Financial Summary for Fiscal 2013
[Japanese GAAP] [Consolidated]

May 8, 2013

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

Scheduled date of holding of ordinary general meeting of shareholders: June 14, 2013
Scheduled date of submission of annual securities report: June 17, 2013
Scheduled date of commencement of dividend payouts: June 17, 2013
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 2013

ZENRIN's fiscal 2013 is the period from April 1, 2012 to March 31, 2013.

(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 2013	54,991	5.1	5,585	26.7	5,076	6.3	1,835	(6.0)
Fiscal 2012	52,322	(1.1)	4,408	0.8	4,777	4.5	1,952	(4.4)

[Note] Comprehensive income Fiscal 2013: 2,725 million yen [38.4%] Fiscal 2012: 1,969 million yen [11.6%]

	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 2013	49.93	–	5.2	9.3	10.2
Fiscal 2012	53.09	–	5.7	9.2	8.4

[Reference] Equity in earnings (losses) of affiliates Fiscal 2013: (909 million yen) Fiscal 2012: (111 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 2013	56,376	37,663	63.9	984.91
Fiscal 2012	52,673	35,887	65.8	955.76

[Reference] Equity Fiscal 2013: 36,024 million yen Fiscal 2012: 34,670 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 2013	8,242	(4,977)	(2,153)	8,154
Fiscal 2012	5,915	(5,574)	(1,908)	6,926

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 2012	–	14.00	–	15.00	29.00	1,066	54.6	3.1
Fiscal 2013	–	15.00	–	15.00	30.00	1,102	60.1	3.1
Fiscal 2014 [forecast]	–	15.00	–	15.00	30.00		44.1	

3. Forecast for Consolidated Results of Operations in Fiscal 2014

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

[% 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]	25,200	(2.5)	800	(68.8)	900	(67.1)	200	(82.8)	5.44
Fiscal year	56,000	1.8	5,200	(6.9)	5,500	8.3	2,500	36.2	68.00

[Reference] Summary of Non-Consolidated Results of Operations

1. Non-Consolidated Results of Operations in Fiscal 2013

ZENRIN's fiscal 2013 is the period from April 1, 2012 to March 31, 2013.

(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 2013	37,856	(0.2)	2,324	(4.9)	3,182	(4.5)	721	(54.5)
Fiscal 2012	37,936	(1.2)	2,442	(12.1)	3,332	(6.7)	1,587	6.6

	Net income per share	Diluted net income per share
	yen	yen
Fiscal 2013	19.64	–
Fiscal 2012	43.18	–

(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 2013	43,649	30,926	70.9	846.25
Fiscal 2012	42,673	30,826	72.2	851.23

[Reference] Equity Fiscal 2013: 30,926 million yen Fiscal 2012: 30,826 million yen

2. Forecast for Non-Consolidated Results of Operations in Fiscal 2014

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

[% 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]	17,200	(1.6)	0	(100.0)	700	(55.1)	500	(47.7)	13.60
Fiscal year	38,500	1.7	2,300	(1.0)	3,200	0.6	1,900	163.2	51.68

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1. Analysis of Business Performance and Financial Position

(1) Analysis of Business Performance

1) Business Performance for Fiscal 2013

In fiscal 2013 (from April 1, 2012 to March 31, 2013), the Japanese economy showed a trend of moderate recovery due to demand stemming from reconstruction from the Great East Japan Earthquake and to such factors as expectation for economic measures and monetary policies. On the other hand, with the European debt crisis and other concerns of overseas economic slowdown still remaining as risks that affect the economy, the sense of uncertainty over the future was yet to clear.

Under such an environment, with the rapid spread of smartphones, brisk smartphone services led to increase in ICT-related sales. The result was net sales of 54,991 million yen (increased 2,668 million yen, or up 5.1%, compared to the previous fiscal year) and operating income of 5,585 million yen (increased 1,177 million yen, or up 26.7%, compared to the previous fiscal year). The recording of 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, among other factors, resulted in ordinary income of 5,076 million yen (increased 299 million yen, or up 6.3%, compared to the previous fiscal year). Restructuring loss and loss on liquidation of subsidiaries associated with review of the business of a consolidated subsidiary were among the extraordinary losses recorded. The result was net income of 1,835 million yen (decreased 116 million yen, or down 6%, compared to the previous fiscal year).

