

**Summary of Financial Results for the Fiscal Year Ending August 31, 2014**  
**[Japanese standards] (Nonconsolidated)**

Company name: ChiikiShinbunsha Company Limited Stock Exchange listings: Tokyo  
 Securities code: 2164 URL: <http://chiikinews.co.jp/>  
 Representative: Yukifumi Chikama, Representative Director  
 Contact: Kouji Miyamoto, Director, Administrative Headquarter Manager  
 and Manager of Business Management Division Tel: +81-47-480-3255

Scheduled date of ordinary general meeting of shareholders: November 25, 2014  
 Scheduled date of payment of dividend: November 10, 2014  
 Scheduled date of filing securities report: November 26, 2014  
 Preparation of supplementary references regarding financial results: Yes  
 Holding the briefing of financial results: Yes (For institutional investors and analysts)

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

**1. Financial results of the Fiscal Year Ending August 31, 2014 (September 1, 2013 – August 31, 2014)**

(1) Operating results

*(Percentages represent changes from previous year)*

	Net Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY Ending August 31, 2014	2,935	3.5	165	21.1	167	22.1	94	28.2
FY Ending August 31, 2013	2,837	8.0	136	9.1	137	9.1	73	28.7

	Net income per share	Diluted net income per share	Ratio of net income to equity	Ratio of ordinary income to total assets	Ratio of operating income to sales
	Yen	Yen	%	%	%
FY Ending August 31, 2014	51.19	–	11.0	11.2	5.6
FY Ending August 31, 2013	39.93	–	9.3	10.0	4.8

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY Ending August 31, 2014	1,540	897	58.3	486.64
FY Ending August 31, 2013	1,445	821	56.8	445.42

(Reference) Shareholders equity: FY Ending August 31, 2014: 897 million yen  
 FY Ending August 31, 2014: 821 million yen

(3) Cash flow status

	Cash flow from operating activities	Cash flow from investments	Cash flow from financial activities	Balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
FY Ending August 31, 2014	149	(185)	(37)	537
FY Ending August 31, 2013	115	(133)	(26)	610

**2. Dividends**

(Record date)	Annual dividend					Total dividends	Dividend ratio	Ratio of dividends to net assets
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY Ending August 31, 2013		0.00		10.00	10.00	18	25.0	2.3
FY Ending August 31, 2014		0.00		15.00	15.00	27	29.3	3.1
FY Ending August 31, 2015 (forecasts)		0.00		13.50	13.50		24.9	

(NOTE) Details of dividends for FY ending August 31, 2014: Ordinary dividend: 12.50 yen  
 Commemorative dividend: 2.50 yen

**3. Performance forecasts for the Fiscal Year Ending August 31, 2015 (September 1, 2014 – August 31, 2015)**

*(Percentages represent changes from previous year)*

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2Q (cumulative total)	1,486	3.3	67	(25.4)	67	(25.9)	39	(29.8)	21.42
Full term	3,041	3.6	171	3.4	171	2.4	100	6.1	54.29

**\*Notes**

- (1) Changes in accounting principles, changes and restatements of accounting estimates
- |   |    |
|---|----|
| 1) Changes in accounting principles caused by revision of accounting standards: | No |
| 2) Changes other than 1):   | No |
| 3) Changes in accounting estimates:   | No |
| 4) Restatements:  | No |
- (2) Number of outstanding shares (common shares)
- 1) Number of shares outstanding at the end of the period (including treasury stock)
- |                            |                  |
|----------------------------|------------------|
| FY Ending August 31, 2014: | 1,843,800 shares |
| FY Ending August 31, 2013: | 1,843,800 shares |
- 2) Number of treasury stock at the end of the period
- |                            |            |
|----------------------------|------------|
| FY Ending August 31, 2014: | 115 shares |
| FY Ending August 31, 2013: | 77 shares  |
- 3) Average number of shares outstanding during the period
- |                            |                  |
|----------------------------|------------------|
| FY Ending August 31, 2014: | 1,843,699 shares |
| FY Ending August 31, 2013: | 1,843,723 shares |

**\* Presentation concerning implementation status of audit procedures**

This summary of financial results are not the subject of an audit procedure based on the Financial Instruments and Exchange Act, and at the time of disclosing this summary of financial results, audit procedures regarding the financial statements based on the Financial Instruments and Exchange Act has not been completed.

**\* Explanation regarding appropriate use of the earnings forecast and other special notes**

Descriptions about the future such as performance forecasts contained in this document are based on information currently available to the Company and certain presumptions considered to be reasonable, and therefore actual business performance and other elements may differ substantially due to various factors. For preconditions for performance forecasts and precaution statements in using such forecasts, please see the appendix, page 2, "1. Analysis on operating results and financial position".

