May 15, 2015

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (FY3/15)

[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 26, 2015
Scheduled date of payment of dividend: June 29, 2015
Scheduled date of filing of Annual Securities Report: June 26, 2015
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, 2015 (April 1, 2014 – March 31, 2015)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2015	12,395	(10.6)	(934)	-	(887)	-	(7,042)	-
Fiscal year ended Mar. 31, 2014	13,870	(5.2)	659	142.3	699	108.9	433	21.1

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2015: (6,754) (- %)
Fiscal year ended Mar. 31, 2014: 595 (up 16.7 %)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2015	(423.51)	-	(27.6)	(2.8)	(7.5)
Fiscal year ended Mar. 31, 2014	26.07	-	1.5	2.1	4.8

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2015: - Fiscal year ended Mar. 31, 2014: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2015	28,328	21,978	77.6	1,321.77
As of Mar. 31, 2014	33,992	29,004	85.3	1,744.29

Reference: Shareholders' equity (million yen) As of Mar. 31, 2015: 21,978 As of Mar. 31, 2014: 29,004

(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, 2015	1,210	(504)	629	11,782
Fiscal year ended Mar. 31, 2014	2,287	316	(636)	10,446

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, 2014	-	0.00	-	20.00	20.00	332	76.7	1.2
Fiscal year ended Mar. 31, 2015	-	0.00	-	20.00	20.00	332	-	1.3
Fiscal year ending Mar. 31, 2016 (forecasts)	-	0.00	-	20.00	20.00		66.5	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	6,530	4.1	130	-	150	395.7	130	-	7.82
Full year	13,890	12.1	500	-	540	-	500	-	30.07

*** Notes**

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

Newly added: - Excluded: -

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

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of outstanding shares (common stock)

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

As of Mar. 31, 2015: 17,307,750 shares As of Mar. 31, 2014: 17,307,750 shares

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

As of Mar. 31, 2015: 679,714 shares As of Mar. 31, 2014: 679,414 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2015: 16,628,225 shares Fiscal year ended Mar. 31, 2014: 16,628,507 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2015	11,125	(10.6)	(1,144)	-	(1,110)	-	(6,763)	-
Fiscal year ended Mar. 31, 2014	12,442	(4.1)	408	471.2	439	238.7	182	(4.8)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2015	(406.77)	-
Fiscal year ended Mar. 31, 2014	10.95	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2015	27,223	21,390	78.6	1,286.41
As of Mar. 31, 2014	32,455	28,002	86.3	1,684.05

Reference: Shareholders' equity (million yen) As of Mar. 31, 2015: 21,390 As of Mar. 31, 2014: 28,002

2. Non-consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(Percentages represent year-on-year changes)

	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	6,010	8.3	60	-	50	-	3.01
Full year	12,900	15.9	420	-	400	-	24.06

* Information regarding the implementation of audit procedure

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

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

Cautionary statement with respect to forward-looking statements

Forward-looking statements in these materials are based on assumption judged to be valid and information available to the Company's management at the time the materials were prepared, but are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of factors. Please refer to "1. Analysis of Results of Operations and Financial Position, (1) Analysis of Results of Operations, Outlook" on page 3 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 in early June 2015. Materials to be distributed at this event will be available on the Company's website immediately thereafter.

Contents of Attachments

1. Analysis of Results of Operations and Financial Position

(1) Analysis of Results of Operations

1) Summary of the fiscal year

In the fiscal year that ended on March 31, 2015, there was a drop in consumer spending following the rush to make purchases prior to the April 2014 consumption tax hike and because of unseasonable weather during the summer. However, the Japanese economy continued to recover slowly due to the benefits of the weaker yen and decline in the price of crude oil along with strong corporate earnings backed by measures by the Japanese government and monetary easing by the Bank of Japan. Nevertheless, there still remains uncertainty over the economic prospects going forward.

In the current fiscal year, the Shobunsha Group’s e-business sales were 4,363 million yen, down 561 million yen from one year earlier. The main factor was sales from a nearly saturated PND (portable navigation device) market decreased sharply despite continued strong sales from the *Mapple Navi* service for minicars. Retail publishing sales decreased 890 million yen from one year earlier to 6,472 million yen. Sales of maps decreased because of the high volume of purchases before the April 2014 consumption tax hike and lower sales in stores due to unseasonable weather during the summer, the main selling season for maps. Nevertheless, retail publishing sales benefited from the release of *co-Trip* Magazine, a new magazine-style *co-Trip* publication, as well as the new *tabitte*, a set of 20 Japan guidebooks. However, we received more-than-expected number of returned copies of the previous year edition in the fourth quarter in consequence of publishing copies of the current year edition in the same quarter. This was particularly the case with the map products. On the other hand, activities involving the *co-Trip* brand contributed to advertising revenues. Overall, consolidated sales decreased 1,475 million yen, or 10.6%, from the end of the previous fiscal year to 12,395 million yen.

In addition to a sharp decline in sales, there were increases in selling, general and administrative expenses such as expenses for personnel, advertising and marketing, and R&D, cost of sales such as expenses associated with the launch of a new series of guidebooks and data maintenance expenses for car navigation systems. As a result, the Company posted an operating loss of 934 million yen (compared with an operating income of 659 million yen one year earlier) and ordinary loss of 887 million yen (an ordinary income of 699 million yen).