[Segment Results of Operations]

① Map Database Segment

The Map Database segment, which is the ZENRIN Group's core business, saw brisk smartphone services and other ICT-related sales, and the picking up of the North American market and other factors led to increase in sales of data for overseas in-car navigation systems. On the other hand, decrease in new vehicle sales volume in Japan on the rebound of the ended subsidies for green vehicles and other factors led to decrease in sales of data for Japanese in-car navigation systems.

The result was Map Database segment net sales of 47,258 million yen (increased 3,522 million yen, or up 8.1%, compared to the previous fiscal year) and segment income of 4,944 million yen (increased 1,064 million yen, or up 27.4%, compared to the previous fiscal year).

② General Printing Segment

The results of the General Printing segment were net sales of 3,942 million yen (decreased 157 million yen, or down 3.8%, compared to the previous fiscal year) and segment income of 146 million yen (increased 32 million yen, or up 28.9%, compared to the previous fiscal year).

③ Other

Concerning the results other than that of the Map Database segment and General Printing segment, decrease in sales of sales promotion, as well as liquidation of consolidated subsidiary Knockin'on, Inc. and other factors led to net sales of 3,791 million yen (decreased 695 million yen, or down 15.5%, compared to the previous fiscal year), while cost reduction led to segment income of 342 million yen (increased 77 million yen, or up 29.2%, 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.

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

Fiscal 2012 (from April 1, 2011 to March 31, 2012)

[Unit: million yen]

	Reportable segments			Other [Note]	Total
	Map Database segment	General Printing segment	Total		
Net sales					
Net sales to external customers	43,735	4,099	47,835	4,487	52,322
Intersegment net sales or transfers	93	957	1,051	217	1,269
Total	43,829	5,057	48,887	4,704	53,591
Segment income (loss)	3,879	113	3,993	265	4,258
Segment assets	34,672	4,400	39,073	2,594	41,667
Other account items					
Depreciation and amortization	3,233	144	3,378	32	3,411
Amortization of goodwill	27	–	27	27	55
Investments in affiliates accounted for by equity method	1,337	–	1,337	–	1,337
Additions to property, plant and equipment and intangible assets	4,600	93	4,694	45	4,739

[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 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.

(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 2012	Fiscal 2013
Total for reportable segments	48,887	51,790
Net sales of “Other” item	4,704	4,140
Eliminations of intersegment transactions	(1,269)	(939)
Net sales on consolidated financial statements	52,322	54,991

[Unit: million yen]

Income	Fiscal 2012	Fiscal 2013
Total for reportable segments	3,993	5,091
Income of “Other” item	265	342
Eliminations of intersegment transactions	149	151
Operating income on consolidated financial statements	4,408	5,585

[Unit: million yen]

Assets	Fiscal 2012	Fiscal 2013
Total for reportable segments	39,073	42,547
Assets of “Other” item	2,594	2,267
Corporate assets [Note]	11,709	12,162
Eliminations of intersegment transactions	(703)	(600)
Total assets on consolidated financial statements	52,673	56,376

[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 2012	Fiscal 2013	Fiscal 2012	Fiscal 2013	Fiscal 2012	Fiscal 2013	Fiscal 2012	Fiscal 2013
Depreciation and amortization	3,378	3,673	32	32	40	40	3,451	3,746
Amortization of goodwill	27	32	27	0	–	–	55	32
Investments in affiliates accounted for by equity method	1,337	410	–	–	–	–	1,337	410
Additions to property, plant and equipment and intangible assets	4,694	6,386	45	28	0	217	4,740	6,631

[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 2012 (from April 1, 2011 to March 31, 2012)

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.

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

Please note net sales to NTT DOCOMO, INC. were 4,967 million yen in fiscal 2012.

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

Fiscal 2012 (from April 1, 2011 to March 31, 2012)

[Unit: million yen]

	Map Database segment	General Printing segment	Other	Eliminations and/or corporate	Total
Impairment loss	44	–	94	–	138

[Note] The amount of "Other" is entirely the amount associated with business activities of internet and other advertising distribution.

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

Not applicable.

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

Fiscal 2012 (from April 1, 2011 to March 31, 2012)

[Unit: million yen]

	Map Database segment	General Printing segment	Other	Eliminations and/or corporate	Total
Amortization during the period	27	–	27	–	55
Balance at the end of current period	10	–	0	–	10

[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 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.

