

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (FY3/14)

[Japanese GAAP]

Company name: Shobunsha Publications, Inc. Listing: Tokyo Stock Exchange, First Section
 Stock code: 9475 URL: <http://www.mapple.co.jp/>
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 Scheduled date of Annual General Meeting of Shareholders: June 27, 2014
 Scheduled date of payment of dividend: June 30, 2014
 Scheduled date of filing of Annual Securities Report: June 27, 2014
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(1) Consolidated results of operations (Percentages for net sales and incomes represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2014	13,870	(5.2)	659	142.3	699	108.9	433	21.1
Fiscal year ended Mar. 31, 2013	14,638	(6.1)	272	(76.2)	334	(69.7)	357	(55.6)

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2014: 595 (up 16.7%)

Fiscal year ended Mar. 31, 2013: 510 (down 40.0%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2014	26.07	-	1.5	2.1	4.8
Fiscal year ended Mar. 31, 2013	21.52	-	1.3	1.0	1.9

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2014: - Fiscal year ended Mar. 31, 2013: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2014	33,992	29,004	85.3	1,744.29
As of Mar. 31, 2013	33,795	28,652	84.8	1,723.08

Reference: Shareholders' equity (million yen) As of Mar. 31, 2014: 29,004 As of Mar. 31, 2013: 28,652

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2014	2,287	316	(636)	10,446
Fiscal year ended Mar. 31, 2013	1,081	(771)	(493)	8,479

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2013	-	0.00	-	20.00	20.00	332	92.9	1.2
Fiscal year ended Mar. 31, 2014	-	0.00	-	20.00	20.00	332	76.7	1.2
Fiscal year ending Mar. 31, 2015 (forecasts)	-	0.00	-	20.00	20.00		175.0	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	6,470	4.1	(220)	-	(210)	-	(190)	-	-
Full year	14,330	3.3	130	(80.3)	160	(77.1)	190	(56.2)	11.43

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly added: -

Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

- 1) Changes in accounting policies due to revisions in accounting standards, others: Yes
 2) Changes in accounting policies other than 1) above: None
 3) Changes in accounting-based estimates: None
 4) Restatements: None

(3) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of period (including treasury shares)

As of Mar. 31, 2014: 17,307,750 shares As of Mar. 31, 2013: 17,307,750 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2014: 679,414 shares As of Mar. 31, 2013: 679,064 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2014: 16,628,507 shares Fiscal year ended Mar. 31, 2013: 16,628,763 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2014	12,442	(4.1)	408	471.2	439	238.7	182	(4.8)
Fiscal year ended Mar. 31, 2013	12,968	(6.3)	71	(90.8)	129	(83.9)	191	(64.2)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2014	10.95	-
Fiscal year ended Mar. 31, 2013	11.50	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2014	32,455	28,002	86.3	1,684.05
As of Mar. 31, 2013	32,246	27,991	86.8	1,683.35

Reference: Shareholders' equity (million yen) As of Mar. 31, 2014: 28,002 As of Mar. 31, 2013: 27,991

2. Non-consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(Percentages represent year-on-year changes)

	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	5,790	4.0	(230)	-	(210)	-	-
Full year	12,920	3.8	100	(77.2)	140	(23.1)	8.42

* Information regarding the implementation of audit procedure

This report is exempted from audit procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the audit procedures for the financial statements have not been completed.

* Explanation of appropriate use of operating forecasts, and other special items

Cautionary statement with respect to forward-looking statements

Forward-looking statements in these materials are based on assumption judged to be valid and information available to the Company's management at the time the materials were prepared, but are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of factors. Please refer to "1. Analysis of Results of Operations and Financial Position, (1) Analysis of Results of Operations, Outlook" on page 3 for forecast assumptions and notes of caution for usage.

How to view supplementary materials for financial results

The Company plans to hold a results presentation for analysts on May 29, 2014. Materials to be distributed at this event will be available on the Company's website immediately thereafter.

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1. Analysis of Results of Operations and Financial Position

(1) Analysis of Results of Operations

1) Summary of the fiscal year

In the fiscal year that ended on March 31, 2014, the operating environment for companies in Japan improved. The yen weakened and stock prices rebounded due to significant monetary easing by the Bank of Japan and economic initiatives by Japan's new administration. As a result, corporate earnings increased and the Japanese economy staged a recovery.

At the Shobunsha Publications Group, retail publishing sales were down 795 million yen, or 9.8%, from one year earlier to 7,363 million yen. Sales of printed maps continued to decline along with the rising use of smartphones and other digital devices. We launched MAPPLE Magazine *Umeda* and MAPPLE Magazine *Mount Fuji*, both of which generated much interest. There were also many new products that used tie-ups with other companies, including the *co-Trip* series. But sales of foreign travel magazines and guidebooks were lower especially for China and Korea. In addition, sales in the previous fiscal year included the one-time contribution from the introduction of a new series of publications. e-business sales were up 3 million yen, or 0.1%, to 4,924 million yen. MAPPLE Navi royalty sales were higher as sales associated with PNDs (portable navigation devices) continued to increase and this service was extended to minicars. Sales in this business also benefited from strong sales of map data to private-sector companies as corporate earnings rebounded. However, there was a sharp drop in sales from data production outsourcing at a subsidiary due to the sale of this business in June 2013.

The Shobunsha Publications Group is currently concentrating on services for smartphones. During the fiscal year, we continued to increase the number of products included in *MAPPLE Link*, a digital supplement that we have been providing for publications for some time, and add more functions. In addition, we offer a community website for *co-Trip*, which is very popular among women who like to travel, and the *co-Trip Otoriyose* website, which sells merchandise chosen by our discerning *co-Trip* staff. Furthermore, to provide information to the rapidly growing number of foreign tourists in Japan, we set up Facebook pages for tourists from Taiwan and Thailand and started offering a smartphone tourism app for tourists from Taiwan.

Overall, consolidated sales decreased 5.2% to 13,870 million yen.

Although earnings were negatively affected by the decline in retail publishing sales, there was only a small decline in the gross profit because of the cost of sales recorded in the previous fiscal year in association with the launch of a new series of foreign travel guidebooks. There were substantial investments in *MAPPLE Link* and businesses involving *co-Trip*. But advertising and sales promotion expenses were lower due mainly because no new series were launched during the fiscal year. Personnel expenses were lower too, the result of the downsizing of administrative departments. The large decline in selling, general and administrative expenses raised operating income by 387 million yen, or 142.3%, to 659 million yen. Ordinary income was up 364 million yen, or 108.9%, to 699 million yen. In addition, there was extraordinary income of 33 million yen for a transfer profit in association with the sale of a business. This was the result of the use of the absorption-type divestiture method for the sale of part of the business operations of a subsidiary. As a result, income before income taxes and minority interests was 732 million yen. Taxes include 250 million yen of income taxes-deferred in association with the recognition of prepaid pension expenses in accordance with retirement benefit accounting standards. After these items, net income increased 75 million yen, or 21.1%, to 433 million yen.

