

Summary of Financial Results for the Second Quarter of the Fiscal Year ending August 31, 2015
[Japanese standards] (Consolidated)

Company name: ChiikiShinbunsha Company Limited Stock Exchange listings: Tokyo
 Securities code: 2164 URL: <http://chiikinews.co.jp/>
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 Scheduled date of filing of quarterly report: April 13, 2015
 Scheduled date of payment of dividend: N/A
 Preparation of supplementary references regarding quarterly results: Yes
 Holding the briefing of quarterly results: Yes (For institutional investors and analysts)

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

1. Financial Results for the Second Quarter ending February 28, 2015 (September 1, 2014 – February 28, 2015)

(1) Consolidated results of operations (cumulative total)

(Percentages represent changes from previous year)

	Net Sales		Operating income		Ordinary income		Quarterly net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2Q ending Feb. 28, 2015	1,546	—	89	—	91	—	57	—
2Q ending Feb. 28, 2014	—	—	—	—	—	—	—	—

(Note) Comprehensive income As of Feb. 28, 2015: 57 million yen
 As of Feb. 28, 2014: N/A

	Quarterly Net income per share	Diluted quarterly net income per share
	Yen	Yen
2Q ending Feb. 28, 2015	31.19	—
2Q ending Feb. 28, 2014	—	—

(Note) From the 2Q of FY 08/2015, consolidated accounting period has been adopted for creating quarterly consolidated financial statements, and therefore amounts for the 2Q of FY 08/2014 and increase or decrease ratios as compared to the previous year are not applicable.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
2Q ending Feb. 28, 2015	1,782	927	52.0
FY ending Aug. 31, 2014	—	—	—

(Reference) Shareholders equity: 2Q ending Feb. 28, 2015: 927 million yen
 FY ending Aug. 31, 2014: N/A

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	—	0.00	—	—	—
FY ending Aug. 31, 2015 (forecasts)	—	—	—	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
Full term	3,507	—	148	—	150	—	79	—	43.13

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

From the 2Q of FY 08/2015, consolidated accounting period has been adopted for creating quarterly consolidated financial statements, and therefore increase or decrease ratios as compared to the previous year are not applicable.

***Notes**

- (1) Changes in important subsidiaries during the current consolidated cumulative period: Yes
(changes in specific subsidiaries resulting in modifications of the consolidation scope)
New company: 1 (name) The Shopper Incorporated
- (2) 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)
 - 2Q ending Feb. 28, 2015: 1,843,800 shares
 - FY ending Aug. 31, 2014: 1,843,800 shares
 - 2) Number of treasury stock at the end of the period
 - 2Q ending Feb. 28, 2015: 115 shares
 - FY ending Aug. 31, 2014: 115 shares
 - 3) Average number of shares outstanding during the period
 - 2Q ending Feb. 28, 2015: 1,843,685 shares
 - 2Q ending Feb. 28, 2014: 1,843,713 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) Descriptions regarding future prospects such as consolidated performance forecasts".

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1. Qualitative Information regarding the Current Quarter

From the current 2Q, quarterly consolidated financial statements have been created, and therefore no comparative analyses are made in terms of consolidated operating results and consolidated financial position with those in the previous year.

(1) Descriptions regarding operating results

During the current second quarter consolidated cumulative period, 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.

Under such circumstances, on December 25, 2014, we acquired the entire stockholding of Tokyo Shinbun Shopper Incorporated (renamed on that date as "The Shopper Incorporated"), now being our subsidiary. This has led to inclusion of The Shopper in the scope of consolidation since the current second quarter consolidated fiscal period. It should be noted that deemed date of acquisition is assumed as December 31, 2014, and its difference from our quarterly consolidated closing date does not exceed three months, so that only the balance sheet has been consolidated for the current second quarter consolidated fiscal period. In the future, customer base and know-how for editing and sales developed by both of ChiikiShinbunsha Co., Ltd. and The Shopper Inc. will be integrated, their operating resources will be proactively shared and utilized, thereby making various services provided our group should be further enhanced. Adding the subsidiary resulted in our group's fundamental business in publishing newspapers having increased in the number of versions from previously 55 in 55 areas within 2 prefectures to 61 in 61 areas within 3 prefectures and Tokyo; and weekly number of copies printed has increased from around 2.04 million to 2.84 million (as of Feb., 2015).

As part of our strategies, editorial staff has been augmented and assigned to each of our sales bases, thereby enhancing abilities to gather more regionally-based 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) customized according to the respective areas, and realizing 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 such context, sales in the current second quarter cumulative period was 1,546,737 yen, ordinary income was 91,547,000 yen, and quarterly net income was 57,515,000 yen.

(2) Descriptions regarding financial position

1) Status of assets, liabilities and net assets

A. Assets

Total assets at the end of the current second quarter consolidated fiscal period was 1,782,602,000 yen. It comprises total current assets of 1,447,017,000 yen and total fixed assets of 335,585,000 yen.

B. Liabilities

Total liabilities at the end of the current second quarter consolidated fiscal period were 855,525,000 yen. It comprises total current liabilities of 603,001,000 yen and total fixed liabilities of 252,523,000 yen.

C. Net assets

Total net assets at the end of the current second quarter consolidated fiscal period was 927,077,000 yen. It comprises mainly paid in capital of 203,112,000 yen, capital surplus of 133,112,000 yen, and retained earnings of 590,882,000 yen.

(3) Descriptions regarding future prospects such as consolidated performance forecasts

For details on consolidated performance forecasts for the fiscal year ending August 31, 2015, please refer to "Information regarding consolidated performance forecasts associated with commencing consolidated financial settlement" published on March 31, 2015.

2. Matters regarding Summary Information (Notes)

(1) Changes in important subsidiaries during the current consolidated cumulative period

Since the current second quarter consolidated fiscal period, Tokyo Shinbun Shopper Incorporated (renamed on December 25, 2014 as "The Shopper Incorporated"), whose entire stockholding had been acquired by us, has been included in the scope of consolidation. It should be noted that deemed date of acquisition is assumed as December 31, 2014, and its difference from our quarterly consolidated closing date does not exceed three months, so that only the balance sheet has been consolidated for the current second quarter consolidated fiscal period.

(2) Application of special accounting methods to the preparation of quarterly consolidated financial statement

Not applicable.

(3) Changes in accounting principles, changes and restatements of accounting estimates

Not applicable.