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Summary of Financial Statements for the Year Ended December 31, 2015 [Japanese GAAP]

February 15, 2016

Company Name ASATSU-DK INC. Exchange : Tokyo Stock Exchange First Section
Securities Code 9747 URL :http://www.adk.jp/en/
Representative Shinichi Ueno, President and Group CEO
Contact Person Fuminori Unosawa, Department Director, Finance Department, Finance Division Tel:+81-3-6830-3867
Inquiries in English Kaori Nakajima, Office of Corporate Communications Tel:+81-3-6830-3855

Supplementary information for financial results : Available
Organization of financial results briefing : Available (for institutional investors and analysts)

(Unit: millions of yen, Rounded down under 1 million yen)

1. Fiscal year 2015 Consolidated Results (January 1, 2015 to December 31, 2015)

(1) Consolidated Operating Results

(% : year-on-year changes)

	Gross Billings		Operating Income		Ordinary Income		Net Income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY 2015	351,956	(0.3)	4,901	19.6	8,590	18.5	5,362	45.1
FY 2014	352,984	3.0	4,097	196.2	7,251	67.6	3,696	7.8

(Note) Comprehensive income: at December 31, 2015 : 12,950 million yen (27.1%) , at December 31, 2014 : 10,189 million yen (-62.5%)

	Net Income per Share	Fully Diluted Net Income per Share	Return on Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Gross Billings
	Yen	Yen	%	%	%
FY 2015	127.72	127.63	4.2	3.6	1.4
FY 2014	88.32	88.22	2.8	3.1	1.2

(Reference) Equity in earnings of affiliated companies: FY 2015 : 292 million yen FY 2014 : 220 million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholder's Equity Ratio	Net Assets per Share
	millions of yen	millions of yen	%	
FY 2015	235,205	125,488	52.7	2,947.40
FY 2014	243,317	134,999	55.1	3,204.87

(Reference) Shareholders' equity: December 31, 2015 : 124,004 million yen December 31, 2014 : 134,184 million yen

(3) Summary of Consolidated Cash Flows

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at the End of Term
	millions of yen	millions of yen	millions of yen	millions of yen
FY 2015	10,192	5,046	(23,803)	25,924
FY 2014	8,169	(177)	(6,640)	35,082

2. Dividend Information

	Annual Dividend per Share					Total Amount of dividends (Annual)	Dividend Payout Ratio (Consolidated)	Dividends on Equity ratio (Consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total			
	Yen	Yen	Yen	Yen	Yen	millions of yen	%	%
Fiscal 2014(Actual)	－	10.00	－	561.00	571.00	23,906	646.5	18.1
Fiscal 2015(Actual)	－	10.00	－	238.00	248.00	10,433	194.2	8.1
Fiscal 2016(Forecast)	－	10.00	－	－	－		－	

(Notes) 1. The year-end dividend for FY 2014 consists of the ordinary dividend of 35 yen and extraordinary dividend of 526 yen.
2. The year-end dividend for FY 2015 consists of the ordinary dividend of 23 yen and extraordinary dividend of 215 yen.
3. The sum of the year-end dividend for FY 2016 is undecided (But it is10 yen or more per share)

3. Forecast of Consolidated results Fiscal 2016 (January 1, 2016 to December 31, 2016)

(% : year-on-year changes)

	Gross Billings		Operating Income		Ordinary Income		Net Income		Net Income per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	Yen
Full-year	354,000	0.6	5,400	10.2	8,550	(0.5)	5,500	2.6	131.55

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* Notes

(1) Changes in the Scope of Consolidation and Application of the Equity Method : No.
New — Companies (Company Name) Except — Companies (Company Name)

(2) Changes to accounting policy, changes to accounting estimates, or restatements
1. Changes due to revisions to accounting standards, etc. : Yes.
2. Changes other than 1: : No.
3. Changes in accounting estimates : No.
4. Restatements : No.

(3) Number of outstanding stocks

1 Number of outstanding stocks (including treasury stock) issued, end of term	at December 31, 2015	42,155,400 shares	at December 31, 2014	42,155,400 shares
2 Number of treasury stock, end of term	at December 31, 2015	82,923 shares	at December 31, 2014	286,576 shares
3 Avg. number of shares (consolidated) outstanding during the terms ended	at December 31, 2015	41,982,754 shares	at December 31, 2014	41,848,271 shares

(Note) The Company had been introduced an "ESOP Trust Utilizing Employee Shareholding Association," and the shares owned by this ESOP had been reported as "treasury stock" in the consolidated financial statements. Consequently, 206,000 shares owned by this ESOP are included in the number of shares of treasury stock outstanding at the period ended December, 2014 as illustrated above. The ESOP program, however, was terminated in April 2015. Thus the number of treasury stock outstanding at the end of December 2015 does not include any shares owned by the now-defunct "ESOP Trust Utilizing Employee Shareholding Association".

(Reference) Fiscal Year 2015 Non-Consolidated Outline (January 1 to December 31, 2015)

1. Fiscal Year 2015 Non-Consolidated Results (January 1 to December 31, 2015)

(1) Operating Results (% : year-on-year changes)

	Gross Billings		Operating Income		Ordinary Income		Net Income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY 2015	306,801	0.0	2,983	(4.7)	11,112	86.8	9,577	174.9
FY 2014	306,718	3.6	3,130	168.3	5,950	54.0	3,484	8.6

	Net Income per Share	Fully Diluted Net Income per Share
	Yen	Yen
FY 2015	228.14	227.98
FY 2014	83.26	83.16

(2) Financial Position

	Total Assets	Net Assets	Net Assets Ratio	Net Assets per Share
	millions of yen	millions of yen	%	Yen
FY 2015	214,017	111,013	51.9	2,638.07
FY 2014	214,429	116,416	54.3	2,779.54

(Reference) Shareholder's equity: at December 31, 2015: 110,989 million yen, at December 31, 2014: 116,376 million yen

※ Implementation status of audit procedures

This consolidated financial results summary report is not subject to audit procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this consolidated financial results summary report, the audit procedures in respect of the consolidated financial statements have not been completed.

※ Appropriate use of business forecasts and other special matters

The business forecasts and future prospects in this document are made based on information currently available and contain potential risks and uncertainties. As such, actual business results may significantly differ from those expressed or implied in the forecasts due to changes in various factors.
Refer to "1. Operating Results and Financial State Analysis for the Fiscal 2015 (1) Performance Analysis " on page 2～5 for the suppositions that form the assumptions for the business forecasts and cautions concerning the use thereof.

Contents

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1. Operating Results and Financial State Analysis for the Fiscal 2015

(1) Performance Analysis

① Overview

During the current period (from January 1, 2015 to December 31, 2015), the Japanese economy made a moderate improvement in corporate earnings backed up by the government-and the Bank of Japan-initiated economic measures and monetary policies despite unsettling factors the world economy faces such as crude oil price drop and financial market volatility triggered by concerns over slowdown in Chinese economy. While at the same time, more companies stepped up efforts to improve employment situation and increase wages, that helped consumer spending pick up. Yet, the higher consumption tax and concerns over potential price hike gave a new slant to consumers so that they now likely to buy products selectively by checking special functions or benefits attached to them.

According to the "Current Survey of Selected Service Industries" by the Ministry of Economy, Trade and Industry, total gross billings in the advertising industry in 2015 are almost steadily performing with the accumulated billings up to November exceeding that of the corresponding period of previous year.

Under these circumstances, with "VISION 2020" that ADK declared in 2013, aiming to transform itself to the "Consumer Activation Company", which not only delivers messages via advertisements but encourages consumers to take specific actions, thereby contributing to clients' business performance, the Company has set the stage of the foundation establishment and structural reform scheduled to be completed by the end of 2016, and the stage of the accelerated growth for the period from 2017 to 2020. To make those objectives come true, in this fiscal year, ADK, the parent company of the group, continued to improve the solution base and the income management structure while each group company stepped up its efforts to contribute to building the group foundation and promote structural reform, prompting in-house production, infra-sharing and cost-control.

As a result of those efforts, the Group reported gross billings of ¥351,956 million, down 0.3% from the previous corresponding period. Gross profit was up 0.5% to ¥48,824 million, while operating income increased 19.6% to ¥4,901 million. Ordinary income grew 18.5% to ¥8,590 million with the addition of ¥3,898 million non-operating income from dividend received, etc., and ¥209 million non-operating expenses. Income before income taxes and minority interests for this fiscal year increased 42.8% to ¥9,189 million with extraordinary profit of ¥1,293 million and extraordinary loss shrinking to ¥695 million as a result of decreased office relocation cost while the net income for the previous fiscal year, expanded 45.1% to ¥5,362 million.

Performance by Business Segment

(Advertising Business)

Gross billings to customers amounted to ¥347,522 million during this fiscal year, down 0.2% from the previous corresponding period, and segment income increased 12.4% to ¥5,018 million.

Overall domestic business registered a decrease in revenue but with an increase in operating income. Although it saw parent company's once-improved gross profit ratio returning to the FY 2014 level and a slowdown in the medical advertising subsidiary, an increase in advertisement placements at the parent company, particularly in TV, efforts to control selling, general and administrative expenses, an improvement in gross profit ratio by the production subsidiary and a boost by the digital subsidiary and a newly consolidated content affiliate all contributed to the results.

While overseas business is undertaking structural reforms to break away from tough situations in offices in the West and China, subsidiaries in Asia, particularly those in Thai and Singapore continued to perform healthily, resulted in a rise both in revenue and profit. All overseas billings are generated from advertising business, which represents 9.3% (as opposed to 8.4% in 2014) of the consolidated billings during the period under review.

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Performance by ADK-Tokyo, the core competence of the Group business, was as follows.