Beginning with the fiscal year that ended on March 31, 2014, the Publishing Service segment and Electronic Service segment have been combined into a single business segment. In prior years, there were two business segments: Publishing Services and Electronic Services. These segments were based on the methods used to provide map and guidebook database information, which is our core business. Publishing Services was books and other printed products and Electronic Services was information distributed using electronic channels. Due to the significant changes in these businesses in recent years, there has been a rapid shift from using paper media for information distribution to the use of electronic channels like the Internet and portable wireless devices. In response to these changes, the Shobunsha Publications Group is placing emphasis on comprehensive services that are not restricted to a single medium. Two examples are services linked to both publications and smartphones and e-books. As a result, we have decided that it is no longer appropriate to use separate business segments based on the type of information distribution method as in prior years.

2) Sales and orders

Sales

(Millions of yen)

Category	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	YoY (%)
Retail publishing			
Maps	3,470	3,165	- 8.8
Magazines	3,238	3,045	- 5.9
Guidebooks	1,432	1,121	- 21.7
Practical books	16	29	+ 75.2
Subtotal	8,158	7,363	- 9.8
Special-order products	772	795	+ 3.0
Advertising	745	753	+ 1.0
e-business sales	4,920	4,924	+ 0.1
Fees and commissions	40	33	- 15.9
Total	14,638	13,870	- 5.2

Notes: 1. The amounts are based on selling prices.

2. The above amounts do not include consumption taxes.

Orders

The Shobunsha Publications Group produces to sell the special-order products for private-sector companies, government agencies and other customers and some e-business products.

Category	Orders (Millions of yen)	YoY (%)	Order backlog (Millions of yen)	YoY (%)
Special-order products	723	(12.7)	30	(70.6)
e-business sales	4,662	(8.6)	223	(53.9)

Note: The above amounts do not include consumption taxes.

3) Outlook

For the past several years, the operating environment has been challenging for the publishing business, which is the core business of the Shobunsha Publications Group. On the other hand, there are many new opportunities in the e-business operations because of the rapid growth in the use of smartphones and other mobile devices. To capitalize on these opportunities, we plan to increase sales of publications by further upgrading and expanding the functions of *MAPPLE Link*, an app that is linked to our publications. We will also offer more services associated with our publications. In addition, for *MAPPLE Navi*, we anticipate even more widespread use with this navigation service used by minicars in addition to PNDs. We also plan to expand business activities that utilize the *co-Trip* brand. For the rapidly growing number of smartphone users, we will continue to concentrate on creating new apps that offer greater convenience. In particular, we plan to create new markets by offering many apps that feature links with our publications. In the retail publishing business, we plan to launch a new series of travel guidebooks for Japan. By taking these actions, our goal is to reverse the decline in sales and return to sales growth.

Starting new businesses and taking the other actions outlined in the previous paragraph will require investments to develop new systems, strengthen our database and make other improvements. Furthermore, there will be higher production, advertising and sales promotion expenses for the launch of the new series of travel guidebooks. To lower returns of books and other products, which brings down our earnings, we will work even harder on our strategy for reducing returns so that we can maintain a proper level of inventories.

We anticipate a decline in earnings in the fiscal year ending on March 31, 2015 because of growth in selling, general and administrative expenses. However, the lower earnings will be the result of the substantial investments that we believe necessary to achieve medium- to long-term growth. We will use these investments to strengthen and enlarge the selection of content we can offer our customers and to perform research to create technologies for new services.

In the next fiscal year ending on March 31, 2015, we expect consolidated sales of 14,330 million yen, up 3.3%, ordinary income of 160 million yen, down 77.1%, and net income of 190 million yen, down 56.2%. However, actual results may differ significantly from these forecasts for a number of factors. A revised forecast will be announced promptly if we subsequently expect that our performance will differ significantly from these forecasts.

(2) Analysis of Financial Position

1) Balance sheet position

Total assets increased 196 million yen, or 0.6%, from the end of the previous fiscal year to 33,992 million yen at the end of the current fiscal year. This was mainly due to increases in cash and deposits of 1,866 million yen, investment securities of 226 million yen, and net defined benefit asset of 1,158 million yen, while there were decreases in notes and accounts receivable-trade of 452 million yen, merchandise and finished goods of 150 million yen, work in process of 162 million yen, other under current assets of 564 million yen, buildings and structures, net of 129 million yen, database of 577 million yen, and other under investments and other assets of 678 million yen. Total liabilities decreased 155 million yen, or 3.0%, from the end of the previous fiscal year to 4,987 million yen at the end of the current fiscal year. This was mainly due to decreases in notes and accounts payable-trade of 129 million yen, short-term loans payable of 174 million yen, and provision for retirement benefits of 128 million yen, while there were increases in provision for sales returns of 100 million yen, and deferred tax liabilities (non-current) of 242 million yen. Total net assets increased 352 million yen, or 1.2%, from the end of the previous fiscal year to 29,004 million yen at the end of the current fiscal year. There were a 100 million yen increase in retained earnings due to the dividends of surplus of 332 million yen and net income of 433 million yen, and a 161 million yen increase in valuation difference on available-for-sale securities.

As a result, the equity ratio improved 0.5 percentage point to 85.3%.

2) Cash flows

Cash and cash equivalents (hereafter “net cash”) increased 1,967 million yen from the end of the previous fiscal year to 10,446 million yen at the end of the current fiscal year on a consolidated basis. There were income before income taxes and minority interests of 732 million yen, depreciation and amortization of 1,277 million yen, a 100 million yen increase in provision for sales returns, a 423 million yen decrease in notes and accounts receivable-trade, a 302 million yen decrease in inventories, proceeds from withdrawal of time deposits of 100 million yen, proceeds from sales of investment securities of 596 million yen, a 434 million yen increase in net defined benefit asset, a 122 million yen decrease in notes and accounts payable-trade, purchase of intangible assets of 356 million yen, a net decrease of 174 million yen in short-term loans payable, repayments of long-term loans payable of 129 million yen, and cash dividends paid of 333 million yen.

Cash flows by category were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities increased 1,205 million yen, or 111.4%, from the previous fiscal year to 2,287 million yen.

This was because, while income before income taxes and minority interests and net defined benefit asset increased by 147 million yen and 434 million yen respectively, there was an absence of gain on sales of short-term and long-term investment securities, which was 213 million yen in the previous fiscal year, an increase of 432 million yen in decrease in notes and accounts receivable-trade to 423 million yen, a decrease of 474 million yen in decrease in other non-current assets to 45 million yen, and a decrease in other current liabilities of 220 million yen.

(Cash flows from investing activities)

Net cash provided by investing activities totaled 316 million yen, increased by 1,087 million yen compared with 771 million yen used in the previous fiscal year.