Given the radical change in the business environment where the Group operates, which is driven by factors such as dissemination of car navigation systems, smartphones and free navigation apps as well as saturation of the PND market, we suffered from an accelerated drop in sales of the map-related publications and also a sluggish sales growth in the car navigation business. As a result, we have recorded a substantial amount of operating loss for the current fiscal year. Furthermore, we have shifted our business focus from the conventional map data services to the guidance information services including the “*Odekake Cycle* business” and the “inbound business targeting tourists visiting Japan.” In association with this shift, we have recognized impairment loss of 5,868 million yen for non-current assets and goodwill held by the Company and its consolidated subsidiaries as an extraordinary loss after considering their recoverability in accordance with the “Accounting Standard for Impairment of Fixed Assets.” The impairment loss consists of 3,378 million yen for database, 412 million yen for intangible assets other than database and goodwill, 1,927 million yen for land and 132 million yen for goodwill. On tops of these, we have reversed the entire amount of deferred tax assets as a result of considering the recoverability and recognized income taxes-deferred of 215 million yen. As a result, the Company posted a net loss of 7,042 million yen (compared with a net income of 433 million yen one year earlier).

In August, a business alliance was established with Whiz Partners Inc., a company that has relationships with many companies in Asia and much experience in numerous business activities. The purpose for the alliance is to quickly start up and run the “inbound business,” which earns advertising and other revenues based on the information providing service to foreign tourists visiting Japan. Shobunsha views this as one of its most important sources of growth. In September, Shobunsha sold 1,000 million yen of convertible bonds with stock acquisition rights for the purpose of procuring funds for the aggressive expansion of the “inbound business.” (For more information, please see the August 15 press release titled “Notice of Business Alliance with Whiz Partners Inc. and the Offering of

Subscription for the First Unsecured Convertible Bonds-Type Bonds with Stock Acquisition Rights to Be Issued by Allotment thereof to a Third Party.") These activities led to the signing of a memorandum of understanding with Dianping, a company that operates China's first website where the public can input opinions and other information, in September, and Travo Inc., a company that operates tourism apps "On the Road" and "Tao On the Road," in November. Also in November, Shobunsha started DiGJAPAN!, a new service brand for foreign tourists in Japan and launched the tourism app DiGJAPAN! that is offered in five languages: English, Chinese (simplified and traditional characters), Korean and Thai). Many more alliances with companies outside Japan are planned in order to achieve significant growth of the "inbound business."

2) Sales and orders

Sales (Millions of yen)

Category	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	YoY (%)
Retail publishing			
Maps	3,165	2,318	-26.8
Magazines	3,045	2,949	-3.2
Guidebooks	1,121	1,173	+4.6
Practical books	29	31	+7.1
Subtotal	7,363	6,472	-12.1
Special-order products	795	668	-16.1
Advertising	753	860	+14.3
e-business sales	4,924	4,363	-11.4
Fees and commissions	33	30	-9.5
Total	13,870	12,395	-10.6

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

Orders

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

Category	Orders (Millions of yen)	YoY (%)	Order backlog (Millions of yen)	YoY (%)
Special-order products	699	(3.4)	61	+104.6
e-business sales	4,502	(3.4)	362	+62.3

Note: The above amounts do not include consumption taxes.

3) Outlook

For the past several years, the operating environment has been challenging for the publishing business, which is the core business of the Shobunsha Publications Group. On the other hand, there are many new opportunities in the e-business operations because of the rapid growth in the use of smartphones and other mobile devices. To capitalize on these opportunities, we plan to increase sales of publications by further upgrading and expanding the functions of *Mapple Link*, an app that is linked to our publications. We will also aggressively promote the *co-Trip* brand extension. As we have successfully achieved adoption of *Mapple Navi* to PNDs as well as a car navigation system for minicars, we will develop a navigation system that takes full advantage of our proprietary guidance information and aim to achieve adoption to a car navigation system for standard-sized cars. Furthermore, we believe that the newly launched "inbound business" has a huge potential for our future business growth. We are confident that we can provide 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 place ourselves in a position in which we can provide any company that needs information for tourists visiting Japan with the opportunity to fulfill their needs.

Starting new businesses and taking the other actions outlined in the previous paragraph will require investments to develop new systems, strengthen our database and make other improvements. In addition, as we need to aggressively seek alliance with companies abroad, we will make necessary investments to make it happen. While we issued convertible bonds during the current fiscal year in order to ensure the funds required for these investments, we will explore the opportunities for other quick and efficient sources of financing if we need to raise more funds going forward.

In the next fiscal year ending on March 31, 2016, we expect to achieve the sales growth by means of more strictly controlling the retail publishing inventory held at book stores and consequently reducing returned products in addition to implementing the actions described above. While expenses for sales promotions in association with the new business endeavors and those for retirement benefits will increase, amortization expense for the database will be reduced due to impairment loss on the database that was recorded during the current fiscal year. As a result, we expect to be able to make profits for the next fiscal year ending on March 31, 2016. Furthermore, we will use these investments to strengthen and enlarge the selection of content we can offer our customers and to perform research to create technologies for new services.

In the next fiscal year ending on March 31, 2016, we expect consolidated sales of 13,890 million yen, up 12.1%, ordinary income of 540 million yen, compared with an ordinary loss of 887 million yen in the current fiscal year, and profit attributable to owners of parent of 500 million yen, compared with a net loss of 7,042 million yen in the current fiscal year. 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 the alliance 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 “(4) Business Risks.”

