(Translation)

September 8, 2017

Dear Sirs:

Company Name:	Shobunsha Publications, Inc.
Representative:	Shigeo Kuroda, President & Representative Director
Stock Code:	9475 (Tokyo Stock Exchange, First Section)
Contact:	Shinya Ohno, Director, General Manager, Business Administration Division
Telephone:	+81-3-3556-8171

(Numerical and Other Corrections)
Announcement of Corrections to Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

Shobunsha Publications, Inc. has made the following corrections to Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 announced on May 12, 2017 that were subsequently corrected on June 26, 2017.

1. Reason for corrections

Information about the corrections has been provided in the September 8, 2017 press release titled "Announcement of Submission of First Quarter Report for Fiscal Year Ending March 2018, Submission of Corrected Securities Reports, Etc. for Prior Years and Corrections to Summary of Consolidated Financial Results for Prior Years."

2. Detail of corrections

The complete documents before and after corrections are provided due to the large number of corrections. Sections that have been corrected are underlined.

(After corrections)

May 12, 2017

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (FY3/17)

[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 Annual General Meeting of Shareholders: June 29, 2017
Scheduled date of payment of dividend: June 30, 2017
Scheduled date of filing of Annual Securities Report: June 29, 2017
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, 2017 (April 1, 2016 – March 31, 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	%
Fiscal year ended Mar. 31, 2017	10,314	(20.9)	(2,276)	-	(2,206)	-	(3,423)	-
Fiscal year ended Mar. 31, 2016	13,035	5.2	306	-	363	-	513	-

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2017: (3,147) (- %)
Fiscal year ended Mar. 31, 2016: (45) (- %)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2017	(205.46)	-	(16.4)	(8.4)	(22.1)
Fiscal year ended Mar. 31, 2016	30.89	28.26	2.3	1.3	2.4

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2017: (0) Fiscal year ended Mar. 31, 2016: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	24,550	19,596	79.7	1,076.49
As of Mar. 31, 2016	28,063	22,088	78.6	1,326.73

Reference: Shareholders' equity (million yen) As of Mar. 31, 2017: 19,568 As of Mar. 31, 2016: 22,060

(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, 2017	(787)	(1,185)	(354)	7,899
Fiscal year ended Mar. 31, 2016	(942)	(524)	(366)	9,949

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, 2016	-	0.00	-	20.00	20.00	332	64.7	1.5
Fiscal year ended Mar. 31, 2017	-	0.00	-	20.00	20.00	363	-	1.7
Fiscal year ending Mar. 31, 2018 (forecasts)	-	0.00	-	20.00	20.00		363.6	

Note: The dividend for the fiscal year ended March 31, 2017 was paid from the capital surplus. Please refer to "Breakdown of dividends paid from the capital surplus" described below for further information.

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

(After corrections)

*** 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 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

(3) Number of outstanding shares (common stock)

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

As of Mar. 31, 2017: 18,178,173 shares As of Mar. 31, 2016: 17,307,750 shares

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

As of Mar. 31, 2017: 0 share As of Mar. 31, 2016: 679,814 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2017: 16,661,874 shares Fiscal year ended Mar. 31, 2016: 16,627,948 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2017	9,681	(20.8)	(2,051)	-	(1,994)	-	(3,225)	-
Fiscal year ended Mar. 31, 2016	12,218	9.8	212	-	252	-	421	-

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2017	(193.60)	-
Fiscal year ended Mar. 31, 2016	25.35	23.19

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	23,669	19,165	80.9	1,052.82
As of Mar. 31, 2016	27,234	21,639	79.4	1,299.73

Reference: Shareholders' equity (million yen) As of Mar. 31, 2017: 19,138 As of Mar. 31, 2016: 21,611

* The current financial report is not subject to audit procedures.

* 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. Overview of Results of Operations, (4) Outlook" on page 4 of attachments 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 June 1, 2017. Materials to be distributed at this event will be available on the Company's website immediately thereafter.

Breakdown of dividends paid from the capital surplus

Of the dividends in the fiscal year ended March 31, 2017, breakdown of dividends paid from the capital surplus is shown below:

Record date	Year-end	Total
Dividend per share (Yen)	20.00	20.00
Total dividends (Million yen)	363	363

Note: Reduction rate in net assets due to the dividends paid from net assets is 0.014.

Contents of Attachments

1. Overview of Results of Operations

(1) Results of Operations

In the fiscal year ended on March 31, 2017 (from April 1, 2016 to March 31, 2017) (hereinafter, "the current fiscal year"), the Japanese economy was on the path to moderate recovery, but its outlook remains uncertain due to factors such as weak consumer spending, concerns over an economic slowdown in the Asian emerging countries and effects of the outcome of the U.S. presidential election on the political trends.

Against this backdrop, the Shobunsha Publications Group during the current fiscal year has aggressively worked to expand the Group's new business—the inbound business for foreign tourists visiting Japan—by improving and modifying the contents and expanding the geographical coverage of "DiGJAPAN!" (an application for foreign tourists visiting Japan), providing premium coupons and tying up with local governments. The Group was also engaged in strengthening the website of "DiGJAPAN!" as well as dispatching information to Weibo and Wechat. In May, we formed a business alliance with a Taiwanese company to launch "DiGTAIWAN!," which was developed by transferring the system for "DiGJAPAN!." In addition, we have also started sales of "Mapple API Multilingual Map (vector distribution type)," a map distribution service for corporations that is useful for businesses targeting tourists visiting Japan. In November, we established a joint venture called QfPay Japan, Inc. with Beijing Qfpay Technology Company Limited, a company providing a mobile payment solution system using WeChatPay, etc. and a marketing solution system for stores in China, and Whiz Partners Inc. to develop those systems in Japan and have started preliminary work. In March, we acquired "GURUYAKU," a restaurant reservation service website for overseas travelers, through a business transfer. We believe that this business will create synergy effects with our existing businesses and that we may develop into the area of inbound business, etc. by way of multilingual approaches. Also, while focusing on expanding retail publishing business, we have improved the functions of and extended products compatible with *Mapple-Link*, an electronic supplement to our *Mapple Magazine* that offers the idea of the "combined use" of a guidebook and an app as a new style of traveling. As a result, we have achieved a cumulative total of 8.4 million downloads. In July, one of our subsidiaries, Tripcon Co., Ltd., opened "TRIPCON," a comprehensive comparison website in six languages for travels and outings and started sales of "TRIPCON Biz," a platform for hotel and accommodation providers that enables a one-stop management of activities to attract visitors from home and abroad in November. With the *co-Trip* brand, we received an increasing number of brochure orders from municipal governments. Furthermore by collaborating with many companies we sold many collaboration products such as travel goods, foods and stationery.

As for business performance for the current fiscal year, e-business sales dropped substantially because more consumers opted for free car GPS navigation apps for smartphones and others over our *Mapple Navi*, an app for portable navigation devices (PND) and sales of light motor vehicles were sluggish, and also because our acquisition of new projects did not proceed as planned, which we needed to compensate for lost orders in large-scale, recurring projects. As a result, sales were 2,842 million yen, a decrease of 660 million yen from the previous fiscal year (down 18.9% year on year). Moreover, despite some hit products such as "Shutoken-hatsu Higaeri Otona-no Chiisana Tabi (Daytrip from the Tokyo Metropolitan Area, Small Trip for Adults)" and a positive effect of publishing "Mapple Magazine mini," the retail publishing business suffered a substantial decrease in sales primarily due to a lack of a new series of publications and completely revised edition of an existing guidebook series unlike the previous fiscal year as well as a continued sluggishness of sales at bookstores. In addition, there were replacement returns of old versions in conjunction with the revised publication of *Mapple Magazine* for the Golden Week holidays in the first quarter and due to revised publications of map products in the fourth quarter, and the volume of returns significantly exceeded our assumptions. Consequently, retail publishing sales were 5,876 million yen, a decrease of 2,073 million yen from the previous fiscal year (down 26.1% year on year).

In terms of profitability, both of manufacturing cost and selling, general and administrative expenses soared due to increases in retirement benefit expenses, allowance for bonuses due to a change in the personnel system, and allowance for doubtful accounts accompanying the bankruptcy of a dealer specialized in distributing maps as well as a substantial decrease in sales and an increase in returns, despite a substantial reversal of provision for sales returns. An increase in manufacturing cost was partly caused by an increase in maintenance expense as a result of an early implementation of fundamental improvement measures of our map database for the purpose of future business development. Further, a sales decline in e-businesses with high profit margins had a significant impact on profits. Consequently, in the current fiscal year, the Group reported operating loss of 2,276 million yen (compared with operating profit of 306 million yen in the previous fiscal year), which far exceeded the initially forecasted loss, and ordinary loss of 2,206 million yen (compared with ordinary profit of 363 million yen in the previous fiscal year). Based on the above results, a large amount of loss was be recorded for the current fiscal year, and also in the next fiscal year ending March 31, 2018, we expect a severe business environment to continue. As a result of examining future recoverability based on the "Accounting Standard for Impairment of Fixed Assets" for the non-current assets held by the Company and its consolidated subsidiaries, an impairment loss of 1,203 million yen was posted as an extraordinary loss. The major breakdown of the impairment loss is as follows: 182 million yen for database, 922 million yen for software, 83 million yen for tools, furniture and fixtures and 16 million yen for machinery, equipment and vehicles. Consequently, loss attributable to owners of parent was 3,423 million yen (compared with profit attributable to owners of parent of 513 million yen in the previous fiscal year).

Sales (Millions of yen)

Category	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	YoY (%)
Retail publishing			
Maps	3,206	2,086	(34.9)
Magazines	3,281	2,876	(12.3)
Guidebooks	1,246	811	(34.9)
Practical books	214	102	(52.2)
Subtotal	7,950	5,876	(26.1)
Special-order products	732	736	0.6
Advertising income	801	818	2.1
e-business sales	3,503	2,842	(18.9)
Fees and commissions	48	39	(17.5)
Total	13,035	10,314	(20.9)

Notes: 1. The amounts are based on selling prices.
2. The above amounts do not include consumption taxes.

