This filing was originally prepared and published by the company in Japanese as it contained timely disclosure information to be submitted to the Tokyo Stock Exchange (1st section). The English translation is for your reference only. To the extent there is any discrepancy between this English translation and the original Japanese filing, the Japanese filing will prevail. The following financial information was prepared in accordance with generally accepted accounting principles in Japan (JGAAP).

Financial Results (Consolidated) for Fiscal Year of 2015

January 29, 2016

Corporate Name: ValueCommerce Co., Ltd. Listed: TSE 1st section
Ticker Symbol: 2491 URL: http://www.valuecommerce.com/ir/
Representative: Representative Director, President and CEO (Name) Jin Kagawa
Contact person: Director of the Board, CFO (Name) Masatomo Endo
TEL: 81 3 4590 3600

Scheduled date of commencement of dividend payment: March 8, 2016
Scheduled date of ordinary shareholders' meeting: March 24, 2016
Scheduled date of filing the securities report: March 25, 2016
Results supplementary materials to be created: Yes
Scheduled date of an explanatory presentation to investors: February 1, 2016

(Amounts less than one million yen rounded down)

1. Consolidated Operating Results for the Fiscal Year Ended Dec. 31 2015 (Jan. 1 to Dec. 31, 2015)

(1) Consolidated Operating Results (Percentage figures refer to comparisons with the previous fiscal year)

	Revenue		Operating income		Ordinary income		Net income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2015	16,658	24.6	1,518	0.2	1,656	0.5	1,032	7.7
FY2014	13,373	11.3	1,515	13.0	1,647	8.3	958	△0.6

(Note) Comprehensive income: Year ended December 31, 2015 : 1,004 million yen, 3.6%
Year ended December 31, 2014 : 969 million yen, △0.8%

	Basic EPS (Earnings per share)	Diluted EPS (Diluted Earnings per share)	ROE (Return on Equity)	ROA (Ratio of ordinary income to total assets)	Operating profit margin
	Yen	Yen	%	%	%
FY2015	31.07	31.03	17.6	17.2	9.1
FY2014	28.86	28.70	18.4	18.5	11.3

(Reference) Equity in earnings/loss of an affiliate: Year ended December 31, 2015 : 87 million yen
Year ended December 31, 2014 : 115 million yen

(2) Consolidated Financial Positions

	Total assets	Net worth	Equity ratio	Book-value per share
	Million Yen	Million Yen	%	Yen
As of December 31, 2015	10,125	6,244	61.2	186.47
As of December 31, 2014	9,131	5,559	60.4	166.06

(Reference) Owners' equity: As of December 31, 2015 : 6,196 million yen
As of December 31, 2014 : 5,515 million yen

(3) Consolidated Cash Flows

	Operating cash flows	Investing cash flows	Financing cash flows	Ending cash balance
	Million Yen	Million Yen	Million Yen	Million Yen
FY2015	1,018	△1,236	△325	4,198
FY2014	1,037	△457	△380	4,742

2. Dividends

	Dividend per share					Total dividend amount	Payout ratio (Consolidated)	Dividend on Equity(DOE) (Consolidated)
	Q1	Q2	Q3	Q4	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
FY2014	—	5.00	—	6.00	11.00	365	38.1	7.0
FY2015	—	4.00	—	6.00	10.00	332	32.2	5.7
FY2016 (Forecast)	—	2.00	—	6.00	8.00		32.4	

3. Consolidated Operating Forecast for the Fiscal Year Ended Dec. 31, 2016 (Jan. 1 to Dec. 31, 2016)

(Percentage figures refer to comparisons with the previous fiscal year)

	Revenue		Operating income		Ordinary income		Net income attributable to owners of the parent		Basic EPS (Earnings per share)
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Q1-Q2(cumulative) FY2016	8,500	5.1	360	△53.2	360	△58.9	200	△64.8	6.0
FY2016	19,000	14.1	1,260	△17.0	1,260	△23.9	820	△20.6	24.7

※ Notes

(1) Significant changes in scope of consolidation during this year: No

(2) Changes in accounting policies and accounting estimates, retrospective restatement

1. Changes in accounting policies due to amendment of accounting standards, etc. : No
2. Changes in accounting policies other than 1. : No
3. Changes in accounting estimates : No
4. Retrospective restatement : No

(3) Number of shares issued (Common stock)

	as of December 31, 2015	as of December 31, 2014
1. Common stock (including treasury stock)	34,471,000 shares	34,471,000 shares
2. Treasury stock	1,242,400 shares	1,255,800 shares
3. Average number of shares issued	33,221,067 shares	33,211,458 shares

(Reference)

1. Separate Operating Results for the Fiscal Year Ended Dec. 31 2015 (Jan. 1 to Dec. 31, 2015)

(1) Separate Operating Results

(Percentage figures refer to comparisons with the previous fiscal year)

	Revenue		Operating income		Ordinary income		Net income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2015	16,658	24.6	1,518	0.2	1,596	2.0	970	10.8
FY2014	13,373	11.3	1,515	13.0	1,565	15.0	876	8.1

	Basic EPS (Earnings per share)	Diluted EPS (Earnings per share diluted)
	Yen	Yen
FY2015	29.21	29.17
FY2014	26.39	26.24

(2) Separate Financial Position

	Total assets	Net worth	Equity ratio	Book-value per share
	Million Yen	Million Yen	%	Yen
As of December 31, 2015	9,528	5,745	59.8	171.43
As of December 31, 2014	8,693	5,121	58.4	152.87

(Reference) Owners' equity: As of December 31, 2015 : 5,696 million yen
As of December 31, 2014 : 5,077 million yen

2. Consolidated Operating Forecast for the Fiscal Year Ended Dec. 31, 2016 (Jan. 1 to Dec. 31, 2016)

(Percentage figures refer to comparisons with the previous fiscal year)

	Revenue		Operating income		Ordinary income		Net income		Basic EPS (Earnings per share)
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Q1-Q2(cumulative) FY2016	8,400	3.9	510	△33.7	520	△37.5	330	△36.9	9.9
FY2016	18,800	12.9	1,520	0.1	1,520	△4.8	1,000	3.0	30.1

* Audit

This filing is not subject to the audit procedures under the Financial Instruments and Exchange Act. The audit procedures for the consolidated financial statements are being applied at the time of disclosure of this outline.

* Note on proper use of the earnings outlook and other special notes

(Note on description about outlook in the future)

This filing contains an earnings outlook and other forward-looking statements. They are based on information currently available to the Company and on certain assumptions we deem reasonable. They are not intended to constitute the Company's guarantee that the outlook and statements will be realized. The actual results may differ materially from those described in this filing due to various factors. For the assumptions for the earnings outlook and notes on use of the earnings forecast, please refer to "(1) Qualitative Information about Analysis of Operating Results" in "1. Qualitative Information Concerning Consolidated Business Results" on page 2 of the Accompanying Materials.

(Method to reach supplementary materials and contents of explanatory presentation)

The company schedules to hold an explanatory presentation to investors on February 1, 2016. The supplementary materials on financial results will be posted on the company's website soon after the presentation meeting.

1. Qualitative Information Concerning Consolidated Business Results

(1) Analysis of Operating Results

During the consolidated fiscal year under review, signs of improvement have been able to see as a whole supported by a financial recovery in United States and Europe while lowered economy in developing countries caused by deceleration of Chinese economy and falling natural resources prices. On the other hand, there's the difference in the strength displayed on the business future perspective of large enterprise and of small and medium enterprises though the Cabinet Office records annual rate 1% growth by the released GDP preliminary figures about economy of our country.