(2) Analysis of Financial Position

1) Balance sheet position

Total assets decreased 5,664 million yen, or 16.7 %, from the end of the previous fiscal year to 28,328 million yen at the end of the current fiscal year. There were increases in cash and deposits of 1,935 million yen and investment securities of 474 million yen based on market valuations, while there were decreases due to the booking of an impairment loss including a decrease of 3,905 million yen in database, 371 million yen in other intangible assets (software, etc.) and 1,952 million yen in land, as well as a decrease of 206 million yen in deferred tax assets (current) due to the reversal of deferred tax assets in association with the tax-effect accounting. Total liabilities increased 1,362 million yen, or 27.3 %, from the end of the previous fiscal year to 6,350 million yen at the end of the current fiscal year. This was mainly due to increases of 307 million yen in notes and accounts payable-trade, 134 million yen in accrued expenses, and 1,000 million yen in bonds payable, while there was a decrease of 208 million yen in provision for sales returns. Total net assets decreased 7,026 million yen, or 24.2%, from the end of the previous fiscal year to 21,978 million yen at the end of the current fiscal year. There were a decrease of 7,313 million yen in retained earnings due to the dividends of surplus of 332 million yen and net loss of 7,042 million yen, and an increase of 422 million yen in valuation difference on available-for-sale securities and a decrease of 135 million yen in remeasurements of defined benefit plans.
As a result, the equity ratio declined 7.7 percentage point to 77.6%.

2) Cash flows

Cash and cash equivalents (hereinafter “net cash”) increased 1,335 million yen from the end of the previous fiscal year to 11,782 million yen at the end of the current fiscal year on a consolidated basis. Net cash provided by operating activities was 1,210 million yen, net cash used in investing activities was 504 million yen and net cash provided by financing activities was 629 million yen.

Cash flows by category were as follows.

Net cash provided by operating activities was 1,210 million yen. The main factors were impairment loss of 5,868 million yen, depreciation and amortization of 1,218 million yen, a decrease of 1,069 million yen in notes and accounts receivable-trade and an increase of 307 million yen in notes and accounts payable-trade, while there were loss before income taxes and minority interests of 6,767 million yen, an increase of 287 million yen in net defined benefit asset, a decrease of 208 million yen in provision for sales returns, an increase of 113 million yen in inventories.

Net cash used in investing activities was 504 million yen. The main factors were purchases of property, plant and equipment and intangible assets of 64 million yen and 467 million yen, respectively.

Net cash provided by financing activities was 629 million yen. The main factors were the cash dividends paid of 332 million yen and proceeds from issuance of bonds of 991 million yen.

Cash flow indicators

	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15
Equity ratio (%)	83.3	83.8	84.8	85.3	77.6
Equity ratio based on market value (%)	34.4	29.9	28.5	33.9	53.1
Interest-bearing debt to cash flow ratio (%)	68.9	80.1	108.5	38.0	152.1
Interest coverage ratio (times)	100.2	89.9	63.4	156.7	97.9

Notes: Equity ratio: Shareholders' equity / Total assets

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

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

Interest coverage ratio: Operating cash flows / Interest payments

* Each indicator is calculated using financial figures stated on the consolidated basis.
* Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of shares outstanding at the end of the period, excluding treasury shares.
* Operating cash flows use the cash flows provided by operating activities on the consolidated statement of cash flows.
* Interest-bearing debt is calculated using total loans-payable on the consolidated balance sheet. Interest payments use the amount of interest expenses paid stated on the consolidated statement of cash flows.

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

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

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

Although we have reported a substantial amount of net loss for the current fiscal year, we will adhere to the basic policy for dividends and have decided to seek approval by shareholders at the 56th Annual General Meeting for distributing an ordinary dividend of 20 yen per share as initially planned, just as for the previous fiscal year, by means of reducing legal retained earnings and general reserve.

Regarding the dividends for the fiscal year ending on March 31, 2016, although we will continue to face a challenging business environment, 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 the new businesses and by further reducing costs.

(4) 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 March 2015.

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 a product, expenses for litigation and damages, a loss of confidence in our group, a decline in sales, or other problems that may have an effect on results of operations.

Risk of inability to recover investments in new businesses

We have made substantial investments to start a navigation service and hotel booking service. 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 SiMAP, 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 SiMAP database, which we are currently using to expand our e-business operations with the goal of making it into our second core business. However, publishing still accounts for more than half of sales (64.6%).

Book stores are the primary sales channel for the publishing business. In this business, three companies account for approximately 70.0% 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 a counterparty due to fraud, poor performance or other reasons. If such events result in additional losses or additions to the allowance for doubtful accounts, there may be an effect on results of operations.

Risks concerning the Geospatial Information Authority of Japan

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

Financial risk

- Asset impairment accounting

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

- Retirement benefit obligations

The Shobunsha Publications Group has expenses for retirement benefit payments and retirement benefit obligations that are calculated by using a discount rate, employee salaries, the rate of employee resignations and retirements, the expected 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 new law or regulation that seriously 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 company 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.

