Financial Summary for Fiscal 2017
[Japanese GAAP] [Consolidated]

May 8, 2017

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: +81-93-882-9050
Contact: [Title] Executive Officer, and Head of Corporate Management Division
[Name] Masami Matsuo

Scheduled date of holding of ordinary general meeting of shareholders: June 16, 2017
Scheduled date of submission of annual securities report: June 19, 2017
Scheduled date of commencement of dividend payouts: June 19, 2017
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 2017

ZENRIN's fiscal 2017 is the period from April 1, 2016 to March 31, 2017.

(1) Consolidated Business Performance

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal 2017	57,819	5.2	4,234	39.4	4,527	32.1	2,462	52.9
Fiscal 2016	54,970	5.1	3,038	27.2	3,427	24.6	1,610	10.0

[Note] Comprehensive income Fiscal 2017: 3,218 million yen [318.7%] Fiscal 2016: 768 million yen [(78.1%)]

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
Fiscal 2017	67.11	–	6.0	7.2	7.3
Fiscal 2016	44.21	–	4.0	5.7	5.5

[Reference] Share of (profit) loss of entities accounted for using equity method Fiscal 2017: 23 million yen
Fiscal 2016: 102 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 2017	65,150	43,463	64.6	1,146.51
Fiscal 2016	59,810	41,496	67.1	1,094.22

[Reference] Equity Fiscal 2017: 42,061 million yen Fiscal 2016: 40,143 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 2017	9,318	(5,313)	(2,248)	6,817
Fiscal 2016	8,604	(4,945)	(4,900)	5,099

2. Dividends

	Annual dividend					Total dividends	Payout ratio [Consolidated]	Ratio of dividends to net assets [Consolidated]
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal 2016	–	15.50	–	17.00	32.50	1,187	73.5	3.0
Fiscal 2017	–	17.00	–	17.50	34.50	1,271	51.4	3.1
Fiscal 2018 [forecast]	–	17.50	–	17.50	35.00		47.6	

3. Forecast for Consolidated Results of Operations in Fiscal 2018

ZENRIN's fiscal 2018 is the period from April 1, 2017 to March 31, 2018.

[% 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		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First 2 quarters [cumulative]	25,000	0.9	0	(100.0)	0	(100.0)	0	(100.0)	0.00
Fiscal year	60,000	3.8	4,500	6.3	4,700	3.8	2,700	9.7	73.60

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1. Analysis of Business Performance

(1) Overview of Business Performance for Fiscal 2017

1. Business Performance for Fiscal 2017

In fiscal 2017 (from April 1, 2016 to March 31, 2017), the Japanese economy continued on a moderate recovery trend, as the employment and income situations continued to improve and personal consumption showed signs of recovery, while corporate earnings also improved. Meanwhile, the outlook of the domestic economy remained uncertain due to, among others, the effects of the transition to a new presidential administration in the U.S. and downside risk in the emerging economies.

In such an environment, the ZENRIN Group reported business performance in fiscal 2017 as follows: net sales of 57,819 million yen (increased 2,849 million yen, or up 5.2%, compared to the previous fiscal year), operating income of 4,234 million yen (increased 1,195 million yen, or up 39.4%, compared to the previous fiscal year), ordinary income of 4,527 million yen (increased 1,100 million yen, or up 32.1%, compared to the previous fiscal year) and profit attributable to owners of parent of 2,462 million yen (increased 851 million yen, or up 52.9%, compared to the previous fiscal year).

The following outlines the status of Segment Results in fiscal 2017.

Map Database Segment

The Map Database segment, which is the ZENRIN Group's core businesses, reported robust sales related to GIS utilizing residential map databases, in addition to increase in ITS-related sales including sales from data for Japanese in-car navigation systems and contracted development, despite a decrease in sales from projects commissioned by the local governments, which were reported in the same period of the previous fiscal year. In terms of expenses, personnel expenses and amortization of the Zenrin Integrated Geospatial System, among others, increased.

As a result of the foregoing, the Map Database segment reported net sales of 49,092 million yen (increased 2,952 million yen, or up 6.4%, compared to the previous fiscal year) and segment income of 3,836 million yen (increased 1,265 million yen, or up 49.2%, compared to the previous fiscal year)

General Printing Segment

The General Printing segment reported net sales of 3,503 million yen (decreased 145 million yen, or down 4.0%, compared to the previous fiscal year) and segment income of 56 million yen (decreased 25 million yen, or down 31.5%, compared to the previous fiscal year).

