September 8, 2017

Summary of Consolidated Financial Results
for the First Quarter of Fiscal Year Ending March 31, 2018
(Three Months Ended June 30, 2017)

[Japanese GAAP]

Company name: Shobunsha Publications, Inc.
Listing: Tokyo Stock Exchange, First Section
Stock code: 9475
URL: http://www.mapple.co.jp/
Representative: Shigeo Kuroda, President & Representative Director
Contact: Shinya Ohno, Director, General Manager, Business Administration Division Tel: +81-3-3556-8171
Scheduled date of filing of Quarterly Report: September 8, 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 First Quarter Ended June 30, 2017 (April 1, 2017 – June 30, 2017)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2017	2,281	(0.7)	(394)	-	(376)	-	(391)	-
Three months ended Jun. 30, 2016	2,297	(30.8)	(521)	-	(496)	-	(500)	-

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2017: (283) (- %)
Three months ended Jun. 30, 2016: (569) (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2017	(21.54)	-
Three months ended Jun. 30, 2016	(30.11)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2017	23,504	18,948	80.5
As of Mar. 31, 2017	24,550	19,596	79.7

Reference: Shareholders' equity (million yen) As of Jun. 30, 2017: 18,920 As of Mar. 31, 2017: 19,568

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2017	-	0.00	-	20.00	20.00
Fiscal year ending Mar. 31, 2018	-				
Fiscal year ending Mar. 31, 2018 (forecasts)		0.00	-	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, 2018 (April 1, 2017 – March 31, 2018)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	5,210	9.7	(400)	-	(360)	-	(380)	-	(20.90)
Full year	11,600	12.5	80	-	120	-	100	-	5.50

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: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

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

As of Jun. 30, 2017:	18,178,173 shares	As of Mar. 31, 2017:	18,178,173 shares

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

As of Jun. 30, 2017:	100 shares	As of Mar. 31, 2017:	0 share

3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2017:	18,178,135 shares	Three months ended Jun. 30, 2016:	16,627,936 shares

* The current quarterly financial report is not subject to quarterly review procedures.

* 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.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first quarter of the current fiscal year (from April 1, 2017 to June 30, 2017), the Japanese economy recovered at a moderate pace as consumer spending improved because of continuing strength in employment and personal income.

In response to the challenging business environment, the Shobunsha Publications Group implemented a number of structural business reforms with the goal of quickly improving our performance. Major actions included revisions to our operating framework, the centralization of database production at a subsidiary to improve efficiency and strengthen this function, absorbing subsidiary Canvas Mapple Co., Ltd., and establishing a performance-linked personnel system. In addition, we established subsidiaries in Hawaii and Guam. The objective is to support the growth of the GURUYAKU restaurant reservation service for overseas travelers, which we acquired at the end of the previous fiscal year, and the MAPPLE Activity business, which handles reservations and sales of local tours for travelers.

In the first quarter, e-business sales decreased 171 million yen from one year earlier to 514 million yen. One reason was a decrease in sales associated with portable navigation devices (PND) caused by the continuing effects of free car GPS navigation apps. In addition, we stopped receiving orders involving a large, recurring project in the previous fiscal year. First quarter sales in the retail publishing business increased 158 million yen from one year earlier to 1,446 million yen. The cost of returned publications was down by 288 million yen from one year earlier because of the rigorous management of inventories at stores. Publication returns were a major cause of the decline in the performance of this business in the previous fiscal year. However, sales of guidebooks decreased because guidebook sales benefited from the release of revised editions in the first quarter of the previous fiscal year. There was also a small increase in fee income associated with the addition of the GURUYAKU and MAPPLE Activity services. Overall, consolidated sales for the first quarter decreased 15 million yen (0.7%) from one year earlier to 2,281 million yen.

There was a small increase in the cost of sales from one year earlier. The main reasons were a 156 million yen increase in the addition to the provision for sales returns and the time that will be needed until structural business reforms start improving efficiency. Selling, general and administrative expenses were 188 million yen less than one year earlier due to a decrease in personnel expenses resulting from a decline in the workforce and to the benefits of a variety of cost-cutting measures. As a result, the first quarter operating loss was improved by 127 million yen from 521 million yen one year earlier to 394 million yen and the ordinary loss was improved by 119 million yen from 496 million yen to 376 million yen. The first quarter loss attributable to owners of parent was 391 million yen, am improvement of 109 million yen from 500 million yen one year earlier.