The parent company generated gross billings of ¥306,801 million yen, almost flat compared to the previous fiscal year. Gross profit was down 5.0% to ¥32,925 and operating income was also down 4.7% to ¥2,983 million. On a more specific note, an increase in advertisement placements in TV and Digital Media made up for a decline in Marketing & Promotion, resulting in a slight increase in gross billings. A decrease in operating income was attributed to a drop in gross profit ratio which was not offset by further controlled selling and general administrative expenses including office rent and payroll.

Broken down by industry, we reported increased gross billings to clients in the Information/Communication, Beverage/Tobacco, Apparel/Jewelry, Real Estate/Housing, Food, although gross billings to clients in Finance/Insurance, Cosmetics/Toiletry, Distribution/Retail, Hobbies/Sport Goods, Restaurants/Other service declined.

Non-consolidated gross billings by industry (clients business) and composition ratio on a year-on-year comparison:

Breakdown by Clients business	Gross Billings (Millions of Yen)	Composition (%)	Y-o-Y change (%)
Energy/Material/ machinery	3,792	1.2	32.4
Food	26,122	8.5	4.0
Beverage/Tobacco	24,735	8.1	9.8
Pharma/Medical supplies	15,818	5.2	0.3
Cosmetics/Toiletry	30,137	9.8	(7.8)
Apparel/Jewelry	14,236	4.6	8.8
Precision machinery/Office supplies	2,635	0.9	8.2
Home appliances/AV equipment	2,789	0.9	(3.1)
Automobile/Automobile-related Products	18,140	5.9	(1.2)
Household Goods	1,368	0.4	6.2
Hobbies/Sport Goods	18,501	6.0	(7.5)
Real Estate/Housing	9,374	3.1	12.5
Publishing	2,624	0.9	(9.6)
Information/Communication	35,027	11.4	21.9
Distribution/Retail	25,726	8.4	(7.8)
Finance/Insurance	25,845	8.4	(12.6)
Transportation/Leisure	8,568	2.8	5.0
Restaurants/Other service	8,709	2.8	(13.2)
Government/Organizations	14,362	4.7	(4.5)
Education/Medical Service/Religion	5,625	1.8	(2.8)
Signage/Other	12,659	4.1	(4.1)
Total	306,801	100.0	0.0

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Broken down by business discipline, TV Advertising, Digital Media, OOH Media and Magazine reported increased gross billings, while Marketing/Promotion, Creative, Radio, Others, and Newspaper posted a decline in gross billings on a year-over-year basis.

Non-consolidated gross profit by business discipline and composition ratio on a year-on-year comparison:

Breakdown by Discipline		Gross Billings (Millions of Yen)	Composition (%)	Y-o-Y change (%)	Main clients business industries (Top: increased industries, Bottom: decreased industries)
Media	Magazine	13,261	4.3	0.4	Cosmetics/Toiletry, Hobbies/Sport Goods, Apparel/Jewelry Beverage/Tobacco, Government/Organizations, Information/Communication
	Newspaper	19,076	6.2	(0.4)	Transportation/Leisure, Distribution/Retail, Food Cosmetics/Toiletry, Information/Communication, Automobile/Automobile-related Products
	TV	147,424	48.1	3.1	Information/Communication, Food, Real Estate/Housing Finance/Insurance, Cosmetics/Toiletry, Hobbies/Sport Goods
	Program	55,634	18.1	1.9	Information/Communication, Finance/Insurance, Real Estate/Housing Government/Organizations, Home appliances/AV equipment, Food
	Spot	77,991	25.4	3.7	Information/Communication, Food, Apparel/Jewelry Finance/Insurance, Hobbies/Sport Goods, Cosmetics/Toiletry
	Content	13,798	4.5	4.9	Distribution/Retail, Food, Government/Organizations Energy/Material/Machinery, Transportation/Leisure, Pharma/Medical supplies
	Radio	3,059	1.0	(3.6)	Real Estate/Housing, Cosmetics/Toiletry, Information/Communication Finance/Insurance, Beverage/Tobacco, Transportation/Leisure
	Digital Media	17,195	5.6	7.1	Apparel/Jewelry, Information/Communication, Pharma/Medical supplies Finance/Insurance, Restaurants/Other service, Transportation/Leisure
	OOH Media	8,333	2.7	11.0	Information/Communication, Publishing, Cosmetics/Toiletry Restaurants/Other service, Pharma/Medical supplies, Home appliances/AV equipment
	Sub-total	208,351	67.9	3.1	Information/Communication, Food, Real Estate/Housing Finance/Insurance, Cosmetics/Toiletry, Hobbies/Sport Goods
Non-Media	Marketing and Promotion	59,623	19.4	(5.7)	Beverage/Tobacco, Energy/Material/Machinery, Education/Medical Service/Religion Distribution/Retail, Finance/Insurance, Cosmetics/Toiletry
	Creative	34,792	11.3	(3.5)	Information/Communication, Beverage/Tobacco, Home appliances/AV equipment Food, Automobile/Automobile-related Products, Hobbies/Sport Goods
	Others	4,034	1.3	(25.3)	Cosmetics/Toiletry, Finance/Insurance, Energy/Material/Machinery Government/Organizations Information/Communication, Pharma/Medical supplies
	Sub-total	98,450	32.1	(5.9)	Beverage/Tobacco, Energy/Material/Machinery, Home appliances/AV equipment Distribution/Retail, Finance/Insurance, Food
Total		306,801	100.0	0.0	Information/Communication, Beverage/Tobacco, Apparel/Jewelry Finance/Insurance, Cosmetics/Toiletry, Distribution/Retail

(Notes)

1. Because we offer cross-media programs, data may not represent gross billings exactly by media.
2. Content includes Animation, Culture and Sports Marketing, etc.
3. Digital Media includes Internet and Mobile-related media.
   (Digital Solutions, such as Website Creation and System Development are included in "Marketing and Promotion".)
4. OOH (Out of Home) Media includes transportation and outdoor advertising and insertions.
5. Marketing and Promotion includes Marketing, Communication Planning, Promotion, Events, PR, Exposition events and Digital Solutions, etc.

(Other Business)

In other business, gross billings to customers amounted to ¥4,433 million, down 5.9% year-on-year, and the segment loss amounted to ¥118 million, compared with ¥368 million loss in the previous year.

In an environment where it is hard to generate a profit in its main business of publication and sales of books and magazines with the overall publishing market contracting, the business posted operating loss. Yet the size of loss became smaller compared to the same period the previous year through efforts to cut the cost of goods and optimize the volume of distribution as well as ongoing efforts to control SG&A expenses.

②Forecasts for Fiscal 2016

The consolidated business under review largely performed strongly. We expect that the Japanese economy continues a mild recovery in the coming year backed by economic measures and monetary easing policies advocated by the government and the Bank of Japan. Consequently, the advertising market is anticipated to grow healthily in the medium-to-long run.

While on the other hand, there are concerns, for the short-term, including a possible recession of the world economy triggered by a crude oil price drop and emerging markets slowdown. Concerning factors at home include a slower recovery in the nominal GDP and consumer spending which are thought to be highly correlated with the advertising market, and a yen's appreciated-led imported goods price rise. All remain to be seen since each of them may well impact on our clients' performance.

Under such an environment, we will drive the business in line with what we mention in "3. Management Policies (page 13)", to deliver consolidated gross billings of ¥354,000 million, operating income of ¥5,400 million, ordinary income of ¥8,550 million, and net income of ¥5,500 million. This means that net income per share is projected to be ¥131.55.

(2) Financial Position

① Analysis of Assets, Liabilities and Cash Flow Status

At the end of fiscal 2015, the Group had total assets of ¥235,205 million, down ¥8,111 million from a year earlier. The Company had an increased amount of investment securities due to an increase in the market value of foreign-currency-denominated investment securities while compressing excessive cash by selling part of investment securities and paying dividends.

Total liabilities amounted to ¥109,716 million, up ¥1,398 million from a year earlier. This was due mainly to an increase in notes payable and accounts payable, and also deferred tax assets arising from higher market value of investment securities.

At fiscal year-end, net assets totaled ¥125,488 million, down ¥9,510 million from a year earlier. Contributing factors included a reduction in earned surplus associated with dividend payment which was larger than an increase in unrealized gain on available-for-sale securities. The net assets ratio (excluding minority interests) was 52.7%, down 2.4 points from a year earlier.

In fiscal 2015, sum of net cash provided by operating and investing activities fell below net cash used in financing activities. After foreign currency translation adjustments, cash and cash equivalents stood at ¥25,924 million, down ¥9,158 million from a year earlier.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥10,192 million, compared with ¥8,169 million in the previous year. Major factors included ¥9,189 million in income before income taxes and minority interests after paying income tax of ¥3,028 million, and a decrease in account receivables of ¥2,046 million for an increase in accounts payable of ¥1,870 million.

(Cash flows from investing activities)

Net cash provided by investing activities totaled ¥5,046 million, compared with ¥177 million used in fiscal 2014. The main factors include term-deposit refund of ¥6,658 million and proceeds from sales of investment in securities of ¥1,833 million, proceeds from the collection of guarantee deposits of ¥1,496 million while making term-deposit of ¥3,668 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥23,803 million, compared with ¥6,640 million in the previous year. This was due mainly to ¥23,909 million in dividends paid.