Other

The segment other than the Map Database segment and the General Printing segment reported net sales of 5,222 million yen (increased 43 million yen, or up 0.8%, compared to the previous fiscal year) and segment income of 256 million yen (decreased 37 million yen, or down 12.8%, compared to the previous fiscal year).

Reportable Segment Information

1. 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, mainly upon selling products related to map database to external customers, engages in an integrated map database business in which production (research/input and editing/processing, etc.) and sales (product sales/distribution, etc.) are divided among ZENRIN and the subsidiaries. On top of this, the Group is engaged in general printing business which conducts planning and designing as well as manufacturing and selling of commercial printing goods and other businesses.

Accordingly, the ZENRIN Group sets two segments - the Map Database segment and the General Printing segment – as its reportable segments, and other businesses are classified as "Other".

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 smartphone. The General Printing segment manufactures and sells general printing goods.

2. 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.

Change in the Depreciation Method of Property, Plant and Equipment

As stated in "Changes in accounting policy that are difficult to distinguish from changes in accounting estimates," previously, the Company and its domestic consolidated subsidiaries had primarily adopted the declining-balance method in the depreciation of property, plant and equipment (excluding lease assets). However, starting from the first quarter of fiscal 2017, the Company and its domestic consolidated subsidiaries, have changed the method of depreciation to the straight-line method.

As a result, in the fiscal 2017, segment income increased by 111 million yen in the Map Database segment, by 11 million yen in the General Printing segment, and by 2 million yen in the Other segment, compared with the amounts calculated using the previous method.

3. Information on Reportable Segment Net Sales, Income or Loss, Assets, Liabilities and Other Account Items

Fiscal 2016 (from April 1, 2015 to March 31, 2016)

[Unit: million yen]

	Reportable segments			Other [Note]	Total
	Map Database segment	General Printing segment	Total		
Net sales					
Net sales to external customers	46,140	3,649	49,790	5,179	54,970
Intersegment net sales or transfers	85	549	635	104	739
Total	46,226	4,199	50,425	5,283	55,709
Segment income (loss)	2,571	82	2,653	294	2,947
Segment assets	42,266	4,701	46,967	2,215	49,182
Other account items					
Depreciation and amortization	4,899	160	5,060	46	5,106
Amortization of goodwill	83	–	83	230	314
Investments in affiliates accounted for by equity method	532	–	532	–	532
Additions to property, plant and equipment and intangible assets	5,278	265	5,543	32	5,575

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

Fiscal 2017 (from April 1, 2016 to March 31, 2017)

[Unit: million yen]

	Reportable segments			Other [Note]	Total
	Map Database segment	General Printing segment	Total		
Net sales					
Net sales to external customers	49,092	3,503	52,596	5,222	57,819
Intersegment net sales or transfers	104	643	748	297	1,046
Total	49,197	4,147	53,345	5,520	58,865
Segment income (loss)	3,836	56	3,893	256	4,149
Segment assets	44,645	5,350	49,995	2,097	52,093
Other account items					
Depreciation and amortization	5,339	162	5,501	35	5,537
Amortization of goodwill	130	—	130	231	361
Investments in affiliates accounted for by equity method	633	—	633	—	633
Additions to property, plant and equipment and intangible assets	4,837	685	5,522	23	5,545

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

4. 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 2016	Fiscal 2017
Total for reportable segments	50,425	53,345
Net sales of “Other” item	5,283	5,520
Eliminations of intersegment transactions	(739)	(1,046)
Net sales on consolidated financial statements	54,970	57,819

[Unit: million yen]

Income	Fiscal 2016	Fiscal 2017
Total for reportable segments	2,653	3,893
Income of “Other” item	294	256
Eliminations of intersegment transactions	90	85
Operating income on consolidated financial statements	3,038	4,234

[Unit: million yen]

Assets	Fiscal 2016	Fiscal 2017
Total for reportable segments	46,967	49,995
Assets of “Other” item	2,215	2,097
Corporate assets [Note]	10,906	13,387
Eliminations of intersegment transactions	(278)	(330)
Total assets on consolidated financial statements	59,810	65,150

[Note] Corporate assets are primarily surplus management funds (cash and deposits), 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 2016	Fiscal 2017	Fiscal 2016	Fiscal 2017	Fiscal 2016	Fiscal 2017	Fiscal 2016	Fiscal 2017
Depreciation and amortization	5,060	5,501	46	35	74	53	5,181	5,591
Amortization of goodwill	83	130	230	231	–	–	314	361
Investments in affiliates accounted for by equity method	532	633	–	–	–	–	532	633
Additions to property, plant and equipment and intangible assets	5,543	5,522	32	23	–	17	5,575	5,563

[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.