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

Not applicable.

2) Forecast for Fiscal 2014

In the Japanese economy ahead, despite uncertainty with the European debt crisis and other factors remaining as downside risks in the overseas economy, improvement in the export environment backed by depreciation of the yen led to promising signs being seen in also the stock market, resulting in expectations for a moderate recovery trend.

Under such an environment, the ZENRIN Group will proceed to carry out measures to put the medium-term business plan “ZENRIN GROWTH PLAN 2015” into practice. In the forecast for fiscal 2014, increased sales compared to the results of fiscal 2013 are expected. Still, however, decreased income is projected up to the operating income level because map database maintenance expenses and investment in development of new products will precede such. Concerning ordinary income and net income, on the other hand, increased income is projected partly because the disposition of loss related to an affiliate, which took place in fiscal 2013, will no longer have an impact.

In light of the above, in the forecast for consolidated results of operations in fiscal 2014, ZENRIN expects net sales of 56,000 million yen (increase of 1,008 million yen, or up 1.8%, compared to fiscal 2013), operating income of 5,200 million yen (decrease of 385 million yen, or down 6.9%, compared to fiscal 2013), ordinary income of 5,500 million yen (increase of 423 million yen, or up 8.3%, compared to fiscal 2013) and net income of 2,500 million yen (increase of 664 million yen, or up 36.2%, compared to fiscal 2013).

(2) Analysis of Financial Position

1) Overview of Fiscal 2013

Total assets at the end of fiscal 2013 increased 3,703 million yen (7%) compared to at the end of fiscal 2012 to 56,376 million yen. The increase was mainly attributable to decrease in investment securities in the amount of 519 million yen being offset by increase in each of cash and deposits in the amount of 1,333 million yen, software in the amount of 871 million yen and software in progress in the amount of 985 million yen.

Liabilities increased 1,927 million yen (11.5%) compared to at the end of fiscal 2012 to 18,713 million yen. The increase was mainly attributable to decrease in long-term loans payable in the amount of 417 million yen being offset by increase in each of trade accounts payable in the amount of 272 million yen, lease obligations in the amount of 398 million yen, accrued expenses in the amount of 276 million yen and income taxes payable in the amount of 415 million yen.

Net assets increased 1,775 million yen (4.9%) compared to at the end of fiscal 2012 to 37,663 million yen. The increase was mainly attributable to decrease in the amount of 1,103 million yen due to dividends from surplus being offset by net income in the amount of 1,835 million yen and increase in minority interests in the amount of 422 million yen.

The following outlines the status of cash flows in fiscal 2013.

Cash and cash equivalents (hereafter, “net cash”) at the end of fiscal 2013 increased 1,228 million yen (17.7%) compared to at the end of fiscal 2012 to 8,154 million yen.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to 8,242 million yen (increased 2,327 million yen compared to the previous fiscal year). This was mainly attributable to income taxes paid in the amount of 2,244 million yen being offset by income before income taxes in the amount of 4,867 million yen and depreciation and amortization in the amount of 3,746 million yen as well as equity in losses of affiliates in the amount of 909 million yen.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to 4,977 million yen (decreased 596 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 4,907 million yen.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to 2,153 million yen (increased 244 million yen compared to the previous fiscal year). This was mainly attributable to cash dividends paid in the amount of 1,101 million yen and also repayments of lease obligations in the amount of 730 million yen.

2) Changes in Cash Flow Indicators

	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013
Ratio of equity to total assets [%]	66.8	65.3	65.9	65.8	63.9
Ratio of equity to total assets [%] (market value basis)	79.2	80.7	64.0	58.2	83.4
Ratio of interest-bearing liabilities to operating cash flows [years]	0.7	0.6	0.6	0.6	0.3
Interest coverage ratio [times]	77.9	108.6	127.4	134.2	254.8

[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 2013 and 2014

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 2013 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 53rd ordinary general meeting of shareholders that is scheduled to be held on June 14, 2013.

Moreover, ZENRIN expects 30 yen as the annual dividend per share in fiscal 2014, 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 2013.