② The major indices of consolidated financial conditions are as follows:

Term	FY2012	FY2013	FY2014	FY2015
Equity Ratio	55.6%	56.9%	55.1%	52.7%
Market Cap. To Book Total Assets	44.4%	45.2%	50.0%	52.6%
Years to redeem debts	0.2	0.1	0.0	0.0
Interest Coverage Ratio (times)	130.4	293.9	983.8	325.1

(Equity Ratio) = (Equity*)÷(Total Assets)
*Equity is computed as below:
Total Assets at the end of the period - Minority at the end of the period – Equity warrant at the end of the period
(Market Cap. to Book Total Assets) = (market capitalization) ÷(Book Total Assets)
(Years to redeem debts) = (Interest-bearing debts)÷(Net cash provided by operating activities)
(Interest Coverage Ratio) = (Net cash provided by operating activities) ÷(Interest paid)

(3) Basic Policy for Profit Distribution and Dividends for FY2015 and FY2016

ADK defines in its article of incorporation that the Board of Executive Directors is fully responsible for deciding a way of using the surplus by means of a dividend and such. The board determines a dividend amount based on a total shareholder return policy, that includes buy-back, of 50% of the current term's net income while making long-lasting stability by, in principle, setting the minimum dividend per share of ¥20. An interim dividend, in principle, should be ¥10 per share as it has been, and a final dividend should be the higher of ¥10 per share or an amount which would make the annual total return ratio satisfy the guideline of 50%.

In addition to that policy, the management positions shareholder value enhancement and cash return as high priority issues, and hence recognizes return of equity (ROE) is one of the key indices in the endeavor to improve shareholder value. ROE shall be improved through growth of existing business and investment in growing areas as well as capital efficiency improvement. During the period under review, we made a certain level of investment in growing sectors while at the same time continuing our efforts to streamline capital. As a result of all that, we generated surplus to pay back to our shareholders. The board therefore decided to pay a special dividend in addition to an ordinary dividend and repurchase of own shares based on the above-mentioned policy.

Pursuant to the policy and reasons described above, we paid an interim dividend of ¥10 per share. The company will pay a year-end dividend of ¥238 per share (an ordinary dividend of ¥23 and a special dividend of ¥215) after the board passes a resolution at the meeting scheduled to be on February 23, 2016. This means that the annual dividend per share will be ¥248.

In 2016, we also plan to pay an interim dividend of ¥10 per share, yet we are unable to forecast the amount of a year-end dividend. Please be advised that it is guaranteed ¥10 or over.

(4)Risks

This report may contain forward-looking statements based on ADK management's view and assumptions of future developments as of the date of such statements (February 12, 2016). The foregoing statements herein are inherently subject to risks, including, but not limited to, those shown below (under Tokyo Stock Exchange guidance), and uncertainties that could lead to material differences between such statements and actual outcomes. Therefore, ADK does not warrant any certainty and accuracy thereto. ADK also expressly disclaims any obligation to update or revise its forward-looking statements.

① Domestic Economy

In general, Japanese national advertising spending is directly influenced by corporate advertisers' budgets and, therefore, is closely correlated with nominal consumer spending and GDP. The Group generates much of its gross billings from the Japanese domestic market. In the event that the domestic economy deteriorates seriously, the ADK Group's performance and financial condition could be negatively affected.

② Response to Diversification and Digitalization of Media and Changing Consumers' Media Consumption

Advertising media continues to diversify with further penetration of new devices such as smartphones, and tablet-type PCs. At the same time, people's media consumption and behaviors are changing with the rapid diffusion of social networks. As a consequence of that, markets of traditional mass media, especially print media, are shrinking, whereas the Internet business has grown to be the largest medium second to television. Advertisers expect their advertising agencies to offer advanced solutions utilizing digital media, thereby allowing them to gather and analyze data of people's media consumption and purchasing behavior more effectively.

The traditional mass media remain an important income source for us, but we are now expanding our business domain by riding a wave of the Internet advertising market and taking agile responses to changes in advertising marketing methods such as consumer behaviors analysis and subsequent planning. However, if the Group fails to adapt to changes in the advertising media, its performance and financial condition could be adversely affected.

③ Risks Arising from Trading Customs

a) Relationship with Advertisers

In Japan, traditionally advertisers do not strictly require an exclusive relationship with their agencies, which may have business with competitors when planning and proposals are well accepted. However, there is no assurance that this practice will continue in the future. In the event that ADK fails to adapt to such changes in the advertising market, its performance and financial condition could be adversely affected. Furthermore, transactions with clients are made by individual project and there is no guarantee that the business will continue in the future.

Advertising companies in Japan do not always have documented contracts with media and clients, so as to maximize their flexibility to adapt to sudden changes. However, ADK works to ensure that it has written contracts with more media and more clients. When this is the rule, not the exception, the Company believes accountability by both parties will minimize disputes. Until that time, however, there remains the possibility of disputes with the media and clients.

An advertising agency buys media time or space and materials on behalf of its clients on its own account. By custom, an agency makes transactions with media companies at its own risk. Sometimes a purchase is made through another agency. Therefore, even if a client and/or such other agency defaults, the advertising company is still liable for the media and/or materials toward a media owner and/or a subcontracting production company.

b) Media Inventories

In Japan, advertising agencies seeking to nurture high-quality content or secure valuable advertising space sometimes purchase media inventories at fixed prices in advance. In such cases, the agency is obligated to pay advertising fees to the media company, regardless of the ultimate sales appeal of the inventories purchased. If the sales appeal is inadequate, this could have an adverse effect on the Group's performance and financial condition.

c) Credit Risks of Subcontractors

Advertising companies work hard to enhance the quality of products and services provided by its subcontractors. However, there are risks associated with a subcontractor's ability to fulfill an order or maintain its business as a going concern, and it is difficult to transfer such risks to the advertising client. Moreover, services offered by the advertising industry are delineated, so there are cases where the subcontractor may outsource work to a sub-subcontractor, or where another agency is included in the arrangement between the ADK Group, its subcontractors, and the media company. Given such multilayered arrangements, the Group may need to provide small and specialty subcontractors with financial backup. In international business, meanwhile, sometimes partial or full payment is required in advance as custom. In the event that a subcontractor is unable to stay in business until an order is fulfilled, or the subcontractor is unable to accept responsibility for losses related to defective products that do not fully satisfy the advertising client's scrutiny, the advertising agency may not be able to recover funds paid in advance, or may be obligated to accept responsibility for losses related to such defective products.

④ Competitive Risk

The ADK Group, as Japan's third-largest advertising group, competes against other large companies. Advertising clients select their products to spend their advertising budgets and tend to appoint a small number of agencies to reduce their costs. This further accelerates price competitiveness among agencies. Competition gets even more fierce by the integration of brands in the wake of clients' globalization and industry re-organization, leading to consolidation of procurement. In addition, competition is accelerated by the entry of foreign mega-agency groups into the Japanese market, as well as many new and rapidly growing entrants in the Internet and other nontraditional mass media advertising market. Non-industry players such as retailers and trading houses have entered into advertising market, in particular, non-mass media sectors, which will make tough competition even tougher.

In the event that ADK is unable to respond appropriately to client needs and changes in the advertising industry, and loses its competitiveness as a result, there is significant risk that its market share could decline and profits could deteriorate. This would have a serious impact on its performance and financial condition.

⑤ Risks Arising from Operations

a) Client Portfolio

To achieve business stability and growth, the ADK Group has for many years maintained relationships with numerous advertising clients in various industries, and will continue striving to make proposals that meet their needs. However, it is possible that the Group's client portfolio will change, and diversity across sectors will be inadequate. The parent company's largest 10 and 20 clients accounted for around 20% and 30%, respectively.

b) Relationship with the Media

The ADK Group buys and resells various media, including mass media and rapidly growing digital media, such as mobile and Internet. In fiscal 2015, the parent company (ADK) generated 67.9% of its gross billings by handling the four major mass media, as well as the Internet, digital advertising, and OOH media. Gross billings from television represented 48.1% of ADK's non-consolidated gross billings. ADK continues to strive to secure advertising time and/or space in these media. However, in the event of a decrease in advertising volume and/or changes in business terms and conditions and advertising methods, and/or the emergence of new advertising formats, and the ADK Group does not respond to these changes appropriately, there is a significant possibility that its performance and financial condition could be adversely affected.

c) Relationship with Subcontractors

Although the ADK Group carries out planning for advertising and sales promotion campaigns, the execution of these activities is mostly outsourced to qualified subcontractors. In the case of a change in trading relationships with these subcontracted companies, and in the event that ADK is unable to respond appropriately, this could have a negative impact on its performance and financial condition.

d) Securing & training proper persons and cost control

Advertising is a people business, and human talents are critical assets in the advertising industry. For this reason, the ADK Group works constantly to secure exceptional human resources, assign them to appropriate locations, train them so they can respond changing market environments agilely and facilitate smooth internal communications. A series of new laws were enacted in April 2013, including the revised Labor Contract Act, the revised Worker Dispatch Act, and the Law Concerning Stabilization of Employment of Older Persons. In response, the Group is now working on the current personnel policies to be compliance with them and also establishing a new employee training framework to match its new business policies. In the event that ADK is unable to secure and train its talented staff adequately, there could be a negative impact on its performance and financial condition. In addition, most of its staff costs are fixed costs and represent the largest portion of its selling, general and administrative expenses. On a consolidated basis, staff expenses represented as much as 60.5% of gross profit in fiscal 2015.

e) Overseas Operations

The ADK Group has been striving to develop overseas revenues. In fiscal 2015, the ADK Group generated 9.3% of its gross billings from overseas sources. In overseas markets, because of differences in culture, society, law, and commercial customs, a variety of problems may arise. In addition, both country risk and currency risk are inherent in conducting international business. In the event that the ADK Group is unable to expand its overseas operations as planned, its performance and financial condition could be significantly affected.