5. Information on Gain on Negative Goodwill by Reportable Segment

Not applicable.

2. Forecast for Fiscal 2018

In the Japanese economy ahead, although careful attention should be paid to overseas economic trends, the moderate recovery trend is anticipated to continue partially owing to the effects of various policies.

Under such an environment, the forecast of consolidated results for fiscal 2018 expects net sales of 60,000 million yen (increase of 2,180 million yen, or up 3.8%, compared to fiscal 2017), operating income of 4,500 million yen (increase of 265 million yen, or up 6.3%, compared to fiscal 2017), ordinary income of 4,700 million yen (increase of 172 million yen, or up 3.8%, compared to fiscal 2017) and profit attributable to owners of parent of 2,700 million yen (increase of 237 million yen, or up 9.7%, compared to fiscal 2017).

(2) Overview of Financial Position for Fiscal 2017

1. Overview of Fiscal 2017

Total assets at the end of fiscal 2017 stood at 65,150 million yen (increased 5,339 million yen, or up 8.9%, compared to at the end of fiscal 2016). This was attributable to an increase in goodwill in the amount of 689 million yen mainly due to the inclusion of Abalta Technologies, Inc. and its subsidiary Abalta Technologies EOOD in the scope of consolidation following the acquisition of shares of the former, in addition to increases in cash and deposits, notes and accounts receivable – trade, and net defined benefit asset in the amounts of 1,718 million yen, 1,669 million yen, and 909 million yen, respectively.

Liabilities stood at 21,686 million yen (increased 3,372 million yen, or up 18.4%, compared to at the end of fiscal 2016). This was attributable to increases in advances received, accrued expenses, and income taxes payable in the amounts of 1,221 million yen, 887 million yen, and 945 million yen, respectively.

Net assets stood at 43,463 million yen (increased 1,967 million yen, or up 4.7%, compared to at the end of fiscal 2016). This was attributable to a net increase in retained earnings in the amount of 1,213 million yen as a result of a decrease in the amount of 1,249 yen due to dividend of surplus and an increase in the amount of 2,462 due to the recognition of profit attributable to owners of parent, as well as to increases in capital surplus and treasury shares in the amounts of 177 million yen and 178 million yen, respectively, as a result of, among others, the establishment of a Board Benefit Trust (BBT) and an Employee Stock Ownership Plan Trust (J-ESOP).

As a result, the ratio of equity to total assets at the end of fiscal 2017 was down 2.5 points compared to at the end of fiscal 2016 to 64.6%.

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

Cash and cash equivalents at the end of fiscal 2017 stood at 6,817 million yen (increased 1,718 million yen, or up 33.7%, compared to at the end of fiscal 2016).

Cash Flows from Operating Activities

Net cash provided by operating activities stood at 9,318 million yen (increased 713 million yen compared to the previous fiscal year). This was attributable to profit before income taxes in the amount of 4,226 million yen, an increase in notes and accounts receivable – trade in the amount of 1,605 million yen, income taxes paid in the amount of 1,334 million yen, and other factors being offset by depreciation and amortization in the amount of 5,591 million yen, increases in advances received and accrued expenses in the amounts of 1,201 million yen and 884 million yen, respectively, goodwill amortization in the amount of 361 million yen, and other factors of increase.

Cash Flows from Investing Activities

Net cash used in investing activities stood at 5,313 million yen (increased 368 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 4,416 million yen and purchase of shares of subsidiaries resulting in change in scope of consolidation in the amount of 809 million yen.

Cash Flows from Financing Activities

Net cash used in financing activities stood at 2,248 million yen (decreased 2,651 million yen compared to the previous fiscal year). This was mainly attributable to cash dividends paid in the amount of 1,248 million yen and repayments of lease obligations in the amount of 1,058 million yen.

2. Changes in Cash Flow Indicators

	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017
Ratio of equity to total assets [%]	63.9	61.7	64.4	67.1	64.6
Ratio of equity to total assets [%] (market value basis)	83.4	64.8	87.2	138.7	133.3
Ratio of interest-bearing liabilities to operating cash flows [years]	0.3	1.7	0.9	0.4	0.4
Interest coverage ratio [times]	254.8	137.5	189.6	243.5	261.5

[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 shares) 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 statement 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 statement of cash flows.