The main factors were the proceeds from withdrawal of time deposits of 100 million yen, proceeds from sales of investment securities of 596 million yen, and a decrease of 170 million yen in the purchase of intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities totaled 636 million yen, increased 143 million yen, or 29.0%, compared with the previous fiscal year.

The main factor was an increase of 114 million yen in net decrease in short-term loans payable.

Cash flow indicators

	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Equity ratio (%)	81.5	83.3	83.8	84.8	85.3
Equity ratio based on market value (%)	33.9	34.4	29.9	28.5	33.9
Interest-bearing debt to cash flow ratio (%)	52.0	68.9	80.1	108.5	38.0
Interest coverage ratio (times)	115.8	100.2	89.9	63.4	156.7

Note: Equity ratio: Shareholders' equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest payments

* Each indicator is calculated using financial figures stated on the consolidated basis.

* Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of shares outstanding at the end of the period, excluding treasury shares.

* Operating cash flows use the cash flows provided by operating activities on the consolidated statement of cash flows.

* Interest-bearing debt is calculated using total loans-payable on the consolidated balance sheet. Interest payments use the amount of interest expenses paid stated on the consolidated statement of cash flows.

(3) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

Distributing earnings to shareholders is one of the highest priorities of Shobunsha Publications. The basic policy is to pay a stable dividend that reflects results of operations and the operating environment.

Retained earnings will be used for efficient investments from a long-term perspective. One use will be substantial investments for achieving rapid expansion of the e-business, which we believe has much potential for growth. Investments will be made to further strengthen and enlarge our database and to create systems and make capital expenditures required to launch services that use this database. We will also make investments to form alliances with other companies in order to adapt quickly to the rapid pace of change in the business climate.

In accordance with this basic policy for dividends, we plan to ask shareholders at the 55th Annual General Meeting to approve an ordinary dividend of 20 yen per share as initially planned for the fiscal year that ended on March 31, 2014, just as for the previous fiscal year.

In the fiscal year ending on March 31, 2015, we foresee an even more challenging operating environment. Although we expect sales to increase, we anticipate a higher cost of sales ratio mainly because of new businesses involving smartphones, investments for new services and the launch of a new series of guidebooks. Group companies will increase their efforts to earn profits by increasing sales, cutting fixed expenses and lowering production expenses. Based on this outlook, we plan to pay an ordinary dividend of 20 yen per share just as for the current fiscal year.

(4) Business Risks

Listed below are the risk factors that may materially influence results of operations, the financial position and other aspects of the performance of the Shobunsha Publications Group. The following risk factors may have a material effect on decisions by investors.

Forward-looking statements are based on the decisions of the Shobunsha Publications Group's management as of the end of March 2014.

Risks involving the database

Business operations are centered on the Shobunsha Integrated Map Data System (SiMAP), which consists of map and guidebook information. We have a backup system for this database, including the storage of the database in several locations. However, if the database is lost or cannot be used due to unforeseen circumstances, there may be a significant effect on results of operations.

Risks involving IT systems

If there is a malfunction of the information distribution system (an interruption in the system's operations, the inability to send maps properly or other problem), group companies may lose profit opportunities until the system is restored.

Furthermore, customers and others may lose confidence in this system and there is a possibility that we will be asked to pay damages if the system malfunction causes losses for customers or others. We have designed this system to prevent such problems, but the occurrence of a significant loss from an IT system malfunction may have a significant effect on results of operations.

Risks involving technological innovation

A large number of new technologies are required to operate the e-business operations of the group. Technologies involving the transmission of information are particularly critical, and the pace of progress for these technologies is very fast. Although we are conducting R&D activities involving new technologies, we may fall behind in developing technologies or our technologies may become outdated. If these problems prevent us from generating sufficient earnings in relation to the corresponding investments, there may be an effect on results of operations.

Risks involving the development of new products and services

The continuity of business operations requires the provision of new products and services that reflect changes in the social environment and customers' needs. We are currently introducing many new products and services that reflect current market conditions. However, if development activities are delayed, become more costly or cannot be continued, or if we are unable to reach our sales targets, there may be an effect on results of operations.

Risks involving quality

We have a Quality Management Department and there are many activities at group companies to ensure the quality of our products and services. However, there is still a possibility of defects that cannot be foreseen. If a defect occurs, there may be expenses to collect a product, expenses for litigation and damages, a loss of confidence in our group, a decline in sales, or other problems that may have an effect on results of operations.

Risk of inability to recover investments in new businesses

We have made substantial investments to start a navigation service and hotel booking service. If these new businesses do not perform as planned and we are unable to earn sufficient profits in relation to the corresponding investments, there may be an effect on results of operations.

Risk of inability to recover investments to reinforce and upgrade the database

We have made substantial investments to reinforce and upgrade SiMAP, which is the core component of the Shobunsha Publications Group. Maintaining this database is essential for conducting our e-business activities, which will be vital to our operations in the coming years. If this database does not produce sufficient earnings in our publishing and e-business operations in relation to the amount of resources used, there may be an effect on results of operations.

Risks involving dependence on specific companies

The Shobunsha Publications Group has operated a publishing business that involves primarily maps and guidebooks for many years. We have used this business to accumulate substantial map and travel guide data. This data is contained in our SiMAP database, which we are currently using to expand our e-business operations with the goal of making it into our second core business. However, publishing still accounts for more than half of sales (64.3%).

Book stores are the primary sales channel for the publishing business. In this business, three companies account for approximately 82.7% of sales. Two of these companies are Tohan Co., Ltd. and Nippon Shuppan Hanbai Inc., Japan's major distributors of publications. Using these companies gives us access to a nationwide distribution network that includes small and midsize bookstores. These companies also shield us from credit risk. The third company is Nihon Chizu Kyohan Co., Ltd., which specializes in the distribution of maps. Consequently, the operations of these three companies may have a significant effect on results of operations.

In addition, in the car navigation business, which is a new business of ours, there is a significant reliance on a specific hardware supplier. If the performance of this company worsens and we are unable to locate an alternate supplier, there may be an effect on results of operations.

Risks involving returned products

In the publishing business, there is a system in Japan at book distributors and book stores for the return of products. Based on this system, we record as sales all products that are shipped to these distributors and stores. But we promise to subsequently accept all products that are returned. As a result, even when the value of publications have declined for some reason, we must accept the return of these publications that were held as inventory at book stores irrespective of the time that the publications were initially sold. Returned products are deducted from sales, which may result in a sales decline that is larger than the corresponding decline in our inventory. Furthermore, since most of our publications provide information, it is often difficult to treat returned books as inventory items that can be shipped to stores again. In most cases, returned books are discarded. We have a provision for sales returns based on losses resulting from the usual rate of returns. This allowance covers the profit from the sale of books that are subsequently returned and expenses for discarding the returned books. If books are returned at a higher than normal rate, sales would decline in relation to the cost of sales. As a result, the gross profit margin may decline at a rate that is higher than the percentage by which sales fall.

