Financial Summary for Fiscal 2014
[Japanese GAAP] [Consolidated]

May 8, 2014

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
TEL: +81-93-592-9050
Contact: [Title] Executive Officer, and Head of Corporate Management Division
[Name] Masami Matsuo

Scheduled date of holding of ordinary general meeting of shareholders: June 17, 2014
Scheduled date of submission of annual securities report: June 18, 2014
Scheduled date of commencement of dividend payouts: June 18, 2014
Preparation of supplementary explanatory materials on financial results: Yes
Holding of briefing session on financial results: Yes (briefing for institutional investors and analysts)

[Amounts are rounded down to the nearest million yen]

1. Consolidated Results of Operations in Fiscal 2014

ZENRIN's fiscal 2014 is the period from April 1, 2013 to March 31, 2014.

(1) Consolidated Business Performance

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

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal 2014	53,589	(2.6)	3,180	(43.1)	3,663	(27.8)	1,272	(30.7)
Fiscal 2013	54,991	5.1	5,585	26.7	5,076	6.3	1,835	(6.0)

[Note] Comprehensive income Fiscal 2014: 2,023 million yen [(25.8%)] Fiscal 2013: 2,725 million yen [38.4%]

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
Fiscal 2014	34.77	–	3.5	6.4	5.9
Fiscal 2013	49.93	–	5.2	9.3	10.2

[Reference] Equity in earnings (losses) of affiliates Fiscal 2014: 1 million yen Fiscal 2013: (909 million yen)

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of equity to total assets	Net assets per share
	million yen	million yen	%	yen
Fiscal 2014	57,989	37,939	61.7	992.03
Fiscal 2013	56,376	37,663	63.9	984.91

[Reference] Equity Fiscal 2014: 35,777 million yen Fiscal 2013: 36,024 million yen

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal 2014	4,136	(7,703)	1,612	6,456
Fiscal 2013	8,242	(4,977)	(2,153)	8,154

2. Dividends

	Annual dividend					Total dividends	Payout ratio [Consolidated]	Ratio of dividends to net assets [Consolidated]
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal 2013	–	15.00	–	15.00	30.00	1,102	60.1	3.1
Fiscal 2014	–	15.00	–	15.00	30.00	1,092	86.3	3.0
Fiscal 2015 [forecast]	–	15.00	–	15.00	30.00		51.5	

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 for the fiscal year represent the increase (decrease) compared to the previous fiscal year; % figures for the first 2 quarters [cumulative] represent the increase (decrease) compared to the same period of 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
First 2 quarters [cumulative]	22,500	(6.3)	(1,000)	–	(800)	–	(300)	–	(8.32)
Fiscal year	52,300	(2.4)	2,800	(12.0)	3,100	(15.4)	2,100	65.1	58.23

[Reference] Summary of Non-Consolidated Results of Operations

1. Non-Consolidated Results of Operations in Fiscal 2014

ZENRIN's fiscal 2014 is the period from April 1, 2013 to March 31, 2014.

(1) Non-Consolidated Business Performance

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

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal 2014	36,286	(4.1)	762	(67.2)	2,462	(22.6)	1,355	87.7
Fiscal 2013	37,856	(0.2)	2,324	(4.9)	3,182	(4.5)	721	(54.5)

	Net income per share	Diluted net income per share
	yen	yen
Fiscal 2014	37.05	–
Fiscal 2013	19.64	–

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Ratio of equity to total assets	Net assets per share
	million yen	million yen	%	yen
Fiscal 2014	44,809	30,683	68.5	850.80
Fiscal 2013	43,649	30,926	70.9	846.25

[Reference] Equity Fiscal 2014: 30,683 million yen Fiscal 2013: 30,926 million yen

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1. Analysis of Business Performance and Financial Position

(1) Analysis of Business Performance

1) Business Performance for Fiscal 2014

In fiscal 2014 (from April 1, 2013 to March 31, 2014), the Japanese economy started to show promising signs as the trend of economic recovery continued, as evident by such factors as exports heading toward pickup and the government's economic measures and Bank of Japan's monetary easing leading to increase in also capital investment. On the other hand, several factors, such as expecting temporary decrease in demand after the consumption tax hike, still pose downside risks to the economy.

In such an environment, in addition to decrease in sales of data for Japanese and overseas in-car navigation systems, restructuring of subsidiaries and other factors led to net sales of 53,589 million yen (decreased 1,402 million yen, or down 2.6%, compared to the previous fiscal year).
In terms of income or loss, in addition to decrease in net sales, prior expenses associated with the Map Database segment and other factors led to operating income of 3,180 million yen (decreased 2,405 million yen, or down 43.1%, compared to the previous fiscal year). The recording of gain on investments in silent partnership of 188 million yen in non-operating income and other factors led to ordinary income of 3,663 million yen (decreased 1,413 million yen, or down 27.8%, compared to the previous fiscal year). The result was net income of 1,272 million yen (decreased 563 million yen, or down 30.7%, compared to the previous fiscal year).
Having recorded equity in losses of C.E.Info Systems Private Limited, which is an affiliate accounted for by the equity method, of 909 million yen in non-operating expenses in the previous fiscal year, the change compared to the previous fiscal year for ordinary income and net income improved from that for operating income.

[Segment Results of Operations]

① 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, while some were affected by increase in demand ahead of the consumption tax hike, sales of data for Japanese in-car navigation systems decreased due to decrease on the rebound of the end of subsidies for green vehicles and shift to light vehicles in new vehicle sales in Japan, change in the composition of in-car navigation systems to low-priced models and other factors in the first half of the fiscal year. In addition, orders of data for overseas in-car navigation systems decreased. These, among other factors, led to Map Database segment net sales of 46,276 million yen (decreased 981 million yen, or down 2.1%, compared to the previous fiscal year).
In terms of income or loss, in addition to decrease in net sales, such factors as prior expenses associated with database maintenance and smartphone services led to segment income of 2,756 million yen (decreased 2,187 million yen, or down 44.3%, compared to the previous fiscal year).