(3) Basic Policy on Distribution of Income, and Payment of Dividends in Fiscal 2017 and 2018

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- to long-term business plan on a consolidated basis. Under this policy, ZENRIN will aim for a dividend equity (DOE) [Note] on a consolidated basis of 3% or higher while maintaining dividends at the current level.

In addition, by continuing to consider purchasing treasury shares 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 17.5 yen as the year-end dividend per share in fiscal 2017 based on the above policy. Combined with 17 yen already paid as the interim dividend per share, annual dividend per share is expected to be 34.5 yen.

Please note that this matter will be decided by resolution at ZENRIN’s 57th ordinary general meeting of shareholders that is scheduled to be held on June 16, 2017.

Moreover, ZENRIN expects 35 yen as the annual dividend per share in fiscal 2018, with 17.5 yen as both the interim dividend per share and the year-end dividend per share.

[Note] Dividend on equity on a consolidated basis (DOE) = Total amount of dividends / Shareholders’ equity

Shareholders’ equity is the amount arrived at when the amount of treasury shares is subtracted from the sum total of common stock, capital surplus and retained earnings.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheet

[Unit: million yen]

	Fiscal 2016	Fiscal 2017
	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	5,105	6,824
Notes and accounts receivable – trade	12,806	14,475
Electronically recorded monetary claims – operating	68	87
Securities	3	—
Merchandise and finished goods	829	760
Work in process	318	313
Raw materials and supplies	83	65
Deferred tax assets	1,543	2,045
Other	1,029	1,102
Allowance for doubtful accounts	(8)	(16)
Total current assets	21,777	25,658
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,230	5,044
Machinery, equipment and vehicles, net	141	133
Land	6,744	6,743
Leased assets, net	2,034	2,401
Construction in progress	11	42
Other, net	590	552
Total property, plant and equipment	14,753	14,917
Intangible assets		
Goodwill	860	1,549
Software	11,657	11,825
Leased assets	34	51
Other	2,673	1,965
Total intangible assets	15,226	15,392
Investments and other assets		
Investment securities	3,431	3,749
Long-term loans receivable	9	10
Net defined benefit asset	2,657	3,566
Deferred tax assets	284	185
Other	1,791	1,814
Allowance for doubtful accounts	(120)	(146)
Total investments and other assets	8,053	9,181
Total non-current assets	38,032	39,491
Total assets	59,810	65,150

[Unit: million yen]

	Fiscal 2016	Fiscal 2017
	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Accounts payable – trade	2,875	2,555
Short-term loans payable	2,154	2,879
Lease obligations	759	745
Accrued expenses	3,403	4,290
Income taxes payable	951	1,896
Deferred tax liabilities	0	2
Advances received	2,313	3,535
Provision for directors’ bonuses	111	160
Provision for sales returns	4	3
Other	1,788	2,013
Total current liabilities	14,363	18,082
Non-current liabilities		
Long-term loans payable	1,344	665
Lease obligations	1,311	1,489
Deferred tax liabilities	102	303
Provision for directors’ retirement benefits	132	132
Provision for management board benefit trust	—	22
Net defined benefit liability	237	238
Asset retirement obligations	36	37
Other	784	714
Total non-current liabilities	3,950	3,603
Total liabilities	18,314	21,686
Net assets		
Shareholders’ equity		
Capital stock	6,557	6,557
Capital surplus	13,314	13,491
Retained earnings	21,537	22,750
Treasury shares	(2,013)	(2,192)
Total shareholders’ equity	39,395	40,607
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	355	441
Foreign currency translation adjustment	(26)	18
Remeasurements of defined benefit plans	419	993
Total accumulated other comprehensive income	748	1,454
Non-controlling interests	1,352	1,401
Total net assets	41,496	43,463
Total liabilities and net assets	59,810	65,150

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

Consolidated Statement of Income

[Unit: million yen]