(2) Financial Position

Total assets decreased 3,512 million yen, or 12.5 %, from the end of the previous fiscal year to 24,550 million yen at the end of the current fiscal year. There were increases of 373 million yen in merchandise and finished goods, 170 million yen in net defined benefit asset and 91 million yen in investments and other assets while there were decreases of 1,023 million yen in cash and deposits, 874 million yen in notes and accounts receivable-trade, 825 million yen in securities and 193 million yen in work in process, as well as decreases of 118 million yen in database, 614 million yen in software, 79 million yen in tools, furniture and fixtures and 25 million yen in machinery, equipment and vehicles as a result of recognizing impairment losses. Total liabilities decreased 1,020 million yen, or 17.1%, from the end of the previous fiscal year to 4,954 million yen at the end of the current fiscal year. There were increases of 386 million yen in provision for bonuses due to additional recognition of the provision accompanying a change in the personnel system and of 153 million yen in accrued expenses, while there was a decrease of 1,000 million yen in bonds payable due to the conversion of bonds into shares accompanying the exercise of subscription rights to shares for convertible bonds with subscription rights to shares as well as decreases of 223 million yen in provision for sales returns and 313 million yen in other current liabilities. In addition, provision for directors' retirement benefits decreased 246 million yen accompanying the abolishment of director's retirement benefit plan and other non-current liabilities increased 251 million yen. Total net assets decreased 2,492 million yen, or 11.3%, from the end of the previous fiscal year to 19,596 million yen at the end of the current fiscal year. For net assets, as a result of the exercise of subscription rights to shares, both capital stock and capital surplus increased 237 million yen each, while treasury shares decreased 525 million yen as they were appropriated for part of shares issued upon the exercise of subscription rights to shares. There was a decrease of 3,768 million yen in retained earnings due to recording of loss attributable to owners of parent of 3,423 million yen and dividends of surplus of 332 million yen. In addition, valuation difference on available-for-sale securities increased 84 million yen and remeasurements of defined benefit plans increased 191 million yen.

As a result, the equity ratio improved 1.1 percentage points to 79.7%.

(3) Cash Flows

Cash and cash equivalents (hereinafter, "net cash") at the end of the current fiscal year on a consolidated basis was 7,899 million yen. Net cash used in operating activities was 787 million yen, net cash used in investing activities was 1,185 million yen and net cash used in financing activities was 354 million yen. As a result, cash and cash equivalents at the end of the current fiscal year decreased 2,326 million yen while cash and cash equivalents from a newly consolidated subsidiary increased 276 million yen.

Cash flows by category are described as below.

Net cash used in operating activities was 787 million yen. The main factors were depreciation and amortization of 426 million yen, a 1,203 million yen increase in impairment loss, a 385 million yen increase in provision for bonuses and a 874 million yen decrease in notes and account receivables-trade, which were more than offset by booking of loss before income taxes of 3,427 million yen, a 223 million yen decrease in provision for sales returns and a 178 million yen increase in inventories.

Net cash used in investing activities was 1,185 million yen. The main factors were purchases of securities, investment securities and intangible assets of 133 million yen, 254 million yen and 623 million yen, respectively, which were partially offset by proceeds from redemption of securities of 800 million yen and proceeds from sales of investment securities of 224 million yen.

Net cash used in financing activities was 354 million yen. The main factors were the cash dividends paid of 333 million yen and a repayment of long-term loans payable of 20 million yen.

(4) Outlook

In this ongoing challenging business environment, we regard urgent improvement of performance as the top priority. During the current financial year, we established a section dedicated for reviewing the current status and developing measures to restructure the entire group business. As a result, we have determined to implement the following measures from the next fiscal year ending March 31, 2018.

1) Implementing a structural change

   Introduce a three business division system to clarify profit responsibilities of each business and optimize allocation of human resources across the divisions

2) Improving efficiency and strengthening a structure by consolidating database production functions into subsidiaries

   Consolidate database production operations to subsidiaries to improve production efficiency through in-house production of previously outsourced works.

3) Merging Canvas Mapple Co., Ltd., one of our subsidiaries

   Bolster and streamline the car navigation business and use research and development employees more effectively.

4) Introducing performance-linked personnel system

   Encourage all employees to change their mindset to be more profit-oriented.

Through above measures, we will establish a system that can achieve earnings growth even in harsh operating environment.

Specifically, in the publishing business, in addition to publishing new topical books, we will realize reduction of returned products by thorough market inventory management, expand sales through *Mapple Link* and the creation of new businesses and use the *co-Trip* brand for business expansion. In the e-businesses, *Mapple Navi* will further implement another navigation system that exploits our unique guide information, aiming for the adoption by standard-sized car manufacturers for their in-vehicle car navigation systems and the permeation into the business-use navigation systems market. In our new inbound business, we are confident that we can provide foreign tourists visiting Japan with our services so that they can obtain highly convenient and valuable information by making full use of the data and technology we have developed for the past years. We will seek alliance with leading companies abroad to drive the dissemination of our services. We will then explore a variety of revenue sources by placing ourselves in a position in which we can provide companies that give out information to foreign tourists visiting Japan with the opportunity to fulfill their needs. In addition, we will develop a number of services that can expect synergy effects in the travel related business.

Starting new businesses and taking the other actions outlined in the previous paragraph will require investment to develop new systems, strengthen our database and make other improvements. In addition, we will make necessary investments associated with activities such as actively seeking alliance with companies abroad.

We believe that we can improve both sales and profits for the next fiscal year. In retail publishing business, we have scheduled to publish new Mook series books and will realize further reduction of returned products by thorough market inventory management. For e-business sales and commission income, we will raise sales by expanding inbound business and providing new services. In terms of cost, we expect to improve earnings by improving efficiency through business restructuring.

Under such circumstances, we expect sales of 11,600 million yen (up 12.5% year on year), operating profit of 80 million yen, ordinary profit of 120 million yen, and profit attributable to owners of parent of 100 million yen for the next fiscal year ending March 31, 2018 on a consolidated basis. However, actual results may differ significantly from these forecasts for a number of factors. Furthermore, as we are now putting most of our efforts into the inbound business, we anticipate that there might be some room for achieving more-than-expected results through successfully forming alliances with leading companies abroad and having other favorable developments going forward. A revised forecast will be announced promptly if we subsequently expect that our performance will differ significantly from these forecasts.

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 section “(6) Business Risks.”

(5) 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 expand the new businesses and adapt quickly to the rapid pace of change in the business climate.

Though we are not able to distribute dividends from retained earnings because we have a substantial amount of net loss and retained earnings deficit for the current fiscal year, we will adhere to the above basic policy for dividends and have decided to seek approval at the 58th Annual General Meeting of Shareholders for distributing an initially planned ordinary dividend of 20 yen per share, which is the same as that for the previous fiscal year, by means of reducing capital surplus.

Regarding dividends for the fiscal year ending on March 31, 2018, we plan to seek approval at the 58th Annual General Meeting of Shareholders for reducing capital surplus to compensate retained earnings deficit. Although we will continue to face a challenging environment of the existing businesses, we plan to pay an ordinary dividend of 20 yen per share just as for the current fiscal year, given the forecast that we can ensure profitability by increasing sales primarily from new businesses and by further reducing costs.

(6) Business Risks

Listed below are the risk factors that may materially influence results of operations, 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 the current fiscal year.

Risks involving the database

Business operations of the Shobunsha Publications Group are centered on the Shobunsha Integrated Mapping 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 problems), 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 Control 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 products, 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. In addition, we have launched the inbound business targeting tourists visiting Japan. 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 the database, which is the core competence 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 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 (72.1%).

Book stores are the primary sales channel for the publishing business. In this business, three companies account for approximately 58.5% of sales. Two of these companies are TOHAN CORPORATION 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, 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, sales are recorded at the time products 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 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 long-term rate of 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 our 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 for 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 properties of other companies, the resulting royalty payments and other expenses may have a significant effect on results of operations.

Risks concerning alliance with companies abroad

In the inbound business targeting tourists visiting Japan, which is a new business for the Group, it is critically important to implement a strategy to form business and other alliances with companies abroad because such alliances could significantly expand our businesses. However, we should implement the strategy very carefully, bearing in mind that such alliances may cause losses due to differences in business customs and legal systems. It is thus possible that implementing this strategy may cause substantial loss.

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 significant new law or regulation related to our business operations may have an effect on results of operations.

Risks concerning personal information

We manage 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 for 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 strengthen our ability to achieve business growth. If we are unable to recruit talented individuals for the Group 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 suspended production due to 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. Basic Approach to the Selection of Accounting Standards

The Shobunsha Publications Group uses generally accepted accounting principles in Japan because group companies operate primarily in Japan and there is normally no need to procure funds in other countries. In addition, the use of Japanese accounting principles facilitates comparisons with other companies in Japan in the same industry.