At the internet advertising market to which our group belongs, to spread of smartphone increases in a promotion for smartphone, and also animation ad and the advertisement technique by the latest technology based on high data analysis are towing the market. A change also shows in consumer's access method to information, diversification is advancing towards an application of smartphone and social network service (SNS) as well as a browser of existing PC. With a change in such consumer behavior, more needs for the marketing tool, which internet and bricks-and-mortar store are linked seamlessly in commerce enterprisers.

In these circumstances, ad distribution in finance, travel, shopping, beauty and job sectors were brisk in the Affiliate Marketing Service, the Company's principal business, focusing on consulting service for existing big account advertisers. In the Storematch Service, service for stores run within Yahoo! Shopping was brisk. In the Ad Network Service, the Company acquired ad distribution service for smartphone from Glossom, Inc., and starts providing "ADALAS", a story-form app install ad distributing Platform. In the Media Service, starts providing "DIETTA", diet review and weight loss journal website for smartphone in addition to 2 year anniversary of "Value Point Club", cash-back site. Also in the O2O Service, supporting sending customer to the bricks-and-mortar store, the Company has deployed various services such as "Gift Smart", social gifting service, "Inbound CLS", card-linked-service with MasterCard and "PAS+", digital loyalty card service for smartphone.

As a result of active deployment of these existing businesses and new services, consolidated operating results for the fiscal year under review (from January 1, 2015 to December 31, 2015) were as follows.

Revenues were JPY 16,658,132 thousand (up 24.6% Y/Y), and gross profit was JPY 4,026,773 thousand (up 1.8% Y/Y). The two main factors of decreased gross profit despite increased revenue are, 1; revenue and cost of revenue in Affiliate Marketing Service increased by JPY 1,539,000 thousand respectively due to the switches of some contracts from ASP service, which records revenue at net, to consulting service, which records revenue at gross, corresponding to the nature of services provided after the second quarter of the previous fiscal year, 2; the Company accepted lower gross margin contract to improve market share of financial sector.

Operating income was JPY 1,518,783 thousand (up 0.2% Y/Y) by recording an amortization of goodwill of JPY 45,738 thousand relating to "AdLantis", ad network business acquired from Glossom, Inc., on March 31, 2015 and active sales promotion for new services as planned at the beginning of the year.

Ordinary income was JPY 1,656,255 thousand (up 0.5% Y/Y) by recognizing equity in earnings of an affiliate under non-operating income.

Income before income taxes was JPY 1,596,002 thousand (up 4.5% Y/Y) due to the recording JPY 51,133 thousand of expense on system failure countermeasure cost under extraordinary losses caused by tracking failure of Affiliate Marketing Service.

Net income was JPY 1,032,292 thousand (up 7.7% Y/Y) due to the recording income taxes of JPY 563,710 thousand.

The Company acquired 100% stock of DIGIMIHO Co., Ltd. on December 24, 2015 and it becomes a consolidated subsidiary of the Company. Providng "R∞ (R Eight)", marketing automation service, to commerce business owner such as online store owner, the Company continues to support omnichannel marketing and enhance O2O service, sending customer from online to offline.

Results by segment are as follows.

Business segments as reporting segments are changed and "Ad Network Services" and "Other" are added from the consolidated fiscal year. The comparison or analysis of results by segment for the consolidated fiscal year is prepared based on new structure. The reporting segment comprehends new businesses, including media service and O2O service which supports sending consumers to brick-and-mortar store.

a. Affiliate Marketing Service

For the consolidated fiscal year under review, ad distribution in finance, travel, shopping, beauty and job sectors were brisk. This segment attained revenues of JPY 14,895,287 thousand (up 23.2% Y/Y). This segment attained revenues of JPY 13,356,287 thousand (up 17.7% Y/Y) excluding JPY 1,539,000 thousand of the effect of switch of contracts and segment operating income of JPY 2,452,078 thousand (up 7.5% Y/Y) despite service operation to the efficiency improvement by a partial advertisers mainly in the financial sector.

b. Storematch Services

For the consolidated fiscal year under review, service for stores run within Yahoo! Shopping was brisk. This segment attained revenue of JPY 1,440,451 thousand (up 15.5% Y/Y), and segment operating income of JPY 207,638 thousand (up 15.1% Y/Y).

c. Ad Network Services

For the consolidated fiscal year under review, the Company acquired "Adlantice" ad distribution service for smartphone from Glossom, Inc., on March 31, 2015 and media network as ad distribution were expanded. This segment attained revenues of JPY 248,255 thousand (segment revenues are JPY 1,578 thousand in the preceding fiscal year), and segment operating loss of JPY 347,116 thousand (segment operating loss of JPY185,889 thousand in the preceding fiscal year).

d. Other

For the consolidated fiscal year under review, active promotions were executed at O2O service while media network as ad distribution were expanded and accordingly sales in media service were brisk. This segment attained revenue of JPY 74,138 thousand (up 144.6% Y/Y), and segment operating loss of JPY 457,248 thousand (segment operating loss of JPY 246,101 thousand in the preceding fiscal year).

Regarding the outlook for the next fiscal year, lower oil price, increases in the number of foreign visitors to Japan and demand before increase of consumption tax are expected while price inflation with the deceleration of Chinese economy and the fall in the yen by the United State interest rate hike and the future fear of business conditions are expected. Accordingly, Japanese economy is expected to change steadily.

In the Affiliate Marketing Service Business, the principal service, constant growth as well as expansion in an e-commerce market is expected, while the attribute which pursues operational efficiency of advertisers in the financial sector tends to be strengthened. The Company is going to continue brisk growth to expand shopping, travel, beauty and job sector in addition to finance sector.

In the Ad Network Service Business for smartphone, the Company will execute active sales promotion to expand media network, enhance ad distribution feature unifying two platforms; "ADPRESSO" and "AdLantis".

In the O2O Service, supporting sending customer to the bricks-and-mortar store, the Company will make an effort on expansion of the number of introduction stores and pile results up. In the owned media, strategy for a policy for increase of the active membership will be planned. Also, new business development will be planned.

Also, the Company acquired 100% stock of DIGIMIHO Co., Ltd. on December 24, 2015 and it becomes a consolidated subsidiary of the Company and starts providng "R∞ (R Eight)", marketing automation service, to commerce business owner such as online store owner, the Company continues to support omnichannel marketing and enhance O2O service, sending customer from online to offline. "R∞" is able to provide marketing service supporting customer relationship by encouraging purchases of potential and existing customers in addition to attraction of new customer in affiliate marketing.

The investment cost of new services are precedent in the first half of consolidated fiscal year and expected to contribute to the results after the second half of consolidated fiscal year.

For the consolidated earnings outlook for the next fiscal year, the Group forecasts revenues of JPY 19,000 million (up 14.1% Y/Y), operating income of JPY 1,260 million (down 17.0% Y/Y), ordinary income of JPY 1,260 million (down 23.9% Y/Y), and net income attributable to owners of the parent of JPY 820 million (down 20.6% Y/Y).

(Note) The forecasts and other forward-looking statements contained in this report are based on information currently available to management, and various factors may cause actual results to differ materially from these estimates.

(2) Analysis of Financial Positions

1. The status of assets, liabilities and net assets

(Assets)

At the end of the consolidated fiscal year under review, total assets stood at JPY 10,125,425 thousand, increased by JPY 994,185 thousand from the end of the preceding consolidated fiscal year.

