

## DISCLAIMER

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July 1, 2015

### Summary of Financial Results for the Third 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: July 13, 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 Third Quarter ending February 28, 2015 (September 1, 2014 – May 31, 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	%
3Q ending May 31, 2015	2,566	—	95	—	99	—	55	—
3Q ending May 31, 2014	—	—	—	—	—	—	—	—

(Note) Comprehensive income As of May 31, 2015: 55 million yen  
 As of May 31, 2014: N/A

	Quarterly Net income per share	Diluted quarterly net income per share
	Yen	Yen
3Q ending May 31, 2015	29.90	—
3Q ending May 31, 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 3Q of FY 08/2014 and increase/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	%
3Q ending May 31, 2015	1,751	924	52.8
FY ending Aug. 31, 2014	—	—	—

(Reference) Shareholders equity: 3Q ending May 31, 2015: 924million 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. Consolidated 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/decrease ratios as compared to the previous year are not applicable.

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**\*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)
    - 3Q ending May 31, 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
    - 3Q ending May 31, 2015: 115 shares
    - FY ending Aug. 31, 2014: 115 shares
  - 3) Average number of shares outstanding during the period
    - 3Q ending May 31, 2015: 1,843,685 shares
    - 3Q ending May 31, 2014: 1,843,703 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 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 third 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, and also due to decline in crude oil price, resulting in gradual economic upswing with improved overall corporate profit and employment environment. Although consumer spending seems to have turned to recover, remains in some uncertain situation for the future considering risks which suppress economic climate including downward trends abroad.

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 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 2.90 million (as of May 31, 2015).

As part of our strategies for the business in publishing newspapers, 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.

As for measures of The Shopper, in order to evolve/develop the "Shopper" paper to more community-based media, we decided to prepare for segmentalizing the area to distribute "Saitama-Omiya/Ageo" version (149,000 copies printed) into 4 areas from July, 2015.

Despite our efforts as mentioned above, competition in free-paper market has become further intensive. In our business of distributing inserted flyers, not only ChiikiShinbunsha but also for The Shopper, targeted customers of our clients have become more evident by utilizing Geographical Information System (GIS) customized according to their respective areas, and realizing efficient services aiming to maximize advertising effects has led to continuous increase in sales to our existing clients and further expansion of our new customer base.

Elsewhere, we started to publish "Lunch Passport - Kashiwa City" in Kashiwa City, Chiba Pref., and entered into new publication business. In addition, it is planned to enhance our business in dealing with lecture tickets by making use of available spaces on free-papers, which would be one of our business pillars.

Moreover, in preparation for expanding our future business we have, ahead of schedule, obtained excellent human resources as our personnel strategy; established Tsudanuma branch and Ichikawa branch of ChiikiShinbunsha as our area strategy; and established Tokyo branch of The Shopper for exploiting its new national clients.

In such context, sales in the current third quarter cumulative period was 2,566,978 yen, ordinary income was 99,028,000 yen, and quarterly net income was 55,140,000 yen.

### (2) Descriptions regarding financial position

#### 1) Status of assets, liabilities and net assets

##### A. Assets

Total assets at the end of the current third quarter consolidated fiscal period was 1,751,363,000 yen. It comprises total current assets of 1,384,893,000 yen and total fixed assets of 366,469,000 yen.

##### B. Liabilities

Total liabilities at the end of the current third quarter consolidated fiscal period were 826,660,000 yen. It comprises total current liabilities of 581,234,000 yen and total fixed liabilities of 245,426,000 yen.

**C. Net assets**

Total net assets at the end of the current third quarter consolidated fiscal period was 924,702,000 yen. It comprises mainly paid in capital of 203,112,000 yen, capital surplus of 133,112,000 yen, and retained earnings of 588,507,000 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 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.

**(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.

**3. Quarterly Consolidated Financial Statements****(1) Quarterly Consolidated Balance Sheets**

(Thousand yen)

	Current consolidated fiscal year (May 31, 2015)
<b>Assets</b>	
Current assets	
Cash and deposits	893,085
Notes and accounts receivable-trade	439,854
Merchandise and finished goods	128
Work in process	6,016
Handouts	4,016
Supplies	1,190
Others	49,301
Allowance for doubtful accounts	(8,700)
<b>Total current assets</b>	<b>1,384,893</b>
Fixed assets	
Tangible fixed assets	54,109
Intangible fixed assets	
Goodwill	45,174
Others	104,267
<b>Total intangible fixed assets</b>	<b>149,442</b>
Investments and other assets	
Others	168,169
Allowance for doubtful accounts	(5,251)
<b>Total investments and other assets</b>	<b>162,918</b>
<b>Total fixed assets</b>	<b>366,469</b>
<b>Total assets</b>	<b>1,751,363</b>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	158,897
Income taxes payable	337
Accounts payable-others	273,490
Reserve for bonuses	32,443
Reserve for point card certificates	800
Others	115,265
<b>Total current liabilities</b>	<b>581,234</b>
Fixed liabilities	
Liabilities on retirement benefits	184,155
Asset retirement obligations	10,201
Others	51,069
<b>Total fixed liabilities</b>	<b>245,426</b>
<b>Total liabilities</b>	<b>826,660</b>
<b>Net assets</b>	
Shareholders' equity	
Capital stock	203,112
Capital surplus	133,112
Retained earnings	588,507
Treasury stock	(30)
<b>Total shareholders' equity</b>	<b>924,702</b>
<b>Total net assets</b>	<b>924,702</b>
<b>Total shareholders' equity</b>	<b>1,751,363</b>

**(2) Quarterly Consolidated Statements of Income and Statement of Comprehensive Income**

Quarterly Consolidated Statements of Income for the third quarter consolidated cumulative period

(Thousand yen)

	Current third quarter consolidated cumulative period (Sep. 1, 2014 - May 31, 2015)
Net sales	2,566,978
Cost of sales	716,315
Gross profit	1,850,663
Selling, general and administrative expenses	1,755,438
Operating income	95,225
Non-operating income	
Interest income	568
Commission fee	650
Gain on cancellation of insurance contracts	1,135
Fiduciary obligation fee	3,300
Others	365
Total non-operating income	6,020
Non-operating expenses	
Interest expenses	424
Fiduciary obligation expenses	1,770
Others	21
Total non-operating expenses	2,216
Ordinary income	99,028
Extraordinary loss	
Loss on cancellation of lease contracts	711
Loss on relocation of head office	1,412
Total extraordinary losses	2,124
Net profit before income taxes	96,904
Income taxes-current	20,834
Income taxes-deferred	20,929
Total income taxes	41,764
Quarterly net income before minority interests	55,140
Quarterly net income	55,140

## Quarterly Consolidated Statements of Comprehensive Income for the third quarter consolidated cumulative period

(Thousand yen)

	Current third quarter consolidated cumulative period (Sep. 1, 2014 - May 31, 2015)
Quarterly net income before minority interests	55,140
Quarterly comprehensive income	55,140
(detail)	
Quarterly comprehensive income for shareholders of parent company	55,140
Quarterly comprehensive income for minority shareholders	—

**(3) Notes on Quarterly Consolidated Financial Statements**

(Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in the Amount of Shareholders' Equity)

Not applicable.