(After corrections)

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
Assets		
Current assets		
Cash and deposits	8,923,918	7,899,931
Notes and accounts receivable-trade	4,295,780	3,421,214
Securities	1,325,527	500,000
Merchandise and finished goods	1,762,628	2,136,025
Work in process	507,893	314,714
Raw materials and supplies	3,118	1,495
Other	373,378	256,023
Allowance for doubtful accounts	(808)	(633)
Total current assets	17,191,437	14,528,770
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,416,273	7,426,890
Accumulated depreciation	(4,998,528)	(5,116,500)
Buildings and structures, net	*2 2,417,745	2,310,389
Machinery, equipment and vehicles	482,478	481,296
Accumulated depreciation	(447,640)	(471,793)
Machinery, equipment and vehicles, net	34,838	9,503
Tools, furniture and fixtures	946,317	884,617
Accumulated depreciation	(866,365)	(884,617)
Tools, furniture and fixtures, net	79,952	-
Land	*2 4,213,950	4,213,950
Total property, plant and equipment	6,746,486	6,533,844
Intangible assets		
Database	118,692	-
Software	614,414	-
Other	9,291	9,267
Total intangible assets	742,398	9,267
Investments and other assets		
Investment securities	*1 2,151,129	*1 2,087,128
Net defined benefit asset	1,032,552	1,202,630
Other	*1 620,752	*1 712,634
Allowance for doubtful accounts	(421,395)	(523,390)
Total investments and other assets	3,383,038	3,479,003
Total non-current assets	10,871,923	10,022,115
Total assets	28,063,361	24,550,885

(After corrections)

(Thousands of yen)

	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,015,847	1,064,972
Short-term loans payable	770,000	770,000
Current portion of long-term loans payable	*2 20,838	-
Accrued expenses	325,988	479,320
Income taxes payable	66,605	69,110
Accrued consumption taxes	139,044	17,442
Provision for bonuses	308,085	694,233
Provision for sales returns	1,013,605	789,746
Other	542,472	229,055
Total current liabilities	4,202,486	4,113,879
Non-current liabilities		
Bonds payable	1,000,000	-
Deferred tax liabilities	428,603	493,236
Provision for directors' retirement benefits	246,400	-
Net defined benefit liability	95,310	93,608
Other	2,092	253,992
Total non-current liabilities	1,772,405	840,836
Total liabilities	5,974,891	4,954,716
Net assets		
Shareholders' equity		
Capital stock	9,903,870	10,141,136
Capital surplus	10,708,236	10,945,502
Retained earnings	1,641,846	(2,126,264)
Treasury shares	(525,371)	-
Total shareholders' equity	21,728,580	18,960,373
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	609,046	693,955
Remeasurements of defined benefit plans	(276,870)	(85,765)
Total accumulated other comprehensive income	332,176	608,190
Subscription rights to shares	27,713	27,605
Total net assets	22,088,469	19,596,169
Total liabilities and net assets	28,063,361	24,550,885

(After corrections)

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Net sales	13,035,362	10,314,458
Cost of sales	8,253,204	8,405,504
Gross profit	4,782,158	1,908,953
Reversal of provision for sales returns	607,277	1,013,605
Provision for sales returns	1,013,605	789,746
Provision for sales returns-net	406,328	(223,859)
Gross profit-net	4,375,830	2,132,812
Selling, general and administrative expenses	*1 *2 4,068,996	*1 *2 4,409,513
Operating profit (loss)	306,834	(2,276,700)
Non-operating income		
Interest income	2,615	2,102
Dividend income	29,948	32,010
Rent income	30,487	37,742
Dividend income of insurance	4,052	4,537
Other	25,337	29,050
Total non-operating income	92,441	105,443
Non-operating expenses		
Interest expenses	12,035	11,469
Share issuance cost	10,858	1,775
Cost of lease revenue	8,981	16,377
Share of loss of entities accounted for using equity method	-	778
Loss on investments in partnership	2,119	4,177
Other	2,178	490
Total non-operating expenses	36,173	35,068
Ordinary profit (loss)	363,102	(2,206,325)
Extraordinary income		
Gain on sales of non-current assets	*3 1,422	*3 182
Gain on sales of investment securities	171,610	-
Total extraordinary income	173,032	182
Extraordinary losses		
Loss on sales of non-current assets	*4 1	*4 100
Loss on retirement of non-current assets	*5 2,345	*5 9,164
Loss on valuation of investment securities	-	8,059
Impairment loss	-	*6 1,203,813
Total extraordinary losses	2,347	1,221,138
Profit (loss) before income taxes	533,787	(3,427,280)
Income taxes-current	37,412	28,390
Income taxes-deferred	(17,327)	(32,263)
Total income taxes	20,084	(3,873)
Profit (loss)	513,703	(3,423,407)
Profit (loss) attributable to owners of parent	513,703	(3,423,407)

(After corrections)

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Profit (loss)	513,703	(3,423,407)
Other comprehensive income		
Valuation difference on available-for-sale securities	(327,584)	84,909
Remeasurements of defined benefit plans, net of tax	(231,138)	191,104
Total other comprehensive income	* (558,722)	* 276,013
Comprehensive income	(45,019)	(3,147,393)
Comprehensive income attributable to:		
Owners of parent	(45,019)	(3,147,393)
Non-controlling interests	-	-

(After corrections)

(3) Consolidated Statement of Changes in Equity

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(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	1,460,703	(525,281)	21,547,527
Changes of items during period					
Conversion of convertible bonds with subscription rights to shares					
Dividends of surplus			(332,560)		(332,560)
Profit attributable to owners of parent			513,703		513,703
Change of scope of consolidation					
Purchase of treasury shares				(89)	(89)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	181,142	(89)	181,052
Balance at end of current period	9,903,870	10,708,236	1,641,846	(525,371)	21,728,580

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	936,631	(45,732)	890,898	-	22,438,426
Changes of items during period					
Conversion of convertible bonds with subscription rights to shares					
Dividends of surplus					(332,560)
Profit attributable to owners of parent					513,703
Change of scope of consolidation					
Purchase of treasury shares					(89)
Net changes of items other than shareholders' equity	(327,584)	(231,138)	(558,722)	27,713	(531,009)
Total changes of items during period	(327,584)	(231,138)	(558,722)	27,713	(349,956)
Balance at end of current period	609,046	(276,870)	332,176	27,713	22,088,469

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(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	1,641,846	(525,371)	21,728,580
Changes of items during period					
Conversion of convertible bonds with subscription rights to shares	237,266	237,266		525,467	1,000,000
Dividends of surplus			(332,558)		(332,558)
Profit attributable to owners of parent			(3,423,407)		(3,423,407)
Change of scope of consolidation			(12,144)		(12,144)
Purchase of treasury shares				(95)	(95)
Net changes of items other than shareholders' equity					
Total changes of items during period	237,266	237,266	(3,768,110)	525,371	(2,768,206)
Balance at end of current period	10,141,136	10,945,502	(2,126,264)	-	18,960,373

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	609,046	(276,870)	332,176	27,713	22,088,469
Changes of items during period					
Conversion of convertible bonds with subscription rights to shares					1,000,000
Dividends of surplus					(332,558)
Profit attributable to owners of parent					(3,423,407)
Change of scope of consolidation					(12,144)
Purchase of treasury shares					(95)
Net changes of items other than shareholders' equity	84,909	191,104	276,013	(107)	275,906
Total changes of items during period	84,909	191,104	276,013	(107)	(2,492,299)
Balance at end of current period	693,955	(85,765)	608,190	27,605	19,596,169

(After corrections)

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Cash flows from operating activities		
Profit (loss) before income taxes	533,787	(3,427,280)
Depreciation and amortization	328,626	426,971
Loss (gain) on sales of short-term and long-term investment securities	(171,610)	-
Loss (gain) on valuation of short-term and long-term investment securities	-	8,059
Impairment loss	-	1,203,813
Share of (profit) loss of entities accounted for using equity method	-	778
Increase (decrease) in allowance for doubtful accounts	40,456	101,820
Increase (decrease) in net defined benefit liability	10,307	(1,702)
Decrease (increase) in net defined benefit asset	(29,729)	105,368
Increase (decrease) in provision for bonuses	(54,320)	385,400
Increase (decrease) in provision for sales returns	406,328	(223,859)
Interest and dividend income	(32,564)	(34,112)
Rent income	(30,487)	(37,742)
Interest expenses	12,035	11,469
Decrease (increase) in notes and accounts receivable-trade	(1,213,874)	874,565
Decrease (increase) in inventories	(339,764)	(178,594)
Decrease (increase) in other current assets	(53,394)	(120,179)
Decrease (increase) in other non-current assets	(2,144)	(73,191)
Increase (decrease) in notes and accounts payable-trade	(289,981)	47,079
Increase (decrease) in accrued consumption taxes	76,993	(121,601)
Increase (decrease) in other current liabilities	(142,352)	219,613
Increase (decrease) in other non-current liabilities	21,900	5,500
Subtotal	(929,788)	(827,822)
Interest and dividend income received	32,809	34,129
Proceeds from rent income	30,444	37,680
Interest expenses paid	(11,937)	(8,191)
Income taxes paid	(63,648)	(22,810)
Net cash provided by (used in) operating activities	(942,120)	(787,015)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	600,000	-
Proceeds from redemption of securities	-	800,000
Purchase of securities	-	(1,303,260)
Purchase of property, plant and equipment	(55,698)	(31,923)
Proceeds from sales of property, plant and equipment	1,600	1,188
Purchase of intangible assets	(571,609)	(623,932)
Purchase of investment securities	(511,313)	(254,351)
Proceeds from sales of investment securities	10,240	224,598
Collection of loans receivable	2,515	2,515
Net cash provided by (used in) investing activities	(524,266)	(1,185,165)
Cash flows from financing activities		
Repayments of long-term loans payable	(50,017)	(20,838)
Purchase of treasury shares	(89)	(95)
Proceeds from issuance of subscription rights to shares	16,944	-
Cash dividends paid	(333,292)	(333,103)
Net cash provided by (used in) financing activities	(366,454)	(354,037)
Net increase (decrease) in cash and cash equivalents	(1,832,840)	(2,326,218)
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	*1 9,949,446	*1 7,899,931

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

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 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 fiscal year is insignificant.

Notes to Consolidated Balance Sheet

*1. The following items are applicable to a non-consolidated subsidiary and affiliates.

(Thousands of yen)

	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
Investment securities (stocks)	300,000	149,221
Investments and other assets, other (investments in capital)	19,000	19,000
Total	319,000	168,221

*2. Assets pledged as collateral and liabilities with collateral

Assets pledged as collateral

(Thousands of yen)

	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
Buildings and structures	377,252	-
Land	206,040	-
Total	583,293	-

Liabilities with collateral

(Thousands of yen)

	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
Current portion of long-term loans payable	20,838	-

Notes to Consolidated Statement of Income

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

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Packing and delivery expenses	172,339	159,269
Promotion expenses	150,623	140,403
Advertising expenses	210,146	176,986
Provision of allowance for doubtful accounts	40,178	131,200
Directors’ compensations	179,435	195,542
Provision for directors’ retirement benefits	21,900	5,500
Salaries, allowances and bonuses	1,520,303	1,462,494
Provision for bonuses	157,371	366,051
Legal welfare expenses	267,162	293,668
Retirement benefit expenses	71,851	137,233
Transportation expenses	158,107	157,933
Depreciation	100,968	92,939
Rent expenses	63,975	56,246
Business consignment expenses	205,779	196,899
Taxes and dues	51,123	51,041
Research and development expenses	98,408	67,814
Other	599,321	718,288
Total	4,068,996	4,409,513

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

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
	98,408	67,814

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

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Machinery, equipment and vehicles	1,418	168
Tools, furniture and fixtures	3	13
Total	1,422	182

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

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Tools, furniture and fixtures	1	100

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

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Buildings and structures	0	300
Machinery, equipment and vehicles	1,047	-
Tools, furniture and fixtures	1,297	181
Software	-	8,682
Total	2,345	9,164

*6. Impairment loss

The Group recognized an impairment loss on the following groups of assets.

