cash Flows

[Unit: million yen]

	First 2 quarters of fiscal 2016 From April 1, 2015 to September 30, 2015	First 2 quarters of fiscal 2017 From: April 1, 2016 to September 30, 2016
Cash flows from operating activities		
Income (loss) before income taxes and minority interest	403	(268)
Depreciation	2,478	2,714
Amortization of goodwill	157	139
Increase (decrease) in provision for directors' bonuses	(58)	(66)
Decrease (increase) in net defined benefit asset	(58)	(42)
Increase (decrease) in net defined benefit liability	7	4
Interest and dividend income	(109)	(106)
Interest expenses	16	16
Share of (profit) loss of entities accounted for using equity method	(45)	8
Loss (gain) on sales and retirement of non-current assets	23	67
Loss (gain) on sales of investment securities	(6)	(10)
Decrease (increase) in notes and accounts receivable - trade	2,354	3,149
Decrease (increase) in inventories	(8)	(283)
Increase (decrease) in notes and accounts payable - trade	(738)	(981)
Increase (decrease) in accrued expenses	(324)	(108)
Increase (decrease) in accrued consumption taxes	(618)	(226)
Other, net	843	613
Subtotal	4,316	4,620
Interest and dividend income received	106	102
Interest expenses paid	(16)	(16)
Income taxes paid	(621)	(1,070)
Net cash provided by (used in) operating activities	3,784	3,636
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(2,238)	(2,099)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(809)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	20
Other, net	(296)	(66)
Net cash provided by (used in) investing activities	(2,535)	(2,954)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,828)	103
Proceeds from long-term loans payable	—	500
Repayments of long-term loans payable	(243)	(269)
Repayments of lease obligations	(427)	(611)
Purchase of treasury shares	(1)	(181)
Proceeds from sales of treasury shares	299	181
Cash dividends paid	(576)	(622)
Dividends paid to non-controlling interests	(79)	(5)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(312)	—
Other, net	(2)	(2)
Net cash provided by (used in) financing activities	(3,172)	(908)
Effect of exchange rate change on cash and cash	14	(152)

equivalents		
Net increase (decrease) in cash and cash equivalents	(1,908)	(380)
Cash and cash equivalents at beginning of period	6,393	5,099
Cash and cash equivalents at end of period	4,484	4,719

(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.

[Reportable Segment Information]

Segment Information

I. First 2 Quarters of Fiscal 2016 (from April 1, 2015 to September 30, 2015)

(a) Information on Reportable Segment Net Sales and Income or Loss Amount

[Unit: million yen]

	Reportable segments			Other [Note]	Total
	Map Database segment	General Printing segment	Total		
Net sales					
Net sales to external customers	20,506	1,738	22,244	2,489	24,734
Intersegment net sales or transfers	38	180	219	29	248
Total	20,544	1,919	22,463	2,519	24,982
Segment income (loss)	102	(36)	66	65	131

[Note] The "Other" item encompasses the selling of purchased products, direct mail delivery services and other business activities that are not attributable to reportable segments.

(b) Total Amount of Reportable Segment Income or Loss Amount and its Difference in Amount with Amount on Quarterly Consolidated Statement of Income, and Principal Components of the Difference in Amount (Matters Concerning Reconciliation of Differences)

[Unit: million yen]

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

II. First 2 Quarters of Fiscal 2017 (from April 1, 2016 to September 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	20,668	1,655	22,324	2,459	24,783
Intersegment net sales or transfers	42	188	230	148	379
Total	20,711	1,843	22,554	2,607	25,162
Segment income (loss)	(385)	(71)	(456)	35	(421)

[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	(456)
Income of “Other” item	35
Eliminations of intersegment transactions	42
Operating income (loss) on quarterly consolidated statement of income	(378)

(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 2 quarters of fiscal 2017, segment loss improved by 53 million yen in the Map Database segment and by 5 million yen in the General Printing segment, and segment income increased by 1 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, Abalta Technologies, Inc. and its subsidiary, Abalta Technologies EOOD have been included in the scope of consolidation starting from the second quarter of fiscal 2017, in conjunction with the acquisition of its shares. As a result of this event the amount of increase in goodwill stood at 797 million yen in the first 2 quarters 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: Abalta Technologies, Inc.
In conjunction with the acquisition of the shares of the acquired entity, Abalta Technologies EOOD, which is a subsidiary of the acquired entity has also become a subsidiary of the Company.

Business of the acquired entity: Licensing and commissioned development of in-car software, solutions and location information software

b. Main reason for undertaking business combination

The business combination was undertaken primarily for the purpose of strengthening the Company's overseas business by offering solutions in combination with in-car software, in addition to its expertise in the development of map data and contents for car navigation, which the Company has nurtured over the years both in Japan and abroad.

c. Date of business combination

September 12, 2016

d. Legal form of the business combination

Acquisition of shares for cash consideration

e. Name of entity after business combination

There will be no change to the name of the entity after the business combination.

f. Ratio of acquired voting rights

75.0%

g. Main basis for determining the acquired entity

The Company acquired the shares of Abalta Technologies, Inc. for cash consideration.

2. Period of results of operations of the acquired entity in the consolidated statement of income

While June 30, 2016 is the deemed acquisition date, as there is a 3-month difference between the consolidated balance sheet date and the balance sheet date of the acquired entity, the results of the acquired entity are not included in the consolidated statements of income for the first 2 quarters of fiscal 2017.

3. Acquisition cost of the acquired entity and breakdown by type of consideration

Consideration for acquisition	Cash (including accounts payable-other)	866 million yen
Acquisition cost		866 million yen

4. Amount, cause and amortization method and amortization period of goodwill

a. Amount of goodwill

797 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 2 quarters of fiscal 2016	First 2 quarters of fiscal 2017	Amount of increase (decrease)	Rate of increase (decrease)	Main products
	million yen	million yen	million yen	%	
Publishing business	3,742	3,367	(374)	(10.0)	Printed residential maps, special-purpose maps, purchased products, and various media
GIS business	5,305	5,646	341	6.4	Residential map databases
ICT business	5,537	5,545	7	0.1	Services for smartphones, and map data provision for internet services
ITS business	5,337	5,612	274	5.1	Data for Japanese in-car navigation systems
Global business	1,258	1,145	(113)	(9.0)	Data for overseas in-car navigation systems, and various overseas content
Other business	3,552	3,466	(86)	(2.4)	General printing goods, direct mail delivery services, in-ship (enclosing in mail/packages) advertising, …etc.
Total	24,734	24,783	49	0.2	