

FY 2015 H1 Financial Report



November 4th, 2014

Shobunsha Publications, Inc.

Stock exchange code: 9475

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【Note regarding this document and contents】

Financial figures under 1 million JPY are omitted

% figures are rounded to the 0.1%

Cumulative figures for Q1 and Q2 are referred as H1

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FY 2015 H1 Summary of Consolidated Financials

Net sales maintained levels from previous period. Margins and ratios regained profitability.

	(million JPY)				(million JPY)	
	FY2014 H1 performance	FY2015 H1 performance	Amount of fluctuation	Fluctuation rate	Performance forecast (set beginning FY2015 H1)	Fluctuation compared to forecast
Net sales	6,217	6,272	54	0.9%	6,470	Δ197
Operating Income(Loss)	Δ116	3	120	-	Δ220	223
(Sales amount ratio, same applies hereafter)	Δ1.9%	0.1%			Δ3.4%	
Ordinary Income(Loss)	Δ95	30	125	-	Δ210	240
	Δ1.5%	0.5%			Δ3.2%	
Net Income(Loss)	Δ161	9	170	-	Δ190	199
	Δ2.6%	0.2%			Δ2.9%	
EPS (JPY)	Δ9.70	0.57	10.26	-	Δ11.43	-

※Above forecast was announced 15th May 2014

FY 2015 H1 Net sales by category (Compared to Previous H1 Period)

Strong sales of “Mapple Navi” contributed to digital sales. New editions of “tabitte” contributed to publication sales. Advertisement income gained through merchandising of “co-trip” brand.

(million JPY)

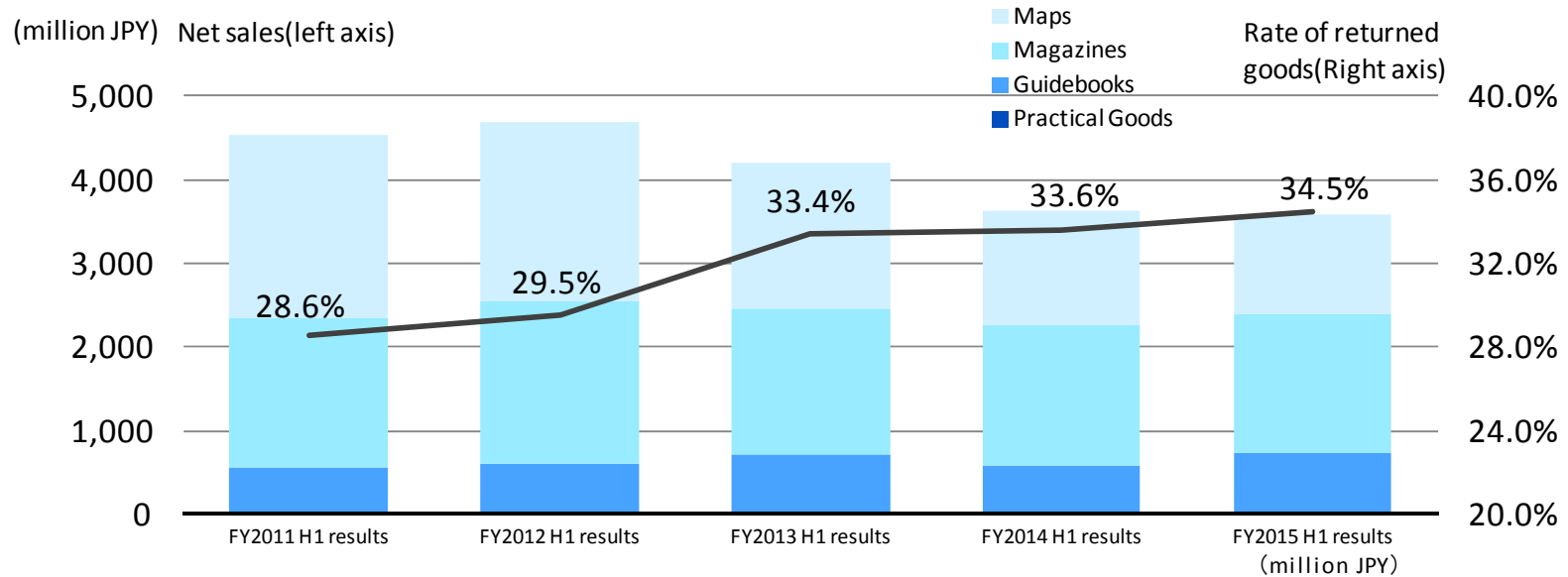
	FY2014H1		FY2015H1		Amount of Increase/Decrease	Increase/Decrease Rate
	Result	Component Percentage	Result	Component Percentage		
E-business sales	2,039	32.8%	2,167	34.6%	128	6.3%
Fees and Commissions	21	0.3%	13	0.2%	△7	△35.3%
Retail Publishing Total	3,638	58.5%	3,576	57.0%	△61	△1.7%
Maps	1,382	22.2%	1,189	19.0%	△193	△14.0%
Magazines	1,661	26.7%	1,646	26.2%	△15	△0.9%
Guidebooks	586	9.4%	727	11.6%	141	24.1%
Practical Goods	8	0.1%	13	0.2%	5	63.7%
Special-order Products	221	3.6%	181	2.9%	△39	△17.9%
Advertising	298	4.8%	333	5.3%	34	11.7%
Total	6,217	100.0%	6,272	100.0%	54	0.9%