Credit risk

Although group companies take various actions concerning credit risk involving counterparties and others, there is a risk of an unforeseen bankruptcy of a counterparty due to fraud, poor performance or other reasons. If such events result in additional losses or additions to the allowance for doubtful accounts, there may be an effect on results of operations.

Risks concerning the Geospatial Information Authority of Japan

The primary elements of the map data of the Shobunsha Publications Group and data updates are based on the topographic and other maps issued by the Geospatial Information Authority of Japan. If this authority stops permitting the use of this information or establishes restrictions on items that are critical to our business operations, or if this authority starts producing map data similar to ours for free distribution, there may be a significant effect on results of operations.

Financial risk

- Asset impairment accounting

In prior years, the Shobunsha Publications Group has posted impairment losses for database, software, non-current assets, leased assets and other items. In the future, there may be additional impairment losses depending on the ability to recover investments and the level of utilization for our database, non-current assets and other assets. These losses may have a significant effect on results of operations.

- Retirement benefit obligations

The Shobunsha Publications Group has expenses for retirement benefit payments and retirement benefit obligations that are calculated by using a discount rate, employee salaries, the rate of employee resignations and retirements, the expected return on pension plan assets, and other items. These figures are determined by using various estimates for actuarial calculations. If actual retirement benefit expenses and obligations differ significantly from the amounts obtained by using these calculations and estimates, there may be an effect on results of operations.

Risks concerning fund procurement

There are currently substantial up-front investments for the expansion of e-business operations, such as investments to reinforce and enlarge the database and to develop various IT systems. Since users' needs are changing rapidly in this business sector, there may be a need for more large investments. If the financial condition of a major counterparty worsens or certain amounts due cannot be collected or the collection is delayed, we may need to procure funds from external sources. If we are unable to procure funds from external sources, there may be a significant effect on our ability to continue operation.

Risks concerning intellectual property

Other companies in Japan currently have many patents pending that involve digital maps and Internet businesses. We believe that these patent applications do not pose a serious threat to business operations at this time. However, if there are new patent applications, a current application is approved or other events occur, there may be a patent infringement problem involving technologies and other items used by the businesses of the Shobunsha Publications Group. If this happens, we may be required to pay damages or stop activities that use a particular patent. These events may have a significant effect on results of operations.

In addition, even in the event that we receive permission to use a patent or other intellectual property or another company, the resulting royalty payments and other expenses may have a significant effect on results of operations.

Risks concerning regulations

Our business operations must comply with laws and regulations involving intellectual property rights and many other items. Major revisions to a law or regulation or the establishment of a new law or regulation that seriously related to our business operations may have an effect on results of operations.

Risks concerning personal information

We use the personal information of customers and others in accordance with our personal information management rules, internal network management rules and other rules. We are always improving our personal information management system and taking other actions to prevent leaks. However, there may be a leak or other problem involving personal information resulting from unauthorized access from outside of the group or some other unforeseen event. If this happens, there may be an effect on results of operations and the public's confidence in the Shobunsha Publications Group.

Risks concerning internal management systems

The Shobunsha Publications Group has a framework for ethical behavior by employees that consists of a code of ethics, code of conduct and compliance guidelines. We have programs to ensure that everyone understands and closely follows these guidelines for behavior. We also have a system of internal controls. However, due to the limitations on the capabilities of internal control systems, there is no assurance that our system eliminates all risks associated with internal management. Consequently, there is a possibility of a violation of laws, regulations and guidelines. In the event of such a violation, the resulting government administrative guidance, loss of public trust in our group, payment of damages and other potential consequences may have an effect on results of operations.

Risks concerning the workforce

We are aware that recruiting and training skilled workers is vital to our ability to achieve growth. This is particularly critical in the e-business sector, which we plan to develop into a core business. If we are unable to recruit talented individuals for this business or if these individuals leave for jobs at other companies, the resulting impediments to our business operations may have an effect on results of operations.

Risks concerning natural disasters

Most of our operations are located in the Tokyo metropolitan area. If there is a major earthquake, typhoon or other natural disaster in this area, there may be delays in shipments because of damage to equipment and disruptions in our distribution infrastructure. Also, in the event our distribution centers storing products suffer from those disasters, and if their products are destroyed by such as fire, although temporary, retrieval of the products may become infeasible. These events may have a significant effect on results of operation. Furthermore, in the core publishing business, since we outsource tasks extending from writing articles and books to the production of publications, As a result, even if there is no damage to the equipment of group companies, there is a risk of delays and disruptions caused by damage at companies that perform these tasks on an outsourcing basis.