○Table of contents of the appendix

- 1. Analysis on operating results and financial position.....
  - (1) Analysis on operating results.....
  - (2) Analysis on financial position.....
  - (3) Basic principle of profit allocation and dividends for the current/next term.....
  
- 2. Management policy .....
  - (1) Basic policy of managing the Company.....
  - (2) Management indicators to be the targets.....
  - (3) Middle-and-long term management strategies.....
  - (4) Issues to be addressed.....
  
- 3. Financial statements .....
  - (1) Balance sheet.....
  - (2) Income statement.....
  - (3) Statements of shareholders' equity.....
  - (4) Cash flow statement.....
  - (5) Notes on financial statements.....
    - (Going Concern Assumption).....
    - (Segment Information, etc.).....
    - (Equity earnings of affiliate companies, etc.).....
    - (Per share data).....
    - (Important events that occurred after the balance sheet date).....
  
- 4. Others.....

## 1. Analysis on operating results and financial position

### (1) Analysis on operating results

(Operating results of the current term)

During the current fiscal year Japanese economy has seen continuous progress in weaker yen and trend of high stock prices due to various economic policies including monetary easing, resulting in seemingly improved profitability among, inter alia, large companies. However, in addition to retroaction of rush demand associated with the raised consumption tax rate, bad weather caused by heavy rain and typhoons had some negative impact on recovery of personal consumption, and there remains uncertainty about the future.

Free-paper/free-magazine market in which we operate has diversified its media and targets, whereas price competition has become common with not only printed advertisement but also with internet advertisement, making our management environment still hard to survive.

Under such circumstances, editorial staff has been augmented for our business in publishing newspapers that is our fundamental business (currently operating in 55 areas in 2 prefectures) and assigned to each of our sales bases, thereby enhancing abilities to gather regional information and evolving/developing our contents to the ones which readers would anticipate every week. Also, we leveraged integration of the "Chiiki Shinbun (regional newspaper)" (a free-paper) with the regional information community site "Chiikomi" (regional communication) managed by our Web business department so that we could provide more value-added advertisement, resulting in higher customer satisfaction. Ichihara Branch was established, as a new base, in April 2014, and in June "Chiiki Shinbun" Kisarazu version started to be published in Kisarazu City, Chiba Prefecture. This startup made us exceed total number of our "Chiiki Shinbun" printed weekly 2 million copies, reaching 2.04 million.

Moreover, in our business of distributing inserted flyers, targeted customers of our clients have become more evident by utilizing Geographical Information System (GIS), and inquiries to us have also increased by providing efficient services aiming to maximize advertising effects.

Thanks to these measures, on-going sales to our existing clients increased and new customers have also expanded in our business of distributing inserted flyers, enabling further extensive sales.

In terms of profit, in addition to growing sales, reduced sales cost contributed to increased gross operating profit, and growth in selling, general and administrative expenses was below growth in gross operating profit contributed to increase in operating income, ordinary income and net income as compared to the previous fiscal year.

In such context, sales in the current fiscal year was 2,935,577,000 yen (up 3.5% YoY), ordinary income was 167,447,000 yen (up 22.1% YoY), and net income was 94,387,000 yen (up 28.2% YoY).

(forecasts for the next term)

In terms of forecasts for the next term, although there seems to be a trend of improved profitability among, inter alia, large companies, recovery movement appears to be slowing down due to such as risk of downturn in overseas economy and impact of raised consumption tax rate, and therefore we assume that there remains tough situations in the context of worsened employment situation and stagnant consumer spending.

In the next term the Company will try to extend our business by establishing new bases proactively in unexplored areas of Tokyo metropolitan area, in addition to our conventional 55 areas (versions) in 2 prefectures for our principal business, i.e. business in publishing newspapers. At the same time, in our Web business we will try to enhance our public recognition and advertising effects of the regional information community site ("Chiikomi") recently renewed in September 2014, by integrating paper and Web media. Furthermore, by making paper and Web media a kind of cross-media, we will try to differentiate ourselves from other competitors, and by providing more value-added advertisement we will try to achieve higher customer satisfaction and more extensive sales. And, in order to realize our mid-term goal of 3 billion yen of sales and 0.3 billion yen of ordinary income, we will try to promote optimized business activities and improved productivities by means of systemization.

In such context, we expect that in the next term sales would be 3,041,116,000 yen (up 3.6% YoY), ordinary income would be 171,410,000 yen (up 2.4% YoY), and net income would be 100,103,000 yen (up 6.1% YoY).

### (2) Analysis on financial position

1) Status of assets, liabilities and net assets

A. Assets

Total assets increased from the previous fiscal year by 94,633,000 yen to 1,540,213,000 yen (up 6.5% YoY).