f) Content Business

The ADK Group has been successful in the animation content business, as well as in sports and cultural event marketing, which enables ADK to differentiate itself from competitors. ADK continues to develop new content under existing and new business models. However, the demography of Japan is aging and people's preferences and media consumption are changing. Accordingly, the content business is getting more complicated, and competition is becoming tougher. The typical amount of content development investment is increasing, volatility is growing, and the time to recoup investments is increasing. In sum, the content business is getting riskier but less profitable. There is no guarantee that this content or its derivatives will continue to succeed. Continued resale income from existing content is not guaranteed either. Accordingly, in the case that the ADK Group is not able to generate income as it expects, it could experience a significant impact on its performance and financial conditions.

g) Investment in Competitiveness

To enhance its competitiveness in the changing advertising market, ADK invests in the digital business domain. Moreover, ADK invests in data collection and R&D, which would be critical in offering cross-communications program ideas, and invests in IT to enhance operational efficiency. However, in the event that the ADK Group is unable to realize benefits from its investments as planned, its performance and financial condition could be significantly affected.

h) Management of Group Companies

The ADK Group consists of the parent company, 47 subsidiaries, 12 affiliates, and one related company, and operates in the advertising and publications businesses. Although the ADK Group strives hard to realize synergies among these companies, in the event that it is unable to do so as planned, its performance and financial condition could be affected.

i) Relationship with WPP plc

ADK has maintained strategic operating and equity ties with WPP plc since August 1998, holding a 2.41% equity stake in WPP (as of December 31, 2015). WPP is the largest shareowner of ADK, holding 24.50% of the voting rights. By way of operating alliances with WPP Group operating companies including JWT, ADK has formed joint ventures, collaborated in media buying and cultivating new advertisers. WPP plc has sent a non-executive director to the ADK's board.

Although ADK plans to continue and expand its capital and business alliance with WPP Group, in the event that the ADK Group is unable to realize the benefits from this relationship or if the relationship should negatively change in any way, there could be an impact on the ADK Group's performance and financial condition in the future.

The yen-translated market value of the equity stake in WPP was ¥87,450 million (at a stock price of £15.63 per share) as of the end of December 2015, compared with the acquisition cost factored in loss on valuation of investment securities of ¥22,262 million (at a stock price of £3.6517 per share under the lower-of-cost-or-market method), however, in the event of a major deterioration in the Group's sterling-based stock price, there is a possibility that ADK would have to account for valuation losses on this holding.

j) Marketable Securities and Investment Securities

The ADK Group's holdings of marketable and investment securities (including the aforementioned stake in WPP) totaled ¥101,516 million, representing 43.2% of its ¥235,205 million in total assets as of December 31, 2015. Of this amount, ¥97,346 million consisted of publicly traded equity securities, mostly the equity alliance with WPP plc and cross-shareholdings in advertising clients and other trading partners. The balance of unrealized gains on available-for-sale securities was ¥48,188 million after deducting deferred tax liabilities on such gains (compared with ¥40,118 million as of December 31, 2014). However, in the event of a major decline in the market prices of these holdings, ADK would be forced to account for valuation losses.

k) Retirement Benefits and Pension Plans

ADK and some of its Group companies adopt combinations of defined contribution and defined benefits pension plans, as well as lump-sum retirement allowances. In the event of deterioration in pension asset management performance, and a significant change in actuarial assumptions, the ADK Group could face a negative impact on its performance and financial condition.

l) Contingent Litigation Risks

The ADK Group cannot disregard the possibility of becoming involved in future lawsuits or disputes, either directly or indirectly, due to various circumstances. If the Group does become involved in a lawsuit or dispute, its business results and financial position could be affected depending on the nature, progress and outcome of said lawsuit or dispute.

m) Risk Related to Legal Restrictions, etc.

The advertising activities of an advertiser are subject to legal restrictions under various laws—such as the Act against Unjustifiable Premiums and Misleading Representation, the Copyright Act, the Trademark Act, Law for Ensuring the Quality, Efficacy, and Safety of Drugs and Medical Devices, and the Specified Commercial Transactions Law—as well as to various self-imposed restrictions regarding advertisement criteria defined by advertisement media such as newspaper and television companies, evaluation criteria, and so on. In the event that tightening or new establishment of such legal restrictions, or self-imposed control restrains the advertising activities of an advertiser or our client, this may sometimes influence business results and financial status of the Group.

In addition, although there are no laws or regulations specific to the advertising business itself or the Group's core competence, the accompanying businesses are subject to restrictions under various laws, such as the Construction Industry Act and the Security Services Act. The Group is also subject to the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, the Law on the Prevention of Delay in the Payment of Subcontracting Charges and Related Matters, the Law Concerning the Protection of Personal Information held by administrative organs, and other laws regulating business activities in general. Moreover, the Group is required to strictly observe the Internal Control Reporting System stipulated in the Financial Instruments and Exchange Act. Although we believe that none of the above can severely impact the Group at the time when this document is being prepared, in the event that we are unable to appropriately respond to changes in these legal restrictions in the future, such inability could affect the business results and financial status of the Group, such as an increase in expenses required to cope with the situation.

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2. Status quo of the corporate group

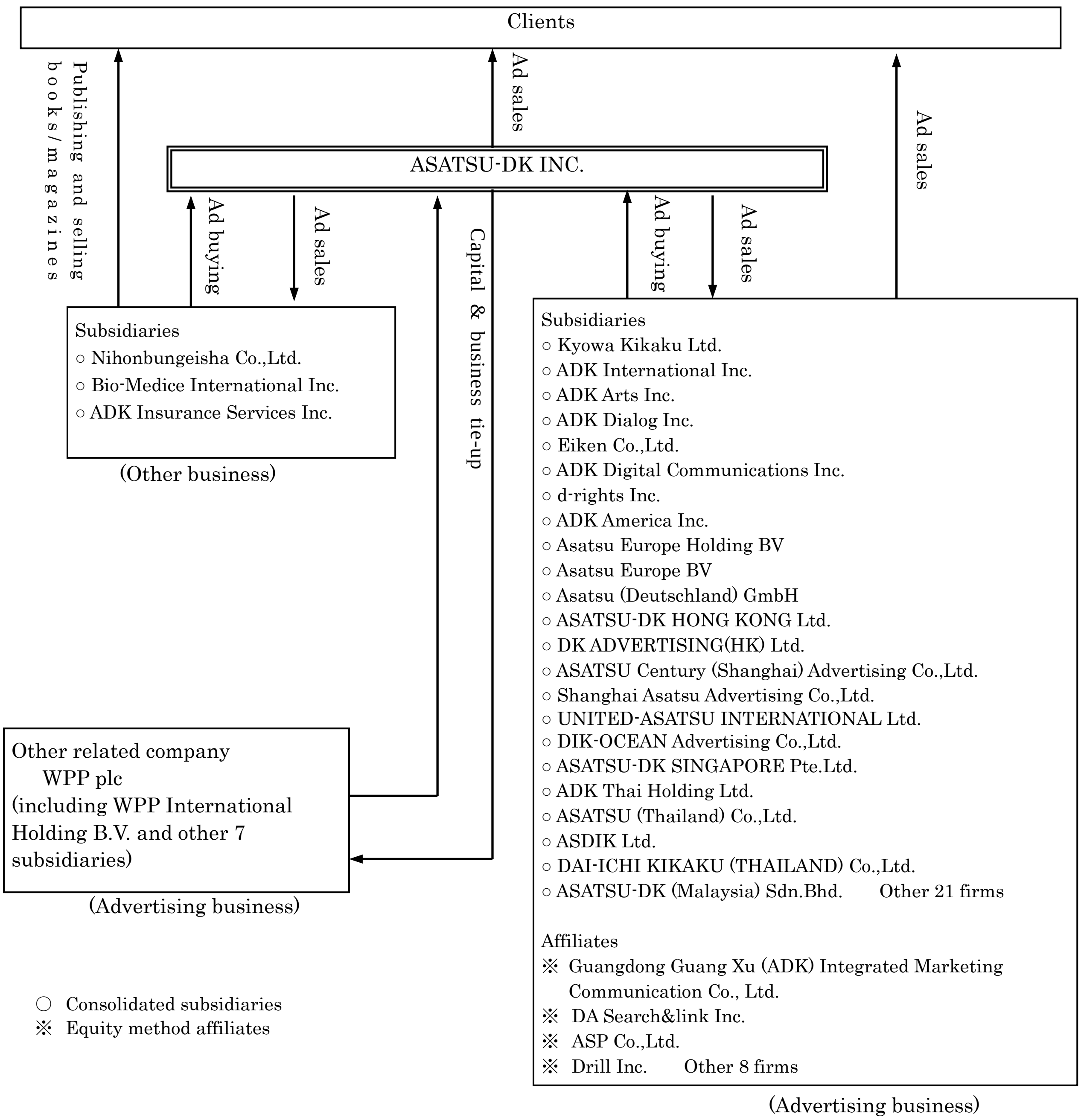
The ADK Group consists of ADK-Tokyo, 47 subsidiaries, 12 affiliates and one related company (including their subsidiaries. The same shall apply hereafter). The major businesses are (1) planning and buying of advertising in such media as magazine, newspaper, TV, radio, digital and OOH, (2) planning and creating advertising expressions and content, (3) offering all advertising-related services such as sales promotion, marketing, public relations. It is also engaged in publishing and selling magazines and books as other business.

The Group companies are engaged in advertising business and other business as below:

ADK-Tokyo, 44 subsidiaries, 12 affiliates and other related company are engaged in advertising business.

Nihon Bungeisha. ADK's subsidiary, and other two subsidiaries are engaged in other business.

The following illustrates how the Group is built from:



3. Management Policies

(1) Basic Policy on Management

The mission of the ADK Group is to contribute to the business performances of its advertising clients by constantly offering optimal solutions through integration of both internal and external expertise and functions. In these efforts, we follow our "Management by All" philosophy, which has been in place since the Company's foundation.