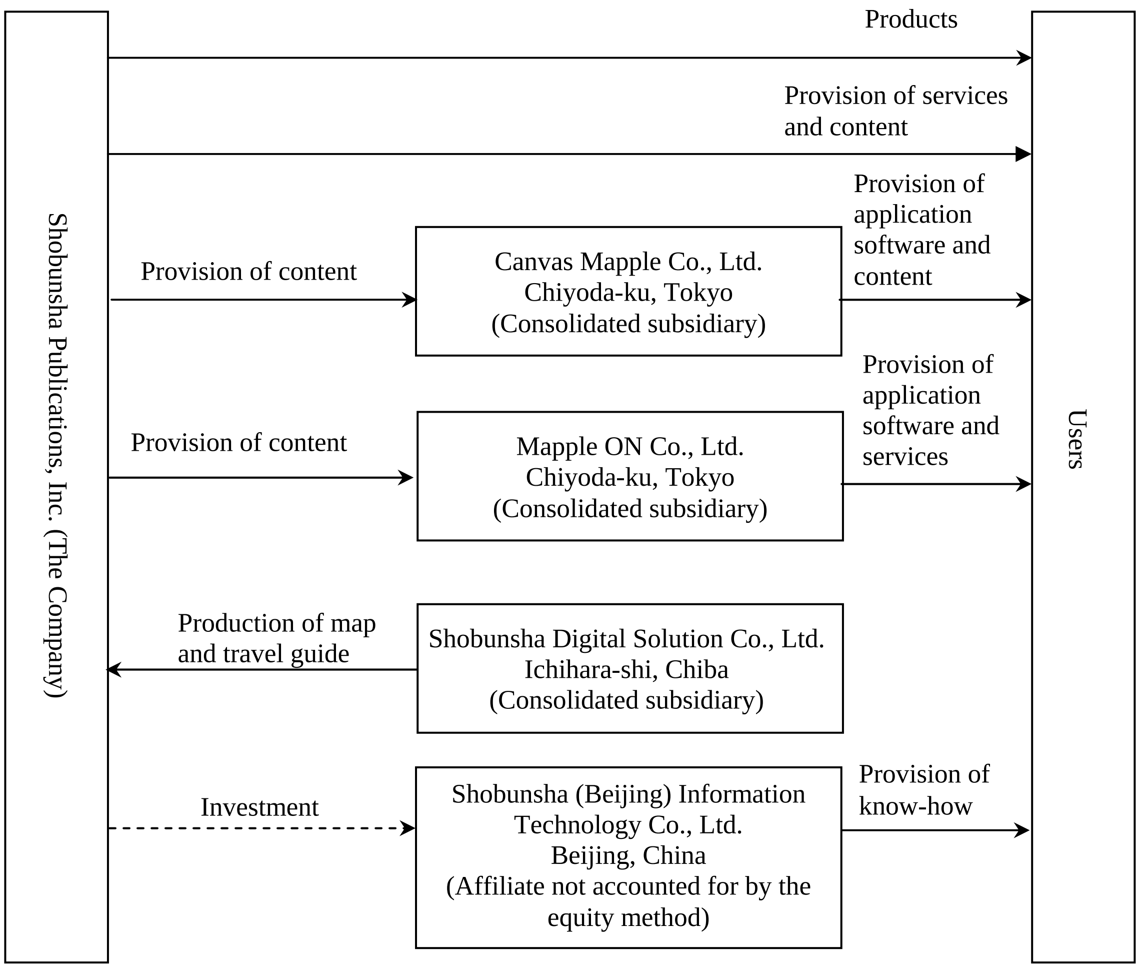
Risks concerning natural disasters

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. Corporate Group

The Shobunsha Publications Group is engaged in the planning, production and sale of maps, magazines and guidebooks that use the group's proprietary map and guide data. There is also a map and travel information distribution business that involves the planning, production and sale of digital database information as well as services that use this database. The Shobunsha Publications Group consists of Shobunsha Publications, Inc., three consolidated subsidiaries and one affiliate not accounted for by the equity method. Consolidated subsidiary Canvas Mapple Co., Ltd. operates a navigation business. This subsidiary plans, develops and sells *Mapple Navi*, a navigation app that uses Shobunsha Publications's map and travel guide content. Canvas Mapple also sells content to manufacturers of car navigation systems. Mapple ON Co., Ltd. plans, develops and sells app for smartphones and other mobile devices and has an Internet advertising business. Shobunsha Digital Solution Co., Ltd. performs planning and production activities for the Shobunsha Publications' digital database.

Business flowchart



Group companies

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

3. Management Policies

(1) Basic Management Policy

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

Furthermore, based on the corporate slogan of "the constant pursuit of innovation," we have established the publishing business, which involves primarily maps and travel guidebooks.

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

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

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

(2) Target Performance Indicators

While the Group's conventional business is centered around the "provision of map and tourism information," the delivery format of such information is being radically shifted from printed publication to digital media. Furthermore, we are also witnessing rapid shift of digital media, e.g. the shift from PCs to smartphones, and the shift from car-mount navigations to PNDs and then to smartphone apps. In such a drastically changing business environment, there is a trend of sharp falling sales from the conventional publishing business, and the Group's sales for the past several years also followed this trend. Against this backdrop, we will strive to achieve profitable operations by quickly establishing and expanding the newly launched inbound business targeting tourists visiting Japan, on top of promptly increasing sales through providing information with digital media to the extent that can more than offset a decrease in sales from the publishing business and thus ensuring sustainable growth of sales.

(3) Medium- and Long-term Business Strategy

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

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

aggregate power of our users, business partners and employees. We will aim for more innovation by placing priority on these two types of power.