FY 2015 H1 Highlights

- H1 Sales maintained levels to previous years, however, was unable to reach targets projected at beginning of year.
- Digital sales performed well, largely due to contributions from Mapple Navi's deployments to light automobile segment. However, publication sales diminished slightly following consumption tax rate increase.
- Profitability regained last year due to carry-forwards of operational expenses in previous period.
- Adjustments to fiscal projections announced on October 30th reflecting H1 sales. Profitability projected to maintain levels targeted at beginning of fiscal year.
- Financing conducted to secure funds necessary to develop Inbound Business Division, which is considered a growth segment for the company.

FY 2015 H1 Publication Sales and Return Rates

Reduction in Publication sales compared to the same period of the previous year largely due to impact of consumption tax rate increase and weather conditions during peak travel seasons. Return rates exceeded projections at the beginning of period.

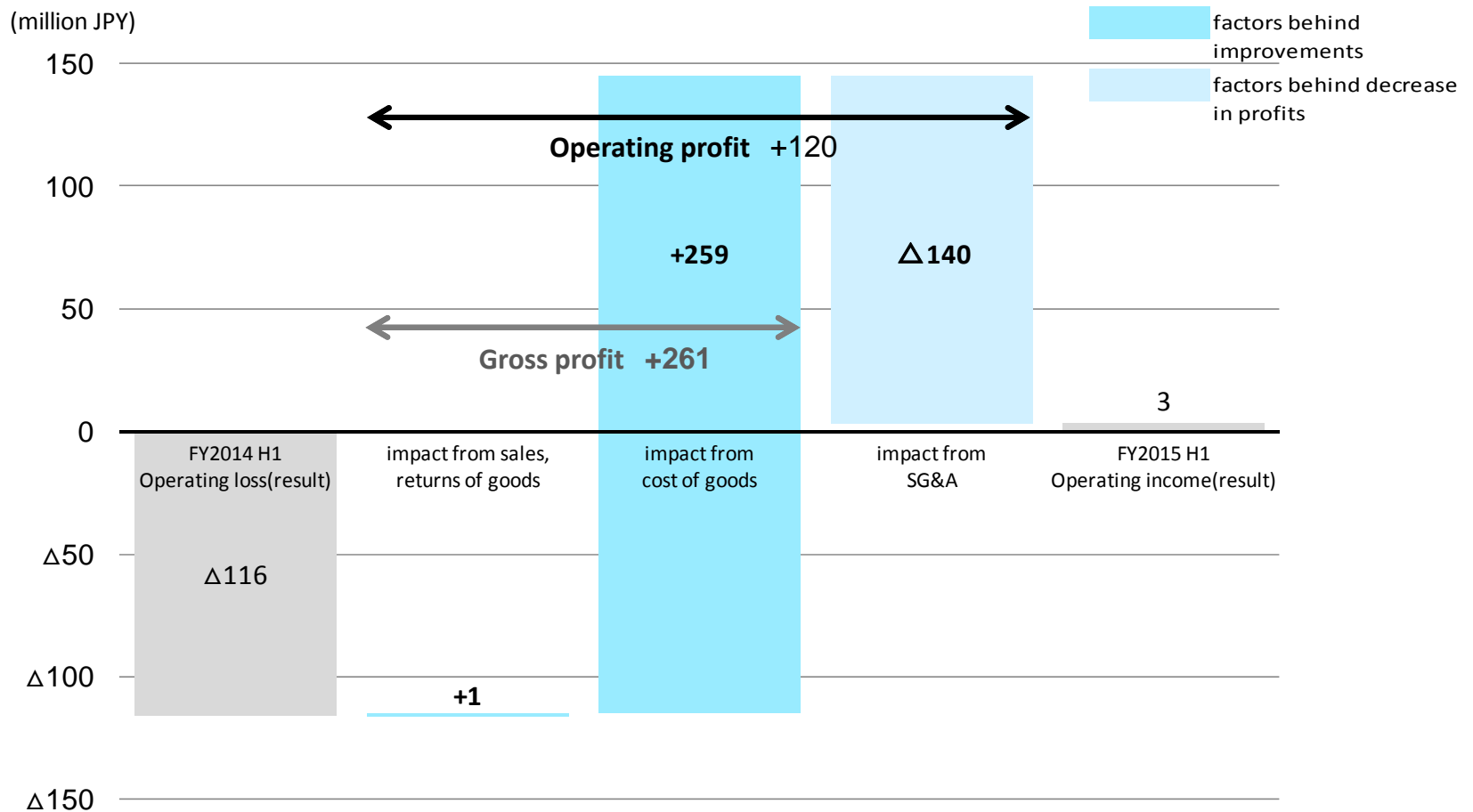


	FY2011 H1 results	FY2012 H1 results	FY2013 H1 results	FY2014 H1 results	FY2015 H1 results
Retail Publishing Total Sales	4,534	4,696	4,193	3,638	3,576
Maps	2,182	2,156	1,735	1,382	1,189
Magazines	1,795	1,936	1,739	1,661	1,646