	Fiscal 2016 From: April 1, 2015 To: March 31, 2016	Fiscal 2017 From: April 1, 2016 To: March 31, 2017
Net sales	54,970	57,819
Cost of sales	33,092	33,699
Gross profit	21,877	24,120
Selling, general and administrative expenses		
Personnel expenses	10,688	11,401
Provision for directors' bonuses	113	165
Provision for management board benefit trust	―	22
Retirement benefit expenses	254	273
Provision of allowance for doubtful accounts	19	57
Other	7,762	7,964
Total selling, general and administrative expenses	18,839	19,885
Operating profit	3,038	4,234
Non-operating income		
Interest income	18	11
Dividend income	114	120
Share of profit of entities accounted for using equity method	102	23
Real estate rent	51	46
Dividend income of insurance	34	40
Other	124	105
Total non-operating income	445	347
Non-operating expenses		
Interest expenses	35	35
Depreciation of assets for rent	7	7
Other	13	11
Total non-operating expenses	56	54
Ordinary profit	3,427	4,527
Extraordinary income		
Gain on sales of non-current assets	0	1
Gain on sales of investment securities	6	12
Gain on liquidation of subsidiaries	16	―
Gain on change in equity	28	―
Other	3	―
Total extraordinary income	54	14
Extraordinary losses		
Loss on sales and retirement of non-current assets	217	181
Impairment loss	209	120
Other	12	13
Total extraordinary losses	440	315
Profit before income taxes	3,042	4,226
Income taxes – current	1,363	2,167
Income taxes – deferred	61	(476)
Total income taxes	1,425	1,691
Profit	1,616	2,535
Profit attributable to non-controlling interests	6	73
Profit attributable to owners of parent	1,610	2,462

Consolidated Statement of Comprehensive Income

[Unit: million yen]

	Fiscal 2016 From: April 1, 2015 To: March 31, 2016	Fiscal 2017 From: April 1, 2016 To: March 31, 2017
Profit	1,616	2,535
Other comprehensive income		
Valuation difference on available-for-sale securities	(127)	85
Foreign currency translation adjustment	(148)	(23)
Remeasurements of defined benefit plans, net of tax	(501)	573
Share of other comprehensive income of entities accounted for using equity method	(70)	47
Total other comprehensive income	(847)	683
Comprehensive income	768	3,218
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of parent	774	3,167
Comprehensive income attributable to non-controlling interests	(6)	51

(3) Consolidated Statement of Changes in Equity

Fiscal 2016 (from April 1, 2015 to March 31, 2016)

[Unit: million yen]

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,557	13,111	21,068	(2,842)	37,894
Changes of items during period					
Dividends of surplus			(1,141)		(1,141)
Profit attributable to owners of parent			1,610		1,610
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		374		831	1,205
Changes of scope of consolidation		(171)			(171)
Net changes of items other than shareholders' equity					
Total changes of items during period	－	202	469	828	1,500
Balance at end of current period	6,557	13,314	21,537	(2,013)	39,395

	Accumulated other comprehensive income				Non-controlling 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 beginning of current period	478	183	921	1,583	2,484	41,963
Changes of items during period						
Dividends of surplus						(1,141)
Profit attributable to owners of parent						1,610
Purchase of treasury shares						(2)
Disposal of treasury shares						1,205
Changes of scope of consolidation						(171)
Net changes of items other than shareholders' equity	(122)	(210)	(501)	(835)	(1,132)	(1,967)
Total changes of items during period	(122)	(210)	(501)	(835)	(1,132)	(467)
Balance at end of current period	355	(26)	419	748	1,352	41,496

Fiscal 2017 (from April 1, 2016 to March 31, 2017)

[Unit: million yen]

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,557	13,314	21,537	(2,013)	39,395
Changes of items during period					
Dividends of surplus			(1,249)		(1,249)
Profit attributable to owners of parent			2,462		2,462
Purchase of treasury shares				(511)	(511)
Disposal of treasury shares		177		332	510
Changes of scope of consolidation					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	177	1,213	(178)	1,211
Balance at end of current period	6,557	13,491	22,750	(2,192)	40,607

	Accumulated other comprehensive income				Non-controlling 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 beginning of current period	355	(26)	419	748	1,352	41,496
Changes of items during period						
Dividends of surplus						(1,249)
Profit attributable to owners of parent						2,462
Purchase of treasury shares						(511)
Disposal of treasury shares						510
Changes of scope of consolidation						—
Net changes of items other than shareholders' equity	86	45	573	705	49	755
Total changes of items during period	86	45	573	705	49	1,967
Balance at end of current period	441	18	993	1,454	1,401	43,463

(4) Consolidated Statement of Cash Flows

[Unit: million yen]