(4) Challenges Facing the Company

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

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

Dramatic reforms will be needed for the Group's planning and production operations as actions are taken for multi-device information provision and offering the most suitable products and services. In particular, we must move quickly to build a production infrastructure that spans all types of media. Starting in the fiscal year that ended on March 31, 2015, group companies have been working on combining digital content production and publication production in order to achieve a "single-source multi-use" operating framework.

In the fiscal year that ended on March 31, 2015, we began free distribution of the *Mapple Link* smartphone app, which links travel guidebooks and magazines, in order to add value to publications. Now we need to work even harder on providing a source of services that are even easier to use and even more useful.

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

While the operating environment has been challenging for our core businesses of the publishing business and electronic business, we will proactively carry out activities involving inbound business. Japan has been attracting an increasingly larger number of foreign tourists. Faster growth in the number of these tourists is expected, in part due to Tokyo's selection to host the 2020 Summer Olympics. Growth in tourists from other countries creates an excellent opportunity for the Shobunsha Publications Group, which has a large amount of travel information. We position the "inbound business," which supplies information to foreign tourists, as one of our most important operations and must quickly expand the service lineup. We have already started by setting up Facebook pages for Taiwan and Thailand. While we have already started providing the smartphone app called "DiGJAPAN!," which is an app for sightseeing tourists available in five languages, upgrading its service level is urgently needed. Among others, as it is critically important for us to reach Chinese tourists who are dominant in terms of the number of foreign tourists visiting Japan and their purchasing power, we will aggressively seek business alliance with Chinese companies so that we can access to more Chinese users more quickly than any other competitors. Now we need to move quickly to add more services.

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

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

(5) Other Important Management Items

Not applicable.

4. 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.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY3/14 (As of Mar. 31, 2014)	FY3/15 (As of Mar. 31, 2015)
Assets		
Current assets		
Cash and deposits	9,421,808	11,357,006
Notes and accounts receivable-trade	4,151,649	3,081,905
Securities	1,024,857	1,025,280
Merchandise and finished goods	1,521,390	1,576,603
Work in process	292,330	350,861
Raw materials and supplies	7,129	6,411
Deferred tax assets	206,557	-
Other	79,344	82,994
Allowance for doubtful accounts	(3,262)	(538)
Total current assets	16,701,804	17,480,525
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,435,979	7,426,989
Accumulated depreciation	(4,759,085)	(4,881,790)
Buildings and structures, net	2,676,893	2,545,199
Machinery, equipment and vehicles	482,574	483,411
Accumulated depreciation	(423,907)	(437,998)
Machinery, equipment and vehicles, net	58,667	45,413
Tools, furniture and fixtures	1,002,392	1,009,677
Accumulated depreciation	(914,242)	(924,666)
Tools, furniture and fixtures, net	88,150	85,010
Land	6,166,324	4,213,950
Total property, plant and equipment	8,990,036	6,889,574
Intangible assets		
Database	3,905,607	-
Goodwill	176,396	-
Other	696,997	325,745
Total intangible assets	4,779,001	325,745
Investments and other assets		
Investment securities	1,568,177	2,043,170
Net defined benefit asset	1,158,216	1,356,154
Other	1,178,025	614,488
Allowance for doubtful accounts	(382,790)	(381,208)
Total investments and other assets	3,521,629	3,632,605
Total non-current assets	17,290,666	10,847,925
Total assets	33,992,471	28,328,450

(Thousands of yen)

	FY3/14 (As of Mar. 31, 2014)	FY3/15 (As of Mar. 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	998,082	1,305,829
Short-term loans payable	770,000	770,000
Current portion of long-term loans payable	75,008	50,017
Accrued expenses	325,476	460,431
Income taxes payable	65,725	67,244
Accrued consumption taxes	73,277	62,051
Provision for bonuses	346,145	362,405
Provision for sales returns	815,323	607,277
Other	146,490	197,467
Total current liabilities	3,615,530	3,882,723
Non-current liabilities		
Bonds payable	-	1,000,000
Long-term loans payable	25,021	20,838
Deferred tax liabilities	1,075,043	1,134,888
Provision for directors' retirement benefits	194,200	224,500
Net defined benefit liability	76,000	85,002
Other	2,092	2,092
Total non-current liabilities	1,372,357	2,467,320
Total liabilities	4,987,887	6,350,044
Net assets		
Shareholders' equity		
Capital stock	9,903,870	9,903,870
Capital surplus	10,708,236	10,708,236
Retained earnings	8,314,185	1,000,683
Treasury shares	(525,047)	(525,281)
Total shareholders' equity	28,401,244	21,087,507
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	513,740	936,631
Remeasurements of defined benefit plans	89,599	(45,732)
Total accumulated other comprehensive income	603,339	890,898
Total net assets	29,004,584	21,978,406
Total liabilities and net assets	33,992,471	28,328,450