Current assets stood at JPY 7,443,338 thousand, decreased by JPY 116,323 thousand from the end of the preceding consolidated fiscal year, mainly due to a decrease in cash and cash equivalents of JPY 543,563 thousand and a decrease in accounts receivable- other of JPY 101,599 thousand despite of an increase in notes and accounts receivable- trade of JPY 513,041 thousand.

Noncurrent assets stood at JPY 2,682,087 thousand, increased by JPY 1,110,508 thousand from the end of the preceding consolidated fiscal year, mainly due to an increase in goodwill of JPY 983,282 thousand.

(Liabilities)

At the end of the consolidated fiscal year under review, total liabilities stood at JPY 3,880,670 thousand, increased by JPY 309,263 thousand from the end of the preceding consolidated fiscal year.

Current liabilities stood at JPY 3,795,847 thousand, increased by JPY 333,821 thousand from the end of the preceding consolidated fiscal year, mainly due to an increase in accounts payable- trade of JPY 318,188 thousand.

Noncurrent liabilities stood at JPY 84,823 thousand, decreased by JPY 24,558 thousand from the end of the preceding consolidated fiscal year, mainly due to a decrease in guarantee deposits received of JPY 22,904 thousand.

(Net assets)

At the end of the consolidated fiscal year under review, net assets stood at JPY 6,244,755 thousand, increased by JPY 684,922 thousand from the end of the preceding consolidated fiscal year, mainly due to an increase in retained earnings of JPY 1,032,292 thousand resulting from net income despite of a decrease in retained earnings of JPY 332,177 thousand resulting from dividend payment.

2. Cash Flows

At the end of the consolidated fiscal year under review, the balance of cash and cash equivalents stood at JPY 4,198,801 thousand, decreased by JPY 543,563 thousand from the end of the preceding consolidated fiscal year.
The cash flows during the consolidated fiscal year under review and their causes are as follows.

(Operating Cash Flows)

Net cash generated by operating activities amounted to JPY 1,018,362 thousand (compared to net cash of JPY 1,037,381 thousand generated in the preceding fiscal year), mainly due to income before income taxes of JPY 1,596,002 thousand. Positive factors include an increase in accounts payable- trade of JPY 270,777 thousand and a decrease in accounts receivable- other of JPY 102,632 thousand. Negative factors include an increase in note and accounts receivable- trade of JPY 433,714 thousand, a decrease in accounts payable- other of JPY 114,268 thousand and income taxes paid of JPY 429,679 thousand.

(Investing Cash Flows)

Net cash used for investing activities amounted to JPY 1,236,109 thousand (compared to net cash of JPY 457,852 thousand used in the preceding fiscal year), mainly due to payment from acquitision of investments in subsidiaries resulting in change in scope of consolidation of JPY 798,502 thousand, payment for business acquisition of JPY 350,000 thousand, purchase in intangibles assets of JPY 135,981 thousand and payment for investment securities of JPY 95,386 thousand.

(Financing Cash Flows)

Net cash used for financing activities amounted to JPY 325,415 thousand (compared to net cash of JPY 380,096 thousand used in the preceding fiscal year), mainly due to dividend payment of JPY 329,966 thousand.

Cash flow indicators

	FY2011	FY2012	FY2013	FY2014	FY2015
Shareholders' equity ratio (%)	64.3	57.3	57.0	60.4	61.2
Shareholders' equity ratio based on market prices (%)	59.2	112.2	496.8	224.8	165.7

(Notes)
1. The formulas for the indicators above are as follows.
   Shareholders' equity ratio: Shareholders' equity/Total assets
   Shareholders' equity ratio based on market prices: Market capitalization/Total assets
2. Market capitalization is calculated by multiplying the share price at the end of the period by the number of shares issued and outstanding at the end of the period, after the deduction of treasury stock.
3. The cash flow to debt ratio and interest coverage ratio has been omitted since there has been no interest bearing debt or interest payment.
4. All indicators are calculated based on consolidated figures.

(3) Basic Policy for Profit Distribution and Dividends for the Current and Next Fiscal Years

The Company considers returning profits to its shareholders as one of its most important managerial issues. Our policy is to pay dividends in accordance with our performance, while maintain certain retained earnings used for investments for our future growth, and we have established a consolidated payout target of 30% or higher.

The Company set its basic policy to pay the dividend twice a year, interim and year-end dividend. The articles of incorporation of the company provide that the meeting of Board of Director of the Company is authorized to resolve the payment of dividends in accordance with the provision of paragraph (1) of Article 459 of the Companies Act.

For the fiscal year, according to our policy above, the Company paid interim dividends of JPY 4.00 per share based on consolidated operating forecast published on January 29, 2015. For year-end dividends, the Company plans to pay year-end dividends of JPY 6.00 per share, resulting 32.2% of payout ratio.

For the next fiscal year, under this policy, the Company plans to pay interim dividends of JPY 2.00 per share and year-end dividends of JPY 6.00 per share, resulting 32.4% of payout ratio.

(4) Risk Factors

The risk factors associated with the Group's businesses are described below. In addition to business risks, we present the factors we consider important for investors when making their investment decisions.

The Group, the Company and its consolidated subsidiary, is aware of the following risks and will seek to avoid generation of risks or deal with existing risks. We ask our investors to make their investment decisions regarding the Company's stock after considering the factors below and other matters. Please note that the list of risk factors below is

not necessarily an exhaustive list of all risks associated with investing in the Company's stock.

The forward-looking statements included in the descriptions below reflect the judgments the Group has made based on the information available as of the date of publication of these financial results, unless otherwise specified.

1. Business environment

(1) E-commerce market

The Group's businesses include services to help advertisers, our clients, effectively engage in E-commerce and online marketing, and are correlated with the expansion of the E-commerce market. We expect the E-commerce market to continue to expand. However, if companies' commercial use of the Internet does not increase as expected, or if the number of users, or the merchandise volume, does not expand as expected, the Group's results could be significantly affected.

(2) Trends in the Internet advertising market

The Group provides online marketing services, including pay-per-performance Internet ad distribution service on the Internet, and are correlated to the expansion of the online ad market. Although the online ad market is expanding, the advertising market is susceptible to the business environment. The adverse effect of a decline in aggregate ad spending in the online ad market due to volatile business conditions could significantly affect the Group's results.

(3) Consumer behavior

The Group provides services primarily to support B-to-C E-commerce, and its businesses follow trends in consumer spending. It is generally believed that there will be a surge in demand before the consumption tax hike and a drop in demand after that. These consumption trends could affect the Group's performance in the short term.

A decline in consumer spending as a result of the additional increase of the consumption tax could lead to long-term stagnation in the domestic market. Sluggish growth in the domestic E-commerce market and online ad market due to this stagnation could significantly affect the Group's results.

(4) Legal restrictions

The Group has not seen any particular legal regulations that would have a significant effect on the Group's businesses. However, if any laws, administrative guidance, or other regulations for Internet users and businesses are enacted that would restrict the use of the Internet for commercial or advertising purposes, the Group's businesses and results could be significantly affected.

If the technologies, including cookies, that the Company's network uses to distribute ad, track orders, and prevent irregular practices are regulated and restricted, a large investment would be required to develop alternative methods, which could significantly impact the Group's performance.

2. Business characteristics

(1) Competition

The Group expects competition to intensify in the online ad market due to the development of new technologies and the entry of new companies into the market, among other factors. The Group will seek to increase its competitiveness by developing new functions and business alliances. However, if the Group cannot attain a sufficient competitive advantage by its differentiation against the competitors, which could have a significant adverse effect on the Group's results.