This is due mainly to increase in cash and deposits of 26,730,000 yen, increase in accounts receivable of 17,938,000 yen, and increase in insurance reserve fund included in investment and other assets of 33,670,000 yen.

#### B. Liabilities

Current liabilities increased from the previous fiscal year by 30,840,000 yen to 496,917,000 yen (up 6.6% YoY). This is due mainly to increase in accounts payable - other of 14,503,000 yen and increase in income tax payable included in other liabilities of 18,073,000 yen.

Fixed liabilities decreased from the previous fiscal year by 12,141,000 yen to 146,078,000 yen (down 7.7% YoY). This is due to decrease in lease obligations of 16,363,000 yen.

#### C. Net assets

Net assets increased from the previous fiscal year by 75,934,000 yen to 897,217,000 yen (up 9.2% YoY). This is mainly because net income increased by 94,387,000 yen but retained earnings decreased by 18,437,000 yen due to payment of dividends.

Net assets per share was 486.64 yen.

And equity ratio increased from the previous fiscal year by 1.4 point to 58.3%.

#### 2) Cash flow status

Cash and cash equivalents (hereinafter, "business fund") in the current fiscal year included, in addition to net income before tax of 159,503,000 yen, income by reimbursement of time deposits of 310,000,000 yen, increase in accounts payable - others of 14,580,000 yen, and allowance for depreciation of 43,228,000 yen, whereas the fund decreased from the previous fiscal year by 73,269,000 yen to 537,260,000 yen at the end of the current fiscal year, due to expense of 410,000,000 to time deposit, increase in sales credit of 14,231,000 yen and paying corporate tax and other tax of 70,676,000 yen.

Details of cash flow in the current fiscal year are as follows.

#### A. Cash flow from operating activities

The business fund acquired as a result of operating activities in the current fiscal year was 149,706,000 yen (increased by 33,789,000 yen from the previous year). This is mainly because, in addition to net income before tax of 159,503,000 yen, increasing factors such as increase in accounts payable - others (14,580,000 yen) and allowance for depreciation (43,228,000 yen) exceeded decreasing factors such as increase in sales credit (14,231,000 yen) and payment of corporate tax and other tax (70,676,000 yen).

#### B. Cash flow from investments

The business fund spent as a result of investment in the current fiscal year was 185,431,000 yen (increased by 51,509,000 yen from the previous year). This is due to, despite of income by reimbursement of time deposits (310,000,000 yen), expense to time deposits (410,000,000 yen) and in addition, expense by acquiring intangible fixed assets (22,874,000 yen), expense by acquiring tangible fixed assets (19,843,000 yen) and expense by depositing insurance reserve fund (34,505,000 yen).

#### C. Cash flow from financial activities

The business fund spent as a result of financial activities in the current fiscal year was 37,545,000 yen (increased by 10,597,000 yen from the previous year). This is due to payment of dividends (18,290,000 yen) and expense by repayment of finance lease obligations (19,239,000 yen).

#### (Reference) Transition of cashflow-related indicators

	FY ending Aug. 2010	FY ending Aug. 2011	FY ending Aug. 2012	FY ending Aug. 2013	FY ending Aug. 2014
Equity ratio (%)	59.9	60.8	58.3	56.8	58.3
Equity ratio based on market value (%)	37.7	27.8	33.9	40.0	52.0
Ratio of cash flow to interest-bearing liabilities (year)	0.7	0.9	0.2	0.5	0.3
Interest coverage ratio (times)	163.0	55.1	196.7	178.2	235.3

Equity ratio: Equity / Total assets

Equity ratio based on market value: Aggregate market value / Total assets

Ratio of cash flow to interest-bearing liabilities: Interest-bearing liabilities / Cash flow  
Interest coverage ratio: Cash flow / Interest payment

NOTES:

1. Aggregate market value is calculated based on the number of shares issued, excluding treasury stock.
2. Cash flow from operating activities is used.
3. Interest-bearing liabilities include all the liabilities listed on the balance sheet for which interests have been paid.

**(3) Basic principle of profit allocation and dividends for the current/next term**

Our basic principle of profit allocation is that stable dividends should be provided considering business performance, dividend ratio, and future business development as a whole.

For the current fiscal year, we have determined to pay out ordinary dividend of 12.50 yen per share. Meanwhile, in August 2014, the Company had 30th anniversary since its foundation. We would like to appreciate for the support by all the stakeholders, in particular our shareholders. Thus, we have determined to pay out commemorative dividend of 2.50 yen per share as an expression of our gratitude to shareholders, and therefore year-end dividend is 15.00 yen including ordinary dividend.

We continue to think on returning our shareholders' profits, trying hard to enhance internal reserve. For the next term, we expect to pay out year-end dividend of 13.50 yen per share.