

Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2017
<under Japanese GAAP>

Name of the Listed Company: **Gurunavi, Inc.**
Listed Stock Exchanges: Tokyo Stock Exchange
Stock Code: 2440
URL: <http://www.gnavi.co.jp/company/>
Representative: Seiichiro Kubo, President
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Scheduled date to submit Quarterly Securities Report: November 1, 2016
Scheduled date to commence dividend payments: December 2, 2016
Preparation of supplementary materials on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted.)

1. Consolidated financial results for the second quarter of the fiscal year ending March 31, 2017 (from April 1, 2016 to September 30, 2016)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2016	17,732	8.4	3,559	8.2	3,572	7.9	2,441	10.9
September 30, 2015	16,353	4.9	3,291	40.5	3,310	40.6	2,201	48.1

Note: Comprehensive income
Six months ended September 30, 2016: ¥2,388 million [8.1%]
Six months ended September 30, 2015: ¥2,209 million [49.7%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2016	51.80	51.63
September 30, 2015	45.47	45.30

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
September 30, 2016	22,277	16,575	74.3	354.13
March 31, 2016	27,322	20,296	74.2	418.22

Reference: Equity
As of September 30, 2016: ¥16,547 million As of March 31, 2016: ¥20,266 million

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	–	15.00	–	23.00	38.00
Fiscal year ending March 31, 2017	–	20.00			
Fiscal year ending March 31, 2017 (Forecast)			–	20.00	40.00

Note: Revisions to the cash dividend forecasts most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2017	37,000	6.9	6,700	4.2	6,700	3.2	4,550	4.2	96.97

Note: Revisions to the consolidated earnings forecasts most recently announced: None

* Notes

- (1) Changes in significant subsidiaries during the six months under review (changes in specified subsidiaries resulting in change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
 - a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement of prior period financial statements after error corrections: None

(4) Number of shares issued (common shares)

- a. Total number of shares issued at the end of the period (including treasury shares)

As of September 30, 2016	48,675,100 shares
As of March 31, 2016	48,675,100 shares

- b. Number of treasury shares at the end of the period

As of September 30, 2016	1,949,159 shares
As of March 31, 2016	216,459 shares

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2016	47,120,632 shares
Six months ended September 30, 2015	48,416,777 shares

* Indication regarding execution of quarterly review procedures

This quarterly financial results report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results report, the quarterly review procedures in accordance with the Financial Instruments and Exchange Act are in progress.

* Proper use of earnings forecasts, and other special matters

Forward-looking statements, including the consolidated forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ materially due to various factors.

Quarterly consolidated financial statements

(1) Consolidated balance sheet

(Thousands of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	12,631,915	7,162,756
Notes and accounts receivable - trade	4,670,436	4,448,831
Securities	499,975	–
Accounts receivable - other	1,747,897	1,866,219
Other	1,625,509	1,682,303
Allowance for doubtful accounts	(286,563)	(315,339)
Total current assets	20,889,170	14,844,770
Non-current assets		
Property, plant and equipment	933,695	1,102,137
Intangible assets		
Software	2,759,487	3,204,501
Other	791,160	819,933
Total intangible assets	3,550,648	4,024,434
Investments and other assets	1,949,344	2,306,249
Total non-current assets	6,433,688	7,432,821
Total assets	27,322,858	22,277,592
Liabilities		
Current liabilities		
Notes and accounts payable - trade	288,248	217,343
Income taxes payable	1,457,610	1,236,569
Provision for bonuses	1,378,322	807,817
Provision for point card certificates	168,218	142,455
Accounts payable - other	2,264,118	1,874,848
Other	1,253,436	1,192,478
Total current liabilities	6,809,954	5,471,512
Non-current liabilities		
Asset retirement obligations	215,332	229,436
Other	1,100	900
Total non-current liabilities	216,432	230,336
Total liabilities	7,026,387	5,701,849
Net assets		
Shareholders' equity		
Capital stock	2,334,300	2,334,300
Capital surplus	2,884,780	2,884,780
Retained earnings	15,203,906	16,508,895
Treasury shares	(182,612)	(5,154,198)
Total shareholders' equity	20,240,374	16,573,777
Accumulated other comprehensive income		
Foreign currency translation adjustment	25,973	(26,510)
Total accumulated other comprehensive income	25,973	(26,510)
Subscription rights to shares	30,123	28,476
Total net assets	20,296,471	16,575,742
Total liabilities and net assets	27,322,858	22,277,592