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Net sales	13,870,982	12,395,933
Cost of sales	9,334,870	9,311,202
Gross profit	4,536,111	3,084,731
Reversal of provision for sales returns	715,052	815,323
Provision for sales returns	815,323	607,277
Provision for sales returns-net	100,271	(208,046)
Gross profit-net	4,435,840	3,292,777
Selling, general and administrative expenses	3,776,087	4,226,853
Operating income (loss)	659,753	(934,076)
Non-operating income		
Interest income	3,104	3,138
Dividend income	23,955	23,391
Rent income	30,146	29,471
Dividend income of insurance	3,476	4,259
Other	15,604	18,891
Total non-operating income	76,287	79,152
Non-operating expenses		
Interest expenses	14,871	12,380
Bond issuance cost	-	8,483
Cost of lease revenue	8,695	8,732
Loss on investments in partnership	5,614	1,429
Other	7,579	1,570
Total non-operating expenses	36,761	32,595
Ordinary income (loss)	699,278	(887,519)
Extraordinary income		
Gain on sales of non-current assets	1,556	550
Gain on sales of investment securities	-	1,583
Gain on transfer from business divestitures	33,716	-
Total extraordinary income	35,273	2,133
Extraordinary losses		
Loss on sales of non-current assets	664	7,799
Loss on retirement of non-current assets	1,853	1,207
Loss on valuation of investment securities	-	4,999
Impairment loss	-	5,868,326
Total extraordinary losses	2,518	5,882,333
Income (loss) before income taxes and minority interests	732,033	(6,767,718)
Income taxes-current	48,446	59,153
Income taxes-deferred	250,063	215,368
Total income taxes	298,509	274,522
Income (loss) before minority interests	433,524	(7,042,241)
Net income (loss)	433,524	(7,042,241)

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Income before minority interests	433,524	(7,042,241)
Other comprehensive income		
Valuation difference on available-for-sale securities	161,755	422,890
Remeasurements of defined benefit plans, net of tax	-	(135,332)
Total other comprehensive income	161,755	287,558
Comprehensive income	595,280	(6,754,682)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	595,280	(6,754,682)
Comprehensive income attributable to minority interests	-	-

(3) Consolidated Statement of Changes in Equity

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

(Thousands of yen)

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

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	351,984	-	-	351,984	28,652,495
Cumulative effects of changes in accounting policies					
Restated balance	351,984	-	-	351,984	28,652,495
Changes of items during period					
Dividends of surplus					(332,573)
Net income					433,524
Change of scope of equity method					-
Purchase of treasury shares					(217)
Net changes of items other than shareholders' equity	161,755	-	89,599	251,355	251,355
Total changes of items during period	161,755	-	89,599	251,355	352,088
Balance at end of current period	513,740	-	89,599	603,339	29,004,584

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,903,870	10,708,236	8,314,185	(525,047)	28,401,244
Cumulative effects of changes in accounting policies			61,305		61,305
Restated balance	9,903,870	10,708,236	8,375,491	(525,047)	28,462,549
Changes of items during period					
Dividends of surplus			(332,566)		(332,566)
Net income			(7,042,241)		(7,042,241)
Change of scope of equity method					-
Purchase of treasury shares				(234)	(234)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	(7,374,807)	(234)	(7,375,042)
Balance at end of current period	9,903,870	10,708,236	1,000,683	(525,281)	21,087,507

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	513,740	-	89,599	603,339	29,004,584
Cumulative effects of changes in accounting policies					61,305
Restated balance	513,740	-	89,599	603,339	29,065,889
Changes of items during period					
Dividends of surplus					(332,566)
Net income					(7,042,241)
Change of scope of equity method					-
Purchase of treasury shares					(234)
Net changes of items other than shareholders' equity	422,890	-	(135,332)	287,558	287,558
Total changes of items during period	422,890	-	(135,332)	287,558	(7,087,483)
Balance at end of current period	936,631	-	(45,732)	890,898	21,978,406

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	732,033	(6,767,718)
Depreciation and amortization	1,277,039	1,218,881
Gain on transfer from business divestitures	(33,716)	-
Loss (gain) on sales of short-term and long-term investment securities	-	(1,583)
Loss (gain) on valuation of short-term and long-term investment securities	-	4,999
Impairment loss	-	5,868,326
Increase (decrease) in allowance for doubtful accounts	(22,363)	(4,305)
Increase (decrease) in net defined benefit liability	13,693	9,002
Decrease (increase) in net defined benefit asset	(434,399)	(287,632)
Increase (decrease) in provision for bonuses	39,971	16,259
Increase (decrease) in provision for sales returns	100,271	(208,046)
Increase (decrease) in provision for loss on order received	(18,823)	-
Interest and dividend income	(27,059)	(26,529)
Rent income	(30,146)	(29,471)
Interest expenses	14,871	12,380
Decrease (increase) in notes and accounts receivable-trade	423,292	1,069,743
Decrease (increase) in inventories	302,992	(113,026)
Decrease (increase) in other current assets	(5,344)	(7,654)
Decrease (increase) in other non-current assets	45,511	(18,438)
Increase (decrease) in notes and accounts payable-trade	(122,570)	307,746
Increase (decrease) in accrued consumption taxes	40,919	(11,226)
Increase (decrease) in other current liabilities	(63,645)	151,446
Increase (decrease) in other non-current liabilities	23,842	30,300
Subtotal	2,256,367	1,213,451
Interest and dividend income received	27,127	26,327
Proceeds from rent income	33,330	29,619
Interest expenses paid	(14,596)	(12,369)
Income taxes paid	(14,575)	(46,463)
Net cash provided by (used in) operating activities	2,287,652	1,210,565
Cash flows from investing activities		
Payments into time deposits	-	(600,000)
Proceeds from withdrawal of time deposits	100,000	600,000
Purchase of property, plant and equipment	(52,802)	(64,325)
Proceeds from sales of property, plant and equipment	2,113	19,464
Purchase of intangible assets	(356,629)	(467,998)
Proceeds from sales of intangible assets	5,808	-
Purchase of investment securities	(50,616)	(26,397)
Proceeds from sales of investment securities	596,668	31,874
Proceeds from transfer of business	62,193	-
Collection of loans receivable	8,111	3,285
Other, net	1,555	-
Net cash provided by (used in) investing activities	316,400	(504,096)