Communications environments, including advertising, are changing dramatically due to such factors as rapid development of digital technology and the spread of social media. In this context, the ADK Group will monitor the ever-changing media interaction and purchasing patterns of consumers, and following changes in the needs of advertisers. Specifically, we will provide our clients with solutions and programs with a strong emphasis on return on investment (ROI) aimed at maximizing the effectiveness of advertisers' communications investments. This will entail integrating the various media surrounding consumers' touchpoints, including mass media, mass personal media—such as Internet and mobile—and out-of-home (OOH) media, including in-store media. In addition, we will strengthen our focus on overseas markets earmarked for growth and on expanding our content businesses.

The ADK Group will strengthen collaboration among its member companies and increase corporate value through sustainable growth suited to the changing business environment. At the same time, we will emphasize shareholder value by enhancing capital efficiency while preserving financial soundness and stability. Our aim is to ensure proper returns to shareholders while striking a good balance among all stakeholders.

In addition, we will strive to enhance internal control and otherwise strengthen our corporate structure.

(2) Medium-Term Business Plan

In light of growth prospects for the Japanese economy and the advertising market, as well as changing communication environments and evolution of the global economy, in August 2013 the ADK Group announced its new medium-term business plan. The plan focuses on strategies to lead the company to transform into the "Consumer Activation Company".

The advertising market, as previously described, has been undergoing the structural shifts for the past several years while clients increasingly demand cost-effectiveness in advertisements. Facing these harsh conditions, the ADK Group is determined to expand business domains and diversify profit sources. To complete its ambition, first of all, the Group places "Consumer Activation (CA)" in the center of its growth strategy, that plays a vital role to help resolve clients' challenges and spur their sales by providing in-house developed marketing measures to inspire consumers to take actions. To help clients achieve their marketing objectives, we facilitates investment initiatives revolving around content business and promote innovative businesses, working collaboratively with media and client companies without minimizing conventional business activities.

The business term ending December 2016 is the final year set in the mid-term business plan which includes the target of consolidated operating income of ¥7.0 billion as the most important numerical indicator. To hit the declared target, ADK pressed forward with the reform to improve income strength and CA business foundation. As a result of that, it grew consolidated operating income to ¥4.9 billion in the period ended December 2015 from ¥1.3 billion in 2013. Yet, we are high on the road to shifting to CA business and developing services to generate added values. It is required further investment and time in human asset development, knowledge development, infrastructure improvement, etc. Thus the consolidated operating income of ¥7.0 billion is assumed to be achieved in the next term or later.

To realize "VISION 2020", released alongside the mid-term business plan, ADK aims at growing consolidated operating income at around 10% annually on an organic growth basis. We also continue its efforts on improving income strength while investing in human resources and business opportunities to enhance its competitiveness and develop business/services, taking a brave attitude for successfully shifting to CA business.

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(3) Management Indices

The ADK Group has been working hard to achieve the following management targets. The achievement of the last four years is as follows:

FY	FY2012	FY2013	FY2014	FY2015	FY2016 (Original target)
Consolidated Operating Income	3,175 million	1,383 million	4,097 million	4,901 Million	5,400 million (7,000 million)
Consolidated Gross Profit Growth	0.7%	(2.3%)	7.7%	0.5%	10.8% (15.0% (2013-2016))
Consolidated Operating Margin(*)	6.9%	3.1%	8.4%	10.0%	10.8% (13.0% over)

* (Operating Margin) = (Operating Income) ÷ (Gross Profit)

In fiscal 2015, operating margin was 10.0% and operating income was ¥4,901 million on a consolidated basis, exceeding the original forecasts released in February 2015.

ADK-Tokyo saw a 5.0% drop in gross profit as a consequence of lower gross profit ratio of TV, Marketing and Promotion. Further efforts to control selling and general administrative expenses fell short of ensuring operating profit, resulted in a 4.7% drop. While ordinary income saw a sharp increase of 86.8 % due to dividends paid by domestic and overseas consolidated subsidiaries.

Consolidated subsidiaries at home and abroad made a 12.7% growth in gross profit, pushing consolidated gross profit up albeit marginally while consolidated operating margin increased 19.6%. The ADK group continues to enhance operational efficiency further through carrying out measures included in the business plan in a steady and agile manner.

Consolidated EPS and ROE

FY	FY2012	FY2013	FY2014	FY2015
EPS(Yen)	65.83	81.79	88.32	127.72
ROE(%)	2.7	2.9	2.8	4.2

(4) Medium- and Long-Term Business Strategies; Issues to be Addressed

The domestic advertising market, which centers on traditional mass media, has already matured. Here, advertisers are demanding sophisticated, ROI-driven communications programs that reflect the changing media interaction and purchasing patterns of consumers, caused by the advancement of digital media and the emergence of high-performance digital devices.

While the domestic market has matured and little hope to expand significantly with a lower birth rate in an rapidly-aging society, overseas markets are growing with more needs from advertisers with a look at the Southeast markets where a solid growth is expected. Yet, smoldering concerns over weakening domestic demand in China and potential inflation in the ASEAN need to be watched.

Given such rapidly changing business conditions, the ADK Group will address its difficult business environment by concentrating on the following themes. To achieve our ambition, the evolution into "Consumer Activation Company" as the core of the growth strategy, that will allow us to contribute to advertisers' business results by providing them with in-house developed marketing tools to inspire customers to take actions, will be the key.

① Develop and establish Consumer Activation Business (hereinafter called CAB)

To realize "VISION 2020", we are promoting CAB as a marketing support arm to resolve clients' challenges.

Axival Inc., launched in May 2014 as a joint business of Intage Inc. and ADK, is working on infrastructure development by building "3-D Database", combining with ADK's unique consumer attitude data, Intage-owned purchase behavior and media contact information.

We set the KPI that are closely linked to activating consumers. We are optimizing advertising budget, developing a planning method to create channels & campaign plans to fully achieve the KPI, and reinforcing our ability to implement "online & offline combined" campaigns.

We are extending our cooperation with specialty firms to further diversify our services, exploiting digital technology. To name but a few; "Noiman", a co-project with 1-10 design, Inc. which specializes in developing progressing ideas fused with technology and creative, "textus", another joint project with adflex communications, inc. which offers a new type of O2O communication in the field of the direct marketing. "Sticki", a global network which offers optimal solutions in the field of video marketing, has also been added to the list. Leveraging all these assets, we are further promoting CAB business which help resolve clients' challenges and provide "solutions directly tied to their results".

② **Expand Content Business**

The animation content business has been a traditional strength of the ADK Group and made a good track record. We have developed new products and proactively evolved businesses in multiple scenes. It has contributed to our profit immensely through producing and investing in television programs and movies, organizing events and musicals, using characters in sales promotions.

We are now proactively expanding know-hows and business models we have developed at home to overseas, taking on a challenge to cultivate and build new markets. In November 2014, ADK co-founded Anime Consortium Japan, Inc. that distributes officially-qualified Japanese animation content to overseas markets and operates an e-commerce site to sell anime-related goods. In February 2015, we acquired shares in d-rights, inc. that has an important advantage over producing content and strong overseas networks.

We continue to step up our efforts to grow the business in the fields of broadcasting, distribution and merchandising as well as developing and acquiring new intellectual properties (IPs) both at home and abroad to enhance the presence of ADK content business.

③ **Global strategy**

The Group made a bold structural reform in January this year to steadily expand its international business. We are departing from the traditional business model which applies the Japanese way to outbound global businesses, and rebuilding the structure and operation, and hiring international-mind people to become a multi-national network agency. We are now more actively engaged in developing solutions in the fields of activation and digital in a way to directly help our clients drive their sales of products and services, integrating and reinforcing creative and planning capabilities across the board, and also making strategic investment in important nations and regions.

④ **Enhance profitability further**

In 2014, we introduced an inter-company transaction system with the aim of enhancing profitability, which helped us reap some benefit in a form of a gross profit improvement. In 2015, however, we experienced a decline in gross profit ratio in consequence of a drop in individual promotion businesses and media transaction. Thus we will reshape and improve the system this year to enhance profitability while drastically changing the organization structure with the five business units under the sector layer and profit management system by sector. Each sector is responsible for creating added values and profit management, with the aim of generating larger profit as the entire group.

⑤ **Personnel Training**

Recognizing that human resources are the most valuable assets of all for the Group, we hire right persons and give them right training so that they will be capable of tackling management challenges. We will optimize staff deployment across the Group to inject talent into growth opportunities more flexibly.

⑥ **Reinforce the Group management**

The ADK Group will further reinforce cooperation and collaboration among group companies, promoting in-house production and moving the existing operational base to a common architecture, aiming to enhance profitability. We will also extend functions and develop the business through tie-ups and M&A.

In addition to the aforementioned initiatives, the ADK Group will strive to secure stable growth by promoting risk management policies including facilitating information security, internal structure in relation to compliances and internal control related to financial reporting. Furthermore, we will drive forward with an understanding of corporate social responsibility such as environment protection.

(5) Other Important Business Issues

Not applicable.

4. Basic principle in terms of a choice of an accounting standards

The ADK Group applies Japanese accounting standards in consideration of comparability of financial statements over time and such. We may introduce the International Financial Reporting Standards after exploring an approximately timing in the light of various situations at home and abroad.

Performance forecasts and other future-oriented statements contained in this report reflect the views of ADK management based on information available at the time of the report's release, and thus include inherent risks and uncertainties. Due to various changing factors, therefore, actual results may differ significantly from future predictions.