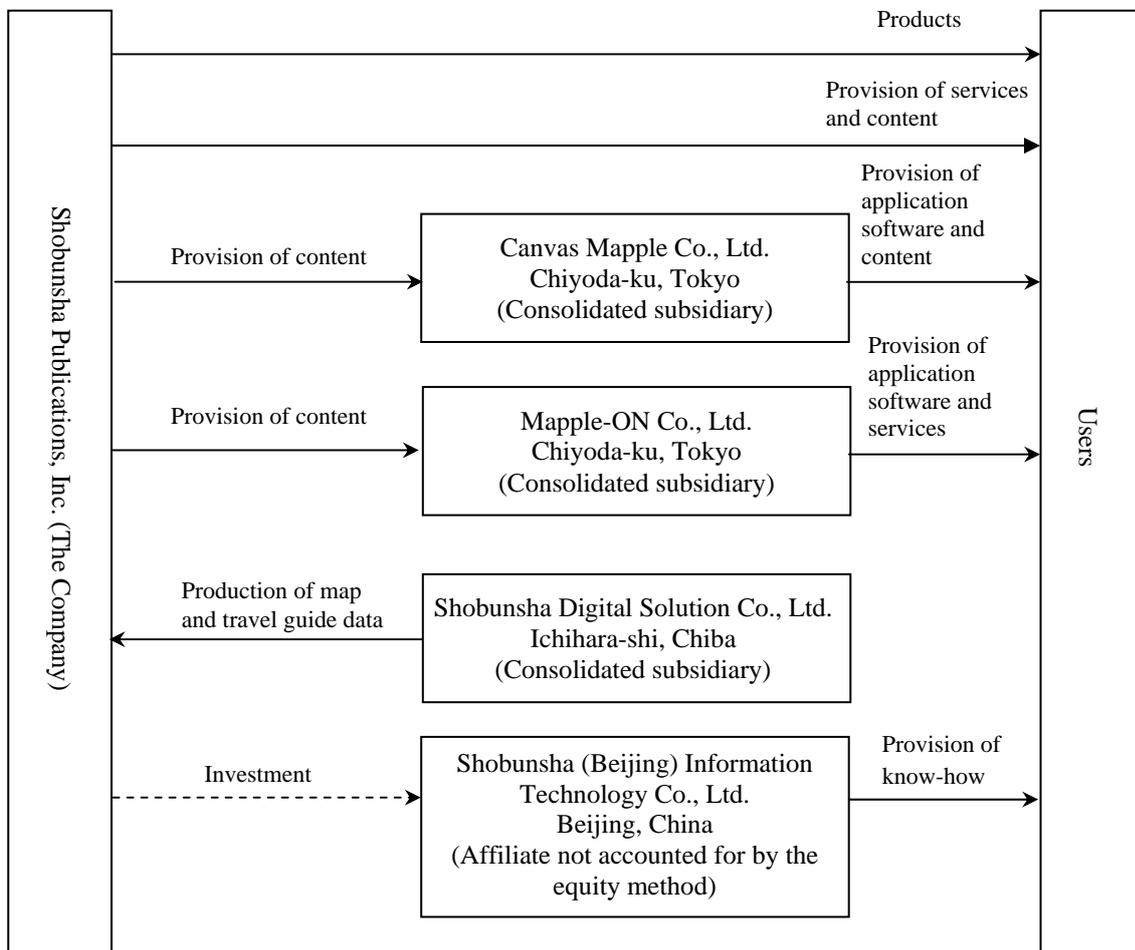
2. Corporate Group

The Shobunsha Publications Group is engaged in the planning, production and sale of maps, magazines and guidebooks that use the group’s proprietary map and guide data. There is also a map and travel information distribution business that involves the planning, production and sale of digital database information as well as services that use this database. In fiscal years before the year ended on March 31, 2014, there were two business segments for financial reporting. The Publishing Services segment included the provision of publications and other printed products and the Electronic Services segment was the distribution of data using electronic channels. These segments were based on the methods used to provide map and guidebook database information, which is our core business. In recent years, there has been a rapid shift from using paper media for the provision of information to the use of electronic channels like the Internet and portable wireless devices. In response to these changes, the Shobunsha Publications Group has been increasing emphasis on comprehensive services that are not restricted to a single medium. Examples include services that link to both publications and smartphones and e-book. Since using business segments based on the distribution channels (media) used is no longer appropriate in this environment, results of operations are reported using a single business segment starting with the fiscal year that ended on March 31, 2014.

The Shobunsha Publications Group consists of Shobunsha Publications, Inc., three consolidated subsidiaries and one affiliate not accounted for by the equity method. Consolidated subsidiary Canvas Mapple Co., Ltd. operates a navigation business. This subsidiary plans, develops and sells *MAPPLE Navi*, a navigation app that uses Shobunsha Publications’s map and travel guide content. Canvas Mapple also sells content to manufacturers of car navigation systems. Mapple-ON Co., Ltd. plans, develops and sells apps for smartphones and other mobile devices and has an Internet advertising business. Shobunsha Digital Solution Co., Ltd. performs planning and production activities for the Shobunsha Publications digital database.

On June 1, 2013, Shobunsha Digital Solution divested and transferred to AS Locus Co., Ltd. three of its business units: digital data distribution, development of digital data-related systems and the outsourced production of data in Japan.

Business flowchart



Group companies

Name	Location	Capital (Millions of yen)	Main business	Share of voting rights (%)	Relationship
<Consolidated subsidiary> Canvas Mapple Co., Ltd.	Chiyoda-ku, Tokyo	450	Car navigation service	100.0	Provision of content in the car navigation business Concurrent directors
<Consolidated subsidiary> Mapple-ON Co., Ltd.	Chiyoda-ku, Tokyo	80	Mobile service	100.0	Provision of content to apps for mobile devices (mobile phones, smartphones) Concurrent directors
<Consolidated subsidiary> Shobunsha Digital Solution Co., Ltd.	Ichihara-shi, Chiba	458	Digital data production	100.0	Planning and production of database for the Company's e-business operations Concurrent directors
<Affiliate not accounted for by the equity method> Shobunsha (Beijing) Information Technology Co., Ltd.	Beijing, China	150	Map production	49.0	Invest in map content business in China

3. Management Policies

(1) Basic Management Policy

Since its inception, Shobunsha Publications has been guided by the philosophy of “growing in an age of change and contributing to society by taking on unlimited challenges related to maps.” We are dedicated to creating the best possible maps to meet our customers’ needs and supplying the most reliable and up-to-date information possible.

Furthermore, based on the corporate slogan of “the constant pursuit of innovation,” we have established the Publishing Services business, which involves primarily maps and travel guidebooks.

In recent years, there has been a shift from paper to electronic channels for the distribution of information. This shift has made it possible to supply a large number of people with an extremely large and diverse range of information. In this environment, the Shobunsha Publications Group has established the new corporate philosophy of “using travel to bring the world together and using curiosity to make the world more sensitive” with the goal of contributing to society. We want to do more than merely supply geographic information. By distributing carefully selected information about travel and other outings, our objective is to help people have experiences become happy memories. We want to invigorate Japan by enabling many people to be happy and enjoy travel and new experiences. We envision the use of travel to create a peaceful and fulfilling world with no wars or disputes.

Based on this new philosophy, we will concentrate on accomplishing the following four fundamental goals.

1. Offer a comprehensive lineup of support for travel activities.
2. Create brand value associated with travel and other outings.
3. Achieve both localization and globalization.
4. Place priority on resonance and collaboration.

(2) Medium- and Long-term Business Strategy

Strategic objectives are as follows based on the above management policies.

1. To offer a comprehensive lineup of support for travel activities, our goal is to increase the value of travel experiences from the standpoint of customers. This commitment extends from the creation of the desire to travel to travel planning and arrangements, assistance for lodging and sightseeing, and organizing cherished travel memories.
2. To create brand value associated with travel and other outings, we will build on the brand value of the product brands *MAPPLE* and *co-Trip* and increase the value of *MAPPLE* as a corporate brand as the foundation for these product brands. We want these to remain the brands that people choose for their travel needs.
3. To achieve both localization and globalization, we will assist individual areas of Japan in creating a sustainable tourism industry. Relationships produced by traveling lead to greater mutual understanding and empathy. We also aim to help create a peaceful and fulfilling world in which anyone can travel with no worries.
4. To place priority on resonance and cooperation, we will look beyond our current activities to seek the power of resonance for new and interesting activities. We will also use the power of collaboration, which is created from the aggregate power of our users, business partners and employees. We will aim for more innovation by placing priority on these two types of power.

(3) Challenges

A rapid shift to digital technology for the distribution of information has taken place during the past several years. This shift is forcing companies that supply information to focus even more on developing highly convenient products that utilize the advantages of paper and all other types of media.

For the Shobunsha Publications Group, it is imperative to offer a broad array of services that can supply carefully selected information that truly has value. These services must encompass all types of media and devices.

Dramatic reforms will be needed for the group’s planning and production operations as actions are taken for multi-device information provision and offering the most suitable products and services. In particular, we must move quickly to build a production infrastructure that spans all types of media. Starting in the fiscal year that ended on March 31, 2014, group companies have been working on combining digital content production and publication production in

order to achieve a “single-source multi-use” operating framework.