Guidebooks	533	591	715	586	727
Practical Goods	24	12	3	8	13
Return rate	28.6%	29.5%	33.4%	33.6%	34.5%

FY 2015 H1 Analysis of Operating Income

(Compared to previous year)

+120 million JPY to previous year. Although publication costs increased due to new travel related publications, increase in sales of “Mapple Navi” contributed to Operating performance.



FY 2015 H1 SGA, Capital Expenditures, and Depreciation

SG&A increased by 140 million JPY due to promotion of new publications and increase in R&D costs by subsidiary companies.

(million JPY)

	FY2014H1 Results	FY2015H1 Results	Amount of Increase/ Decrease	Increase/ Decrease Rate
Net sales	6,217	6,272	54	0.9%
SG&A Total	1,885	2,026	140	7.5%
Promotion expenses	53	67	14	27.1%
Advertising expenses	105	142	36	34.9%
Salaries, allowances and bonuses	638	654	16	2.6%
Provision for bonuses	149	180	30	20.6%
Depreciation	62	56	△5	△9.5%
Research and Development	56	81	24	43.8%
Other	818	842	23	2.9%
Capital Expenditures Total	208	282	74	35.5%
Tangible assets	23	36	13	59.1%
Intangible assets	185	245	60	32.5%
Depreciation & Amortization Total	639	603	△35	△5.6%
Tangible assets	105	97	△7	△7.5%
Intangible assets	533	506	△27	△5.2%

FY 2015 H1 Consolidated Balance Sheet

Increase in current assets and long term liabilities due to 1 billion JPY convertible bond financing.