Primary use	Class	Location
Operating assets	Machinery, equipment and vehicles	Chiyoda-ku, Tokyo; Osaka, Osaka Prefecture
Operating assets	Tools, furniture and fixtures	Chiyoda-ku, Tokyo; Koto-ku, Tokyo; Osaka, Osaka Prefecture; Ichihara, Chiba Prefecture
Operating assets	Database	Koto-ku, Tokyo
Operating assets	Software	Chiyoda-ku, Tokyo; Koto-ku, Tokyo

Reason for decision to recognize impairment losses

As demonstrated in a series of events including a recent slump in sales of map-related publications, sluggish sales in the car navigation business caused by the advent of free-of-charge navigation apps and saturation of the PND market, and far more than expected returns in the publishing business, the business environment surrounding the Group has changed dramatically, and we expect such a harsh market environment to continue going forward.

Given such a situation, non-current assets held by the Group were tested for impairment and, as a result, their carrying amounts have been written down to the recoverable amounts and the amount of reduction was recognized as an impairment loss.

Amount of impairment loss

Class	Amount (Thousands of yen)
Property, plant and equipment	
Machinery, equipment and vehicles	16,076
Tools, furniture and fixtures	83,436
Intangible assets	
Database	182,158
Software	922,142
Total	1,203,813

Method used to group assets

Grouping of assets is based on the asset classification used for managerial accounting whereby the Group measures operating performance and cash flows on a regular basis. Idle assets, however, are grouped on an individual asset basis.

Method for calculating recoverable amount

The Group measures the recoverable amount based on value in use. As the amount of value in use based on the future cash flows is zero, the recoverable amount is assessed to be zero.

(After corrections)

Notes to Consolidated Statement of Comprehensive Income

* Reclassification adjustments and tax effect with respect to other comprehensive income

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Valuation difference on available-for-sale securities:		
Amount incurred during the year	(272,956)	97,464
Reclassification adjustments	(161,370)	-
Before tax effect adjustments	(434,327)	97,464
Tax effect	106,743	(12,555)
Valuation difference on available-for-sale securities	(327,584)	84,909
Remeasurements of defined benefit plans, net of tax		
Amount incurred during the year	(370,206)	128,192
Reclassification adjustments	16,875	147,254
Before tax effect adjustments	(353,331)	275,446
Tax effect	122,193	(84,341)
Remeasurements of defined benefit plans, net of tax	(231,138)	191,104
Total other comprehensive income	(558,722)	276,013

Notes to Consolidated Statement of Changes in Equity

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

1. Type and number of outstanding shares and treasury shares (Thousands of shares)

	Number of shares as of Apr. 1, 2015	Increase	Decrease	Number of shares as of Mar. 31, 2016
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. Subscription rights to shares

Category	Details of subscription rights to shares	Type of stock subject to subscription rights to shares	Number of shares subject to subscription rights to shares (shares)				Balance as of Mar. 31, 2016 (Thousands of yen)
			As of Apr. 1, 2015	Increase	Decrease	As of Mar. 31, 2016	
Filing company (Parent)	Subscription rights to shares No. 1 (Note)	Common stock	-	600,000	-	600,000	6,120
	Subscription rights to shares No. 2 (Note)	Common stock	-	130,000	-	130,000	208
	Subscription rights to shares No. 3 (Note)	Common stock	-	100,000	-	100,000	15
	Subscription rights to shares No. 4 (as stock option)	-	-	-	-	-	21,370
Total		-	-	-	-	-	27,713

Note: Increases in the number of shares subject to subscription rights to shares No. 1, No. 2 and No. 3 were due to the issuance of subscription rights to shares.

3. 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. 26, 2015	Common stock	332,560	20	Mar. 31, 2015	Jun. 29, 2015

(2) Dividends with a record date in FY3/16 but an effective date in FY3/17

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. 29, 2016	Common stock	332,558	Retained earnings	20	Mar. 31, 2016	Jun. 30, 2016

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

1. Type of number of outstanding shares and treasury shares (Thousands of shares)

	Number of shares as of Apr. 1, 2016	Increase	Decrease	Number of shares as of Mar. 31, 2017
Outstanding shares				
Common stock	17,307	870	-	18,178
Total	17,307	870	-	18,178
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. Subscription rights to shares

Category	Details of subscription rights to shares	Type of stock subject to subscription rights to shares	Number of shares subject to subscription rights to shares (shares)				Balance as of Mar. 31, 2017 (Thousands of yen)
			As of Apr. 1, 2016	Increase	Decrease	As of Mar. 31, 2017	
Filing company (Parent)	Subscription rights to shares No. 1 (Note)	Common stock	600,000	-	-	600,000	6,120
	Subscription rights to shares No. 2 (Note)	Common stock	130,000	-	-	130,000	208
	Subscription rights to shares No. 3 (Note)	Common stock	100,000	-	-	100,000	15
	Subscription rights to shares No. 4 (as stock option)	-	-	-	-	-	21,262
Total		-	-	-	-	-	27,605

Note: Increases in the number of shares subject to subscription rights to shares No. 1, No. 2 and No. 3 were due to the issuance of subscription rights to shares.

3. 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. 29, 2016	Common stock	332,558	20	Mar. 31, 2016	Jun. 29, 2016

(2) Dividends with a record date in FY3/17 but an effective date in FY3/18

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. 29, 2017	Common stock	363,563	Capital surplus	20	Mar. 31, 2017	Jun. 30, 2017

Notes to Consolidated Statement of Cash Flows

*1 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)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Cash and deposits	8,923,918	7,899,931
Securities (of which MMF)	1,025,527	-
Cash and cash equivalents	9,949,446	7,899,931

*2. Material non-cash transactions

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

There are no significant items.

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

There were a decrease of 1,000,000 thousand yen in convertible bonds with subscription rights to shares, increases of 237,266 thousand yen in both capital stock and capital surplus, and a decrease of 525,467 thousand yen in treasury shares as a result of the exercise of subscription rights to shares attached to the convertible bonds with subscription rights to shares issued by the Company.

Segment and Other Information

Segment information

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

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

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Omitted since the Shobunsha Publications Group has only a single business segment.

Related information
FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

1. Information by product or service (Thousands of yen)

Category		Sales to external customers
Retail publishing	Maps	3,206,879
	Magazines	3,281,942
	Guidebooks	1,246,708
	Practical books	214,788
Subtotal		7,950,318
Special-order products		732,420
Advertising		801,256
e-business sales		3,503,056
Fees and commissions		48,310
Total		13,035,362

2. Information by region

(1) Net sales

Omitted since sales to external customers in Japan exceeded 90% of sales on the consolidated statement of income.

(2) Property, plant and equipment

Omitted since property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client (Thousands of yen)

Company name	Sales
NIPPON SHUPPAN HANBAI INC.	2,796,823
TOHAN CORPORATION	2,709,752
NIHON CHIZU KYOHAN Co., Ltd.	1,360,758

Note: The Group does not provide segment information because it has only a single business segment.

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

1. Information by product or service (Thousands of yen)

Category		Sales to external customers
Retail publishing	Maps	2,086,201
	Magazines	2,876,647
	Guidebooks	811,166
	Practical books	102,753
Subtotal		5,876,769
Special-order products		736,964
Advertising		818,381
e-business sales		2,842,489
Fees and commissions		39,853
Total		10,314,458

2. Information by region

(1) Net sales

Omitted since sales to external customers in Japan exceeded 90% of sales on the consolidated statement of income.

(2) Property, plant and equipment

Omitted since property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client (Thousands of yen)

Company name	Sales
NIPPON SHUPPAN HANBAI INC.	2,168,623
TOHAN CORPORATION	1,925,499
NIHON CHIZU KYOHAN Co., Ltd.	82,694

Note: The Group does not provide segment information because it has only a single business segment.

Information related to impairment losses on non-current assets, etc. for each reportable segment

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

Information related to goodwill amortization and the unamortized balance for each reportable segment

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

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per-share Information

(Yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Net assets per share	1,326.73	1,076.49
Net income (loss) per share	30.89	(205.46)
Diluted net income per share	28.26	-

Notes: 1. Diluted net income per share for FY3/17 is not presented since the Company has outstanding dilutive securities, but posted a net loss.

2. Basis for calculating net income (loss) per share and diluted net income per share is as follows.

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Net income (loss) per share		
Profit (loss) attributable to owners of parent (Thousands of yen)	513,703	(3,423,407)
Amount not available to common shareholders (Thousands of yen)	-	-
Profit (loss) attributable to common shareholders of parent (Thousands of yen)	513,703	(3,423,407)
Average number of shares outstanding during period (Thousands of shares)	16,627	16,661
Diluted net income per share		
Profit attributable to owners of parent (Thousands of yen)	-	-
Increase in the number of common shares (Thousands of shares)	1,550	-
[of which subscription rights to shares (Thousands of shares)]	[1,550]	-
Summary of potential stock not included in the calculation of diluted net income per share since there was no dilutive effect	Subscription rights to shares No. 1 (Number of subscription rights to shares: 6,000 units) Subscription rights to shares No. 2 (Number of subscription rights to shares: 1,300 units) Subscription rights to shares No. 3 (Number of subscription rights to shares: 1,000 units) Subscription rights to shares No. 4 (Number of subscription rights to shares: 8,548 units)	Subscription rights to shares No. 1 (Number of subscription rights to shares: 6,000 units) Subscription rights to shares No. 2 (Number of subscription rights to shares: 1,300 units) Subscription rights to shares No. 3 (Number of subscription rights to shares: 1,000 units) Subscription rights to shares No. 4 (Number of subscription rights to shares: 8,505 units)

Subsequent Events

Not applicable.

