

Summary of Consolidated Financial Results
for the Third Quarter of Fiscal Year Ending March 31, 2017
(Nine Months Ended December 31, 2016)

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: February 13, 2017
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: None
 Holding of quarterly financial results meeting: None

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

1. Consolidated Financial Results for the Third Quarter Ended December 31, 2016**(April 1, 2016 – December 31, 2016)**

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|---------------------------------|-------------|--------|------------------|---|-----------------|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Nine months ended Dec. 31, 2016 | 7,032 | (18.2) | (1,249) | - | (1,190) | - | (1,194) | - |
| Nine months ended Dec. 31, 2015 | 8,596 | (6.0) | (464) | - | (425) | - | (453) | - |

Note: Comprehensive income (million yen)

Nine months ended Dec. 31, 2016: (1,015) (- %)

Nine months ended Dec. 31, 2015: (554) (- %)

| | Net income per share | Diluted net income per share |
|---------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Nine months ended Dec. 31, 2016 | (71.81) | - |
| Nine months ended Dec. 31, 2015 | (27.25) | - |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|---------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of Dec. 31, 2016 | 25,653 | 20,292 | 79.0 |
| As of Mar. 31, 2016 | 28,063 | 21,652 | 77.1 |

Reference: Shareholders' equity (million yen)

As of Dec. 31, 2016: 20,264

As of Mar. 31, 2016: 21,625

2. Dividends

| | Dividend per share | | | | |
|--|--------------------|--------|--------|----------|-------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended Mar. 31, 2016 | - | 0.00 | - | 20.00 | 20.00 |
| Fiscal year ending Mar. 31, 2017 | - | 0.00 | - | | |
| Fiscal year ending Mar. 31, 2017 (forecasts) | | | | 20.00 | 20.00 |

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(Percentages represent year-on-year changes)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Net income per share |
|-----------|-------------|--------|------------------|---|-----------------|---|---|---|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 11,580 | (11.2) | (1,200) | - | (1,140) | - | (1,150) | - | (69.16) |

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

*** 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) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting 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 estimates: | None |
| 4) Restatements: | None |

Note: Please refer to “2. Matters Related to Summary Information (Notes), (3) Changes in Accounting Policies and Accounting Estimates, and Restatements” on page 3 of the attachments for further information.

(4) Number of outstanding shares (common stock)

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

| | | | |
|----------------------|-------------------|----------------------|-------------------|
| As of Dec. 31, 2016: | 17,307,750 shares | As of Mar. 31, 2016: | 17,307,750 shares |
|----------------------|-------------------|----------------------|-------------------|

2) Number of treasury shares at the end of the period

| | | | |
|----------------------|----------------|----------------------|----------------|
| As of Dec. 31, 2016: | 679,914 shares | As of Mar. 31, 2016: | 679,814 shares |
|----------------------|----------------|----------------------|----------------|

3) Average number of shares outstanding during the period

| | | | |
|----------------------------------|-------------------|----------------------------------|-------------------|
| Nine months ended Dec. 31, 2016: | 16,627,926 shares | Nine months ended Dec. 31, 2015: | 16,627,953 shares |
|----------------------------------|-------------------|----------------------------------|-------------------|

* Information regarding the implementation of quarterly review procedures

The current quarterly summary report is exempted from quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the review procedures for the quarterly financial statements have not been completed.

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

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. Actual results may differ significantly from these forecasts for a number of factors. Please refer to “Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements” on page 3 of the attachments for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first nine months of the current fiscal year (from April 1, 2016 to December 31, 2016) (hereinafter, “the current period”), the Japanese economy is on the path to recovery, but its outlook remains uncertain due to factors such as concerns over an economic slowdown in the Asian emerging countries and the effects of the outcome of the U.S. presidential election.

Against this backdrop, the Shobunsha Group’s e-business sales for the current period amounted to 1,983 million yen, down 474 million yen year on year. In addition to a decline in sales associated with PNDs (portable navigation devices), winning new contracts to make up for a failure to secure a large recurring business was unexpectedly difficult. Retail publishing sales also decreased significantly by 1,099 million yen year on year to 4,225 million yen. This was due to stagnant sales at stores during the summer, the main selling season, in addition to a change in timing to publish revised editions of maps and magazines that occurred at the end of the previous fiscal year, causing much greater number of returned old editions in the current first quarter than those in the same period of the previous fiscal year. Moreover, we did not have publications of completely revised edition of the series with many volumes during the current period. Overall, consolidated sales for the current period decreased 1,563 million yen (18.2%) year on year to 7,032 million yen.