(million JPY)

	End of FY2014		End of Sep FY2015		Amount of Increase/Decrease	Factors behind increase/decrease
	results	percentage	results	percentage		
Total Assets	33,992	100.0%	34,637	100.0%	644	
Current assets	16,701	49.1%	17,824	51.5%	1,122	financing in the form of unsecured convertible-bond
(inventory)	1,820	5.4%	1,607	4.6%	△212	
Non-current assets	17,290	50.9%	16,812	48.5%	△478	Mainly due to the decrease of database
(database)	3,905	11.5%	3,622	10.5%	△283	suppression of new investment and the progress of depreciation
Total Liabilities	4,987	14.7%	5,760	16.6%	772	
Current liabilities	3,615	72.5%	3,273	56.8%	△342	Decrease in notes and accounts payable
Non-current liabilities	1,372	27.5%	2,486	43.2%	1,114	Issue of unsecured convertible-bond
Total Net assets	29,004	85.3%	28,876	83.4%	△127	(equity-to-asset ratio down by 1.9Pt)
Shareholder's equity	28,401	97.9%	28,139	97.4%	△261	
Total accumulated other comprehensive income	603	2.1%	737	2.6%	134	Increase of valuation difference on available-for-sale securities
TOTAL	33,992	100.0%	34,637	100.0%	644	

FY 2015 H1 Consolidated Cash Flow Statements

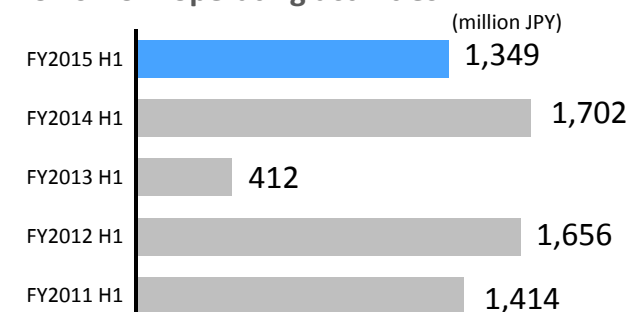
The ending balance of Cash and Cash equivalents increased by 2.319 billion JPY compared to previous period (10.446 billion JPY)

(million JPY)

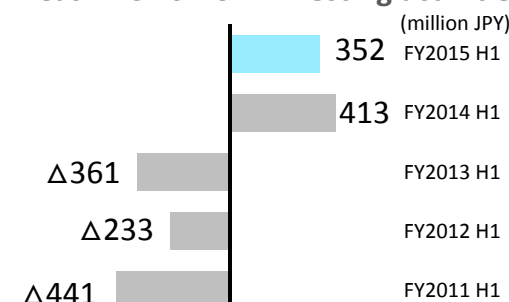
	FY2014 H1 Results	FY2015 H1 Results	Amount of Increase/Decrease	Factors behind increase/decrease
Cash flows from operating activities	1,702	1,349	Δ353	Income before income taxes and minority interest +95 increase of payables +291 increase of work in progress inventory Δ523 increase of receivables Δ236
Cash flows from investing activities	413	352	Δ60	Income from refund of fixed deposit+600 Income from selling of investment securities Δ564
Cash flows from financing activities	Δ473	617	1,091	Income from issue of corporate bonds +991
Net increase(decrease) in cash and cash equivalents(Δindicates decrease)	1,642	2,319	677	
Cash and cash equivalents at end of period	10,121	12,766	2,644	