	Fiscal 2016 From: April 1, 2015 To: March 31, 2016	Fiscal 2017 From: April 1, 2016 To: March 31, 2017
Cash flows from operating activities		
Profit before income taxes	3,042	4,226
Depreciation	5,181	5,591
Impairment loss	209	120
Amortization of goodwill	314	361
Decrease (increase)in net defined benefit asset	(115)	(83)
Increase (decrease) in net defined benefit liability	4	5
Interest and dividend income	(132)	(131)
Interest expenses	35	35
Share of (profit) loss of entities accounted for using equity method	(102)	(23)
Loss (gain) on sales and retirement of non-current assets	217	180
Loss (gain) on sales of investment securities	(6)	(12)
Loss (gain) on change in equity	(28)	―
Loss (gain) on liquidation of subsidiaries	(16)	―
Decrease (increase) in notes and accounts receivable – trade	(668)	(1,605)
Decrease (increase) in inventories	249	78
Increase (decrease) in notes and accounts payable – trade	366	(340)
Increase (decrease) in accrued expenses	384	884
Increase (decrease) in advances received	1,080	1,201
Increase (decrease) in accrued consumption taxes	(326)	269
Other, net	(321)	(192)
Subtotal	9,367	10,564
Interest and dividend income received	133	123
Interest expenses paid	(35)	(35)
Income taxes paid	(861)	(1,334)
Net cash provided by (used in) operating activities	8,604	9,318
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(4,582)	(4,416)
Purchase of investment securities	(330)	(127)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	―	(809)
Proceeds from sales of shares of subsidiaries resulting	―	20
Other, net	(31)	20
Net cash provided by (used in) investing activities	(4,945)	(5,313)
Cash flows from financing activities		
Proceeds from long-term loans payable	―	500
Repayments of long-term loans payable	(486)	(433)
Repayments of lease obligations	(992)	(1,058)
Purchase of treasury shares	(2)	(511)
Proceeds from sales of treasury shares	299	510
Cash dividends paid	(1,140)	(1,248)
Dividends paid to non-controlling interests	(79)	(5)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(312)	―
Other, net	(2,185)	(2)
Net cash provided by (used in) financing activities	(4,900)	(2,248)
Effect of exchange rate change on cash and cash equivalents	(53)	(37)
Net increase (decrease) in cash and cash equivalents	(1,294)	1,718
Cash and cash equivalents at beginning of period	6,393	5,099
Cash and cash equivalents at end of period	5,099	6,817

(5) Notes to Consolidated Financial Statements

Notes on the Going Concern Assumption

Not applicable.

Changes in accounting policy that are difficult to distinguish from changes in accounting estimates

Change in the depreciation method of property, plant and equipment

Previously the Company and its domestic consolidated subsidiaries had primarily adopted the declining-balance method in the depreciation of property, plant and equipment (excluding lease assets). However, starting from fiscal 2017, the Company and its domestic consolidated subsidiaries, have changed the method of depreciation to the straight-line method.

In recent years, the focus of the ZENRIN Group's core business has been shifting from the sales of printed materials such as residential maps to flat-rate services associated with map data distribution. Furthermore, with the development of map databases based on the integrated geospatial information system in fiscal 2017, more efficient production of map data has become possible.

In conjunction with these changes, the Company, upon examination of the status of usage of its non-current assets, concluded that going forward it expects to use its property, plant and equipment stably in the long-term throughout their useful lives and that allocating the depreciation of property, plant and equipment evenly over their useful lives would appropriately reflect the status of their use; and accordingly, determined that changing its depreciation method to the straight-line method would be the most reasonable course of action.

As a result, in fiscal 2017, operating income increased by 125 million yen, and ordinary income and income before income taxes increased by 125 million yen, respectively, compared with the amounts calculated using the previous method.

Significant Subsequent Events

Not applicable.

3. Other

Sales Turnover based on Business Composition under Medium- to Long-Term Business Plan ZGP2020

Business composition	Fiscal 2016	Fiscal 2017	Amount of increase (decrease)	Rate of increase (decrease)	Main items
	million yen	million yen	million yen	%	
Publishing business	9,427	8,832	(594)	(6.3)	Printed residential maps, special-purpose maps, and purchased products
GIS business	12,026	12,953	926	7.7	Residential map databases
ICT business	11,433	11,171	(262)	(2.3)	Services for smartphones / mobile phones, and map data provision for internet services
ITS business	11,654	14,639	2,985	25.6	Data for Japanese in-car navigation systems
Global business	2,926	2,760	(165)	(5.7)	Data for overseas in-car navigation systems, and various overseas content
Other business	7,501	7,462	(39)	(0.5)	General printing goods, direct mail delivery services, in-ship (enclosing in mail/packages) advertising, etc.
Total	54,970	57,819	2,849	5.2	