② General Printing Segment

The results of the General Printing segment were net sales of 3,908 million yen (decreased 33 million yen, or down 0.9%, compared to the previous fiscal year) and segment income of 136 million yen (decreased 10 million yen, or down 7.4%, compared to the previous fiscal year).

③ Other

Concerning the results other than that of the Map Database segment and General Printing segment, in addition to a consolidated subsidiary's withdrawal from commissioned CAD processing operations, decrease in orders of sales promotion products and other factors led to net sales of 3,403 million yen (decreased 387 million yen, or down 10.2%, compared to the previous fiscal year) and segment income of 134 million yen (decreased 208 million yen, or down 60.8%, compared to the previous fiscal year).

[Reportable Segment Information]

(a) Overview of Reportable Segments

Reportable segments of the ZENRIN Group are components of the ZENRIN Group for which discrete financial information is available and which are regularly reviewed by ZENRIN's board of directors in deciding how to allocate resources and in assessing performance.

The ZENRIN Group engages in the business of manufacturing and selling various maps, map databases, contents, etc., and the business activities of primarily planning and designing as well as manufacturing and selling commercial printing goods.

Accordingly, the ZENRIN Group is comprised of segments classified by product and service based on the manufacturing and selling structure, and thereby sets two segments – the Map Database segment and the General Printing segment – as its reportable segments.

The Map Database segment manufactures and sells printed residential maps, special-purpose maps, residential map databases, map data for internet services, data for in-car navigation systems, etc., and provides services for smartphones/mobile phones. The General Printing segment manufactures and sells general printing goods.

(b) Basis for Calculating Reportable Segment Net Sales, Income or Loss, Assets, Liabilities and Other Account Items

Reportable segment income is the value on an operating income basis.
Intersegment sales or transfers are based on actual market price.

Changes in Useful Life

As stated below in "Changes in Accounting Estimates," concerning assets for which retirement is expected to result from remodeling and expansion construction work on ZENRIN Techno Center, which is held by ZENRIN, the useful life has been changed, starting from fiscal 2014.

As a result, segment income in the fiscal 2014 was 146 million yen less in the "Map Database segment" than that based on the method applied in the past.

(c) Information on Reportable Segment Net Sales, Income or Loss, Assets, Liabilities and Other Account Items

Fiscal 2013 (from April 1, 2012 to March 31, 2013)

[Unit: million yen]

	Reportable segments			Other [Note]	Total
	Map Database segment	General Printing segment	Total		
Net sales					
Net sales to external customers	47,258	3,942	51,200	3,791	54,991
Intersegment net sales or transfers	70	519	590	348	939
Total	47,328	4,462	51,790	4,140	55,930
Segment income (loss)	4,944	146	5,091	342	5,433
Segment assets	38,274	4,273	42,547	2,267	44,814
Other account items					
Depreciation and amortization	3,531	142	3,673	32	3,706
Amortization of goodwill	32	–	32	0	32
Investments in affiliates accounted for by equity method	410	–	410	–	410
Additions to property, plant and equipment and intangible assets	6,367	18	6,386	28	6,414

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

Fiscal 2014 (from April 1, 2013 to March 31, 2014)

[Unit: million yen]

	Reportable segments			Other [Note]	Total
	Map Database segment	General Printing segment	Total		
Net sales					
Net sales to external customers	46,276	3,908	50,185	3,403	53,589
Intersegment net sales or transfers	72	458	531	113	645
Total	46,349	4,367	50,716	3,517	54,234
Segment income (loss)	2,756	136	2,892	134	3,026
Segment assets	41,099	4,137	45,236	846	46,083
Other account items					
Depreciation and amortization	4,312	146	4,458	17	4,476
Amortization of goodwill	29	–	29	0	29
Investments in affiliates accounted for by equity method	408	–	408	–	408
Additions to property, plant and equipment and intangible assets	5,714	113	5,828	20	5,848

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

(d) Difference between Total for Reportable Segments and Amount on Consolidated Financial Statements, and Principal Components of the Difference in Amount (Matters Concerning Reconciliation of Differences)

[Unit: million yen]

Net sales	Fiscal 2013	Fiscal 2014
Total for reportable segments	51,790	50,716
Net sales of “Other” item	4,140	3,517
Eliminations of intersegment transactions	(939)	(645)
Net sales on consolidated financial statements	54,991	53,589

[Unit: million yen]

Income	Fiscal 2013	Fiscal 2014
Total for reportable segments	5,091	2,892
Income of “Other” item	342	134
Eliminations of intersegment transactions	151	153
Operating income on consolidated financial statements	5,585	3,180

[Unit: million yen]

Assets	Fiscal 2013	Fiscal 2014
Total for reportable segments	42,547	45,236
Assets of “Other” item	2,267	846
Corporate assets [Note]	12,162	12,119
Eliminations of intersegment transactions	(600)	(213)
Total assets on consolidated financial statements	56,376	57,989

[Note] Corporate assets are primarily surplus management funds (cash and deposits, and short-term investment securities), long-term investment funds (investment securities) and assets related to administrative departments that are not attributable to reportable segments.

[Unit: million yen]

Other account items	Total for reportable segments		Other		Reconciliation		Amount on consolidated financial statements	
	Fiscal 2013	Fiscal 2014	Fiscal 2013	Fiscal 2014	Fiscal 2013	Fiscal 2014	Fiscal 2013	Fiscal 2014
Depreciation and amortization	3,673	4,458	32	17	40	68	3,746	4,544
Amortization of goodwill	32	29	0	–	–	–	32	29
Investments in affiliates accounted for by equity method	410	408	–	–	–	–	410	408
Additions to property, plant and equipment and intangible assets	6,386	5,828	28	20	217	2,465	6,631	8,314

[Note] Reconciliation of additions to property, plant and equipment and intangible assets is for capital investments in buildings, etc. that are not attributable to reportable segments.