(2) Changing business models

Technologies and business models are changing rapidly in the online ad market so that new business models using smartphone and tablet computers have become popular in recent years. To maintain a certain level of service as an Internet business provider, the Group must make an effort to respond to technological innovations and change its business models in a flexible manner. However, a failure to respond to changes or a failure to adopt or effectively apply in a timely manner the new technologies and business models necessary to improve the Group's services or to launch new services could have a significant impact on results.

(3) Systems

Maintaining stable system operation is necessary for the Group's businesses, and the Group conducts routine maintenance. The Group continuously makes capital expenditures and reviews the configuration of its systems in anticipation of the demand for its services. However, a failure of one of the Group's mission-critical systems or the temporary inability to provide services due to a delay in a system's response time, equipment failure, manmade disaster, accident, or other reasons could significantly affect the Group's performance.

(4) Dependence on external environments and technologies

In providing its services and support, the Group uses systems created by third parties and external infrastructure. The Group's systems only work if the third-party systems employed by the users of the Group's services work properly. A failure in the external environment could have a material effect on the Group's businesses.

(5) Harmful websites (antisocial websites, including websites associated with malicious business practices and solicitations)

The Group approves the use of its affiliate marketing program only if participants vow to comply with laws and regulations as well as the Group's bylaws. The Group also checks the content of participant websites, primarily to determine whether the websites are antisocial, whether they have violated laws, and whether they include expressions pertaining to a guarantee of client action. If the Group finds that any of its bylaws have been violated, it asks participants to correct the violation(s). If participants do not correct the violations, the Group removes them from the program. However, it is hard to guarantee that all participating websites will be exhaustively monitored. Failure to prevent illegal activities, such as the promotion of illegal products, exaggerated advertising claims, solicitations for high-yield financial products, and malicious solicitations, and to ensure a sound affiliate network, which is indispensable to the Group's services, could adversely affect confidence in the Group and the Group's performance as a result.

(6) Information security

The Group's marketing capacity, backed by its network connecting advertisers and publishers and the data that it has accumulated, adds value to its services. The Group's biggest asset is information, and the Group has made ensuring information security one of its priorities. The Group has a huge amount of information assets connected with its services. To manage these information assets properly, the Group has established a basic information security policy, and the information security manager strives to regularly and efficiently evaluate and optimize information security. However, information assets could be leaked by contractors or persons related to the Group, either intentionally or by error, or because of malicious attacks by third parties. Information leaks could reduce confidence in the Group, its image, or its competitiveness and occure a cost of a large amount for compensation for damages and security system repair, which in turn could significantly affect the Group's businesses and results.

(7) Personal information management

In providing its services, the Group obtains personal information through its advertisers, publishers and users. The Group strives to protect personal information, obtaining a Privacy Mark certificate (granted by the Japan Information Processing Development Corporation [JIPDEC], an affiliate of the Ministry of Economy, Trade and Industry, to enterprises that take appropriate steps to protect personal information), and establishing and complying with the Company privacy policy. However, information leaks or the inappropriate processing of personal information due to malicious attacks or errors by contractors or persons related to the Group, or attacks by a malicious third person and/or unforeseen situation could reduce confidence in the Group, its image, or its competitiveness and occur a cost of a large amount for compensation for damages and security system repair, which in turn could significantly affect the Group's businesses and results.

(8) Intellectual property rights

The Group regularly applies for and acquires patents for the technologies and business models that constitute the basis of its services, and has registered trademarks both in Japan and abroad. However, it is not certain that the Group will be able to obtain rights it does not have. If Japanese or foreign businesses acquire patents or other intellectual property rights in the Group's business domains, that could lead to lawsuits or complaints against the Group depending on its contents, which in turn could have a significant adverse effect on the Group's businesses and results.

The Group is always careful to avoid infringing on the intellectual property rights of other parties. However, it is hard to keep abreast of all intellectual property rights in the Group's business domains. If the Group infringes on the intellectual property rights of other parties, they could demand damages or injunctions against its use of these rights, which in turn could have a significant adverse effect on the Group's businesses and results.

(9) Natural disasters, infectious disease outbreaks, accidents, and emergency situations

The Group's human and physical resources are concentrated in Tokyo, and are vulnerable to natural disasters, including large earthquakes and fires, as well as damage to property, plant and equipment from natural disasters, blackouts, and line failures. The Group is preparing a physical environment to withstand damage and ensure the lives and safety of all officers and employees. The Group is also taking Group-wide steps to prevent sickness from infectious diseases and to continue its important operations. However, if the Group cannot ensure normal business operations or restore things to normal due to unexpected disasters, that could affect the Group's business continuation and results.

Accidents caused by international conflicts or phenomena besides natural disasters, incidents, and terrorism could interrupt or suspend business, which in turn could impact the Group's businesses and results.

(10) Organizational structure and human resources

To expand operations and respond to the diversification of stakeholders' needs, the Group aims to improve its personnel distribution, organizational structure, and internal control system. In the meantime, the Group needs to secure excellent human resources in a timely manner to facilitate operations for further growth.

However, if the Group cannot recruit or cultivate competent human resources as expected or if key persons leave the Group that could generate problems in the Group's operations and have a significant adverse impact on the Group's businesses and results.

(11) Internal control

Our Group is striving for strengthening of an internal control system in order to prevent a bad influence to business operation by human error due to occupational cases or a dishonest act of the internal persons concerned, etc. Also, an Internal Control Office evaluates an internal control system and the execution situation of business, and is performing the concrete advice towards an improvement of business. However, in case that the problem of business operation occurs according to an unforeseen situation, the business and achievements of our Group may be affected.

3. Strong dependence on specific businesses

The Group provides high-quality services, focusing on Internet ads distribution service as its revenue base. The Group seeks to expand revenues primarily through its Affiliate Marketing Service Business and Storematch Service Business. However, the Group is highly depending on affiliate marketing service business. Changes in the E-commerce business environment, tightening legal restrictions, system failures, and other rapid changes in the Internet business environment could impede the growth of the Group's businesses, which in turn could significantly affect the Group's performance.

4. Relationships with business connections

(1) Capital and business alliance with Yahoo Japan Corporation

Yahoo Japan Corporation is the Company's parent company and holds 50.52% of the Company's voting rights as of December 31, 2015. The Company has formed a capital and business alliance with Yahoo Japan Corporation principally to expand operations by strengthening its business ties. The Company's policy for doing business with Yahoo Japan Corporation is to increase profits for both companies.

The Company achieves synergies by linking its services to their businesses, including the shopping business. However, because of this relationship, the Company's services partly depend on their businesses, and if a competition problem arises within the Yahoo Group in the businesses the Company engages in, if Yahoo Japan Corporation changes its management policy in relation to the Company, or if the alliance cannot be sustained for other reasons, it could have a significant impact on the Group's businesses and results.

Reference of the relations with Yahoo Japan Corporation is as below;

[1] Business relations with Yahoo Japan Corporation

Yahoo Japan Corporation is an advertiser in the Group's Affiliate Marketing Service as well as an publisher. Yahoo! Shopping, run by Yahoo Japan Corporation, is one of the main locations the Group places advertisements in its Storematch Service.

Also, there's a real estate lease dealings with Yahoo Japan Corporation.

[2] Personnel relations

As of the submission date of this filing, 2 out of 5 directors and 1 out of 3 statutory auditors from Yahoo Japan Corporation are appointed. They are expected to use their considerable experience to ensure fair decision-making by the Board of Directors. Name of director or auditor and their titles at the Company and at Yahoo Japan Corporation as of December 31, 2015 are shown below.