(Before corrections)

May 12, 2017

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (FY3/17)

[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 Annual General Meeting of Shareholders: June 29, 2017
Scheduled date of payment of dividend: June 30, 2017
Scheduled date of filing of Annual Securities Report: June 29, 2017
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, 2017 (April 1, 2016 – March 31, 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	%
Fiscal year ended Mar. 31, 2017	10,314	(20.9)	(2,276)	-	(2,206)	-	(3,423)	-
Fiscal year ended Mar. 31, 2016	13,035	5.2	306	-	363	-	538	-

Note: Comprehensive income (million yen)　Fiscal year ended Mar. 31, 2017: (3,147) (- %)
Fiscal year ended Mar. 31, 2016: (20) (- %)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2017	(205.46)	-	(16.8)	(8.4)	(22.1)
Fiscal year ended Mar. 31, 2016	32.37	29.60	2.5	1.3	2.4

Reference: Equity in earnings of affiliates (million yen)　Fiscal year ended Mar. 31, 2017: (0)　Fiscal year ended Mar. 31, 2016: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	24,550	19,160	77.9	1,052.53
As of Mar. 31, 2016	28,063	21,652	77.1	1,300.53

Reference: Shareholders' equity (million yen)　As of Mar. 31, 2017: 19,133　As of Mar. 31, 2016: 21,625

(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, 2017	(787)	(1,185)	(354)	7,899
Fiscal year ended Mar. 31, 2016	(942)	(524)	(366)	9,949

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, 2016	-	0.00	-	20.00	20.00	332	61.8	1.5
Fiscal year ended Mar. 31, 2017	-	0.00	-	20.00	20.00	363	-	1.7
Fiscal year ending Mar. 31, 2018 (forecasts)	-	0.00	-	20.00	20.00		363.6	

Note: The dividend for the fiscal year ended March 31, 2017 was paid from the capital surplus. Please refer to "Breakdown of dividends paid from the capital surplus" described below for further information.

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

(Before corrections)

*** 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 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

(3) Number of outstanding shares (common stock)

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

As of Mar. 31, 2017: 18,178,173 shares As of Mar. 31, 2016: 17,307,750 shares

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

As of Mar. 31, 2017: 0 share As of Mar. 31, 2016: 679,814 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2017: 16,661,874 shares Fiscal year ended Mar. 31, 2016: 16,627,948 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2017	9,681	(20.8)	(2,051)	-	(1,994)	-	(3,225)	-
Fiscal year ended Mar. 31, 2016	12,218	9.8	212	-	252	-	446	-

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2017	(193.60)	-
Fiscal year ended Mar. 31, 2016	26.83	24.54

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	23,669	18,730	79.0	1,028.86
As of Mar. 31, 2016	27,234	21,203	77.8	1,273.54

Reference: Shareholders' equity (million yen) As of Mar. 31, 2017: 18,702 As of Mar. 31, 2016: 21,176

* The current financial report is not subject to audit procedures.

* 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. Overview of Results of Operations, (4) Outlook" on page 4 of attachments 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 June 1, 2017. Materials to be distributed at this event will be available on the Company's website immediately thereafter.

Breakdown of dividends paid from the capital surplus

Of the dividends in the fiscal year ended March 31, 2017, breakdown of dividends paid from the capital surplus is shown below:

Record date	Year-end	Total
Dividend per share (Yen)	20.00	20.00
Total dividends (Million yen)	363	363

Note: Reduction rate in net assets due to the dividends paid from net assets is 0.014.

Contents of Attachments

(Before corrections)

1. Overview of Results of Operations

(1) Results of Operations

In the fiscal year ended on March 31, 2017 (from April 1, 2016 to March 31, 2017) (hereinafter, “the current fiscal year”), the Japanese economy was on the path to moderate recovery, but its outlook remains uncertain due to factors such as weak consumer spending, concerns over an economic slowdown in the Asian emerging countries and effects of the outcome of the U.S. presidential election on the political trends.

Against this backdrop, the Shobunsha Publications Group during the current fiscal year has aggressively worked to expand the Group’s new business—the inbound business for foreign tourists visiting Japan—by improving and modifying the contents and expanding the geographical coverage of “DiGJAPAN!” (an application for foreign tourists visiting Japan), providing premium coupons and tying up with local governments. The Group was also engaged in strengthening the website of “DiGJAPAN!” as well as dispatching information to Weibo and Wechat. In May, we formed a business alliance with a Taiwanese company to launch “DiGTAIWAN!,” which was developed by transferring the system for “DiGJAPAN!.” In addition, we have also started sales of “Mapple API Multilingual Map (vector distribution type),” a map distribution service for corporations that is useful for businesses targeting tourists visiting Japan. In November, we established a joint venture called QfPay Japan, Inc. with Beijing Qfpay Technology Company Limited, a company providing a mobile payment solution system using WeChatPay, etc. and a marketing solution system for stores in China, and Whiz Partners Inc. to develop those systems in Japan and have started preliminary work. In March, we acquired “GURUYAKU,” a restaurant reservation service website for overseas travelers, through a business transfer. We believe that this business will create synergy effects with our existing businesses and that we may develop into the area of inbound business, etc. by way of multilingual approaches. Also, while focusing on expanding retail publishing business, we have improved the functions of and extended products compatible with *Mapple-Link*, an electronic supplement to our *Mapple Magazine* that offers the idea of the “combined use” of a guidebook and an app as a new style of traveling. As a result, we have achieved a cumulative total of 8.4 million downloads. In July, one of our subsidiaries, Tripcon Co., Ltd., opened “TRIPCON,” a comprehensive comparison website in six languages for travels and outings and started sales of “TRIPCON Biz,” a platform for hotel and accommodation providers that enables a one-stop management of activities to attract visitors from home and abroad in November. With the *co-Trip* brand, we received an increasing number of brochure orders from municipal governments. Furthermore by collaborating with many companies we sold many collaboration products such as travel goods, foods and stationery.

As for business performance for the current fiscal year, e-business sales dropped substantially because more consumers opted for free car GPS navigation apps for smartphones and others over our *Mapple Navi*, an app for portable navigation devices (PND) and sales of light motor vehicles were sluggish, and also because our acquisition of new projects did not proceed as planned, which we needed to compensate for lost orders in large-scale, recurring projects. As a result, sales were 2,842 million yen, a decrease of 660 million yen from the previous fiscal year (down 18.9% year on year). Moreover, despite some hit products such as “Shutoken-hatsu Higaeri Otona-no Chiisana Tabi (Daytrip from the Tokyo Metropolitan Area, Small Trip for Adults)” and a positive effect of publishing “Mapple Magazine mini,” the retail publishing business suffered a substantial decrease in sales primarily due to a lack of a new series of publications and completely revised edition of an existing guidebook series unlike the previous fiscal year as well as a continued sluggishness of sales at bookstores. In addition, there were replacement returns of old versions in conjunction with the revised publication of *Mapple Magazine* for the Golden Week holidays in the first quarter and due to revised publications of map products in the fourth quarter, and the volume of returns significantly exceeded our assumptions. Consequently, retail publishing sales were 5,876 million yen, a decrease of 2,073 million yen from the previous fiscal year (down 26.1% year on year).

In terms of profitability, both of manufacturing cost and selling, general and administrative expenses soared due to increases in retirement benefit expenses, allowance for bonuses due to a change in the personnel system, and allowance for doubtful accounts accompanying the bankruptcy of a dealer specialized in distributing maps as well as a substantial decrease in sales and an increase in returns, despite a substantial reversal of provision for sales returns. An increase in manufacturing cost was partly caused by an increase in maintenance expense as a result of an early implementation of fundamental improvement measures of our map database for the purpose of future business development. Further, a sales decline in e-businesses with high profit margins had a significant impact on profits. Consequently, in the current fiscal year, the Group reported operating loss of 2,276 million yen (compared with operating profit of 306 million yen in the previous fiscal year), which far exceeded the initially forecasted loss, and ordinary loss of 2,206 million yen (compared with ordinary profit of 363 million yen in the previous fiscal year). Based on the above results, a large amount of loss was be recorded for the current fiscal year, and also in the next fiscal year ending March 31, 2018, we expect a severe business environment to continue. As a result of examining future recoverability based on the "Accounting Standard for Impairment of Fixed Assets" for the non-current assets held by the Company and its consolidated subsidiaries, an impairment loss of 1,203 million yen was posted as an extraordinary loss. The major breakdown of the impairment loss is as follows: 182 million yen for database, 922 million yen for software, 83 million yen for tools, furniture and fixtures and 16 million yen for machinery, equipment and vehicles. Consequently, loss attributable to owners of parent was 3,423 million yen (compared with profit attributable to owners of parent of 538 million yen in the previous fiscal year).

Sales (Millions of yen)

Category	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	YoY (%)
Retail publishing			
Maps	3,206	2,086	(34.9)
Magazines	3,281	2,876	(12.3)
Guidebooks	1,246	811	(34.9)
Practical books	214	102	(52.2)
Subtotal	7,950	5,876	(26.1)
Special-order products	732	736	0.6
Advertising income	801	818	2.1
e-business sales	3,503	2,842	(18.9)
Fees and commissions	48	39	(17.5)
Total	13,035	10,314	(20.9)

Notes: 1. The amounts are based on selling prices.
2. The above amounts do not include consumption taxes.