(2) Explanation of Financial Position

Total assets decreased 1,046 million yen (4.3%) from the end of the previous fiscal year to 23,504 million yen at the end of the first quarter. This was mainly due to decreases in cash and deposits of 336 million yen, notes and accounts receivable-trade of 665 million yen, merchandise and finished goods of 213 million yen, which were partially offset by increases in intangible assets of 53 million yen and investment securities of 132 million yen. Total liabilities decreased 398 million yen (8.0%) from the end of the previous fiscal year to 4,556 million yen. This was mainly due to decreases in notes and accounts payable-trade of 340 million yen and provision for bonuses of 240 million yen, which were partially offset by an increase in other current liabilities of 165 million yen. Net assets decreased 647 million yen (3.3%) from the end of the previous fiscal year to 18,948 million yen. Due to the first quarter loss attributable to owners of parent and dividends paid from the capital surplus, the capital surplus decreased 363 million yen and retained earnings decreased 391 million yen.

As a result, the equity ratio improved 0.8 percentage points to 80.5%.

In a press release dated May 12, 2017, Shobunsha announced its intention to reduce the other capital surplus of 5,077 million yen by 3,077 million yen in accordance with Article 452 of the Companies Act and transfer the entire amount to retained earnings brought forward in order to offset the negative retained earnings brought forward. This reduction and transfer were approved at the Annual General Meeting of Shareholders held on June 29, 2017. However, in association with subsequent retroactive revisions made to financial statements in prior fiscal years, the amount of the negative retained earnings brought forward decreased. As a result, the Shobunsha Board of Directors approved a resolution on September 8, 2017 to not conduct this transfer because the amount of transfer would be more than the negative retained earnings brought forward.

Cash flows

Cash and cash equivalents (hereinafter "net cash") at the end of the first quarter on a consolidated basis decreased 336 million yen from the end of the previous fiscal year to 7,563 million yen.

Net cash provided by operating activities was 151 million yen. The main factors were depreciation and amortization of 31 million yen, a 665 million yen decrease in notes and account receivables-trade, a 199 million yen decrease in inventories, and others, net of 193 million yen, while there were loss before income taxes of 382 million yen, a 240 million yen decrease in provision for bonuses and a 340 million yen decrease in notes and accounts payable-trade.

Net cash used in investing activities was 123 million yen. The main factors were purchase of property, plant and equipment of 34 million yen and purchase of intangible assets of 82 million yen.

Net cash used in financing activities was 365 million yen. The main factor was the cash dividends paid of 364 million yen.

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

Although we have been making progress with managing inventories at stores in order to reduce returns, sales of our publications at book stores have not increased as much as we had anticipated. Although retail publishing sales have been somewhat below our outlook, sales are generally in line with our expectations. Based on this outlook, there are no revisions to the first half and full year earnings forecasts that were announced on May 12, 2017.

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, 2017, which was filed on June 29, 2017.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY3/17 (As of Mar. 31, 2017)	First quarter of FY3/18 (As of Jun. 30, 2017)
Assets		
Current assets		
Cash and deposits	7,899,931	7,563,229
Notes and accounts receivable-trade	3,421,214	2,755,617
Securities	500,000	500,000
Merchandise and finished goods	2,136,025	1,922,794
Work in process	314,714	328,462
Raw materials and supplies	1,495	1,280
Other	256,023	235,204
Allowance for doubtful accounts	(633)	(538)
Total current assets	14,528,770	13,306,050
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,310,389	2,283,075
Land	4,213,950	4,213,950
Other, net	9,503	13,906
Total property, plant and equipment	6,533,844	6,510,933
Intangible assets	9,267	63,022
Investments and other assets		
Investment securities	2,087,128	2,219,359
Net defined benefit asset	1,202,630	1,218,936
Other	712,634	708,966
Allowance for doubtful accounts	(523,390)	(522,855)
Total investments and other assets	3,479,003	3,624,407
Total non-current assets	10,022,115	10,198,362
Total assets	24,550,885	23,504,413

(Thousands of yen)

	FY3/17 (As of Mar. 31, 2017)	First quarter of FY3/18 (As of Jun. 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,064,972	724,447
Short-term loans payable	770,000	770,000
Income taxes payable	69,110	32,487
Provision for bonuses	694,233	453,372
Provision for sales returns	789,746	833,968
Other	725,818	891,417
Total current liabilities	4,113,879	3,705,694
Non-current liabilities		
Deferred tax liabilities	493,236	535,256
Net defined benefit liability	93,608	97,259
Other	253,992	217,792
Total non-current liabilities	840,836	850,308
Total liabilities	4,954,716	4,556,002
Net assets		
Shareholders’ equity		
Capital stock	10,141,136	10,141,136
Capital surplus	10,945,502	10,581,938
Retained earnings	(2,126,264)	(2,517,900)
Treasury shares	-	(73)
Total shareholders’ equity	18,960,373	18,205,101
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	693,955	793,737
Remeasurements of defined benefit plans	(85,765)	(77,853)
Total accumulated other comprehensive income	608,190	715,883
Subscription rights to shares	27,605	27,425
Total net assets	19,596,169	18,948,410
Total liabilities and net assets	24,550,885	23,504,413