Change over the past 5 years

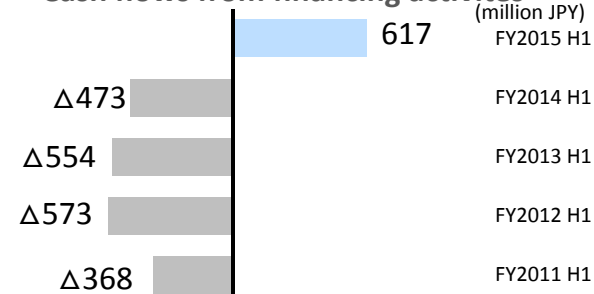
Cash flows from operating activities



Cash flows from investing activities



Cash flows from financing activities



Joint Business Development Agreement for Inbound Business Development

- Joint Business Development Agreement (JBDA)
Announcement of JBDA with Whiz Partners Inc. on August 15th
- Purpose of JBDA
 - Development of the Inbound Business, providing information to foreign travelers coming to Japan, which we consider to be a key growth driver for the entire group
 - Accelerated expansion of the Inbound business through the JBDA and by deepening relationship with the Hong Kong based company Whiz Partners Asia Ltd (Whiz Group) who holds key business relationships and access to human capital.
- Summary of the JBDA

Company Name	Whiz Partners Inc.
Founded	May-03
Capital Stock	JPY 100 million
Sales revenue	2.08 billion JPY (FY2014 、 same below)
Net income	973 million JPY
Total assets	3.543 billion JPY
Description of Business	1. Investment and cultivation of domestic and international companies mainly in the life science(bio-technology)/IT field 2. Establishment of an Investment partnership and the management and investment management of its property 3. Corporate Strategy Consulting 4. Type II Financial Instruments Business, Investment advisory practice, Investment management practice

Financing to develop the Inbound Business

Financing required capital for the inbound business through the First Unsecured Convertible Bond (With warrant)

Total value of issues	1 billion JPY
Issue Price	100 JPY per 100 JPY
The rate of interest	0.0%
Date of resolution for issue	15th Aug 2014
Date of remittance	1st Sep 2014
Date of maturity	30th Aug 2019
Conversion Price	645 JPY
Number of dilutive shares	1,550,387 shares (Dilution rate 8.96%)
Allotment	Whiz Asia Evolution Fund Investment Limited Partnership
Purpose of fund	<ul style="list-style-type: none"> · To seek potential business partners to rapidly develop the Inbound Business including equity participation in Asian partner and potential M&A: Approximately 585 million JPY · Enrichment of software contents(Including translation to and from Chinese/English and other languages) :Approximately 200 million JPY · System Development cost for buiding a "One-stop gateway"* :Approximately 200 million JPY

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FY 2015 Revision of financial projection

Announcement of revision of financial projections for FY 2015 on October 30th. Revenues performance during H1 had significant impact and difficult to achieve targeted revenues for Fiscal Period. Profitability ratios likely to maintain projected figures.

(million JPY)

	Projection for FY2015 (announced at the beginning of period, 15th May)	Projection for FY2015 (announced 30th Oct)	Amount of Increase/ Decrease	Increase/ Decrease rate
Net Sales	14,330	13,950	△380	△2.7%
Operating income <small>(operating income to net sales ratio, same applies hereafter)</small>	130 0.9%	160 1.1%	30	23.1%
Ordinary Income	160 1.1%	200 1.4%	40	25.0%
Net Income	190 1.3%	200 1.4%	10	5.3%

FY 2015 Performance Projection

Projecting significant increases to SGA. Current projections show decrease in performance compared to prior period.