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(174,333)	-
Proceeds from issuance of bonds	-	991,516
Proceeds from long-term loans payable	-	50,000
Repayments of long-term loans payable	(129,166)	(79,174)
Purchase of treasury shares	(217)	(234)
Cash dividends paid	(333,136)	(332,955)
Net cash provided by (used in) financing activities	(636,853)	629,152
Net increase (decrease) in cash and cash equivalents	1,967,199	1,335,620
Cash and cash equivalents at beginning of period	8,479,466	10,446,666
Cash and cash equivalents at end of period	10,446,666	11,782,287

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Changes in Accounting Policies

Application of the accounting standard for retirement benefits

The Company has applied the “Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012)” and the “Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015)” from the first quarter of the current fiscal year, for provisions set forth in the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits. Accordingly, the Company reviewed the methods for calculating retirement benefit obligations and service costs, and revised the method of period attribution for estimated retirement benefit obligations from the straight-line basis to the benefit formula basis, and revised the method of determining the discount rate from the method using the approximate number of years of expected average length of remaining service period of employees to the method using a single weighted average discount rate reflecting the estimated period and amount of benefit payment.

For the application of this accounting standard, etc. in accordance with the transitional accounting treatments set forth in Paragraph 37 of the Accounting Standard for Retirement Benefits, the adjustments associated with the change in calculation methods of retirement benefit obligations and service costs are recorded in retained earnings at the beginning of the current fiscal year.

The results were an increase of 95,254 thousand yen in net defined benefit asset, and an increase of 61,305 thousand yen in retained earnings at the beginning of the current fiscal year. The effect of these on operating loss, ordinary loss and loss before income taxes and minority interests for the current fiscal year is insignificant.

Net assets for the current fiscal year per share increased 3.69 yen.

Notes to Consolidated Balance Sheet

*1. The following items are applicable to affiliates.

(Thousands of yen)

	FY3/14 (As of Mar. 31, 2014)	FY3/15 (As of Mar. 31, 2015)
Investments and other assets, other (investments in capital)	19,000	19,000

*2. Assets pledged as collateral and liabilities with collateral

Assets pledged as collateral

(Thousands of yen)

	FY3/14 (As of Mar. 31, 2014)	FY3/15 (As of Mar. 31, 2015)
Buildings and structures	410,093	393,910
Land	231,688	206,040
Total	641,781	599,950

Liabilities with collateral

(Thousands of yen)

	FY3/14 (As of Mar. 31, 2014)	FY3/15 (As of Mar. 31, 2015)
Short-term loans payable	-	-
Current portion of long-term loans payable	75,008	50,017
Long-term loans payable	25,021	20,838

Notes to Consolidated Statement of Income

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

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Packing and delivery expenses	177,327	171,912
Promotion expenses	102,458	131,087
Advertising expenses	222,795	307,004
Provision of allowance for doubtful accounts	881	(4,064)
Directors' compensations	165,935	182,286
Provision for directors' retirement benefits	25,200	30,300
Salaries, allowances and bonuses	1,418,524	1,494,344
Provision for bonuses	171,147	180,408
Legal welfare expenses	239,773	258,822
Retirement benefit expenses	(136,586)	(80,913)
Transportation expenses	147,636	162,143
Depreciation	127,945	113,631
Rent expenses	61,657	63,233
Business consignment expenses	178,706	254,964
Taxes and dues	52,779	50,697
Research and development expenses	149,513	195,514
Amortization of goodwill	44,239	44,099
Other	626,150	671,381
Total	3,776,087	4,226,853

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

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
	149,513	195,514

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

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Machinery, equipment and vehicles	1,556	550

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

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Buildings and structures	-	484
Machinery, equipment and vehicles	664	104
Tools, furniture and fixtures	-	0
Land	-	7,211
Total	664	7,799

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

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Buildings and structures	-	50
Machinery, equipment and vehicles	78	-
Tools, furniture and fixtures	1,199	1,156
Software	574	-
Total	1,853	1,207

*6. Impairment loss

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

Primary use	Class	Location
Operating assets	Buildings and structures	Chiyoda-ku, Tokyo
Operating assets	Machinery, equipment and vehicles	Chiyoda-ku, Tokyo
Operating assets	Tools, furniture and fixtures	Chiyoda-ku, Tokyo
Operating assets	Land	Koto-ku, Tokyo; Kazo, Saitama; Settsu, Osaka; Yokohama, Kanagawa; Ichihara, Chiba
Operating assets	Database	Koto-ku, Tokyo
Operating assets	Software, other	Chiyoda-ku, Tokyo
Others	Goodwill	Chiyoda-ku, Tokyo
Idle assets	Land	Tachikawa, Tokyo
Idle assets	Software	Chiyoda-ku, Tokyo; Koto-ku, Tokyo; Ichihara, Chiba

Reason for decision to post impairment losses

The business environment surrounding the Group has changed dramatically as the delivery format of map information is radically shifting from the conventional printed publication to digital media such as widely available PCs and smartphones and sales of map-related publication are constantly dropping due mainly to the advent of the car navigation systems.