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5. Consolidated Financial Statements

(1) Consolidated Balance Sheets (Unaudited and before reclassifications and rearrangements)

(Millions of yen)

	December 31, 2014	December 31, 2015
Assets		
Current assets		
Cash and deposits	32,738	25,790
Notes and accounts receivable-trade	87,112	84,326
Short-term investment securities	7,534	2,172
Inventories	8,088	7,048
Deferred tax assets	976	568
Other	1,443	2,033
Allowance for doubtful accounts	(687)	(568)
Total current assets	137,205	121,370
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	4,255	4,299
Accumulated depreciation	(1,664)	(1,720)
Buildings and structures, net	2,591	2,579
Land	1,011	1,004
Other	3,549	3,509
Accumulated depreciation	(2,313)	(2,294)
Other, net	1,236	1,215
Total property, plant and equipment	4,839	4,800
Intangible assets		
Software	1,642	1,536
Other	29	650
Total intangible assets	1,672	2,186
Investments and other assets		
Investment securities	93,185	101,516
Long-term loans receivable	73	54
Net defined benefit asset	—	697
Deferred tax assets	448	246
Other	6,649	5,151
Allowance for doubtful accounts	(756)	(819)
Total investments and other assets	99,601	106,847
Total noncurrent assets	106,112	113,834
Total assets	243,317	235,205

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(Millions of yen)

	December 31, 2014	December 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	71,574	74,130
Short-term loans payable	46	96
Current portion of long-term loans payable	82	–
Income taxes payable	1,561	1,269
Provision for bonuses	1,013	355
Provision for directors' bonuses	3	4
Provision for sales returns	493	471
Other	9,078	8,228
Total current liabilities	83,853	84,556
Noncurrent liabilities		
Deferred tax liabilities	21,578	22,966
Provision for directors' retirement benefits	74	42
Net defined benefit liability	1,605	935
Other	1,206	1,215
Total noncurrent liabilities	24,464	25,160
Total liabilities	108,317	109,716
Net assets		
Shareholders' equity		
Capital stock	37,581	37,581
Capital surplus	11,982	11,982
Retained earnings	42,265	24,336
Treasury stock	(569)	(210)
Total shareholders' equity	91,260	73,690
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	40,118	48,188
Deferred gains or losses on hedges	5	(0)
Foreign currency translation adjustment	2,819	1,859
Remeasurements of defined benefit plans	(20)	266
Total accumulated other comprehensive income	42,923	50,314
Subscription rights to shares	40	23
Minority interests	775	1,461
Total net assets	134,999	125,488
Total liabilities and net assets	243,317	235,205

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(2) Consolidated Income Statements and Consolidated Comprehensive Income Statements

Consolidated Income Statements (Unaudited and before reclassifications and rearrangements)

(Millions of yen)

	Year Ended December 31, 2014 (From January 1 to December 31, 2014)	Year Ended December 31, 2015 (From January 1 to December 31, 2015)
Gross billings	352,984	351,956
Cost of sales	304,416	303,131
Gross profit	48,568	48,824
Selling, general and administrative expenses		
Salaries and allowances	22,916	23,353
Provision for bonuses	918	333
Retirement benefit expenses	2,062	1,649
Provision for directors' retirement benefits	18	2
Provision for directors' bonuses	—	4
Welfare expenses	3,427	3,637
Rent expenses	3,467	3,103
Provision of allowance for doubtful accounts	184	279
Depreciation	692	814
Other	10,782	10,744
Total selling, general and administrative expenses	44,470	43,923
Operating income	4,097	4,901
Non-operating income		
Interest income	261	207
Dividends income	2,156	2,704
Equity in earnings of affiliates	220	292
Dividends income of life insurance	107	17
Real estate rent	54	81
Other	555	595
Total non-operating income	3,355	3,898
Non-operating expenses		
Interest expenses	8	31
Loss on sales of securities	—	24
Provision of allowance for doubtful accounts	22	2
Expenses of real estate rent	28	35
Loss on insurance cancellation	40	59
Other	101	56
Total non-operating expenses	201	209
Ordinary income	7,251	8,590

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(Millions of Yen)

	Year Ended December 31, 2014 (From January 1 to December 31, 2014)	Year Ended December 31, 2015 (From January 1 to December 31, 2015)
Extraordinary income		
Gain on sales of non-current assets	13	64
Gain on liquidation of subsidiaries and associates	–	146
Gain on sales of investment securities	1,222	1,077
Reversal of allowance for doubtful accounts	8	1
Other	39	2
Total extraordinary income	1,284	1,293
Extraordinary loss		
Loss on sales of non-current assets	0	2
Loss on retirement of non-current assets	142	16
Loss on valuation of investment securities	78	51
Special retirement expenses	535	285
Loss on liquidation of business	–	128
Office transfer expenses	1,080	117
Other	266	91
Total extraordinary losses	2,102	695
Income before income taxes	6,433	9,189
Income taxes-current	2,669	2,861
Income taxes-deferred	(69)	718
Total income taxes	2,599	3,579
Income before minority interests	3,833	5,609
Minority interests in income	137	246
Net income	3,696	5,362

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Consolidated Comprehensive Income Statements (Unaudited and before reclassifications and rearrangements)
Year Ended December 31, 2015

(Millions of Yen)

	Year Ended December 31, 2014 (From January 1 to December 31, 2014)	Year Ended December 31, 2015 (From January 1 to December 31, 2015)
Income before minority interests	3,833	5,609
Other comprehensive income		
Valuation difference on available-for-sale securities	4,975	8,069
Deferred gains or losses on hedges	4	(6)
Foreign currency translation adjustment	1,361	(1,002)
Remeasurements of defined benefit plans, net of tax	—	287
Share of other comprehensive income of entities accounted for using equity method	13	(6)
Total other comprehensive income	6,355	7,341
Comprehensive income	10,189	12,950
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	9,982	12,752
Comprehensive income attributable to minority interests	206	198

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(3) Consolidated Statements of Changes in Net Assets (Unaudited and before reclassifications and rearrangements)
Year Ended December 31, 2014

	SHAREHOLDERS' EQUITY				
	Common stock	Capital surplus	Retained earnings	Treasury stock-at cost	Total shareholders ' equity
Balance as of January 1,2014	37,581	11,982	44,303	(651)	93,216
Cumulative effects of changes in accounting policies					
Balance as of January 1,2014, reflecting changes in accounting policies	37,581	11,982	44,303	(651)	93,216
Changes during the consolidated fiscal year					
Dividend payments			(5,932)		(5,932)
Net income			3,696		3,696
Change of scope of consolidation			154		154
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares		0		87	87
Other			43		43
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	(2,037)	81	(1,956)
Balance as of December 31,2014	37,581	11,982	42,265	(569)	91,260

	ACCUMULATED OTHER COMPREHENSIVE INCOME					SUBSCRIPTION RIGHTS TO SHARES	MINORITY INTERESTS	TOTAL NET ASSETS
	Unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total			
Balance as of January 1,2014	35,142	1	1,513	—	36,657	21	1,077	130,972
Cumulative effects of changes in accounting policies								
Balance as of January 1,2014, reflecting changes in accounting policies	35,142	1	1,513	—	36,657	21	1,077	130,972
Changes during the consolidated fiscal year								
Dividend payments								(5,932)
Net income								3,696
Change of scope of consolidation								154
Purchase of treasury shares								(6)
Disposal of treasury shares								87
Other								43
Net changes of items other than shareholders' equity	4,975	4	1,306	(20)	6,266	19	(302)	5,982
Total changes of items during period	4,975	4	1,306	(20)	6,266	19	(302)	4,026
Balance as of December 31,2014	40,118	5	2,819	(20)	42,923	40	775	134,999

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Year Ended December 31, 2015

	SHAREHOLDERS' EQUITY				
	Common stock	Capital surplus	Retained earnings	Treasury stock-at cost	Total shareholders ' equity
Balance as of January 1,2015	37,581	11,982	42,265	(569)	91,260
Cumulative effects of changes in accounting policies			678		678
Balance as of January 1,2015, reflecting changes in accounting policies	37,581	11,982	42,944	(569)	91,939
Changes during the consolidated fiscal year					
Dividend payments			(24,024)		(24,024)
Net income			5,362		5,362
Change of scope of consolidation			62		62
Purchase of treasury shares				(7)	(7)
Disposal of treasury shares		0		366	366
Other			(7)		(7)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	(18,607)	358	(18,248)
Balance as of December 31,2015	37,581	11,982	24,336	(210)	73,690

	ACCUMULATED OTHER COMPREHENSIVE INCOME					SUBSCRIPTION RIGHTS TO SHARES	MINORITY INTERESTS	TOTAL NET ASSETS
	Unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total			
Balance as of January 1,2015	40,118	5	2,819	(20)	42,923	40	775	134,999
Cumulative effects of changes in accounting policies								678
Balance as of January 1,2015, reflecting changes in accounting policies	40,118	5	2,819	(20)	42,923	40	775	135,678
Changes during the consolidated fiscal year								
Dividend payments								(24,024)
Net income								5,362
Change of scope of consolidation								62
Purchase of treasury shares								(7)
Disposal of treasury shares								366
Other								(7)
Net changes of items other than shareholders' equity	8,069	(6)	(960)	287	7,390	(17)	686	8,059
Total changes of items during period	8,069	(6)	(960)	287	7,390	(17)	686	(10,189)
Balance as of December 31,2015	48,188	(0)	1,859	266	50,314	23	1,461	125,488

The English translation is for reference purpose only. If there is any discrepancy between this English translation and the Japanese original version, the Japanese original version shall prevail.

