

Summary of Financial Results for the First Quarter of the Fiscal Year ending August 31, 2015
[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 filing of quarterly report: January 09, 2015
 Scheduled date of payment of dividend: N/A
 Preparation of supplementary references regarding quarterly results: Yes
 Holding the briefing of quarterly results: No

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

1. Financial Results for the First Quarter ending November 30, 2014 (September 1, 2014 – November 30, 2014)

(1) Operating results (cumulative)

(Percentages represent changes from previous year)

	Net Sales		Operating income		Ordinary income		Quarterly net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q ending Nov. 30, 2014	821	8.1	62	15.3	63	16.7	42	32.4
1Q ending Nov. 30, 2013	759	1.0	54	31.1	54	32.9	32	48.5

	Quarterly Net income per share	Diluted quarterly net income per share
	Yen	Yen
1Q ending Nov. 30, 2014	23.02	—
1Q ending Nov. 30, 2013	17.38	—

(2) Financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
1Q ending Nov. 30, 2014	1,559	912	58.5
FY ending Aug. 31, 2014	1,540	897	58.3

(Reference) Shareholders equity: 1Q ending Nov. 30, 2014: 912 million yen
 FY ending Aug. 31, 2014: 897 million yen

2. Dividends

	Annual dividend				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ending Aug. 31, 2014	—	0.00		15.00	15.00
FY ending Aug. 31, 2015	—				
FY ending Aug. 31, 2015 (forecasts)		0.00		13.50	13.50

(NOTE) Revisions to dividend forecasts published most recently: None

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

(NOTE) Revisions to performance forecasts published most recently: None

***Notes**

- (1) Application of special accounting methods to the preparation of quarterly financial statement: None
- (2) Changes in accounting principles, changes and restatements of accounting estimates
- 1) Changes in accounting principles caused by revision of accounting standards: None
 - 2) Changes other than 1): None
 - 3) Changes in accounting estimates: None
 - 4) Restatements: None
- (3) Number of outstanding shares (common shares)
- 1) Number of shares outstanding at the end of the period (including treasury stock)
 - 1Q ending Nov. 30, 2014: 1,843,800 shares
 - FY ending Aug. 31, 2014: 1,843,800 shares
 - 2) Number of treasury stock at the end of the period
 - 1Q ending Nov. 30, 2014: 115 shares
 - FY ending Aug. 31, 2014: 115 shares
 - 3) Average number of shares outstanding during the period
 - 1Q ending Nov. 30, 2014: 1,843,685 shares
 - 1Q ending Nov. 30, 2013: 1,843,723 shares

*** Presentation concerning implementation status of quarterly review procedures**

These quarterly financial results are not the subject of a quarterly review procedure based on the Financial Instruments and Exchange Act, and at the time of disclosing these quarterly financial results, review procedures regarding the quarterly financial statements based on the Financial Instruments and Exchange Act had 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. Qualitative information regarding the financial results for the current quarter: (3) Qualitative information regarding performance forecasts".

1. Qualitative Information regarding the Current Quarter

(1) Descriptions regarding operating results

(Operating results of the current term)

During the current first quarter 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 gradual economic upswing with improved overall corporate profit and employment environment. However, retroaction of rush demand associated with the raised consumption tax rate 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.

As part of our strategies, editorial staff has been augmented 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 further integration of the "Chiiki Shinbun (regional newspaper)" (a free-paper) with "Chiikomi" (regional information community site managed by our Web business department), which has enabled us to provide more value-added advertisement, achieving higher customer satisfaction.

Moreover, in our business of distributing inserted flyers, targeted customers of our clients have become more evident by utilizing Geographical Information System (GIS), and providing efficient services aiming to maximize advertising effects has led to continuous increase in sales to our existing clients and in addition expansion of our new customer base, contributing to more 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 first quarter was 821,173,000 yen (up 8.1% YoY), ordinary income was 63,682,000 yen (up 16.7% YoY), and quarterly net income was 42,444,000 yen (up 32.4% YoY).

(2) Descriptions regarding financial position

1) Status of assets, liabilities and net assets

A. Assets

Total assets in the current first quarter increased from the previous fiscal year by 19,405,000 yen to 1,559,618,000 yen. This is due mainly to increase in accounts receivable of 73,414,000 yen and in intangible fixed assets of 16,359,000 yen, whereas decrease in cash and deposits of 73,907,000 yen.

B. Liabilities

Current liabilities in the current first quarter increased from the previous fiscal year by 1,186,000 yen to 498,104,000 yen. This is due mainly to increase in reserve for bonus of 50,291,000 yen and in accounts payable of 11,104,000 yen, whereas decrease in accounts payable - others of 53,005,000 yen and in income taxes payable of 14,017,000 yen.

Fixed liabilities in the current first quarter increased from the previous fiscal year by 3,429,000 yen to 149,508,000 yen. This is due mainly to increase in lease obligations (included in "others") of 10,958,000 yen.

C. Net assets

Net assets in the current first quarter increased from the previous fiscal year by 14,788,000 yen to 912,006,000 yen. This is mainly because retained earnings increased by 42,444,000 yen due to allocating quarterly net income, but decreased by 27,655,000 yen due to payment of dividends.

(3) Descriptions regarding future forecasts information such as performance forecasts

At present, there has been no change in the performance forecasts for the cumulative second quarter and for the full term, as described in the "Summary of Financial Results for the Fiscal Year ending August 31, 2014 (nonconsolidated)" published on October 10, 2014. If it becomes necessary in the future to reconsider those forecasts due to economic situations and transition of our business performance, it shall be disclosed as soon as possible.

In addition, as described in "3. Quarterly Financial Statements, 3) Notes on quarterly financial statements, 'Important events that occurred after the balance sheet date'", The Shopper, Inc. became a consolidated subsidiary of ours. Its effect on the future consolidated forecasts of our business has still been under close investigation, which shall be disclosed as soon as possible if any related matters arise to be publicly announced.