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 subcontractor, 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 that leads to a drop in our social credibility, 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 in-car navigation business and currently has operations in this field in North America, Europe and Asia. As a consequence, operations overseas are affected by the economic conditions in these regions. Should demand for automobiles or in-car navigation systems shrink in any of these regions, there is a possibility that the ZENRIN Group's net sales may decline.

The ZENRIN Group's operations may also be impacted by the business strategies of automobile manufacturers, the development schedules of in-car navigation system manufacturers and the quality of map databases supplied to the ZENRIN Group in these regions.

Other factors that could impact our ability to conduct business overseas include:

1) Sociopolitical factors in the countries and regions in which we operate
2) Restrictions on financing and the transmission of funds to Japan
3) Difficulties in securing human resources
4) Exchange rate policies
5) Terrorism, wars, epidemics, natural disasters, etc.
6) Legal and regulatory changes

Should our ability to conduct business overseas be hindered by such factors, the ZENRIN Group's operating results and/or business development may be adversely impacted.

(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) in the cities of Shenzhen and Shanghai. 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 have the potential to adversely impact the ZENRIN Group's efforts to expand the Map Database segment.

2) Unusual Fluctuations in Financial Condition 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 46.2% in the first half and 53.8% in the second half.

(b) Fluctuations in Retirement Benefits

The retirement benefit liabilities and retirement benefit expenses paid to the ZENRIN Group's employees are calculated based on assumptions regarding discount rates, future compensation levels and retirement rates, among others. As the differences between these assumptions and actual figures are amortized over future accounting periods, in principle, they are included in expenses and recognized as liabilities in 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, may have an impact on the provision for retirement benefits and retirement benefit expenses and, as a consequence, adversely impact the ZENRIN Group's operating results.

3) Dependence on Particular Business Partners

(a) Dependence on Particular Customers

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 customers 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 customers.

At the same time, however, we recognize that sales to these customers are affected by their business policies and performance trends, etc. Should such customers 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 customers 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 more 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 could 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 could 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, notably 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 to customers. 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 2012	Fiscal 2013
	As of March 31, 2012	As of March 31, 2013
Assets		
Current assets		
Cash and deposits	6,934	8,267
Notes and accounts receivable – trade	12,326	11,995
Short-term investment securities	251	51
Inventories	1,303	1,448
Deferred tax assets	1,689	1,870
Other	548	631
Allowance for doubtful accounts	(26)	(8)
Total current assets	23,026	24,256
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	4,089	4,367
Machinery, equipment and vehicles, net	146	142
Land	8,326	8,326
Lease assets, net	1,624	2,018
Other, net	346	661
Total property, plant and equipment	14,534	15,516
Intangible assets		
Goodwill	10	–
Software	6,357	7,229
Software in progress	2,323	3,308
Lease assets	15	6
Other	2	1
Total intangible assets	8,709	10,546
Investments and other assets		
Investment securities	3,722	3,202
Deferred tax assets	1,227	1,131
Other	1,601	1,834
Allowance for doubtful accounts	(148)	(111)
Total investments and other assets	6,402	6,057
Total noncurrent assets	29,646	32,120
Total assets	52,673	56,376

[Unit: million yen]

	Fiscal 2012	Fiscal 2013
	As of March 31, 2012	As of March 31, 2013
Liabilities		
Current liabilities		
Accounts payable – trade	2,200	2,472
Short-term loans payable	1,939	1,869
Lease obligations	621	776
Accrued expenses	3,482	3,759
Income taxes payable	1,381	1,797
Provision for directors' bonuses	138	161
Other	2,603	3,686
Total current liabilities	12,368	14,523
Noncurrent liabilities		
Long-term loans payable	1,361	943
Lease obligations	1,113	1,357
Provision for retirement benefits	1,657	1,561
Provision for directors' retirement benefits	133	133
Other	151	195
Total noncurrent liabilities	4,417	4,190
Total liabilities	16,785	18,713
Net assets		
Shareholders' equity		
Capital stock	6,557	6,557
Capital surplus	13,111	13,111
Retained earnings	18,159	18,892
Treasury stock	(2,605)	(2,323)
Total shareholders' equity	35,222	36,237
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(106)	128
Foreign currency translation adjustment	(445)	(341)
Total accumulated other comprehensive income	(552)	(213)
Minority interests	1,216	1,639
Total net assets	35,887	37,663
Total liabilities and net assets	52,673	56,376