Title at the Company	Name	Title at Yahoo Japan Corporation
Outside director	Koichiro Tanabe	General Manager of Marketing Solution Company Partner Sales division
Outside director	Shingo Inoue	General Manager of Marketing Solution Company Business Development division
Outside statutory auditor	Shingo Yoshii	Audit and supervisory committee member, Outside director (Full-time)

As of December 31, 2015, the Company has 6 employees on loan from Yahoo Japan Corporation and has dispatched 1 employee to Yahoo Japan Corporation.

(2) Major advertisers and publishers

The Group is seeking to acquire new clients so it won't depend too strongly on specific industries and advertisers. However, the Group is striving to improve its results by providing a consulting service for those advertisers it has a good and stable relationship with, using the experience and achievements the Group has accumulated and, as a result, sales from certain advertisers such as financial sector could account for a greater percentage of total revenues. Changes in the business strategies or financial situation of these advertisers, or their policies regarding transactions with the Group, could have a significant influence on the Group's results.

Despite maintaining its relationships with those publishers that can attract a lot of clients and that have strong advertising, changes in the business strategies or financial situation of these publishers, or their policies regarding transactions with the Group, could have a significant influence on the Group's results.

5. Future business expansion

(1) Risks associated with investing in/loaning to and developing new businesses

To expand its businesses, the Group could establish subsidiaries and joint venture companies or acquire other companies in Japan or overseas. Investments and loans for these activities could be large compared with the Group's current scale of operations. If the Group initiates new businesses, it might not develop them as planned due to unexpected factors. These situations could have a significant influence on the Group's businesses and results. It is hard to accurately estimate the effect on the Group of the status of the businesses the Group has invested in/loaned to, or the effect on the Group of new businesses. The Group may not recoup its investments or loans due to unexpected circumstances, which could significantly affect the Group's results.

(2) Risks associated with the development of global operations

The Group's business model could not only be adopted in Japan, but also overseas. If specific global businesses do not progress as expected, that could have a significant effect on the Group's results.

(3) Risks related to financing

To expand its businesses, the Group must meet the financial requirements for capital expenditures and the development of new technologies. The Group will mitigate risks by diversifying its fund-raising methods, including capital market financing. If the Group cannot raises funds due to changing circumstances, that could have a significant impact on the Group's results.

6. Other

(1) Dividend policy

The Company considers returning profits to its shareholders as one of its most important managerial issues. Our policy is to pay dividends in accordance with our performance, while maintaining certain retained earnings used for investments for our future growth, and we have established a consolidated payout target of 30% or higher. However, there's a possibility not to be achieved the target payout ratio due to the drastic change of business environment.

(2) Stock dilution due to the exercise of stock options

To motivate its directors and employees to increase the Company's enterprise value in the long term, the Company grants stock options. The number of shares underlying these stock options was 1,118,200 as of December 31, 2015, which is 3.24% of the total number of issued shares of 34,471,000. In case that new shares are issued by the stock options possible to be granted in the future, the total number of issued shares will increase, and the stock value per share will be diluted. This dilution of the stock value could affect the stock price.

2. Management Policy

(1) Basic Management Policy of the Company

The internet advertising market where the Group develops its business are being evolved at an astonishing speed on the background of the E-commerce market which keeps expanding. Online and off-line connect seamlessly, a new business model is generated one after another and is also accelerating globalization in a market. The Company will always challenge innovation and focus on diversification of service to keep growing for the future in such market and to keep providing high-quality and effective service to a customer.

Slogan :	Your Success is Our Value.
Mission :	To create new value by Information technology
Vision :	To be the best performance marketing company representing Japan
Core Value :	Pursue, Challenge, Speed, Enjoy

(2) Targeted Performance Indicators

The Group values management efficiency, and plans to work on improving the sales growth rate, the operating profit growth rate, the operating margin and ROE, as well as short-term liquidity. In regards to ad distribution service's indicator, the Group also targets increases in the number of advertisers, publishers and conversions as key performance indicators, since expansion in the ad distribution network between advertisers and publishers, and growth in conversions are important factors to construct the sales and profits.

(3) Medium- and Long-Term Business Strategy

The Group aims to achieve medium- and long-term growth by focusing limited management resources on areas of growth through a process of selection and concentration and strengthening its business base.

The Group supports new customer's attraction, mainly advertisers, through ad distribution service of Affiliate Marketing, Storematch and Ad Network.

To achieve the Vision "To be the best performance marketing company representing Japan", the Company expand Omni-Channel marketing service to totally support 1; "online (internet)" for commerce business owner with customer base, 2; sending customer toward "offline (brick -and-mortar store)", 3; attracting customer, 4; sales promotion to potential customer and existing customer, and 5; establishment and retention of customer relationship.

(4) Issues to be addressed by the Company

[1] High levels of customer satisfaction and high profitability

In consulting services, the Group will work to achieve high levels of customer satisfaction and high profitability by leveraging its consulting and marketing expertise and adding value.

[2] Increase in the number of advertisers

In ASP services, the Group will seek an increase in the number of advertisers by making efforts toward the improvement of usability to provide the application, examination and distribution speedily online, and will link this and product competitiveness with improvement in results.

[3] Expansion of sales in Storematch services

The Group will increase the number of ad placement sites by strengthening relationships with online mall such as the Yahoo! Shopping, which is posted ads of the Group, and seek to increase the number of stores (advertisers) by offering diverse payment methods to suit the needs of advertisers, and will link this with improvement in results.

[4] Expansion of ad distribution network for smartphone

The Group correspond to full advertisement demand by expanding ad distribution space for smartphone with increase of the number of publishers and tie-up networks, and will link this with improvement in results. While, the Group will make efforts toward quality maintenance of ad distribution network.

[5] O2O service promotion

System of digital loyalty card service for smartphone and credit card payment make tracking of customer behavior off-line (bricks-and-mortar store) measurable. To promote O2O service and expand the business domain to support sending customer off-line in addition to on-line, and will link this with improvement in results.

[6] Enhance feature and promotion of "R∞", marketing automation service

R∞ analyses a customer's purchasing and behavioral data and distributes the personalized information to each customer who shop less at appropriate timing. By enhancing features of R∞, marketing automation service, the Group will support relationship between commerce business owner and consumer.

[7] Expansion of our own media business

Through the operation of existing services, "DIETTA" diet review and weight loss journal website for smartphone, in addition to "Value Point Club", cash-back site, the Group will plan for coordination with various businesses by accumulating and utilizing wider marketing data.

[8] Creation of the new business as a pillar of the future profit

To keep growing for the future, the Group will work on development of new business by making the target market, domains, customer and the technology clear and challenging innovation.

[9] Training and retention of high quality human resources

The Group will train and retain high quality human resources capable of resolving the various issues accompanying the Group's growth by improving training programs for enhancing the skills of employees, designing and offering diverse career paths, and delivering appropriate evaluation and treatment.

[10] Appropriate risk management and provision of safe and secure services

The Group will implement measures to provide reliable services by properly recognizing and managing risks in order to minimize the impact of natural disaster, system failure, pandemic or other cause of business suspension in terms of level of operation and physical facilities. The Group will work on further reinforcement of a security measure to damage prevention by an illegal access act with the atmost care and attention. The Group will also do its utmost to ensure that services can be used safely, by ensuring appropriate establishment and operation of a system for the protection of personal information through efforts to acquire the Privacy Mark to help strengthen security.