(million JPY)

	FY2014 results	FY2015 projection	Amount of Increase/Decrease	Increase/Decrease rate
Net Sales	13,870	13,950	79	0.6%
Operating Income (Operating income to net sales ratio, same applies hereafter)	659 4.8%	160 1.1%	△499	△75.7%
Ordinary Income	699 5.0%	200 1.4%	△499	△71.4%
Net Income	433 3.1%	200 1.4%	△233	△53.9%
EPS (JPY)	26.07	12.03	△14.04	△53.9%
Capital Expenditures Total	414	739	324	78.4%
Tangible assets	55	89	33	60.1%
Intangible assets	358	650	291	81.2%
Depreciation & Amortization Total	1,277	1,255	△22	△1.7%
Tangible assets	211	205	△6	△3.1%
Intangible assets	1,065	1,050	△15	△1.4%
Research and Development	149	136	△13	△9.0%

FY 2015 Projection of Net sales by category

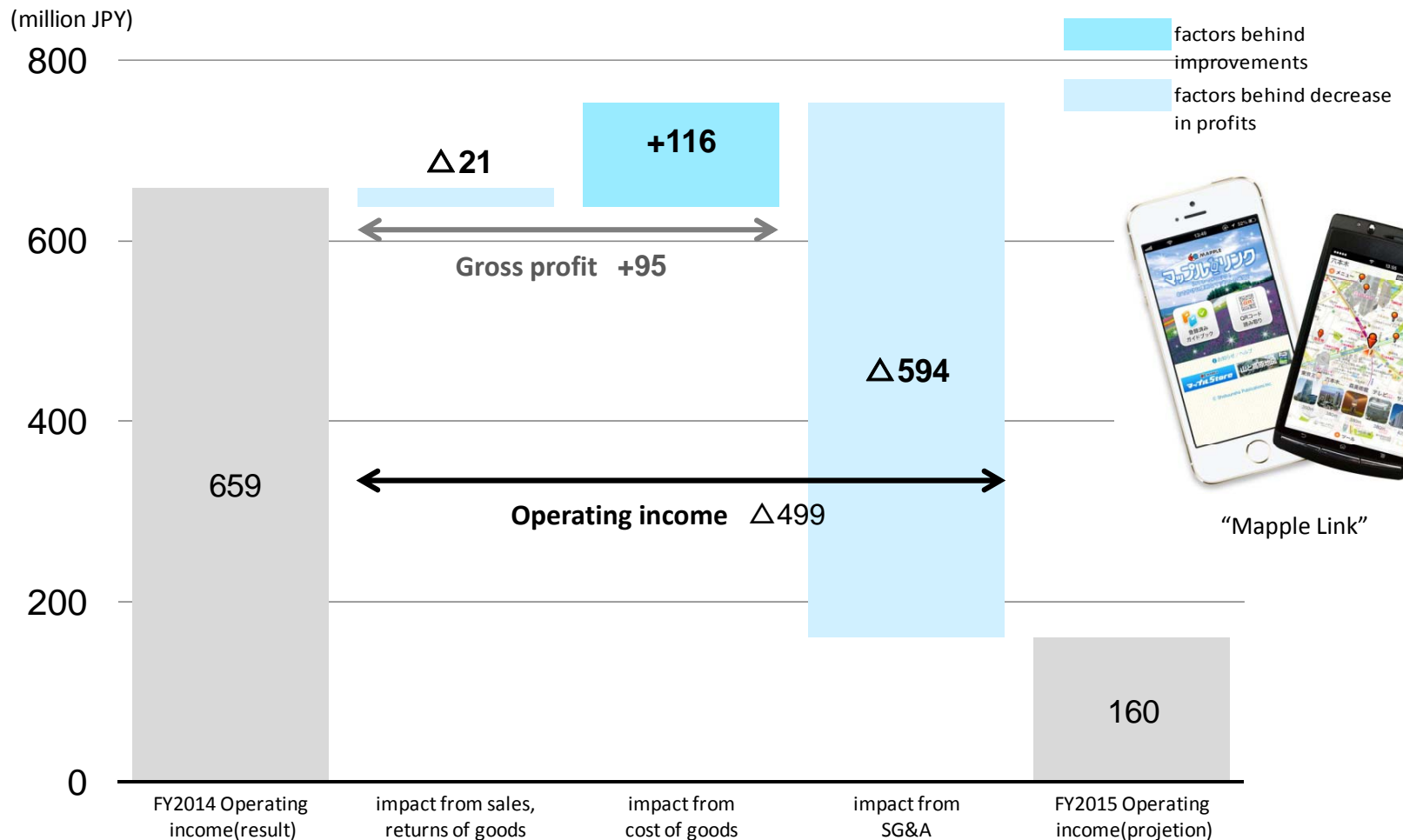
Travel guides likely to compensate for decreases in Map revenues. Inbound business is currently in planning and exploration phase and not reflected in figures.