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

Consolidated Statements of Income

[Unit: million yen]

	Fiscal 2012 From: April 1, 2011 To: March 31, 2012	Fiscal 2013 From: April 1, 2012 To: March 31, 2013
Net sales	52,322	54,991
Cost of sales	29,414	30,329
Gross profit	22,908	24,662
Selling, general and administrative expenses	18,499	19,076
Operating income	4,408	5,585
Non-operating income		
Interest income	14	13
Dividends income	159	137
Real estate rent	141	144
Gain on sales of scraps	31	27
Gain on cancellation of derivatives	106	–
Other	212	196
Total non-operating income	665	518
Non-operating expenses		
Interest expenses	44	32
Equity in losses of affiliates	111	909
Depreciation of assets for rent	25	26
Foreign exchange losses	72	33
Other	42	25
Total non-operating expenses	296	1,027
Ordinary income	4,777	5,076
Extraordinary income		
Gain on sales of investment securities	–	25
Gain on sales of noncurrent assets	1	–
Total extraordinary income	1	25
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	74	60
Loss on valuation of investment securities	49	64
Loss on valuation of golf club membership	3	7
Restructuring loss	–	81
Loss on liquidation of subsidiaries	–	19
Impairment loss	138	–
Total extraordinary losses	266	234
Income before income taxes	4,512	4,867
Income taxes – current	1,818	2,649
Income taxes – deferred	575	(145)
Total income taxes	2,393	2,503
Income before minority interests	2,119	2,364
Minority interests in income	167	528
Net income	1,952	1,835

Consolidated Statements of Comprehensive Income

[Unit: million yen]

	Fiscal 2012 From: April 1, 2011 To: March 31, 2012	Fiscal 2013 From: April 1, 2012 To: March 31, 2013
Income before minority interests	2,119	2,364
Other comprehensive income		
Valuation difference on available-for-sale securities	16	257
Foreign currency translation adjustment	(198)	121
Share of other comprehensive income of associates accounted for using equity method	32	(16)
Total other comprehensive income	(149)	361
Comprehensive income	1,969	2,725
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of the parent	1,802	2,174
Comprehensive income attributable to minority interests	167	551

(3) Consolidated Statements of Changes in Net Assets

[Unit: million yen]

	Fiscal 2012 From: April 1, 2011 To: March 31, 2012	Fiscal 2013 From: April 1, 2012 To: March 31, 2013
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	6,557	6,557
Balance at the end of current period	6,557	6,557
Capital surplus		
Balance at the beginning of current period	13,111	13,111
Balance at the end of current period	13,111	13,111
Retained earnings		
Balance at the beginning of current period	17,237	18,159
Changes of items during the period		
Dividends from surplus	(1,029)	(1,103)
Net income	1,952	1,835
Total changes of items during the period	922	732
Balance at the end of current period	18,159	18,892
Treasury stock		
Balance at the beginning of current period	(2,951)	(2,605)
Changes of items during the period		
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	345	282
Total changes of items during the period	345	281
Balance at the end of current period	(2,605)	(2,323)
Total shareholders' equity		
Balance at the beginning of current period	33,954	35,222
Changes of items during the period		
Dividends from surplus	(1,029)	(1,103)
Net income	1,952	1,835
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	345	282
Total changes of items during the period	1,268	1,014
Balance at the end of current period	35,222	36,237

[Unit: million yen]

	Fiscal 2012 From: April 1, 2011 To: March 31, 2012	Fiscal 2013 From: April 1, 2012 To: March 31, 2013
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	(122)	(106)
Changes of items during the period		
Net changes of items other than shareholders' equity	16	234
Total changes of items during the period	16	234
Balance at the end of current period	(106)	128
Foreign currency translation adjustment		
Balance at the beginning of current period	(279)	(445)
Changes of items during the period		
Net changes of items other than shareholders' equity	(166)	104
Total changes of items during the period	(166)	104
Balance at the end of current period	(445)	(341)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(402)	(552)
Changes of items during the period		
Net changes of items other than shareholders' equity	(149)	338
Total changes of items during the period	(149)	338
Balance at the end of current period	(552)	(213)
Minority interests		
Balance at the beginning of current period	1,086	1,216
Changes of items during the period		
Net changes of items other than shareholders' equity	130	422
Total changes of items during the period	130	422
Balance at the end of current period	1,216	1,639
Total net assets		
Balance at the beginning of current period	34,638	35,887
Changes of items during the period		
Dividends from surplus	(1,029)	(1,103)
Net income	1,952	1,835
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	345	282
Net changes of items other than shareholders' equity	(19)	761
Total changes of items during the period	1,249	1,775
Balance at the end of current period	35,887	37,663