(e) Related Information

Fiscal 2013 (from April 1, 2012 to March 31, 2013)

1. **Information by Product and Service**
   Disclosure is omitted because the product and service categories are the same as reportable segments.
2. **Information by Geographic Location**
   (1) Net Sales
   Disclosure is omitted because net sales to external customers in Japan account for over 90% of the net sales on consolidated statements of income.
   (2) Property, Plant and Equipment
   Disclosure is omitted because the amount of property, plant and equipment located in Japan accounts for over 90% of the amount of property, plant and equipment on consolidated balance sheets.
3. **Information by Major Customer**

[Unit: million yen]

Name of customer	Net sales	Name of related segment
NTT DOCOMO, INC.	8,786	Map Database segment

Fiscal 2014 (from April 1, 2013 to March 31, 2014)

1. **Information by Product and Service**
   Disclosure is omitted because the product and service categories are the same as reportable segments.
2. **Information by Geographic Location**
   (1) Net Sales
   Disclosure is omitted because net sales to external customers in Japan account for over 90% of the net sales on consolidated statements of income.
   (2) Property, Plant and Equipment
   Disclosure is omitted because the amount of property, plant and equipment located in Japan accounts for over 90% of the amount of property, plant and equipment on consolidated balance sheets.
3. **Information by Major Customer**

[Unit: million yen]

Name of customer	Net sales	Name of related segment
NTT DOCOMO, INC.	9,018	Map Database segment

(f) Information on Impairment Loss on Noncurrent Assets by Reportable Segment

Fiscal 2013 (from April 1, 2012 to March 31, 2013)

Not applicable.

Fiscal 2014 (from April 1, 2013 to March 31, 2014)

[Unit: million yen]

	Map Database segment	General Printing segment	Other	Eliminations and/or corporate	Total
Impairment loss	18	–	–	7	25

[Note] The amount of “Eliminations and/or corporate” is the impairment loss associated with corporate assets that are not attributable to a specific segment.

(g) Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment

Fiscal 2013 (from April 1, 2012 to March 31, 2013)

[Unit: million yen]

	Map Database segment	General Printing segment	Other	Eliminations and/or corporate	Total
Amortization during the period	32	–	0	–	32
Balance at the end of current period	–	–	–	–	–

[Note] The amount of “Other” is the amount associated with the selling of purchased products, internet and other advertising distribution, and other business activities.

Fiscal 2014 (from April 1, 2013 to March 31, 2014)

[Unit: million yen]

	Map Database segment	General Printing segment	Other	Eliminations and/or corporate	Total
Amortization during the period	29	–	–	–	29
Balance at the end of current period	365	–	1	–	367

[Note] The amount of “Other” is the amount associated with the selling of purchased products and other business activities.

(h) Information on Gain on Negative Goodwill by Reportable Segment

Not applicable.

2) Forecast for Fiscal 2015

In the Japanese economy ahead, in addition to expecting temporary decrease in demand after the consumption tax hike, the impact of the U.S. scaling back monetary easing, developments in the European debt crisis, uncertainty over the outlook for emerging economies and other causes for concern over the business environment remain, but the recovery trend is expected to continue.

Under such an environment, the forecast of consolidated results for fiscal 2015 is that net sales are expected to decrease due to withdrawal from such businesses as the low-margin sales promotion business, which was primarily engaged in the selling of purchased products. In addition, map database maintenance expenses and prior investments in new products will continue, but with pursuit of cost reduction through productivity enhancement, ZENRIN expects net sales of 52,300 million yen (decrease of 1,289 million yen, or down 2.4%, compared to fiscal 2014), operating income of 2,800 million yen (decrease of 380 million yen, or down 12.0%, compared to fiscal 2014) and ordinary income of 3,100 million yen (decrease of 563 million yen, or down 15.4%, compared to fiscal 2014). Factoring in such items as gain on sales of noncurrent assets accompanying restructuring, ZENRIN expects net income of 2,100 million yen (increase of 827 million yen, or up 65.1%, compared to fiscal 2014).

(2) Analysis of Financial Position

1) Overview of Fiscal 2014

Total assets at the end of fiscal 2014 increased 1,612 million yen (2.9%) compared to at the end of fiscal 2013 to 57,989 million yen. This was attributable to decrease in cash and deposits in the amount of 1,635 million yen, which was due in part to payment of accrued expenses and capital investment, being offset by increase in buildings and structures in the amount of 1,773 million yen, which was due in part to remodeling and expansion construction work on ZENRIN Techno Center, as well as increase in each of software in the amount of 1,158 million yen and software in progress in the amount of 721 million yen.

Liabilities increased 1,337 million yen (7.1%) compared to at the end of fiscal 2013 to 20,050 million yen. This was attributable to decrease in income taxes payable in the amount of 944 million yen, which was due in part to tax payment, and decrease in accrued expenses in the amount of 890 million yen, which was due in part to payment, being offset by increase in short-term loans payable in the amount of 3,904 million yen, which was as working capital.

Net assets increased 275 million yen (0.7%) compared to at the end of fiscal 2013 to 37,939 million yen. This was attributable to decrease in the amount of 1,102 million yen due to dividends from surplus being offset by net income in the amount of 1,272 million yen.

As a result, the ratio of equity to total assets at the end of fiscal 2014 was down 2.2 points compared to at the end of fiscal 2013 to 61.7%.

The following outlines the status of cash flows in fiscal 2014.

Cash and cash equivalents at the end of fiscal 2014 decreased 1,698 million yen (20.8%) compared to at the end of fiscal 2013 to 6,456 million yen.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to 4,136 million yen (decreased 4,106 million yen compared to the previous fiscal year). This was attributable to income before income taxes and minority interests in the amount of 3,424 million yen, depreciation and amortization in the amount of 4,544 million yen and other factors of increase being offset by income taxes paid in the amount of 2,476 million yen, decrease in accrued expenses in the amount of 943 million yen and other factors of decrease.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to 7,703 million yen (increased 2,725 million yen compared to the previous fiscal year). This was mainly attributable to purchase of property, plant and equipment and intangible assets in the amount of 8,478 million yen.