(million JPY)

	FY2014		FY2015		Amount of Increase/Decrease	Increase/Decrease Rate
	Results	Component Percentage	Projection	Component Percentage		
E-business sales	4,924	35.5%	4,925	35.3%	0	0.0%
Fees and Commissions	33	0.3%	38	0.3%	4	11.9%
Retail Publishing Total	7,363	53.1%	7,363	52.8%	0	0.0%
Maps	3,165	22.8%	2,820	20.2%	△345	△10.9%
Magazines	3,045	22.0%	3,220	23.1%	174	5.7%
Guidebooks	1,121	8.1%	1,300	9.3%	178	15.9%
Practical Goods	29	0.2%	23	0.2%	△6	△22.7%
Special-order Products	795	5.7%	843	6.0%	47	5.9%
Advertising	753	5.4%	781	5.6%	27	3.7%
Total	13,870	100.0%	13,950	100.0%	79	0.6%

FY 2015 Analysis of Operating Income (Comparison to prior period)

SG&A likely to increase due to promotion of “Mapple Link” and other marketing expenses.
Operating income likely to decrease by 499 million JPY compared to prior period.



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Summary of Group Corporate Organization

Shobunsha Group currently consists of 5 entities: corporate headquarters corporation, 3 subsidiary companies, and 1 affiliated corporation (by the equity accounting method).
(As of September 30th, 2014)

Shobunsha	Company Name	Shobunsha Publications, Inc.		
	Founded	May-60		
	Established	Jun-64		
	Number of Employees	375(as of 31 Mar14)		
	Listed Market	First Section of The Tokyo Stock Exchange		
	Address	3-1 Kojimachi, Chiyoda-ku, Tokyo		
	Business Description	Shobunsha group's core business is the development of our original map and guide data. Our other businesses built around this business include the publishing and distributing of maps,magazines and guidebooks, the planning/production/distribution of digital database and providing other related services.		