Furthermore, we are suffering from a sluggish growth of sales from the car navigation business due mainly to a proliferation of delivery formats of digital data, e.g. free map viewing sites on the Internet and free navigation apps available on smartphones; and saturation of PND (portable navigation device) market.

Considering a change in the business environment surrounding the Group, we have shifted our business focus from the conventional businesses, which primarily provide map information, to the new businesses including the “inbound business,” which primarily provides guidance information.

Given such a dramatic change in our business environment and a decrease in sales, and also a change in our business operating policy, we have performed an impairment test on the Group’s fixed assets and, as a result, posted an impairment loss.

Amount of impairment loss

Class	Amount (Thousands of yen)
Property, plant and equipment	
Buildings and structures	9,033
Machinery, equipment and vehicles	2,503
Tools, furniture and fixtures	5,216
Land	1,927,847
Intangible assets	
Database	3,378,498
Goodwill	132,297
Other (Software)	412,929
Total	5,868,326

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

Operating assets are measured at recoverable amount, which is either value in use or net selling price. While value in use is determined by discounting the future cash flows at the rate of 11.63% , net selling price of buildings, etc. and land is determined based on the market value and net selling price of intangible assets (database and other) and other assets is deemed to be nil as it is difficult to estimate their market value.

Notes to Consolidated Statement of Comprehensive Income

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

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Valuation difference on available-for-sale securities:		
Amount incurred during the year	217,328	491,175
Re-classification adjustments	-	(1,583)
Before tax effect adjustments	217,328	489,592
Tax effect	(55,572)	(66,701)
Valuation difference on available-for-sale securities	161,755	422,890
Remeasurements of defined benefit plans, net of tax		
Amount incurred during the year	-	(184,948)
Re-classification adjustments	-	-
Before tax effect adjustments	-	(184,948)
Tax effect	-	49,616
Remeasurements of defined benefit plans, net of tax	-	(135,332)
Total other comprehensive income	161,755	287,558

Notes to Consolidated Statement of Changes in Equity

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

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

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

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

2. Dividends

(1) Dividend payment

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

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

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

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

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

	Number of shares as of Apr. 1, 2014	Increase	Decrease	Number of shares as of Mar. 31, 2015
Outstanding shares				
Common stock	17,307	-	-	17,307
Total	17,307	-	-	17,307
Treasury shares				
Common stock (Note)	679	0	-	679
Total	679	0	-	679

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

2. Dividends

(1) Dividend payment

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

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

Resolution	Type of share	Total dividends (Thousands of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on Jun. 26, 2015	Common stock	332,560	Retained earnings	20	Mar. 31, 2015	Jun. 29, 2015

Notes to Consolidated Statement of Cash Flows

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

(Thousands of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Cash and deposits	9,421,808	11,357,006
Securities (of which MMF)	1,024,857	1,025,280
Time deposit with maturities over 3 months	-	(600,000)
Cash and cash equivalents	10,446,666	11,782,287

Segment and Other Information

Segment information

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

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

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

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

Related information

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

1. Information by product or service

(Thousands of yen)

Category		Sales to external customers
Retail publishing	Maps	3,165,701
	Magazines	3,045,822
	Guidebooks	1,121,940
	Practical books	29,742
Subtotal		7,363,207
Special-order products		795,900
Advertising		753,250
e-business sales		4,924,676
Fees and commissions		33,948
Total		13,870,982

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.	2,390,229
TOHAN CORPORATION	2,075,016
NIHON CHIZU KYOHAN Co., Ltd.	1,647,071

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

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

1. Information by product or service

(Thousands of yen)

Category		Sales to external customers
Retail publishing	Maps	2,318,606
	Magazines	2,949,021
	Guidebooks	1,173,368
	Practical books	31,868
Subtotal		6,472,864
Special-order products		668,139
Advertising		860,711
e-business sales		4,363,498
Fees and commissions		30,719
Total		12,395,933

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.	2,215,308
TOHAN CORPORATION	2,088,010
NIHON CHIZU KYOHAN Co., Ltd.	1,295,208

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, goodwill, etc. for each reportable segment

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

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

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

Information related to negative goodwill profits for each reportable segment

Not applicable.

Per-share Information

(Yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Net assets per share	1,744.29	1,321.77
Net income (loss) per share	26.07	(423.51)

Note1: Diluted net income per share for FY3/15 is not presented since the Company has outstanding dilutive securities, though posted a net loss. Diluted net income per share for FY3/14 is not presented since there is no outstanding residual securities.

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

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Net income per share		
Net income(loss) (Thousands of yen)	433,524	(7,042,241)
Amount not available to common shareholders (Thousands of yen)	-	-
Net income (loss) applicable to common stock (Thousands of yen)	433,524	(7,042,241)
Average number of shares outstanding during period (Thousands of share)	16,628	16,628
Diluted net income per share		
Increase in the number of common shares (Thousands of share)	-	900
Summary of potential stock not included in the calculation of diluted net income per share since there was no dilutive effect	-	-

Subsequent Events

Not applicable.

6. Other Information

(1) Changes in Directors

Not applicable.

(2) Others

Not applicable.

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