Cash Flows from Financing Activities

Net cash provided by financing activities amounted to 1,612 million yen (net cash used in financing activities of 2,153 million yen in the previous fiscal year). This was mainly attributable to cash dividends paid in the amount of 1,102 million yen, repayments of lease obligations in the amount of 841 million yen and repayment of long-term loans payable in the amount of 767 million yen being offset by net increase in short-term loans payable in the amount of 3,568 million yen and proceeds from long-term loans payable in the amount of 1,400 million yen.

2) Changes in Cash Flow Indicators

	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Ratio of equity to total assets [%]	65.3	65.9	65.8	63.9	61.7
Ratio of equity to total assets [%] (market value basis)	80.7	64.0	58.2	83.4	64.8
Ratio of interest-bearing liabilities to operating cash flows [years]	0.6	0.6	0.6	0.3	1.7
Interest coverage ratio [times]	108.6	127.4	134.2	254.8	137.5

[Notes] Each indicator is calculated in accordance with the following formulas, using consolidated financial figures.

- Ratio of equity to total assets: Equity ÷ Total assets
- Ratio of equity to total assets (market value basis): Market capitalization ÷ Total assets
  *Market capitalization is calculated by multiplying the number of shares issued and outstanding at the end of the fiscal year (excluding treasury stocks) by the closing price per share at the end of the fiscal year.
- Ratio of interest-bearing liabilities to operating cash flows: Interest-bearing liabilities ÷ Operating cash flows
  *Operating cash flows are the net cash provided by (used in) operating activities recorded on consolidated statements of cash flows.
  *Interest-bearing liabilities include all liabilities recorded on consolidated balance sheets on which interest is paid.
- Interest coverage ratio: Operating cash flows ÷ Interest paid
  *Interest paid is the interest expenses paid recorded on consolidated statements of cash flows.

(3) Basic Policy on Distribution of Income, and Payment of Dividends in Fiscal 2014 and 2015

Positioning the returning of income to shareholders as a top priority, ZENRIN strives for sustainable corporate value enhancement, while adopting a basic policy of realizing stable, uninterrupted payments of dividends derived from income growth based on the medium-term business plan on a consolidated basis.

In line with this policy, ZENRIN will make it a goal to maintain a dividend on equity (DOE) [Note] on a consolidated basis of 3% or higher.

In addition, by continuing to consider purchasing treasury stock and other undertakings with the aim of ensuring an agile capital policy and enhancing capital efficiency, ZENRIN will return income to shareholders in accordance with the level of income on a consolidated basis while taking into account the maintaining of an adequate amount of internal reserves.

The internal reserves will be used for capital investment, research and development investment and other expenditures that are indispensable for business development in the future in order to keep pace with the rapid market changes.

ZENRIN expects 15 yen as the year-end dividend per share in fiscal 2014 in light of the results of operations throughout the fiscal year. Combined with the 15 yen already paid as the interim dividend per share, annual dividend per share is expected to be 30 yen.

Please note that this matter will be decided by resolution at ZENRIN's 54th ordinary general meeting of shareholders that is scheduled to be held on June 17, 2014.

Moreover, ZENRIN expects 30 yen as the annual dividend per share in fiscal 2015, with 15 yen as both the interim dividend per share and the year-end dividend per share.

[Note] DOE = Total amount of dividends ÷ Shareholders' equity
Shareholders' equity is the amount arrived at when the amount of treasury stock is subtracted from the sum total of common stock, capital surplus and retained earnings.

(4) Business and Other Risks

The following is a compilation of business and other risks to the ZENRIN Group that could materially impact the judgment of investors. The ZENRIN Group recognizes the existence of these risks, and is determined to do our utmost to prevent them from occurring and to respond appropriately should they occur. Furthermore, the following contains forward-looking statements, which are based on our judgment as of the end of fiscal 2014.

1) Risks Specific to Management Policies

(a) Securing and Nurturing Human Resources

The Map Database segment, which is the ZENRIN Group's core business, requires such human resources as highly-capable engineers and management personnel in charge of development to commercialize products, as top-flight skills are needed to link map databases and computer systems for developing databases and software tailored to customer specifications.

The map databases of the ZENRIN Group, which are based on highly detailed surveys conducted throughout Japan, also requires human resources who can efficiently manage a large number of surveyors working throughout the country, appropriately grasp revised information collected and delivered centrally to the production department and accurately incorporate it into the production process, thereby shortening the updating cycle and securing the accuracy of map data as expected of map databases.

Accordingly, failure to secure or nurture such human resources may adversely impact the ZENRIN Group's future growth, operating results and/or business development.

(b) Management of Personal Information

In addition to information on the ZENRIN Group's customers and employees, we handle names, addresses and other personal information relating to residents to be published or recorded on our residential maps and other products. Accordingly, we recognize the appropriate management of personal information as one of the fundamental principles of our business activities, as well as a social responsibility we bear.

With this recognition, the ZENRIN Group establishes regulations, procedures and other internal rules to govern the collection, use, storage and disposal of personal information, provides training for employees, and implements facility access control and other physical measures as well as computer system access control and other information security measures.

In the unlikely event of a personal information leak from a ZENRIN Group company or a contracted supplier, however, there is the possibility that our operations may be restricted and that costs may increase to ensure compliance with applicable laws and regulations. Moreover, should a claim for damages and/or charge of insufficient management of personal information be brought against us resulting in a decline in public trust, there is a possibility that it may materially impact the ZENRIN Group's operating results and/or business development.

(c) Obstacles in Overseas Markets

The ZENRIN Group has expanded into overseas markets in the fields of in-car navigation systems, GIS and data distribution, and has operations in North America, Europe and Asia. Although due consideration is given to such risks as those listed below, the respective region's various political, economic or legal barriers may adversely impact the ZENRIN Group's operating results and/or business development.

In addition, such factors as changes in the business strategies and development schedules of manufacturers in these regions may also result in failure to achieve operations as planned and thereby failure to secure revenue-generating potential.

1) Unfavorable political or economic factors
2) Legal and regulatory changes
3) Restrictions on financing and the transmission of funds to Japan
4) Difficulties in recruiting and retaining excellent human resources
5) Terrorism, wars, epidemics, natural disasters, etc.
6) Religious and cultural differences
7) International currency fluctuations

(d) Expansion into Emerging Markets

The ZENRIN Group has expanded our business into emerging markets overseas where economic growth and market size are expected to expand.