In the fiscal year that ended on March 31, 2014, we began free distribution of the *MAPPLE Link* smartphone app, which links travel guidebooks and magazines, in order to add value to publications. Now we need to work even harder on being a source of services that are even easier to use and even more useful.

For *co-Trip*, which is very popular among women who like to travel, we have been leveraging the power of this brand for a large number of tie-ups with products other than publications. To go one more step, we must utilize the *co-Trip* brand in a diverse range of other industries.

Japan has been attracting an increasingly larger number of foreign tourists. Faster growth in the number of these tourists is expected, in part due to Tokyo’s selection to host the 2020 Summer Olympics. Growth in tourists from other countries creates an excellent opportunity for the Shobunsha Publications Group, which has a large amount of travel information. We position the “inbound business,” which supplies information to foreign tourists, as one of our most important operations and must quickly expand the service lineup. We have already started by setting up Facebook pages for Taiwan and Thailand and offering a smartphone tourism app for tourists from Taiwan. Now we need to move quickly to add more services.

Maintaining and improving the quality of content will be vital as we continue to supply information that is used by the general public. We have already established policies for specific activities so that all employees of the Shobunsha Publications Group can participate in quality assurance. These activities are overseen by departments responsible for quality assurance. We will continue to prioritize activities aimed at further improving the quality of our content.

The entire Shobunsha Publications Group is determined to use the resources needed to overcome these challenges and achieve the group’s goals.

(4) Other Important Management Items

Not applicable.

4. Consolidated Financial Statements**(1) Consolidated Balance Sheet**

	(Thousands of yen)	
	FY3/13	FY3/14
	(As of Mar. 31, 2013)	(As of Mar. 31, 2014)
Assets		
Current assets		
Cash and deposits	7,555,177	9,421,808
Notes and accounts receivable-trade	4,604,442	4,151,649
Securities	1,024,288	1,024,857
Merchandise and finished goods	1,672,299	1,521,390
Work in process	455,255	292,330
Raw materials and supplies	3,923	7,129
Deferred tax assets	319,483	206,557
Other	643,542	79,344
Allowance for doubtful accounts	(8,840)	(3,262)
Total current assets	16,269,574	16,701,804
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,424,740	7,435,979
Accumulated depreciation	(4,618,054)	(4,759,085)
Buildings and structures, net	*2 2,806,685	*2 2,676,893
Machinery, equipment and vehicles	502,602	482,574
Accumulated depreciation	(429,814)	(423,907)
Machinery, equipment and vehicles, net	72,788	58,667
Tools, furniture and fixtures	1,186,827	1,002,392
Accumulated depreciation	(1,043,094)	(914,242)
Tools, furniture and fixtures, net	143,733	88,150
Land	*2 6,166,324	*2 6,166,324
Total property, plant and equipment	9,189,531	8,990,036
Intangible assets		
Database	4,482,883	3,905,607
Goodwill	224,705	176,396
Other	830,793	696,997
Total intangible assets	5,538,383	4,779,001
Investments and other assets		
Investment securities	1,341,335	1,568,177
Net defined benefit asset	-	1,158,216
Other	1,856,591	1,178,025
Allowance for doubtful accounts	(399,575)	(382,790)
Total investments and other assets	*1 2,798,351	*1 3,521,629
Total non-current assets	17,526,266	17,290,666
Total assets	33,795,840	33,992,471

	(Thousands of yen)	
	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,127,827	998,082
Short-term loans payable	*2 944,333	*2 770,000
Current portion of long-term loans payable	*2 129,166	*2 75,008
Accrued expenses	383,510	325,476
Income taxes payable	75,001	65,725
Accrued consumption taxes	32,358	73,277
Provision for bonuses	322,781	346,145
Provision for sales returns	715,052	815,323
Provision for loss on order received	18,823	-
Other	161,147	146,490
Total current liabilities	3,910,002	3,615,530
Non-current liabilities		
Long-term loans payable	*2 100,029	*2 25,021
Deferred tax liabilities	832,717	1,075,043
Provision for retirement benefits	128,146	-
Provision for directors' retirement benefits	171,700	194,200
Net defined benefit liability	-	76,000
Other	750	2,092
Total non-current liabilities	1,233,342	1,372,357
Total liabilities	5,143,345	4,987,887
Net assets		
Shareholders' equity		
Capital stock	9,903,870	9,903,870
Capital surplus	10,708,236	10,708,236
Retained earnings	8,213,235	8,314,185
Treasury shares	(524,829)	(525,047)
Total shareholders' equity	28,300,511	28,401,244
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	351,984	513,740
Remeasurements of defined benefit plans	-	89,599
Total accumulated other comprehensive income	351,984	603,339
Total net assets	28,652,495	29,004,584
Total liabilities and net assets	33,795,840	33,992,471

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

(Thousands of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Net sales	14,638,117	13,870,982
Cost of sales	10,065,956	9,334,870
Gross profit	4,572,160	4,536,111
Reversal of provision for sales returns	674,661	715,052
Provision for sales returns	715,052	815,323
Provision for sales returns-net	40,391	100,271
Gross profit-net	4,531,769	4,435,840
Selling, general and administrative expenses	*1,*2 4,259,511	*1,*2 3,776,087
Operating income	272,258	659,753
Non-operating income		
Interest income	14,447	3,104
Dividend income	28,808	23,955
Rent income	22,535	30,146
Dividend income of insurance	4,038	3,476
Other	24,836	15,604
Total non-operating income	94,667	76,287
Non-operating expenses		
Interest expenses	17,129	14,871
Cost of lease revenue	12,045	8,695
Loss on investments in partnership	-	5,614
Other	3,085	7,579
Total non-operating expenses	32,260	36,761
Ordinary income	334,665	699,278
Extraordinary income		
Gain on sales of non-current assets	*3 56,020	*3 1,556
Gain on sales of investment securities	213,493	-
Gain on transfer from business divestitures	-	33,716
Total extraordinary income	269,514	35,273
Extraordinary losses		
Loss on sales of non-current assets	*4 800	*4 664
Loss on retirement of non-current assets	*5 18,375	*5 1,853
Loss on valuation of membership	200	-
Total extraordinary losses	19,376	2,518
Income before income taxes and minority interests	584,803	732,033
Income taxes-current	48,128	48,446
Income taxes-deferred	178,764	250,063
Total income taxes	226,893	298,509
Income before minority interests	357,910	433,524
Net income	357,910	433,524

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY3/13	FY3/14
	(Apr. 1, 2012 – Mar. 31, 2013)	(Apr. 1, 2013 – Mar. 31, 2014)
Income before minority interests	357,910	433,524
Other comprehensive income		
Valuation difference on available-for-sale securities	158,571	161,755
Share of other comprehensive income of entities accounted for using equity method	(6,318)	-
Total other comprehensive income	* 152,253	* 161,755
Comprehensive income	510,163	595,280
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	510,163	595,280
Comprehensive income attributable to minority interests	-	-