(2) Financial Position

Total assets decreased 3,512 million yen, or 12.5 %, from the end of the previous fiscal year to 24,550 million yen at the end of the current fiscal year. There were increases of 373 million yen in merchandise and finished goods, 170 million yen in net defined benefit asset and 91 million yen in investments and other assets while there were decreases of 1,023 million yen in cash and deposits, 874 million yen in notes and accounts receivable-trade, 825 million yen in securities and 193 million yen in work in process, as well as decreases of 118 million yen in database, 614 million yen in software, 79 million yen in tools, furniture and fixtures and 25 million yen in machinery, equipment and vehicles as a result of recognizing impairment losses. Total liabilities decreased 1,020 million yen, or 15.9%, from the end of the previous fiscal year to 5,390 million yen at the end of the current fiscal year. There were increases of 386 million yen in provision for bonuses due to additional recognition of the provision accompanying a change in the personnel system and of 153 million yen in accrued expenses, while there was a decrease of 1,000 million yen in bonds payable due to the conversion of bonds into shares accompanying the exercise of subscription rights to shares for convertible bonds with subscription rights to shares as well as decreases of 223 million yen in provision for sales returns and 313 million yen in other current liabilities. In addition, provision for directors' retirement benefits decreased 246 million yen accompanying the abolishment of director's retirement benefit plan and other non-current liabilities increased 251 million yen. Total net assets decreased 2,492 million yen, or 11.5%, from the end of the previous fiscal year to 19,160 million yen at the end of the current fiscal year. For net assets, as a result of the exercise of subscription rights to shares, both capital stock and capital surplus increased 237 million yen each, while treasury shares decreased 525 million yen as they were appropriated for part of shares issued upon the exercise of subscription rights to shares. There was a decrease of 3,768 million yen in retained earnings due to recording of loss attributable to owners of parent of 3,423 million yen and dividends of surplus of 332 million yen. In addition, valuation difference on available-for-sale securities increased 84 million yen and remeasurements of defined benefit plans increased 191 million yen.

As a result, the equity ratio improved 0.8 percentage points to 77.9%.

(3) Cash Flows

Cash and cash equivalents (hereinafter, “net cash”) at the end of the current fiscal year on a consolidated basis was 7,899 million yen. Net cash used in operating activities was 787 million yen, net cash used in investing activities was 1,185 million yen and net cash used in financing activities was 354 million yen. As a result, cash and cash equivalents at the end of the current fiscal year decreased 2,326 million yen while cash and cash equivalents from a newly consolidated subsidiary increased 276 million yen.

Cash flows by category are described as below.

Net cash used in operating activities was 787 million yen. The main factors were depreciation and amortization of 426 million yen, a 1,203 million yen increase in impairment loss, a 385 million yen increase in provision for bonuses and a 874 million yen decrease in notes and account receivables-trade, which were more than offset by booking of loss before income taxes of 3,427 million yen, a 223 million yen decrease in provision for sales returns and a 178 million yen increase in inventories.

Net cash used in investing activities was 1,185 million yen. The main factors were purchases of securities, investment securities and intangible assets of 133 million yen, 254 million yen and 623 million yen, respectively, which were partially offset by proceeds from redemption of securities of 800 million yen and proceeds from sales of investment securities of 224 million yen.

Net cash used in financing activities was 354 million yen. The main factors were the cash dividends paid of 333 million yen and a repayment of long-term loans payable of 20 million yen.

(4) Outlook

In this ongoing challenging business environment, we regard urgent improvement of performance as the top priority. During the current financial year, we established a section dedicated for reviewing the current status and developing measures to restructure the entire group business. As a result, we have determined to implement the following measures from the next fiscal year ending March 31, 2018.

1) Implementing a structural change

   Introduce a three business division system to clarify profit responsibilities of each business and optimize allocation of human resources across the divisions

2) Improving efficiency and strengthening a structure by consolidating database production functions into subsidiaries

   Consolidate database production operations to subsidiaries to improve production efficiency through in-house production of previously outsourced works.

3) Merging Canvas Mapple Co., Ltd., one of our subsidiaries

   Bolster and streamline the car navigation business and use research and development employees more effectively.

4) Introducing performance-linked personnel system

   Encourage all employees to change their mindset to be more profit-oriented.

Through above measures, we will establish a system that can achieve earnings growth even in harsh operating environment.

Specifically, in the publishing business, in addition to publishing new topical books, we will realize reduction of returned products by thorough market inventory management, expand sales through *Mapple Link* and the creation of new businesses and use the *co-Trip* brand for business expansion. In the e-businesses, *Mapple Navi* will further implement another navigation system that exploits our unique guide information, aiming for the adoption by standard-sized car manufacturers for their in-vehicle car navigation systems and the permeation into the business-use navigation systems market. In our new inbound business, we are confident that we can provide foreign tourists visiting Japan with our services so that they can obtain highly convenient and valuable information by making full use of the data and technology we have developed for the past years. We will seek alliance with leading companies abroad to drive the dissemination of our services. We will then explore a variety of revenue sources by placing ourselves in a position in which we can provide companies that give out information to foreign tourists visiting Japan with the opportunity to fulfill their needs. In addition, we will develop a number of services that can expect synergy effects in the travel related business.

Starting new businesses and taking the other actions outlined in the previous paragraph will require investment to develop new systems, strengthen our database and make other improvements. In addition, we will make necessary investments associated with activities such as actively seeking alliance with companies abroad.

We believe that we can improve both sales and profits for the next fiscal year. In retail publishing business, we have scheduled to publish new Mook series books and will realize further reduction of returned products by thorough market inventory management. For e-business sales and commission income, we will raise sales by expanding inbound business and providing new services. In terms of cost, we expect to improve earnings by improving efficiency through business restructuring.

Under such circumstances, we expect sales of 11,600 million yen (up 12.5% year on year), operating profit of 80 million yen, ordinary profit of 120 million yen, and profit attributable to owners of parent of 100 million yen for the next fiscal year ending March 31, 2018 on a consolidated basis. However, actual results may differ significantly from these forecasts for a number of factors. Furthermore, as we are now putting most of our efforts into the inbound business, we anticipate that there might be some room for achieving more-than-expected results through successfully forming alliances with leading companies abroad and having other favorable developments going forward. A revised forecast will be announced promptly if we subsequently expect that our performance will differ significantly from these forecasts.

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 section "(6) Business Risks."

(5) 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 expand the new businesses and adapt quickly to the rapid pace of change in the business climate.

Though we are not able to distribute dividends from retained earnings because we have a substantial amount of net loss and retained earnings deficit for the current fiscal year, we will adhere to the above basic policy for dividends and have decided to seek approval at the 58th Annual General Meeting of Shareholders for distributing an initially planned ordinary dividend of 20 yen per share, which is the same as that for the previous fiscal year, by means of reducing capital surplus.

Regarding dividends for the fiscal year ending on March 31, 2018, we plan to seek approval at the 58th Annual General Meeting of Shareholders for reducing capital surplus to compensate retained earnings deficit. Although we will continue to face a challenging environment of the existing businesses, we plan to pay an ordinary dividend of 20 yen per share just as for the current fiscal year, given the forecast that we can ensure profitability by increasing sales primarily from new businesses and by further reducing costs.

(6) Business Risks

Listed below are the risk factors that may materially influence results of operations, 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 the current fiscal year.

Risks involving the database

Business operations of the Shobunsha Publications Group are centered on the Shobunsha Integrated Mapping 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 problems), 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 Control 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 products, 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. In addition, we have launched the inbound business targeting tourists visiting Japan. 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 the database, which is the core competence 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 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 (72.1%).

Book stores are the primary sales channel for the publishing business. In this business, three companies account for approximately 58.5% of sales. Two of these companies are TOHAN CORPORATION 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, 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, sales are recorded at the time products 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 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 long-term rate of 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 our 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 for 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 properties of other companies, the resulting royalty payments and other expenses may have a significant effect on results of operations.

Risks concerning alliance with companies abroad

In the inbound business targeting tourists visiting Japan, which is a new business for the Group, it is critically important to implement a strategy to form business and other alliances with companies abroad because such alliances could significantly expand our businesses. However, we should implement the strategy very carefully, bearing in mind that such alliances may cause losses due to differences in business customs and legal systems. It is thus possible that implementing this strategy may cause substantial loss.

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 significant new law or regulation related to our business operations may have an effect on results of operations.

Risks concerning personal information

We manage 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 for 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 strengthen our ability to achieve business growth. If we are unable to recruit talented individuals for the Group 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 suspended production due to 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. Basic Approach to the Selection of Accounting Standards

The Shobunsha Publications Group uses generally accepted accounting principles in Japan because group companies operate primarily in Japan and there is normally no need to procure funds in other countries. In addition, the use of Japanese accounting principles facilitates comparisons with other companies in Japan in the same industry.

(Before corrections)

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
Assets		
Current assets		
Cash and deposits	8,923,918	7,899,931
Notes and accounts receivable-trade	4,295,780	3,421,214
Securities	1,325,527	500,000
Merchandise and finished goods	1,762,628	2,136,025
Work in process	507,893	314,714
Raw materials and supplies	3,118	1,495
Other	373,378	256,023
Allowance for doubtful accounts	(808)	(633)
Total current assets	17,191,437	14,528,770
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,416,273	7,426,890
Accumulated depreciation	(4,998,528)	(5,116,500)
Buildings and structures, net	*2 2,417,745	2,310,389
Machinery, equipment and vehicles	482,478	481,296
Accumulated depreciation	(447,640)	(471,793)
Machinery, equipment and vehicles, net	34,838	9,503
Tools, furniture and fixtures	946,317	884,617
Accumulated depreciation	(866,365)	(884,617)
Tools, furniture and fixtures, net	79,952	-
Land	*2 4,213,950	4,213,950
Total property, plant and equipment	6,746,486	6,533,844
Intangible assets		
Database	118,692	-
Software	614,414	-
Other	9,291	9,267
Total intangible assets	742,398	9,267
Investments and other assets		
Investment securities	*1 2,151,129	*1 2,087,128
Net defined benefit asset	1,032,552	1,202,630
Other	*1 620,752	*1 712,634
Allowance for doubtful accounts	(421,395)	(523,390)
Total investments and other assets	3,383,038	3,479,003
Total non-current assets	10,871,923	10,022,115
Total assets	28,063,361	24,550,885

(Before corrections)

(Thousands of yen)