Demand in emerging markets is susceptible to social and political risks, such as internal legislative changes and financial conditions, and may differ significantly from demand in Japan and other developed countries in such aspects as social infrastructure, consumer preferences and consumption behavior.

Due in part to such factors, going forward, if we fail to accurately grasp market trends or fail to maintain good relationships with business partners, we may be unable to recover our investment to expand in emerging markets, adversely impacting the ZENRIN Group’s operating results and/or business development.

(e) Production by Subsidiaries in the PRC

With the aim of reducing production costs, the ZENRIN Group has established subsidiaries in the People’s Republic of China (PRC). These subsidiaries are responsible for inputting data, a part of the map database production process. There is a possibility that data input work at these subsidiaries may be disrupted by political developments in the PRC, legal and regulatory changes, labor strikes and other unforeseen events.

In addition, large-scale earthquakes, floods or other natural disasters, epidemics, fires, power failures or political factors could force these companies to suspend work. Such an occurrence would delay data input and thus may adversely impact the ZENRIN Group’s efforts to expand the Map Database segment.

2) Unusual Fluctuations in Financial Position or Operating Results

(a) Seasonal Fluctuations in Operating Results

The Map Database segment, which is the ZENRIN Group’s core business, is subject to significant seasonal demand fluctuations, and net sales tend to be concentrated in the second half of the fiscal year. The average breakdown of annual net sales for the past three fiscal years is 45.1% in the first half and 54.9% in the second half.

(b) Fluctuations in Retirement Benefit Obligations

The ZENRIN Group’s employee retirement benefit obligations and retirement benefit expenses are calculated based on assumptions regarding discount rates, future compensation levels and retirement rates, among others. The differences between these assumptions and actual figures are immediately recognized as obligations and, in principle, expensed over future accounting periods. Although we believe such assumptions to be appropriate, differences between actual figures and the assumptions or changes in the assumptions themselves, particularly further decline in discount rates and deterioration of investment yields, impact retirement benefit liabilities and retirement benefit expenses and, as a consequence, may adversely impact the ZENRIN Group’s operating results.

3) Dependence on Particular Business Partners

(a) Dependence on Particular Client Companies

Of the ZENRIN Group's net sales, sales to particular telecommunications carriers in the field of data distribution, such as those for smartphones, account for a high proportion. In addition, in-car navigation sales are also primarily to companies that are affiliated with automobile manufacturers.

We have long-standing business relationships with these client companies and have mutual collaborative relationships with them to determine product specifications, develop technologies and improve map databases, among others. The ZENRIN Group intends to continue maintaining and developing solid collaborative relationships by keeping up efforts to satisfy customer needs through these client companies.

At the same time, however, we recognize that sales to these client companies are affected by their business policies and performance trends, etc. Should such client companies demand price reductions, terminate contracts, seek to amend contract terms, etc., the ZENRIN Group's operating results and/or business development may be adversely impacted. Furthermore, there are inherent risks of potential decrease in end-consumers arising from changes in the market environment.

(b) Dependence on Particular Suppliers

Products provided by the ZENRIN Group in the Map Database segment include data for overseas in-car navigation systems. While we develop basic map databases in-house in the case of data for Japanese in-car navigation systems, we depend on particular suppliers for basic map databases in the case of data for overseas in-car navigation systems. The suspension of supplies may disrupt our continuous provision of data for overseas in-car navigation systems to our existing client companies and, as a result, the ZENRIN Group's operating results and/or business development may be adversely impacted.

4) Dependence on Particular Products and Technologies

(a) Dependence on Products Derived from Map Databases

To a significant degree, the ZENRIN Group's sales are dependent on sales of products derived from map databases. We are confident that sales of products derived from residential map databases and data for in-car navigation systems (hereafter, "map database-derived products") and from selling these map databases themselves will continue to grow, and we recognize that our future growth will depend primarily on the development of technologies and the enrichment of new content for the Map Database segment.

Going forward, the ZENRIN Group will continue working to develop new products that respond to the needs of the times. However, the production of map database-derived products necessitates specific technologies, while the planning of new content requires originality. In addition, a sophisticated and complex management approach is needed in future business development, including response to increasingly diverse customer needs.

As a consequence, we recognize the following inherent risks:

1) There is no guarantee that advance investments to facilitate the development of new services and content will enable us to respond to customer needs and yield significant results.
2) The increasing prevalence of PCs and the enhanced network environment are driving the diversification of customer needs. Failure to accurately and promptly provide the products and services that customers are seeking may place us in a situation that is disadvantageous to the ZENRIN Group's business development.
3) Despite our efforts to develop new products and technologies, there is no guarantee such products and technologies will be protected legally as intellectual property unique to ZENRIN, or that their competitive advantages will be secured long term.
4) As rapid technological innovation and drastic changes in customer needs occur, newly established production methods may rapidly become obsolete.
5) New entrants into the market for map database-derived products are increasing, and increased alternatives for customers may lead to intensified competition.

In addition to the above-mentioned risks, the ZENRIN Group's future growth, operating results and/or business development may be adversely impacted if the ZENRIN Group is unable to respond effectively to the increasing diversification of the Map Database segment and falls behind in the development of new products utilizing map databases.

(b) Potential for Recovering Costs of Surveying Necessary to Maintain the Accuracy and Freshness of Map Databases

Recent advances in the network environment are spurring the need for map database-derived products provided by the ZENRIN Group to have up-to-date map data. Recognizing that our ability to respond accurately to market needs is one of the major factors that have a significant impact on the ZENRIN Group's business development prospects, we continuously make substantial investments every fiscal year to cover the cost of surveying efforts to ensure map databases are updated. Surveying costs for developing map databases, which are the basis of our businesses, will continue to account for a large, fixed portion of cost of production, regardless of increases or decreases in net sales.

Accordingly, if we are unable to launch a steady stream of products that earn the support of customers, there is a possibility we may be unable to fully recover surveying costs, and this may adversely impact our operating results.