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	16,353,635	17,732,738
Cost of sales	4,083,735	4,123,235
Gross profit	12,269,899	13,609,503
Selling, general and administrative expenses	8,978,704	10,049,590
Operating income	3,291,194	3,559,912
Non-operating income		
Interest income	6,608	2,148
Foreign exchange gains	–	734
Subsidy income	4,800	6,220
Promotional subsidy income	5,000	–
Other	2,685	3,505
Total non-operating income	19,093	12,608
Non-operating expenses		
Interest expenses	0	–
Foreign exchange losses	174	–
Total non-operating expenses	175	–
Ordinary income	3,310,113	3,572,521
Extraordinary income		
Gain on reversal of subscription rights to shares	56	56
Total extraordinary income	56	56
Net income before income taxes	3,310,170	3,572,578
Income taxes	1,108,699	1,131,495
Net income	2,201,471	2,441,082
Net income attributable to owners of parent	2,201,471	2,441,082

Consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net income	2,201,471	2,441,082
Other comprehensive income		
Foreign currency translation adjustment	8,325	(52,484)
Total other comprehensive income	8,325	(52,484)
Comprehensive income	2,209,796	2,388,598
Comprehensive income attributable to:		
Owners of parent	2,209,796	2,388,598
Non-controlling interests	–	–

(3) Consolidated statement of cash flows

(Thousands of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Net income before income taxes	3,310,170	3,572,578
Depreciation	1,477,575	1,205,209
Increase (decrease) in allowance for doubtful accounts	60,375	28,776
Increase (decrease) in provision for bonuses	(279,812)	(570,504)
Increase (decrease) in provision for point card certificates	(10,804)	(25,742)
Decrease (increase) in notes and accounts receivable - trade	65,600	215,824
Decrease (increase) in accounts receivable - other	29,763	(118,743)
Increase (decrease) in notes and accounts payable - trade	(29,454)	(70,904)
Increase (decrease) in accounts payable - other	(256,783)	(136,926)
Other, net	(499,871)	(64,503)
Subtotal	3,866,758	4,035,062
Interest and dividend income received	6,315	2,479
Interest expenses paid	(0)	–
Income taxes paid	(1,100,952)	(1,376,217)
Net cash provided by (used in) operating activities	2,772,121	2,661,324
Cash flows from investing activities		
Payments into time deposits	(1,000,000)	–
Proceeds from withdrawal of time deposits	1,000,000	1,000,000
Purchase of investment securities	–	(49,000)
Purchase of property, plant and equipment	(391,661)	(370,791)
Purchase of software	(1,024,751)	(1,701,014)
Payments for lease and guarantee deposits	(42,619)	(351,197)
Proceeds from collection of lease and guarantee deposits	1,594	7,396
Other, net	4,241	(8,598)
Net cash provided by (used in) investing activities	(1,453,196)	(1,473,205)
Cash flows from financing activities		
Purchase of own shares	–	(4,999,761)
Cash dividends paid	(821,111)	(1,111,620)
Other, net	5,409	5,040
Net cash provided by (used in) financing activities	(815,702)	(6,106,341)
Effect of exchange rate change on cash and cash equivalents	7,982	(50,912)
Net increase (decrease) in cash and cash equivalents	511,206	(4,969,134)
Cash and cash equivalents at beginning of period	9,492,145	12,131,890
Cash and cash equivalents at end of period	10,003,351	7,162,756