	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,015,847	1,064,972
Short-term loans payable	770,000	770,000
Current portion of long-term loans payable	*2 20,838	-
Accrued expenses	325,988	479,320
Income taxes payable	66,605	69,110
Accrued consumption taxes	139,044	17,442
Provision for bonuses	308,085	694,233
Provision for sales returns	1,013,605	789,746
Other	542,472	229,055
Total current liabilities	4,202,486	4,113,879
Non-current liabilities		
Bonds payable	1,000,000	-
Deferred tax liabilities	864,157	928,790
Provision for directors' retirement benefits	246,400	-
Net defined benefit liability	95,310	93,608
Other	2,092	253,992
Total non-current liabilities	2,207,959	1,276,390
Total liabilities	6,410,445	5,390,270
Net assets		
Shareholders' equity		
Capital stock	9,903,870	10,141,136
Capital surplus	10,708,236	10,945,502
Retained earnings	1,206,292	(2,561,818)
Treasury shares	(525,371)	-
Total shareholders' equity	21,293,026	18,524,820
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	609,046	693,955
Remeasurements of defined benefit plans	(276,870)	(85,765)
Total accumulated other comprehensive income	332,176	608,190
Subscription rights to shares	27,713	27,605
Total net assets	21,652,915	19,160,615
Total liabilities and net assets	28,063,361	24,550,885

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Net sales	13,035,362	10,314,458
Cost of sales	8,253,204	8,405,504
Gross profit	4,782,158	1,908,953
Reversal of provision for sales returns	607,277	1,013,605
Provision for sales returns	1,013,605	789,746
Provision for sales returns-net	406,328	(223,859)
Gross profit-net	4,375,830	2,132,812
Selling, general and administrative expenses	*1 *2 4,068,996	*1 *2 4,409,513
Operating profit (loss)	306,834	(2,276,700)
Non-operating income		
Interest income	2,615	2,102
Dividend income	29,948	32,010
Rent income	30,487	37,742
Dividend income of insurance	4,052	4,537
Other	25,337	29,050
Total non-operating income	92,441	105,443
Non-operating expenses		
Interest expenses	12,035	11,469
Share issuance cost	10,858	1,775
Cost of lease revenue	8,981	16,377
Share of loss of entities accounted for using equity method	-	778
Loss on investments in partnership	2,119	4,177
Other	2,178	490
Total non-operating expenses	36,173	35,068
Ordinary profit (loss)	363,102	(2,206,325)
Extraordinary income		
Gain on sales of non-current assets	*3 1,422	*3 182
Gain on sales of investment securities	171,610	-
Total extraordinary income	173,032	182
Extraordinary losses		
Loss on sales of non-current assets	*4 1	*4 100
Loss on retirement of non-current assets	*5 2,345	*5 9,164
Loss on valuation of investment securities	-	8,059
Impairment loss	-	*6 1,203,813
Total extraordinary losses	2,347	1,221,138
Profit (loss) before income taxes	533,787	(3,427,280)
Income taxes-current	37,412	28,390
Income taxes-deferred	(41,794)	(32,263)
Total income taxes	(4,381)	(3,873)
Profit (loss)	538,169	(3,423,407)
Profit (loss) attributable to owners of parent	538,169	(3,423,407)

(Before corrections)

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Profit (loss)	538,169	(3,423,407)
Other comprehensive income		
Valuation difference on available-for-sale securities	(327,584)	84,909
Remeasurements of defined benefit plans, net of tax	(231,138)	191,104
Total other comprehensive income	* (558,722)	* 276,013
Comprehensive income	(20,552)	(3,147,393)
Comprehensive income attributable to:		
Owners of parent	(20,552)	(3,147,393)
Non-controlling interests	-	-

(Before corrections)

(3) Consolidated Statement of Changes in Equity

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(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	1,000,683	(525,281)	21,087,507
Changes of items during period					
Conversion of convertible bonds with subscription rights to shares					
Dividends of surplus			(332,560)		(332,560)
Profit attributable to owners of parent			538,169		538,169
Change of scope of consolidation					
Purchase of treasury shares				(89)	(89)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	205,608	(89)	205,518
Balance at end of current period	9,903,870	10,708,236	1,206,292	(525,371)	21,293,026

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	936,631	(45,732)	890,898	-	21,978,406
Changes of items during period					
Conversion of convertible bonds with subscription rights to shares					
Dividends of surplus					(332,560)
Profit attributable to owners of parent					538,169
Change of scope of consolidation					
Purchase of treasury shares					(89)
Net changes of items other than shareholders' equity	(327,584)	(231,138)	(558,722)	27,713	(531,009)
Total changes of items during period	(327,584)	(231,138)	(558,722)	27,713	(325,490)
Balance at end of current period	609,046	(276,870)	332,176	27,713	21,652,915

(Before corrections)

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(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	1,206,292	(525,371)	21,293,026
Changes of items during period					
Conversion of convertible bonds with subscription rights to shares	237,266	237,266		525,467	1,000,000
Dividends of surplus			(332,558)		(332,558)
Profit attributable to owners of parent			(3,423,407)		(3,423,407)
Change of scope of consolidation			(12,144)		(12,144)
Purchase of treasury shares				(95)	(95)
Net changes of items other than shareholders' equity					
Total changes of items during period	237,266	237,266	(3,768,110)	525,371	(2,768,206)
Balance at end of current period	10,141,136	10,945,502	(2,561,818)	-	18,524,820

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	609,046	(276,870)	332,176	27,713	21,652,915
Changes of items during period					
Conversion of convertible bonds with subscription rights to shares					1,000,000
Dividends of surplus					(332,558)
Profit attributable to owners of parent					(3,423,407)
Change of scope of consolidation					(12,144)
Purchase of treasury shares					(95)
Net changes of items other than shareholders' equity	84,909	191,104	276,013	(107)	275,906
Total changes of items during period	84,909	191,104	276,013	(107)	(2,492,299)
Balance at end of current period	693,955	(85,765)	608,190	27,605	19,160,615

(Before corrections)

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Cash flows from operating activities		
Profit (loss) before income taxes	533,787	(3,427,280)
Depreciation and amortization	328,626	426,971
Loss (gain) on sales of short-term and long-term investment securities	(171,610)	-
Loss (gain) on valuation of short-term and long-term investment securities	-	8,059
Impairment loss	-	1,203,813
Share of (profit) loss of entities accounted for using equity method	-	778
Increase (decrease) in allowance for doubtful accounts	40,456	101,820
Increase (decrease) in net defined benefit liability	10,307	(1,702)
Decrease (increase) in net defined benefit asset	(29,729)	105,368
Increase (decrease) in provision for bonuses	(54,320)	385,400
Increase (decrease) in provision for sales returns	406,328	(223,859)
Interest and dividend income	(32,564)	(34,112)
Rent income	(30,487)	(37,742)
Interest expenses	12,035	11,469
Decrease (increase) in notes and accounts receivable-trade	(1,213,874)	874,565
Decrease (increase) in inventories	(339,764)	(178,594)
Decrease (increase) in other current assets	(53,394)	(120,179)
Decrease (increase) in other non-current assets	(2,144)	(73,191)
Increase (decrease) in notes and accounts payable-trade	(289,981)	47,079
Increase (decrease) in accrued consumption taxes	76,993	(121,601)
Increase (decrease) in other current liabilities	(142,352)	219,613
Increase (decrease) in other non-current liabilities	21,900	5,500
Subtotal	(929,788)	(827,822)
Interest and dividend income received	32,809	34,129
Proceeds from rent income	30,444	37,680
Interest expenses paid	(11,937)	(8,191)
Income taxes paid	(63,648)	(22,810)
Net cash provided by (used in) operating activities	(942,120)	(787,015)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	600,000	-
Proceeds from redemption of securities	-	800,000
Purchase of securities	-	(1,303,260)
Purchase of property, plant and equipment	(55,698)	(31,923)
Proceeds from sales of property, plant and equipment	1,600	1,188
Purchase of intangible assets	(571,609)	(623,932)
Purchase of investment securities	(511,313)	(254,351)
Proceeds from sales of investment securities	10,240	224,598
Collection of loans receivable	2,515	2,515
Net cash provided by (used in) investing activities	(524,266)	(1,185,165)
Cash flows from financing activities		
Repayments of long-term loans payable	(50,017)	(20,838)
Purchase of treasury shares	(89)	(95)
Proceeds from issuance of subscription rights to shares	16,944	-
Cash dividends paid	(333,292)	(333,103)
Net cash provided by (used in) financing activities	(366,454)	(354,037)
Net increase (decrease) in cash and cash equivalents	(1,832,840)	(2,326,218)
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	*1 9,949,446	*1 7,899,931

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

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 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 fiscal year is insignificant.

Notes to Consolidated Balance Sheet

*1. The following items are applicable to a non-consolidated subsidiary and affiliates.

(Thousands of yen)

	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
Investment securities (stocks)	300,000	149,221
Investments and other assets, other (investments in capital)	19,000	19,000
Total	319,000	168,221

*2. Assets pledged as collateral and liabilities with collateral

Assets pledged as collateral

(Thousands of yen)

	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
Buildings and structures	377,252	-
Land	206,040	-
Total	583,293	-

Liabilities with collateral

(Thousands of yen)

	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
Current portion of long-term loans payable	20,838	-

(Before corrections)

Notes to Consolidated Statement of Income

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

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Packing and delivery expenses	172,339	159,269
Promotion expenses	150,623	140,403
Advertising expenses	210,146	176,986
Provision of allowance for doubtful accounts	40,178	131,200
Directors’ compensations	179,435	195,542
Provision for directors’ retirement benefits	21,900	5,500
Salaries, allowances and bonuses	1,520,303	1,462,494
Provision for bonuses	157,371	366,051
Legal welfare expenses	267,162	293,668
Retirement benefit expenses	71,851	137,233
Transportation expenses	158,107	157,933
Depreciation	100,968	92,939
Rent expenses	63,975	56,246
Business consignment expenses	205,779	196,899
Taxes and dues	51,123	51,041
Research and development expenses	98,408	67,814
Other	599,321	718,288
Total	4,068,996	4,409,513

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

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
	98,408	67,814

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

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Machinery, equipment and vehicles	1,418	168
Tools, furniture and fixtures	3	13
Total	1,422	182

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

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Tools, furniture and fixtures	1	100

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

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Buildings and structures	0	300
Machinery, equipment and vehicles	1,047	-
Tools, furniture and fixtures	1,297	181
Software	-	8,682
Total	2,345	9,164

*6. Impairment loss

The Group recognized an impairment loss on the following groups of assets.