(4) Consolidated Statements of Cash Flows

[Unit: million yen]

	Fiscal 2012 From: April 1, 2011 To: March 31, 2012	Fiscal 2013 From: April 1, 2012 To: March 31, 2013
Net cash provided by (used in) operating activities		
Income before income taxes	4,512	4,867
Depreciation and amortization	3,494	3,746
Impairment loss	138	–
Amortization of goodwill	55	32
Increase (decrease) in provision for retirement benefits	(24)	(95)
Loss (gain) on valuation of investment securities	49	64
Loss on valuation of golf club memberships	3	7
Gain on cancellation of derivatives	(106)	–
Interest and dividends income	(173)	(150)
Interest expenses	44	32
Equity in (earnings) losses of affiliates	111	909
Loss (gain) on sales and retirement of noncurrent assets	72	60
Loss (gain) on sales of investment securities	–	(25)
Loss on liquidation of subsidiaries	–	19
Decrease (increase) in notes and accounts receivable – trade	(1,540)	348
Decrease (increase) in inventories	77	(143)
Increase (decrease) in notes and accounts payable – trade	311	265
Increase (decrease) in accrued expenses	3	267
Increase (decrease) in accrued consumption taxes	110	(17)
Other, net	22	182
Subtotal	7,161	10,373
Interest and dividends income received	167	146
Interest expenses paid	(44)	(32)
Income taxes paid	(1,368)	(2,244)
Net cash provided by (used in) operating activities	5,915	8,242
Net cash provided by (used in) investing activities		
Proceeds from redemption of securities	–	100
Purchase of property, plant and equipment and intangible assets	(4,025)	(4,907)
Purchase of investment securities	(1,673)	(115)
Purchase of treasury stock of subsidiaries in consolidation	–	(107)
Other, net	123	52
Net cash provided by (used in) investing activities	(5,574)	(4,977)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	30	30
Proceeds from long-term loans payable	1,000	–
Repayment of long-term loans payable	(1,423)	(517)
Repayments of lease obligations	(661)	(730)
Purchase of treasury stock	(0)	(0)
Proceeds from sales of treasury stock	212	212
Cash dividends paid	(1,028)	(1,101)
Cash dividends paid to minority shareholders	(36)	(44)
Net cash provided by (used in) financing activities	(1,908)	(2,153)
Effect of exchange rate change on cash and cash equivalents	(34)	116
Net increase (decrease) in cash and cash equivalents	(1,601)	1,228
Cash and cash equivalents at beginning of period	8,528	6,926
Cash and cash equivalents at end of period	6,926	8,154

(5) Notes on the Going Concern Assumption

Not applicable.

(6) Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates

In conjunction with the revision of the Corporation Tax Act, ZENRIN and its domestic consolidated subsidiaries have changed the depreciation method for property, plant and equipment acquired on or after April 1, 2012 to the depreciation method based on the revised Corporation Tax Act, starting from fiscal 2013.

The impact of this on income (loss) and segment information is minimal.

4. Other

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

Business composition	Fiscal 2012	Fiscal 2013	Amount of increase (decrease)	Rate of increase (decrease)	Main items
	million yen	million yen	million yen	%	
Advertising business	1,356	1,082	(273)	(20.2)	Various media
Publishing business	8,771	8,727	(44)	(0.5)	Printed residential maps, special-purpose maps, and purchased products
GIS business	9,137	9,608	471	5.2	Residential map databases
ICT business	10,606	14,123	3,517	33.2	Services for smartphones / mobile phones, and map data provision for internet services
ITS business	12,310	12,001	(308)	(2.5)	Data for Japanese in-car navigation systems
Global business	2,856	3,038	181	6.4	Data for overseas in-car navigation systems, and various overseas content
Other business	7,283	6,408	(874)	(12.0)	General printing goods, commissioned CAD processing, sales promotion products, etc.
Total	52,322	54,991	2,668	5.1	