[11] Management systems in response to radical changes in the business environment

The Group will build mechanical management system and structure flexibly to improve itself in the radically changing business environment. The Group will also seek to improve the efficiency, soundness and transparency of corporate management by evaluating its compliance system and internal control system from a company-wide perspective.

3. Basic Policy to Select the Accounting Principle

The Company is going to adapt JGAAP to prepare the consolidated financial statements for the moment considering consolidated financial statements' period comparability and inter-company comparability.

Regards to adaption of International accounting standards (IFRS), the Company are going to corresponds appropriately considering several situation inside/outside Japan.

4. Earnings Results for the Year Ended December 31, 2015

(1) Consolidated Balance Sheet

(Thousand yen)

	As of December 31, 2014	As of December 31, 2015
(Assets)		
Current assets		
Cash and deposits	4,742,365	4,198,801
Notes and accounts receivable- trade	1,939,454	2,452,495
Deferred tax assets	29,537	29,510
Accounts receivable- other	808,238	706,639
Other current assets	40,698	57,284
Allowance for doubtful accounts	△632	△1,392
Current assets in total	7,559,661	7,443,338
Noncurrent assets		
Property, plant and equipment		
Buildings and accompanying facilities	—	1,257
Accumulated depreciation	—	△676
Buildings and accompanying facilities, net	—	581
Tools, instruments and fixtures	224,470	248,288
Accumulated depreciation	△177,921	△198,407
Tools, instruments and fixtures, net	46,549	49,881
Leased assets	7,616	7,616
Accumulated depreciation	△4,227	△5,750
Leased assets, net	3,389	1,866
Other property, plant and equipment	—	804
Property, plant and equipment in total	49,938	53,132
Intangible assets		
Software	309,301	464,417
Software in progress	66,644	1,112
Goodwill	—	983,282
Other intangible assets	8,557	44,400
Intangible assets in total	384,503	1,493,212
Investments and other assets		
Investment securities	1,035,033	1,093,208
Deferred tax assets	4,937	34,561
Other investments	97,992	8,201
Allowance for doubtful accounts	△827	△230
Investments and other assets in total	1,137,136	1,135,741
Noncurrent assets in total	1,571,578	2,682,087
Total assets	9,131,240	10,125,425

(Thousand yen)

	As of December 31, 2014	As of December 31, 2015
(Liabilities)		
Current liabilities		
Accounts payable- trade	1,757,267	2,075,456
Accounts payable- other	1,250,966	1,159,636
Income taxes payable	224,000	373,758
Other current liabilities	229,791	186,995
Current liabilities in total	3,462,025	3,795,847
Noncurrent liabilities		
Guarantee deposits received	105,618	82,713
Other noncurrent liabilities	3,762	2,109
Noncurrent liabilities in total	109,381	84,823
Liabilities in total	3,571,407	3,880,670
(Net assets)		
Shareholders' equity		
Capital stock	1,728,266	1,728,266
Capital surplus	1,083,798	1,088,466
Retained earnings	2,881,706	3,583,308
Treasury stock	△201,845	△199,691
Shareholders' equity in total	5,491,926	6,200,350
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,054	△3,740
Foreign currency translation adjustment	△155	△447
Accumulated other comprehensive income in total	23,898	△4,188
Subscription rights to shares	44,007	48,593
Net assets in total	5,559,832	6,244,755
Liabilities and net assets	9,131,240	10,125,425

(2) Consolidated Statement of Income and Comprehensive Income

(Thousand yen)

	Year ended December 31, 2014 (Jan. 1 to Dec. 31, 2014)	Year ended December 31, 2015 (Jan. 1 to Dec. 31, 2015)
Revenue	13,373,210	16,658,132
Cost of revenue	9,417,829	12,631,359
Gross profit	3,955,380	4,026,773
Selling, general and administrative expenses	2,439,968	2,507,989
Operating income	1,515,412	1,518,783
Non-operating income		
Equity in earnings of affiliates	115,362	87,863
Operating gains on investment in partnership	11,524	22,727
Others	5,778	28,339
Non-operating income in total	132,665	138,930
Non-operating expenses		
Others	425	1,457
Non-operating expenses in total	425	1,457
Ordinary income	1,647,651	1,656,255
Extraordinary losses		
Expense on system failure countermeasure cost	—	51,133
Expense on head office relocation	106,566	—
Others	13,559	9,119
Extraordinary losses in total	120,126	60,253
Income before income taxes	1,527,525	1,596,002
Income taxes- current	478,845	578,204
Income taxes- deferred	90,110	△14,494
Income tax in total	568,956	563,710
Net income before minority interests	958,569	1,032,292
Net income	958,569	1,032,292
Net income before minority interests	958,569	1,032,292
Other comprehensive income		
Valuation difference on available-for-sale securities	10,110	△27,794
Foreign currency translation adjustment	754	△292
Other comprehensive income in total	10,865	△28,087
Comprehensive income	969,434	1,004,205
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	969,434	1,004,205
Comprehensive income attributable to minority interests	—	—

(3) Consolidated Statements of Changes in Net Worth

Year ended December 31, 2014 (Jan. 1 to Dec. 31, 2014)

(Thousand Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity in total
Balance at the beginning of year	1,728,266	1,083,798	2,306,455	△205,381	4,913,139
Changes of items during the period					
Cash dividends			△381,831		△381,831
Net income			958,569		958,569
Disposition of treasury stock			△1,486	3,536	2,050
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	575,251	3,536	578,787
Balance at the end of year	1,728,266	1,083,798	2,881,706	△201,845	5,491,926

	Accumulated other comprehensive income			Subscription rights to shares	Net assets in total
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Accumulated other comprehensive income in total		
Balance at the beginning of year	13,943	△910	13,033	20,478	4,946,651
Changes of items during the period					
Cash dividends					△381,831
Net income					958,569
Disposition of treasury stock					2,050
Net changes of items other than shareholders' equity	10,110	754	10,865	23,528	34,394
Total changes of items during the period	10,110	754	10,865	23,528	613,181
Balance at the end of year	24,054	△155	23,898	44,007	5,559,832

Year ended December 31, 2015 (Jan. 1 to Dec. 31, 2015)

(Thousand Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity in total
Balance at the beginning of year	1,728,266	1,083,798	2,881,706	△201,845	5,491,926
Changes of items during the period					
Cash dividends			△332,177		△332,177
Net income			1,032,292		1,032,292
Disposition of treasury stock		4,668	1,486	2,153	8,308
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	4,668	701,601	2,153	708,423
Balance at the end of year	1,728,266	1,088,466	3,583,308	△199,691	6,200,350

	Accumulated other comprehensive income			Subscription rights to shares	Net assets in total
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Accumulated other comprehensive income in total		
Balance at the beginning of year	24,054	△155	23,898	44,007	5,559,832
Changes of items during the period					
Cash dividends					△332,177
Net income					1,032,292
Disposition of treasury stock				△2,104	6,204
Net changes of items other than shareholders' equity	△27,794	△292	△28,087	6,690	△21,396
Total changes of items during the period	△27,794	△292	△28,087	4,585	684,922
Balance at the end of year	△3,740	△447	△4,188	48,593	6,244,755

(4) Consolidated Statement of Cash Flow

(Thousand Yen)