The Group’s earnings for the current period significantly declined from the same period of the previous fiscal year. While there was a 347 million yen reversal of provision for sales returns, there was a substantial increase in returned products in retail publishing and a decline in sales of a high-margin e-businesses. Furthermore, there was an increase in retirement benefit expenses due to application of the revised accounting standard for retirement benefits and also an increase in up-front costs for the new inbound business. Consequently, the Group reported operating loss of 1,249 million yen (compared with operating loss of 464 million yen in the same period of the previous fiscal year), ordinary loss of 1,190 million yen (compared with ordinary loss of 425 million yen in the same period of the previous fiscal year), and loss attributable to owners of parent of 1,194 million yen (compared with loss attributable to owners of parent of 453 million yen in the same period of the previous fiscal year).

(2) Explanation of Financial Position

Total assets decreased 2,409 million yen (8.6%) from the end of the previous fiscal year to 25,653 million yen at the end of the current period. This was mainly due to decreases in cash and deposits of 817 million yen, notes and accounts receivable-trade of 1,599 million yen, merchandise and finished goods of 118 million yen and other in current assets of 121 million yen, which were partially offset by increases in work in process of 164 million yen and software of 159 million yen. Total liabilities decreased 1,049 million yen (16.4%) from the end of the previous fiscal year to 5,361 million yen. This was mainly due to decreases in provision for bonuses of 153 million yen, provision for sales returns of 347 million yen, other in current liabilities of 475 million yen and provision for directors’ retirement benefits of 246 million yen, which were partially offset by an increase in other in non-current liabilities of 251 million yen. Total net assets decreased 1,360 million yen (6.3%) from the end of the previous fiscal year to 20,292 million yen. This was mainly due to a decrease in retained earnings of 1,538 million yen as a result of the booking of loss attributable to owners of parent and the declaration of cash dividends.

As a result, the equity ratio improved 1.9 percentage points to 79.0%.

Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the current period on a consolidated basis decreased 1,843 million yen from the end of the previous fiscal year to 8,106 million yen.

Net cash used in operating activities was 18 million yen. The main factors were depreciation and amortization of 309 million yen and a 1,599 million yen decrease in notes and accounts receivable-trade, which were more than offset by the booking of loss before income taxes of 1,190 million yen, a 153 million yen decrease in provision

for bonuses, a 347 million yen decrease in provision for sales returns, income taxes paid of 106 million yen, an 85 million yen decrease in notes and accounts payable-trade, and an 85 million yen decrease in other, net.

Net cash used in investing activities was 1,749 million yen. The main factors were purchases of securities, intangible assets and investment securities of 1,303 million yen, 398 million yen and 254 million yen, respectively, which were partially offset by proceeds from sales of investment securities of 224 million yen.

Net cash used in financing activities was 351 million yen. The main factor was the cash dividends paid of 332 million yen.

There was also an increase in cash and cash equivalents of 276 million yen from a newly consolidated subsidiary.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements

Regarding the Group's business performance for the current period, we experienced a substantial year-on-year decrease in sales and the corresponding widening of loss. Nevertheless, such a situation has already been factored in the revised consolidated earnings forecast for the current fiscal year announced on October 28, 2016 and the Group is on track to meet the revised forecast.

Based on these circumstances, the Group has not further revised its full-year earnings forecast.

These forecasts are based on information that is currently available and on assumptions that we believe are reasonable. Actual sales and earnings may differ significantly from these forecasts. For information about business risk factors that may be a cause of differences in actual performance, please refer to the business risk section of our Securities Report "Yuka-shoken Hokokusho" for the fiscal year ended March 31, 2016, which was filed on June 29, 2016.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

While it is not subject to the disclosure requirement regarding changes in specified subsidiaries, the Company newly established Tripcon Co., Ltd. in February 2016 as a wholly-owned subsidiary and included it in the scope of consolidation from the first quarter of the current fiscal year.

During the third quarter of the current fiscal year, the Company acquired 20.1% of shares of **QFPay Japan Co., Ltd.**, which was established in September 2016 to provide services of mobile payment solutions. Accordingly, it was included in the scope of consolidation as an affiliate accounted for by the equity method.

(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Policies and Accounting Estimates, and Restatements

Changes in Accounting Policies

Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016

Following the revision of the Corporation Tax Act, the Company has applied the "Practical Solution on a Change in Depreciation Method due to Tax Reform 2016" (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 32, June 17, 2016) from the first quarter of the current fiscal year, and changed the method for the depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

The effect of this change on operating loss, ordinary loss and loss before income taxes for the current period is insignificant.

3. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheet**

| | (Thousands of yen) | |
|-------------------------------------|---------------------------------|--|
| | FY3/16 (As of Mar. 31, 2016) | Third quarter of FY3/17 (As of Dec. 31, 2016) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 8,923,918 | 8,106,321 |
| Notes and accounts receivable-trade | 4,295,780 | 2,695,929 |
| Securities | 1,325,527 | 1,301,147 |
| Merchandise and finished goods | 1,762,628 | 1,643,846 |
| Work in process | 507,893 | 672,497 |
| Raw materials and supplies | 3,118 | 1,726 |
| Other | 373,378 | 251,894 |
| Allowance for doubtful accounts | (808) | (505) |
| Total current assets | 17,191,437 | 14,672,858 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 2,417,745 | 2,329,984 |
| Land | 4,213,950 | 4,213,950 |
| Other, net | 114,790 | 100,152 |
| Total property, plant and equipment | 6,746,486 | 6,644,086 |
| Intangible assets | | |
| Database | 118,692 | 164,838 |
| Software | 614,414 | 773,945 |
| Other | 9,291 | 9,267 |
| Total intangible assets | 742,398 | 948,051 |
| Investments and other assets | | |
| Investment securities | 2,151,129 | 2,121,580 |
| Net defined benefit asset | 1,032,552 | 1,064,139 |
| Other | 620,752 | 622,819 |
| Allowance for doubtful accounts | (421,395) | (419,869) |
| Total investments and other assets | 3,383,038 | 3,388,669 |
| Total non-current assets | 10,871,923 | 10,980,807 |
| Total assets | 28,063,361 | 25,653,666 |

| | (Thousands of yen) | |
|---|---------------------------------|--|
| | FY3/16 (As of Mar. 31, 2016) | Third quarter of FY3/17 (As of Dec. 31, 2016) |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 1,015,847 | 932,873 |
| Short-term loans payable | 770,000 | 770,000 |
| Current portion of long-term loans payable | 20,838 | 2,091 |
| Income taxes payable | 66,605 | 52,074 |
| Provision for bonuses | 308,085 | 154,888 |
| Provision for sales returns | 1,013,605 | 666,130 |
| Other | 1,007,505 | 532,083 |
| Total current liabilities | 4,202,486 | 3,110,140 |
| Non-current liabilities | | |
| Bonds payable | 1,000,000 | 1,000,000 |
| Deferred tax liabilities | 864,157 | 893,836 |
| Provision for directors' retirement benefits | 246,400 | - |
| Net defined benefit liability | 95,310 | 103,453 |
| Other | 2,092 | 253,992 |
| Total non-current liabilities | 2,207,959 | 2,251,282 |
| Total liabilities | 6,410,445 | 5,361,422 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 9,903,870 | 9,903,870 |
| Capital surplus | 10,708,236 | 10,708,236 |
| Retained earnings | 1,206,292 | (332,539) |
| Treasury shares | (525,371) | (525,433) |
| Total shareholders' equity | 21,293,026 | 19,754,132 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 609,046 | 710,680 |
| Remeasurements of defined benefit plans | (276,870) | (200,246) |
| Total accumulated other comprehensive income | 332,176 | 510,433 |
| Subscription rights to shares | 27,713 | 27,678 |
| Total net assets | 21,652,915 | 20,292,243 |
| Total liabilities and net assets | 28,063,361 | 25,653,666 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income
(For the Nine-month Period)**