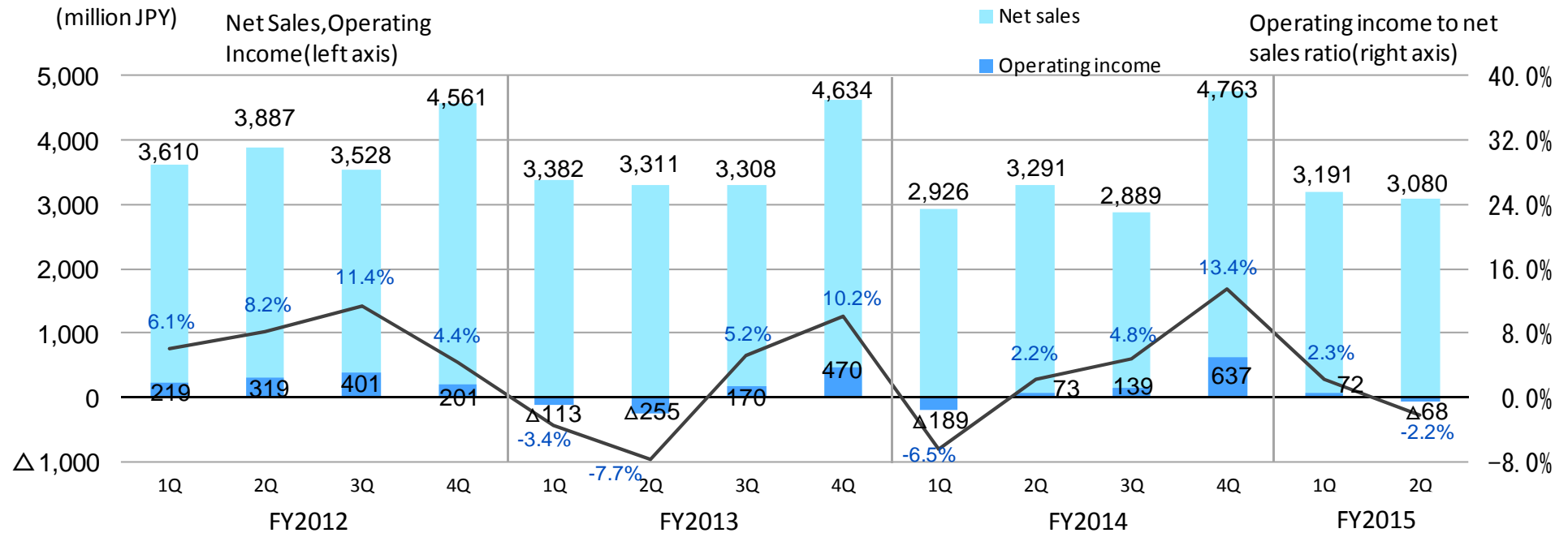
Subsidiary Companies	Company Name	Canvas Mapple Co., Ltd.	Mapple On Co., Ltd.	Shobunsha Digital Solution Co., Ltd,
	Investment ratio	100%	100%	100%
	Business Description	Development,Planning and Distribution of Map softwares for car navigation systems	Planning,Distribution and web advertisement business of application software for mobiles (cell phones · smartphones)	Mapping Business and System Solution Business



Quarterly performance of revenues and operating income (ratio)

30% of revenues historically trend to focus on fourth quarter

【 Transition of Revenues per quarter, Operating Income (Rate) 】



Key Topics of FY 2015 H1

Release date	Topics
21-Apr	Launch of "Mapple Magazine Hanshin Tigers" a guide book for the supporters of the baseball team Hanshin Tigers.
23-Apr	Launch of "Seven Travel Map Powered by MAPPLE", a service that enables consumers to print-out guide maps through the multi-copying machines installed in Seven-Eleven convenient stores.
12-May	Launch of "Co-trip Magazine" a seasonal magazine that offers ideas for a new way of lifestyle by linking everyday life with travel.
13-May	【Canvas Mapple Co., Ltd.】 Car Navigation System carrying the 2014 Spring newest version 『Mapple Navi4』 is launched from Clarion Co.,Ltd.
20-Jun	Launch of series "Tabitte", a guidebook targeted for people traveling without cars / Sold domestically in 20 areas
14-Jul	New Launch of "Michino-eki (roadside rest area) Map" containing information of 1030 Michino-eki stations within Japan.
20-Aug	【Mapple-On Co., Ltd.】 Started providing "Golfing Days GPS Golf App.", an application for Android via "au Smartpass"
17-Sep	Total sales for the guidebook series for women "Co-Trip" reaches 10 million copies.



『Seven Travel Map Powered by MAPPLE』



『Co-Trip magazine』
(Shown above is the 2nd edition sold in August)



『tabitte』



『Golfing Days GPS Golf navi』



Disclaimer Items

For Plans, projections, and strategy notated in this document that are not based on historical facts are projections of future performance. These projections are based on information available at the time of this release and on management judgment.

Actual performance may be affected by a variety of factors and may differ significantly from projections. Management requests readers and investors to take note of this discrepancy.

Furthermore, management requests that investors refrain from investing solely on projected information found on this document.