(c) Business Alliances with Other Companies

As part of our product development strategy, the ZENRIN Group is working to further enhance partnerships and business relations through business alliances with companies affiliated with automobile manufacturers, software developers, etc. Our aim is to realize synergies with external management resources and enhance management efficiency by concentrating technologies in high-priority businesses, thereby assisting our efforts to develop new technologies in the area of map databases, enhance content and expand into new business fields.

Should business strategies, trade terms or other factors prevent the establishment of such business alliances, etc., or result in their suspension, we may not reap the benefits of strong collaborations, which may adversely impact the ZENRIN Group's operating results and/or business development.

5) Laws and Regulations

(a) Infringement of Intellectual Property Rights

The ZENRIN Group files and registers patents and trademarks as needed for proprietary production technologies, newly developed products and other intellectual property eligible for protection by such rights. However, there is a possibility that we may fail to secure such rights. Should the ZENRIN Group's technologies, know-how or product names, etc. not be protected by patents and trademarks and used by other companies before us, the ZENRIN Group's product development and selling may be impeded.

The ZENRIN Group also conducts thorough studies and exercises caution to ensure that we do not infringe on the intellectual property rights of third parties. However, there is no guarantee that such scope of studies of the ZENRIN Group will be sufficient and complete. Furthermore, it would be difficult to completely and accurately predict how patents and other intellectual property rights will be applied to the ZENRIN Group's operations. In the unlikely event that the ZENRIN Group were to infringe on third party intellectual property rights, there is a possibility that we would be sued for damages, suspension of use exacted, etc. by said third party, and that we would be forced to compensate for the right in question.

Accordingly, this may adversely impact the ZENRIN Group's operating results and/or business development.

(b) Violation of the Antimonopoly Act

The ZENRIN Group recognizes compliance with Japan's Antimonopoly Act as a basic policy of operations. To ensure compliance, we have organized a committee and are promoting employee education, internal audits, etc.

In the unlikely event that a violation of the Antimonopoly Act occurs, however, it may result not only in legal sanctions, but also in a decline in public trust, both of which may adversely impact the ZENRIN Group's operating results and/or business development.

6) Other

(a) Possibility of Fluctuations in Market Share

Since launching ZENRIN Navisoft data for in-car navigation systems in 1992, the ZENRIN Group has expanded business to command a top market share in Japan in the area of data for in-car navigation systems. Today, our in-car navigation business is evolving further and is expected to develop even more.

In IT-related businesses, companies from industries other than mapping, such as computers, telecommunications and content providers, are emerging as new market entrants. In the area of data for in-car navigation systems in which the ZENRIN Group strives, in particular, there is a possibility that other in-car navigation data producers, map database companies and in-car navigation system manufacturers may newly enter the market or expand their presence. Among these are companies that are larger than the ZENRIN Group and/or have more abundant management resources.

Going forward, should other companies capitalize on technological innovation to release new data for in-car navigation systems and gain market share, or should business alliances or other arrangements be established among competing companies, there is no guarantee the ZENRIN Group will be able to maintain our current market share. Such a situation may adversely impact the ZENRIN Group’s operating results and/or business development.

(b) Risks of Product Defects and the Need for Recall

The products of the ZENRIN Group represent the integration of information gathered through in-house surveys, various information procured from external sources and production know-how, among others. The commercialization of such products requires sophisticated technologies and information processing capabilities.

The ZENRIN Group takes the utmost care in production of these products and conducts stringent quality inspections at each stage of the production process to ensure no defective products, including purchased products, are shipped. However, these efforts do not guarantee that defective products never make it into the market.

Should a defect be discovered in any product provided by the ZENRIN Group, additional costs may be incurred to implement a recall of the product, and in some cases we may be required to pay compensation to customers who have purchased the product in question. Such an incident may also result in a loss of trust and in public sanctions against the ZENRIN Group.

Furthermore, any occurrence of a defect that might lead to huge compensations or a loss of trust may adversely impact the ZENRIN Group’s operating results and/or business development.

(c) Risks of Natural Disasters

If natural disasters, fires, epidemics or other incidents damage the ZENRIN Group’s marketing and production bases, there is a possibility that our operations may be affected.

ZENRIN has taken precautions for disasters. These include preparing disaster prevention manuals on large-scale earthquakes and other natural disasters. However, these precautions may not fully protect us from damage caused by natural disasters and other incidents. If any damage occurs, it may adversely impact the ZENRIN Group’s operating results and/or business development.

2. Management Policy

(1) Basic Policy on Corporate Management

(2) Medium- to Long-Term Corporate Management Strategy, and Tasks

(3) Target Management Indicators

Disclosure of the three items above is omitted because there is no significant change from the content disclosed in the Financial Summary for Fiscal 2012 (disclosed on May 8, 2012).

The Financial Summary is available for viewing from the following URLs.

[ZENRIN website]
http://www.zenrin.co.jp/ir/index.html
[Tokyo Stock Exchange website (listed company information search page)]
http://www.tse.or.jp/listing/compsearch/index.html

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

[Unit: million yen]

	Fiscal 2013 As of March 31, 2013	Fiscal 2014 As of March 31, 2014
Assets		
Current assets		
Cash and deposits	8,267	6,631
Notes and accounts receivable – trade	11,995	12,070
Electronically recorded monetary claims – operating	–	24
Securities	51	–
Inventories	1,448	1,309
Deferred tax assets	1,870	1,541
Other	631	1,041
Allowance for doubtful accounts	(8)	(12)
Total current assets	24,256	22,607
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	4,367	6,140
Machinery, equipment and vehicles, net	142	151
Land	8,326	8,199
Lease assets, net	2,018	1,701
Other, net	661	717
Total property, plant and equipment	15,516	16,910
Intangible assets		
Goodwill	–	367
Software	7,229	8,388
Software in progress	3,308	4,030
Lease assets	6	16
Other	1	1
Total intangible assets	10,546	12,804
Investments and other assets		
Investment securities	3,202	3,031
Deferred tax assets	1,131	1,307
Other	1,834	1,465
Allowance for doubtful accounts	(111)	(137)
Total investments and other assets	6,057	5,666
Total noncurrent assets	32,120	35,381
Total assets	56,376	57,989