(3) Consolidated Statement of Changes in Equity

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,903,870	10,708,236	8,179,224	(524,720)	28,266,609
Changes of items during period					
Dividends of surplus			(332,577)		(332,577)
Net income			357,910		357,910
Change of scope of equity method			8,677		8,677
Purchase of treasury shares				(108)	(108)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	34,010	(108)	33,901
Balance at end of current period	9,903,870	10,708,236	8,213,235	(524,829)	28,300,511

	Accumulated other comprehensive income				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	193,412	6,318	-	199,731	28,466,340
Changes of items during period					
Dividends of surplus					(332,577)
Net income					357,910
Change of scope of equity method					8,677
Purchase of treasury shares					(108)
Net changes of items other than shareholders' equity	158,571	(6,318)	-	152,253	152,253
Total changes of items during period	158,571	(6,318)	-	152,253	186,154
Balance at end of current period	351,984	-	-	351,984	28,652,495

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,903,870	10,708,236	8,213,235	(524,829)	28,300,511
Changes of items during period					
Dividends of surplus			(332,573)		(332,573)
Net income			433,524		433,524
Change of scope of equity method					-
Purchase of treasury shares				(217)	(217)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	100,950	(217)	100,732
Balance at end of current period	9,903,870	10,708,236	8,314,185	(525,047)	28,401,244

	Accumulated other comprehensive income				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	351,984	-	-	351,984	28,652,495
Changes of items during period					
Dividends of surplus					(332,573)
Net income					433,524
Change of scope of equity method					-
Purchase of treasury shares					(217)
Net changes of items other than shareholders' equity	161,755	-	89,599	251,355	251,355
Total changes of items during period	161,755	-	89,599	251,355	352,088
Balance at end of current period	513,740	-	89,599	603,339	29,004,584

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	584,803	732,033
Depreciation and amortization	1,300,818	1,277,039
Gain on transfer from business divestitures	-	(33,716)
Loss (gain) on sales of short-term and long-term investment securities	(213,493)	-
Loss on valuation of membership	200	-
Increase (decrease) in allowance for doubtful accounts	125	(22,363)
Increase (decrease) in net defined benefit liability	-	13,693
Decrease (increase) in net defined benefit asset	-	(434,399)
Increase (decrease) in provision for bonuses	(29,180)	39,971
Increase (decrease) in provision for sales returns	40,391	100,271
Increase (decrease) in provision for loss on order received	14,955	(18,823)
Increase (decrease) in provision for retirement benefits	15,069	-
Interest and dividend income	(43,256)	(27,059)
Rent income	(22,535)	(30,146)
Interest expenses	17,129	14,871
Decrease (increase) in notes and accounts receivable-trade	(8,865)	423,292
Decrease (increase) in inventories	214,800	302,992
Decrease (increase) in other current assets	19,415	(5,344)
Decrease (increase) in other non-current assets	(428,589)	45,511
Increase (decrease) in notes and accounts payable-trade	(133,587)	(122,570)
Increase (decrease) in accrued consumption taxes	(8,047)	40,919
Increase (decrease) in other current liabilities	(284,498)	(63,645)
Increase (decrease) in other non-current liabilities	26,800	23,842
Subtotal	1,062,454	2,256,367
Interest and dividend income received	43,240	27,127
Proceeds from rent income	21,087	33,330
Interest expenses paid	(17,074)	(14,596)
Income taxes paid	(27,818)	(14,575)
Net cash provided by (used in) operating activities	1,081,890	2,287,652
Cash flows from investing activities		
Payments into time deposits	(100,000)	-
Proceeds from withdrawal of time deposits	-	100,000
Purchase of property, plant and equipment	(151,723)	(52,802)
Proceeds from sales of property, plant and equipment	72,728	2,113
Purchase of intangible assets	(527,626)	(356,629)
Proceeds from sales of intangible assets	100	5,808
Purchase of investment securities	(101,262)	(50,616)
Proceeds from sales of investment securities	-	596,668
Proceeds from transfer of business	-	62,193
Collection of loans receivable	36,399	8,111
Other, net	-	1,555
Net cash provided by (used in) investing activities	(771,384)	316,400
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(59,968)	(174,333)
Proceeds from long-term loans payable	100,000	-
Repayments of long-term loans payable	(201,015)	(129,166)
Purchase of treasury shares	(108)	(217)
Cash dividends paid	(332,572)	(333,136)
Net cash provided by (used in) financing activities	(493,664)	(636,853)
Net increase (decrease) in cash and cash equivalents	(183,159)	1,967,199
Cash and cash equivalents at beginning of period	8,662,625	* 8,479,466
Cash and cash equivalents at end of period	* 8,479,466	* 10,446,666

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Changes in Accounting Policies

Application of the accounting standard for retirement benefits

Following the application of the “Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012; excluding the provisions set forth in Clause 35) and “Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012; excluding the provisions set forth in Clause 67),” the Company has changed its accounting treatment to record the retirement benefit obligations as a net defined benefit liability or a net defined benefit assets after deducting plan assets, and recorded the unrecognized actuarial differences and unrecognized prior service costs as a net defined benefit assets from the current fiscal year.

For the application of this accounting standard, in accordance with the transitional accounting treatments set forth in Clause 37 of the Accounting Standard for Retirement Benefits, the monetary effect of this change has been included in the remeasurements of defined benefit plans of accumulated other comprehensive income at the end of the current fiscal year.

The result was a net defined benefit assets of 1,158,216 thousand yen, a net defined benefit liability of 76,000 thousand yen, and an increase of 89,599 thousand yen in accumulated other comprehensive income at the end of the current fiscal year.

Net assets per share increased 5.39 yen.

Prepaid pension cost was recorded as “Other” under “Investments and other assets” in the previous fiscal year.

Notes to Consolidated Balance Sheet

*1. The following items are applicable to affiliates.