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year Ended December 31, 2014 (From January 1 to December 31, 2014)	Year Ended December 31, 2015 (From January 1 to December 31, 2015)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	6,433	9,189
Depreciation and amortization	1,384	1,544
Loss (gain) on valuation of investment securities	78	51
Increase (decrease) in allowance for doubtful accounts	142	282
Increase (decrease) in provision for bonuses	581	(655)
Increase (decrease) in provision for directors' bonuses	3	1
Increase (decrease) in provision for sales returns	4	(22)
Increase (decrease) in provision for retirement benefits	–	28
Increase (decrease) in net defined benefit liability	283	4
Increase (decrease) in provision for directors' retirement benefits	(365)	(9)
Interest and dividends income	(2,417)	(2,911)
Interest expenses	8	31
Foreign exchange losses (gains)	(4)	(43)
Equity in (earnings) losses of affiliates	(220)	(292)
Loss (gain) on sales of investment securities	(1,220)	(1,077)
Loss (gain) on sales and retirement of non-current assets	129	(44)
Decrease (increase) in notes and accounts receivable-trade	(5,081)	2,046
Decrease (increase) in inventories	533	927
Increase (decrease) in notes and accounts payable-trade	4,849	1,870
Loss (gain) on liquidation of subsidiaries and associates	–	(146)
Decrease (increase) in accounts receivable-other	90	(47)
Increase (decrease) in accounts payable-other	763	321
Special retirement expenses	535	285
Loss on liquidation of business	–	128
Office transfer expenses	1,080	117
Other, net	2,881	(1,066)
Subtotal	10,474	10,511
Interest and dividends income received	2,427	2,955
Interest expenses paid	(8)	(30)
Payments for extra retirement payments	(478)	(94)
Payments for office transfer expenses	(1,080)	(81)
Income taxes (paid) refund	(3,164)	(3,028)
Other	–	(39)
Net cash provided by (used in) operating activities	8,169	10,192

(Millions of yen)

	Year Ended December 31, 2014 (From January 1 to December 31, 2014)	Year Ended December 31, 2015 (From January 1 to December 31, 2015)
Net cash provided by (used in) investing activities		
Payments into time deposits	(9,173)	(3,668)
Proceeds from withdrawal of time deposits	9,161	6,658
Purchase of property, plant and equipment	(2,049)	(673)
Proceeds from sales of property, plant and equipment	38	79
Purchase of intangible assets	(374)	(499)
Purchase of investment securities	(1,660)	(70)
Proceeds from sales of investment securities	1,745	1,833
Proceeds from liquidation of subsidiaries and associates	–	412
Payments of loans receivable	(91)	(127)
Collection of loans receivable	103	136
Decrease (increase) in insurance funds	141	194
Payments for guarantee deposits	(318)	(364)
Proceeds from collection of guarantee deposits	2,654	1,496
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(276)
Other, net	(353)	(83)
Net cash provided by (used in) investing activities	(177)	5,046
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	4	53
Repayment of long-term loans payable	(164)	(82)
Net decrease (increase) in treasury stock	(367)	358
Cash dividends paid	(5,816)	(23,909)
Cash dividends paid to minority shareholders	(109)	(42)
Other, net	(187)	(182)
Net cash provided by (used in) financing activities	(6,640)	(23,803)
Effect of exchange rate change on cash and cash equivalents	846	(651)
Net increase (decrease) in cash and cash equivalents	2,197	(9,214)
Cash and cash equivalents, beginning of the period	32,410	35,082
Increase in cash and cash equivalents from newly consolidated subsidiary	502	56
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(28)	–
Cash and cash equivalents, end of the period	35,082	25,924

(5) Notes to Consolidated Financial Statements, Segment Information

(Items related to going concern assumption)

Not Applicable.

(Change in accounting policy)

Effective from the first quarter of the fiscal year ending December 31, 2015, the Group has adopted Article 35 of the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 of May 17, 2012; the "Accounting Standard for Retirement Benefits") and Article 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of March 26, 2015; the "Guidance on Retirement Benefits"). Therefore, the Group has changed the calculation methods for retirement benefit obligations and current service costs, and has changed the method of attributing estimated retirement benefits to periods from the straight-line basis to the benefit formula basis. In addition, the Group has changed the method of determining the discount rate from using the bond rate determined by reference to the terms closely related to average remaining working lives of the employees, to using a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

With regard to the application of the Accounting Standard for Retirement Benefits, in accordance with the transitional accounting treatments as stated in Article 37 of the Accounting Standard for Retirement Benefits, the Group has reflected the effect of changing the determination of retirement benefit obligations and current service costs in retained earnings at the beginning of the FY 2015.

As a result, net defined benefit asset has increased by ¥423 million and net defined benefit liability has decreased by ¥631 million for the beginning of the FY 2015, while retained earnings have increased by ¥678 million. Operating income, ordinary income and income before income taxes and minority interests have had minimal impact for FY 2015.

(Segment Information, etc.)

【Segment Information】

1. Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is performed in order to decide how resources are allocated among the Group. Therefore, the Group's reportable segments are "Advertising" and "Other business."

The Group's advertising segment covers various advertising activities that include planning and execution of advertisements in various media such as magazines, newspapers, TV, radio, digital media, and OOH media. The advertising activities also include planning and production for ad expressions and content, and service activities such as sales promotion, marketing, and public relations. The Group's other business segment includes publication and sales of magazines and books.

2. Methods of Measurement for the Amounts of Sales, Profit (Loss), Assets, and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with the principle and procedures of accounting processing to generate consolidated financial statements.

Segment profit (loss) is based on operating income of the consolidated statements of income and comprehensive income.

The pricing of inter segment sales or transfers is on an arm's length basis.

3. Information related to the amounts of gross billings, profit (loss), assets (liabilities) and other items by reporting segment

Year Ended December 31, 2014 (Millions of Yen)

	Reportable segments			Adjustment (*Note1)	Amount on Consolidated Income Statements (*Note2)
	Advertising	Non-advertising	Total		
GROSS BILLINGS					
Billings to customers	348,273	4,710	352,984	―	352,984
Inter-segment billings	27	52	80	(80)	―
Total billings	348,301	4,763	353,064	(80)	352,984
Segment income (loss)	4,465	(368)	4,097	0	4,097
Segment assets	237,959	6,533	244,492	(1,175)	243,317
Other:					
Depreciation/amortization(*Note3)	1,345	38	1,384	―	1,384
Investment for entities accounted for using equity method	847	―	847	―	847
Increase in property, plant and equipment and intangible assets	2,487	17	2,505	―	2,505

(Notes) 1 The details of the adjustments are as follows.
(1) Adjustment of segment income (loss) is mainly due to the deduction of the transaction between the segments and unrealized income.
(2) Adjustment to segment assets consist of elimination for inter-segment transactions.
2 Segment income (loss) has been adjusted to equal the operating income on the consolidated income statements.
3 Depreciation/amortization includes amortization of software capitalized on the balance sheets.

Year Ended December 31, 2015 (Millions of Yen)

	Reportable segments			Adjustment (*Note1)	Amount on Consolidated Income Statements (*Note2)
	Advertising	Non-advertising	Total		
GROSS BILLINGS					
Billings to customers	347,522	4,433	351,956	―	351,956
Inter-segment billings	21	132	153	(153)	―
Total billings	347,544	4,566	352,110	(153)	351,956
Segment income (loss)	5,018	(118)	4,899	1	4,901
Segment assets	230,226	6,141	236,367	(1,162)	235,205
Other:					
Depreciation/amortization(*Note3)	1,508	35	1,544	―	1,544
Investment for entities accounted for using equity method	1,110	―	1,110	―	1,110
Increase in property, plant and equipment and intangible assets	1,208	15	1,223	―	1,223

(Notes) 1 The details of the adjustments are as follows.
(1) Adjustment of segment income (loss) is mainly due to the deduction of the transaction between the segments and unrealized income.
(2) Adjustment to segment assets consist of elimination for inter-segment transactions.
2 Segment income (loss) has been adjusted to equal the operating income on the consolidated income statements.
3 Depreciation/amortization includes amortization of software capitalized on the balance sheets.

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(Per share information)

	Fiscal year ended December 31, 2014	Fiscal year ended December 31, 2015
Net assets per share (yen)	3,204.87	2,947.40
Basic earnings per share (yen)	88.32	127.72
Diluted earnings per share (yen)	88.22	127.63

(Notes) 1 The basis for the calculation of net income per share and diluted net income per share are as follows.

Item	Fiscal year ended December 31, 2014	Fiscal year ended December 31, 2015
Basic earnings per share (yen)		
Net income (¥ millions)	3,696	5,362
Amounts not attributable to common stockholders (¥ millions)	—	—
Net income related to common shares (¥ millions)	3,696	5,362
Average number of common shares during term (shares)	41,848,271	41,982,754
Diluted earnings per share (yen)		
Increase in number of shares (shares)	47,977	28,541
(Subscription rights) (shares)	(47,977)	(28,541)
Outline of dilutive shares that were not included in the calculation of "diluted earnings per share" because they do not have dilutive effect.	—	

The Company has introduced an Employee Stock Ownership Plan (ESOP) Trust and the shares of the Company held in the ESOP Trust Account are recorded as treasury stock in the consolidated financial statements. Accordingly, in calculating basic net income per share and diluted net income per share the number of these shares is included in treasury stock for the calculation of "average number of common shares during term."

2 Basis for calculating net assets per share is as follows.

Item	December 31, 2014	December 31, 2015
Total net assets (¥ millions)	134,999	125,488
Amounts excluded from net assets (¥ millions)	815	1,484
(Subscription rights) (¥ millions)	(40)	(23)
(Minority interests) (¥ millions)	(775)	(1,461)
Net income as of fiscal year-end related to common shares (¥ millions)	134,184	124,004
Common shares as of fiscal year-end used to calculate net assets per share	41,868,824	42,072,477

The Company has introduced an ESOP Trust and the shares of the Company held in the ESOP Trust Account are recorded as treasury stock in the consolidated financial statements. Accordingly, in calculating net assets per share the number of these shares is included in treasury stock for the calculation of "common shares as of fiscal year-end."