Primary use	Class	Location
Operating assets	Machinery, equipment and vehicles	Chiyoda-ku, Tokyo; Osaka, Osaka Prefecture
Operating assets	Tools, furniture and fixtures	Chiyoda-ku, Tokyo; Koto-ku, Tokyo; Osaka, Osaka Prefecture; Ichihara, Chiba Prefecture
Operating assets	Database	Koto-ku, Tokyo
Operating assets	Software	Chiyoda-ku, Tokyo; Koto-ku, Tokyo

Reason for decision to recognize impairment losses

As demonstrated in a series of events including a recent slump in sales of map-related publications, sluggish sales in the car navigation business caused by the advent of free-of-charge navigation apps and saturation of the PND market, and far more than expected returns in the publishing business, the business environment surrounding the Group has changed dramatically, and we expect such a harsh market environment to continue going forward.

Given such a situation, non-current assets held by the Group were tested for impairment and, as a result, their carrying amounts have been written down to the recoverable amounts and the amount of reduction was recognized as an impairment loss.

Amount of impairment loss

Class	Amount (Thousands of yen)
Property, plant and equipment	
Machinery, equipment and vehicles	16,076
Tools, furniture and fixtures	83,436
Intangible assets	
Database	182,158
Software	922,142
Total	1,203,813

Method used to group assets

Grouping of assets is based on the asset classification used for managerial accounting whereby the Group measures operating performance and cash flows on a regular basis. Idle assets, however, are grouped on an individual asset basis.

Method for calculating recoverable amount

The Group measures the recoverable amount based on value in use. As the amount of value in use based on the future cash flows is zero, the recoverable amount is assessed to be zero.

Notes to Consolidated Statement of Comprehensive Income

* Reclassification adjustments and tax effect with respect to other comprehensive income

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Valuation difference on available-for-sale securities:		
Amount incurred during the year	(272,956)	97,464
Reclassification adjustments	(161,370)	-
Before tax effect adjustments	(434,327)	97,464
Tax effect	106,743	(12,555)
Valuation difference on available-for-sale securities	(327,584)	84,909
Remeasurements of defined benefit plans, net of tax		
Amount incurred during the year	(370,206)	128,192
Reclassification adjustments	16,875	147,254
Before tax effect adjustments	(353,331)	275,446
Tax effect	122,193	(84,341)
Remeasurements of defined benefit plans, net of tax	(231,138)	191,104
Total other comprehensive income	(558,722)	276,013

Notes to Consolidated Statement of Changes in Equity

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

1. Type and number of outstanding shares and treasury shares (Thousands of shares)

	Number of shares as of Apr. 1, 2015	Increase	Decrease	Number of shares as of Mar. 31, 2016
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. Subscription rights to shares

Category	Details of subscription rights to shares	Type of stock subject to subscription rights to shares	Number of shares subject to subscription rights to shares (shares)				Balance as of Mar. 31, 2016 (Thousands of yen)
			As of Apr. 1, 2015	Increase	Decrease	As of Mar. 31, 2016	
Filing company (Parent)	Subscription rights to shares No. 1 (Note)	Common stock	-	600,000	-	600,000	6,120
	Subscription rights to shares No. 2 (Note)	Common stock	-	130,000	-	130,000	208
	Subscription rights to shares No. 3 (Note)	Common stock	-	100,000	-	100,000	15
	Subscription rights to shares No. 4 (as stock option)	-	-	-	-	-	21,370
Total		-	-	-	-	-	27,713

Note: Increases in the number of shares subject to subscription rights to shares No. 1, No. 2 and No. 3 were due to the issuance of subscription rights to shares.

3. 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. 26, 2015	Common stock	332,560	20	Mar. 31, 2015	Jun. 29, 2015

(Before corrections)

(2) Dividends with a record date in FY3/16 but an effective date in FY3/17

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. 29, 2016	Common stock	332,558	Retained earnings	20	Mar. 31, 2016	Jun. 30, 2016

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

1. Type of number of outstanding shares and treasury shares (Thousands of shares)

	Number of shares as of Apr. 1, 2016	Increase	Decrease	Number of shares as of Mar. 31, 2017
Outstanding shares				
Common stock	17,307	870	-	18,178
Total	17,307	870	-	18,178
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. Subscription rights to shares

Category	Details of subscription rights to shares	Type of stock subject to subscription rights to shares	Number of shares subject to subscription rights to shares (shares)				Balance as of Mar. 31, 2017 (Thousands of yen)
			As of Apr. 1, 2016	Increase	Decrease	As of Mar. 31, 2017	
Filing company (Parent)	Subscription rights to shares No. 1 (Note)	Common stock	600,000	-	-	600,000	6,120
	Subscription rights to shares No. 2 (Note)	Common stock	130,000	-	-	130,000	208
	Subscription rights to shares No. 3 (Note)	Common stock	100,000	-	-	100,000	15
	Subscription rights to shares No. 4 (as stock option)	-	-	-	-	-	21,262
Total		-	-	-	-	-	27,605

Note: Increases in the number of shares subject to subscription rights to shares No. 1, No. 2 and No. 3 were due to the issuance of subscription rights to shares.

3. 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. 29, 2016	Common stock	332,558	20	Mar. 31, 2016	Jun. 29, 2016

(2) Dividends with a record date in FY3/17 but an effective date in FY3/18

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. 29, 2017	Common stock	363,563	Capital surplus	20	Mar. 31, 2017	Jun. 30, 2017

(Before corrections)

Notes to Consolidated Statement of Cash Flows

*1 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)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Cash and deposits	8,923,918	7,899,931
Securities (of which MMF)	1,025,527	-
Cash and cash equivalents	9,949,446	7,899,931

*2. Material non-cash transactions

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

There are no significant items.

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

There were a decrease of 1,000,000 thousand yen in convertible bonds with subscription rights to shares, increases of 237,266 thousand yen in both capital stock and capital surplus, and a decrease of 525,467 thousand yen in treasury shares as a result of the exercise of subscription rights to shares attached to the convertible bonds with subscription rights to shares issued by the Company.

Segment and Other Information

Segment information

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

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

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Omitted since the Shobunsha Publications Group has only a single business segment.

Related information
FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

1. Information by product or service (Thousands of yen)

Category		Sales to external customers
Retail publishing	Maps	3,206,879
	Magazines	3,281,942
	Guidebooks	1,246,708
	Practical books	214,788
Subtotal		7,950,318
Special-order products		732,420
Advertising		801,256
e-business sales		3,503,056
Fees and commissions		48,310
Total		13,035,362

2. Information by region

(1) Net sales

Omitted since sales to external customers in Japan exceeded 90% of sales on the consolidated statement of income.

(2) Property, plant and equipment

Omitted since property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

(Before corrections)

3. Information by major client (Thousands of yen)

Company name	Sales
NIPPON SHUPPAN HANBAI INC.	2,796,823
TOHAN CORPORATION	2,709,752
NIHON CHIZU KYOHAN Co., Ltd.	1,360,758

Note: The Group does not provide segment information because it has only a single business segment.

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

1. Information by product or service (Thousands of yen)

Category		Sales to external customers
Retail publishing	Maps	2,086,201
	Magazines	2,876,647
	Guidebooks	811,166
	Practical books	102,753
Subtotal		5,876,769
Special-order products		736,964
Advertising		818,381
e-business sales		2,842,489
Fees and commissions		39,853
Total		10,314,458

2. Information by region

(1) Net sales

Omitted since sales to external customers in Japan exceeded 90% of sales on the consolidated statement of income.

(2) Property, plant and equipment

Omitted since property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client (Thousands of yen)

Company name	Sales
NIPPON SHUPPAN HANBAI INC.	2,168,623
TOHAN CORPORATION	1,925,499
NIHON CHIZU KYOHAN Co., Ltd.	82,694

Note: The Group does not provide segment information because it has only a single business segment.

Information related to impairment losses on non-current assets, etc. for each reportable segment

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

Information related to goodwill amortization and the unamortized balance for each reportable segment

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

Information related to gain on bargain purchase for each reportable segment

Not applicable.

(Before corrections)

Per-share Information

(Yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Net assets per share	1,300.53	1,052.53
Net income (loss) per share	32.37	(205.46)
Diluted net income per share	29.60	-

Notes: 1. Diluted net income per share for FY3/17 is not presented since the Company has outstanding dilutive securities, but posted a net loss.

2. Basis for calculating net income (loss) per share and diluted net income per share is as follows.

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Net income (loss) per share		
Profit (loss) attributable to owners of parent (Thousands of yen)	538,169	(3,423,407)
Amount not available to common shareholders (Thousands of yen)	-	-
Profit (loss) attributable to common shareholders of parent (Thousands of yen)	538,169	(3,423,407)
Average number of shares outstanding during period (Thousands of shares)	16,627	16,661
Diluted net income per share		
Profit attributable to owners of parent (Thousands of yen)	-	-
Increase in the number of common shares (Thousands of shares)	1,550	-
[of which subscription rights to shares (Thousands of shares)]	[1,550]	-
Summary of potential stock not included in the calculation of diluted net income per share since there was no dilutive effect	Subscription rights to shares No. 1 (Number of subscription rights to shares: 6,000 units) Subscription rights to shares No. 2 (Number of subscription rights to shares: 1,300 units) Subscription rights to shares No. 3 (Number of subscription rights to shares: 1,000 units) Subscription rights to shares No. 4 (Number of subscription rights to shares: 8,548 units)	Subscription rights to shares No. 1 (Number of subscription rights to shares: 6,000 units) Subscription rights to shares No. 2 (Number of subscription rights to shares: 1,300 units) Subscription rights to shares No. 3 (Number of subscription rights to shares: 1,000 units) Subscription rights to shares No. 4 (Number of subscription rights to shares: 8,505 units)

Subsequent Events

Not applicable.