	(Thousands of yen)	
	FY3/13	FY3/14
	(As of Mar. 31, 2013)	(As of Mar. 31, 2014)
Investments and other assets, other (investments in capital)	19,000	19,000

*2. Assets pledged as collateral and liabilities with collateral

	(Thousands of yen)	
	FY3/13	FY3/14
	(As of Mar. 31, 2013)	(As of Mar. 31, 2014)
Assets pledged as collateral		
Buildings and structures	422,658	410,093
Land	231,688	231,688
Total	654,346	641,781

Liabilities with collateral

	(Thousands of yen)	
	FY3/13	FY3/14
	(As of Mar. 31, 2013)	(As of Mar. 31, 2014)
Short-term loans payable	104,333	-
Current portion of long-term loans payable	49,992	66,663
Long-term loans payable	91,684	25,021

Notes to Consolidated Statement of Income

*1. Major items of selling, general and administrative expenses

	(Thousands of yen)	
	FY3/13	FY3/14
	(Apr. 1, 2012 – Mar. 31, 2013)	(Apr. 1, 2013 – Mar. 31, 2014)
Packing and delivery expenses	199,162	177,327
Promotion expenses	153,851	102,458
Advertising expenses	266,537	222,795
Provision of allowance for doubtful accounts	145	881
Directors' compensations	181,108	165,935
Provision for directors' retirement benefits	26,800	25,200
Salaries, allowances and bonuses	1,593,662	1,418,524
Provision for bonuses	166,594	171,147
Legal welfare expenses	258,672	239,773
Retirement benefit expenses	(167,015)	(136,586)
Transportation expenses	158,216	147,636
Depreciation	155,265	127,945
Rent expenses	67,777	61,657
Business consignment expenses	200,058	178,706
Taxes and dues	81,482	52,779
Research and development expenses	182,886	149,513
Amortization of goodwill	44,941	44,239
Other	689,364	626,150
Total	4,259,511	3,776,087

*2. Total amount of research and development expenses included in general and administrative expenses

	(Thousands of yen)	
	FY3/13	FY3/14
	(Apr. 1, 2012 – Mar. 31, 2013)	(Apr. 1, 2013 – Mar. 31, 2014)
	182,886	149,513

*3. Breakdown of gain on sales of non-current assets

	(Thousands of yen)	
	FY3/13	FY3/14
	(Apr. 1, 2012 – Mar. 31, 2013)	(Apr. 1, 2013 – Mar. 31, 2014)
Machinery, equipment and vehicles	9,690	1,556
Land	46,130	-
Software	200	-
Total	56,020	1,556

*4. Breakdown of loss on sales of non-current assets

	(Thousands of yen)	
	FY3/13	FY3/14
	(Apr. 1, 2012 – Mar. 31, 2013)	(Apr. 1, 2013 – Mar. 31, 2014)
Machinery, equipment and vehicles	800	664

*5. Breakdown of loss on retirement of non-current assets

	(Thousands of yen)	
	FY3/13	FY3/14
	(Apr. 1, 2012 – Mar. 31, 2013)	(Apr. 1, 2013 – Mar. 31, 2014)
Buildings and structures	775	-
Machinery, equipment and vehicles	892	78
Tools, furniture and fixtures	2,101	1,199
Software	14,606	574
Total	18,375	1,853

Notes to Consolidated Statement of Comprehensive Income

* Re-classification adjustments and tax effect with respect to other comprehensive income

	(Thousands of yen)	
	FY3/13	FY3/14
	(Apr. 1, 2012 – Mar. 31, 2013)	(Apr. 1, 2013 – Mar. 31, 2014)
Valuation difference on available-for-sale securities:		
Amount incurred during the year	423,085	217,328
Re-classification adjustments	(213,493)	-
Before tax effect adjustments	209,591	217,328
Tax effect	(51,019)	(55,572)
Valuation difference on available-for-sale securities	158,571	161,755
Share of other comprehensive income of entities accounted for using equity method:		
Amount incurred during the year	(6,318)	-
Total other comprehensive income	152,253	161,755

Notes to Consolidated Statement of Changes in Equity

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

1. Type of share and the number of outstanding shares and treasury shares

(Thousands of share)

	Number of shares as of Apr. 1, 2012	Increase	Decrease	Number of shares as of Mar. 31, 2013
Outstanding shares				
Common stock	17,307	-	-	17,307
Total	17,307	-	-	17,307
Treasury shares				
Common stock (Note)	678	0	-	679
Total	678	0	-	679

Note: The number of treasury shares of common stock increased 0 thousand shares due to the acquisition of odd-lot shares.

2. Dividends

(1) Dividend payment

Resolution	Type of share	Total dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on Jun. 28, 2012	Common stock	332,577	20	Mar. 31, 2012	Jun. 29, 2012

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total dividends (Thousands of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on Jun. 27, 2013	Common stock	332,573	Retained earnings	20	Mar. 31, 2013	Jun. 28, 2013

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

1. Type of share and the number of outstanding shares and treasury shares

(Thousands of share)

	Number of shares as of Apr. 1, 2013	Increase	Decrease	Number of shares as of Mar. 31, 2014
Outstanding shares				
Common stock	17,307	-	-	17,307
Total	17,307	-	-	17,307
Treasury shares				
Common stock (Note)	679	0	-	679
Total	679	0	-	679

Note: The number of treasury shares of common stock increased 0 thousand shares due to the acquisition of odd-lot shares.

2. Dividends

(1) Dividend payment

Resolution	Type of share	Total dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on Jun. 27, 2013	Common stock	332,573	20	Mar. 31, 2013	Jun. 28, 2013

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total dividends (Thousands of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on Jun. 27, 2014	Common stock	332,566	Retained earnings	20	Mar. 31, 2014	Jun. 30, 2014

Notes to Consolidated Statement of Cash Flows

* Reconciliation of cash and cash equivalents at the end of the fiscal year and amount of balance sheet is made as follows.

	(Thousands of yen)	
	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Cash and deposits	7,555,177	9,421,808
Securities (of which MMF)	1,024,288	1,024,857
Time deposit with maturities over 3 months	(100,000)	-
Cash and cash equivalents	8,479,466	10,446,666

Segment and Other Information

Segment information

1. FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

As described in the section “2. FY3/14 (Information related to revisions for reportable segments).”

2. FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

Omitted since the Shobunsha Publications Group has only a single business segment.

Information related to revisions for reportable segments

Beginning with the fiscal year that ended on March 31, 2014, the Publishing Service segment and Electronic Service segment have been combined into a single business segment. In prior years, there were two business segments: Publishing Services and Electronic Services. These segments were based on the methods used to provide map and guidebook database information, which is our core business. Publishing Services was books and other printed products and Electronic Services was information distributed using electronic channels. Due to the significant changes in these businesses in recent years, there has been a rapid shift from using paper media for information distribution to the use of electronic channels like the Internet and portable wireless devices. In response to these changes, the Shobunsha Publications Group is placing emphasis on comprehensive services that are not restricted to a single medium. Two examples are services linked to both publications and smartphones and e-books. As a result, we have decided that it is no longer appropriate to use separate business segments based on the type of information distribution method as in prior years.

Per-share Information

	(Yen)	
	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Net assets per share	1,723.08	1,744.29
Net income per share	21.52	26.07
Diluted net income per share is not presented since there is no outstanding residual securities.		Diluted net income per share is not presented since there is no outstanding residual securities.

Note: Basis for calculating net income per share is as follows.

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Net income (Thousands of yen)	357,910	433,524
Amount not available to common shareholders (Thousands of yen)	-	-
Net income applicable to common stock (Thousands of yen)	357,910	433,524
Average number of shares outstanding during period (Thousands of share)	16,628	16,628

Subsequent Events

Not applicable.

5. Other Information

(1) Changes in Directors

Not applicable.

(2) Others

Not applicable.

This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.