3. As described in "Change in Accounting Policy", the Group applies the Accounting Standard for Retirement Benefits, etc., and practices the transitional accounting treatments as stated in Article 37 of the Accounting Standard for Retirement Benefits. As a result, net asset per share in the period ended December 2015 was up ¥16.13. It had minimal impact on net income per share and diluted net income per share for FY2015.

(Material Subsequent Events)

Not Applicable.

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6. Non-consolidated Financial Statements
(1) Non-consolidated Balance sheets

(Millions of yen)

	December 31, 2014	December 31, 2015
Assets		
Current assets		
Cash and deposits	16,606	14,683
Notes receivable-trade	6,219	4,697
Accounts receivable-trade	69,853	69,724
Short-term investment securities	7,026	—
Inventories	5,515	4,591
Deferred tax assets	734	356
Accounts receivable-other	157	3,137
Other	757	1,205
Allowance for doubtful accounts	(571)	(440)
Total current assets	106,299	97,955
Noncurrent assets		
Property, plant and equipment		
Buildings	1,677	1,738
Vehicles	21	22
Tools, furniture and fixtures	477	538
Land	321	314
Lease assets	52	6
Total property, plant and equipment	2,550	2,620
Intangible assets		
Leasehold right	1	1
Software	1,515	1,424
Other	0	0
Total intangible assets	1,517	1,426
Investments and other assets		
Investment securities	11,868	11,294
Stocks of subsidiaries and affiliates	87,579	97,500
Investments in capital of subsidiaries and affiliates	1,099	858
Long-term loans receivable from subsidiaries and affiliates	52	—
Claims provable in bankruptcy, claims provable in rehabilitation and other	105	171
Guarantee deposits	1,747	557
Prepaid pension cost	—	282
Other	2,191	1,991
Allowance for doubtful accounts	(580)	(642)
Total investments and other assets	104,061	112,013
Total noncurrent assets	108,130	116,061
Total assets	214,429	214,017

(Millions of yen)

	December 31, 2014	December 31, 2015
Liabilities		
Current liabilities		
Notes payable-trade	9,051	8,950
Accounts payable-trade	56,168	59,572
Current portion of long-term loans payable	82	―
Accounts payable-other	2,912	3,547
Income taxes payable	1,330	893
Provision for bonuses	682	―
Deposits received	3,669	4,157
Other	1,251	2,493
Total current liabilities	75,148	79,614
Noncurrent liabilities		
Lease obligations	4	4
Deferred tax liabilities	21,582	22,757
Provision for retirement benefits	631	―
Other	645	627
Total noncurrent liabilities	22,864	23,389
Total liabilities	98,012	103,004
Net assets		
Shareholders' equity		
Capital stock	37,581	37,581
Capital surplus		
Legal capital surplus	7,839	7,839
Other capital surplus	4,143	4,143
Total capital surpluses	11,982	11,982
Retained earnings		
Legal retained earnings	1,555	1,555
Other retained earnings		
General reserve	22,019	1,519
Retained earnings brought forward	3,770	10,502
Total retained earnings	27,345	13,577
Treasury stock	(569)	(210)
Total shareholders' equity	76,340	62,931
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	40,030	48,059
Deferred gains or losses on hedges	5	(0)
Total valuation and translation adjustments	40,035	48,058
Subscription rights to shares	40	23
Total net assets	116,416	111,013
Total liabilities and net assets	214,429	214,017

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(2) Non-consolidated Income Statements

(Millions of yen)

	Year Ended December 31, 2014	Year Ended December 31, 2015
Gross billings	306,718	306,801
Cost of sales	272,055	273,875
Gross profit	34,662	32,925
Selling, general and administrative expenses		
Salaries and allowances	15,456	15,074
Provision for bonuses	682	−
Retirement benefit expenses	1,685	1,388
Provision of allowance for doubtful accounts	197	267
Depreciation	391	442
Computer expenses	1,740	1,942
Other	11,378	10,826
Total selling, general and administrative expenses	31,531	29,942
Operating income	3,130	2,983
Non-operating income		
Interest income	33	21
Interest on securities	5	1
Dividends income	2,495	7,829
Foreign exchange gains	160	125
Other	268	330
Total non-operating income	2,964	8,307
Non-operating expenses		
Interest expenses	5	33
Rent expenses on real estates	9	12
Loss on investments in partnership	58	11
Other	71	120
Total non-operating expenses	145	178
Ordinary income	5,950	11,112
Extraordinary income		
Gain on liquidation of subsidiaries and associates	−	146
Gain on sales of investment securities	1,043	1,008
Gain on sales of subsidiaries and affiliates' stocks	302	24
Other	51	73
Total extraordinary income	1,397	1,253
Extraordinary loss		
Loss on retirement of noncurrent assets	83	7
Special retirement expenses	478	−
Office transfer expenses	969	115
Other	207	118
Total extraordinary losses	1,738	241
Income before income taxes	5,609	12,124
Income taxes-current	2,165	2,170
Income taxes-deferred	(39)	377
Total income taxes	2,125	2,547
Net income	3,484	9,577

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(3) Statements of Changes in Net Assets

Year Ended December 31, 2014

(Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance as of January 1,2014	37,581	7,839	4,143	11,982
Cumulative effects of changes in accounting policies				
Balance as of January 1,2014, reflecting changes in accounting policies	37,581	7,839	4,143	11,982
Changes during the non-consolidated fiscal year				
Dividend payments				
Net income				
Purchase of treasury shares				
Disposal of treasury shares			0	0
Reversal of general reserve				
Net changes of items other than shareholders' equity				
Total changes of items during the period	—	—	0	0
Balance as of December 31,2014	37,581	7,839	4,143	11,982

	Shareholders' equity					
	Retained earnings				Treasury stock	Total shareholders' equity
	Legal retained earnings	Other retained earnings		Total retained earnings		
		General reserve	Retained earnings brought forward			
Balance as of January 1,2014	1,555	25,019	3,219	29,794	(651)	78,707
Cumulative effects of changes in accounting policies						
Balance as of January 1,2014, reflecting changes in accounting policies	1,555	25,019	3,219	29,794	(651)	78,707
Changes during the non-consolidated fiscal year						
Dividend payments			(5,932)	(5,932)		(5,932)
Net income			3,484	3,484		3,484
Purchase of treasury shares					(6)	(6)
Disposal of treasury shares					87	87
Reversal of general reserve		(3,000)	3,000			—
Net changes of items other than shareholders' equity						
Total changes of items during the period	—	(3,000)	551	(2,448)	81	(2,367)
Balance as of December 31,2014	1,555	22,019	3,770	27,345	(569)	76,340

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance as of January 1,2014	35,006	1	35,007	21	113,736
Cumulative effects of changes in accounting policies					
Balance as of January 1,2014, reflecting changes in accounting policies	35,006	1	35,007	21	113,736
Changes during the non-consolidated fiscal year					
Dividend payments					(5,932)
Net income					3,484
Purchase of treasury shares					(6)
Disposal of treasury shares					87
Reversal of general reserve					—
Net changes of items other than shareholders' equity	5,023	4	5,028	19	5,047
Total changes of items during the period	5,023	4	5,028	19	2,680
Balance as of December 31,2014	40,030	5	40,035	40	116,416

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Year Ended December 31, 2015

(Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance as of January 1,2015	37,581	7,839	4,143	11,982
Cumulative effects of changes in accounting policies				
Balance as of January 1,2015, reflecting changes in accounting policies	37,581	7,839	4,143	11,982
Changes during the non-consolidated fiscal year				
Dividend payments				
Net income				
Purchase of treasury shares				
Disposal of treasury shares			0	0
Reversal of general reserve				
Net changes of items other than shareholders' equity				
Total changes of items during the period	―	―	0	0
Balance as of December 31,2015	37,581	7,839	4,143	11,982

	Shareholders' equity					
	Retained earnings				Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings		Total retained earnings		
		General reserve	Retained earnings brought forward			
Balance as of January 1,2015	1,555	22,019	3,770	27,345	(569)	76,340
Cumulative effects of changes in accounting policies			678	678		678
Balance as of January 1,2015, reflecting changes in accounting policies	1,555	22,019	4,449	28,024	(569)	77,019
Changes during the non-consolidated fiscal year						
Dividend payments			(24,024)	(24,024)		(24,024)
Net income			9,577	9,577		9,577
Purchase of treasury shares					(7)	(7)
Disposal of treasury shares					366	366
Reversal of general reserve		(20,500)	20,500			―
Net changes of items other than shareholders' equity						
Total changes of items during the period	―	(20,500)	6,053	(14,446)	358	(14,088)
Balance as of December 31,2015	1,555	1,519	10,502	13,577	(210)	62,931

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	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance as of January 1,2015	40,030	5	40,035	40	116,416
Cumulative effects of changes in accounting policies					678
Balance as of January 1,2015, reflecting changes in accounting policies	40,030	5	40,035	40	117,095
Changes during the non-consolidated fiscal year					
Dividend payments					(24,024)
Net income					9,577
Purchase of treasury shares					(7)
Disposal of treasury shares					366
Reversal of general reserve					—
Net changes of items other than shareholders' equity	8,029	(6)	8,023	(17)	8,006
Total changes of items during the period	8,029	(6)	8,023	(17)	(6,082)
Balance as of December 31,2015	48,059	(0)	48,058	23	111,013

(4) Notes to Non-consolidated financial statements

(Items related to going concern assumption)

Not applicable.