[Unit: million yen]

	Fiscal 2013 As of March 31, 2013	Fiscal 2014 As of March 31, 2014
Liabilities		
Current liabilities		
Accounts payable – trade	2,472	2,278
Short-term loans payable	1,869	5,774
Lease obligations	776	723
Accrued expenses	3,759	2,868
Income taxes payable	1,797	853
Provision for directors' bonuses	161	84
Other	3,686	3,047
Total current liabilities	14,523	15,630
Noncurrent liabilities		
Long-term loans payable	943	1,304
Lease obligations	1,357	1,078
Provision for retirement benefits	1,561	–
Provision for directors' retirement benefits	133	127
Net defined benefit liability	–	1,797
Other	195	111
Total noncurrent liabilities	4,190	4,419
Total liabilities	18,713	20,050
Net assets		
Shareholders' equity		
Capital stock	6,557	6,557
Capital surplus	13,111	13,111
Retained earnings	18,892	19,061
Treasury stock	(2,323)	(2,840)
Total shareholders' equity	36,237	35,890
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	128	144
Foreign currency translation adjustment	(341)	(82)
Remeasurements of defined benefit plans	–	(174)
Total accumulated other comprehensive income	(213)	(112)
Minority interests	1,639	2,161
Total net assets	37,663	37,939
Total liabilities and net assets	56,376	57,989

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

[Unit: million yen]

	Fiscal 2013 From: April 1, 2012 To: March 31, 2013	Fiscal 2014 From: April 1, 2013 To: March 31, 2014
Net sales	54,991	53,589
Cost of sales	30,329	31,554
Gross profit	24,662	22,034
Selling, general and administrative expenses	19,076	18,854
Operating income	5,585	3,180
Non-operating income		
Interest income	13	11
Dividends income	137	89
Equity in earnings of affiliates	–	1
Real estate rent	144	133
Gain on sales of scraps	27	31
Gain on investments in silent partnership	29	188
Other	166	147
Total non-operating income	518	604
Non-operating expenses		
Interest expenses	32	30
Depreciation of assets for rent	26	25
Foreign exchange losses	33	42
Loss on cancellation of leases	–	13
Equity in losses of affiliates	909	–
Other	25	8
Total non-operating expenses	1,027	120
Ordinary income	5,076	3,663
Extraordinary income		
Gain on sales of noncurrent assets	–	100
Gain on sales of investment securities	25	168
Total extraordinary income	25	268
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	60	192
Impairment loss	–	25
Loss on sales of stocks of subsidiaries and affiliates	–	46
Loss on valuation of investment securities	64	13
Loss on valuation of stocks of subsidiaries and affiliates	–	29
Loss on liquidation of subsidiaries	19	121
Restructuring loss	81	79
Loss on valuation of golf club membership	7	–
Total extraordinary losses	234	508
Income before income taxes and minority interests	4,867	3,424
Income taxes – current	2,649	1,511
Income taxes – deferred	(145)	169
Total income taxes	2,503	1,680
Income before minority interests	2,364	1,743
Minority interests in income	528	471
Net income	1,835	1,272

Consolidated Statements of Comprehensive Income

[Unit: million yen]

	Fiscal 2013 From: April 1, 2012 To: March 31, 2013	Fiscal 2014 From: April 1, 2013 To: March 31, 2014
Income before minority interests	2,364	1,743
Other comprehensive income		
Valuation difference on available-for-sale securities	257	10
Foreign currency translation adjustment	121	274
Share of other comprehensive income of associates accounted for using equity method	(16)	(4)
Total other comprehensive income	361	279
Comprehensive income	2,725	2,023
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of the parent	2,174	1,547
Comprehensive income attributable to minority interests	551	475

(3) Consolidated Statements of Changes in Net Assets

Fiscal 2013 (from April 1, 2012 to March 31, 2013)

[Unit: million yen]

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	6,557	13,111	18,159	(2,605)	35,222
Changes of items during the period					
Dividends from surplus			(1,103)		(1,103)
Net income			1,835		1,835
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock				282	282
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	–	732	281	1,014
Balance at the end of the period	6,557	13,111	18,892	(2,323)	36,237

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	(106)	(445)	–	(552)	1,216	35,887
Changes of items during the period						
Dividends from surplus						(1,103)
Net income						1,835
Purchase of treasury stock						(0)
Disposal of treasury stock						282
Net changes of items other than shareholders' equity	234	104	–	338	422	761
Total changes of items during the period	234	104	–	338	422	1,775
Balance at the end of the period	128	(341)	–	(213)	1,639	37,663

Fiscal 2014 (from April 1, 2013 to March 31, 2014)

[Unit: million yen]

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	6,557	13,111	18,892	(2,323)	36,237
Changes of items during the period					
Dividends from surplus			(1,102)		(1,102)
Net income			1,272		1,272
Purchase of treasury stock				(703)	(703)
Disposal of treasury stock				187	187
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	–	169	(516)	(347)
Balance at the end of the period	6,557	13,111	19,061	(2,840)	35,890

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	128	(341)	–	(213)	1,639	37,663
Changes of items during the period						
Dividends from surplus						(1,102)
Net income						1,272
Purchase of treasury stock						(703)
Disposal of treasury stock						187
Net changes of items other than shareholders' equity	16	259	(174)	100	522	623
Total changes of items during the period	16	259	(174)	100	522	275
Balance at the end of the period	144	(82)	(174)	(112)	2,161	37,939

(4) Consolidated Statements of Cash Flows

[Unit: million yen]

