



March 24, 2016

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**Announcement of Recording Extraordinary Profit and Loss, and Revision of the Forecasts for the Period Ending December 2016 in associated with change in subsidiary (stock transfer)**

ADK (Registered name; ASATSU-DK, Inc.) announces that it has concluded the stock purchase agreement in relation to disposal all owned shares (except treasury stock) of Nihon Bungeisha, Inc. (hereinafter referred as to “Nihon Bungeisha”), one of its consolidated subsidiaries, with Kenkou corporation, Inc. (hereinafter referred as to “Kengkou corporation”) . In consequence, ADK will need to record extraordinary profit and loss in consequence of selling the shares of the said company, thus will revise the consolidated forecasts for the fiscal year ending December 2016, which was originally released on February 15, 2016.

1. Reasons for disposal

Nihon Bungeisha was founded in January, 1959 as a publishing company with the main focus on general books and magazines. ADK acquired part of its shares outstanding in October 1976 and made it a consolidated subsidiary, then acquired the rest of shares to make it a wholly owned company in December 2014.

The publishing industry in Japan, where Nihon Bungeisha resides in, is declining along with the wide spread of the Internet and diversified media, while at the same time the competition has intensified, and to be even tougher in the future, in tandem with the newly and rapidly growing domains such as e-book triggered by the recent advancement of the Smartphones and tablet PCs. Under these circumstances ADK was striving for reducing Nihon Bungeisha’s operating deficit by pressing ahead with structural reforms and creating synergical effect between publishing and advertising businesses. After careful consolidation on ADK group’s future business strategy in a comprehensive manner, however, we made a judgemental decision that it would successfully expand its business if it links up with Kengkou corporation in the area of its specialty of how-to books.

2. Overview of Nihon Bungeisha

(1)	Trade name	Nihon Bungeisha Inc.
(2)	Head office	1-7, Kanda-Jimbo-cho, Chiyoda-ku, Tokyo
(3)	Representative	Makoto Nakamura, Representative Director & President

(4)	Principle business	Publishing and sales of general books and magazines		
(5)	Capital	JPY467,290,000		
(6)	Establishment	January 1959		
(7)	Ownership	ADK		100.00%
(8)	Relationship between ADK and the said subsidiary	Capital	Wholly owned by ADK	
		Personnel	Two of ADK's Executive Directors serve on the board of the said subsidiary. Also two of ADK's employees serve as auditors.	
		Transactional	ADK entrusts the said subsidiary to purchase publishing-related advertisement slots for ADK	
(9)	Business results and financial status of the said company for the latest three years			
	Accounting period	12/FY2013	12/FY2014	12/FY2015
	Net assets	5,055,612	4,453,331	4,379,502
	Gross assets	7,062,443	6,417,742	5,979,084
	Net asset per share	1,123.72	1,094.99	1,076.84
	Gross billings	4,693,481	4,480,560	4,287,076
	Operating income (loss)	(879,231)	(308,545)	(97,996)
	Ordinary income (loss)	(750,163)	(254,692)	(82,860)
	Net income (loss)	(663,147)	(152,094)	(84,798)
	Net income per share (loss)	(147.38)	(34.89)	(20.85)

(Unit: Thousand JPY, except for per share data)

### 3. Overview of Kenkou corporation

(1)	Trade name	Kengkou corporation, Inc.														
(2)	Head office	2-21-1, Kita-Shinjuku, Shinjuku-ku, Tokyo														
(3)	Representative	Takeshi Seto, Representative Director & President														
(4)	Principle business	Sales of cosmetics and beauty care equipment, sales of calorie control health foods and general health foods, planning and implementation of mid-term business strategies of Kenkou Corporation Group, support of implementation of business strategies by each Group company and management of business activities of each Group company.														
(5)	Capital	JPY1,400,750,000 (As of December 31, 2015)														
(6)	Date of establishment	April 10, 2003														
(7)	Net assets	JPY12,158,111,000 (As of December 31, 2015)														
(8)	Gross assets	JPY47,609,198,000 (As of December 31, 2015)														
(9)	Ownership	<table style="width: 100%; border: none;"> <tr> <td style="text-align: right;">CBM KK</td> <td style="text-align: right;">34.80%</td> </tr> <tr> <td style="text-align: right;">Takeshi Seto</td> <td style="text-align: right;">29.44%</td> </tr> <tr> <td style="text-align: right;">Sanae Seto</td> <td style="text-align: right;">4.56%</td> </tr> <tr> <td style="text-align: right;">SBI SECURITIES Co.,Ltd.</td> <td style="text-align: right;">1.16%</td> </tr> <tr> <td style="text-align: right;">Nobuko Suzuki</td> <td style="text-align: right;">0.68%</td> </tr> <tr> <td style="text-align: right;">Motoji Matsumura</td> <td style="text-align: right;">0.52%</td> </tr> </table>			CBM KK	34.80%	Takeshi Seto	29.44%	Sanae Seto	4.56%	SBI SECURITIES Co.,Ltd.	1.16%	Nobuko Suzuki	0.68%	Motoji Matsumura	0.52%
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		Kyouko Matsumura 0.44%
		Japan Trustee Services Bank, Ltd. 0.38%
		Matsui Securities Co.,Ltd. 0.32%
		Makoto Seto 0.24%
		(As of September 30, 2015)
(10)	Relationship between ADK and the said company	
	Capital	N/A
	Personnel	N/A
	Transactional	There is no transaction between ADK and the said company. ADK International Inc., a consolidated subsidiary of ADK has a business relationship with the said company of advertisement. However, the amount of the transactions is extremely insignificant.
	Whether to fall into the category of interested party or not	N/A

4. The number of shares to be purchased, the price, the status of shareholding before and after transfer

(1)	The number of shareholding before purchase	4,067,000 (Voting rights ratio : 100.0%)
(2)	The number of share to be purchased and the price	4,067,000 (Price per share : JPY494.95) Total price:JPY2,012,961,650
(3)	The number of shareholding after purchase	0 (Voting rights ratio : 0%)

5. Schedule

(1)	Date of Agreement	March 24, 2016
(2)	Date of transfer	April 18, 2016 (planned as of March 24)

6. Recording extraordinary profit and loss

After the said stock transfer, Nihon Bungeisha will be ruled out by consolidated accounting. The impact of stock transfer on the consolidated gross billings, operating income and ordinary income is extremely insignificant. However, extraordinary profit of approximately ¥1,020 million as a profit (on a non-consolidated basis), and extraordinary loss of approximately ¥1,760 million as a loss on a consolidated basis) in relation to the said stock transfer will be recorded during the period ending December 2016.

## 7. Revision of full-year forecasts

Revision of the consolidated forecasts for the period ending December, 2016 (From January 1, 2016 to December 31, 2016)

	Gross Billings	Operating Income	Ordinary Profit	Net Income	Net Income per Share (JPY)
Previously accounted forecast (A)	354,000	5,400	8,550	5,500	131.55
Currently revised forecast (B)	354,000	5,400	8,550	3,390	81.25
Differences (B-A)	—	—	—	-2,110	—
Differences (%)	—	—	—	-38.4%	—
Reference: Previous year's results (the fiscal year ended December 31, 2015)	351,956	4,901	8,590	5,362	127.72

(Unit: Million JPY, except for per share data)

### Reasons for revision

The Company has revised the consolidated full-year forecasts with the recording of the above-mentioned extraordinary profit and loss as a result of the said stock transfer.

- ※ Aforementioned forecasts were made based on data and information available to it as of the date when this announcement was prepared. Actual outcomes, therefore, may differ from the projected figures due to various factors that the Company may face in the future.

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