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

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

(Thousands of yen)

	First three months of FY3/17 (Apr. 1, 2016 – Jun. 30, 2016)	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)
Net sales	2,297,147	2,281,420
Cost of sales	1,894,517	1,783,488
Gross profit	402,630	497,932
Provision for sales returns-net	(111,849)	44,222
Gross profit-net	514,479	453,710
Selling, general and administrative expenses	1,036,362	847,814
Operating loss	(521,883)	(394,103)
Non-operating income		
Interest income	175	187
Dividend income	13,814	14,013
Rent income	8,365	9,538
Other	9,182	7,264
Total non-operating income	31,537	31,003
Non-operating expenses		
Interest expenses	2,886	2,831
Share issuance cost	-	1,700
Cost of lease revenue	2,677	4,093
Share of loss of entities accounted for using equity method	-	4,942
Other	387	20
Total non-operating expenses	5,951	13,588
Ordinary loss	(496,297)	(376,687)
Extraordinary income		
Gain on sales of non-current assets	-	180
Total extraordinary income	-	180
Extraordinary losses		
Loss on retirement of non-current assets	360	-
Loss on valuation of membership	-	5,770
Total extraordinary losses	360	5,770
Loss before income taxes	(496,658)	(382,277)
Income taxes-current	12,029	7,857
Income taxes-deferred	(8,023)	1,501
Total income taxes	4,005	9,358
Loss	(500,663)	(391,635)
Loss attributable to owners of parent	(500,663)	(391,635)

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

(Thousands of yen)

	First three months of FY3/17 (Apr. 1, 2016 – Jun. 30, 2016)	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)
Loss	(500,663)	(391,635)
Other comprehensive income		
Valuation difference on available-for-sale securities	(94,646)	99,781
Remeasurements of defined benefit plans, net of tax	25,541	7,911
Total other comprehensive income	(69,105)	107,693
Comprehensive income	(569,769)	(283,942)
Comprehensive income attributable to:		
Owners of parent	(569,769)	(283,942)
Non-controlling interests	-	-

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First three months of FY3/17 (Apr. 1, 2016 – Jun. 30, 2016)	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)
Cash flows from operating activities		
Loss before income taxes	(496,658)	(382,277)
Depreciation and amortization	86,905	31,362
Share of (profit) loss of entities accounted for using equity method	-	4,942
Increase (decrease) in allowance for doubtful accounts	(984)	(630)
Increase (decrease) in net defined benefit liability	5,291	3,651
Decrease (increase) in net defined benefit asset	26,203	(4,902)
Increase (decrease) in provision for bonuses	(156,354)	(240,860)
Increase (decrease) in provision for sales returns	(111,849)	44,222
Interest and dividend income	(13,989)	(14,200)
Rent income	(8,365)	(9,538)
Interest expenses	2,886	2,831
Decrease (increase) in notes and accounts receivable-trade	1,132,874	665,596
Decrease (increase) in inventories	11,327	199,698
Increase (decrease) in notes and accounts payable-trade	(171,766)	(340,524)
Other, net	241,784	193,735
Subtotal	547,305	153,106
Interest and dividend income received	13,909	14,118
Proceeds from rent income	8,408	9,538
Interest expenses paid	(2,912)	(2,924)
Income taxes paid	(31,495)	(22,416)
Net cash provided by (used in) operating activities	535,215	151,422
Cash flows from investing activities		
Purchase of securities	(300,000)	-
Purchase of property, plant and equipment	(11,697)	(34,013)
Proceeds from sales of property, plant and equipment	-	180
Purchase of intangible assets	(137,021)	(82,442)
Purchase of investment securities	(100,378)	(363)
Proceeds from sales of investment securities	224,598	-
Payments of long-term loans receivable from employees	-	(7,000)
Collection of loans receivable	435	535
Net cash provided by (used in) investing activities	(324,063)	(123,105)
Cash flows from financing activities		
Repayments of long-term loans payable	(6,249)	-
Purchase of treasury shares	-	(73)
Cash dividends paid	(333,370)	(364,945)
Net cash provided by (used in) financing activities	(339,619)	(365,018)
Net increase (decrease) in cash and cash equivalents	(128,467)	(336,701)
Cash and cash equivalents at beginning of period	9,949,446	7,899,931
Increase in cash and cash equivalents from newly consolidated subsidiary	276,703	-
Cash and cash equivalents at end of period	10,097,682	7,563,229

(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 three months of FY3/17 (Apr. 1, 2016 – Jun. 30, 2016)

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

II. First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)

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.