	Fiscal 2013 From: April 1, 2012 To: March 31, 2013	Fiscal 2014 From: April 1, 2013 To: March 31, 2014
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	4,867	3,424
Depreciation and amortization	3,746	4,544
Impairment loss	–	25
Amortization of goodwill	32	29
Increase (decrease) in provision for retirement benefits	(95)	(1,562)
Increase (decrease) in net defined benefit liability	–	1,527
Loss (gain) on valuation of investment securities	64	13
Loss on valuation of stocks of subsidiaries and affiliates	–	29
Loss (gain) on investments in silent partnership	(29)	(188)
Loss on valuation of golf club memberships	7	–
Interest and dividends income	(150)	(101)
Interest expenses	32	30
Equity in (earnings) losses of affiliates	909	(1)
Loss (gain) on sales and retirement of noncurrent assets	60	92
Loss (gain) on sales of investment securities	(25)	(168)
Loss (gain) on sales of stocks of subsidiaries and affiliates	–	46
Decrease (increase) in notes and accounts receivable – trade	348	(16)
Decrease (increase) in inventories	(143)	149
Increase (decrease) in notes and accounts payable – trade	265	(235)
Increase (decrease) in accrued expenses	267	(943)
Increase (decrease) in accrued consumption taxes	(17)	(162)
Other, net	232	34
Subtotal	10,373	6,565
Interest and dividends income received	146	77
Interest expenses paid	(32)	(30)
Income taxes paid	(2,244)	(2,476)
Net cash provided by (used in) operating activities	8,242	4,136
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	8	127
Proceeds from redemption of securities	100	–
Purchase of property, plant and equipment and intangible assets	(4,907)	(8,478)
Proceeds from sales of property, plant and equipment and intangible assets	0	231
Purchase of investment securities	33	184
Purchase of investments in subsidiaries resulting in change in scope of consolidation	–	(126)
Proceeds from withdrawal of investments in silent partnership	4	298
Purchase of treasury stock of subsidiaries in consolidation	(107)	–
Other, net	(109)	60
Net cash provided by (used in) investing activities	(4,977)	(7,703)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	30	3,568
Proceeds from long-term loans payable	–	1,400
Repayment of long-term loans payable	(517)	(767)
Repayments of lease obligations	(730)	(841)
Purchase of treasury stock	(0)	(703)
Proceeds from sales of treasury stock	212	164
Cash dividends paid	(1,101)	(1,102)
Cash dividends paid to minority shareholders	(44)	(105)
Net cash provided by (used in) financing activities	(2,153)	1,612
Effect of exchange rate change on cash and cash equivalents	116	255
Net increase (decrease) in cash and cash equivalents	1,228	(1,698)
Cash and cash equivalents at beginning of period	6,926	8,154
Cash and cash equivalents at end of period	8,154	6,456

(5) Notes to Consolidated Financial Statements

Notes on the Going Concern Assumption

Not applicable.

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), starting from the end of fiscal 2014 (however, excluding 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), changing to the method of the amount of retirement benefit obligations less the amount of pension assets being recorded as net defined benefit liability and whereby unrecognized actuarial gains or losses and unrecognized past service costs are recorded in net defined benefit liability.

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 end of fiscal 2014, the amount of the effect accompanying this change is added to or deducted from remeasurements of defined benefit plans in accumulated other comprehensive income.

As a result, at the end of fiscal 2014, along with recording net defined benefit liability of 1,797 million yen, accumulated other comprehensive income decreased by 174 million yen.

Net assets per share decreased by 4.85 yen.

Changes in Accounting Estimates

Changes in Useful Life

Remodeling and expansion construction work is being conducted on ZENRIN Techno Center (Tobata Ward, Kitakyushu City), which is held by ZENRIN, with construction work completion slated for September 2014. In correlation, the useful life of "buildings and structures" for which retirement is expected has been changed to the period through August 2014, which is the scheduled month of the retirement, starting from fiscal 2014.

As a result, operating income, ordinary income, and income before income taxes and minority interests in fiscal 2014 were each 146 million yen less than that based on the method applied in the past.

The impact of this on segment information is described in the relevant sections.

Significant Subsequent Events

Transaction under Common Control, Etc.

ZENRIN's consolidated subsidiaries ZENRIN DataCom Co., Ltd. and ZENRIN PROMO Co., Ltd. merged on April 1, 2014.

1. Outline of Transaction

(1) Name of Combining Enterprises and Description of Their Business

Name of enterprise:	ZENRIN DataCom Co., Ltd.
Description of business:	Map information distribution services for mobile terminals Map data provision for internet services
Name of enterprise:	ZENRIN PROMO Co., Ltd.
Description of business:	Sales promotion business

(2) Date of Business Combination

April 1, 2014

(3) Legal Form of Business Combination

Absorption-type merger in which ZENRIN DataCom Co., Ltd. is the company surviving the merger and ZENRIN PROMO Co., Ltd. is the company extinguished in the merger

(4) Name of Combined Enterprise

ZENRIN DataCom Co., Ltd.

(5) Other Matters Concerning Outline of Transaction

The purpose is to withdraw from an unprofitable business and consolidate subsidiaries, and thereby achieve streamlining of the consolidated management structure and concentration of the managerial resources of the ZENRIN Group.

2. Overview of Accounting Applied

The transaction is accounted for as a transaction under common control in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21; issued on December 26, 2008) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10; issued on December 26, 2008).

4. Other

Sales Turnover based on Business Composition under Medium-Term Business Plan ZGP2015

Business composition	Fiscal 2013	Fiscal 2014	Amount of increase (decrease)	Rate of increase (decrease)	Main items
	million yen	million yen	million yen	%	
Advertising business	1,082	952	(130)	(12.0)	Various media
Publishing business	8,727	8,474	(252)	(2.9)	Printed residential maps, special-purpose maps, and purchased products
GIS business	9,608	10,238	629	6.6	Residential map databases
ICT business	14,123	14,184	61	0.4	Services for smartphones / mobile phones, and map data provision for internet services
ITS business	12,001	11,369	(632)	(5.3)	Data for Japanese in-car navigation systems
Global business	3,038	2,353	(685)	(22.6)	Data for overseas in-car navigation systems, and various overseas content
Other business	6,408	6,016	(392)	(6.1)	General printing goods, commissioned CAD processing, sales promotion products, etc.
Total	54,991	53,589	(1,402)	(2.6)	