| | (Thousands of yen) | |
|--|---|---|
| | First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015) | First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016) |
| Net sales | 8,596,543 | 7,032,730 |
| Cost of sales | 5,949,935 | 5,664,471 |
| Gross profit | 2,646,607 | 1,368,259 |
| Provision for sales returns-net | 69,628 | (347,475) |
| Gross profit-net | 2,576,979 | 1,715,734 |
| Selling, general and administrative expenses | 3,041,773 | 2,965,289 |
| Operating loss | (464,794) | (1,249,555) |
| Non-operating income | | |
| Interest income | 1,886 | 1,048 |
| Dividend income | 26,368 | 28,368 |
| Rent income | 22,865 | 28,033 |
| Dividend income of insurance | 4,052 | 4,537 |
| Other | 13,287 | 20,103 |
| Total non-operating income | 68,460 | 82,091 |
| Non-operating expenses | | |
| Interest expenses | 9,130 | 8,666 |
| Share issuance cost | 10,858 | - |
| Cost of lease revenue | 6,617 | 11,084 |
| Other | 2,212 | 2,897 |
| Total non-operating expenses | 28,818 | 22,649 |
| Ordinary loss | (425,152) | (1,190,113) |
| Extraordinary income | | |
| Gain on sales of non-current assets | 1,422 | 18 |
| Gain on sales of investment securities | 10,239 | - |
| Total extraordinary income | 11,662 | 18 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 1 | 100 |
| Loss on retirement of non-current assets | 2,345 | 437 |
| Total extraordinary losses | 2,347 | 538 |
| Loss before income taxes | (415,837) | (1,190,632) |
| Income taxes-current | 31,120 | 27,641 |
| Income taxes-deferred | 6,121 | (24,145) |
| Total income taxes | 37,242 | 3,496 |
| Loss | (453,080) | (1,194,128) |
| Loss attributable to owners of parent | (453,080) | (1,194,128) |

Quarterly Consolidated Statement of Comprehensive Income
(For the Nine-month Period)

| | (Thousands of yen) | |
|---|---|---|
| | First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015) | First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016) |
| Loss | (453,080) | (1,194,128) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (113,577) | 101,633 |
| Remeasurements of defined benefit plans, net of tax | 12,656 | 76,623 |
| Total other comprehensive income | (100,920) | 178,257 |
| Comprehensive income | (554,001) | (1,015,871) |
| Comprehensive income attributable to: | | |
| Owners of parent | (554,001) | (1,015,871) |
| Non-controlling interests | - | - |

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

| | First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015) | First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016) |
|--|---|---|
| Cash flows from operating activities | | |
| Loss before income taxes | (415,837) | (1,190,632) |
| Depreciation and amortization | 238,739 | 309,389 |
| Loss (gain) on sales of short-term and long-term investment securities | (10,239) | - |
| Increase (decrease) in allowance for doubtful accounts | 43,760 | (1,828) |
| Increase (decrease) in net defined benefit liability | 8,495 | 8,143 |
| Decrease (increase) in net defined benefit asset | (22,469) | 78,854 |
| Increase (decrease) in provision for bonuses | (233,530) | (153,943) |
| Increase (decrease) in provision for sales returns | 69,628 | (347,475) |
| Interest and dividend income | (28,255) | (29,416) |
| Rent income | (22,865) | (28,033) |
| Interest expenses | 9,130 | 8,666 |
| Decrease (increase) in notes and accounts receivable-trade | 52,382 | 1,599,850 |
| Decrease (increase) in inventories | 12,847 | (44,430) |
| Increase (decrease) in notes and accounts payable-trade | (254,591) | (85,018) |
| Other, net | (168,260) | (85,016) |
| Subtotal | (721,066) | 39,109 |
| Interest and dividend income received | 28,556 | 27,235 |
| Proceeds from rent income | 22,865 | 28,056 |
| Interest expenses paid | (9,068) | (6,632) |
| Income taxes paid | (61,255) | (106,212) |
| Net cash provided by (used in) operating activities | (739,967) | (18,444) |
| Cash flows from investing activities | | |
| Proceeds from withdrawal of time deposits | 600,000 | - |
| Purchase of securities | - | (1,303,260) |
| Purchase of property, plant and equipment | (43,557) | (20,072) |
| Proceeds from sales of property, plant and equipment | 1,422 | 22 |
| Purchase of intangible assets | (443,464) | (398,972) |
| Purchase of investment securities | (211,016) | (254,053) |
| Proceeds from sales of investment securities | 10,240 | 224,598 |
| Collection of loans receivable | 2,080 | 2,080 |
| Net cash provided by (used in) investing activities | (84,296) | (1,749,657) |
| Cash flows from financing activities | | |
| Repayments of long-term loans payable | (43,768) | (18,747) |
| Purchase of treasury shares | (89) | (62) |
| Proceeds from issuance of subscription rights to shares | 16,944 | - |
| Cash dividends paid | (333,053) | (332,917) |
| Net cash provided by (used in) financing activities | (359,966) | (351,726) |
| Net increase (decrease) in cash and cash equivalents | (1,184,231) | (2,119,827) |
| Cash and cash equivalents at beginning of period | 11,782,287 | 9,949,446 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | - | 276,703 |
| Cash and cash equivalents at end of period | 10,598,056 | 8,106,321 |

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment information

I. First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015)

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

II. First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)

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

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.