	Year ended December 31, 2014 (Jan. 1 to Dec. 31, 2014)	Year ended December 31, 2015 (Jan. 1 to Dec. 31, 2015)
Operating cash flows		
Income before income taxes	1,527,525	1,596,002
Depreciation and Amortization	124,967	158,217
Amortization in goodwill	—	45,738
Stock based compensation expense	22,981	7,589
Increase (decrease) in allowance for doubtful accounts	△2,030	△242
Dividend received	—	△2,220
Interest income received	△848	△845
Interest expenses	189	122
Foreign exchange losses (gains)	△662	108
Equity in losses (earnings) of affiliates	△115,362	△87,863
Operating losses (gains) on investment in partnership	△11,524	△22,727
Expense on head office relocation	106,566	—
Decrease (increase) in note and accounts receivable- trade	△185,536	△433,714
Increase (decrease) in accounts payable- trade	401,247	270,777
Decrease (increase) in accounts receivable- other	179,487	102,632
Increase (decrease) in accounts payable-other	△399,687	△114,268
Increase (decrease) in deposits received	9,758	△8,759
Increase (decrease) in guaranteed deposit received	△25,608	△22,904
Others, net	31,350	△40,788
Subtotal	1,662,812	1,446,853
Interest and dividends income received	34,498	31,118
Interest expense paid	△189	△122
Head office relocation expense paid	△40,203	△29,808
Income taxes paid	△619,536	△429,679
Operating cash flows	1,037,381	1,018,362
Investing cash flows		
Purchase in property, plant and equipment	△32,948	△26,747
Purchase in intangible assets	△131,172	△135,981
Payment for investment securities	△327,414	△95,386
Proceeds from distribution of investment in partnership	33,682	76,853
Proceeds from collection in security deposits	—	93,774
Payment for business acquisition	—	△350,000
Payment from acquisition of investments in subsidiaries resulting in change in scope of consolidation	—	△798,502
Others	—	△119
Investing cash flows	△457,852	△1,236,109
Financing cash flows		
Proceeds from disposal of treasury stock	2,050	6,204
Dividend payment	△380,561	△329,966
Others	△1,585	△1,653
Financing cash flows	△380,096	△325,415
Effect of exchange rate change on cash and cash equivalents	1,122	△400
Net increase (decrease) in cash and cash equivalents	200,554	△543,563
Beginning balance of cash and cash equivalents	4,541,810	4,742,365
Ending balance of cash and cash equivalents	4,742,365	4,198,801

(5)Notes to Consolidated Financial Statement

(Notes on the Going Concern Premise)

Not applicable.

(Significant Items Regarding Preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 2

Name of consolidated subsidiaries: DIGIMIHO Co., Ltd.
ValueCommerce Korea Limited

DIGIMIHO Co., Ltd. is acquired its 100% stock in the consolidated fiscal year, its scope is included in the consolidated fiscal year.

Also, constructive acquisition date is December 31, 2015, its Statement of Income is not consolidated.

(2) Names of non-consolidated subsidiaries

Not applicable.

2. Application of the equity method

(1) Number of affiliated companies accounted for under the equity method: 1

Name of affiliated companies accounted for under the equity method: JP21 Corporation

(2) Non-consolidated subsidiaries not accounted for under the equity method:

Not applicable.

3. Fiscal year, etc. for consolidated subsidiaries

The last day of the fiscal year of consolidated subsidiary coincides with the consolidated closing date.

4. Accounting standards

(1) Valuation basis or method of significant asset

Investment securities

Other investment securities

With observable market price

Apply market method based on market price as of the last day of fiscal consolidated year

Without observable market price

The investment in limited partnership and investment in that kind of investment are valued by the equity percentage of partnership of the latest financial statement of the investment.

(2) Depreciation method of significant depreciable assets

A. Property, plant and equipment (except for lease assets)

Computed by the declining balance-method.

Major useful lives are as follows.

Tools, instruments and fixtures: 4 - 20 years

B. Intangible assets (except for lease assets)

Computed by the straight-line method.

Amortization of software for internal use is determined over the estimated useful life (within 5 years).

C. Leased assets

Applies the straight-line method using the lease term as the useful life and a residual value of zero.

(3) Accounting standard for significant reserves

Allowance for doubtful accounts

Allowance for doubtful accounts is provided at possible losses from uncollectable receivables based on the actual rate of losses from bad debts for ordinary receivables, and on estimated recoverability for specific doubtful receivables.

(4) Standard for translation of significant foreign currency assets and liabilities

Foreign currency receivables and payables are translated into Japanese yen using the spot rate on the date of the consolidated balance sheet. The differences arising from the translation are stated as income/loss. Assets and liabilities and revenues and expenses of overseas subsidiaries, etc. are translated into Japanese yen using the spot rate on the date of the consolidated balance sheet. The differences arising from the translation are included in the foreign currency translation adjustment in the net worth section.

(5) Definition of cash and cash equivalents in the Consolidated Statement of Cash Flow

Cash and cash equivalents shown in the Consolidated Statement of Cash Flow refers to cash on hand, bank deposits that can be withdrawn whenever necessary, and short-term investments that may be easily converted to cash and carry a minimal risk of fluctuation in value, with maturities of no more than three months from acquisition date.

(6) Amortization method of goodwill and its period

Computed by the straight-line method with 5 years.

(7) Other significant items regarding preparation of consolidated financial statements

Accounting procedure for consumption taxes

Consumption taxes and local consumption taxes are accounted by the tax-exclusion method.

(Additional Information)

Not applicable.

(Segment Information)

a. Segment Information

1. Overview of reporting segments

The reporting segments of the Company are components of the Company whose separate financial information is available. These segments are periodically evaluated by the Board of Directors for the purpose of deciding the allocation of its managerial resources and evaluating its business performance.

The Company established three new divisions effective from the consolidated fiscal year, 1; Ad Network Division to accelerate profitability of ad distribution service for smartphone, 2; Media Development Division to accelerate profitability of the Company's owned media, 3; Yahoo Business Development Division to accelerate business development cooperation with Yahoo Japan Corporation, our parent company.

Business Development Division contributes to accelerate profitability of O2O service which supports sending consumers to brick-and-mortar store and develop new businesses.

As a pillar of growth strategy following the Affiliate Marketing Service and Storematch Service, the Company aims appropriate allocation of its managerial resources and flexible business operation under the various changes in business circumstance through enhanced strategic planning in each business and swift managerial decision.

The Company changed its reporting segment from two, Affiliate Marketing Service and Storematch Service, to four, Affiliate Marketing Service, Storematch Service, Ad Network Service and Other from the consolidated fiscal year. Other Business comprehends new businesses.

Results by segment for the preceding the consolidated fiscal year are prepared based on new structure.

2. Methods of calculating sales, profit/loss, assets, liabilities and other items by reporting segment

The accounting methods applied to reporting segments is the same as those described in "Significant Items Regarding Preparation of Consolidated Financial Statements".

The profit of reporting segments is based on operating income.

3. Information on the amount of sales, profit/loss, assets, liabilities and other items by reporting segment

For the year ended Dec. 31 of Fiscal 2014 (Jan. 1 to Dec. 31, 2014)

(Thousand yen)

	Reporting segment					Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Affiliate Marketing Service	Storematch Service	Ad Network Service	Other Service	Total		
Revenues							
Revenues to clients	12,094,217	1,247,106	1,578	30,306	13,373,210	—	13,373,210
Intersegment revenues	—	—	—	18,114	18,114	△18,114	—
Total revenues	12,094,217	1,247,106	1,578	48,421	13,391,324	△18,114	13,373,210
Segment operating income	2,280,615	180,461	△185,889	△246,101	2,029,085	△513,673	1,515,412
Segment assets	3,410,357	163,209	49,400	46,106	3,669,073	5,462,166	9,131,240
Other items							
Depreciation and amortization	103,806	1,783	6,810	8,724	121,125	3,842	124,967
Increase in property, plant and equipment and intangible assets	152,145	—	41,844	34,551	228,542	36,986	265,528

(Note) 1. Adjustments are as follows.

(1) The adjustment to inter-segment revenue of JPY △18,114 thousand is offsets among segment.

(2) The adjustment to segment operating income of JPY △513,673 thousand is corporate expenses not allocated to any reporting segment.

(3) The adjustment to segment assets of JPY 5,462,166 thousand is corporate assets not allocated to any reporting segment.

(4) The adjustment to depreciation and amortization of JPY 3,842 thousand is corporate expenses not attributable to any reporting segment.

(5) The adjustment to increase in property, plant and equipment and intangible assets of JPY 36,986 thousand is increase in corporate assets not attributable to any reporting segment.

2. Segment operating income/loss is adjusted to operating income in the consolidated financial statement.

For the year ended Dec. 31 of Fiscal 2015 (Jan. 1 to Dec. 31, 2015)

(Thousand yen)

	Reporting segment					Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Affiliate Marketing Service	Storematch Service	Ad Network Service	Other Service	Total		
Revenues							
Revenues to clients	14,895,287	1,440,451	248,255	74,138	16,658,132	—	16,658,132
Intersegment revenues	—	—	995	31,584	32,579	△32,579	—
Total revenues	14,895,287	1,440,451	249,251	105,722	16,690,712	△32,579	16,658,132
Segment operating income	2,452,078	207,638	△347,116	△457,248	1,855,351	△336,567	1,518,783
Segment assets	3,667,274	196,187	427,012	1,132,742	5,423,215	4,702,210	10,125,425
Other items							
Depreciation and amortization	107,967	3,872	22,402	22,395	156,637	1,579	158,217
Amortization of Goodwill	—	—	45,738	—	45,738	—	45,738
Increase in property, plant and equipment and intangible assets	103,686	12,985	382,369	864,295	1,363,336	28,725	1,392,062

(Note) 1. Adjustments are as follows.
(1) The adjustment to inter-segment revenue of JPY △32,579 thousand is offsets among segment.
(2) The adjustment to segment operating income of JPY △336,567 thousand is corporate expenses not allocated to any reporting segment.
(3) The adjustment to segment assets of JPY 4,702,210 thousand is corporate assets not allocated to any reporting segment.
(4) The adjustment to depreciation and amortization of JPY 1,579 thousand is corporate expenses not attributable to any reporting segment.
(5) The adjustment to increase in property, plant and equipment and intangible assets of JPY 28,725 thousand is increase in corporate assets not attributable to any reporting segment.
2. Segment operating income/loss is adjusted to operating income in the consolidated financial statement.

b. Related information

For the year ended Dec. 31 of Fiscal 2014 (Jan. 1 to Dec. 31, 2014)

1. Information by product and service
Information is omitted as similar information is disclosed in segment information.
2. Information by region
(1) Sales
Information is omitted as sales to external customer in Japan exceed 90% of sales stated in the consolidated statement of income and comprehensive income.
(2) Property, plant and equipment
Information is omitted as the amount of property, plant and equipment in Japan exceed 90% of the amount of property, plant and equipment stated in the consolidated balance sheet.
3. Information of major customers

(Thousand yen)

Name of customer	Sales	Relevant segment
Crossfinity Inc.	1,981,676	Affiliate Marketing Service
Recruit Holdings Co., Ltd.	1,756,964	Affiliate Marketing Service

For the year ended Dec. 31 of Fiscal 2015 (Jan. 1 to Dec. 31, 2015)

1. Information by product and service
Information is omitted as similar information is disclosed in segment information.
2. Information by region
(1) Sales
Information is omitted as sales to external customer in Japan exceed 90% of sales stated in the consolidated statement of income and comprehensive income.
(2) Property, plant and equipment
Information is omitted as the amount of property, plant and equipment in Japan exceed 90% of the amount of property, plant and equipment stated in the consolidated balance sheet.

3. Information of major customers

(Thousand yen)

Name of customer	Sales	Relevant segment
IREP Co., Ltd.	2,061,163	Affiliate Marketing Service
Crossfinity Inc.	1,799,005	Affiliate Marketing Service
CyberAgent, Inc.	1,783,652	Affiliate Marketing Service Ad Network Serive

c. Information regarding impairment loss of noncurrent assets by reporting segment

For the year ended Dec. 31 of Fiscal 2014 (Jan. 1 to Dec. 31, 2014)

According to the head office relocation which resolved at the meeting of its Board of Directors held on June 26, 2014, buildings and accompanying facilities' impairment loss of JPY 34,232 thousand is recorded. This Impairment loss is included in "expense on head office relocation" under extraordinary losses of Consolidated Statement of Income and Comprehensive Income. This impairment loss is not allocated to any reporting segment.

For the year ended Dec. 31 of Fiscal 2015 (Jan. 1 to Dec. 31, 2015)

Not applicable.

d. Information regarding amortization of goodwill and unamortized balance by reporting segment

For the year ended Dec. 31 of Fiscal 2014 (Jan. 1 to Dec. 31, 2014)

Not applicable.

For the year ended Dec. 31 of Fiscal 2015 (Jan. 1 to Dec. 31, 2015)

(Thousand yen)

	Affiliate Marketing Service	Storematch Service	Ad Network Service	Other Sevice	Adjustment	Total
Amortization	—	—	45,738	—	—	45,738
Unamortized balance	—	—	259,185	724,097	—	983,282

e. Information regarding gain on negative goodwill by reporting segment

For the year ended Dec. 31 of Fiscal 2014 (Jan. 1 to Dec. 31, 2014)

Not applicable.

For the year ended Dec. 31 of Fiscal 2015 (Jan. 1 to Dec. 31, 2015)

Not applicable.

(Per Share Information)

Year ended December 31, 2014 (Jan. 1 to Dec. 31, 2014)			Year ended December 31, 2015 (Jan. 1 to Dec. 31, 2015)		
Book-value per share	JPY	166.06	Book-value per share	JPY	186.47
Earnings per share	JPY	28.86	Earnings per share	JPY	31.07
Diluted earnings per share	JPY	28.70	Diluted earnings per share	JPY	31.03

Note 1. The calculation basis for earnings per share and diluted earnings per share is as follows.

	Year ended December 31, 2014 (Jan. 1 to Dec. 31, 2014)	Year ended December 31, 2015 (Jan. 1 to Dec. 31, 2015)
Earnings per share		
Net income - thousand yen	958,569	1,032,292
Amount not attributed to common shareholders - thousand yen	—	—
Net income relating to common stock - thousand yen	958,569	1,032,292
Average number of shares during the year - shares	33,211,458	33,221,067
Diluted earnings per share		
Adjustment to net income - thousand yen	—	—
Number of increase in common shares - shares	187,408	50,572
(of which, subscription rights to shares, etc.)	(187,408)	(50,572)
Description of the possible diluted shares not included in the calculation of earnings per share diluted due to their non-dilutive effect	1 types of subscription rights to shares (Number of shares issued or transferred as a result of exercise of rights: 800,000 shares)	1 types of subscription rights to shares (Number of shares issued or transferred as a result of exercise of rights: 800,000 shares)

(Significant subsequent events)

Not applicable

5. Other

Not applicable